

INDIANOIL SKYTANKING PRIVATE LIMITED (IOSPL)

Response to Airports Economic Regulatory Authority of India's (AERA) Consultation Paper No. 03/2026-27 dated 17th July 2026 in the Matter of Determination of Fuel Infrastructure Charges (FIC) at Kempegowda International Airport (Kia), Bangalore for the Fourth Control Period (1st April 2026 – 31st March 2031)

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A. Preliminary Submissions:

1. Indian Oil Skytanking Private Limited ("IOSPL") has carefully examined Consultation Paper No. 03/2026-27 dated 17th July, 2026 ("CP") issued by the Airports Economic Regulatory Authority of India ("the Authority"/"AERA") in the matter of determination of Fuel Infrastructure Charges ("FIC") for IOSPL at Kempegowda International Airport ("KIA"), Bangalore, for the Fourth Control Period (1st April 2026 - 31st March 2031) ("FoCP"), read together with the Multi-Year Tariff Proposal ("MYTP") filed by IOSPL.
2. IOSPL places on record its appreciation for the Authority's detailed consideration of the MYTP.
3. These submissions are confined to Ten issues where the CP departs from IOSPL's MYTP or established regulatory treatment:
 - (i) Adoption of the Incremental ARR Approach for the T2 Phase 2 51 Stands HRS Extension project;
 - (ii) Rationalisation of land lease rental payable to the Airport Operator;
 - (iii) Fuel throughput (volume) for the fourth control period.
 - (iv) Non-consideration of actual/audited operating expenditure; & Disallowance of payroll and Repairs & Maintenance expenditure without assigned reasons.
 - (v) Exclusion of financial impact of the Third Storage Tank pertaining to Satellite Fuel Farm project;
 - (vi) Exclusion of Dead Stock from Regulatory Asset Base (RAB) and Allowance of Only 5% Interest Thereon.
 - (vii) Disparity in the cost of Equity between Airport Operator (BIAL) and Fuel Farm Owner (IOSL) operating under the same umbrella project risk environment.
 - (viii) Disallowance of 31% Opex for the 4th Control Period.
 - (ix) Disallowance of Operator's Margin for 3rd and 4th CP.
 - (x) Unjustified inclusion of "Other Income (Interest income) in the True-Up working for the Third Control Period (FY 2021-22 to FY 2025-26).
 - (xi) Consideration of Return on Refundable Security Deposit furnished to the Airport Operator.

B. Issue-Wise Submissions:

Issue No. 1: Adoption of the "Incremental ARR Approach" for the T2 Phase 2 – 51 Stands HRS Extension Project

Issue:

The Authority, at paragraphs 5.2.12 to 5.2.20 of the CP, has proposed to introduce an "Incremental ARR Approach" for identified High Capex Projects that are scheduled to be commissioned and capitalised during the last two tariff years of the Control Period, and which have a material impact on the ARR and Yield. Under this framework, the baseline ARR and tariffs for the Control Period would be determined by excluding the impact of such capital projects (and the consequential impact on Depreciation, Opex and Taxation), with recognition of the associated financial impact to be considered only after the project is actually completed, commissioned and put to use, supported by an Auditor's Certificate, followed by a mid-period revision of the approved tariff. The Authority has proposed to apply this approach to the "T2 Phase 2 – 51 Stands HRS Extension" project, which is proposed to be capitalised on (as per BIAL's CP for fourth control period, this date is 30th June 2029. Accordingly, revise the submissions)

IOSPL's Submission:

IOSPL respectfully submits its objections to the Authority's proposal (Paragraphs 5.2.12 to 5.2.20 of the Consultation Paper) to apply the "Incremental ARR Approach" to the T2 Phase 2 – 51 Stands Hydrant Refuelling System (HRS) Extension project.

