

MINUTES OF STAKEHOLDERS MEETING

Mode of Meeting: Video Conferencing Mode

Date: 8th December 2021 **Time:** 03.00 PM

Objective: Stakeholder Consultation Meeting for Tariff Revision for ITP Services of Bharat Stars Services Private Limited (BSSPL) at Indira Gandhi International Airport (IGI) for the 3rd Control Period.

Participants from BSSPL: Mr. Prashanth M Kamath, (CEO), Mr. Suprabhat Nagar, GM (Ops), HQ, Mr. Kundan Singh, Senior Manager (Finance), Mr. Vaibhav Naharwaria, Executive (Finance)

Mr. Prashanth M Kamath, CEO, thanked all stakeholders for attending the meeting and finding time to understand our submission.

Background

BSSPL is a joint venture of Bharat Petroleum Corporation Limited (BPCL) and St. Airport Services Pte Limited (STARS) and is ITP service provider at open access airport of Delhi, Mumbai and Bangalore.

In 2010, BSSPL has commenced ITP operations at Delhi Airport & In the year 2021 again we have been awarded the sub-concession right to operate as ITP operator for another 15 yrs. The major customers of BSSPL includes BPCL, HPCL & RIL.

As per current orders from regulatory authority i.e. AERA, the current tariff at Delhi Airport is valid till 31st March 2022 and therefore, we have submitted to authority for determination of tariff effective from 01/04/2021 for 3rd Control Period, In line with the AERA guidelines. We are required to conduct a Stakeholder Consultation Meeting with suppliers, airlines, IATA and Airport Operators so as to brief the stakeholders about the proposed Tariff. We have thus conducted a consultation meet with the users/stakeholders held on 8th December 2021 through video conferencing mode.

The following is the list of companies which were invited to the meeting along with those which attended the meeting. (The invitation to the stakeholders is attached as **ANNEXURE I** and the presentation made to all stakeholders is enclosed as **ANNEXURE II**).

| SN. | Organizations Invited | Type | Attendance | Represented by |
|------------|---|----------------------|-------------------|--------------------------------|
| 1 | Airports Economic Regulatory Authority (AERA) | Regulatory Authority | Yes | Mr. Trilok Chand Ms Vartika |
| 2 | IndianOil Skytanking Private Limited (IOSL) | ITP operator | No | |
| 3 | Spice jet | Airlines | Yes | Mr. Suryavir singh Bisht |
| 4 | International Air Transport Association (IATA) | Airlines Body | No | |
| 5 | Bharat Petroleum Corporation Limited (BPCL) | Supplier | No | |
| 6. | Hindustan Petroleum Corporation Limited (HPCL) | Supplier | Yes | Mr. Ashish Gaikwad |
| 7. | Delhi Aviation Fuel Farm Facility Pvt. Ltd (DAFFPL) | Fuel Farm | No | |

Proceedings

BSSPL presented the current operations and financial data with respect to assets, various operations cost to run the operations. Also, BSSPL presented the proposed capex for the third control period and also revised operating cost on account of manpower and maintenance costs etc.

Mr. Kundan Singh, Senior Manager (Finance), BSSPL, made a detailed presentation covering the following topics:

- Bharat Stars Services Private Limited: Extent of Operations.
- ITP Services at Delhi Airport by BSSDPL: Manpower, Equipments and Operations.
- 2nd Control Period BSSDPL & Delhi Airport Data
- Volume Projections for 3rd control period.
- Operations & Capex Plan for 3rd control period.
- AERA Tariff Proposal for 3rd control period.
- Discussion on submission and stakeholders concerns.

He further explained that current tariff is Rs. 199.67/KL from last 5 yrs, which is extended further period of one year that is upto March-2022 . The proposed tariff is as mentioned below:-

| Tariff Year | | Aircraft Fuelling | Aircraft De-fuelling | | Aircraft Re-Fuelling De-Fuelled Product into an Aircraft | |
|------------------------|--------------------------|-------------------|----------------------|--------------|--|--------------|
| | | | Within 6 hrs | Beyond 6 hrs | Within 6 hrs | Beyond 6 hrs |
| Control Period 3 | Tariff Year 1 2021-22 | 199.67 | 199.67 | 300.18 | 249.26 | 300.18 |
| | Tariff Year-2 2022-23 | 433.90 | 433.90 | 520.68 | 477.29 | 520.18 |
| | Tariff Year-3 2023-24 | 455.60 | 455.60 | 546.72 | 501.16 | 546.72 |
| | Tariff Year-4 2024-25 | 478.37 | 478.37 | 574.04 | 526.21 | 574.04 |
| | Tariff Year-5 2025-26 | 502.29 | 502.29 | 602.75 | 552.52 | 602.75 |

