



**Airports Economic Regulatory Authority of India**

**IN THE MATTER OF DETERMINATION OF TARIFF IN RESPECT OF M/S BHARAT STARS SERVICES PRIVATE LIMITED (BSSPL) FOR PROVIDING INTO PLANE SERVICES AT KEMPEGOWDA INTERNATIONAL AIRPORT (KIA), BANGALORE FROM FY 2021-22 TO FY 2025-26 OF THE THIRD CONTROL PERIOD.**

**Date of Issue: 13<sup>th</sup> May, 2021**

AERA Building  
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New Delhi – 110003

## STAKEHOLDER COMMENTS

The Authority is aware of the fact that the Aviation Sector is undergoing unprecedented turbulence and uncertainty on account of the COVID-19 global pandemic and the associated lockdown situation in the major cities around the world has resulted in restrictions in air travel both domestic and international. The Authority has released this Consultation Paper currently in which the proposals have been put forward based on Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by M/S Bharat Stars Services Private Limited (BSSPL) for providing Into Plane Services at Kempegowda International Airport, (KIA) Bangalore. The Authority while proposing the revision in various elements of building blocks considered the impact of COVID-19 pandemic and the prevailing business scenario including the fuel throughput (volume) and capital expenditure. The Authority invites views of the stakeholders regarding proposals put forward for tariff determination for the third control period in this consultation paper to form a final view on the elements of building blocks forming part of the tariff determination process.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 04/2021-22 dated 13/05/2021 are invited from the Stakeholders, preferably in electronic form at the following address;

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**Last Date for submission of Stakeholders' comments: 12/06/2021**

**Last Date for submission of counter comments: 22/06/2021**

**Comments and counter comments will be posted on AERA's website [www.era.gov.in](http://www.era.gov.in)**

For any clarification/information, Director (P&S, Tariff) may be contacted at  
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### List of Abbreviations

Abbreviation	Full Form
ACS	Annual Compliance Statement
AERA	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
BPCL	Bharat Petroleum Corporation Limited
BSSPL	Bharat Stars Services Private Limited
CAGR	Compounded Annual Growth Rate
KIA	Kempegowda International Airport
DDF	Dirt Defense Filter
FRoR	Fair Rate of Return
FWS	Filter Water Separator
GoI	Government of India
GST	Goods and Services Tax
HEPCV	Hose End Pressure Control Valve
HD	Hydrant Dispensers
HPCL	Hindustan Petroleum Corporation Limited
IOSPL	Indian Oil Skytanking Private Limited
ITP	Into Plane
JIG	Joint Inspection Group
JVC	Joint Venture Company
KL	Kiloliter
MAFFFL	Mumbai Aviation Fuel Farm Facilities Private Limited
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
OMCs	Oil Marketing Companies
RAB	Regulatory Asset Base
RF	ReFuellers
HQ	Headquarter
STARS	St-Airport Services Pvt Limited, Singapore
YPU	Yield Per Unit

## **CHAPTER 1. INTRODUCTION**

- 1.1. Bharat Star Services Private Limited (BSSPL) is a Joint Venture Company (JVC) floated by Bharat Petroleum Corporation Limited (BPCL) and ST. Airport Services Pvt. Ltd. Singapore (STAR), each holding equal shareholding. M/s BSSPL is providing the ITP services at Kempegowda International Airport, Bangalore which has a Service Provider Right Holder (SPRH) agreement with Airport Operator i.e. Bangalore International Airport Limited (BIAL) for 10 years effective from 24<sup>th</sup> may 2019 and is valid upto 23<sup>rd</sup> may, 2029.
- 1.2. BSSPL is providing ITP services at three major Airports namely Kempegowda International Airport Bangalore, Indira Gandhi International Airport, Delhi and Chhatrapati Shivaji Maharaj International Airport, Mumbai, under '*Open Access*' model.  
The shareholding of BSSPL as on 28<sup>th</sup> February 2020 was as follows:

**Table 1: Shareholding pattern of BSSPL.**

<b>Shareholder</b>	<b>No. of Shares</b>	<b>% shareholding</b>
BPCL	1,00,00,000	50.00%
ST Airport Services Pvt. Ltd, Singapore	1,00,00,000	50.00%
<b>Total</b>	<b>2,00,00,000</b>	<b>100%</b>

- 1.3 As per the provisions of CGF Guidelines 2011, BSSPL submitted its MYTP dated 24<sup>th</sup> December 2020 seeking revision of tariffs for its ITP services at KIA, Bangalore for the 3<sup>rd</sup> Control Period (from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2026) under "Light Touch" approach for the Authority's consideration and approval. In its MYTP submission, BSSPL sought an Aggregate Revenue Requirement (ARR) of Rs.7223.91 lakhs for the 5 years and a one-time increase of 46.52% for the first year with an annual increase of 2.52% in the subsequent years. The Authority vide its emails dated 04.02.2021, 19.02.2021 and 22.03.2021 sought some more information and clarification on their MYTP submission. In response, BSSPL vide mails dated 05.02.2021, 09.02.2021, 26.02.2021, 16.03.2021, 23.03.2021, 30.03.2021, 06.04.2021, 07.04.2021 and 15.04.2021 submitted the clarifications and additional information's to the Authority.

Technical details of BSSPL operations at KIA, Bangalore are provided in the table below:

**Table 2: Technical details of BSSPL:**

<b>Technical Details of BSSPL</b>		
<b>S. no.</b>	<b>Particulars</b>	<b>Details</b>
1.	Dispensers	11 Nos. Two more Dispensers proposed to be purchased in the 3 <sup>rd</sup> Control Period as per SPRH agreement.
2.	Refuellers	04 Nos.
3.	Electronic Data interchange (EDI) system	Proposed EDI system for Real Time Data Management System in the 3 <sup>rd</sup> Control Period.

- 1.4 The Authority examined the MYTP submission of BSSPL and also verified the data from the various supporting documents submitted by the ISP, and, has ensured that the treatment given to it is consistent with the Authority's methodology and approach, thereon.
- 1.5 BSSPL submitted the audited consolidated financial statements for BSSPL as a whole and station-wise Annual Compliance Statement (ACS) for FY 2016-17 to FY 2019-20. The Authority has relied upon these documents as submitted by BSSPL for determination of tariff for the 3<sup>rd</sup> Control Period.
- 1.6 The Authority vide its Order No 01/2017-18 dated 17.04.2017 had determined Annual Tariffs for first 3 tariff years i.e., FY 2016-17, FY 2017-18 and FY 2018-19 (upto 30.04.2018) for the second control period under 'Light Touch Approach' The Authority further vide interim Order No 43/2017-18 dated 28.03.2018 allowed BSSPL to continue levy of tariffs existing as on 31.03.2018 for a further period of six months w.e.f. 01.04.2018 or till determination of tariffs for the 2<sup>nd</sup> control period, whichever is earlier.
- 1.7 M/s BSSPL vide letter dated 27.06.2018 had informed that their existing contract for ITP Services at Bangalore Airport which was valid upto 24.05.2018 has been further extended by one more year by BIAL w.e.f (24.05.2018 to 23.05.2019) and thereafter for a period of 10 years which shall be valid up to 23.05.2029. The Authority vide orders No 23/2018-19 dated 05.10.2018, 05/2019-20 dated 22.05.2019 and 08/2019-20 dated 26.09.2019 allowed BSSPL to continue levy of existing tariff up to 31.03.2020 or till determination of tariff by AERA, whichever is earlier.
- 1.8 Subsequently, the Authority vide order No 17/2019-20 dated 20.11.2019 had determined the tariff and allowed BSSPL to increase the tariff existing as on 21.11.2019 by 12.19% for 4<sup>th</sup> tariff year (From 22.11.2019 to 31.03.2020) and a further increase of 20.82% for financial year 2020-21 of the 2<sup>nd</sup> Control Period for Into Plane Services at KIA Airport, Bangalore. The Authority vide its Order No.67/2020-21 dated 25.03.2020, further extended the same tariff up to 30.09.2021 or till determination of tariff for 3<sup>rd</sup> control period, whichever is earlier.
- 1.9 The depreciation rates for the purpose of tariff determination exercise has been considered as per the AERA's Order no. 35/2017-18 dated 12<sup>th</sup> January, 2018 as well as Amendment Order no. 35/2017-18 dated 9<sup>th</sup> April, 2018. The useful life of the assets as determined by AERA also forms the basis for the depreciation of assets of BSSPL.
- 1.10 As per the terms and conditions of SPRH agreement, BSSPL, Bangalore is required to share 23.6% of its revenue from Into Plane Services rendered at KIA, Bangalore with the Airport operator i.e. BIAL whereas the Authority has proposed the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5<sup>th</sup> April 2018 on Capping the amount of Royalty / license Fee / Revenue Share payable to Airport Operator as a "pass through" expenditure for the Independent Service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports.
- 1.11 The Authority has reviewed the submissions made by BSSPL (dt.24.12.2020) with respect to various building blocks. The ensuing chapters in this Consultation Paper present the Authority's review of the MYTP submitted by BSSPL and the Authority's positions on various building



blocks are based on the submission made by BSSPL including their inputs on the queries raised by the Authority.

- 1.12 The final chapter summarizes Authority's proposals regarding each of the building blocks. The Authority invites views of the stakeholders regarding proposals put forward for tariff determination for the third control period in the consultation paper.

## **CHAPTER 2. METHODOLOGY FOR TARIFF DETERMINATION PROCESS.**

- 2.1 According to Section 2(a) of AERA Act, 2008 "aeronautical service" means any service provided-
- (i) for navigation, surveillance and supportive communication thereto for air traffic management;
  - (ii) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
  - (iii) for ground safety services at an airport;
  - (iv) for ground handling services relating to aircraft, passengers and cargo at an airport;
  - (v) for the cargo facility at an airport;
  - (vi) for supplying fuel to the aircraft at an airport; and**
  - (vii) for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.
- 2.2 The Authority vide its Order No. 12/2010-11 dated January 10, 2011 and Direction No. 4/2010-11 dated February 28, 2011 ("CGF Guidelines"), had issued guidelines under Section 15 of the AERA Act, 2008 and the amendments issued from time to time, to determine tariffs for ISP's providing aeronautical services at 'Major Airports' based on set procedures for determination of Aggregate Revenue Requirement (ARR) for regulated service(s) deemed 'Materiality Assessment', 'Competition Assessment' and 'User agreement(s) between the Service Provider(s) and User(s) of the Regulated Service(s).'
- 2.3 As stipulated in Clause 3 of the guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of regulated service:

### **2.3.1 Stage-I: Materiality Index (MIg):**

The materiality index of Fuel Throughput at KIA, Bangalore Airport is as under:

$$= \frac{\text{Fuel Throughput in Kiloliters at Bangalore Airport}}{\text{Total Fuel Throughput in Kiloliters at all Major Airports}} \times 100$$

$$\text{Fuel Throughput at Bangalore Airport} = \frac{816754.24}{8697575} \times 100 \\ = 9.39\%$$

The percentage share of Fuel Throughput at Bangalore Airport for the FY 2019-20 is 9.39% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as 'Material' for the 3<sup>rd</sup> Control Period.

2.3.2 **Stage-II: Competition Assessment:** As per BSSPL submission there are two ITP service providers i.e. BSSPL & IOSL at Bangalore airport. Hence, the ITP service is deemed "Competitive" at Bangalore airport.

2.3.3 **Stage-III: Reasonability of User Agreement:** BSSPL has submitted User Agreement with their supplier i.e. Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Reliance Industries Limited (RIL) and Shell

MRPL. As per BSSPL submission, they do not have any User Agreement with the Airlines.

- 2.4 The Authority has reviewed the MYTP submission based on principles of AERA's CGF guidelines 2011. Considering the "competition assessment" and "reasonableness of User Agreement" the Authority observed that, BSSPL is providing ITP services to Airlines on behalf of the Oil Marketing Companies (OMCs) without any direct User Agreement with Airlines. Therefore, the two ITP service providers viz. BSSPL and IOSPL at Bangalore, primarily cater to the clients of their own promoters/principals, viz. M/s BPCL and M/s IOCL. Further, as per BSSPL's submission only a small portion of their business is generated from other clients such as HPCL, Reliance Industries Limited and Shell MRPL. Hence, the Authority finds that there is no competition in real terms among the ITP Service providers at Bangalore Airport.
- 2.5 The Authority had made note of the prevalence of a similar situation at Bangalore Airport while determining tariff for BSSPL & IOSPL during the Second Control Period (FY 2016-21). Though the Authority at that time decided to determine the tariff on "light touch" basis, the observation regarding absence of real competition was highlighted at both the consultation stage as well as in the tariff Order and it was made clear that going forth the tariff for 3rd control period should be determined under "price cap" approach. The relevant para is reproduced below.

*Refer; CP No. 08/2019-20 & Order no.17/2019-20 (for BSSPL) & CP No.06/2019-20 & Order no.16/2019-20 (for IOSPL):*

*"The Service providers BSSPL & IOSPL is promoted by two Oil Marketing Companies viz. BPCL and IOCL, and, both the companies mainly cater to their own clients, hence, in real terms, there is no competition as ITP Service providers. However, the Authority, vide its Order No. 01/20 17-18 dated 17.04.2017 has already decided to determine the tariff under "light touch approach" for the 2<sup>nd</sup> Control Period. Therefore, the Authority, has decided to determine the tariff of the remaining period of the 2<sup>nd</sup> Control Period under 'light touch approach'. Notwithstanding the above, the Authority's considered view is that since there is no competition in real term between the two ISP's, hence, from 3<sup>rd</sup> Control Period, the Authority should be inclined to determine the tariff of Into Plane (ITP) service provider under "price cap approach."*

- 2.6 BSSPL submitted that they have conducted Stakeholders' Consultation Committee Meeting on 19<sup>th</sup> January, 2021 attended by representatives of OMCs, Airlines and IATA. BSSPL has also submitted a copy of the 'minutes' of the meeting vide letter dated 08.02.2021. The Authority noted that as per the 'minutes,' IATA has suggested that the tariff hike should not be on higher side whereas Spicejet Airlines suggested that any increase in tariff should be effected from FY 2022-23 rather than from FY 2021-22. In its response, BSSPL has stated that "BSSPL are the smallest player in the entire aviation fuel value chain. Despite that, BSSPL is very conscious about managing costs and operating at a minimum cost while meeting safety and keeping efficiency standards in mind. It is difficult to survive in near future with the current ITP tariff as reduction in fuel volume has turned operations into losses."
- 2.7 The Authority has also examined the Annual Compliance Statement (ACS) submitted by BSSPL for the Previous Control Period (for 4 years from FY 2016-17 to FY 2019-20). It is observed that for this period BSSPL had projected CAPEX of Rs.720.00 lakhs. However, against the above projections, BSSPL has actually incurred a CAPEX (capitalization) of Rs.187.47 lakhs. The

Authority also observed that BSSPL had submitted a very optimistic business plan for the 2nd Control Period by projecting high CAPEX, however, on comparing with the actuals, it is seen that the target capitalization has not been achieved within the approved timelines and higher costs / returns claimed in the previous period have been underutilized resulting in inefficiency, causing undue burden on the end Users.

- 2.8 In view of the facts, as stated in para 2.4 to 2.7 above, the Authority proposes to determine the tariff for BSSPL at Bangalore Airport for the 3<sup>rd</sup> control period on ‘Price Cap Approach’ methodology instead of ‘Light Touch Approach’.
- 2.9 BSSPL, Bangalore, has also submitted that it is not carrying out any non-aeronautical activity apart from the regulated ITP service at KIA Bangalore. Further, as per the User agreements with the users of ITP service, BSSPL, Bangalore is entrusted to carry out only the regulated service and they do not have any other source of revenue. Therefore, the application of ‘Single Till’ methodology will be more appropriate, reasonable and to be adopted for tariff determination process of BSSPL, Bangalore. Hence, the Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority on ‘price cap approach’ under ‘single till’ has been calculated on the following methodology:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

Where,

t is the tariff year in the Control Period, ranging from 1 to 5

ARR<sub>t</sub> is the Aggregate Revenue Requirement for tariff year ‘t’

FRoR is the Fair Rate of Return for the Control Period

RAB<sub>t</sub> is the Aeronautical Regulatory Asset Base for tariff year ‘t’

D<sub>t</sub> is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘t’

O<sub>t</sub> is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘t’

T<sub>t</sub> is the Aeronautical taxation expense for the tariff year ‘t’

NAR<sub>t</sub> is the Non-Aeronautical Revenue in tariff year ‘t’.

#### 2.10 Authority’s Proposal regarding Methodology for Tariff determination approach for 3<sup>rd</sup> Control Period:

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Methodology for Tariff determination for BSSPL, KIA Bangalore for the 3<sup>rd</sup> Control Period:

- 2.10.1 The Authority proposes to adopt “Price Cap Approach” on ‘Single Till’ basis for Tariff determination for BSSPL, KIA Bangalore for the 3<sup>rd</sup> Control Period.

### CHAPTER 3. FUEL THROUGHPUT FORECAST.

#### 3. BSSPL, Bangalore submission on Fuel Throughput for the 3<sup>rd</sup> Control Period as part of MYTP.

3.1 There are two ITP service providers at KIA, Bangalore namely BSSPL and IOSPL. As per the Fuel Throughput data of the 2<sup>nd</sup> Control Period (FY 2016-17 – FY 2020-21), the market share of BSSPL varied between 26.05% to 38.48% at KIA, Bangalore. The historical data of Fuel Throughput (Volume) for the FY 2016-17 to FY 2020-21 till February 2021 is given below:

**Table 3: Historical Fuel Throughput volume of BSSPL, Bangalore.**

Year	(KL in Lakhs)			% Change over previous Year		
	International	Domestic	Total	International	Domestic	Total
2016-17	121909	58660	180569	--	--	--
2017-18	136835	80163	216997	12%	37%	20%
2018-19	187813	88019	275833	37%	10%	27%
2019-20	231531	82475	314006	23%	-6%	14%
2020-21*	47814	49375	97189	-79%	-40%	-69%
<b>CAGR 4 Years</b>				<b>24%</b>	<b>12%</b>	<b>20%</b>
<b>CAGR 5 Years</b>				<b>-21%</b>	<b>-4%</b>	<b>-14%</b>

\*FY 2020-21, Actual Fuel Throughput from 1<sup>st</sup> April 2020 to February 2021.

3.2 BSSPL has projected Fuel Throughput (Volume) in its MYTP submission for 3<sup>rd</sup> Control Period (FY 2021-22 to 2025-26) as given below:

**Table 4: Projection of fuel throughput as per BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Year	Volume ( in KL/ Lakhs)			% Change over previous Year		
	International Flights	Domestic Flights	Total	International Flights	Domestic Flights	Total
2019-20 (Actual)	231531	82475	314006	---	---	---
2020-21 (Actual)*	47814	49375	97189	-79%	-40%	-69%
2021-22	76800	115200	194000	61%	133%	98%
2022-23	91725	137588	229313	19%	19%	19%
2023-24	117293	143359	260652	14%	14%	14%
2024-25	156000	144000	300000	15%	15%	15%
2025-26	161292	148884	310176	3%	3%	3%
<b>CAGR 5 year's</b>				<b>12.74%</b>	<b>12.74%</b>	<b>12.74%</b>

\*Actual till February 2021.

3.3 BSSPL, Bangalore has submitted the Fuel Throughput (Volume) projections based on the following assumptions:

- Existing business potential of BSSPL likely from their suppliers i.e. BPCL and HPCL, ATM traffic, and, the average market share expected in future years;
- Future waves of Covid-19 that will impact international and domestic volumes;
- More and more aircrafts are now bound to be fuel efficient;
- Expected to achieve the pre-COVID volumes by the end of 3<sup>rd</sup> Control Period i.e. by FY 2025-26.