Even upon evaluating the revised project completion/commissioning date as per Bangalore International Airport Limited's (BIAL) submission i.e., 30 June 2029 (FY 2029–30), the application of the Incremental ARR Approach remains regulatory-inconsistent, financially burdensome, and unnecessary.

IOSPL requests the Authority to include the project's capital expenditure and its consequential impact (Depreciation, Return on RAB, Opex, and Taxation) directly in the baseline Aggregate Revenue Requirement (ARR) for the Fourth Control Period (FY 2026–27 to FY 2030–31), subject to standard true-up.

1. The Authority's stated intent in Paragraph 5.2.17 of the Consultation Paper is to apply the Incremental ARR Approach exclusively to projects commissioned in the *last two tariff years* of the Control Period (i.e., FY 2029–30 and FY 2030–31).
2. As per BIAL's submission to the Authority, the project is scheduled for completion/capitalisation on 30 June 2029.
3. Impact on RAB and FroR: Commissioning on 30 June 2029 falls in the first quarter of FY 2029–30. This means the asset will be fully operational, put to use, and generating service utility for nearly the entire financial year (9 out of 12 months in FY 2029–30), as well as the full year of FY 2030–31.
4. Treating a project that is active for almost two full tariff years as a "late-stage" asset severely distorts the Regulatory Asset Base (RAB) and deprives IOSPL of a Fair Rate of Return (FroR) during its active operations.
5. Deferring Depreciation, return on RAB, and Opex until post-commissioning, followed by a mid-period tariff adjustment, creates a sudden spike in tariffs for airlines and airport users.
6. Incorporating the project into the baseline ARR build-up using the standard forecast method ensures a smooth, predictable, and phased tariff trajectory across the Fourth Control Period, eliminating artificial pricing volatility.

7. The existing regulatory mechanism inherently protects user interests against capitalisation delays, cost variations, or non-execution by trueing up ARR against audited actuals at the commencement of the Fifth Control Period.
8. Introducing a parallel, project-specific "Incremental" framework duplicates existing safeguards without adding regulatory value.
9. The HRS Extension is integral to Kempegowda International Airport's (KIA) capacity expansion. To fund and execute infrastructure of this scale, IOSPL requires regulatory certainty and timely cash-flow visibility rather than a bifurcated baseline/incremental structure.
10. Subjecting this asset to a separate mid-term tariff filing, Auditor's Certification, and interim tariff determination over and above annual tariff approvals and end-of-period true-ups places an unnecessary administrative burden on both the Authority and the operator.

Request:

In light of the above submissions, IOSPL respectfully prays that the Authority:

1. Do not apply the principle of the Incremental ARR Approach to the T2 Phase 2 — 51 Stands HRS Extension project.
2. Include the full capital expenditure of the project, along with its consequential impact on Depreciation, Return on RAB, Opex, and Taxation, within the Baseline ARR for the Fourth Control Period.
3. Subject the project to the standard true-up mechanism based on audited actuals at the commencement of the Fifth Control Period.

Issue No. 2: Rationalisation of Land Lease Rental Payable to the Airport Operator:

Issue:

The Authority has proposed to rationalise the land lease rental payable by IOSPL to BIAL in both the Third Control Period (TCP) True-up and Fourth Control Period (FoCP) Projection. This covers the FY 2025-26 annual rent of Rs.28.09 crores for the existing Fuel Farm, and rentals for the existing Fuel Farm (FY 2026-27 to FY 2030-31) and Satellite Fuel Farm (FY 2027-28 to FY 2029-30), as set out in paragraph 3.12.1 (f) and 7.2.13 respectively of the CP. Under the SPRH Agreement dated 30.06.2025, the base rate is Rs.525 per sq.m. per month w.e.f. 01.04.2025, with 5% annual escalation. The Authority proposes to reduce the applicable rate by about 25%, from Rs.525 to Rs.395 per sq.m. per month, citing the steep increase from the historical nominal rent of Rs.1 per sq.m. per month, BIAL's dominant market position and potential tariff shock.

