

भारत स्टार्स सर्विसेज
प्राइवेट लिमिटेड



BHARAT STARS SERVICES
PRIVATE LIMITED

BSSPL/2017-18/AERA

28th April, 2017

To,

THE SECRETARY

Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
New Delhi.

Dear Ma'am,

Subj. : Comments on Capping the percentage of Royalty / Revenue Share payable to Airport Operator as a "Pass Through" Expenditure for the Independent Service Providers providing Cargo facility, Ground Handling and Supply of Fuel to the Aircraft at Major Airports.

This refers to consultation paper No. 8/2016-17 on the above subject issued by your office on 31st March 2017. We are thankful to honourable Authority for patient hearing during the stakeholders' consultation meeting held at your office on 21st April 2017.

We submit that currently, the revenue share paid by ITP operators at 'Open access' airports are only 5% to 6%. It is 5% at Delhi and Bangalore airport while 6% at Mumbai airport. This is much below the '30% capping' proposed by the authority. Any capping with a percentage of revenue share which is higher than current figure of 5% to 6% may induce the airport operators to increase the revenue share percent substantially.

Since revenue share is a 'pass through' expenditure item, the same would be recoverable in ITP tariff structure approved by AERA. A pass through of 30% implies the end user bears the additional burden of the service to this extent for no new benefit. The proposed increase in revenue share will adversely impact the end customer i.e. passengers.

Further, the existing ITP tariffs are already based on a cost effective structure as the ITP operators are awarded the sub-concession on lowest cost basis i.e. whoever provides ITP

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services at least cost per KL of ATF fuelled. This 'least cost' model of awarding sub-concession encourages the ITP operator to quote the most economical ITP Tariff.

We humbly request the authority to consider capping revenue share paid by ITP operators at 'Open access' airports at 5% to 6% only.

Thanking You.

For **BHARAT STARS SERVICES PRIVATE LIMITED**



MANISH CHANDAK
Sr. Manager (F&A)