#### **Authority’s Examination and Analysis:**

3.4 The Authority noted that BSSPL’s assumptions are based on a combination of factors (refer para 3.3). BSSPL has projected CAGR of 12.74% in Fuel volumes during the 3<sup>rd</sup> Control Period i.e. FY 2021-26. The Authority observed that the fuel throughput projection for the 3<sup>rd</sup> Control Period, BSSPL has taken very optimistic view for domestic fuel throughput and very pessimistic view for international fuel throughput. However, the historical data of actual fuel throughput volume of BSSPL, Bangalore, for the period from FY 2016-17 to FY 2019-20 (4 years CAGR) shows 20% increase in fuel throughput volumes. Further, by including FY 2020-21 (pandemic year), the 5 years CAGR figure gets distorted since then shows a drastic 14% decline in the volumes (refer Table No.3 above).

3.5 In their MYTP for CSMI, Airport, Mumbai, BSSPL has also stated that they have adopted the projections of MAFFFL. The Authority finds that MAFFFL had conducted a study through Deloitte in which Deloitte utilized the ATM projections and other factors for Fuel Throughput projections. The Authority is of the view that the ATM and fuel throughput are correlated and a key indicator for the purpose of projections for both Fuel Farm as well as ITP services.

3.5.1 The Authority recently determined tariff for many other major airports, having more or less similar control periods. During this process the Authority has considered the adverse impact of the COVID 19 pandemic and has made its own assessment of the pattern of traffic resurgence in the next 5-year period. While doing so the Authority has considered the opinions/forecasts of the experts in the aviation field such as CAPA, ACI and IATA.

3.5.2 The Authority after assessing the current COVID-19 situation across the country observed that over one year into the Covid-19 pandemic, substantial disruption still persists. Accordingly, the Authority made the suitable adjustment in the ATM traffic for FY 2021-22 and onwards based on the actual ATMs traffic of FY 2019-20 as base year for KIA, Bangalore Excluding the pandemic year i.e. FY 2020-21 as given below:

**Table 5: ATM projections proposed by the Authority for 3rd Control Period.**

<b>Financial Year</b>	<b>International</b>	<b>Domestic</b>	<b>Average</b>
2019-20	Actual ATM Traffic	Actual ATM Traffic	----
2021-22	50% of FY 2019-20	70% of FY 2019-20	60%
2022-23	75% of FY 2019-20	100% of FY 2019-20	87.5%
2023-24	100% of FY 2019-20	108% of FY 2019-20	104%
2024-25	108% of FY 2019-20	118% of FY 2019-20	113%
2025-26	116% of FY 2019-20	124% of FY 2019-20	120%

3.6 The Authority, based on the ATM traffic projections (Refer table 5 above), proposes the following projections of fuel throughput volumes for the ITP services of BSSPL Bangalore for 3<sup>rd</sup> Control Period as given below:

**Table 6: Fuel Throughput (Volume) proposed by the Authority for the 3<sup>rd</sup> Control Period.**

Particulars	Fuel Throughput (volume in KL/Lakhs)			Fuel Throughput % of FY 2019-20
	International	Domestic	Total	
<b>2019-20 (Actual)*</b>	231531	82475	314006	---
<b>2020-21 (Actual)**</b>	47814	49375	97189	-69%
<b>2021-22</b>	115766	57733	173498	-45%
<b>2022-23</b>	173648	82475	256123	-18%
<b>2023-24</b>	231531	89073	320604	2%
<b>2024-25</b>	250053	97321	347374	11%
<b>2025-26</b>	268576	102269	370845	18%
<b>5 year's Total</b>	1039574	428870	1468444	---
<b>7 year's Total</b>	1318919	560720	1879639	---
<b>CAGR 5 Year's</b>	<b>23.42%</b>	<b>15.37%</b>	<b>20.91%</b>	---

\* Figures for FY 2019-20 considered as base year for projection

\*\*Actual upto February 2021.

3.7 The Authority recognized the impact of Covid-19, considering the current vaccination drive and multiple government travel restrictions issued from time to time due to the recent surge in Covid cases, it would be difficult to accurately assess the traffic projections and fuel throughput (volume) thereon at this juncture. Therefore, the Authority proposed to take a final view on traffic assessment based on the developments of the COVID-19 situation, and, after considering stakeholders' views on the subject, in response to this Consultation Paper.

**3.8 Authority's proposal regarding Fuel throughput projection for the 3<sup>rd</sup> Control Period.**

Based on the material before it and its analysis, the Authority proposes the following:

3.8.1 To consider the Fuel Throughput (Volume) for the 3<sup>rd</sup> Control Period for BSSPL, Bangalore as per Table No. 06.

3.8.2 To True-up the ATM traffic and fuel throughput volume based on actual numbers for the 3<sup>rd</sup> Control Period at the time of determination of tariff for the next Control Period

#### **CHAPTER 4: CAPITAL EXPENDITURE (CAPEX) (ADDITIONS TO RAB).**

#### **4. BSSPL, Bangalore's submission on Capital Expenditure for the 3<sup>rd</sup> Control Period as part of MYTP.**

4.1 As per clause 9.2 of the CGF guidelines, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.

#### **BSSPL's submission – Capital Expenditure (CAPEX)**

4.2 BSSPL has projected Capital Expenditure of Rs.1956 lakhs for the 3<sup>rd</sup> Control Period. The Assets-wise CAPEX as given below:

**Table 7: Asset wise details of CAPEX proposed by BSSPL at Bangalore for 3<sup>rd</sup> Control Period.**

S. no.	Particulars	Capital Expenditure (In Rs. Lakhs)					Total
		2021-22	2022-23	2023-24	2024-25	2025-26	
1	Dispensers	616	706	33	36	-	1391
2	Refuellers	180	225	-	-	-	405
3	Vehicles	15	16	-	-	40	71
4	Software & Hardware	30	30	2	2	2	66
5	Furniture & Fittings	5	5	-	-	13	23
	<b>TOTAL CAPEX</b>	846	982	35	38	55	1956

4.3 BSSPL has projected year wise no. of vehicles (Dispensers, Refuellers, (Including Accessories Chassis, FWD/DDF) and other CAPEX as given below:

**Table 8: Projection of CAPEX as per BSSPL for the 3<sup>rd</sup> Control Period.**

Particulars (In Nos.)	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Dispenser</b>					
Fabrication of New Avn Module		2			
Refurbishment with FWS	7	4			
Chassis	7	6			
<b>Refueller</b>					
Refurbishment of Module-15 KL (with FWS)	2	2			
Refurbishment of Module-30 KL					
Fabrication of New Module-15 KL					



Fabrication of New Module-30 KL					
Chassis-15 KL	2	2			
Chassis-30 KL					
<b>Aviation Module Parts</b>					
Inlet Couplers		2	2	2	
Delivery Couplings		6	6	6	
<b>Jeeps</b>	1	1			2
<b>Office Equipment's</b>	1				1
<b>Furniture &amp; Fittings</b>		1			1
<b>Computers &amp; Printers</b>	3	3	3	3	3
<b>Automation Hardware</b>	7	7			

\*BSSPL Projections based on inflationary increase /tech. advancement in cost @ 7.50% y-o-y.

4.4 BSSPL has projected capital expenditure of Rs.1796 Lakhs for the purchase and replacement of existing refurbished Dispensers, Refuellers, (Including Accessories Chassis, FWS/DDF etc.) out of the total capex of Rs. 1956 Lakhs for the 3<sup>rd</sup> Control Period. The Capital expenditure projected by BSSPL, Bangalore for purchase and refurbishment of Hydrant Dispensers & Refuellers is made keeping in view the local RTO regulations which states that *“the commercial vehicles more than 10 years are not allowed to ply in the city of Bangalore, therefore, these Hydrant Dispensers & Refuellers (Vehicles) need to be changed after the useful life of 10 years.”* because some were old vehicles and taken over from Oil Companies in 2015, having a useful life of 10 years. In the cost of Dispensers & Refuellers, BSSPL included the cost of Filter Water Separator/Dirt Defense Filter (FWS/DDF)”. Further, as per BSSPL, implementation of FWS/DDF is to comply with the statutory requirement of JIG guidelines and ensuring the safety standards at the airport.

4.5 BSSPL has also submitted that out of the total Capital expenditure, Rs.66 lakhs has been projected under the head “Software & Hardware”, Rs.56.84 lakhs for Electronic Data interchange (EDI) System. As per BSSPL submission, they have to implement EDI system in all refueling equipment to share proper and synchronized data with their back office and stakeholders in real time. Presently, this is part of their Agreement with the Airport Operator at Bangalore & Delhi Airports.

4.6 As per the Annual Compliance Statement (ACS) submitted by BSSPL, the year-wise details of actual Capital Expenditure for the period FY 2016-17 to FY 2020-21 is given in Table below:

**Table 9: Actual/Projected Capital Expenditure as per ACS of BSSPL, Bangalore for FY 2016-17 to 2020-21.**

Particulars	Amount (Rs. in Lakhs)					Total
	2016-17	2017-18	2018-19	2019-20	2020-21	
CAPEX as per SCP Order	0	0.00	10.00	710	605	1325

<b>Actual Capital Expenditure as per ACS</b>	0.09	186.46	0.12	0.8	14.32	201.79
<b>Difference</b>	0.09	186.46	-9.88	-709.2	-590.68	-1123.21

**Authority's Examination and Analysis:**

- 4.7 The Authority examined the Annual Compliance Statement (ACS) and observed that BSSPL couldn't implement the projected CAPEX for FY 2019-20 and FY 2020-21 of the 2nd Control Period (Refer table 9). The Authority sought justification from BSSPL for the underutilization of the CAPEX approved for the 2<sup>nd</sup> Control Period vide its mail dated 22.03.2021. Accordingly, BSSPL vide mail dated 07.04.2021 clarified that the capital expenditure proposals were based on the estimated sales volume and rates approved by AERA for the 2<sup>nd</sup> Control Period. Further, BSSPL also stated that the volume growth couldn't occur as per the BSSPL expectations, therefore, the revenue was impacted and the targeted capex could not be carried out. BSSPL further stated that due to Covid-19 and shortage of funds, deferred their capex requirement for the 2nd control period.
- 4.8 The Authority noted that BSSPL has projected total CAPEX (additions to RAB) of Rs.1956 lakhs for the 3<sup>rd</sup> Control Period.
- 4.9 The Authority observed that BSSPL proposed to replace all 11 (eleven) Dispensers & 04 (four) Refuellers and, also proposed to purchase two new dispensers including their accessories viz. Chassis, FWS/DDF & Aviation Module parts etc., at a total cost of Rs.1796 Lakhs (Refer Table 7). Further, the requirement for purchase of 02 new Dispensers, BSSPL informed that New Terminal T2 shall be operational in FY 2021-22 or FY 2022-23 and therefore to cater the futuristic ATM traffic /demand at New Terminal T2, at Bangalore BSSPL shall require these two new vehicles.
- 4.9.1 The Authority noted the age profile of vehicles (Dispensers & Refuellers), schedule proposed by BSSPL for purchase/refurbishment of vehicles, the Authority examined the need for the purchase of two new Dispensers and is of the view that there is not much increase in the fuel throughput projection in the background of ATM traffic forecasted considering the pandemic impact for the third control period. The Authority therefore considers the requirement of One (1) new vehicle to be sufficient at this stage and one vehicle may be considered for the next control period apart from refurbishment to meet the current requirement. Accordingly, the Authority proposes to consider around Rs 131.29 lakhs towards the cost of CAPEX for the purchase of one new dispenser in FY 2023-24 instead FY 2022-23.
- 4.9.2 The Authority examined the submissions of BSSPL regarding replacement/refurbishment of existing vehicles in the background of RTO regulations as detailed in Para 4.4 above and proposes to consider the replacement of 11 Dispensers & 04 Refuellers at a total cost of Rs.1447.69 Lakhs (including cost of accessories) for determination of ARR for the 3<sup>rd</sup> control period.
- 4.9.3 The year-wise projection of capital expenditure on Dispensers & Refuellers (including accessories) considered by the Authority for the 3<sup>rd</sup> control period is given in the table below:

**Table 10: Year-wise capital expenditure on Dispensers & Refuellers (including Accessories) proposed by the Authority for the 3<sup>rd</sup> Control Period.**

Particulars	Rate/unit	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Dispenser</b>						
Fabrication of New Avn Module	12,000,000			1		
Refurbishment with FWS	7,000,000	7	4			
Chassis	1,800,000	7	4			
<b>Refueller</b>						
Refurbishment of Module-15 KL (with FWS)	6,000,000	2	2			
Refurbishment of Module-30 KL	8,000,000					
Fabrication of New Module-15 KL						
Fabrication of New Module-30 KL						
Chassis-15 KL	3,000,000	2	2			
Chassis-30 KL	4,000,000					
<b>Aviation Module Parts</b>						
Inlet Couplers	700,000		2	2	2	
Delivery Couplings	250,000		6	6	6	
Jeeps	1,500,000	1	1			1
Office Equipments	500,000	1				1
Furniture & Fittings	500,000		1			1
Computers & Printers	60,000	2	2	2	2	2
Automation Hardware		7	7			
<b>Year wise Cost of Dispensers &amp; Refuellers (including Accessories)</b>		<b>Amount (Rs. in Lakhs)</b>				
Dispenser		616.00	368.19	131.29	0.00	0.00
Refueller		180.00	188.28	0.00	0.00	0.00
Inlet Couplers		0.00	14.64	15.31	16.02	0.00
Delivery Couplings		0.00	15.69	16.41	17.16	0.00
<b>Total Cost</b>		<b>796.00</b>	<b>586.80</b>	<b>163.01</b>	<b>33.18</b>	<b>0.00</b>
<b>Total Cost of Dispensers &amp; Refuellers (including accessories)</b>		<b>1578.99</b>				

- 4.10 BSSPL has also proposed Capital Expenditure of Rs.66.00 lakhs for Software and Hardware out of which Rs.56.84 lakhs has been projected for EDI system - automation of refueling equipment and the remaining Rs.9.16 lakhs is projected for Hardware & Software for official purposes. The Authority accepts the submission of BSSPL that automation is an essential requirement which helps the back office to ensure proper and synchronized data with the users in real time basis. Hence, the Authority has decided to consider 56.84 lakhs of automation of refueling equipment as proposed by the BSSPL.
- 4.11 The Authority observed that BSSPL has also proposed to procure (03) three nos. of computer & printers during the Control Period for official use. the Authority considering the low volume of fuel throughput and the rationale of staff in the office due to the Covid-19, proposes to consider (02) two nos of computer each year and allow 6.56 lakhs for the computer & software for official purpose and consider total CAPEX of Rs. 63.40 lakhs (Rs.56.84 lakhs + Rs.6.56 lakhs) towards Software and Hardware for the 3<sup>rd</sup> Control Period.
- 4.12 The Authority also examined the price reasonability for purchase of new dispenser wherein, BSSPL has confirmed that the existing invoice has been considered to determine the rate/unit for the purchase of new dispenser and the same has been considered by the Authority for computation of capital expenditure.
- 4.13 The Authority further observed that BSSPL has proposed (04) nos of vehicles (Jeeps) to be purchased costing Rs. 71.00 lakhs during the 3<sup>rd</sup> Control Period out of that two jeeps costing Rs. 40.00 lakhs has been proposed in the last year of 3<sup>rd</sup> Control Period i.e. FY 2025-26. The Authority considering the present situation and the market share of BSSPL at Bangalore Airport proposes to considered (03) no of Jeeps as per the year wise capital expenditure plan. (Refer table 10.)
- 4.14 Having examined the proposals and keeping in view the above facts, the Authority has considered the Capital Expenditure for BSSPL, Bangalore as additions to RAB for the 3<sup>rd</sup> Control Period as given below:

**Table 11: Capital Expenditure proposed by the Authority for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Particulars	Capital Expenditure (In Rs. Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Dispensers	616.00	368.19	163.02	33.18	0.00	<b>1180.39</b>
Refuellers	180.00	218.61	0.00	0.00	0.00	<b>398.61</b>
Vehicles	15.00	15.69	0.00	0.00	17.95	<b>48.64</b>
Software & Hardware	29.20	30.09	1.31	1.37	1.43	<b>63.40</b>
Furniture & Fittings	0.00	5.23	0.00	0.00	5.98	<b>11.21</b>
Office Equipment	5.00	0.00	0.00	0.00	5.98	<b>10.98</b>
<b>TOTAL CAPEX</b>	<b>845.20</b>	<b>637.81</b>	<b>164.33</b>	<b>34.55</b>	<b>31.34</b>	<b>1713.23</b>

4.15 The Authority, in order to ensure that BSSPL adheres to the Capital expenditure plan, proposes to rework the RAB of the BSSPL Bangalore for the 3<sup>rd</sup> Control Period, by reducing the RAB by 1% of the cost of Dispensers & Refuellers etc. as the case may be, if BSSPL Bangalore fails to commission and capitalize the CAPEX as per the plan considered by the Authority while truing up.

4.16 **Authority proposal on Capital expenditure.**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Capital Expenditure (CAPEX) for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

4.16.1 The Authority proposes to adopt the capital expenditure for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period in accordance with Table No. 11.

4.16.2 The Authority proposes to rework the RAB of BSSPL, Bangalore for the 3<sup>rd</sup> Control Period by reducing the RAB by 1% of the cost of Software & Hardware/ Dispenser/ Refuellers etc. as the case may be, if the BSSPL Bangalore fails to commission and capitalize the CAPEX plan as submitted, while truing up.

4.16.3 The Authority proposes to true up the Capital Expenditure based on actual at the time of tariff determination for next Control Period.

## CHAPTER 5. DEPRECIATION

### 5. BSSPL, Bangalore’s submission on Depreciation for the 3<sup>rd</sup> Control Period as part of MYTP.

5.1 As per BSSPL submission, depreciation has been computed on the “straight line method” as per Companies’ Act 2013. BSSPL has submitted total depreciation on CAPEX of Rs.782.34 Lakhs for the 3<sup>rd</sup> Control Period as per Table No 12 below:

**Table 12: Depreciation (Asset-wise) as projected by BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery- New	11.08	21.40	31.72	31.72	31.72	127.28
Plant & Machinery- Refurbished	44.93	109.63	140.02	143.15	144.77	582.50
Jeep & Vehicles	1.34	3.09	3.99	3.99	6.25	16.40
Furniture & Fixture	0.09	0.33	0.57	0.57	0.87	2.43
Office Equipment	3.11	8.68	11.27	11.27	11.87	46.20
Computer & software	0.44	1.00	1.60	2.25	2.24	7.53
<b>Total</b>	<b>60.98</b>	<b>144.12</b>	<b>189.17</b>	<b>192.95</b>	<b>197.72</b>	<b>782.34</b>

#### **Authority’s Examination and Analysis:**

5.2 The Authority issued Order No. 35 / 2017-18 for “Determination of Useful life of Airport Assets” for determining appropriate depreciation rates in line with the provisions of the Companies Act 2013. Accordingly, the Authority has considered the useful life and depreciation rates as prescribed in the said Order 35 for IOSPL Bangalore.

5.3 The Authority compared the Depreciation rates and useful life of Assets applied by BSSPL, Bangalore during the 3<sup>rd</sup> Control Period and those prescribed as per AERA Order No. 35/2017-18 as shown in the Table no. 13 below:

**Table 13: Comparison of Depreciation rates BSSPL vis-a-vis AERA Order 35:**

Particulars	As Per BSSPL Submission			As Per AERA Order no. 35/2017-18	
	Useful Life (in Years)	Residual Value	SLM Rate	Useful Life (in Years)	SLM Rate
Refuellers and Dispensers – New	10	20%	8%	8	12.50%
Refuellers and Dispensers – Refurbished	10	10%	9%	8	12.50%

Jeeps & Vehicles	8	10%	11.25%	8	12.50%
Office Equipment	5	10%	18%	5	20.00%
Furniture & Fixtures	10	10%	9%	7	14.29%
Computers and Software	3	10%	30%	3	33.33%

5.4 The Authority observed the variance in depreciation rates for “furniture & fixtures”. BSSPL has taken useful life of furniture 10 years whereas AERA has considered 7 years. Accordingly, the Authority has calculated the depreciation rate as per the prescribed useful life of 7 years for furniture & fixtures.