After the presentation, the participants are invited to give their comments. The following questions / comments were raised and answers to the queries are given below:-

| S. No. | Question / Comment | Reply of BSSPL |
|--------|---|---|
| 01 | Spicejet: During the pandemic the Aviation sector has badly affected resulting into retrenchment of employees & reduction of salaries .He requested for considering this aspect . | 1) BSSPL has been operating with least no. of employees during last one & half years there have been reduction in staff strength with hold up of benefits including the increment of staff. BSSPL is recouring to the staff strength as per operational requirement with an objective of NIL delay & safe flight refuelling .Hence BSSPL also had to go thru the difficulties and action taken as mentioned by Mr. Bisht. |
| 02 | Spicejet: The Rental of additional rent given by DIAL is very high as compared to existing one can | The Concession has been awarded to BSSPL thru Global tender by DIAL. The tender conditions stipulated significant increase in rentals, significant increase in |

| | | |
|--|---|--|
| | you please defer the same in consultation with DIAL ? | royalty from 5% to 7-9% , Allotment of large area of land for ITP depot with very high rentals. BSSPL has taken up with DIAL & will further take up with DIAL as per the suggestion. |
|--|---|--|

M/s BSSPL again sought the support of stakeholders for increase in tariff to sustain their operations in view of the lower volume from last 2 yrs approx.

The meeting was concluded with a vote of thanks to all the stakeholders.

Vaibhav Naharwaria

From: Kundan Singh <kundan.singh@bsspl.in>
Sent: 02 December 2021 18:35
To: GEETHA SAHU; TRILOK CHAND; RAM KRISHAN; Rajendra Thikekar (राजेंद्र थिकेकर); cgprasad@hpcl.in; Amitabh Khosla; natiqfkhan@ficci.com; air india; cfo@iosl.in; yaduarora@iosl.in; T S Dupare; vinod@iosl.in; sujit kumar (कुमार सुजीत); singha001@bharatpetroleum.in; anupam srivastav (अनुपम श्रीवास्तव); gp.gupta@spicejet.com; h.pai@airindia.in; vikasagarwal@airasia.com; Ashish Batra
Cc: Satyapal Raghav; Prashanth Kamath; Suprabhat Nagar; Vaibhav Naharwaria
Subject: Stake holders consultation meeting - BSSPL - DELHI ITP - 08-12-2021 15:00 hours

Dear Sir / Madam

As you are aware BSSPL is currently providing Into plane services at Indira Gandhi International Airport (IGI), Delhi since 2010.

BSSPL has been providing ITP services as per the rate approved by AERA

We have approached AERA for determination of tariff effective 01-04-2022 (3rd control period) vide our submission dated 18-11-2021.

In line with the AERA guidelines, we are required to conduct a Stakeholders Consultation Meeting , so as to brief the stakeholders about the proposed tariff.

It is thus proposed to hold a consultation meet with the users / stake holders to be held on **8th December 2021 @15:00 hrs.**

In view of Covid, we are planning to conduct the meeting online .

You are requested to kindly make it convenient to attend the Meeting.

The weblink for the **video conference meeting** shall be sent in due course.

Regards

Kundan Singh

Senior manager, Finance

Bharat Stars Services Private Limited

Mob. No. 7042294323

***E - Mail: Kundan.singh@bsspl.in**

**Addr: BSSPL, Plot No-A-5&6, 1st Floor,
BPCL Building Sector-1 Noida-201301**

BHARAT STARS SERVICES PVT. LTD.

(A JV of Bharat Petroleum Corporation Limited and ST Airport Services Pte. Ltd.)

