

BPCL-KIAL Fuel Farm Private Limited

Reg. Office : C/o Kannur International Airport Ltd, Karaperavoor P.O., Mattannur
Dist. Kannur - 670702, Kerala. CIN: U23200KL2015PTC038487
GSTIN/UIN : 32AAGCB3129A1ZG

Ref: BKFFPL/AERA/2021-22/07

27th December 2021

The Chairman,
Airports Economic Regulatory Authority of India,
AERA Building, Safdarjung Airport,
New Delhi.

Dear Sir,

Sub: Response to Consultation Paper No. 23/ 2021-22

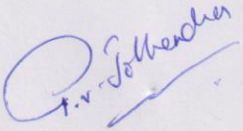
We thank the Authority for issuance of the subject Consultation Paper.

We are enclosing herewith our responses to the same. We request the Authority to consider our responses favourably and issue the Order. This is imperative for the sustenance and operations of the Fuel Farm at Kannur International Airport.

We remain at your disposal to clarify any queries that you may have.

Thanking you,
Yours truly,

For M/S BPCL-KIAL FUEL FARM PRIVATE LIMITED



JITHENDRA P.V
Chief Financial Officer



BPCL KANNUR FUEL FARM PRIVATE LIMITED

Response to Airports Economic Regulatory Authority of India's (AERA) Consultation Paper No. 23/2021-22 dated 6thDecember 2021

Determination of Fuel Infrastructure Fee for BPCL Kannur Fuel Farm Private Limited at Kannur International Airport for the First Control Period

27th December 2021

Contents

Disclaimer	3
1. Introduction	4
2. True up for the past years	5
3. Cost of Equity and Fair Rate of Return	7
4. Fuel Throughput Volumes (FY 2021-22 and FY 2022-23)	8
5. Operating Expenses for FY 2021-22 and FY 2022-23	10
6. Aggregate Revenue Requirement for FY 2021-22 and FY 2022-23	14

Disclaimer

This document has been prepared by BPCL Kannur Fuel Farm Private Limited ('BKFFPL') in response to Airports Economic Regulatory Authority of India's ('AERA' or 'the Authority') Consultation Paper No. 23/ 2021-22 on Determination of Fuel Infrastructure Fee in respect of Kannur International Airport, for the First Control Period ('the Consultation Paper' or 'CP') dated 6.12.2021.

The primary purpose of this document is to provide a response of BKFFPL's views based solely on its business requirements and understanding on each of the decision/proposal put forward by the Authority in the CP and to enable the Authority to understand the views/business perspective of BKFFPL for the purposes of fuel infrastructure fee determination. The submissions of BKFFPL may not be reproduced or disseminated in whole or in part unless clarification is obtained from or specifically confirmed by BKFFPL in writing.

The response set out below to the CP shall not be construed as an acceptance by BKFFPL of the various assumptions undertaken by the Authority in the CP.

1. Introduction

Airports Economic Regulatory Authority of India ('AERA' or 'the Authority') has released Consultation Paper No. 23/2021-22 on Fuel Farm services in respect of BPCL Kannur Fuel Farm Private Limited ('BKFFPL') for First Control Period on 6.12.2021.

The Authority solicited written, evidence-based feedback, comments and suggestions from stakeholders including BKFFPL on the proposals contained in the Consultation Paper.

BKFFPL requests the Authority to note that under Section 13(4) of the Act, the Authority is required to make all its decisions fully documented and explained. We hereby present our observations, suggestions, and request in respect of determination of Fuel Infrastructure Fee for BKFFPL for the First Control Period.

2. True up for the past years

A. Authority's Proposal

- *"The Authority while determining the tariff of Rs. 1846/kl vide order no. 14/2019-20 dated 28th October 2019, for the years FY 2019-20 and FY 2020-21, decided that Price Cap Approach will be adopted for the years FY 2019-20 to FY 2022-23.*
- *M/s BKFFPL has submitted the MYTP considering the true up for FY 2018-19 to FY 2020-21. The Authority in line with earlier decision as stated in para 3.1 above, proposes to consider true up for the years FY 2019-20 and FY 2020-21."*

B. BKFFPL's Submission

- BKFFPL commenced its operation from first week of December 2018 and accordingly made its MYTP submission to the Authority in October 2018.
- In Order No. 34/2018-19 dated 4thDecember 2018, M/s BKFFPL was allowed to charge the adhoc tariff of ₹1900 per KL till the date of determination of regular tariff by AERA.
- In Order No. 14/ 2019-20 dated 28thOctober 2019, M/s BKFFPL was allowed to charge the Fuel Infrastructure fees of Rs. 1846/- KL for the 2ndtariff year FY 2019-20 and 3rdtariff year FY 2020-21 of the First Control Period effective from 1stNovember 2019.
- It may be noted that tariff was decided on an adhoc basis from the date of commencement of operations i.e. December 2018. The rate was Rs. 1900/kl till 1st November 2019 and then Rs. 1846/kl from 1st November 2019.
- In the MYTP workings submitted by BKFFPL for tariff determination of 2019-20 and 2020-21, BKFFPL had submitted the workings for the entire control period viz. 2018-19 to 2022-23 and based on these computations had requested for the rate of Rs. 1846/- per KL, which was duly approved by the Authority.
- Tariff determination for 2018-19 which was effective until 31st October 2019 was made on an adhoc basis. The Authority also noted in the said order that the tariff determined was adhoc, in order to address the regulatory vacuum. Relevant extract of the Order is given below:

3.2 The Authority notes that only BKFFPL would operate the Fuel Farm at Kannur International Airport and would supply fuel into-plane currently with refuellers and later on from a Hydrant system. The Authority notes that while operations are not material, in view of no competition, the Authority may evaluate submissions on a "Price-Cap" approach to deter charging high rate and this will be decided by the Authority during regular tariff determination.

3.5 As the Airport is stipulated to commence operation effective 1st week of December, 2018 and it will not be possible for the agency to provide service without any approved rate. The Authority is unable to finalise any rate in absence of any reliable tariff data, and estimated required capital expenditure for Hydrant system. Accordingly, the Authority hereby decides to approve Ad-hoc tariff of Rs. 1900/KL for Fuel Farm operation until June, 2019 to make the airport operational as proposed by BKFFPL or determination of tariff whichever is earlier. The Authority also decides to approve defueling charges and refueling of defueled fuel charges on Ad-hoc basis up to 30.06.2019 as proposed by BKFFPL. M/s BKFFPL should submit updated proposal considering the actual traffic and actual cost of Operations before March, 2019.

4.1 In view of the above, to avoid any regulatory vacuum in respect of tariffs being levied by the regulated entities, the Authority, in exercise of powers conferred by Section 13(1) of The Airport Economic Regulatory Authority of India Act, 2008, hereby orders that:-

4.2 M/s BPCL-KIAL Fuel Farm Private Limited, for its Fuel Farm services provided at Kannur Airport, is allowed to charge the following charges on adhoc basis up to 30.06.2019 or till determination of tariff whichever is earlier:

Tariff period	Fuel Infrastructure Cost (including Aircraft Refueling)	Aircraft Defueling	Refueling of Aircraft with defueled product	
			Within 48 hours	Beyond 48 hours
From commencement of operations till 30.06.2019	Rs. 1900 per KL	Rs.300 per KL	Rs. 350 per KL	Rs. 400 per KL

- As the tariff determination was adhoc, in the next tariff determination (Order 14/ 2019-20), the Authority had rightly considered the true up for the entire control period (i.e. from the commencement of operations till March 2023) and accordingly determined the tariff.
- In a regulated entity, the manner of recovery of shortfall is only through the rate determination by the Authority and accordingly, the evaluation has to consider the entire period of analysis, which was done by the Authority in its earlier Order 14/ 2019-20.
- Copy of the MYTP submitted on 1st May 2019 based on which Order 14/ 2019-20 was issued, highlighting the workings for true up from 2018-19 are enclosed in **Annexure-1**.