5.5 The Authority further observed that BSSPL has taken residual value of all class of assets @ 10% except new Refuellers and Dispensers which has been taken @ 20%. The Authority finds that Schedule II of Companies’ Act 2013 prescribes that ordinarily, the residual value of the assets is often insignificant but it should generally be not more than 5% of the original cost of some class of the assets. Residual value estimation would vary on a case to case basis for each asset category, these could be left to the decision of the Airport Operator. Considering this, the Authority decides to consider the residual value as projected by BSSPL.

5.6 The Authority also observed that BSSPL has taken automation CAPEX under the head of software and hardware category whereas; depreciation on automation expense has been taken under office equipment head. As per AERA policy of useful life of assets, software and hardware’s useful life is 3 years and office equipment’s is 5 years. Accordingly, the Authority has considered the submission of BSSPL.

5.7 Keeping in view of the above and depreciation rates and life of Assets, the Authority proposes the following depreciation for the 3<sup>rd</sup> Control Period as provided in the Table no. 14 below:

**Table14: Depreciation on the revised CAPEX proposed by the Authority for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery – New	11.08	11.08	16.32	21.57	21.57	81.61
Plant & Machinery-Refurbished	44.93	107.16	134.99	137.92	139.41	564.41
Jeep & vehicle	1.34	3.06	3.94	3.94	4.95	17.24
Furniture & Fixture	0.12	0.46	0.80	0.80	1.18	3.36
Office Equipment	3.11	8.68	11.27	11.27	11.81	46.15
Computer & Software	0.35	0.72	1.10	1.50	1.40	5.06
<b>Total</b>	<b>60.93</b>	<b>131.15</b>	<b>168.43</b>	<b>177.00</b>	<b>180.32</b>	<b>717.83</b>

### **5.8 Authority’s Proposal on Depreciation for 3<sup>rd</sup> Control Period.**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding depreciation for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

- 5.8.1 The Authority proposes to consider adopting depreciation rates for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 13.
- 5.8.2 The Authority proposes depreciation on the assets considered by the Authority for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 14.
- 5.8.3 The Authority proposes to true up the depreciation based on actual at the time of tariff determination for next Control Period.



## CHAPTER 6. REGULATORY ASSET BASE (RAB).

### 6 BSSPL, Bangalore's submission on Regulatory Asset Base (RAB) for the 3<sup>rd</sup> Control Period as part of MYTP.

- 6.1 As per clause 9.2 of the CGF guidelines, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 6.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.
- 6.3 The historical Regulatory Asset Base (RAB) as per the ACS of BSSPL, Bangalore for the 2<sup>nd</sup> Control Period has been shown in the Table no. 15 below:

**Table 15: Actual/Estimated RAB as per ACS for the 2<sup>nd</sup> Control Period of BSSPL, Bangalore.**

Particulars		Amount (Rs. in Lakhs)				
		2016-17	2017-18	2018-19	2019-20	2020-21*
Opening RAB	OR	296.84	277.45	438.5	269.84	246.20
Capital Expenditure	CE	0.09	186.46	0.12	0.80	14.32
Disposals/Transfers	DI	0	0.00	18.55	0	0.00
Depreciation	DR	19.48	25.41	150.23	24.22	14.12
Closing RAB	CR = OR + CE-DR - DI	277.45	438.50	269.84	246.42	246.40
Average RAB	RAB = (OR + CR) / 2	287.14	357.97	354.17	258.13	246.30

2020-21\* estimated figures

- 6.4 The projected Regulatory Asset Base (RAB) for the 3<sup>rd</sup> Control Period submitted by BSSPL, Bangalore has been shown in the Table no. 16 below:

**Table 16: RAB proposed by BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Particulars		Amount (Rs. in Lakhs)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Opening RAB	OR	246.40	1031.22	1839.15	1685.57	1530.88
Capital Expenditure	CE	845.80	952.05	35.59	38.26	55.82
Disposals/Transfers	DI	0.00	0.00	0.00	0.00	0.00
Depreciation	DR	60.98	144.12	189.17	192.95	197.72
Closing RAB	CR = OR + CE-DR - DI	1031.22	1839.15	1685.57	1530.88	1388.98
Average RAB	RAB = (OR + CR) / 2	638.81	1435.18	1762.36	1608.22	1459.93

### **Authority's Examination and Analysis:**

- 6.5 The Authority examined each element of RAB and its utility and requirement towards the functioning of the BSSPL, Bangalore. The Authority, based on the clarification submitted by BSSPL, Bangalore and its discretion on revised CAPEX to be incurred for purchase of new dispensers, Jeeps and software & Hardware and depreciation thereon has been considered in the computation of RAB.
- 6.6 The Authority, accordingly proposes to adopt the RAB for the purpose of tariff determination as per Table no. 17 below:

**Table 17: RAB proposed by the Authority for BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
<b>Opening Balance (A)</b>	246.40	1030.67	1537.33	1533.23	1390.78	5738.40
<b>CAPEX addition (B)</b>	845.20	637.81	164.33	34.55	31.34	1713.23
<b>Disposal (C)</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Depreciation (D)</b>	60.93	131.15	168.43	177.00	180.32	717.83
<b>Closing Block (E =A+B-C-D )</b>	1030.67	1537.33	1533.23	1390.78	1241.80	6733.80
<b>Average RAB (F=(A+E)/2)</b>	638.53	1284.00	1535.28	1462.00	1316.29	6236.10

### **6.7 Authority's proposals on RAB for the 3<sup>rd</sup> Control Period.**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Average RAB for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

- 6.7.1 The Authority proposes to consider opening RAB as on 01.04.2021 as per Table no 16 and allowable additions to RAB for the 2<sup>nd</sup> Control Period as per Table no. 17
- 6.7.2 The Authority proposes to consider Average RAB for the 3<sup>rd</sup> Control Period as calculated in Table no. 17.
- 6.7.3 To True-up RAB in the next Control Period depending on the actual CAPEX incurred and date of capitalization of underlying assets in a given year.

## CHAPTER 7. FAIR RATE OF RETURN (FRoR).

### 7 BSSPL, Bangalore's submission on fair Rate of Return (FRoR) for the 3<sup>rd</sup> Control Period as part of MYTP.

7.1 BSSPL, Bangalore has considered Fair Rate of Return (FRoR) @13.62% in MYTP for the 3<sup>rd</sup> Control Period. As per their MYTP submission BSSPL has stated that it will take debt of Rs 550.00 lakhs and remaining capitalization activity is proposed to be funded by Equity for 3<sup>rd</sup> Control Period.

**Table 18: FRoR proposed by BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Fair Rate of Return	Amount (Rs. in Lakhs)				
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	526.05	475.73	420.32	359.31	292.13
Equity	884.33	1281.72	1739.52	1905.52	2112.31
Debt + Equity	1410.38	1757.45	2159.85	2264.83	2404.44
Cost of Debt	9.75%	9.75%	9.75%	9.75%	9.75%
Cost of Equity	14.25%	14.25%	14.25%	14.25%	14.25%
Individual Year Gearing	37%	27%	19%	16%	12%
Weighted Average Gearing	14%				
Weighted Average Cost of Debt	10%				
Cost of Equity	14.25%				
<b>FROR</b>	<b>13.62%</b>				

### **Authority's Examination and Analysis:**

7.2 The Authority noted that BSSPL, Bangalore has proposed capitalization of its regulatory assets with the mixer of debt and equity.

7.3 The Authority proposed to consider cost of debt @ 9.75 as submitted by BSSPL and cost of equity @ 14%, as considered for other Airport Operators/Service Providers, for the BSSPL, Bangalore during the 3rd control period.

7.4 After considering the revised cost of equity, the Authority revised the Fair rate of return for the third control period is calculated as given below.

**Table 19: FRoR proposed by the Authority for BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Fair Rate of Return	Amount (Rs. in Lakhs)				
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	526.05	475.73	420.32	359.31	292.13
Equity	884.33	1,281.72	1,739.52	1,905.52	2,112.31
Debt + Equity	1,410.38	1,757.45	2,159.84	2,264.83	2,404.44
Cost of Debt	9.75%	9.75%	9.75%	9.75%	9.75%
Cost of Equity	14.00%	14.00%	14.00%	14.00%	14.00%

Individual Year Gearing	37%	27%	19%	16%	12%
Weighted Average Gearing	21%				
Weighted Average Cost of Debt	10%				
Cost of Equity	14.00%				
<b>FROR</b>	<b>13.12%</b>				

7.5. The Authority therefore, proposes to consider the FRoR (i.e.13.12 %) for determination of ARR of BSSPL, Bangalore for the third control period.

7.6. **Authority's Proposal on Fair Rate Of Return (FROR)**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Fair Rate of Return (FROR) for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

- 7.6.1 The Authority proposes to consider Fair Rate of Return (FROR) for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table no. 19.
- 7.6.2 The Authority also proposes to true up the FRoR during the tariff determination for the next control period.

## **CHAPTER 8. OPERATION AND MAINTENANCE EXPENDITURE (OPEX)**

### **8 BSSPL, Bangalore's submission on Operation and Maintenance Expenditure for the 3<sup>rd</sup> Control Period as part of MYTP.**

8.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operational and maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.

8.2 Operation and Maintenance (O&M) expenditure submitted by BSSPL, Bangalore is segregated into the following categories:

- Employee Benefit Expenses
- Operational expenses
- Revenue sharing charge
- Rental expenses
- Administrative expenses
- Automation Expenses
- Apportionment of HQ Cost

8.3 The summary of growth rates projected by BSSPL, Bangalore for the operation and maintenance expenses for the 3<sup>rd</sup> Control Period have been presented in the Table no. 20 below:

**Table 20: CAGR proposed by BSSPL for O&M for 3<sup>rd</sup> Control Period.**

<b>Particulars</b>	<b>CAGR</b>
Employee Benefit Expenses	15%
Operational expenses	11%
Rental expenses	5%
Administrative expenses	10%
Apportionment of HQ Cost	10%

8.4 BSSPL, Bangalore, based on the above assumptions, has projected Operation and Maintenance Expenditure for the 3<sup>rd</sup> Control Period as shown in Table no. 21 below:

**Table 21: Projected Operation & Maintenance Expenditure (FY21-22 to FY25-26) -BSSPL, Bangalore.**

<b>Particulars</b>	<b>Amount (Rs. In Lakhs)</b>					<b>Total</b>
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	
Operational Expenses	66.94	76.04	84.02	92.58	102.01	<b>421.59</b>
Employee Benefit Expenses	299.75	347.48	408.60	466.35	532.40	<b>2054.58</b>
Revenue Sharing Charges @23.60%	241.23	295.37	344.20	406.14	430.50	<b>1717.44</b>
Rental Expenses	100.43	105.45	110.72	116.26	122.07	<b>554.93</b>
Administrative Expenses	36.21	40.41	44.45	48.90	53.78	<b>223.74</b>
Automation –Expenses	12.23	25.19	25.95	26.73	27.53	<b>117.64</b>

Apportionment of HQ Cost	39.80	43.78	48.16	52.97	58.27	<b>242.98</b>
<b>TOTAL OPEX</b>	<b>796.58</b>	<b>933.73</b>	<b>1066.10</b>	<b>1209.92</b>	<b>1326.56</b>	<b>5332.90</b>

8.5 Head wise percentage share of each category of expenditure in the total Operation and Maintenance Expenditure projected by BSSPL, Bangalore, the for the 3<sup>rd</sup> Control Period is shown in Table no. 22 below:

**Table 22: Head wise percentage share of each category of expenditure in the total Operation & Maintenance Expenditure.**

<b>Category of Operation and Maintenance Expenditure</b>	<b>% Share of total Expenditure</b>
Employee Benefit Expenses	38.53%
Operational expenses	7.91%
Rental expenses	10.41%
Administrative expenses	4.20%
Revenue Sharing Charges	32.20%
Automation expenses	2.21%
Apportionment of HQ Cost	4.56%
<b>Total</b>	<b>100.00</b>

8.6 The details and assumption for projection of O & M expenditure for the 3<sup>rd</sup> Control Period as per BSSPL submission are given in table no:21

<b>Particulars</b>	<b>Details/Assumptions</b>
Employee Benefit Expenses	BSSPL projected an increase of 15% CAGR for employee benefit expenses in 3 <sup>rd</sup> Control Period. BSSPL submitted that man power cost will increase due to annual increase in CTC and addition of more man power. BSSPL further submitted that they have long term employment agreement with employees and they are anticipating major change in the labour laws in future that will bring a big change to the salary structure, minimum wage definition etc. Increased wages will lead to increase outflow in terms of linked allowances, overtime, PF, bonus, gratuity etc.
Administrative Expenses	BSSPL projected an increase of 10% CAGR for administrative expenses in 3 <sup>rd</sup> Control Period. BSSPL submitted that mandatory and fixed expenses are incurred (for e.g. Internal Audit, Equipment Maintenance, Ad hoc Maintenance, etc.). The quality audit is also required by DGCA. The internal Audits has to be mandatorily carried out in every 06 months a per the company policy.
Operational Expenses	BSSPL projected an increase of 11% CAGR for Operational expenses in 3 <sup>rd</sup> Control Period. BSSPL submitted that with the increase in age of the equipment the maintenance cost will also rise. In addition to that, with the increasing no. of flights there will

	be high consumption of Diesel and the Diesel price has been increasing from last few years which is a major part of operation cost. Cost of fuel monitor, hoses is continuously going to increase which is a major part of operation.
Rental Expenses	As per BSSPL submission, according to the SPRH agreement BSSPL have to pay rent for 1867 sq. mtr. Land (399 sq. mtr. for office & 1468 sq. mtr. for parking) at the rate of 1368 Rs./sq. mtr. Per annum for office & 171 Rs./sq. mtr. per annum for parking with the escalation of 5% per annum.
Revenue Share Charges	As per the SPRH Agreement BSSPL have to pay 23.60% revenue sharing to BIAL.
Automation Expenses	BSSPL shall be implement automation in all re-fuelling equipment for proper and synchronized data sharing with the stakeholders in real time basis. There are two types of expenses under this head. <ul style="list-style-type: none"> <li>i. At the time of purchase. (As CAPEX)</li> <li>ii. Maintenance of Equipment's.(As OPEX)</li> </ul>
Apportionment of HQ Cost	BSSPL Central Headquarters (CHQ) is located at Noida U.P. and the CHQ expenses are proportionately divided among all the station/airports based on the revenue generated by that airport. The share of BSSPL CHQ expenses allocated to Bangalore Airport is @ 20.36%. (Details as shown on table no 23.)

**Table 23: Allocation of expenses of Central Headquarters (BSSPL).**

Location	Amount (Rs. in Lakhs)								
	Turn over FY 2019-20	Ratio	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Bangalore	877.16	20.36 %	39.63	-	39.61	43.57	47.93	52.72	58.00
Mumbai	1486.23	34.50 %	67.15	-	67.12	73.83	81.21	89.34	98.27
Delhi	1944.69	45.14 %	87.86	-	87.82	96.61	106.27	116.89	128.58
<b>Total</b>	<b>4308.10</b>	<b>100.00 %</b>	<b>194.64</b>	<b>-</b>	<b>194.56</b>	<b>214.02</b>	<b>235.42</b>	<b>258.96</b>	<b>284.86</b>

8.7 The break-up of Operation and Maintenance expenditures as per the ACS of BSSPL, Bangalore for the 2<sup>nd</sup> Control Period which has been shown in the Table 24 below:

**Table 24: Actual Operation and Maintenance Expenditure & CAGR from FY16-17 to FY 20-21.**

Particulars	Amount (Rs. in Lakhs)					
	2016-17	2017-18	2018-19	2019-20	2020-21*	CAGR 4 years
Employee Benefit Expenses	165.60	223.86	291.30	341.60	220.40	27%

<b>Operational expenses</b>	36.80	56.41	68.74	64.30	38.20	20%
<b>Revenue sharing charge</b>	24.20	29.40	37.00	183.40	95.10	96%
<b>Rental expenses</b>	0.00	0.00	0.00	135.90	142.70	---
<b>Administrative expenses</b>	31.10	19.80	28.70	40.70	18.00	9%
<b>Total OPEX</b>	<b>257.70</b>	<b>329.47</b>	<b>425.74</b>	<b>765.90</b>	<b>514.40</b>	---

\* April 2020 to February 2021 actual

### **Authority's Examination and Analysis:**

8.8 The Authority analyzed the historical OPEX of BSSPL, at Bangalore Airport, from their Annual Compliance Statements for the period FY 2016-17 to FY 2019-20 and observed that the CAGR of total OPEX was 44%. The Authority further analyzed the actual OPEX of FY 2019-20 and projected OPEX of FY 2021-22 and found that the costing of the most components was almost similar. Hence, the Authority has decided to consider the submission of BSSPL FY 2021-22 as a base year for the projection of OPEX for the remaining period of the 3<sup>rd</sup> Control Period.

8.9 On the basis of above assumption, the Authority examined the various components of OPEX vis-à-vis the submissions of BSSPL.

8.10 For the component of Employee Benefit Expenses, BSSPL has adopted CAGR of 15%, seems to be high. The Authority also notes that BSSPL has projected an increase in employee numbers from 35 to 53 during the 3<sup>rd</sup> Control Period, without any proper justification. The Authority found the above inconsistent with the projections of fuel throughput uptake which is observed to be decreasing over the years.

Based on observations & analysis as above, the Authority proposes to consider 8.50% YoY increase including 4.6% on account of CPI rate for the purpose of projection of "employee benefit expenses" for the 3<sup>rd</sup> Control Period.

8.11 The Authority noted that the BSSPL, Bangalore has projected operational Expenses increase @ 11% CAGR during the 3<sup>rd</sup> control period. The Authority observed that BSSPL has taken some items like consumable of store, repair maintenance cost, safety & protection expenses etc. on a higher side during the 3<sup>rd</sup> Control Period. Hence, the Authority has decided to consider 8.00% year on year increase including 4.6% CPI rate in operational expenses during the 3<sup>rd</sup> Control Period.

8.12 The Authority noted that the BSSPL, Bangalore has projected Administrative Expenses increase @ 10% CAGR during the 3<sup>rd</sup> control period. The Authority noted that BSSPL has taken some items like Printing & Stationery, Telephone & communication, training & recruitment expenses, travelling & conveyance expenses etc. on a higher side during the 3<sup>rd</sup> Control Period. Hence, the Authority has decided to consider 4.6% year on year increase i.e. CPI rate for operational expenses for the 3<sup>rd</sup> Control Period.

8.13 The Authority noted that BSSPL, Bangalore has taken Revenue sharing @ 23.60% of the Aeronautical revenue however, the Authority has proposed to consider the revenue share @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5<sup>th</sup> April 2018 on Capping the amount of Royalty, license Fee/Revenue Share payable to Airport Operator as a "pass through" expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports.



8.14 The Authority has revised the computation of “revenue sharing” based on the projected revenues for 3<sup>rd</sup> Control Period. In the Chapter on ‘Aeronautical Revenue’ in subsequent sections of this Consultation Paper, the workings for Revenue projections for 3<sup>rd</sup> Control Period as considered by the Authority is dealt with in detail. For ease of reference the revenue considered by Authority is reproduced in the Table no. 25 below.

**Table 25: Revenue share proposed by the Authority.**

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from regulated services (A)	641.59	949.86	1189.00	1288.27	1375.32	5444.03
Revenue from other than regulated Services(B)	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue (A)+(B)	641.59	949.86	1189.00	1288.27	1375.32	5444.03
Revenue Sharing @ 5% of Gross Revenue	32.08	47.49	59.45	64.41	68.77	272.20

8.15 The Authority proposes to accept 5% year on year increase in rental expenses, as it is a part of concessional agreement. Further, the Authority accepts the apportionment of CHQ expenses and Automation expenses as proposed by the BSSPL for the 3<sup>rd</sup> Control Period.

