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भारत स्टार्स सर्विसेज  
प्राइवेट लिमिटेड



BHARAT STARS SERVICES  
PRIVATE LIMITED

Trusted Partnership

BSSPL.HQ.AERA.2017-18

15.05.2017

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

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी नं०: 7097

तारीख: 16/05/17

Dear Ma'm,

**Subject: Consultation Paper No. 01/2017-18 Towards ITP Proposal of M/s Indian Oil Sky Tanking at Mumbai**

This refers to your Consultation Paper No. CP-01/2017-18 dated 11.04.2017 on the above subject and stakeholders meeting held at your office on 09.05.2017. The honourable authority has proposed an increase of 10% in existing tariff for 2016-17 i.e., first tariff year of second control period. The authority has further proposed to continue the above rates for the 2<sup>nd</sup> tariff year too i.e., 2017-18. As one of the important stakeholders at Mumbai Airport, we thank the authority for granting us the patient hearing to express our views on operational costs.

Besides, Indian Oil Sky Tanking, we are the other ITP Service Provider at Mumbai Airport. The rates applicable to one ITP Operator becomes applicable to other ITP Operator because of common ITP tariff prevalent at Open access Airports i.e., Mumbai, Delhi T3 and Bengaluru. Therefore, your final order determining the ITP tariff will also have an impact on us. More so, since we are a smaller ITP player (30% market share) and do not have equal economy of scale and this leads to pressure on our economy.

- The average annual increase proposed by the authority is only 5% per year which doesn't cover the annual increase in operational costs and additional impact of manpower costs. The authority has also not considered the land increase, port cabin and office space for 17-18 while determining the tariff. The authority has not considered the justification of tariff increase presented by us to the authority during the meeting held at your office on 21.03.2017 and subsequent revised tariff proposal submitted by both ITP operators in the first week of April.
- The proposal of the authority to continue the same rate of 1<sup>st</sup> year into the 2<sup>nd</sup> year also will adversely affect our financials due to increase in annual operating cost. We request the authority to consider the justification of cost increase vide our letter dated 05.04.2017.

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

CIN: U11100DL2007PTC168158

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Shyam  
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- c. Please refer to our letter dated 05<sup>th</sup> April, 2017 on revised proposal (revised tariff card), which we had submitted after the presentation before the honourable members of the Authority on 21<sup>st</sup> March, 2017. The increase sought in our revised letter is 14.6% in FY 2016-17. We have sought an increase for Rs. 17.63 per KI for manpower and 5% annual increase (Rs. 9.9 per KI) FY 2016-17.

We again enclose our letter reference BSSPL/2016-17/AERA dated 05.04.2017 giving justification in increase in costs.

As explained to the honourable authority today that manpower costs and maintenance/operational costs constitute a major portion of costs, we request to tariff as under:-

All figures in Rs per kl

	2016-17	2017-18	2018-19	2019-20	2020-21
Base rate (Rs/kl)	198	227.3	302.9	327.19	355.78
Incremental with 5% escalation	9.9	10.4	11.88	15.74	17.79
Increase due to Additional Manpower	17.63	0.88	0.93	0.97	1.02
Incremental value of Land	0	25.52	1.61	1.71	1.82
Incremental value of Porte Cabin and Office Space	0	22.74	1.42	1.52	1.61
Increase due to operation from two locations	0.00	5.00	0.25	0.26	0.28
MAFFFL's revenue share	1.77	3.82	1.02	1.28	1.43
Trued up cost Impact		7.25	7.18	7.11	7.04
Proposed Revised rate	227.30	302.90	327.19	355.78	386.76
Projected to AERA	299.73	337.45	343.31	345.44	347.54

As per our ACS submitted for FY 2014-15 & 2015-16, the return on RAB is 3% and 8% respectively and operating profit ratio is 11% and 10% respectively. The Authority would appreciate that we are working on very thin margins and would not be able to sustain these thin margins with the proposed increase. Therefore, we request the authority to consider the said facts and approve the tariffs as mentioned in the above table.

Thanking you,

For **Bharat Stars Services Pvt. Ltd.**

  
**Akash Tiwari**  
 (Chief Executive Officer)