IOSPL's Submission

1. IOSPL respectfully submits that the proposal under Clause 3.12.1(f) of the Consultation Paper to restrict the admissible land licence fee from the contractual rate of ₹525 per sq. m. per month to ₹395 per sq. m. per month does not adequately reflect the regulatory and commercial realities governing the operation of the Common User Fuel Farm at Kempegowda International Airport, Bengaluru ("KIA").
2. IOSPL therefore requests the Authority to recognize the land licence fee at the actual contractual rate specified under the Operating Agreement executed with Bangalore International Airport Limited ("BIAL").

The land licence fee arises from the Operating Agreement effective 1 April 2025 and represents a binding contractual obligation payable to BIAL for the use of airport land essential for providing regulated fuel farm services. The expenditure is neither discretionary nor controllable by IOSPL and cannot be modified, negotiated, or avoided unilaterally once contractually agreed. As such, it constitutes a genuine and unavoidable operating cost directly attributable to the provision of regulated services.

3. The Fuel Farm is a critical airport infrastructure facility established as part of the airport's planning and operational framework for the storage, handling, and distribution of Aviation Turbine Fuel catering to all Oil Marketing Companies and airline operators at the airport. Given the nature of the facility, IOSPL has no flexibility to source alternative land or relocate operations outside the airport premises. Consequently, the land licence fee is an unavoidable cost of providing the regulated service.
4. The revised licence fee has been determined by BIAL in accordance with its prevailing commercial policy applicable to airport land and is consistent with the approach adopted for other airport concessionaires. The licence fee is the outcome of an arm's length contractual arrangement between independent parties and represents the value assigned by the airport operator to the land required for the fuel farm facility.

Under established cost-plus regulatory principles, efficiently incurred and verifiable costs that are necessary for providing regulated services are ordinarily allowed for recovery. The land licence fee satisfies all relevant criteria, being:

- a. Contractually payable and fully verifiable;
 - b. Prudently incurred;
 - c. Directly attributable to regulated fuel farm operations; and
 - d. Unavoidable in nature.
5. Accordingly, restricting the admissible amount to ₹395 per sq. m. per month, as against the contracted rate of ₹525 per sq. m. per month, would result in approximately 25% of

the actual land licence cost remaining unrecovered. Since IOSPL has no alternative mechanism for recovery of this cost, such disallowance would directly impact the Aggregate Revenue Requirement and the financial sustainability of the regulated service.

6. IOSPL further submits that the proposed disallowance creates a regulatory inconsistency. The land licence fee paid by IOSPL is recognized by BIAL as revenue, and the Authority has already considered such receipts as part of BIAL's aeronautical revenue framework. Since the same amount has been recognized on the revenue side of the regulatory framework and contributes to the determination of airport tariffs, it would be appropriate to allow corresponding recognition of the expense in IOSPL's ARR. Disallowance of a portion of the expenditure would result in inconsistent regulatory treatment of the same transaction.
7. It is also relevant to note that land lease or licence charges are commonly levied on fuel farm operators across other AAI, JV, and private airports. In several instances, airport operators additionally levy revenue share obligations, substantial security deposits, and annual escalations. Such arrangements have generally been acknowledged within the applicable regulatory framework. Against this backdrop, the contractual rate applicable at KIA is not excessive and compares reasonably with rates prevailing at other airports, as appended below:

Airport	Land Licence Fee (₹/sq. m./month)
Kolkata	767
Chennai	767
Pune	560
KIA (BIAL)	525

The above comparison demonstrates that the contractual rate of ₹525 per sq. m. per month is within the range of prevailing airport land charges and cannot be regarded as unreasonable or excessive.