Therefore, BKFFPL request the Authority to consider FY 2018-19 for true up along with true up of FY 2019-20 to FY 2020-21, as was considered in the past.

3. Cost of Equity and Fair Rate of Return

A. Authority's Proposal

- "The Authority has reworked the FRoR considering the cost of equity at 14% and cost of debt at 8.52% for the year FY 2019-20 and at 8.15% for the year FY 2020-21 and also correcting the closing balance of debt as per the audited accounts as given below:"

Table No.7 - FRoR proposed to be considered by the Authority for the years FY 2019-20 and FY 2020-21

Particulars (Rs. In lakhs)	FY 2019-20	FY 2020-21
Opening Equity	900.00	900.00
Closing Equity	900.00	900.00
Average Equity	900.00	900.00
Opening Debt	899.37	809.43
Closing Debt	809.43	1052.20
Average Debt	854.40	930.82
Gearing	48.70%	50.84%

B. BKFFPL's Submission

- BKFFPL notes that the Authority has considered Cost of Debt and Interest rate with some changes from the submission made by BKFFPL. BKFFPL is unable to understand the changes made to comment on the same.

Hence, BKFFPL requests the Authority to consider the cost of debt and gearing as submitted by BKFFPL.

- BKFFPL noted that the Authority has considered 14% as cost of equity.
- At the time of implementing the project, BKFFPL had factored an effective Debt: Equity structure and taken loans for half of the project value to optimize the financing of the Project. Based on this fact and the consideration of the risks involved in the Fuel Farm Operations, especially at Kannur Airport, the Authority had determined the Cost of Equity to be 16% and had determined the FRoR considering the actual Gearing of Debt and Equity in Order 14/ 2019-20. Copy of the MYTP submission made detailing the above and considered by the Authority is enclosed in **Annexure - 1**.
- The riskiness of the project has got further accentuated by the global Covid-19 pandemic. In case of BKFFPL, the traffic envisaged from International Operators did not happen due to the airport not being permitted to be a port of call.
- It is also not out of place to mention that in the recent Tariff Orders issued by the Authority, the cost of equity has been determined at a higher rate between 15% to 15.5% for the other Airports. With Operations at Kannur airport being more riskier than the other Airports, the Cost of Equity of 16% is well justified, which the Authority had rightly considered in its Order 14/ 2019-20.
- Hence, BKFFPL request the Authority to consider cost of equity as 16% which was adopted for the same control period earlier by the Authority, also in light of no positive changes having influenced any need for reduction in the Cost of Equity.

Therefore, BKFFPL request the Authority Cost of Equity at 16% for the control period including the true up period and determine FRoR accordingly.

4. Fuel Throughput Volumes (FY 2021-22 and FY 2022-23)

A. Authority's Proposal

- The Authority proposes to consider be projected fuel throughput volumes for determination of tariff for FY 2021-22 and FY 2022-23 as per table no. 14.
- The Authority also proposes to true up the fuel throughput volumes for FY 2021-22 and FY 2022-23 during the tariff determination for the Second Control Period"

Table No. 14 – Revised throughput volume proposed to be considered by the Authority for the years FY 2021-22 and FY 2022-23

Financial Year	Estimated KL	As a % of 2019-20
2021-22	26929	60%
2022-23	44882	100%

B. BKFFPL's Submission

- BKFFPL, in its MYTP submission had considered 75% of sales volume of FY 2019-20 to be achieved in FY 2022-23 on the basis of information available from its Marketing companies and based on the position emerging at the time of the MYTP submission considering various global studies and predictions.
- One of the article published by Airport Council International clearly describe that the full recovery of global aviation sector will take time, the extract of the article is given below:
 - *Under the current situation, global passenger traffic is expected to recover to 2019 levels in early 2024. The overall recovery will mainly be driven by the recovery of domestic passenger traffic but will be hampered by a slower recovery in international travel (globally, domestic traffic accounted for 58% of total passenger traffic in 2019). The WATF 2020–2040 remains the most likely scenario as of 2024 if new variants of the virus are contained effectively and the vaccination rate increases rapidly—especially in emerging and developing countries—so that a significant proportion of the world's population is vaccinated by the end of 2022.*
 - **Global domestic passenger traffic is still expected to reach 2019 levels in late 2023 but global international passenger traffic will require one more year to recover and will reach 2019 levels only by the end of the third quarter of 2024.**
 - *At the country-market level, markets having significant domestic traffic are expected to recover to pre-COVID-19 levels in mid-2023 to late-2023. Markets with significant shares of international traffic are unlikely to return to 2019 levels until 2024. However, because of uneven availability of vaccines and worsening two-track economic recovery, **some emerging and developing country-markets will probably not reach 2019 passenger levels before 2025.***
 - *The pessimistic scenario calls for a delayed recovery, resulting from the appearance of additional waves of infections and new variants of the virus. These will result in governments introducing more restrictive measures, creating new lockdowns, and travel restrictions. Under this scenario, passenger volume will remain weak, the industry only achieving 44.8% of its 2019 level in 2021 and 60.9% of the 2019 level in 2022. Global recovery to the 2019 level will occur in late 2024.*
 - *It is still predicted that, in the long-term, global traffic may take up to two decades to return to previously projected levels (those projected in the pre-COVID-19 forecast). A structural change—potentially preventing traffic ever returning to levels forecast before the COVID-19 pandemic—is still a possibility."*

- While the optimistic scenarios had projected return of domestic travel to late 2023 (in FY 2023-24), with the new Omicron variant causing increased concerns and risks on the flight travel, the situation has only worsened from the estimates that were prevalent 2-3 months ago.
- BKFFPL would like to bring to the notice of the Authority that, due to the continuing pandemic situation in the country and reduction in both domestic and international flight operations, the ATF volume has come down by around 60% at Kannur airport. This low ATF volume trend is expected to continue for another 2-3 years, also affecting the financial condition of the companies.
- Recovery of ATMs at Kannur International Airport till October 2021 in FY 2020-21 was dismal being only 35% of FY 2019-20. In view of the surge by COVID-19 pandemic with new variants affecting population across the globe extent of effectiveness of vaccines still under study and considering that a third wave is likely to hit, which may be worse than the first and second one, any optimistic view of volumes returning to 2019-20 levels in FY 2022-23 may be misplaced. Moreover, it cannot be ignored that travel and movement restriction did provide impetus to new age communication technology which will considerably reduce business travel in the post Covid scenario.
- Further to the issue of Consultation Paper, BKFFPL has re-evaluated the estimated volume offtake. The average KL is around 2800 KL/ month in October 2021 – November 2021. Considering the same being maintained in the next few months, **we agree with Authority's proposal of considering 26929 KL as the estimate for FY 2021-22. Considering a 5% to 10% growth in the Fuel offtake per month from the current average (of 2800 KL per month), we estimate the Fuel offtake for 2022-23 to be around 35500 to 37000 KL. Accordingly, we request the Authority to consider Fuel offtake of around 36000 KL for FY 2022-23 and re determine the rate accordingly. These projections in itself consider an optimistic growth rate which may be difficult to achieve.**
- In view of the cash flow constraints that are existing in the company currently, non-achievement of fuel offtake from the estimated levels would only jeopardize the operations and even the existence of the company. Hence, a realistic estimate of the achievable volumes is necessary to ensure the viability of operations at the Fuel Farm such that the BKFFPL is able to meet and fulfill its obligations towards banks in terms of Interest and Principal repayments, payments to creditors, statutory authorities etc.