**Table 26: Percentage (%) Increase in OPEX proposed by the Authority for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Particulars	2022-23	2023-24	2024-25	2024-25
Employee Benefit Expenses	8.50%	8.50%	8.50%	8.50%
Operational Expenses	8.00%	8.00%	8.00%	8.00%
Administrative expenses	4.60%	4.60%	4.60%	4.60%
Rental expenses	5%	5%	5%	5%

\* FY 2021-22 has been considered base year for projection.

8.16 The Authority after considering the above growth rates, has proposed to revise the Operating and Maintenance Expenditure given in the Table no. 27 below:

**Table 27: Operating and Maintenance Expenditure proposed by the Authority for the 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)							Total
	2019-20*	2020-21*	2021-22	2022-23	2023-24	2024-25	2025-26	
Employee Benefit Expenses	341.6	220.4	299.75	325.23	352.87	382.87	415.41	1776.13
Operational expenses	64.3	38.2	66.93	72.28	78.07	84.31	91.06	392.65
Revenue sharing charge	183.4	95.1	32.08	47.49	59.45	64.41	68.77	272.2
Rental expenses	135.9	142.7	100.42	105.44	110.71	116.25	122.06	554.88
Administrative	40.7	18	36.2	37.87	39.61	41.43	43.33	198.44

expenses								
Automation expenses	0	0	12.23	25.19	25.95	26.72	27.53	<b>117.62</b>
Apportionment of HQ Cost	0	0	39.79	43.17	46.84	50.82	55.14	<b>235.76</b>
<b>Total OPEX</b>	<b>765.9</b>	<b>514.4</b>	<b>587.4</b>	<b>656.67</b>	<b>713.5</b>	<b>766.81</b>	<b>823.3</b>	<b>3547.68</b>

*\*Total has been taken based on the figures of FY2021-22 to FY 2025-26*

### **8.17 Authority's Proposal on Operation and Maintenance Expenditure & Airport Operator Fees.**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Operation and Maintenance Expenditure for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

- 8.17.1 The Authority proposes to consider the operational and maintenance expenditure as given in Table 27 above, for the purpose of determination of tariffs for the 3<sup>rd</sup> Control Period and proposes to True-up the same during the next Control Period based on the actual.
- 8.17.2 The Authority proposes to cap the revenue sharing @ 5% and the same shall be trued-up for FY 2021-22 to FY 2025-26 of the 3<sup>rd</sup> Control Period based on the actuals at the time of determination of tariffs for the next Control Period.
- 8.17.3 The Authority proposes to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period.

## **CHAPTER 9. TAXATION**

### **9 BSSPL Bangalore's submission on Taxation for the 3<sup>rd</sup> Control Period as part of MYTP.**

- 9.1 As per clause 9.5 of CGF Guidelines, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of Aggregate Revenue Requirement. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.
- 9.2 BSSPL, Bangalore has projected income tax @ 25.17% (Basic rate 25%, Surcharge, Health and Education Cess 0.17%) on regulatory profits.
- 9.3 The tax projections submitted by BSSPL, Bangalore 3<sup>rd</sup> Control Period is given as per Table no. 28 below:

**Table 28 : Tax as per BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)					Total
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Aeronautical Revenues with revised tariffs	1022.17	1251.57	1458.46	1720.93	1824.14	<b>7277.27</b>
Aeronautical OPEX (excl. Depreciation)	796.58	933.73	1066.1	1209.92	1326.56	<b>5332.89</b>
Depreciation	60.98	144.12	189.17	192.95	197.72	<b>784.94</b>
Profit before tax	164.61	173.72	203.19	318.06	299.86	<b>1159.44</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	-----
<b>Tax</b>	41.43	43.72	51.14	80.05	75.47	<b>291.81</b>

#### **Authority's Examination and Analysis:**

- 9.4 The Authority has computed the following tax projections for the 3<sup>rd</sup> Control Period as given in Table no. 29 below:

**Table 29: Tax as per the Authority for the 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)					Total
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Aeronautical Revenues with revised tariffs	641.59	949.86	1189	1288.27	1375.32	<b>5444.04</b>
Aeronautical OPEX (excl. Depreciation)	587.4	656.67	713.5	766.81	823.3	<b>3547.68</b>
Depreciation	60.93	131.15	168.43	177	180.32	<b>717.83</b>
Profit before tax	-6.74	162.04	307.07	344.46	371.7	<b>1178.53</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	----
<b>Tax</b>	0	40.78	77.28	86.7	93.55	<b>298.31</b>

## **9.5 Authority's Proposal on Provision for Taxation**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding provision for taxation for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

- 9.5.1 The Authority proposes to consider provision of tax as shown in Table No: 29 for determination of ARR for the 3<sup>rd</sup> Control Period of BSSPL, Bangalore.
- 9.5.2 The Authority proposes to True-up amount of tax in the next Control Period based on the actual tax liability during the 3<sup>rd</sup> Control Period.

## **CHAPTER 10. AGGREGATE REVENUE REQUIREMENT (ARR).**

### **10 BSSPL, Bangalore's submission on Aggregate Revenue Requirement for the 3<sup>rd</sup> Control Period as part of MYTP.**

10.1 BSSPL, Bangalore has submitted Aggregate Revenue Requirement (ARR) and Yield per Unit (YPU) for the 3<sup>rd</sup> Control Period. The summary of ARR and YPU has been presented in the Table no. 30 below.

**Table 30: BSSPL, Bangalore projection of Aggregate Revenue Requirement (ARR) and Yield as per Unit for the 3<sup>rd</sup> Control Period.**

<b>Aggregate Required Revenue</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
RAB	638.81	1435.18	1762.36	1608.22	1459.93
FROR	13.62%	13.62%	13.62%	13.62%	13.62%
RAB * FROR	87.00	195.46	240.02	219.03	198.83
Depreciation	60.98	144.12	189.17	192.95	197.72
Operational exp	796.58	933.73	1066.10	1209.92	1326.56
Tax	23.21	26.08	33.25	13.05	70.16
ARR	967.77	1299.39	1528.54	1634.95	1793.27
Discount Factor	0.88	0.77	0.68	0.60	0.52
Discounted ARR	851.77	1006.55	1042.13	981.07	947.08
Through Put	1.92	2.29	2.61	3.00	3.10
Forecast Change in WPI	2.52%	2.52%	2.52%	2.52%	2.52%
Yield per unit for tariff year t	532.38	545.79	559.54	573.64	588.10
Throughput	1.92	2.29	2.61	3.00	3.10
Revenue	1022.17	1251.57	1458.46	1720.93	1824.14
PV of Revenue	899.64	969.51	994.36	1032.66	963.39
Aggregate Revenue Requirement	967.77	1299.39	1528.54	1634.95	1793.27
Discount Rate	0.88	0.77	0.68	0.60	0.52
Present value of ARR	851.77	1006.55	1042.13	981.07	947.08
Fuel Throughput estimated	1.92	2.29	2.61	3.00	3.10
Revenue per KL	532.38	545.79	559.54	573.64	588.10
Estimated Revenue	1022.17	1251.57	1458.46	1720.93	1824.14
Present value of estimated Revenue	899.64	969.51	994.36	1032.66	963.39

#### **Authority's Examination and Analysis:**

10.2 The Authority, having noted and examined the submissions made by BSSPL regarding ARR, proposes to determine ARR as per its own philosophy and guiding principles based on its analysis of building blocks/ RAB as discussed in prior Chapters of this Consultation Paper.

10.3 The observations and proposals of the Authority across the regulatory building blocks impact the

computation of ARR and Yield per Unit. With respect to each element of the regulatory building blocks considered by BSSPL, Bangalore in computation of ARR and Yield per Unit in Table above, the Authority proposes as below:

- To consider the average RAB in accordance with Table No. 17
- To consider the FRoR in accordance with Table No. 19
- To consider the O&M expenses as per Table No. 27
- To consider the depreciation as per Table No 14
- To consider the tax as per Table No. 29
- To consider the Non-Aeronautical Revenue Nil
- To consider the total Volume in accordance Table No. 6

10.4 After considering the above, the Authority proposes the following ARR as presented in the Table no. 31 below:

**Table 31: Aggregate Revenue Requirement (ARR) proposed by the Authority for BSSPL, Bangalore.**

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Average RAB (Refer Table 17)	638.53	1284.00	1535.28	1462.00	1316.29	6236.10
Fair Rate of Return RAB (Refer Table 19)	13.12%	13.12%	13.12%	13.12%	13.12%	13.12%
Return on average RAB	83.78	168.46	201.43	191.81	172.70	818.18
O&M (Refer Table 27)	587.40	656.67	713.50	766.81	823.30	3547.68
Depreciation (Refer Table 14)	60.93	131.15	168.43	177.00	180.32	717.83
Tax (Refer Table 29)	0.00	40.78	77.28	86.69	93.55	298.30
Less: NAR	0.00	0.00	0.00	0.00	0.00	0.00
ARR per year	732.10	997.06	1160.65	1222.32	1269.87	5382.00
Discount Rate	13.12%	13.12%	13.12%	13.12%	13.12%	13.12%
PV Discount Factor	1.00	0.88	0.78	0.69	0.61	---
PV of ARR based @ 13.12%	732.10	881.42	907.03	844.43	775.54	4140.52
Present tariff rate	363.24	363.24	363.24	363.24	363.24	
Fuel throughput (lakh/KL)	1.73	2.56	3.21	3.47	3.71	14.68
Total Revenue	628.58	930.60	1164.88	1262.15	1347.42	5333.63
PV Discount	1.00	0.88	0.78	0.69	0.61	---
PV of Revenue	628.58	822.66	910.34	871.95	822.90	4056.43
Proposed tariff rates	<b>370.86</b>	<b>370.86</b>	<b>370.86</b>	<b>370.86</b>	<b>370.86</b>	----
Revenue from increase tariff rates	641.59	949.86	1189.00	1288.27	1375.32	5444.03
PV of Revenue from increase tariff rates	641.59	839.69	929.18	890.00	839.93	4140.40

## **10.5 Authority's Proposal on Aggregate Revenue Requirement (ARR)**

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Aggregate Revenue Requirement (ARR) for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.

10.5.1 The Authority proposes to consider the ARR for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table No. 31.

10.5.2 The Authority proposes to true up the ARR based on actuals at the time of tariff determination for next Control Period.

## **CHAPTER 11. AERONAUTICAL REVENUE**

### **11 BSSPL, Bangalore’s submission on Aeronautical Revenue for the 3<sup>rd</sup> Control Period as part of MYTP.**

11.1 As per BSSPL, Bangalore’s submission, the projected Aeronautical Revenue for the 3<sup>rd</sup> Control Period is given in Table no. 32 below:

**Table 32: Projected Aeronautical Revenue (Revenue from ITP services) as per BSSPL, Bangalore for 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services	1022.17	1251.57	1458.46	1720.93	1824.14	7277.27

11.2 BSSPL has projected, the CAGR for Aeronautical Revenue (Revenue from Into Plane Services) from Into Plane Services is 15.58% during the 3<sup>rd</sup> Control Period.

#### **Authority’s Examination and Analysis:**

11.3 The Authority has revised the projected Aeronautical Revenue keeping in view the revised fuel throughput volume at Bangalore airport for the 3<sup>rd</sup> Control Period as given below:

**Table 33: Aeronautical Revenue proposed by the Authority for 3<sup>rd</sup> Control Period.**

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services	641.59	949.86	1189.00	1288.27	1375.32	5444.03

#### **11.4 Authority’s Proposal on Aeronautical Revenue.**

Based on the material before it and based on its analysis, the Authority proposes to consider Aeronautical Revenue (Revenue from Into Plane Services) for the 3<sup>rd</sup> Control Period.

11.4.1 The Authority proposes to consider Aeronautical Revenue for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table No. 33.



## **CHAPTER 12. ANNUAL TARIFF PROPOSAL.**

### **12 BSSPL's, Bangalore submissions on Annual Tariff Proposal for the 3<sup>rd</sup> Control Period as part of MYTP.**

12.1 The Existing tariff for BSSPL, Bangalore for FY 2020-21 as approved by the Authority vide order No 17/2019-20 dated 20.11.2019 is as per table given below.

**Table 34: Existing Tariff for FY 2020-21 for BSSPL, Bangalore as per order no.17/2019-20 dated 20.11.2019.**

Tariff Year	Aircraft Fuelling	Amount (Rs. in Lakhs)			
		Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 06 hours	Beyond 06 hours	Within 06 hours	Beyond 06 hours
<b>FY 2020-21</b>	363.34	363.34	436.00	399.67	436.00

12.2 M/s Bharat Star Services Pvt. Ltd. (BSSPL), Bangalore has submitted Multi Year Tariff Proposal (MYTP) for the 3<sup>rd</sup> Control Period (FY 2020-21 to FY 2025-26) and Proposed an increase of 46.52% in Tariff for FY 2021-22 over the tariff approved by AERA for FY 2020-21 (table No 34) and further 2.52% on Year on Year for remaining tariff years of 3<sup>rd</sup> control period.

12.3 M/s Bharat Star Services Pvt. Ltd. (BSSPL), Bangalore has submitted the tariff proposal for Into Plane Services at KIA Airport, Bangalore for the 3<sup>rd</sup> Control Period as per Table no. 35 below:

**Table 35: Tariff Proposal (in INR/KL) by BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
<b>FY 2021-22</b>	532.38	532.38	638.85	585.61	638.85
<b>FY 2022-23</b>	545.79	545.79	654.95	600.37	654.95
<b>FY 2023-24</b>	559.54	559.54	671.44	615.49	671.44
<b>FY 2024-25</b>	573.54	573.54	688.25	630.89	688.25
<b>FY 2025-26</b>	588.10	588.10	705.72	646.91	705.72

#### **Authority's Examination and Analysis:**

12.4 The Authority noted that M/s BSSPL, Bangalore sought one time increase of 46.52% in the Tariff for FY 2021-22 and thereafter in the range of 2.50% to 2.54% increase year on year as shown in the Table no. 36.

**Table 36: Year on Year (%) Increase in Tariff Proposed by BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
FY 2021-22	46.52%	46.52%	46.53%	46.52%	46.53%
FY 2022-23	2.52%	2.52%	2.52%	2.52%	2.52%
FY 2023-24	2.52%	2.52%	2.52%	2.52%	2.52%
FY 2024-25	2.50%	2.50%	2.50%	2.50%	2.50%
FY 2025-26	2.54%	2.54%	2.54%	2.54%	2.54%

12.5 The Authority, based on the proposed ARR considering each regulatory building block, proposes to revise the tariff with one-time increase of 2.07% for the 3<sup>rd</sup> Control Period of BSSPL, Bangalore as per Table no. 37:

**Table 37: Tariff Rate Proposed by the Authority for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.**

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
FY 2021-22	370.86	370.86	445.03	407.94	445.03
FY 2022-23	370.86	370.86	445.03	407.94	445.03
FY 2023-24	370.86	370.86	445.03	407.94	445.03
FY 2024-25	370.86	370.86	445.03	407.94	445.03
FY 2025-26	370.86	370.86	445.03	407.94	445.03

### 12.6 Authority's Proposal on Tariff Rate

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Tariff Rate for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period:

12.6.1 The Authority proposes to consider the Tariff Rate for BSSPL, Bangalore from 10.04.2021 to 31.03.2026 of the 3<sup>rd</sup> Control Period as per Table 37.

## **CHAPTER 13. SUMMARY OF AUTHORITY'S PROPOSALS**

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination for the 3<sup>rd</sup> Control Period as reproduced below:

**Chapter 2:** The Authority proposes to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period.

**Chapter 3:** The Authority proposes to consider the Fuel Throughput (Volume) for the 3<sup>rd</sup> Control Period for BSSPL, Bangalore as per Table No. 06.

**Chapter 4:** The Authority proposes to adopt the capital expenditure for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period in accordance with Table No. 11.

**Chapter 5:** The Authority proposes depreciation on the assets of BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 14.

**Chapter 6:** The Authority proposes to consider Average RAB for the 3<sup>rd</sup> Control Period as calculated in Table no. 17.

**Chapter 7:** The Authority proposes to consider Fair Rate of Return (FROR) for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 19.

**Chapter 8:** The Authority proposes to consider the operational and maintenance expenditure as given in Table 27 for the purpose of determination of tariffs for the 3<sup>rd</sup> Control Period.

**Chapter 9:** The Authority proposes to consider provision of tax as shown in Table No: 29 for determination of ARR for the 3<sup>rd</sup> Control Period of BSSPL, Bangalore.

**Chapter 10:** The Authority proposes to consider the ARR for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 31.

**Chapter 11:** The Authority proposes to consider Aeronautical Revenue (Revenue from Into Plane Services) for the 3<sup>rd</sup> Control Period for BSSPL Bangalore as per Table 33.

**Chapter 12:** The Authority proposes to consider the Tariff Rate for BSSPL, Bangalore for the 3<sup>rd</sup> Control Period as per Table 37.

#### **14. STAKEHOLDERS' CONSULTATION TIMELINE**

- 14.1** In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 13 Summary of proposals read with the relevant discussion in the other chapters of the paper is hereby put forth for Stakeholders' Consultation.
- 14.2** For removal of doubts, it is clarified that the contents of this consultation paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders' in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 14.3** The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 13 above, latest by **12/06/2021** at the following address.

**Secretary,**

**Airports Economic Regulatory Authority of India**

**AERA Building, Administrative Complex**

**Safdarjung Airport New Delhi -110003**

**Tel: 011-24695044-47, Fax: 011-24695048**

**Email: [secretary@aera.gov.in](mailto:secretary@aera.gov.in)**

**[director-ps@aera.gov.in](mailto:director-ps@aera.gov.in)**

**[jaimon.skaria@gov.in](mailto:jaimon.skaria@gov.in)**

**[trilok@aera.gov.in](mailto:trilok@aera.gov.in)**

**(Chairperson)**

BSSPL.HO.2020-21.AERA

Date: 24.12.2020

The Secretary  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport  
NEW DELHI — 110 003

Dear Sir

Subject: Submission of Multi Year Tariff Proposal for the Third Control Period for determination of Tariff for Into Plane Service Fee of Bharat Stars Services Private Limited — ITP Service Provider at Kempegowda International Airport (KIA), Bangalore.

Bharat Stars Services Private Limited (BSSPL) is ITP operator at various open access airports in India. As per the current ITP concessionaire agreement with Bangalore International Airport Limited (BIAL) effective 23 May 2019, BSSPL is providing the ITP services at Kempegowda International Airport, Bangalore.

The Open Access System has segmented the entire value chain of Aviation Fuel Supply into following segments:

- a) Aviation Fuel Supplies by Fuel Suppliers
- b) Hydrant Infrastructure Services and fuel farm management
- c) Into-Plane Services

The Into Plane Service fee for the second control period approved by honourable authority is valid till 31<sup>st</sup> March 2021.

We hereby submit, the five year Multi Year Tariff Proposal for the Third control period (01-04.2021 to 31.03.2026) in accordance with AERA (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011:

1. Form (A)
2. Executive Summary
3. Various Forms as per AERA Guidelines
4. User Agreements –
  - a) Extract of Sub Concession Agreement with BIAL
  - b) Extract of Into Plane Agent Agreements with Suppliers.
5. Annexures



कॉर्पोरेट ऑफिस : 1 मंजिल, प्लॉट ए-5 एवं 6, सेक्टर-1, नोएडा - 201 301, भारत फोन : +91-120-247 4154 / 4151 www.bsspl.in  
Corporate Office : 1st Floor, Plot A-5 & 6, Sector-1, Noida - 201 301, India Phone: +91-120-247 4154 / 4151 www.bsspl.in

We are seeking the approval of tariff under “**Light Touch Regulation**” because as per AERA Guidelines, we meet all three criteria:

**1. Materiality Assessment (Clause 4.2 of AERA guideline)**

The Materiality Index is more than 5 %

**2. Competitive Assessment (Clause 5)**

Two Into-plane Service providers have been appointed by Bangalore International Airport Limited through a competitive bidding process by way of a Public Tender. Since this Regulated Service at Bangalore shall be provided by two service providers, it shall be deemed as “Competitive” at this airport.

