

भारत स्टार्स सर्विसेज (दिल्ली)  
प्राइवेट लिमिटेड



**BHARAT STARS SERVICES (DELHI)  
PRIVATE LIMITED**

Dated 4<sup>th</sup> Apr 2022

The Secretary,  
The Airports Economic Regulatory Authority of India,  
AERA Building, Administrative Complex,  
Safdarjung Airport,  
New Delhi 110 003

Sir,

**Sub: Response by Bharat Stars Services (Delhi) Pvt. Ltd. (BSSDPL) on stakeholder's comments to 32/ 2021-22 in the Matter of Determination of Tariff in respect of Bharat Start Services (Delhi) Private Limited (BSSDPL) for providing Into Plane Services at Indira Gandhi International Airport (IGI), Delhi from FY 2021-22 to FY 2025-26 of the Third Control Period.**

**I. Bharat Petroleum Corp Ltd**

Views expressed by BPCL in their comments dated 22nd March 2022 are very appropriate but for the similar Tariff it is not appropriate to have as the Volume and the major cost are similar irrespective of the volume done by the ITP service provider & BSSDPL has significantly lesser %age of volume in Total airport volume.

**II. Delhi International Airport Ltd. (DIAL).**

Views expressed by DIAL in their comments dated 22nd march 2022 are very appropriate and hence may be considered by the Authority.

**III. Spice jet Ltd.**

1. While agreeing that airlines are taking an unprecedented economic hit & has incurred losses equal to 800 Bn in 20-21 & 21-22, and is facing uncertainty about their future, but the same is also true for BSSPL & from Delhi ITP it has incurred a losses equal to INR 8 crore in 20-21 & 21-22 which is **equal to 70 % of its total revenue, and being a MSME company**, BSSPL will not be able to sustain losses. As is known, the ITP agents operate with their own equipment and needs to comply regulations regarding limitation of its life, taxation and

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Registered Office : Aviation Fuelling Stn., Shahbad Mohammadpur, New Delhi - 110061  
CIN: U74140DL2010PTC204275

13/04/22  
04/04/22

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

प्राप्त  
डायरी नं० 16675  
तारीख 04/04/2022

निदेशक (नि० एवं सां०) 4/4  
Legal SA

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5/4/22

other statutory rules. The operating costs on account of lease rentals, electricity, communications, salaries and wages, continues to go up with each passing year. While all the efforts has been taken by us to reduce the expenses which includes reduction in No. of employees, deduction in salaries of employees and no increment from last 2 years to any of the employees, which is also leading to shortage of required manpower which is required as per our specifications, apart from other savings. The operations continue to be abysmally low with ITP agents incurring heavy losses, as optimum level of equipment and manpower is being sustained even on low volumes as none of these can be reduced keeping in view that Airlines may resume their operations at short notice once the pandemic subsides. Even replacements of older equipment with new ones continue to be done as the same can't be deferred. It is pertinent to mention that more than 80% of operating cost is generally fixed in nature irrespective of the volume of business. We also paying significantly high rentals subsequent to Delhi ITP tender from 2021-22 which are non-controllable cost for us.

2. It may be noted that Spice jet in their comments has stated for Abolishment of Royalty charges, which is beyond our control and BSSPL has participated in DIAL tender & as part of its condition we matched the rate of L1 vendor where as we are actually paying higher percentage to DIAL though AERA has allowed only 5% as passthrough due to capping. In other words we are absorbing this loss in our account. Projected Capital Expenditure in the 2<sup>nd</sup> control period was 796 Lakh & actual spent during the same period was 758 Lakh, hence the shortfall was marginal and that too because Covid 19 has affected one full year of our operations. We have Taken useful life of ITP Depot as 30 yrs , accordingly depreciation has been calculated ,which is in line with the AERA guideline.

Regarding Fair Rate of Return, It is justifiable to go with the Industry practice as no industry would work on the Bank fixed deposit rate that too with the past accumulated losses in last 2 years as mentioned above. In operating & Maintenance expenditure we would like to clarify that we are doing labour intensive business, we already are optimising all our cost in such a way that further reduction is not possible now.

We submit that BSSPL too is sailing in the same boat as the airlines.

BSSPL is a very small player in the entire aviation fuel supply chain, with ITP service fee as the only source of revenue. It is pertinent to note here that BSSPL has been under tremendous financial crunch due to revenue loss imposed by low volume throughput since the beginning of the pandemic and hence will not be able to sustain further losses which may even threaten the very existence of the company.



IV. **Submission by Bharat Stars Services (Delhi) Pvt. Ltd. (BSSDPL).**

In view of the submission made by us with regard to C.P no. 32 /2021-22, we are sure that Authority will reconsider, Domestic & International flight volume, Opening of International flight from 27<sup>th</sup> of March, 2022. Hence, our submission is –

- Review and reconsider the ATMs proposed for Tariff determination and accordingly revise the volume keeping in view the considerable reduction projected.
- Further revise the proposed Tariff upward which are proposed in line with BSSPL submission with regard to the consultation paper.
- Similarly, the views expressed by the stake holders that (1) Light touch approach should be adopted (2) Differential tariff for two ITPs at the same airport for same service, may also be considered.

Thanking you

  
Prashanth M Kamath  
Chief Executive Officer