Hence, BKFFPL request the Authority to consider the volume as proposed above, for the purpose of estimating the rates in the Tariff Order.

5. Operating Expenses for FY 2021-22 and FY 2022-23

A. Authority's Proposal

- The Authority proposes to consider the Operating expenses as per Table no. 25.
- The Authority proposes to true up Operating expenses for FY 2021-22 and FY 2022-23 during the tariff determination for the Second Control Period

Table No.25 Revised Operating and Maintenance Expenses proposed to be adopted by the Authority for FY 2021-22 and FY 2022-23

Particulars (Rs. In lakhs)	FY 2021-22	FY 2022-23	Total
Salaries	16.32	17.14	33.46
Land lease Rent	137.06	149.40	286.46
Insurance	1.00	1.00	2.00
Power Charges	10.00	11.00	21.00
Operator Charges to BPCL	305.05	320.30	625.34
Repair & Maintenance	2.00	2.00	4.00
Other Expenses	40.58	42.61	83.19
Total	512.01	543.44	1055.45

Operator Expenses assumptions

- AERA has considered the following basis and rationale for estimation for Operator Expenses:
 - Consider a 5% increase for FY 2021-22 over FY 2020-21. Similarly, for FY2022-23 a growth of 5% is proposed to be considered as projected by M/s BKFFPL.

Table No.22 Revised Operator Expenses proposed to be adopted by the Authority for FY 2021-22 and FY 2022-23

Particulars (Rs. In lakhs)	FY 2021-22	FY 2022-23	Total
Employee Cost	58.50	61.43	119.93
Personnel cost - Third Party	89.71	94.20	183.91
Repairs & Maintenance	37.72	39.61	77.33
Refueller - Depreciation - Bowesers etc.	28.93	30.38	59.31
Safety/ Security Expenses	18.51	19.44	37.95
Power & Fuel	15.35	16.12	31.47
Rates & Taxes	4.49	4.71	9.20
Travelling and conveyance	1.88	1.97	3.85
Legal/ Professional fee	2.13	2.24	4.37
Other Expenditure	1.60	1.68	3.28
Communication/ Postal Expenses	0.96	1.01	1.97
Stores & Spares	2.57	2.70	5.27
Printing	0.62	0.65	1.27
Grand Total	262.97	276.12	539.09
Overheads recovery and Margin @ 16%	42.08	44.18	86.25
Total Operator Charges	305.05	320.30	625.34

B. BKFFPL's Submission

BPCL Employee cost - Employee Cost for BPCL staff for the FY 2021-22 reduced from Rs.85.59 Lakh to Rs.58.50 Lakh in the consultation paper

- The actual employee cost for BPCL the FY 2020-21 was Rs.87.26 Lakhs. This is evidenced by the Operator cost included as part of the financial statement and the break-up submitted to the Authority as part of the response. 105% of FY 2020-21 is Rs.91.62Lakhs. However, the Authority has considered a reduced employee cost at Rs.58.5 Lakhs for computation for the FY 2021-22. ***It is clear that even during the period of pandemic employee cost was Rs.87.26 Lakh.*** AERA has revised the estimated employee cost to Rs.58.5Lakh for calculating AERA Tariff Rate, which is almost 33% reduced from FY 2020-21.
- BKFFPL understands that AERA may have considered the per employee costs breakup which was submitted, to rework on the estimates. BKFFPL submits that the break-up provided were on an estimated per employee cost basis, which may have to factor the changes in employee within the year.
- BKFFPL submits that the actual employee cost for BPCL staff for the period Apr'21 to Oct'21 averages to Rs. 6.55 lakh per month. Copies of 2 months cost break-up on a sample basis is enclosed as **Annexure – 2** together with the invoice received from BPCL.
- ***Considering the cost of Rs. 6.5 lacs per annum for 12 months and approximate additional cost of Rs. 6.5 lacs that will be billed in January by BPCL towards annual leave and retiral provisions, which is charged January every year (as noted from the previous years' data), the estimate works out to approx. Rs. 85 lacs, which is the basis for the budgetary estimate submitted by BKFFPL as part of its MYTP submission.***
- Hence if we consider Rs.58.50 Lakhs for the FY 2021-22 it will be understatement of employee cost which make it difficult for sustaining the operations.

Hence, BKFFPL request the Authority to consider Employee cost for BPCL employees at Rs.85.59 Lakh itself for FY 2021-22 as submitted and also Rs. 89.87Lakhs in the FY 2022-23 for Tariff.

Third Party Employee Cost (BSSPL Staff) reduced from Rs.95.58 Lakh to Rs.89.71 Lakh for the FY 2021-22.

- The actual third party salary cost of BPCL incurred by BKFFPL for the period Apr'21 to Sep'21 is given below:

Month	Amount(Rs In Lakh)
Apr'21	7.44
May'21	7.41
Jun'21	7.62
Jul'21	7.25
Aug'21	7.19
Sept'21	7.27

- Based on an average cost of Rs. 7.5 lacs per month and additional cost for leave and retiral benefits that would be debited in January, BKFFPL had estimated Rs. 95 lacs for 2021-22.

Hence, BKFFPL requests the Authority to consider the estimate of Rs. 95.58 lacs as cost for 2021-22 and Rs. 100.36 lacs for FY 2022-23.

Stores & Spares reduced from Rs.5.04Lakhs to Rs.Rs.2.57 Lakh for the FY 2021-22

- The actual stores and spares for the last two years is given below:

Year	Amount in Lakh
2019-20	2.45
2020-21	0.40

- Company has budgeted Rs.5.04 Lakh for the FY 2021-22 computed as below:

Particulars	Qty	Rate	Amount (Rs. In Lakh)
Hoses-Refuelling	2	65000	1.30
Aquadis Capsule	100	600	0.60
Filter for ATF Supply	126	2000	2.52
Sample Containers	5	500	0.025
Battery	5	12000	0.60
TOTAL			5.045

Copy of sample Order placed is enclosed as **Annexure – 3**.

- Operator requires replacing hoses and other items within specified period. Since FY 2020-21 was pandemic year operators were not able to purchase new items and they used the items in the store. Hence, there is a requirement to purchase new hoses and filters for use.
- Operators have already given purchase order for purchasing new filter for Rs.3.97 Lakh in addition to the already existing consumables.

Hence BKFFPL requests Authority to allow Rs. 5.04 lacs for FY 2021-22 and Rs. 5.29 lacs for FY 2022-23 as submitted in the MYTP submissions.

Reduction in Power and Fuel Cost –Rs. 18.67 lacs for FY 2021-22 reduced to Rs. 15.35 lacs.

- BKFFPL submits that these costs were estimates based on detailed projections and increased use due to increase in volume offtake during 2021-22 as compared to FY 2020-21. Hence, BKFFPL requests the Authority to consider the same based on the estimates submitted by BKFFPL in its MYTP submissions

Other expenses estimate

- BKFFPL notes that AERA has reduced the estimate for Other expenses. BKFFPL accepts AERA's estimate and would strive to have the overall costs under "Other expenses" to be within the limits.