**PRESENTATION- MYTP PROPOSAL FOR ITP TARIFF APPROVAL
for the 3rd Control period (Apr 21- Mar 26) FOR NEW DELHI
AIRPORT**

Stakeholders Consultation Meet

8th Dec 2021, Wednesday



Trusted Partnership

Agenda items

- AERA approved ITP tariff valid till 31 March 2021, extended by AERA on same Tariff for one year i.e 31st March,2022.
- We have sought Regulatory approval to enhance the tariffs.
- Detailed proposal for MYTP plan for the third control period submitted to AERA on 18th Nov 2021.

Following is sequence of the presentation:

| | |
|----|--|
| 1. | BSSPL Introduction |
| 2. | BSSPL's presence at Delhi Airport |
| 3. | Historical Fuel Volumes of BSSPL & of Delhi Airport |
| 4. | Projections of Fuel Volumes during the Third Control Period (FY 2021-26) |
| 5. | Capex Requirement for ITP operations |
| 6. | Tariff Proposal submitted to AERA for 3 rd Control Period |
| 7. | Stakeholder comments |

1. BSSPL INTRODUCTION

- JV of Bharat Petroleum Corporation limited (BPCL) and St-Airport Services Pte Ltd (STARS) Singapore
- Core Business - Into plane service provider
- STARS is a leading Aviation Fuel Farm and ITP operator in Singapore
- 420+ Employees across over 42 locations in India.
- Own a fleet in excess of 50 dispenser & refuellers
- Into plane market share of approx. 30 % at three major open access airports (Delhi, Mumbai and Bangalore)



2. Our presence at Delhi Airport

- We are providing ITP services at Delhi since 2010
- Awarded the sub concession rights for operating ITP at Delhi since Apr 2021 for a further period of 15 years.
- Excellent safety and service efficiency records
- Major domestic and international airlines served thru leading suppliers - BPCL, HPCL, RIL
- Own fleet of 14 dispensers & 3 refuellers & 6 support vehicles.

| YEAR | FY 2019-20 | FY 2020-21 |
|---------------------------|------------|------------|
| DELHI Airport volume (KL) | 23,66,368 | 12,34,703 |
| BSSPL Volume (KL) | 5,50,541 | 2,57,753 |
| BSSPL market share % | 23 | 21 |



3. HISTORICAL FUEL VOLUMES DURING THE 2ND CONTROL PERIOD AND DELHI AIRPORT TOTAL FUEL VOLUMES

(Volume in KL)

| | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 upto Oct 21 |
|------------------------------|------------|------------|------------|------------|------------|------------------------|
| Delhi Airport | 17,92,256 | 20,40,129 | 23,59,918 | 23,66,368 | 12,34,703 | 8,32,191 |
| BSSPL | 5,08,334 | 5,53,091 | 6,10,557 | 5,50,541 | 2,57,753 | 1,58,241 |
| BSSPL Share | 28.36% | 27.11% | 25.87% | 23.27% | 20.88% | 19.01% |
| Airport volume growth | | 14% | 16% | .27% | -48% | 15.54% |
| BSSPL volume growth | | 9% | 10% | 10% | -53% | 5.24% |

In 20-21, the total fuel Volume has significantly dropped due to Covid-19 impact majorly due to closure of international flights.

4. FUEL VOLUME FORECAST BY BSSPL THIRD CONTROL PERIOD (FY-2022-

26)

(Volume are estimated & in KL)

| YEAR | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Delhi Airport | 14,50,000 | 18,12,500 | 24,68,000 | 25,91,400 | 27,20,970 |
| BSSPL 's volume | 2,90,000 | 3,98,750 | 5,42,960 | 5,70,108 | 5,98,613 |
| <i>BSSPL projected market Share</i> | 20% | 22% | 22% | 22% | 22% |
| Airport volume growth | 17% | 25% | 36% | 5% | 5% |
| BSSPL volume growth | 13% | 38% | 36% | 5% | 5% |

Note

- The fuel volume at airport are projected based on passenger growth & feedback from suppliers based on discussions with them
- We estimate that in 21-22, the total fuel volume at airport may see a growth of 17% over 20-21.
- Despite a low market share of 21% in 2020-21, we have taken a very optimistic forecast for entire 3rd Control period.
- Our market share is estimated to be 20% in 21-22 & will likely to go upto 22% by 2025-26.

