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भारत स्टार्स सर्विसेज
प्राइवेट लिमिटेड



Trusted Partnership

BHARAT STARS SERVICES
PRIVATE LIMITED

BSSPL.HQ.AERA.2016-17

28.02.2017

To,
The Secretary,
Airport Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi-110003

mgf (M)
9/3

Subject: CP No. 04/16-17 Consultation for BSSPL-BANGALORE ITP

This refers to the Stakeholders' Consultation meeting for BSSPL for ITP Bangalore held on 28th Feb 2017 at your office. We thank you for giving us an opportunity to explain our views on the ITP tariff sought by us for the 2nd Control period.

As discussed in today's meeting, we submit before you the following justification.

- 1) We wish to clarify that the cost of operations is increasing due to increased number of flight operations. Of late there has been an increase in the number of smaller aircrafts we are refuelling which take very less fuel as they run on shorter routes. Moreover, with the government's push on regional connectivity, such smaller aircrafts plying on regional routes are only going to increase in the future. For such aircrafts, the operating costs incurred in providing ITP services (fuelling them) is significantly higher on per flight basis. The reason is that we have to send the same no. of manpower and use similar equipment as that required for a bigger aircraft. The time taken for fuelling is also proportionately high which coupled with a lower fuel intake, increases the cost of operations.
- 2) The manpower cost constitute a major portion of our operating cost which increases by 10-12% every year. Moreover, since the equipment are ageing we have to invest more in maintenance and upkeep of vehicles. The suppliers i.e. the oil companies also require us to comply with latest international standards to ensure high standards of safety. This requires us to frequently invest in training and up gradation of fleet.
- 3) Due to tightening of environmental standards, we also foresee upgrading the fleet to Euro IV and later to Euro VI series of equipment. This would require us to invest further in up gradation of vehicles.
- 4) We request you to consider the increase in the ITP fee as sought by us because the increase sought is very minuscule in comparison to the cost of product sold by the suppliers and it would not have any material impact on the final price of the product to the end user. The comparison of the increase sought and the price of the product is detailed as under:

190/AGM(PCJ)
09.03.17

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रजिस्टर्ड ऑफिस : एविएशन फ्यूलिंग स्टेशन, शाहबाद मोहम्मदपुर, न्यू दिल्ली - 110061
Registered Office : Aviation Fuelling Strn., Shahbad Mohammadpur, New Delhi - 110061
CIN: U11100DL2007PTC168158

BSSPL
Bangalore

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Increase sought for FY 2016-17 : Rs. 13.40/KL
Approx. Selling Price of ATF : Rs. 55663/KL
Increase sought as a % of product price : 0.02%


- 5) Oil Marketing Companies viz. BPCL and HPCL had supported and consented for the increase of 5% year-on-year sought by us. But had requested for the same to be awarded on prospective basis. We had submitted that this would impact our earnings negatively for the period gone by (FY 2016-17). We hereby request that the same be either given with retrospective effect as given during the first control period or the increase of 5% relating to FY 2016-17 be spread over the balance period of the Second Control Period.
- 6) The 5% increase for FY 2016-17 amounts to Rs.13.40 per KL and we suggest that an amount of Rs.3.35 per KL be added to each year of the remaining four years of the second control period after applying the increase of 5% year-on-year. Our submission This would amount to tariffs as given under :

Control Period	Year	(A)	(B)	(C)
1st Control period	FY 2015-16	268.03		
2nd Control Period	FY 2016-17	281.43		268.00
	FY 2017-18	295.50	3.35	298.85
	FY 2018-19	310.28	3.35	313.63
	FY 2019-20	325.79	3.35	329.14
	FY 2020-21	342.08	3.35	345.43

- (A) represents the tariff escalated at 5% each year for the second control period. Column B (B) represents the escalation of 2016-17 spread over the remaining years of the second control period.
- (C) represents that net tariff applicable for each year of the second control period.

We thank you for giving us an opportunity to hear our case.

For Bharat Stars Services Pvt. Ltd.


28/2/2017
Akash Tiwari,
Chief Executive Officer.