BKFFPL humbly requests the Authority to consider the cost estimates, which are made based on detailed estimation process, after necessary diligence and review of costs needed to manage operations efficiently, at the same time, optimizing and minimizing costs that are needed for the operations, as per the explanations given above.

BKFFPL requests that the costs are trued up based on actuals at the time of subsequent tariff determination

6. Aggregate Revenue Requirement for FY 2021-22 and FY 2022-23

A. Authority's Proposal

- The Authority proposes to consider Aggregate Revenue Requirement for FY 2021-22 and FY 2022-23 as per table no. 27.
- The Authority proposes FIF rates for FY 2021-22 and FY 2022-23 as per Annexure -I.
- The Authority proposes to true up ARR for FY 2021-22 and FY 2022-23 during the tariff determination for the Second Control Period.

Basis for carry forward Shortfall:

- The Authority has taken a cognizance of the situation and is of the view that keeping the tariff at the current level for the entire control period and postponing the full recovery of shortfall to the next control period will create substantial recovery burden and lead to Steep tariff increases in the Second Control Period. The Authority however is of the view that targeting a full recovery at this time may not be fair to all stakeholders and may dampen the stakeholders efforts to revive demand. The Authority notes that the fuel farm operator has the provision of the true up of any shortfalls in revenue recovery in the second control period.

Table No. 27 – Revised Aggregate Revenue Requirement proposed to be considered by the Authority for the years FY 2021-22 and FY 2022-23

Particulars (Rs. In lakhs)	Reference	FY 2021-22	FY 2022-23	Total
Average RAB (refer Table No. 17)	A	1485.71	1411.22	
FRoR (refer Table No. 19)	B	10.71%	10.71%	
Return on RAB	C=A*B	159.10	151.12	310.23
Depreciation (refer Table No. 16)	D	74.49	74.49	148.98
Opex (refer Table No.25)	E	512.01	543.44	1055.45
Income Tax	F	0.00	0.00	0.00
Gross ARR	G=C+D+E+F	745.60	769.06	1514.65
Less Other Revenue	H	0.00	0.00	0.00
Net ARR	I=G-H	745.60	769.06	1514.65
Under Recovery (refer Table No. 11)	J	492.31		492.31
Total ARR	K=I+J	1237.90	769.06	2006.96
Discount Factor	L	1.0000	0.9033	
NPV of ARR	M=K*L	1237.90	694.67	1932.57
Current FIF Rate	N	1846.00	1846.00	
Fuel Volume (Refer Table No.14) (in lakhs KL)	O	0.27	0.45	
FIF income at current rate	P=N*O	498.42	830.70	1329.12
Revised FIF Rate	Q	1846.00	2577.00	
Revised FIF Income	R=O*Q	498.42	1159.65	1658.07
NPV of Revised FIF Income	S=R*L	498.42	1047.48	1545.90
Carried Forward to next Control Period	T=M-S			386.67

B. BKFFPL's Submission

- BKFFPL notes that Authority has proposed a carry forward of shortfall of Rs. 386.67 lakhs.
- While AERA has proposed a carry forward of the shortfall, reducing the rates due to a need to manage the increase in rates would put even the existence and operation of BKFFPL at risk.
- BKFFPL currently has the following dues payable and outstanding as of date in its Financial Statement. Dues to BPCL/ KIAL have not been remitted on account of non-availability of cash flows.

Payable to	Rs. Lacs
BPCL – Operator Charges	314.15
KIAL - Lease Rent	137.87
HDFC Bank – Term Loan	894.75
HDFC Bank – GECL Loan	170.99

- In BKFFPL's estimate, collections at reduced rates, even with the very high fuel intake forecasted by the Authority would entail continued negative cash flows only, leading to the sustenance of BKFFPL itself in question. The high volume offtake estimated by the Authority, in BKFFPL's estimate, is not realistic and not possible to achieve, as indicated above.
- Also, deferring the collections to 1st April 2022 would again prove detrimental to the operations of BKFFPL. Hence, BKFFPL requests the Authority to permit collection of revised charges from the current control period (January 2022).

Hence, BKFFPL requests the Authority to re-estimate the ARR based on BKFFPL's submissions on various building blocks in this response document and re-compute the charges and permit BKFFPL to collect the full charges as per entitlement, from current control period (January 2022) in order to ensure sustainable and viable operations at the Airport.

BKFFPL requests that all Building blocks as applicable be trued up at the end of the First Control Period based on actuals.

BPCL Kannur Fuel Farm Private Limited

**Submission to
Airports Economic Regulatory Authority of India**

**Determination of Tariff for Fuel Farm and Into Plane
Services**

Control Period – FY 2018 - 2019 to FY2022 –2023

April 2019

CONTENTS

1. Background	3
1.1. Overview of Kannur International Airport (KIAL)	3
1.2. Overview of BPCL-KIAL Fuel Farm Private Limited	3
1.3. Key Facts of Fuel Farm and Into Plane Services	4
1.3.1. Fuel Farm Infrastructure	4
1.3.2. Proposed model of Operation	4
2. MYTP submission	5
3. Analysis of the “Guidelines” and Application to BPCL-KIAL	5
3.1. Stage 1: Materiality Assessment	6
3.1.1. Extract of the Guidelines	6
3.1.2. Applicability to BKFFPL:	6
3.1.3. Conclusion of Materiality Assessment:	7
3.2. Stage 2: Competition Assessment	8
3.3. Stage 3: Reasonableness Assessment	8
3.4. Summary of results of assessment of adherence to “Guidelines”	8
4. Building Blocks of MYTP submission – An overview	8
4.1. Capital Expenditure / Additions to RAB	8
4.2. Means of Finance and FRoR	9
4.3. Useful life and Depreciation	9
4.4. Operating Expenditure	9
4.5. Fuel Throughput Estimate	10
4.6. Aggregate Revenue Requirement	11
5. Proposed Tariff	11
5.1. Revenue Requirement and Tariff derived	11
5.2. Revenue and Volume comparison with other Airports	12

1. Background

1.1. Overview of Kannur International Airport(KIAL)

Kannur International Airport is a Greenfield airport being setup under the Public Private Partnership (“PPP”) model. KIAL has been promoted by Govt. of Kerala with equity participation from PSUs (BPCL and Kerala PSUs), Airport PSUs and private sector participation. The Airport is located close to Mattannur in Kannur district of Kerala. The Airport has been planned for development in phases.

Kannur International Airport Limited (KIAL/ Company) was incorporated on 3rd December 2009 with the objective to establish, operate, manage, undertake and maintain airports and allied aircraft infrastructure facilities in Kannur and / or other parts of India.

The Authorised Share Capital of KIAL is Rs. 1000 Crore and the Paid up Share Capital as of 31st March 2015 is Rs. 864.76 Crores.

KIAL was given the right to construct Kannur International Airport (KIA), in Moorkhanparambu in Kannur District of Kerala vide Government of Kerala (GoK) Government Order MS No. 2/98/Tran dated 17th January 1998.

Ministry of Civil Aviation (MoCA), Government of India (GoI) granted the licence to KIAL for operations of the Airport.

Land for construction and operation of airport was brought in by GoK as part of the Share Capital Contribution.

Kannur International Airport commenced operations on 9th Dec 2018.