8. The Authority has, in the past, accorded similar treatment to land licence rentals for other concessionaires at Kempegowda International Airport (KIA), based on the respective bilateral agreements executed with BIAL. A few relevant precedents are set out below:
 - a) CP No. 01/2023-24 - Tariff Determination for WFSBPL for Cargo Handling (1st Control Period)
 - i) The Authority approved a land licence fee of ₹468 per sq. m. per month for FY 2023-24, with an annual escalation of 5% (reaching ₹542 per sq. m. per month in FY 2026-27), which is comparable to the rates applicable in IOSPL's case.
 - ii) While approving the same, the Authority took cognizance of the Service Provider Right Holder Agreement (SPRH) executed between the parties.
 - b) CP No. 06/2023-24 - Tariff Determination for Menzies Aviation for Cargo Handling (1st Control Period)
 - i) The Authority similarly approved a land licence fee of ₹468 per sq. m. per month for FY 2023-24, with an annual escalation of 5% (reaching ₹542 per sq. m. per month in FY 2026-27), comparable to the rates applicable to IOSPL.
 - ii) In doing so, the Authority considered the provisions of the Service Provider Right Holder Agreement (SPRH) and observed as follows:

"Considering that the lease rental is part of the SPRHA, the Authority proposes to consider lease rental for the First Control Period as proposed by the ISP."

The above decisions clearly establish a precedent at KIA whereby the Authority has recognized and accepted land licence fees agreed contractually between BIAL and its concessionaires under their respective bilateral agreements. The same principle and approach ought to be applied consistently in the case of IOSPL.

Request:

In light of the facts and regulatory grounds outlined above, IOSPL respectfully prays that the Hon'ble Authority may be pleased to:

- i. For Third Control Period (TCP) True-Up: Allow the full actual expenditure of Rs.28.09 Crores paid towards land lease rental in FY 2025-26 based on audited accounts.
- ii. For Forth Control Period (FoCP) Projections: Accept the contractual base rate of Rs.525 per sq.m. per month (with 5% annual escalation) for both the existing Fuel Farm and Satellite Fuel Farm as a legitimate pass-through O&M expense, ensuring complete regulatory parity with the revenue treatment applied in BIAL's Tariff Determination.

Issue No. 3: Unrealistic volume projection by the Authority for the year 2026-27 against the actual volume achieved during FY 2025-26.

Issue:

The authority has projected the unrealistic 19% growth in volume for the Year 2026-27 against the baseline year (actual) 2025-26 resulting in artificial inflation of project volume for the 4th CP.

IOSPL's Submission:

IOSPL appreciates the Authority's efforts in determining fuel throughput projections based on the information available during the tariff determination process. However, IOSPL respectfully submits that the throughput forecast warrants reconsideration in light of prevailing market conditions and recent developments affecting aviation fuel demand.

Over recent months, the aviation sector has been impacted by geopolitical uncertainties, including disruptions to international air corridors, flight diversions, volatility in crude oil and Aviation Turbine Fuel (ATF) prices, and changes in airline network planning. These factors have adversely affected international operations and moderated fuel demand across several airports, including Kempegowda International Airport ("KIA").

The impact of these developments is already reflected in actual fuel throughput trends at KIA. Based on actual throughput for the initial 4 months (total -4,17,922 KL) of the year and by extrapolation of same, the expected throughput for FY 2026-27 is estimated at 12,53,766 KL.

Accordingly, IOSPL submits that the FY 2026-27 throughput may be considered at 12,53,766 KL, representing a modest growth of 0.26% over FY 2025-26 estimate. This approach more appropriately reflects current operating conditions while remaining prudent and realistic.

The above argument can also be substantiated with the air traffic trend at KIA in Q126 vis-à-vis Q125, as illustrated below: -

	DOMESTIC			INTERNATIONAL			TOTAL		
MONTH	CY	PY	%	CY	PY	%	CY	PY	%
APRIL	20,718	20,405	1.5%	2,950	3,438	-14.2%	23,668	23,843	-0.7%
MAY	21,770	21,072	3.3%	3,371	3,630	-7.1%	25,141	24,702	1.8%
JUNE	18,488	20,119	-8.1%	3,658	3,508	4.3%	22,146	23,627	-6.3%
TOTAL	60,976	61,596	-1.0%	9,979	10,576	-5.6%	70,955	72,172	-1.7%

As evident, at KIA in Q1 this year there is decline in both domestic and international traffic which also reflects in the ATF throughput in Q126-27 as illustrated above.