Projected Equipment and Manpower Plan

| Equipment and Manpower Plan | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 |
| No. of Dispensers | 14 | 14 | 16 | 18 | 18 |
| No. of Refuellers | 4 | 5 | 6 | 6 | 6 |
| TOTAL | 18 | 19 | 22 | 24 | 24 |
| No. of manpower | 66 | 72 | 78 | 82 | 82 |

- The dispensers will be refurbished /purchased in sequential order to optimize costs
- The Manpower no has been increased as per operational requirement & increase in volume.

5. BSSDPL's CAPEX REQUIREMENT FOR DELHI AIRPORT

Rs. In Crores

| Particulars (In Lakhs) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total |
|------------------------|---------------|---------------|---------------|---------------|--------------|-----------------|
| Plant & Machinery | 446.00 | 327.60 | 385.88 | 266.25 | - | 1,425.73 |
| Jeeps & Vehicles | - | - | 22.05 | - | 12.16 | 34.21 |
| Furniture & Fixtures | - | 15.75 | - | - | 6.08 | 21.83 |
| Office Equipment | 2.00 | 2.10 | 2.21 | 2.32 | 4.86 | 13.49 |
| Computer & Software | - | 117.99 | 45.19 | 46.60 | 6.08 | 215.86 |
| Buildings | - | 315.00 | - | - | - | 315.00 |
| Pre award cost | 25.00 | - | - | - | - | 25.00 |
| Total | 473.00 | 778.44 | 455.32 | 315.17 | 29.17 | 2,051.10 |

- Majority of our capex will happen in beginning of control period because our dispensers need replacement or refurbishment.
- Latest JIG guidelines require all equipment to be upgraded from the existing Fuel monitor systems to Dirt Defense Filters systems or Filter water separators technology.
- We have begun the process of installing automation system which will provide real time data to various stakeholders i.e airport operator, fuel farm operator, suppliers and airlines.

Projected Revenue expenditure

| Particulars (Rs. Crores) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Manpower Cost | 4.35 | 4.98 | 5.69 | 6.35 | 6.83 |
| Airport Operator revenue share | .40 | 1.21 | 1.73 | 1.90 | 2.10 |
| Land rental ITP depot | 3.57 | 6.11 | 4.94 | 5.40 | 5.92 |
| Operating and Admin Expenses | 2.13 | 2.60 | 3.16 | 3.49 | 3.70 |
| Total | 10.45 | 14.90 | 15.52 | 17.14 | 18.55 |

- All efforts have been made to optimize the operating and manpower costs
- The cost of manpower will increase due to annual increase in CTC and additional manpower.
- As per new tender conditions additional rental has started amounting to Rs 4cr p.a.
- The rentals increases significantly by 10% and 7.5% for land and building respectively every year.
- Total estimated rentals increased by **292%** from FY 2020-21.
- Operating and admin expenditure is estimated to increase by approx. 10 -12% YoY
- Covid related expenses have also increased requiring our manpower to keep social distancing/ sanitization.



6. TARIFF PROPOSAL SUBMITTED TO AERA FOR DELHI AIRPORT FOR THIRD CONTROL PERIOD

In INR/KL

| | Aircraft Fuelling | Aircraft De-fuelling | | Aircraft Re-Fuelling De-Fuelled Product into an Aircraft | |
|----------------|-------------------|----------------------|--------------|--|--------------|
| | | Within 6 hrs | Beyond 6 hrs | Within 6 hrs | Beyond 6 hrs |
| 2021-22 | 199.67 | 199.67 | 300.18 | 249.26 | 300.18 |
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| 2023-24 | 455.60 | 455.60 | 546.72 | 501.16 | 546.72 |
| 2024-25 | 478.37 | 478.37 | 574.04 | 526.21 | 574.04 |
| 2025-26 | 502.29 | 502.29 | 602.75 | 552.52 | 602.75 |

➤ Tariff proposal has been made as per AERA guidelines

7. Submission to stake holders

- We have been severely hit on revenue in 20-21 due to lesser no of operations, while maintaining the manpower and equipments.
- Tariff extension at same rate for period for FY 2021-22 has further hit our revenue.
- We have tried to defer capex in this year however due to operational requirements , we will have to refurbish the same in 21-22 onwards.
- ITP operations is the smallest yet most critical component of aviation fuels value chain.
- We commit to safe and efficient ITP operations at Delhi airport

THANK YOU