1.2. Overview of BPCL-KIAL Fuel Farm Private Limited

BPCL KIAL Fuel Farm Private Limited (BKFFPL) is a Joint Venture Company of BPCL and KIAL with 74:26 equity shareholding respectively. The Company was formed to design, develop, construct, manage, maintain, upgrade and operate the Aviation Fuel farm with allied facilities and hydrant system (at a later stage) at both domestic and international terminals of Kannur International Airport for the supply of ATF on exclusive basis. Accordingly, BKFFPL has the right to operate the fuel farm at the Kannur International Airport for a period of 30 years, extendable by an additional period of 30 years on mutually agreed terms and conditions.

BKFFPL was incorporated as a Private limited Company on 18th May, 2015. The Joint venture Company is promoted by Bharat Petroleum Corporation Limited (a Govt. of India Enterprise

under the Ministry of Petroleum & Natural Gas) and Kannur International Airport Ltd., a company promoted by a Government led consortium.

1.3. Key Facts of Fuel Farm and Into Plane Services

1.3.1. Fuel Farm Infrastructure

BPCL-KIAL Fuel Farm shall be an integral part of the KIAL Airport infrastructure and would be catering exclusively to the ATF demand at the airport. The Company proposes to develop the fuel farm in two phases wherein majority of the infrastructure would be set up under Phase I and additional tanks along with associated infrastructure would be set in Phase II in 3 acres (approx.) of land

- 2 x 45 KL Underground Tank
- 2 x 450 KL Aboveground Tank
- 4 bays Tank Lorry decantation & Refueller Loading (Common) Gantry
- 2 Storey Admin Building
- MCC Room
- Product Pumps
- Associated pipelines

Infrastructure proposed is at a total capital cost of outlay of Rs. 16.05 crores for Phase 1 (Total Cost). The Hydrant system has not been created by the company currently and is proposed in future, based on the growth of Air Traffic Movement and ATF demand at Kannur International Airport.

1.3.2. Model of Operation

The Fuel-Farm has been set up to function under “Open Access” model for use by all eligible Oil Marketing Companies. In Phase 1 the Fuel will be supplied into plane with the help of refuellers. In Phase 2 of the plan, Hydrant lines may be laid and the fuel supply to Aircrafts will be through the Hydrant system as well as refuellers.

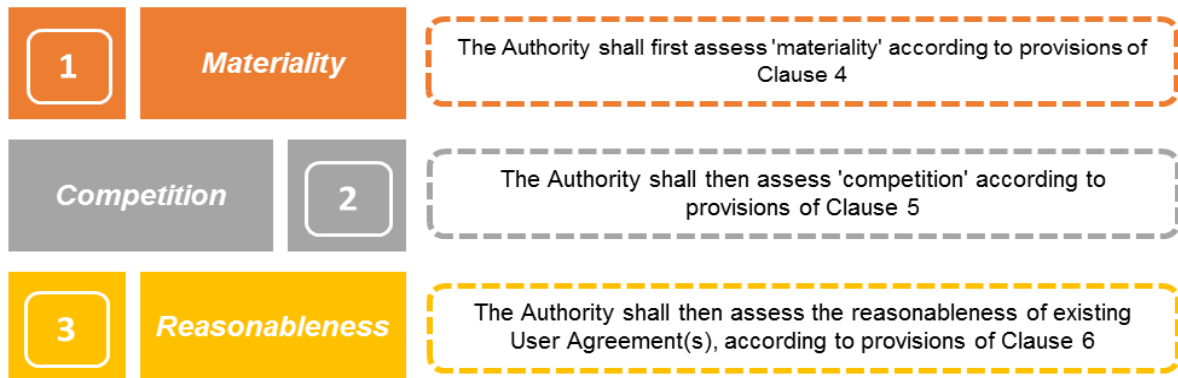
Operations and Maintenance (O&M) of the Fuel Farm and Into-plane services are carried out by BPCL.

2. MYTP submission

- BKFFPL hereby submits the proposal for determination of tariff for Fuel Farm services (including Into-plane activities).
- BKFFPL has submitted the Business Plan together with the relevant forms as prescribed by AERA. These contain details and computations under AERA's methodology of Tariff determination under a Building block approach.
- BKFFPL submits that the tariff determination may be done under "Light Touch" approach as detailed below.

3. Analysis of the "Guidelines" and Application to BPCL-KIAL

- 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 fuel farm and 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
Final Result		Light Touch Approach	Light Touch Approach	Light Touch Approach	Price Cap Approach
Applicable Chapter of the Guidelines		Chapter V	Chapter V	Chapter V	Chapter III and IV

Key:

Symbol	Meaning
✓	Yes
✗	No
∅	Not Applicable

3.1. Stage 1: Materiality Assessment

3.1.1. Extract of the Guidelines

- The materiality index for service provided for fuel farm and 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.
- Due to non-availability of data regarding the fuel throughput in KL in public domain, aircraft movements were considered a close approximation and reflection of the fuel throughput in KL. Hence, in the above formula, keeping other elements constant, fuel throughput in KL was replaced by ‘aircraft movements’.
- Where the MI_F , as calculated above is 5% or more at a major airport, the service provided for fuel farm and into plane at major airport A shall be deemed ‘material’.
- If MI_c is below 5 %, then service provided for fuel farm and into plane at major airport A shall be deemed ‘not material’.
- In addition, fuel throughput in KL as per available information from AERA website for select Airports was used for evaluation.

3.1.2. Applicability to BKFFPL:

- Period considered to arrive at the total aircraft movements handled at the major airports and at KIAL is Apr-17 to Mar-18.
- Source of the data relating to aircraft movements: <https://www.aai.aero/sites/default/files/traffic-news/Mar2k18annex2.pdf>
- The calculation of the materiality index is as follows:
 - List of major airports is given by the Authority in its website. <http://aera.gov.in/content/airport.php>
 - Based on these data, the percentage of Kannur’s aircraft movement to total aircraft movements in all major airports is determined as follows:

Airport	Aircraft Movements (Apr-17 to Mar-18)	% to total
Delhi	4,41,299	21.82%
Mumbai	3,20,689	15.86%
Bangalore	1,96,560	9.72%
Chennai	1,55,123	7.67%
Hyderabad	1,49,581	7.40%
Kolkata	1,48,802	7.36%
Cochin	68,772	3.40%
Ahmedabad	63,129	3.12%
Pune	56,021	2.77%
Goa	50,567	2.50%
Guwahati	41,172	2.04%
Jaipur	42,289	2.09%
Lucknow	36,413	1.80%
Trivandrum	33,738	1.67%
Calicut	24,910	1.23%
Srinagar	17,918	0.89%
Bhubaneshwar	23,155	1.14%
Chandigarh	18,715	0.93%
Coimbatore	21,595	1.07%
Indore	18,692	0.92%
Kannur (proposed)	15,387	0.76%
Mangalore	19,636	0.97%
Nagpur	16,879	0.83%
Patna	21,916	1.08%
Vishakapatnam	19,595	0.97%
TOTAL	20,22,553	100.00%

- In addition to the above, we have also considered the fuel throughput data available in the recent Tariff orders issued by the Authority:

Airport/ Volumes in KL		2018-19	2019-20	2020-21	Source
Delhi	A	18,18,000	18,72,000	19,28,000	Order 32/2017-18
Bangalore	B	6,44,000	6,76,000	7,10,000	Order 29/2017-18
Mumbai	C	16,22,000	16,54,000	16,87,000	Order 30/2017-18
Total	D = A+B+C	40,84,000	42,02,000	43,25,000	
Proposed Fuel Throughput of BKFFPL	E	52,000	55,640	59,534	
% of BKFFPL to 3 main airports	F = E/D	1.27%	1.32%	1.38%	

3.1.3. Conclusion of Materiality Assessment:

- Materiality Index of Kannur airport is below the threshold % of 5% in both cases – i.e from the aircraft movements perspective and the fuel throughput perspective.
- Hence, fuel farm services and into plane services handled in the Kannur Airport is considered “Not Material”.