IOSPL further submits that the projected fuel throughput growth should be viewed in conjunction with the Air Traffic Movement ("ATM") growth assumptions already recognised by the Authority in BIAL's Control Period determination. For FY 2026-27, the Authority has considered ATM growth of approximately:

- 5% for domestic ATMs; and
- 11.12% for international ATMs.

Even this ATM projection is on higher side given the trend this year (as shown in the table above), but the projected fuel throughput growth of approximately **19% appears extremely on the higher side** and does merit reconsideration and major correction.

It is also relevant to note that airlines continue to induct newer-generation aircraft with improved fuel efficiency. As fleet efficiency improves over time, growth in fuel consumption is expected to

be lower than growth in aircraft movements, particularly in the near term. Accordingly, fuel throughput growth may not necessarily move in direct proportion to ATM growth.

While IOSPL seeks a revision of the FY 2026-27 throughput forecast to reflect current market realities, it agrees with the annual growth rates adopted by the Authority for the subsequent years of the Fourth Control Period, considering the expected recovery and long-term growth of the aviation sector.

Accordingly, IOSPL proposes the following throughput projections:

Particulars	FY26 (Base)	FY27	FY28	FY29	FY30	FY31	Total Throughput
Fuel Throughput (KL)	12,50,512 (Actual Volume)	12,53,766	13,79,143	14,75,683	15,49,467	17,19,909	73,77,968
Growth (%)	-	0.33%	10%	7%	5%	11%	

The above projections strike a balanced and prudent approach by recognising the short-term impact of prevailing market conditions while retaining the Authority's growth assumptions for the balance period.

Request:

In view of the above, IOSPL respectfully requests the Authority to :

1. Revise the fuel throughput projection for FY 2026-27 in line with the above proposal and
2. Retain the existing growth assumptions for the remaining years of the Fourth Control Period.

Issue No. 4: Non-Consideration of Actual/Audited Operating Expenditure and Disallowance of Payroll and R&M Expenditure Without Assigned Reasons:

Issue:

IOSPL respectfully submits that the determination of Aggregate Revenue Requirement (ARR) under AERA's regulatory framework rests upon the fundamental principle of a cost-plus / cost-reflective tariff determination base. While normative escalation factors serve as useful benchmarks for forward-looking projections, they ought not to supersede or override actual, audited, and prudent expenditure already incurred by a regulated entity.

In the Consultation Paper (CP), the Authority has proposed:

- Application of a normative annual escalation (6% for Payroll & R&M; 5% for A&G and Utility costs) for FY 2025-26.
- Disallowance of specific audited actuals: Rs 85 lakhs in Payroll Cost (FY 2024-25), and Rs3 lakhs & Rs13 lakhs in R&M Costs (FY 2023-24 and FY 2024-25, respectively) without citing specific reasons or regulatory grounds.

The cumulative proposed disallowance of Rs3.14 Crores artificially deflates the actual cost base, resulting in an unjust under-recovery for IOSPL and distorting the true-up process for the Third Control Period.