From the above, it is clear that we meet the conditions prescribed under the AERA Guidelines for the category of “Material but Competitive”.

**3. User Agreement (Clause 6)**

Agreements with the Bangalore International Airport Limited, the Airport operator, and Fuel Suppliers are prevailing since commencement of airport operation. The agreement copies have been submitted to AERA during submission of our MYTP of second Control Period.

The Rationale of the above mentioned points has been detailed in Tariff proposal

**Confidentiality of the documents submitted:**

**4. Confidentiality of the documents submitted:**

You may kindly note that we are bound to ensure confidentiality of our client agreements and its terms and the disclosure made herein above is to ensure compliance with the AERA Guidelines.

The terms of the Agreements for providing various Services at Bangalore Airport, Bangalore, the commercial terms agreed to between us, as the Into Plane Service Provider and the suppliers, various service parameters and service specifications, are all key ingredients in determining the quality of service being provided by us at the Kempegowda International Airport, Bangalore.

These specifications cannot be put into public domain for the following reasons:

- a) The performance indicators/specifications are unique to this arrangement;
- b) The specifications set out are quality related specifications, acting as indicators of performance of the into plane agents as well as the quality of services being provided by us;
- c) Ours is a service industry and performance specifications and standards are the key ingredients to our functioning and we regard these specifications and parameters as our intellectual property and value it as our trade secret;

- d) Such information, if in public domain, is at the risk of being copied by our competitors and also the competitors of our service providers;
- e) As a result of the specifications being copied by our competitors, what is otherwise a 'competitive service' may cease to be so since we will not be able to retain our uniqueness in providing these services; and
- f) As per the terms of our agreement with BIAL and the users, we are under an obligation to keep confidential the terms of all agreements entered into with respect to Kempegowda International Airport, Bangalore.

For the reasons stated above and to ensure that the distinctiveness and competitive nature of services developed and retained by us for many years is not hampered in any manner by a disclosure of confidential information, we request that the agreements entered into between us and our service providers or any part thereof, should not be uploaded on your website or made public in any other manner.

However, we understand that from a regulatory perspective, it is essential to bring the proposal into public domain in order to determine the tariff, and as such, we do not have any objection to uploading of the tariff proposal determined by us, with references to the agreements between us and the service providers.

The following pages of the Into-Plane Fuelling Service Sub-Concession Agreement and Into-Plane Agent Agreement may be uploaded on your website:

Pages 33 & 34 for Airport Operator Fee & Rental fee as per Sub Concession Agreement.  
Pages 108 & 109 for Year wise equipment plan as per Sub Concession Agreement.

Page no. 19 of Into-Plane Agent Agreement for ITP rate, as per annexure A

The list of pages / Forms which may be shared for consultation purposes is attached herewith.

### ITP Fee working

We have calculated the ITP tariff required for the third control period w.e.f 1<sup>st</sup> April 2021 to 31<sup>st</sup> march 2026 in accordance to AERA (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011:

The obtained result is as below.

Year	2021-22	2022-23	2023-24	2024-25	2025-26
ITP fee for refuelling in Rs. Per KL Volume	532.38	545.79	559.54	573.54	588.10



However, as per prevailing agreement between fuel suppliers and Airport operator, BIAL, we are proposing only increase in ITP fee escalation, as per WPI annually, for Into Plane fuelling service as per below paragraph.

**Approval for ITP Tariff:**

The proposal is as below-

Tariff Year		Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-Fuelling De-Fuelled Product into an Aircraft	
			Within 48 hrs	Beyond 48 hrs	Within 48 hrs	Beyond 48 hrs
<b>Control Period 3</b>	Tariff Year 1 2021-22	532.38	532.38	638.85	585.61	638.85
	Tariff Year-2 2022-23	545.79	545.79	654.95	600.37	654.95
	Tariff Year-3 2023-24	559.54	559.54	671.44	615.49	671.44
	Tariff Year-4 2024-25	573.54	573.54	688.25	630.89	688.25
	Tariff Year-5 2025-26	588.10	588.10	705.72	646.91	705.72

We enclose proposal documents giving details of Fuel volume, Capex & Revex projections & ARR working for your kind perusal. We also enclose a copy of COI, MOA, AOA, Financial statement, copy of sub-concession agreement with BIAL & a copy of ITP agreement with one of the supplier.

We hereby seek approval of the following tariff for the third control period starting from 01.04.2021 to 31.03.2026 under the LIGHT TOUCH REGULATION

Thanking you & assuring of our best cooperation at all times.

Yours truly

For **Bharat Stars Services Pvt Ltd**

  
  
**Akash Tiwari**  
**Chief Executive Officer**



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  - a) Historical Perspective
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Give all details of each head of capex and rational for arriving at the number
7. Basis for determination of Fair Rate of Return on Equity
8. Tariff Proposal  
Herein we give the detailed working of the tariff proposal and pray for the requisite tariff



*Arwa*  
28/12/20

## Introduction

**Bharat Stars Services Private Limited (BSSPL)** is a Joint Venture Company of Bharat Petroleum Corporation limited (BPCL)- a Fortune 500 Company and St-Airport Services Pte Ltd (STARS) Singapore. BSSPL was incorporated in September 2007 & started its first commercial operation in May 2008 at the new Bengaluru international Airport when the Greenfield airport started its commercial operations.

BPCL & STARS own 50 % equity each in the JV Company. Both BPCL & STARS are reputed specialists in the aviation fuel logistics & total supply chain management, including the provision of ITP services with many of years of experience & outstanding track record. BSSPL therefore has inherited full benefits & wealth of Indian & International experiences.

BSSPL has been providing ITP services at three major open access Airports of India viz, Kempegowda International Airport, Bengaluru, IGI Airport Delhi Terminal 3 and CSI Airport, Mumbai. The ITP Operations at Delhi Airport are carried through 100% subsidiary of Bharat Stars Services Pvt. Ltd. (Bharat Stars Services (Delhi) Pvt. Ltd. (BSSDPL).

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consist of followings members nominated by each joint venture partner :

I.	Mr. Verghese Jacob	Chairman
II.	Mr. Loganathan Ramasamy	Director
III.	Ms Susan Sik	Director
IV.	Mr. Vijay Ranjan	Director
V.	Mr. Koh wee sin	Alternate Director

## KEY MANAGEMENT PERSONNEL

### **Mr. Akash Tiwari**

Chief Executive Officer

Mr. Akash Tiwari is CEO of the Company. He is responsible for marketing, operations, & general management of the Company. He is on deputation from Bharat Petroleum Corporation Limited. Mr. Tiwari has worked in the Petroleum industry for over 29 years.

### **Mr. Ajit Kumar Dogra**

General Manager- Operations HQ

Mr. Ajit Kumar Dogra is General Manager operations. He has domain expertise in aviation fuel operations and was associated with starting up of new operations at Delhi Airport including other management responsibilities. He is on deputation from Bharat Petroleum Corporation Limited.



**Mr. Milind Varhade**

General Manager, operations – Bangalore

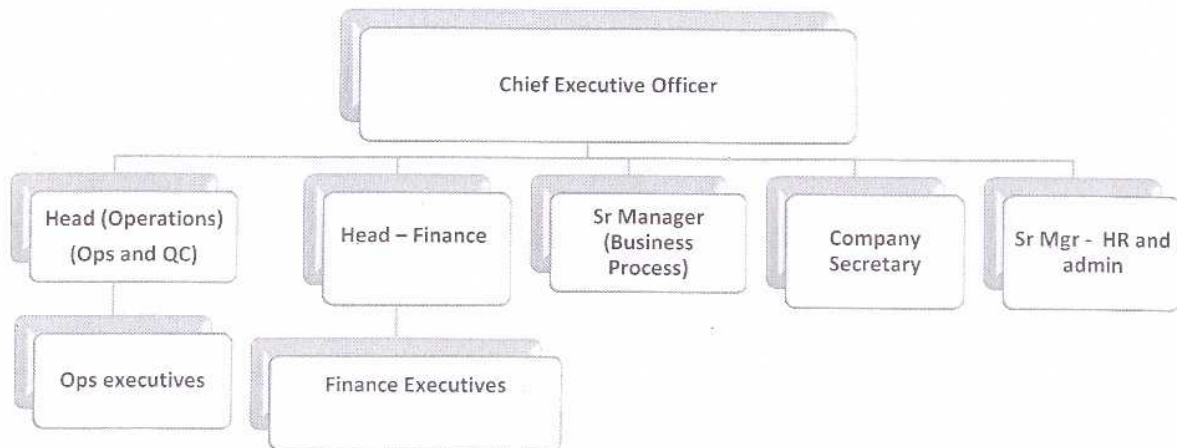
Mr. Milind Varhade is posted at Kempegowda International Airport. He has domain expertise in aviation fuel engineering & operations and was associated with starting up of new operations in parent company i.e. BSSPL at multiple Airports including various technical and commercial project handling at BSSPL. All the ITP work is being handled at Bangalore Airport and south zone under his supervision. He is on deputation from Bharat Petroleum Corporation Limited.

**Mr. Kundan Singh**

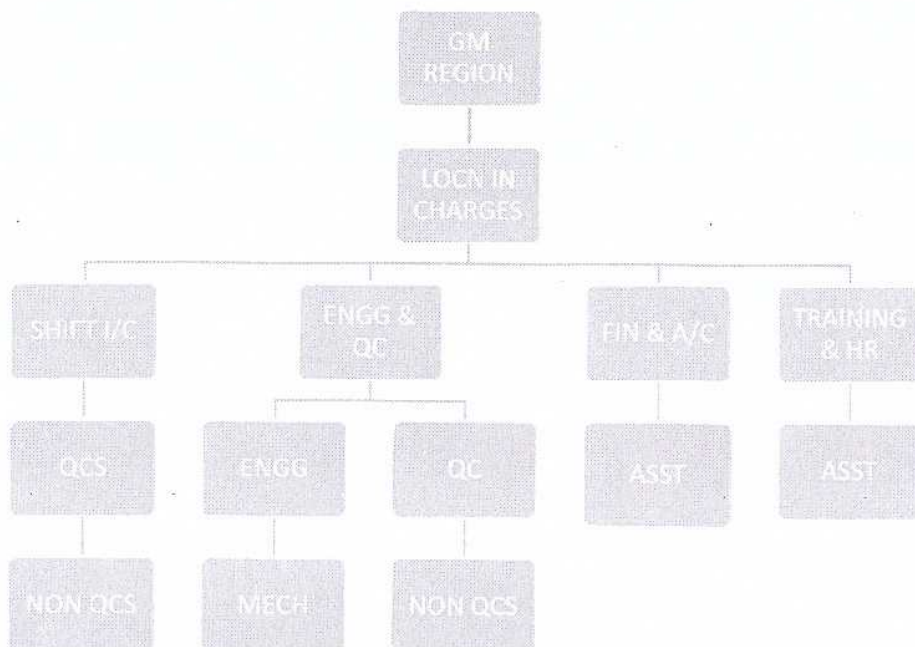
Senior Manager Finance

Responsible for financial and commercial matters for BSSPL. His responsibilities span financial compliance, fund management, project finance, corporate financial planning, and regulatory Compliances..

**Organogram at HQ**



## Organogram at Bengaluru Airport



### Background of the Activity

The business model at Bangalore is based on the concept of "Open Access System" which has encouraged the competition & optimisation. The "Value Chain of Aviation Fuel Supply has been segmented into:

- a) Aviation Fuel Supplies by Fuel Suppliers
- b) Hydrant Infrastructure Services
- c) Into-Plane Services

Thus the Into-Plane service is a part of Value Chain & was earlier done by fuel suppliers being a part of integrated fuel supply.

The Into-Plane service fee has been arrived by the Airport Operator through a competitive bidding process wherein based on Technical & Commercial evaluation the price discovery for Into-Plane service fee was made. M/s Bharat Stars Services Pvt Ltd was selected through this competitive process by the Airport Operator. Thus in current context there are two "ITP" service providers. Consequent to selection through competitive bidding process, the selected Companies as Into-Plane concessionaire have made / committed investments in line with long term project requirements.

## Detail of Project Cost

As per agreement terms with the airport operator and operational requirement , the purchasing of fuelling vehicles is planned in line with airport growth, air traffic growth and passenger growth. Based on the trend and available projected data we have considered further addition of dispensers to cater the demand of flight clashes.

Also some existing fuelling vehicles have been considered for refurbishment at the end of their useful life.

### **Hydrant Dispenser**

Hydrant Dispenser is a specially designed and fabricated item having various aviation modules on suitable diesel engine driven chassis meeting regulatory requirements of RTA, CCOE, DGCA, petroleum rules, AAI guidelines etc like permitted axle load, length, width height, permitted safety fittings. The engine is used for propulsion and auxiliary duties complying latest EURO norms.

Dispensers are used for airport having hydrant facility having international standard for handling all type of aircrafts starting from small aircrafts like Beachcraft-20, Falcon-900 to Boeing -777, Airbus380, Antonov 228. This is designed and fabricated in order to meet national and international requirements and safety standards, such as JIG, OISD.



The key features are given below:

1. Brake interlock system:
2. Power take off system: for taking extra energy from engine
3. Metering and digital display with key pad and fuelling database memory and report generation and provision for wireless data transmission.
4. Electrical and pneumatic system for various controls and indication.
5. Flow control system comprising of latest JIG approved Inlet coupler, Aviation fuel pressure control valve, aviation hoses, piping, filter housing, venturi, and Hose end pressure control valve (HEPCV) and delivery couplings.
6. ATF filtration system (fuel monitors), online sampling and product recovery.
7. Fire Extinguishers of different type as per CCOE guidelines
8. Scissor platform lifting mechanism, boom, stabiliser, reel hose winding mechanism suitably designed for single man operation.
9. Provisions for various levers and buttons to handle emergency situation to ensure safe and uninterrupted refuelling.
10. DP switch system for online ATF quality protection.

## Refueller

It is also specially designed and fabricated item having various modules on suitable diesel engine driven chassis meeting regulatory requirements of RTA, CCOE, DGCA, petroleum rules, AAI guidelines etc like permitted axle load, length, width height, permitted safety fittings. The engine is used for propulsion and auxiliary duties complying latest EURO norms.

Refuellers are used for refuelling when no hydrant point is available and also for defuelling activities using its own tank age. This is designed and fabricated in order to meet national and international requirement and safety standards, such as IS9290, Petroleum Rules 2002 and Petroleum Act, IATA-JIG guidelines- latest standard, OISD etc.

The key features are given below:

1. Brake interlock system
2. Power take off system: for taking extra energy from engine
3. Metering and digital display with key pad and fuelling database memory and report generation and provision for wireless data transmission.
4. Fuelling and Defuelling activity with educator mechanism
5. Electrical and pneumatic system for various controls and indication.
6. Flow control system comprising of aviation hoses, piping, filter housing, venturi, Hose end pressure control valve (HEPCV) and delivery couplings.
7. ATF filtration system (fuel monitors), online sampling and product recovery.
8. Fire Extinguishers of different type as per CCOE guidelines
9. Provisions for various levers and buttons to handle emergency situation to ensure safe and uninterrupted refuelling.

As per the Into Plane operation and its Quality requirement, the workshop is required to have critical spares and consumables and maintenance and Quality check tool kits. Few of the key items are listed below:



1. Hose testing machine and supporting parts.
2. Gauge testing equipments
3. Millipore kit and ASTM chart
4. Other masters like master hydrometers and master thermo meter with sufficient number of hydrometers and thermometers

5. Complete sampling kit for each dispenser and Refuellers and its spares.
6. Critical spares like seals and repair kit for Inlet coupler, AFPCV, Delivery coupling.
7. Air Compressor
8. Car Washing system
9. Various tools.



### **Communication**

Wireless radio communication system with base station and intrinsically safe radio hand sets for smooth operations.

### **Other Capex items:**

As per business requirement needful furniture, office items, work shop items, computer and peripherals are required to add or replace which are planned for running the ITP operation smoothly. We have to develop ITP Office along with other furniture Items and facilities, IT Peripherals and other workshop items for carrying out operations smoothly.

### **Security Deposit**

As per the Sub Concessionaire Agreement entered into with BIAL, BSSPL has paid Rs. 100 Lacs as interest free security deposit to the Airport Operator, BIAL apart from 6 month rental deposit as security.

### **Regulatory Asset Base**

RAB is calculated by taking into consideration all the fixed assets proposed to be introduced after providing depreciation, addition and disposal, if any, as per the guideline by AERA vide Direction No. 4 issued on 10.01.2011.

## Means of Finance

Estimated cost of CAPEX during the third control period is Rs 195.70 million to cater to demand of operations. The existing CAPEX is also reflected in depreciation and RAB schedule for reference.

### Debt:

- We have planned to arrange fund for CAPEX from our internal accrual and reserves as well as debt from the market for Bangalore ITP operation.

## Operating Expenses

The details of all the head of the operating expenses are given in the enclosed financial statement. Following are key consideration points:

- Annual manpower cost escalation: 12% (considering increase of manpower as well as annual salary enhancement)
- The major Components of Dispensers and Refillers are imported from reputed manufactures globally. The Last two –three year trend is 10%-12% escalation including Exchange Rate Variance.
- In general 7.5 to 10% % cost escalation is taken in consideration for all items / overheads as per market trends unless there is some precondition
- 23.60 % revenue share to airport operator is accounted as per concession agreement.
- The other major assumptions while computing the tariffs for second control period is given below:

I. Average Debtors days	51 Days
II. Average Creditor days	22 Days
III. Share of BSSPL Volume in the Total Airport Volume	31.09%
IV. Increase in Administrative Cost	10%
V. Increase in Salary Cost including Deputation Cost	12%
VI. Increase in Rental	5%

## BASIS FOR DETERMINATION OF FAIR RATE OF RETURN ON EQUITY (FROR) UNDER CAPITAL ASSET PRICING MODEL (CAPM)

### 1) Risk free rate

Risk free rate is regarded as nominal rate of return expected from a risk free asset which has no default risk and no re-investment risk. For Risk Free Rate (R<sub>f</sub>) the yield to maturity (YTM) on bonds issued by government of India based on current traded value, preferably, of long term tenure beyond the forecast period. The benchmark yield on 10 year government of India bond was adapted. This works out to 5.96%. (Reference 10 yr Govt security bond)





2) Equity Risk Premium

Equity risk premium refers the extra return that would be expected by an equity investor over and above the risk free return to compensate for additional risk associated with an investment in equity instead of investment in risk free assets. The risk premium is defined as the difference between the market return on stocks and risk free returns ( $R_m - R_f$ ). Based on some research and analytical studies available in public domain, the equity risk premium can be calculated by adding adjusted risk premium for India. Risk premium as calculated by 10 year rolling return as per sensx in India works out at 12.40%.

3) Beta (B)

Beta is the measurement of systematic risk or non-diversifiable risk of particular investment. In simple words it is a measure of performance of an asset in comparison with the performance of market as a whole. As the company is not a listed entity, the Beta (B) value is calculated by considering the published beta of BPCL, IOCL & HPCL for last three year beta has been calculated ( Source Economic times)

4) Cost of Equity (Ke)

As per the AERA Guidelines, cost of equity has been calculated using CAPM Approach.



