

IndianOil Skytanking

ISO 9001:2008, ISO 14001:2004 Certified

Date:03/07/2018

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

Sub: In the matter of determination of Aeronautical Tariffs in respect of Kempegowda International Airport, Bengaluru for 2nd Control period: Consultation Paper No.05/2018-19 dated 17th May 2018 issued by the AERA – Response by IndianOil Skytanking

Dear Madam,

Reference may please be made to the subject Consultation Paper issued by AERA in respect of determination of aeronautical tariffs for the Kempegowda International Airport, Bengaluru. We would like to thank the Authority for providing us the opportunity for representation during the Stakeholder's Consultation meeting held on 18/06/2018 at Bangalore.

IndianOil Skytanking is providing Fuel Farm and ITP services at Bangalore International Airport (BIA) and associated with the Airport since inception. IOSL being an integral part of the services provided in the airport, any proposal for airport development will have an impact on Fuel Farm and ITP services as well.

AERA has projected the traffic growth of 38 million by March 2021 in the Consultation Paper. This is much more than the existing terminal capacity and there is an urgent need for airside and terminal expansion

Currently, the parking spaces for the Airlines are not sufficient to meet their increasing demand. Further, to take care of the increase in passenger traffic, the requisite infrastructure such as increase in apron area, Hydrant lines, runways etc. needs to be expanded urgently. Without the expansion of infrastructure, the Airport would slowly reach to a stagnation point which would lead to a complete chaos at the airport and also the Airport would miss the ensuing growth opportunities.

To match this growth trajectory, IndianOil Skytanking, as a service provider operating at the airport has undertaken major expansion projects listed below:

Project Description	Project Cost (INR)
Extension of Fuel Hydrant on West side	12 Crores
West Apron tapping point Extension	4.50 Crores
Extension of Fuel Hydrant on East side T2-1A	42 Crores
Additional product storage tanks	26.2 Crores
Fuel Hydrant Line expansion on the East Apron T2-1B	73.5 Crores
Fuel Hydrant Line expansion on the East Apron T2-1C	61.33 Crores
TOTAL	Rs 219.53 Crores

While undertaking the above listed projects, IndianOil Skytanking is incurring huge investments relying upon the promising growth projections of air traffic at the Bangalore Airport. These measures and investments, however, will only yield results if the Airport is able to achieve the projected traffic. The investments in airport infrastructure by BIAL is critical for the growth of the entire value chain in the region and the service providers investments are directly dependent on the expansion by BIAL and resultant growth in Air Traffic.

BIAL's investments in airport infrastructure are thus critical for the growth of the Bangalore Airport as well in the region. As presented in the Stakeholder presentation by BIAL the total projected Capital expenditure by BIAL is Rs.10,556 Crs and a cash short fall of Rs.1489 Crs. You would appreciate that no infrastructure expenditure is possible without Funding & any negative cash flows would have adverse impact on the projects being undertaken by BIAL. Any impact on the BIAL projects would have a direct impact on IOSL as well since IOSL's projects are in line with the BIAL expansion plans.

We would thus request AERA to consider the above submission so as to ensure that sufficient cash flows are available to BIAL for the timely expansion of the airport's capacities through a cash flow support by considering BIAL's submissions on revenue equalization across regulatory periods; as presented during the stakeholder Consultation meeting held on 18.06.2018. Further the possible impact of the investments on the next control period also needs to be taken into consideration. As a service provider at Bangalore Airport, we support BIAL's submission for continuing the same tariff to meet their expansion plans, in the overall interest of the airport and dependent service providers.

We request that our views expressed above may please be taken into consideration positively by the Hon'ble Authority at the time of issuing a final tariff order.

Thanking you
For IndianOil Skytanking Private Limited,



03/07/2018

(TS DUPARE)
Chief Executive Officer