3.2. Stage 2: Competition Assessment

- Since the services are considered 'not material' as per discussion above, according to table in para 3, stage 2 testing is not considered relevant.

3.3. Stage 3: Reasonableness Assessment

- Since the services are considered 'not material' as per discussion above, according to table in para 3, stage 3 testing is not considered relevant.

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	KIAL
Stage 1	Is the volume of fuel farm and into plane services handled considered "material"?	X
Stage 2	Is the fuel farm and into plane services service considered competitive?	()
Stage 3	Are the terms in the existing user agreement for fuel farm and into plane services considered reasonable?	()

Key:

Symbol	Meaning
✓	Yes
X	No
()	Not Applicable

- Since the services are not material, 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

A total of Rs. 16.05 crores has been incurred in Phase 1 for creating the Infrastructure relating to the Fuel Farm and allied activities. Additionally, in 2020-21, BKFFPL proposes to procure 2 refuellers on its own to support additional volume of operations.

BKFFPL, pursuant to discussion with KIAL, BKFFPL has to construct the Hydrant System at Kannur International Airport. Detailed estimation of the cost and timeline of the said Capital Expenditure Project is underway and has not been finalized at this point of time.

This, at present, is not considered in the tariff computations.

4.2. Means of Finance and FRoR

Construction activity is proposed to be funded by a mix of Equity and Debt in 50:50 ratio.

- Of the total Equity required, Rs. 7.50 crores have been received by the Company as of 31st March 2018.
- A Term loan for Rs. 10 crores have been tied up from bank and drawdown has begun from December 2017. The current applicable rate of Interest on the loan is 8.5% (at floating rate). The loan is to be repaid in 10 years commencing from 2020.
- Considering post tax cost of Equity including Reserves at 16%, and the current loan interest and the gearing, the Fair Rate of Return is computed to be 12.92%, 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	Book Depreciation
Tanks	3.80%
Admin buildings	3.17%
Service buildings	3.17%
Other (Pipeline/valve/civil/Refuellers electrical etc.)	6.33%

4.4. Operating Expenditure

BPCL carries out the O&M of Fuel Farm and Into plane facilities. Refuellers for Into Plane activities are also deployed by BPCL for which a cost is being recovered from BKFFPL.

An estimated cost payable to BPCL considering BPCL's cost for staff and Maintenance activities and a reasonable margin has been included in estimating the costs.

BKFFPL proposes to incur costs relating to Salary, Insurance and Lease Rent for the area rented from KIAL.

Salary Cost – BKFFPL is as given below

BKFFPL Staff	Rs. In Lacs
Finance/ Secretarial / Others	23.00

Team composition of BPCL - Proposed

Manpower - Fuel Farm	Year 1	Year 2	Year 3	Year 4	Year 5
In charge	1	1	1	1	1
Shift In-Charge	3	4	4	4	4
Junior Officers					
QCS cum Operator	4	4	4	4	4
Housekeeping	1	2	2	2	2
Security Guard	4	4	4	4	4
Maintenance	1	1	1	1	1

Manpower -Into Plane	Year 1	Year 2	Year 3	Year 4	Year 5
In charge					
Shift In-Charge					
Junior Officers					
QCS cum Operator	11	19	24	29	29
Housekeeping					
Security Guard					
Maintenance					

Considering the above, the total Operating Cost Estimate is as given below

Particulars (Rs. Crores)	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries	0.08	0.25	0.27	0.29	0.31
Admin Charges	0.03	0.11	0.12	0.12	0.13
Rent	0.37	1.12	1.12	1.29	1.29
Insurance	0.01	0.03	0.03	0.03	0.03
Power Charges	0.04	0.13	0.14	0.15	0.16
Operation & Maintenance to BPCL	1.19	4.59	5.20	5.87	6.24
Interest on WC	0.02	0.02	0.02	0.03	0.03

4.5. Fuel Throughput Estimate

Based on internal study carried out by BPCL, BKFFPL estimates the following Fuel Throughput (in Kilo Litres) for the 5 years in the Control period.

FY Ending	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
Total Sales Quantity (KL)	55,640	59,534	63,702	68,161

The actual traffic volume and revenue collected from the period December 2018 to March 2019 is as given below.

Particulars	Dec-18	Jan-19	Feb-19	Mar-19	Total for Four Months
Domestic Sales Volume (in KL)	604.795	900.486	745.59	1705.496	3956.367
International Sales Volume (in KL)	300.014	742.064	763.437	855.313	2660.828
Total Sales (in KL) - Combined Actual Sales Volume (International + Domestic)	904.809	1642.55	1509.027	2560.809	6617.195
REVENUE @ 1900 Per KL) in Crores	0.17	0.31	0.29	0.49	1.26

Considering the month on month growth in volumes and expected increase in traffic, BKFFPL has proposes to continue with the estimates proposed as earlier, for the period April 2019 to March 2023.

4.6. Aggregate Revenue Requirement

Considering the above, BKFFPL has estimated the Aggregate Revenue Requirement to be as follows for the 5 years' period from 2018-19 to 2022-23.

(Amount in Rs. Crore)

FY	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
RAB	7.82	15.22	15.66	16.02	15.01
FROR (Considering return of equity at 16%)	12.92%	12.92%	12.92%	12.92%	12.92%
RAB * FROR	1.01	1.97	2.02	2.07	1.94
Depreciation	0.42	0.84	0.92	1.00	1.00
Opex	1.74	6.24	6.89	7.77	8.20
Tax	0.00	0.53	0.54	0.49	0.59
Aggregate Revenue Requirement	3.17	9.58	10.37	11.33	11.73

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

5. Proposed Tariff

5.1. Revenue Requirement and Tariff derived

Considering the above ARR, the reworked Tariff and the estimated revenue to match the Aggregate Revenue Requirement is as given below

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23	Total
Aggregate Revenue Requirement	Rs. Crore	3.17	9.58	10.37	11.33	11.73	46.17
Discount Rate		1.00	0.89	0.78	0.69	0.62	
Present value of ARR	Rs. Crore	3.17	8.48	8.13	7.87	7.21	34.87
Fuel Throughput estimated (considering Half year for the first year)	KL	6,617	55,640	59,534	63,702	68,161	
Revenue per KL	Rs.	1,900.00	1,846.00	1,846.00	1,846.00	1,846.00	
Estimated Revenue	Rs. Crore	1.26	10.27	10.99	11.76	12.58	46.86
Present value of estimated Revenue	Rs. Crore	1.26	9.10	8.62	8.167	7.74	34.87

In addition to this, the Fuel Throughput fee charged by the Airport Operator will be paid by BKFFPL and collected from the Oil Marketing Companies and paid to the Airport.

The company requests AERA to approve the proposed tariff considering the above, under Light Touch and allow for tariff as above for the period from July 2019 to March 2021 and allow the 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.

5.2. Revenue and Volume comparison with other Airports

Following is a comparison of the Fuel throughput volume and indicative summary of charges at other Airports in comparison to the proposed charges.