**BHARAT STAR SERVICES PRIVATE LIMITED**

**Tariff Proposal**



*Trusted Partnership*

**Airports Economic Regulatory Authority of India**

**Determination of Tariff for Into Plane Services  
At Kempegowda International Airport, Bengaluru  
Third Control Period: FY 2022 - FY 2026**

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## 1. Background

### 1.1. Overview of Bangalore International Airport Limited (BIAL)

Kempegowda International Airport Bengaluru being operated by Bangalore International Airport Limited is the first airport in India to be setup under Public Private Partnership ("PPP") model. Under the Concession Agreement ('CA') signed in 2004 between the Government of India and Kempegowda International Airport Bengaluru, BIAL has been given the exclusive right and privilege to carry out the development, design, financing, construction, operation, and management of the Kempegowda International Airport, Bengaluru ('KIAB') airport for an initial period of 30 years from its the airport opening date, with an option to extend the concession for another 30 years.

### 1.2. Overview of Bharat Star Services Private Limited

Bharat Star Services Private Limited (BSSPL) is a Joint Venture Company of Bharat Petroleum Corporation Limited (BPCL) and ST Airport Services Private Limited (STARS) with 50:50 equity shareholding respectively. The Company was formed to carry out, organize, supply, sell, buy and provide Into Plane (ITP) Refueling services and other related and ancillary services at airports or locations in India and in other countries. BSSPL had made a bid in the tender held for operation of ITP services at BIAL and being selected, has entered into a contract with BIAL for providing ITP services from 23.05.2019 onwards. Accordingly, BSSPL has the right to provide ITP services at the Bangalore airport for 10 years.

### 1.3. Key Facts of Into Plane Services

BSSPL, the Service Provider has the right to provide the ITP Services during the ten-year term of its contract commencing 23<sup>rd</sup> May 2019 and to charge ITP Service Fee to all interested Users at utilizing its services the Airport.

By the terms of the contract between BIAL and BSSPL, BSSPL is mandated to pay BIAL, an airport operator fee at the rate of 23.60% on the Gross Revenue.

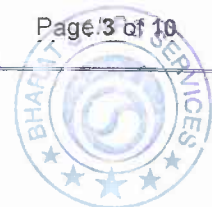
The Service Provider shall additionally pay to BIAL an annual rental of Rs 100.42 lakhs towards Airside Parking and Office accommodation inside the airport and the rental charges shall be subject to 5% annual escalation.

BSSPL shall provide Rs. 1.00 Crore as an interest free security deposit and six months' rent shall be paid as rental deposit.

## 2. MYTP submission

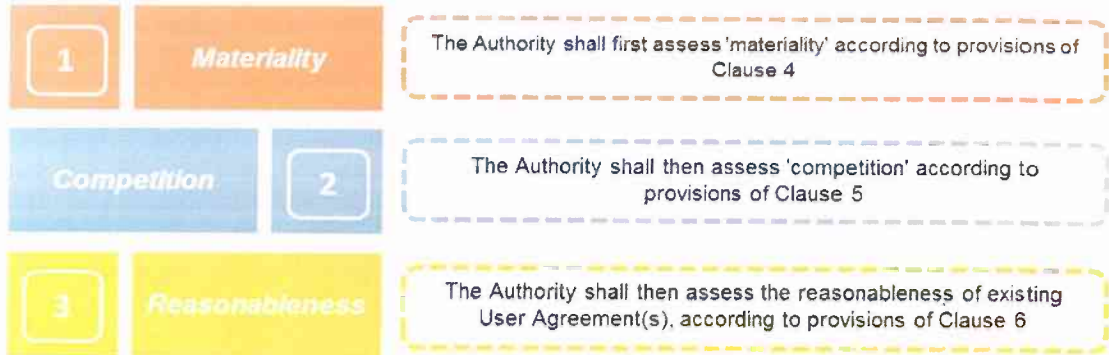
- BSSPL hereby submits the proposal for determination of tariff for Into Plane services for the third control period effective 01 April 2021.
- The Business Plan together with the relevant forms as prescribed by AERA are enclosed. These contain details and computations under AERA's methodology of Tariff determination.
- BSSPL submits that the tariff determination may be done under "Light Touch" approach as detailed below.

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### 3. Analysis of the “Guidelines” and Application to BSSPL-BIAL

- The “guidelines” has prescribed the following three stage procedure for determining the approach for determination of tariff:



- Based on the results of the Authority's review at stage 1, stage 2 and stage 3, the approach for determination of fuel farm and into plane services would be as follows:

Stage	Conditions	Case 1	Case 2	Case 3	Case 4
Stage 1	Is the volume of into plane services handled considered "material"?	X	✓	✓	✓
Stage 2	Is the fuel farm and into plane services service considered competitive?	()	✓	X	X
Stage 3	Are the terms in the existing user agreement for fuel farm and into plane services considered reasonable?	()	()	✓	X
<b>Final Result</b>		Light Touch Approach	Light Touch Approach	Light Touch Approach	Price Cap Approach
<b>Applicable Chapter of the Guidelines</b>		Chapter V	Chapter V	Chapter V	Chapter III and IV

Key:

Symbol	Meaning
✓	Yes
X	No
()	Not Applicable

#### Stage 1: Materiality Assessment

##### 3.1.1. Extract of the Guidelines

- The materiality index for service provided for Into plane services facility at a major airport “A” shall be defined as:

$$\text{Materiality Index (MI}_F) = \frac{\text{Fuel throughput in KL at Major Airport A}}{\text{Total Fuel Throughput in KL at all Major Airports}} \times 100$$



- Where '**Fuel throughput in KL**' represents the actual fuel offtake in KL per annum at the major airport A.
- Where '**Total Fuel throughput in KL**' represents the actual fuel offtake in KL per annum at all major airports.

### 3.1.2. Conclusion of Materiality Assessment:

- Fuel Through put at Bangalore airport is greater than 5% of total through put at all major airports. The total fuel throughput in KL at both the major airports and at BIAL from Apr-19 to Mar-20 is **1,02,92,790 KL and 8,15,919 KL respectively thus pegging Bangalore MI at 7.93%**.
- Materiality Index of Bangalore airport is above the threshold percentage of 5%.
- Hence, into plane services handled in the Bangalore Airport is considered "**Material**".

## 3.2. Stage 2: Competition Assessment

### 3.2.1. Extract of the Guidelines

- Where a regulated service is being provided at a major airport by two or more Service Provider(s), it shall be deemed "Competitive" at that airport. If a regulated service is provided by less than two service provider(s), it shall be deemed "not competitive".

### 3.2.2. Application to BSSPL at BIAL

- In the tender held by BIAL for provision of ITP services, BSSPL and Indian Oil Sky Tanking Ltd has been awarded Contracts for providing ITP services.

### 3.2.3. Conclusion of Competition Assessment

- The number of service providers providing ITP services at Bangalore airport is **two**.
- Hence, Into Plane services handled in the Bangalore Airport is considered "Competitive".

## 3.3. Stage 3: Reasonableness Assessment

### User Agreements (Clause 6):

The contract has been awarded to two Services Providers by BIAL on the basis of a competitive bidding process by way of a Public Tender and in accordance to the Terms and Conditions stipulated, therein.

The Sub-concession Agreement executed between BIAL and ourselves clearly articulates the terms on which we have been awarded the contract for a period of 10 years with annual escalations of rentals contemplated at a rate of 5% each year applicable effective 01 April of each financial year. Also the draft user agreements formed part of the Public Tender floated by BIAL.

We, as the Into Plane Services Providers have in-turn entered into agreements with the Suppliers (Users) whereby the rates and the terms on which the ITP Services would be



provided at the airport are detailed. These agreements with the Users stipulate not only the price but also the service level parameters that will have to be maintained by us.

The terms of the agreements were concluded after prolonged deliberations at joint meetings between ourselves and all the Users and on terms that were accepted by the Users. A copy of the ITP Agreement executed between one of the suppliers i.e. Bharat Petroleum Corporation Limited (BPCL) and us is enclosed herewith for reference and records. The terms of the agreements are identical for all the Users. We are under an obligation to enter into contracts with any other User desirous of availing our services on a non-discriminatory basis.

From the above, it is clear that we meet the conditions prescribed under AERA Guidelines for the category of **“Material but Competitive”**. While reasonableness of the User Agreements will not be pertinent in our case, the details furnished above also demonstrate the validity and reasonableness of the User Agreements. Since we fulfill the above conditions, ITP Services fall under **‘Light touch approach’** as per the AERA Guidelines.

### 3.4. Summary of results of assessment of adherence to “Guidelines”

- The results of the assessment of adherence to guidelines is summarized below:

Stage	Conditions	BIAL
Stage 1	Is the volume of fuel Into plane services handled considered “material”?	✓
Stage 2	Is the Into plane services service considered competitive?	✓
Stage 3	Are the terms in the existing user agreement for Into plane services considered reasonable?	✓

- Since the services are material but competitive, light touch approach as per Chapter V may be adopted.

## 4. Building Blocks of MYTP submission – An overview

### 4.1. Capital Expenditure / Additions to RAB

The contract of BSSPL with BIAL has mandated that the refuellers and dispensers to be deployed for providing ITP services shall be less than 10 years old and the following capital expenditure are warranted for provision of services as agreed with BIAL. Currently, we have deployed assets worth Rs 2.46 cr, and details of additional planned CAPEX is given below:



S.No	Particulars	Capital Expenditure (in Rs. Crores)					Total
		2021-22	2022-23	2023-24	2024-25	2025-26	
1	Dispensers	6.16	7.06	0.33	0.36	-	13.91
2	Refuellers	1.80	2.25	-	-	-	4.05
3	Vehicles	0.15	0.16	-	-	0.40	0.71
4	Software & Hardware	0.30	0.30	0.02	0.02	0.02	0.67
5	Furniture & Fittings	0.05	0.05	-	-	0.13	0.23
	<b>TOTAL CAPEX</b>	<b>8.46</b>	<b>9.82</b>	<b>0.35</b>	<b>0.38</b>	<b>0.55</b>	<b>19.57</b>

#### 4.2. Means of Finance and FRoR

Capitalization activity is proposed to be funded by a mix of Equity and Debt in 73:27 ratio.

- In 2021-22, Rs. 8.00 Crores shall be funded out of equity and balance Rs. 5.50 Crores would be brought in as debt. In 2022-23, Rs 7.00 crores shall be funded out of equity.
- Considering post tax cost of Equity including Reserves at 14.25%, and the current loan interest and the gearing, the Fair Rate of Return is computed to be 13.62%, which has been considered in our computations.

#### 4.3. Useful life and Depreciation

Depreciation is computed on a straight-line basis on various category of assets. Useful life applied for different assets is as given below:

Particulars	Useful Life (in Years)	Residual Value	SLM Rate
Refueller and Dispensers – New	10	20%	8%
Refueller and Dispensers – Refurbished	10	10%	9%
Jeeps & Vehicles	8	10%	11.25%
Office Equipments	5	10%	18%
Furniture & Fixtures	10	10%	9%
Computers and Software	3	10%	30%

#### 4.4. Operating Expenditure

The details of manpower numbers and salary cost for the year 2021-22 are given below. The manpower cost will increase due to annual increase in CTC and additional manpower

BSSPL Staff	No. of Resources	Cost (In Rs. Crores)
GM (Operations)	1	0.60
Executive Staff	9	0.83
Operations & Admin Staff	33	1.56
<b>Total</b>		<b>2.99</b>





The total operating cost on account of manpower cost, rentals and operating cost is given below.

Particulars (Rs. Crores)	2021-22	2022-23	2023-24	2024-25	2025-26
Manpower Cost	2.99	3.47	4.08	4.66	5.32
Airport Operator Fee	2.41	2.95	3.44	4.06	4.30
Rent	1.00	1.05	1.10	1.16	1.22
Operating and Admin Expenses	1.55	1.85	2.02	2.21	2.42
<b>Total</b>	<b>7.96</b>	<b>9.33</b>	<b>10.66</b>	<b>12.09</b>	<b>13.26</b>

#### 4.5. Fuel Throughput Estimate

The scheduled international passenger services have been suspended in India since March 20 due to the coronavirus pandemic. Even though the special international flights have been operating under the Vande Bharat Mission since May and under the bilateral 'air bubble' arrangements with selected countries since July 20, the Aviation consultancy CAPA India estimates that the size of the airline passenger market in FY2021 to be around 50-60 million passengers, including 40-50 million domestic passengers, and under 10 million international passengers, it said in a recent report. This is in stark comparison to FY2020, which saw about 140 million domestic passengers and 65 million international passengers.

The projected ATMS movements at KIAB for next few Financial Year is as follows:

ATMs ('000)	2020	2021	2022	2023	2024	2025	2026
Dom	202.06	68.93	148.07	189.97	218.42	252.02	290.88
Int'l	29.00	9.47	20.85	26.22	28.56	31.30	34.27
<b>Total ATMs</b>	<b>231.06</b>	<b>78.40</b>	<b>168.92</b>	<b>216.19</b>	<b>246.98</b>	<b>283.32</b>	<b>325.14</b>
YoY Growth							
Dom	-5%	-66%	115%	28%	15%	15%	15%
Int'l	2%	-67%	120%	26%	9%	10%	9%
Total	-4%	-66%	115%	28%	14%	15%	15%

As it is evident from the figures above, there is expected to be drastic reduction in Aircraft traffic movement in the coming years. This is due to adverse impact of COVID-19.

The total volume of fuel at Bangalore airport and % market share of BSSPL at Bangalore airport over past five years is given below:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21 (till Nov 20)
<b>Total Volume(KL)</b>	693293	758053	836965	815919	222422
<b>BSSPL Volume(KL)</b>	180569	216997	275832	314005	59128
<b>Market Share %</b>	26.05%	28.63%	32.96%	38.48%	26.58%

On the basis of above data, we have estimated the following Fuel Throughput for the third Control period. These estimates are based on the existing business of BSSPL, ATM traffic expected at the Airport and average market share expected by BSSPL in coming years.



Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Total Volume(KL)	600000	716602	814538	909091	912283
BSSPL Volume(KL)	192000	229313	260652	300000	310176
Market Share %	30.00%	30.00%	31.00%	33.00%	34.00%

The total volume at airport will get impacted due to the following reasons:-

- The future waves of lockdown will very badly impact business travel impacting international and domestic volumes.
- More and more aircrafts are now bounded to be fuel efficient.
- We only expect pre-covid volume to reach towards end of third control period.

#### 4.6. Aggregate Revenue Requirement

Considering the above, BSSPL has estimated the Aggregate Revenue Requirement to be as follows for the 5 years' period from 2021-22 to 2025-26.

(Amount in Rs. Crore)

FY	2021-22	2022-23	2023-24	2024-25	2025-26
RAB	6.38	14.35	17.62	16.08	14.59
FROR (Considering return of equity at 14.25%)	13.62%	13.62%	13.62%	13.62%	13.62%
RAB * FROR	0.87	1.95	2.40	2.19	1.98
Depreciation	0.60	1.44	1.89	1.92	1.97
Opex	7.96	9.33	10.66	12.09	13.26
Tax	0.23	0.26	0.33	0.13	0.70
<b>Aggregate Revenue Requirement</b>	<b>9.67</b>	<b>12.99</b>	<b>15.28</b>	<b>16.34</b>	<b>17.93</b>

The above ARR is estimated based on the proposed Capex, Debt Equity Structure and Operating Expenses. The company requests that the same may be tried up at actuals at the end of the control period.

#### 5. Proposed Tariff

Considering the above ARR, the reworked Tariff considering WPI of 2.52% the estimated revenue to match the Aggregate Revenue Requirement is as given below

Particulars		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Aggregate Revenue Requirement	Rs. Crore	9.67	12.99	15.28	16.34	17.93	71.76
Discount Factor @ 13.62%		0.880	0.775	0.682	0.600	0.528	
Present value of ARR	Rs. Crore	8.51	10.06	10.42	9.81	9.47	48.28
Fuel Throughput estimated	KL	192,000	229,313	260,652	300,000	310,176	1,292,141
Revenue per KL	Rs.	532.28	545.79	559.54	573.64	588.10	
Estimated Revenue	Rs. Crore	10.22	12.51	14.58	17.20	18.24	72.77
Present value of estimated Revenue		8.99	9.69	9.94	10.32	9.63	48.59

The company requests AERA to approve the proposed tariff considering the above, under Light Touch and allow for tariff to be re-determined for the next control periods considering the ARR and collections during the first control period, based on actual revenues and truing up of all elements of ARR.

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Airport - Form F14(b) - Annual Tariff Proposal for tariff years 2021-22 to 2025-26

	Conditions of Tariff	Applicable discount/surcharge	Estimated units (in KL)	Estimated revenues (in Rs. Crores)
1	Charges for ITP Services	Rate per KL	For the period 12,92,141	For the period 72.77



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Bharat Stars Services Private Limited

AERA submission for MYTA 2021

ARR Calculation

	1	2	3	4	5	6	7	8
Aggregate Required Revenue	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
RAB	6,38,80,592	14,35,18,072	17,62,35,558	16,08,22,108	14,59,93,027	13,04,52,532	11,36,17,814	9,52,78,183
FROR	13.62%	13.62%	13.62%	13.62%	13.62%	13.62%	13.62%	13.62%
RAB * FROR	86,99,963	1,95,45,873	2,40,01,701	2,19,02,527	1,98,82,939	1,77,66,464	1,54,73,726	1,29,76,033
Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
Operational exp	7,96,58,356	9,33,72,584	10,66,10,262	12,09,92,077	13,26,56,459	14,50,31,289	15,88,30,802	17,59,83,874
Tax	23,20,560	26,08,204	33,24,706	13,04,902	70,15,944	67,91,616	62,24,342	49,36,283
ARR	9,67,76,981	12,99,38,601	15,28,54,082	16,34,94,592	17,93,26,952	18,99,85,390	20,09,27,806	21,40,96,287
Discount Factor	0.880	0.775	0.682	0.600	0.528	0.465	0.409	0.360
Discounted ARR	8,51,76,681	10,06,55,029	10,42,13,260	9,81,06,545	9,47,08,466	8,83,10,448	8,22,01,657	7,70,90,047
Through Put	1,92,000	2,29,313	2,60,652	3,00,000	3,10,176	3,16,380	3,22,707	3,29,161
Sum PV	73,04,62,134							
Sum Through Put	22,60,389							
Yield Per Unit (Rs. Per KL)	323.16							

Forecast Change in WPI	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
X	-	-	-	-	-	-	-	-
Yield per unit for tariff year t	532.38	545.79	559.54	573.64	588.10	602.92	618.11	633.68
Throughput	1,92,000	2,29,313	2,60,652	3,00,000	3,10,176	3,16,380	3,22,707	3,29,161
Revenue	10,22,16,574	12,51,57,151	14,58,46,473	17,20,93,122	18,24,13,927	19,07,50,442	19,94,67,945	20,85,83,848
PV of Revenue	8,99,64,251	9,69,51,149	9,94,35,594	10,32,66,178	9,63,38,799	8,86,66,065	8,16,04,413	7,51,05,173
Sum PV (Revenue)	73,13,31,623							
Sum Throughput	22,60,389							
Yield per Unit	323.54							



Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Aggregate Revenue Requirement	9,67,76,981	12,99,38,601	15,28,54,082	16,34,94,592	17,93,26,952	18,99,85,390	20,09,27,806	21,40,96,287	
Discount Rate	0.8801	0.7746	0.6818	0.6001	0.5281	0.4648	0.4091	0.3601	
Present value of ARR	8,51,76,681	10,06,55,029	10,42,13,260	9,81,06,545	9,47,08,466	8,83,10,448	8,22,01,657	7,70,90,047	73,04,62,134
Fuel Throughput estimated	1,92,000	2,29,313	2,60,652	3,00,000	3,10,176	3,16,380	3,22,707	3,29,161	
Revenue per KL	532.38	545.79	559.54	573.64	588.10	602.92	618.11	633.68	
Estimated Revenue	10,22,16,574	12,51,57,151	14,58,46,473	17,20,93,122	18,24,13,927	19,07,50,442	19,94,67,945	20,85,83,848	
Present value of estimated Revenue	8,99,64,251	9,69,51,149	9,94,35,594	10,32,66,178	9,63,38,799	8,86,66,065	8,16,04,413	7,51,05,173	73,13,31,623