IOSPL's Submission:

- a. The Authority has accepted actuals for other critical ARR components, such as CAPEX and fuel throughput for FY 2025-26. Selective application of normative caps solely to Opex, where actual audited figures are available, creates an internal inconsistency within the regulatory model.
- b. Fuel Farm (FF) and Into-Plane (ITP) aviation fuelling services require specialized, highly trained technical personnel subject to strict safety mandates. Capping payroll growth at a rigid 6% does not reflect industry market dynamics, inflation, or competitive retention pressures, creating a severe risk of high attrition and operational risk.
- c. Key components within Administrative & General (A&G) costs such as Rates & Taxes, Insurance, and Minimum Wages for Security Personnel, are statutory obligations paid at actuals. They are non-negotiable and cannot be constrained by arbitrary inflation caps without forcing the service provider into unrecoverable losses.
- d. Audited financial statements and statutory Auditor's Certificates have been submitted for all relevant financial years. Regulatory precedent dictates that audited costs are presumed prudent unless explicitly challenged with factual or analytical justification. Disallowing verified costs without providing clear reasons deprives IOSPL of a fair opportunity to respond, contrary to the principles of natural justice.
- e. The authority in its Tariff order vide no Order No. 30/ 2021-22 has reckoned the annual inflation on payroll cost @ 8% YoY.

Financial summary of Opex disallowances:

The impact of the proposed normative rationalization and unreasoned disallowances is summarized below:

Opex Head	IOSPL Proposed (Rs. in Cr)	Approved by AERA (Rs.in Cr)	Proposed Disallowance / Variance (Rs. in Cr)
Payroll Cost	25.93	23.76	2.17
Administrative & General Costs	18.51	17.92	0.59
Repairs & Maintenance (R&M) Cost	8.43	8.18	0.25
Utility Cost	7.98	7.85	0.13
Total Opex Impact	60.85	57.71	3.14

The total variance includes the specific true-up disallowances of Rs. 0.85 Cr in Payroll (FY 24-25) and Rs. 0.16 Cr in R&M (FY 23-25 combined), as well as the normative cuts for FY 25-26.

Request:

In light of the statutory framework and regulatory principles governing AERA, IOSPL respectfully requests the Hon'ble Authority to:

- a. Allow Payroll, Administrative & General, Repairs & Maintenance, and Utility & Outsourcing costs based on audited financial actuals rather than applying normative Y-o-Y escalation caps (6% and 5%), ensuring full cost recovery under the cost-plus framework.
- b. Fully reinstate and approve the audited Opex at actuals for the third control period true up.
- c. In the event the Authority considers maintaining any disallowance, communicate the specific grounds or prudence checks applied, affording IOSPL a fair opportunity to furnish further clarifications prior to final order issuance.

Issue No. 5: Exclusion of Financial Impact of the Third Storage Tank pertaining to Satellite Fuel Farm Project:

Issue:

The Authority, while otherwise recognising the need for the Satellite Fuel Farm project and relying upon IOSPL's Cost Summary of Rs.287.66 crores (excluding IDC) submitted vide email dated 28.02.2026, has proposed, at paragraph 5.2.5 (vi) of the relevant extract, to exclude from the Fourth Control Period the financial implication (Depreciation and Return on the capitalised value) of one of the three proposed fuel storage tanks (6,462 KL capacity), on the ground that the projected ATF demand growth during the Control Period would require only an additional capacity of approximately 8,340 KL (i.e., broadly two tanks), rendering the third tank's capacity surplus to requirement during the Fourth Control Period. The Authority proposes to reconsider the financial impact of the third tank only as part of the true-up exercise for the Fifth Control Period, and only in the event of an exceptional spike in traffic. The final MYTP for 4th CP submitted vide email dated 28.02.2026 ([Annexure 4](#)) may kindly be reckoned depicting the correct project cost for Satellite Fuel Farm including IDC.

IOSPL's Submission:

We have noted that the Capital Expenditure proposed by the Authority for 02 storage tanks with allied equipment and infrastructure is Rs 199.45 Crores as against the total capex proposed by IOSPL – Rs 318.16 Crores for 3 tanks.

We had submitted the justification for the necessity of minimum 3 tanks at the facility vide our email dated 20th April 2026 ([Annexure-1](#)). Further a letter from International experts from Skytanking is attached for your ready reference ([Annexure-2](#))

AERA's guidelines accept that fuel storage cannot be calculated purely on average daily throughput; it must account for demand volatility, surge capacity, and supply disruption buffers. To take care of any exigencies like prevailing war like situation, higher inventories at the Airport Storage facilities are recommended.