Airport	Annual volume (KL)	Infrastructure charge Rs. Per KL	Into Plane charge Rs. Per KL	Fuel Throughput charge Rs. Per KL
Delhi	18,18,000	609.00	200.00	804.00
Mumbai	16,22,000	750.00	268.00	688.00
Bangalore	6,44,000	633.00	268.00	1067.00
Hyderabad	3,15,969	1500.00		670.00
Kannur (Proposed)	55,640	1846		1018.00

Above details have been collated from various public information including AERA Orders issued earlier and Consultation paper issued for of Kannur International Airport.

The above table shows that considering the low annual volume, the Infrastructure charge proposed is comparable with other Airports where Fuel Farms are operated.



भारत पेट्रोलियम कॉर्पोरेशन लिमिटेड
BHARAT PETROLEUM CORPORATION LIMITED

Kannur AFS (4330)
Anjarakandy Road
Mattanur-670702
Kerala
GSTIN : 32AAACB2902M1Z2
CIN : L23220MH1952GOI008931
PAN : AAACB2902M

Tax Invoice

ORIGINAL FOR RECIPIENT

IRN :

2933cea0e80dce1646c5c6dd030a2947847
d0780ec4a49e5e1029cdb61389842



ADDRESS OF DELIVERY	210292	BILL TO PARTY	210292	DOCUMENT DETAILS
3PCL - KIAL FUEL FARM PVT LTD KANNUR INTERNATIONAL AIRPORT KANNUR KARA PERAVOOR KANNUR -670702 PLACE OF SUPPLY / STATE : Kerala STATE CODE : 32		BPCL - KIAL FUEL FARM PVT LTD KANNUR INTERNATIONAL AIRPORT KANNUR KARA PERAVOOR KANNUR - 670702 PLACE OF SUPPLY / STATE: Kerala STATE CODE : 32 GSTIN : 32AAGCB3129A1ZG PAN No : AAGCB3129A		INVOICE No. :FIIN172210009661 DATE :07.05.2021

Description of Goods/Service Item Code - Item Text	HSN/SAC	Taxable Amount(Rs)	Type / Rate	Tax Amount(Rs)
01.Operatorship Charges - AFS (4211 - INVOICE BKFFL -May 2021)	998599	3,422,261.92	CGST 9.00 SGST 9.00	308003.57 308003.57

Total Amount: Rs -4,038,269.06 (Rs. Forty Lakh Thirty Eight Thousand Two Hundred Sixty Nine and Paise six Only) * Tax is not payable on reverse charge basis.	TAXABLE AMT(Rs) CGST(Rs) SGST(Rs) TOTAL AMT(Rs)	3,422,261.92 308,003.57 308,003.57 4,038,269.06
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Certified that the particulars given above are true and correct.



Authorized Signatory



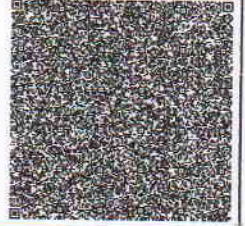
भारत पेट्रोलियम कॉर्पोरेशन लिमिटेड
BHARAT PETROLEUM CORPORATION LIMITED

Kannur AFS (4330)
Anjarakandy Road
Mattanur-670702
Kerala
GSTIN : 32AAACB2902M1Z2
CIN : L23220MH1952GOI008931
PAN : AAACB2902M

Tax Invoice

ORIGINAL FOR RECIPIENT
IRN :

a66a59f74d64fe183c44578a108a28f1fc02d
0d483ea8ef8c12dc9367acb3dc1



ADDRESS OF DELIVERY	210292	BILL TO PARTY	210292	DOCUMENT DETAILS
BPCL - KIAL FUEL FARM PVT LTD KANNUR INTERNATIONAL AIRPORT KANNUR KARA PERAVOOR KANNUR -670702 PLACE OF SUPPLY / STATE : Kerala STATE CODE : 32		BPCL - KIAL FUEL FARM PVT LTD KANNUR INTERNATIONAL AIRPORT KANNUR KARA PERAVOOR KANNUR - 670702 PLACE OF SUPPLY / STATE: Kerala STATE CODE : 32 GSTIN : 32AAGCB3129A1ZG PAN No : AAGCB3129A		INVOICE No. :FIIN172210028413 DATE :04.08.2021

Description of Goods/Service Item Code - Item Text	HSN/SAC	Taxable Amount(Rs)	Type / Rate	Tax Amount(Rs)
01.Operatorship Charges - AFS (4211,- INVOICE BKFFL -August 2021)	998599	2,916,666.67	CGST 9.00 SGST 9.00	262500.00 262500.00

Total Amount: Rs 3,441,666.67 (Rs. Thirty Four Lakh Forty One Thousand Six Hundred Sixty Six and Paise sixty-seven Only)

* Tax is not payable on reverse charge basis.

TAXABLE AMT(Rs)	2,916,666.67
CGST(Rs)	262,500.00
SGST(Rs)	262,500.00
TOTAL AMT(Rs)	3,441,666.67

Certified that the particulars given above are true and correct.

Authorized Signatory



MAY 2021 - ACTUAL EXPENSES

Cost Group	Operator
Third Party	743,126.24
EMPLOYEE COST	659,681.91
REP.& MAINT.(R&M)	255,947.54
SAFETY / SECURITY EXP	149,925.28
POWER AND FUEL	148,536.00
STORES & SPARES	69,797.00
RATES & TAXES	43,570.00
TRAVELLING AND CONVEYANCE	36,338.25
BUSINESS RELATION	4,825.00
COMMN. / POSTAL EXP	2,703.20
OTHER EXPENDITURE	-171,759.35
Depreciation	242,612.81
Grand Total	2,185,303.88
Margin 16%	349,648.62
Total before tax	2,534,952.50
GST	456,291.45
Total	2,991,243.95

August '2021 - ACTUAL EXPENSES

Cost Group	Operator
COMMN. / POSTAL EXP	1,239.00
EMPLOYEE COST	655,004.62
INSURANCE	19,574.00
LEGAL/PROFS'NAL FEES	5,664.00
MEETINGS	650.00
OTHER EXPENDITURE	-154,867.53
POWER AND FUEL	98,586.80
PRDT OWN USE	17,294.98
REP.& MAINT.(R&M)	376,629.68
SAFETY / SECURITY EXP	148,696.94
STORES & SPARES	3,328.35
Third Party	720,725.12
TRAVELLING AND CONVEYANCE	8,406.95
Depreciation	242,612.81
Total	2,143,545.72
Margin 16%	342,967.32
Total before tax	2,486,513.04
GST	447,572.35
Total	2,934,085.38

To, M/s. PAHUJA ENTERPRISES F-12, MOHAN GARDEN, PEEPAL ROAD DELHI NEW DELHI, DELHI NEW DELHI, DELHI, INDIA - 110059 Ph : 0115648966 VENDOR CODE:301366	Purchase order PO number/date 4508689694/14.12.2021 Contact person/Telephone RUDOLF MANNERS/0490-2997444 FAX NO - Email rudolfmanners@bharatpetroleum.in
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Deliver to: M/s. Kannur AFS BHARAT PETROLEUM CORPN. LTD, Anjarakandy Road, Mattanur, Kannur, INDIA - 670702	Purchase Grp: I83/Kannur AFS Your quotation/Dated: Delivery date: 12.05.2022 Our Reference: 1000376373
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Subject: FILTER MONITORS 204 NOS-KANNUR AFS

With reference to your Quotation/Contract No. _____ dated _____ and subsequent correspondence/discussions had till date, we are pleased to issue our Purchase Order as per terms and conditions mentioned in this order. In case of clarification please contact:

RUDOLF MANNERS

NOTE : We request you to kindly raise separate invoices for capital and input items. Kindly refer to the bifurcation regarding nature of the item (Capital/ Input) mentioned against each line item(s). Due to statutory requirements, combined invoices for capital and input items will not be processed. You are requested to take note of this aspect and ensure that invoices are raised as per requirement.