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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

**Fair Rate of Return**

Fair Rate of Return	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Debt	5,26,05,081	4,75,73,061	4,20,32,188	3,59,31,004	2,92,12,850	2,18,15,334	1,36,69,759	47,00,478
Equity	8,84,32,991	12,81,72,141	17,39,52,335	19,05,52,197	21,12,30,778	22,99,92,123	24,56,66,075	25,71,21,058
Debt + Equity	14,10,38,072	17,57,45,202	21,59,84,523	22,64,83,201	24,04,43,627	25,18,07,457	25,93,35,834	26,18,21,536
Cost of Debt	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%
Cost of Equity	14.25%	14.25%	14.25%	14.25%	14.25%	14.25%	14.25%	14.25%
Individual Year Gearing	37%	27%	19%	16%	12%	9%	5%	2%
Weighted Average Gearing	14%							
Weighted Average Cost of Debt	10%							
Cost of Equity	14.25%							
<b>FROR</b>	<b>13.62%</b>							

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**Bharat Stars Services Private Limited**  
 AERA submission for MYTA 2021

Regulatory Asset Base (RAB)								
YEAR	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening RAB	2,46,39,643	10,31,21,542	18,39,14,602	16,85,56,514	15,30,87,702	13,88,98,353	12,20,06,712	10,52,28,917
Addition	8,45,80,000	9,52,05,000	35,59,325	38,26,274	55,82,261	35,04,381	36,21,141	2,98,629
Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
Disposals	-	-	-	-	-	-	-	-
Closing RAB	10,31,21,542	18,39,14,602	16,85,56,514	15,30,87,702	13,88,98,353	12,20,06,712	10,52,28,917	8,53,27,449
<b>Average RAB</b>	<b>6,38,80,592</b>	<b>14,35,18,072</b>	<b>17,62,35,558</b>	<b>16,08,22,108</b>	<b>14,59,93,027</b>	<b>13,04,52,532</b>	<b>11,36,17,814</b>	<b>9,52,78,183</b>

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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

Project IRR	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
PAT	84,32,991	94,78,300	1,20,82,090	2,11,17,633	2,02,39,528	1,72,83,163	1,40,64,742	88,45,224
Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
Deferred Tax	5,15,680	5,79,601	7,38,824	57,97,522	(2,08,850)	(9,78,826)	(14,93,994)	(19,61,398)
Interest (Net of Tax)	38,84,444	35,21,985	31,22,873	26,83,402	21,99,490	16,66,643	10,79,913	4,33,852
Capital Expenditure	(10,92,19,643)	(9,52,05,000)	(35,59,325)	(38,26,274)	(55,82,261)	(35,04,381)	(36,21,141)	(2,98,629)
Rental and Security Deposit	(1,47,82,330)	-	-	-	-	-	-	1,47,82,330
Residual Value of Capex	-	-	-	-	-	-	-	-
Change in Net Working Capital	(98,92,465)	(24,45,303)	(21,56,827)	(28,79,639)	(7,84,453)	(4,61,906)	(4,32,232)	(2,87,017)
<b>Net Cash Flow to Project</b>	<b>(11,49,63,222)</b>	<b>(6,96,58,478)</b>	<b>2,91,45,048</b>	<b>4,21,87,731</b>	<b>3,56,35,064</b>	<b>3,44,00,714</b>	<b>2,99,96,225</b>	<b>4,17,14,458</b>

**Project IRR 3.53%**

Equity IRR	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
PAT	84,32,991	94,78,300	1,20,82,090	2,11,17,633	2,02,39,528	1,72,83,163	1,40,64,742	88,45,224
Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
Deferred Tax	5,15,680	5,79,601	7,38,824	57,97,522	(2,08,850)	(9,78,826)	(14,93,994)	(19,61,398)
Debt Infusion	5,50,00,000	-	-	-	-	-	-	-
Capital Expenditure	(10,92,19,643)	(9,52,05,000)	(35,59,325)	(38,26,274)	(55,82,261)	(35,04,381)	(36,21,141)	(2,98,629)
Rental and Security Deposit	(1,47,82,330)	-	-	-	-	-	-	1,47,82,330
Residual Value of Capex	-	-	-	-	-	-	-	-
Principal Debt Repayment	(47,89,838)	(52,74,201)	(58,07,545)	(63,94,822)	(70,41,487)	(77,53,544)	(85,37,606)	(94,00,956)
Change in Net Working Capital	(98,92,465)	(24,45,303)	(21,56,827)	(28,79,639)	(7,84,453)	(4,61,906)	(4,32,232)	(2,87,017)
<b>Net Cash Flow to Equity</b>	<b>(6,86,37,504)</b>	<b>(7,84,54,664)</b>	<b>2,02,14,630</b>	<b>3,31,09,507</b>	<b>2,63,94,087</b>	<b>2,49,80,527</b>	<b>2,03,78,705</b>	<b>3,18,79,651</b>

**Equity IRR 1.63%**



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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

<b>Profit &amp; Loss</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>
<b>Revenue</b>								
Revenue from Operations	10,22,16,574	12,51,57,151	14,58,46,473	17,20,93,122	18,24,13,927	19,07,50,442	19,94,67,945	20,85,83,848
Other income	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>10,22,16,574</b>	<b>12,51,57,151</b>	<b>14,58,46,473</b>	<b>17,20,93,122</b>	<b>18,24,13,927</b>	<b>19,07,50,442</b>	<b>19,94,67,945</b>	<b>20,85,83,848</b>
<b>Expenses</b>								
Operational Expenses	66,93,896	76,04,191	84,02,351	92,57,577	1,02,01,254	1,12,42,682	1,23,92,150	1,54,08,985
Employee Benefit Expenses	2,99,75,000	3,47,48,000	4,08,60,120	4,66,34,966	5,32,39,803	6,07,92,291	6,94,26,459	7,92,94,942
Revenue Sharing Charges @23.60%	2,41,23,111	2,95,37,088	3,44,19,768	4,06,13,977	4,30,49,687	4,50,17,104	4,70,74,435	4,92,25,788
Rental Expenses	1,00,42,886	1,05,45,031	1,10,72,282	1,16,25,896	1,22,07,191	1,28,17,551	1,34,58,428	1,41,31,350
Administrative Expenses	36,20,531	40,40,932	44,45,025	48,89,528	53,78,481	59,16,329	65,07,962	71,58,758
Automation - Revex	12,23,040	25,19,462	25,95,046	26,72,898	27,53,085	28,35,677	29,20,747	30,08,370
Apportionment of HQ Cost	39,79,891	43,77,881	48,15,669	52,97,236	58,26,959	64,09,655	70,50,620	77,55,682
<b>TOTAL (B)</b>	<b>7,96,58,356</b>	<b>9,33,72,584</b>	<b>10,66,10,262</b>	<b>12,09,92,077</b>	<b>13,26,56,459</b>	<b>14,50,31,289</b>	<b>15,88,30,802</b>	<b>17,59,83,874</b>
<b>EBITDA (A-B)</b>	<b>▲ 2,25,58,218 ▲</b>	<b>▲ 3,17,84,567 ▲</b>	<b>▲ 3,92,36,211 ▲</b>	<b>▲ 5,11,01,045 ▲</b>	<b>▲ 4,97,57,468 ▲</b>	<b>▲ 4,57,19,153 ▲</b>	<b>▲ 4,06,37,143 ▲</b>	<b>▲ 3,25,99,974 ▲</b>
Depreciation & Amortisation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
<b>EBIT</b>	<b>1,64,60,116</b>	<b>1,73,72,627</b>	<b>2,03,18,798</b>	<b>3,18,05,959</b>	<b>2,99,85,858</b>	<b>2,53,23,131</b>	<b>2,02,38,207</b>	<b>1,23,99,877</b>
Finance Cost	51,90,886	47,06,522	41,73,178	35,85,901	29,39,237	22,27,180	14,43,117	5,79,768
<b>PBT</b>	<b>1,12,69,231</b>	<b>1,26,66,105</b>	<b>1,61,45,619</b>	<b>2,82,20,057</b>	<b>2,70,46,621</b>	<b>2,30,95,952</b>	<b>1,87,95,090</b>	<b>1,18,20,109</b>
Current Tax	23,20,560	26,08,204	33,24,706	13,04,902	70,15,944	67,91,616	62,24,342	49,36,283
Deferred Tax	5,15,680	5,79,601	7,38,824	57,97,522	(2,08,850)	(9,78,826)	(14,93,994)	(19,61,398)
<b>PAT</b>	<b>▲ 84,32,991 ▲</b>	<b>▲ 94,78,300 ▲</b>	<b>▲ 1,20,82,090 ▲</b>	<b>▲ 2,11,17,633 ▲</b>	<b>▲ 2,02,39,528 ▲</b>	<b>▲ 1,72,83,163 ▲</b>	<b>▲ 1,40,64,742 ▲</b>	<b>▲ 88,45,224 ▲</b>

Cash Profit	1,50,46,772	2,44,69,840	3,17,38,327	4,62,10,242	3,98,02,288	3,67,00,358	3,29,69,684	2,70,83,923
EBITDA Margin	22%	25%	27%	30%	27%	24%	20%	16%
PAT Margin	8%	8%	8%	12%	11%	9%	7%	4%



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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

<b>Balance Sheet</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>
<b>Liabilities</b>								
Equity Capital	8,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000
R&S	84,32,991	1,79,11,291	2,99,93,380	5,11,11,014	7,13,50,541	8,86,33,704	10,26,98,446	11,15,43,670
Long term debt	5,02,10,162	4,49,35,960	3,91,28,415	3,27,33,593	2,56,92,106	1,79,38,562	94,00,956	-
Deferred Tax Liability	5,15,680	10,95,281	18,34,105	76,31,627	74,22,777	64,43,950	49,49,957	29,88,559
Current Liabilities	46,44,366	54,61,580	62,47,105	71,00,160	77,83,491	85,07,171	93,14,707	1,03,24,117
<b>Total Liabilities</b>	<b>14,38,03,199</b>	<b>21,94,04,112</b>	<b>22,72,03,006</b>	<b>24,85,76,393</b>	<b>26,22,48,915</b>	<b>27,15,23,387</b>	<b>27,63,64,065</b>	<b>27,48,56,345</b>
<b>Assets</b>								
Gross fixed assets	10,92,19,643	20,44,24,643	20,79,83,968	21,18,10,242	21,73,92,503	22,08,96,884	22,45,18,025	22,48,16,654
Depreciation	60,98,101	2,05,10,041	3,94,27,454	5,87,22,540	7,84,94,151	9,88,90,172	11,92,89,108	13,94,89,204
Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Net fixed assets	10,31,21,542	18,39,14,602	16,85,56,514	15,30,87,702	13,88,98,353	12,20,06,712	10,52,28,917	8,53,27,449
Deposits	1,47,82,330	1,47,82,330	1,47,82,330	1,47,82,330	1,47,82,330	1,47,82,330	1,47,82,330	-
Cash Balance	1,13,62,496	29,07,832	2,31,22,462	5,62,31,969	8,26,26,056	10,76,06,583	12,79,85,288	15,98,64,939
Current Assets	1,45,36,831	1,77,99,347	2,07,41,700	2,44,74,393	2,59,42,176	2,71,27,762	2,83,67,530	2,96,63,957
<b>Total Assets</b>	<b>14,38,03,199</b>	<b>21,94,04,112</b>	<b>22,72,03,006</b>	<b>24,85,76,393</b>	<b>26,22,48,915</b>	<b>27,15,23,387</b>	<b>27,63,64,065</b>	<b>27,48,56,345</b>
	-	-	-	-	-	-	-	-
<b>FACR</b>	<b>2.05</b>	<b>4.09</b>	<b>4.31</b>	<b>4.68</b>	<b>5.41</b>	<b>6.80</b>	<b>11.19</b>	<b>-</b>
<b>TOL/TNW</b>	<b>0.62</b>	<b>0.30</b>	<b>0.25</b>	<b>0.20</b>	<b>0.15</b>	<b>0.11</b>	<b>0.07</b>	<b>0.04</b>

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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

Cash Flow Statement	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Cash Inflow</b>								
PAT	84,32,991	94,78,300	1,20,82,090	2,11,17,633	2,02,39,528	1,72,83,163	1,40,64,742	88,45,224
Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
Deferred Tax	5,15,680	5,79,601	7,38,824	57,97,522	(2,08,850)	(9,78,826)	(14,93,994)	(19,61,398)
Equity Infusion	8,00,00,000	7,00,00,000	-	-	-	-	-	-
Debt Infusion	5,50,00,000	-	-	-	-	-	-	-
WC borrowings								
Disposal of fixed assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,00,46,772</b>	<b>9,44,69,840</b>	<b>3,17,38,327</b>	<b>4,62,10,242</b>	<b>3,98,02,288</b>	<b>3,67,00,358</b>	<b>3,29,69,684</b>	<b>2,70,83,923</b>
<b>Cash Outflow</b>								
Capex net of margin money	10,92,19,643	9,52,05,000	35,59,325	38,26,274	55,82,261	35,04,381	36,21,141	2,98,629
Security Deposit	1,47,82,330	-	-	-	-	-	-	(1,47,82,330)
Increase in NWC	98,92,465	24,45,303	21,56,827	28,79,639	7,84,453	4,61,906	4,32,232	2,87,017
Principal debt repayment	47,89,838	52,74,201	58,07,545	63,94,822	70,41,487	77,53,544	85,37,606	94,00,956
<b>Total</b>	<b>13,86,84,276</b>	<b>10,29,24,504</b>	<b>1,15,23,697</b>	<b>1,31,00,735</b>	<b>1,34,08,200</b>	<b>1,17,19,830</b>	<b>1,25,90,979</b>	<b>(47,95,728)</b>
Opening Cash	-	1,13,62,496	29,07,832	2,31,22,462	5,62,31,969	8,26,26,056	10,76,06,583	12,79,85,288
Cash Additions/Reductions	▲ 1,13,62,496	▼ (84,54,664)	▲ 2,02,14,630	▲ 3,31,09,507	▲ 2,63,94,087	▲ 2,49,80,527	▲ 2,03,78,705	▲ 3,18,79,651
Closing Cash	1,13,62,496	29,07,832	2,31,22,462	5,62,31,969	8,26,26,056	10,76,06,583	12,79,85,288	15,98,64,939

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**Bharat Stars Services Private Limited**

AERA submission for MYTA 2021

Volume in KL								
YEAR	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Expected Growth Rate - BIAL	44.58%	19.43%	13.67%	11.61%	0.35%	1.26%	2.00%	1.26%
Expected Market Share of BSSPL	32.00%	32.00%	32.00%	33.00%	34.00%	34.25%	34.25%	34.50%
BSSPL Growth	79.44%	19.43%	13.67%	15.10%	3.39%	2.00%	2.00%	2.00%
Expected Tariff/KL	532.38	545.79	559.54	573.64	588.10	602.92	618.11	633.68
<b>BIAL Airport Volume</b>	<b>6,00,000</b>	<b>7,16,602</b>	<b>8,14,538</b>	<b>9,09,091</b>	<b>9,12,283</b>	<b>9,23,736</b>	<b>9,42,211</b>	<b>9,54,091</b>
<b>BSSPL Volume</b>	<b>1,92,000</b>	<b>2,29,313</b>	<b>2,60,652</b>	<b>3,00,000</b>	<b>3,10,176</b>	<b>3,16,380</b>	<b>3,22,707</b>	<b>3,29,161</b>

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Interest Calculation

Particulars	Loan Yr 1	Loan Yr 2	Loan Yr 3	Loan Yr 4
Cost of Debt	9.75%	10.00%	10.00%	10.00%
Tenure of Loan	8	7	6	5
Type of Repayment	Equal Quarterly	Equal Quarterly	Equal Quarterly	Equal Quarterly
Installments/Year	4	4	4	4
Loan Amount	5,50,00,000	-	-	-

Particulars	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
Opening Balance	-	5,02,10,162	4,49,35,960	3,91,28,415	3,27,33,593	2,56,92,106	1,79,38,562	94,00,956
Additions (New Loans)	5,50,00,000	-	-	-	-	-	-	-
Interest	51,90,886	47,06,522	41,73,178	35,85,901	29,39,237	22,27,180	14,43,117	5,79,768
Principal Repayment	47,89,838	52,74,201	58,07,545	63,94,822	70,41,487	77,53,544	85,37,606	94,00,956
Closing Balance	5,02,10,162	4,49,35,960	3,91,28,415	3,27,33,593	2,56,92,106	1,79,38,562	94,00,956	-