For any further clarifications/instructions/Site related information needed for rendering services as per scope of work, you are requested to contact our Engineer-in-charge SARFARAZ HUSSAIN.

Item	MaterialNo. Description	OrderQuantity Price	Quantity Currency	Unit	Net Value
00010	Rel. ord. against contract 4600888936 Item 00030 57.47.08.193.5 FILTER MONITOR , 2IN X 30IN	204		each	
	Nature of Exp : Input				
	HSN/SAC Code : 8421				
	Gross Price	1,650.00	INR	1 EA	336,600.00
	Integrated GST - ND		18.000 %		60,588.00

Page 1 of 6	Please sign & send the duplicate copy of this order as acknowledgement	For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS
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To, M/s. PAHUJA ENTERPRISES VENDOR CODE:301366	PO number/date 4508689694 / 14.12.2021
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Item	MaterialNo. Description	OrderQuantity	Price	Currency	Unit	Net Value
	FILTER MONITOR 2 INCH X 30 INCH Size: OD 2 IN L 30 IN Tested & qualified to meet EI 1583 7th / latest edition specs					
Total net item val. excl. tax						336,600.00 INR
TOTAL AMOUNT (IN WORDS): RUPEES THREE LAC THIRTY SIX THOUSAND SIX HUNDRED ONLY						

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Page 2 of 6		For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS
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To, M/s. PAHUJA ENTERPRISES VENDOR CODE:301366	PO number/date 4508689694 / 14.12.2021
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Common Conditions

Terms of payment.
PAY ON 30TH DAY

GST Registration No.: 32AAACB2902M1Z2

Our PAN details : AAACB2902M

Page 3 of 6 Generated On : 14.12.2021 10:02:00	For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS
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To, M/s. PAHUJA ENTERPRISES VENDOR CODE:301366	PO number/date 4508689694 / 14.12.2021
<p>Business Process Excellence Centre (BPEC)</p> <p>1) All your original invoices as well as original Bank Guarantees (for Indigenous Purchases) should be sent directly to BPEC at the following address: Bharat Petroleum Corporation Limited BPCL Office Complex, Business Process Excellence Centre (BPEC) Plot no. - 6, Sector - 2, Behind CIDCO Garden, Kharghar, Navi Mumbai - 410210</p> <p>2) Instructions for submission of various documents to BPEC :</p> <p>a) Invoices should be original GST Invoice along with necessary supporting documents.</p> <p>b) Bank Guarantees (BG's)/ Performance Bank Guarantees (PBG's) in original.</p> <p>c) The following documents need not be sent to BPEC & the same be submitted at location:</p> <p>i) Duplicate copy for Transporter (DFT); ii) User reference manuals; iii) Test booklets</p> <p>d) Multiple invoices should not be bunched/ stapled together while sending the same to BPEC. Each invoice along with its respective supporting documents should be stapled separately.</p> <p>3) Process for submitting Bank Guarantee / PBG under SFMS (Structured Financial Messaging System) mode as follows:</p> <p>Vendors/ Contractors shall insist their Bank on issuance of SFMS Bank Guarantee for faster payments. Vendors/ Contractors shall provide BPCL's Bank Account No. & IFSC Code (Details given below) to their Bank as beneficiary at the time of application for Bank Guarantee in favor of BPCL. Issuing Bank shall issue the Bank Guarantee & send SFMS message to BPCL's Bank confirming the authenticity of Bank Guarantee who in turn shall send the confirmation to BPCL.</p> <p>Name of Bank: State Bank of India, Branch :CAG Branch, Mumbai Account No: 11083980831 IFSC Code: SBIN0009995</p> <p>SFMS BG will help in faster verification of BGs and prompt release of payments to vendors/contractors.</p> <p>4) Following tax related aspects to be strictly adhered to and reflected in the invoices:</p> <p>a) BPCL Purchase Order No. (45XXXXXXXXXX) as well as Vendor Code</p> <p>b) All taxes charged should be separately mentioned on the invoice & as per purchase order</p> <p>c) There should not be any manual correction on face of invoice</p> <p>d) Checklist for valid GST Invoice:</p>	
Page 4 of 6 Generated On : 14.12.2021 10:02:00	For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS

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<p>II. Invoice no. mentioned should not exceed sixteen character (16) and they can contain only "-"and "/" special characters</p> <p>III. Invoice should be dated</p> <p>IV. Name, Complete Address (including state name) and GST Number of BPCL corresponding to the location where actual supply has been provided.</p> <p>V. HSN/ SAC for goods/ services</p> <p>VI. Description of goods/services matching with purchase order</p> <p>VII. Quantity & Unit of Measurement in case of Goods/Material matching with purchase order</p> <p>VIII. Taxable Value of Supply</p> <p>IX. Rate of Tax (5%/ 12%/18%/28%) with breakup of CGST & SGST/UTGST as applicable</p> <p>X. Type/Description of Tax (CGST/SGST/UTGST or IGST)</p> <p>XI. Amount of Tax with breakup of CGST & SGST/UTGST or IGST as applicable</p> <p>XII. Whether the tax is payable on reverse charge basis</p> <p>XIII. Signature or Digital Signature of the supplier or his authorized representative</p> <p>XIV. Corresponding details of invoices must necessarily be uploaded in GSTN Portal against BPCL's GST Registration No. This is required to ensure BPCL to claim credit of taxes. Failure to comply with this would affect your payments.</p> <p>If the invoices are not received as per the above, invoice may be rejected.</p> <p>5) Process for updating Mobile No. & Email Address with BPCL is as under:</p> <p>a) Please write to concerned purchasing officer at the location for updation of Email ID/ Mobile No.</p> <p>b) Vendors can update Mobile No. & Email Address directly by login in to Vendor Portal</p> <p>c) Update Mobile No. & Email Address for receiving alerts for invoices processing/ BG's and accessing vendor portal/ mobile application/ SMS application</p> <p>6) Various Methods for tracking the status of invoices are as under:</p> <p>a) Vendor Portal: https://econnect.bpcl.in</p> <p>b) Mobile Application: https://ebiz.bpc.co.in/mobeconnect.htm using their registered mobile no.</p> <p>c) SMS from your registered mobile number as: "STAT (SPACE) <DPID No.>" to 9223112222.</p> <p>d) Email: z_vendorhelpdesk@bharatpetroleum.in.</p> <p>e) Call on Toll-Free no. 1800 22 4221 (9AM to 5PM only working days).</p>	
Page 5 of 6 Generated On : 14.12.2021 10:02:00	For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS

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Sr.No. Description		
1	Time is the essence of contract.	
2	No partial shipment unless otherwise permitted by BPCL.	
3	Please raise separate invoice for Capital and Input item.	
4	You may register yourself at our vendor Portal ' https://econnect.bpcl.in/ ' for various information e.g. Online Bill Status Tracking etc. Vendor can also submit digitally signed invoice (pdf) by logging in to BPCL vendor portal as above. In case of any queries or issues, vendor may refer to contact person of Purchase Order or BPEC.	
5	Please specify TAN no. in the invoice if TCS is being claimed in invoice	
Page 6 of 6 Generated On : 14.12.2021 10:02:00		For Bharat Petroleum Corporation Ltd. Authorized by : RUDOLF MANNERS