Payment No	Period	FY	Total Payment			Principal			Interest		
			Total Payment 1	Total Payment 2	Total Payment 3	Principal 1	Principal 2	Principal 3	Interest 1	Interest 2	Interest 3
0	01-Apr-21										
1	30-Jun-21	31-Mar-22	₹ 24,95,181			₹ 11,54,556			₹ 13,40,625		
2	30-Sep-21	31-Mar-22	₹ 24,95,181			₹ 11,82,698			₹ 13,12,483		
3	31-Dec-21	31-Mar-22	₹ 24,95,181			₹ 12,11,526			₹ 12,83,654		
4	31-Mar-22	31-Mar-22	₹ 24,95,181			₹ 12,41,057			₹ 12,54,123		
5	30-Jun-22	31-Mar-23	₹ 24,95,181	₹ 0		₹ 12,71,308	₹ 0		₹ 12,23,873	₹ 0	
6	30-Sep-22	31-Mar-23	₹ 24,95,181	₹ 0		₹ 13,02,296	₹ 0		₹ 11,92,885	₹ 0	
7	31-Dec-22	31-Mar-23	₹ 24,95,181	₹ 0		₹ 13,34,040	₹ 0		₹ 11,61,141	₹ 0	
8	31-Mar-23	31-Mar-23	₹ 24,95,181	₹ 0		₹ 13,66,557	₹ 0		₹ 11,28,624	₹ 0	
9	30-Jun-23	31-Mar-24	₹ 24,95,181	₹ 0	₹ 0	₹ 13,99,867	₹ 0	₹ 0	₹ 10,95,314	₹ 0	₹ 0
10	30-Sep-23	31-Mar-24	₹ 24,95,181	₹ 0	₹ 0	₹ 14,33,989	₹ 0	₹ 0	₹ 10,61,192	₹ 0	₹ 0
11	31-Dec-23	31-Mar-24	₹ 24,95,181	₹ 0	₹ 0	₹ 14,68,942	₹ 0	₹ 0	₹ 10,26,239	₹ 0	₹ 0
12	31-Mar-24	31-Mar-24	₹ 24,95,181	₹ 0	₹ 0	₹ 15,04,748	₹ 0	₹ 0	₹ 9,90,433	₹ 0	₹ 0
13	30-Jun-24	31-Mar-25	₹ 24,95,181	₹ 0	₹ 0	₹ 15,41,426	₹ 0	₹ 0	₹ 9,53,755	₹ 0	₹ 0
14	30-Sep-24	31-Mar-25	₹ 24,95,181	₹ 0	₹ 0	₹ 15,78,998	₹ 0	₹ 0	₹ 9,16,183	₹ 0	₹ 0
15	31-Dec-24	31-Mar-25	₹ 24,95,181	₹ 0	₹ 0	₹ 16,17,486	₹ 0	₹ 0	₹ 8,77,695	₹ 0	₹ 0
16	31-Mar-25	31-Mar-25	₹ 24,95,181	₹ 0	₹ 0	₹ 16,56,912	₹ 0	₹ 0	₹ 8,38,269	₹ 0	₹ 0
17	30-Jun-25	31-Mar-26	₹ 24,95,181	₹ 0	₹ 0	₹ 16,97,300	₹ 0	₹ 0	₹ 7,97,881	₹ 0	₹ 0
18	30-Sep-25	31-Mar-26	₹ 24,95,181	₹ 0	₹ 0	₹ 17,38,671	₹ 0	₹ 0	₹ 7,56,510	₹ 0	₹ 0
19	31-Dec-25	31-Mar-26	₹ 24,95,181	₹ 0	₹ 0	₹ 17,81,051	₹ 0	₹ 0	₹ 7,14,130	₹ 0	₹ 0
20	31-Mar-26	31-Mar-26	₹ 24,95,181	₹ 0	₹ 0	₹ 18,24,465	₹ 0	₹ 0	₹ 6,70,716	₹ 0	₹ 0
21	30-Jun-26	31-Mar-27	₹ 24,95,181	₹ 0	₹ 0	₹ 18,68,936	₹ 0	₹ 0	₹ 6,26,245	₹ 0	₹ 0
22	30-Sep-26	31-Mar-27	₹ 24,95,181	₹ 0	₹ 0	₹ 19,14,491	₹ 0	₹ 0	₹ 5,80,690	₹ 0	₹ 0
23	31-Dec-26	31-Mar-27	₹ 24,95,181	₹ 0	₹ 0	₹ 19,61,157	₹ 0	₹ 0	₹ 5,34,024	₹ 0	₹ 0
24	31-Mar-27	31-Mar-27	₹ 24,95,181	₹ 0	₹ 0	₹ 20,08,960	₹ 0	₹ 0	₹ 4,86,221	₹ 0	₹ 0
25	30-Jun-27	31-Mar-28	₹ 24,95,181	₹ 0	₹ 0	₹ 20,57,928	₹ 0	₹ 0	₹ 4,37,252	₹ 0	₹ 0
26	30-Sep-27	31-Mar-28	₹ 24,95,181	₹ 0	₹ 0	₹ 21,08,090	₹ 0	₹ 0	₹ 3,87,090	₹ 0	₹ 0
27	31-Dec-27	31-Mar-28	₹ 24,95,181	₹ 0	₹ 0	₹ 21,59,475	₹ 0	₹ 0	₹ 3,35,706	₹ 0	₹ 0
28	31-Mar-28	31-Mar-28	₹ 24,95,181	₹ 0	₹ 0	₹ 22,12,112	₹ 0	₹ 0	₹ 2,83,069	₹ 0	₹ 0
29	30-Jun-28	31-Mar-29	₹ 24,95,181	₹ 0	₹ 0	₹ 22,66,033	₹ 0	₹ 0	₹ 2,29,148	₹ 0	₹ 0
30	30-Sep-28	31-Mar-29	₹ 24,95,181	₹ 0	₹ 0	₹ 23,21,267	₹ 0	₹ 0	₹ 1,73,914	₹ 0	₹ 0
31	31-Dec-28	31-Mar-29	₹ 24,95,181	₹ 0	₹ 0	₹ 23,77,848	₹ 0	₹ 0	₹ 1,17,333	₹ 0	₹ 0
32	31-Mar-29	31-Mar-29	₹ 24,95,181	₹ 0	₹ 0	₹ 24,35,808	₹ 0	₹ 0	₹ 59,373	₹ 0	₹ 0
<b>Total</b>			<b>₹ 7,98,45,789</b>	<b>₹ 0</b>	<b>₹ 0</b>	<b>₹ 5,50,00,000</b>	<b>₹ 0</b>	<b>₹ 0</b>	<b>₹ 2,48,45,789</b>	<b>₹ 0</b>	<b>₹ 0</b>

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Capex Requirement (Nos)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Dispenser</b>								
Fabrication of New Avn Module		2						
Refurbishment with FWS	7	4						
Chassis	7	6						
<b>Refueller</b>								
Refurbishment of Module-15 KL (with FWS)	2	2						
Refurbishment of Module-30 KL								
Fabrication of New Module-15 KL								
Fabrication of New Module-30 KL								
Chassis-15 KL	2	2						
Chassis-30 KL								
<b>Aviation Module Parts</b>								
Inlet Couplers		2	2	2				
Delivery Couplings		6	6	6				
<b>Jeeps</b>	1	1			2			
<b>Office Equipments</b>	1				1			
<b>Furniture &amp; Fittings</b>		1			1			
<b>Computers &amp; Printers</b>	3	3	3	3	3	3	3	3
<b>Automation Hardware</b>	7	7				7	7	

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Type of Asset	Residual Value	Useful Life (in years)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Plant &amp; Machinery</b>										
Op Balance of assets			1,38,44,912	1,38,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912
<b>New Addition-Module</b>			-	2,58,00,000	-	-	-	-	-	-
Cl. Balance of gross block	20%	10	1,38,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912	3,96,44,912
SLM Depreciation			11,07,593	21,39,593	31,71,593	31,71,593	31,71,593	31,71,593	31,71,593	31,71,593
Opening Balance			1,01,26,625	8,97,26,625	15,39,04,125	15,72,55,438	16,08,58,098	16,08,58,098	16,08,58,098	16,08,58,098
<b>Refurbished Module/New Chassis</b>			7,96,00,000	6,41,77,500	33,51,313	36,02,661	-	-	-	-
Cl. Balance of Refurbished a	10%	10	8,97,26,625	15,39,04,125	15,72,55,438	16,08,58,098	16,08,58,098	16,08,58,098	16,08,58,098	16,08,58,098
SLM Depreciation			44,93,396	1,09,63,384	1,40,02,180	1,43,15,109	1,44,77,229	1,44,77,229	1,44,77,229	1,44,77,229
<b>Total SLM Depreciation for Plant and Machinery</b>			<b>56,00,989</b>	<b>1,31,02,977</b>	<b>1,71,73,773</b>	<b>1,74,86,702</b>	<b>1,76,48,822</b>	<b>1,76,48,822</b>	<b>1,76,48,822</b>	<b>1,76,48,822</b>
<b>Jeeps &amp; Vehicles</b>										
Op Balance of assets			4,37,417	19,37,417	35,49,917	35,49,917	35,49,917	75,56,324	75,56,324	75,56,324
New Addition			15,00,000	16,12,500	-	-	40,06,407	-	-	-
Reduction in gross block post useful life			-	-	-	-	-	-	-	-
Cl. Balance of gross block			19,37,417	35,49,917	35,49,917	35,49,917	75,56,324	75,56,324	75,56,324	75,56,324
<b>SLM Depreciation</b>	10%	8	<b>1,33,584</b>	<b>3,08,663</b>	<b>3,99,366</b>	<b>3,99,366</b>	<b>6,24,726</b>	<b>8,50,086</b>	<b>8,50,086</b>	<b>8,50,086</b>
<b>Furniture &amp; Fixtures</b>										
Op Balance of assets			96,404	96,404	6,33,904	6,33,904	6,33,904	13,01,639	13,01,639	13,01,639
New Addition			-	5,37,500	-	-	6,67,735	-	-	-
Cl. Balance of gross block			96,404	6,33,904	6,33,904	6,33,904	13,01,639	13,01,639	13,01,639	13,01,639
<b>SLM Depreciation</b>	10%	10	<b>8,676</b>	<b>32,864</b>	<b>57,051</b>	<b>57,051</b>	<b>87,099</b>	<b>1,17,147</b>	<b>1,17,147</b>	<b>1,17,147</b>
<b>Office Equipment</b>										
Op Balance of assets			78,618	33,78,618	62,62,618	62,62,618	62,62,618	69,30,353	67,97,702	72,57,048
New Addition			33,00,000	28,84,000	-	-	6,67,735	32,45,967	33,43,346	-
Reduction in gross block post useful life			-	-	-	-	-	33,78,618	28,84,000	-
Cl. Balance of gross block			33,78,618	62,62,618	62,62,618	62,62,618	69,30,353	67,97,702	72,57,048	72,57,048
<b>SLM Depreciation</b>	10%	5	<b>3,11,151</b>	<b>8,67,711</b>	<b>11,27,271</b>	<b>11,27,271</b>	<b>11,87,367</b>	<b>15,39,601</b>	<b>15,24,488</b>	<b>13,06,269</b>
<b>Computer &amp; Software</b>										
Op Balance of assets			55,667	2,35,667	4,29,167	6,37,180	6,25,126	6,72,010	7,22,411	7,76,592
New Addition			1,80,000	1,93,500	2,08,013	2,23,613	2,40,384	2,58,413	2,77,794	2,98,629
Reduction in gross block post useful life			-	-	-	2,35,667	1,93,500	2,08,013	2,23,613	2,40,384
Cl. Balance of gross block			2,35,667	4,29,167	6,37,180	6,25,126	6,72,010	7,22,411	7,76,592	8,34,836
<b>SLM Depreciation</b>	10%	3	<b>43,700</b>	<b>99,725</b>	<b>1,59,952</b>	<b>2,24,696</b>	<b>2,23,595</b>	<b>2,40,365</b>	<b>2,58,392</b>	<b>2,77,772</b>



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Type of asset	Deprn as per Cos Act	Deprn as per IT Act
Plant and Machinery	10.00%	15%
Jeeps & Vehicles	11.88%	15%
Office equipments	19.00%	10%
Furniture and Fixtures	9.50%	10%
End use Computers	31.67%	40%

S. No	Type of Asset	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
1	Plant & Machinery	Gross block	2,39,71,537	10,35,71,537	19,35,49,037	19,69,00,350	20,05,03,010	20,05,03,010	20,05,03,010	20,05,03,010	
		Additions	7,96,00,000	8,99,77,500	33,51,313	36,02,661	-	-	-	-	-
		Depreciation	56,00,989	1,31,02,977	1,71,73,773	1,74,86,702	1,76,48,822	1,76,48,822	1,76,48,822	1,76,48,822	1,76,48,822
		Accumulated Depreciation	56,00,989	1,87,03,966	3,58,77,739	5,33,64,441	7,10,13,263	8,86,62,085	10,63,10,907	12,39,59,729	12,39,59,729
		Disposals	-	-	-	-	-	-	-	-	-
		Net Block	1,83,70,548	8,48,67,571	15,76,71,298	14,35,35,908	12,94,89,747	11,18,40,926	9,41,92,104	7,65,43,282	
2	Jeeps & Vehicles	Opening Block	4,37,417	19,37,417	35,49,917	35,49,917	35,49,917	75,56,324	75,56,324	75,56,324	75,56,324
		Additions	15,00,000	16,12,500	-	-	40,06,407	-	-	-	-
		Depreciation	1,33,584	3,08,663	3,99,366	3,99,366	6,24,726	8,50,086	8,50,086	8,50,086	8,50,086
		Accumulated Depreciation	1,33,584	4,42,247	8,41,613	12,40,978	18,65,704	27,15,791	35,65,877	44,15,964	44,15,964
		Closing Block	18,03,833	31,07,670	27,08,304	23,08,939	56,90,620	48,40,534	39,90,447	31,40,361	31,40,361
3	Furniture & Fixtures	Opening Block	96,404	96,404	6,33,904	6,33,904	6,33,904	13,01,639	13,01,639	13,01,639	13,01,639
		Additions	-	5,37,500	-	-	6,67,735	-	-	-	-
		Depreciation	8,676	32,864	57,051	57,051	87,099	1,17,147	1,17,147	1,17,147	1,17,147
		Accumulated Depreciation	8,676	41,540	98,592	1,55,643	2,42,742	3,59,890	4,77,037	5,94,185	5,94,185
		Closing Block	87,728	5,92,364	5,35,312	4,78,261	3,91,162	9,41,749	8,24,601	7,07,454	7,07,454
4	Office Equipment	Opening Block	78,618	33,78,618	62,62,618	62,62,618	62,62,618	69,30,353	1,01,76,320	1,35,19,666	1,35,19,666
		Additions	33,00,000	28,84,000	-	-	6,67,735	32,45,967	33,43,346	-	-
		Depreciation	3,11,151	8,67,711	11,27,271	11,27,271	11,87,367	15,39,601	15,24,488	13,06,269	13,06,269
		Accumulated Depreciation	3,11,151	11,78,862	23,06,134	34,33,405	46,20,772	61,60,373	76,84,860	89,91,129	89,91,129
		Closing Block	30,67,467	50,83,756	39,56,484	28,29,213	16,41,846	7,69,980	24,91,460	45,28,537	45,28,537
5	Computers	Opening Block	55,667	2,35,667	4,29,167	6,37,180	8,60,793	11,01,177	13,59,591	16,37,385	16,37,385
		Additions	1,80,000	1,93,500	2,08,013	2,23,613	2,40,384	2,58,413	2,77,794	2,98,629	2,98,629
		Depreciation	43,700	99,725	1,59,952	2,24,696	2,23,595	2,40,365	2,58,392	2,77,772	2,77,772
		Accumulated Depreciation	43,700	1,43,425	3,03,377	5,28,073	7,51,668	9,92,034	12,50,426	15,28,198	15,28,198
		Closing Block	1,91,967	2,85,742	3,33,802	3,32,720	3,49,509	3,67,557	3,86,959	4,07,816	4,07,816
Total		Opening Block	2,46,39,643	10,92,19,643	20,44,24,643	20,79,83,968	21,18,10,242	21,73,92,503	22,08,96,884	22,45,18,025	22,45,18,025
		Additions	8,45,80,000	9,52,05,000	35,59,325	38,26,274	55,82,261	35,04,381	36,21,141	2,98,629	2,98,629
		Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096	2,02,00,096
		Accumulated Depreciation	60,98,101	2,05,10,041	3,94,27,454	5,87,22,540	7,84,94,151	9,88,90,172	11,92,89,108	13,94,89,204	13,94,89,204
		Disposals	-	-	-	-	-	-	-	-	-
		Closing Block	2,35,21,542	9,39,37,102	16,52,05,201	14,94,85,041	13,75,62,884	11,87,60,745	10,18,85,571	8,53,27,449	



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Income tax depreciation

S. No	Type of Asset	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Plant & Machinery	Gross block	2,39,71,537	8,80,35,806	15,13,11,310	13,14,63,230	11,48,06,007	9,75,85,106	8,29,47,340	7,05,05,239
		Additions	7,96,00,000	8,99,77,500	33,51,313	36,02,661	-	-	-	-
		Depreciation	1,55,35,731	2,67,01,996	2,31,99,393	2,02,59,884	1,72,20,901	1,46,37,766	1,24,42,101	1,05,75,786
		WDV	8,80,35,806	15,13,11,310	13,14,63,230	11,48,06,007	9,75,85,106	8,29,47,340	7,05,05,239	5,99,29,453
2	Jeeps & Vehicles	Opening Block	4,37,417	16,46,804	27,70,409	23,54,847	20,01,620	51,06,824	43,40,800	36,89,680
		Additions	15,00,000	16,12,500	-	-	40,06,407	-	-	-
		Depreciation	2,90,613	4,88,896	4,15,561	3,53,227	9,01,204	7,66,024	6,51,120	5,53,452
		Closing Block	16,46,804	27,70,409	23,54,847	20,01,620	51,06,824	43,40,800	36,89,680	31,36,228
3	Furniture & Fixtures	Opening Block	96,404	86,764	5,61,837	5,05,654	4,55,088	10,10,540	9,09,486	8,18,538
		Additions	-	5,37,500	-	-	6,67,735	-	-	-
		Depreciation	9,640	62,426	56,184	50,565	1,12,282	1,01,054	90,949	81,854
		Closing Block	86,764	5,61,837	5,05,654	4,55,088	10,10,540	9,09,486	8,18,538	7,36,684
4	Office Equipment	Opening Block	78,618	30,40,756	53,32,281	47,99,053	43,19,147	44,88,194	69,60,745	92,73,682
		Additions	33,00,000	28,84,000	-	-	6,67,735	32,45,967	33,43,346	-
		Depreciation	3,37,862	5,92,476	5,33,228	4,79,905	4,98,688	7,73,416	10,30,409	9,27,368
		Closing Block	30,40,756	53,32,281	47,99,053	43,19,147	44,88,194	69,60,745	92,73,682	83,46,314
5	Computers	Opening Block	55,667	1,41,400	2,00,940	2,45,372	2,81,391	3,13,065	3,42,887	3,72,409
		Additions	1,80,000	1,93,500	2,08,013	2,23,613	2,40,384	2,58,413	2,77,794	2,98,629
		Depreciation	94,267	1,33,960	1,63,581	1,87,594	2,08,710	2,28,591	2,48,273	2,68,415
		Closing Block	1,41,400	2,00,940	2,45,372	2,81,391	3,13,065	3,42,887	3,72,409	4,02,623
<b>Total</b>		Opening Block	2,46,39,643	9,29,51,531	16,01,76,777	13,93,68,155	12,18,63,254	10,85,03,729	9,55,01,259	8,46,59,548
		Additions	8,45,80,000	9,52,05,000	35,59,325	38,26,274	55,82,261	35,04,381	36,21,141	2,98,629
		Depreciation	1,62,68,112	2,79,79,754	2,43,67,948	2,13,31,175	1,89,41,786	1,65,06,851	1,44,62,851	1,24,06,875
		Closing Block	9,29,51,531	16,01,76,777	13,93,68,155	12,18,63,254	10,85,03,729	9,55,01,259	8,46,59,548	7,25,51,302

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Tax Calculation

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Profit Before tax	1,12,69,231	1,26,66,105	1,61,45,619	2,82,20,057	2,70,46,621	2,30,95,952	1,87,95,090	1,18,20,109
Book Depreciation	60,98,101	1,44,11,939	1,89,17,414	1,92,95,086	1,97,71,610	2,03,96,021	2,03,98,936	2,02,00,096
IT Depreciation	1,62,68,112	2,79,79,754	2,43,67,948	2,13,31,175	1,89,41,786	1,65,06,851	1,44,62,851	1,24,06,875
<b>Adjusted Profit</b>	<b>10,99,220</b>	<b>(9,01,709)</b>	<b>1,06,95,085</b>	<b>2,61,83,968</b>	<b>2,78,76,445</b>	<b>2,69,85,122</b>	<b>2,47,31,175</b>	<b>1,96,13,331</b>
Accumulated Losses	-	-	-	-	-	-	-	-
Taxable income	10,99,220	-	1,06,95,085	2,61,83,968	2,78,76,445	2,69,85,122	2,47,31,175	1,96,13,331
<b>Tax as per IT ACT</b>	<b>2,76,652</b>	<b>-</b>	<b>26,91,739</b>	<b>65,89,981</b>	<b>70,15,944</b>	<b>67,91,616</b>	<b>62,24,342</b>	<b>49,36,283</b>
<b>MAT</b>	<b>23,20,560</b>	<b>26,08,204</b>	<b>33,24,706</b>	<b>58,11,074</b>	<b>55,69,440</b>	<b>47,55,918</b>	<b>38,70,285</b>	<b>24,33,997</b>
<b>Tax Payable</b>	<b>23,20,560</b>	<b>26,08,204</b>	<b>33,24,706</b>	<b>65,89,981</b>	<b>70,15,944</b>	<b>67,91,616</b>	<b>62,24,342</b>	<b>49,36,283</b>
MAT Carried Forward	-	20,43,908	46,52,113	52,85,080	-	-	-	-
MAT Paid over IT	20,43,908	26,08,204	6,32,967	-	-	-	-	-
MAT Set off Available	-	-	-	52,85,080	-	-	-	-
<b>Net Tax Paid</b>	<b>23,20,560</b>	<b>26,08,204</b>	<b>33,24,706</b>	<b>13,04,902</b>	<b>70,15,944</b>	<b>67,91,616</b>	<b>62,24,342</b>	<b>49,36,283</b>
Tax on PBT	28,36,240	31,87,805	40,63,529	71,02,424	68,07,094	58,12,789	47,30,348	29,74,885
Deferred Tax Liability-Passed thru P&L	5,15,680	5,79,601	7,38,824	57,97,522	(2,08,850)	(9,78,826)	(14,93,994)	(19,61,398)

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