Without the 3rd tank, stock storage would not be adequate as per the demand, putting KIA at acute risk of dry-outs during supply chain bottlenecks or pipeline disruptions.

The Authority has concluded that a storage configuration comprising two tanks of 6,540 KL each would be adequate to meet the forecast fuel throughput and has, on that basis, reduced the admissible project cost from Rs 318.16 crore to Rs 199.45 crore.

With utmost respect, IOSPL submits that this conclusion is based solely on storage capacity calculations and does not adequately consider the internationally recognised operational, safety and fuel quality requirements governing aviation fuel storage facilities. The provision of three storage tanks is not intended to create surplus storage capacity or facilitate future expansion; rather, it is the minimum configuration required to ensure safe, continuous and compliant operation of the Satellite Fuel Farm in accordance with internationally accepted aviation fuel standards.

The Consultation Paper appears to equate storage capacity with operational adequacy. While two tanks may theoretically provide the required aggregate storage volume, the design of an aviation fuel depot cannot be determined solely by volumetric capacity.

The Rationale for three tanks theory is summarized below:

a) Engineering & Compliance First:

Tank count is driven by IATA/JIG standards, safety, and operational continuity and not simple mathematical volume formulas.

b) Flaws of a 2-Tank Model:

A two-tank system forces a single tank to simultaneously receive and supply fuel whenever the other undergoes mandatory maintenance, cleaning, or inspection. This practice violates DGCA/international guidelines, bypasses required settling periods, and risks fuel quality.

c) The 3-Tank Requirement (Minimum Redundancy):

- Tank 1: Fuel Receipt
- Tank 2: Hydrant Supply / Delivery
- Tank 3: Settling, Maintenance, Inspection, or Emergency Standby

d) Hydrant System Reliance:

Unlike mobile bowzers, dedicated underground hydrant stands depend entirely on continuous, uninterrupted storage infrastructure.

e) Cost Efficiency (CAPEX):

Tanks represent a small fraction of overall Fuel Farm CAPEX. Major supporting infrastructure (firefighting, dykes, pipelines, common infrastructure etc) is built upfront for ultimate capacity regardless of initial tank count.

Consequently, a reduction in storage capacity does not result in a proportionate reduction in the overall Fuel Farm CAPEX. The facility-wise CAPEX breakup is attached as [Annexure 3](#).

It is pertinent to highlight that omission of one storage tank would only eliminate the cost of the tank itself. Almost all other facilities would still need to be developed during the first phase, as they are planned based on ultimate operational requirements and regulatory obligations. Accordingly, the reduction in overall project CAPEX would be limited. The key reasons are summarized below:

- a. Dyke System: The dyke capacity and configuration are governed by the largest tank within the dyke area. Removal of one tank does not materially alter the dyke design or its construction requirements.
- b. Firefighting Infrastructure: In accordance with OISD-235 requirements, the firefighting system, including fire-water tanks, hydrant network, fire pumps, and fire tenders, has been designed considering emergency response requirements for the facility. Therefore, the firefighting infrastructure remains substantially unchanged even if one storage tank is omitted.
- c. Fuel Receipt and Pumping Facilities: The TT receipt gantry, receipt pumps, and hydrant pumps are designed based on the projected throughput of the facility and are largely independent of the storage capacity installed.
- d. Common Infrastructure: Facilities such as the administrative building, perimeter wall, security systems, electrical infrastructure, access roads, and other supporting utilities are required from the outset and are not directly linked to the number of jet fuel storage tanks.

Accordingly, while reducing the number of tanks lowers the storage capacity, the corresponding saving in overall Fuel Farm CAPEX is limited because the majority of the common and statutory infrastructure must still be established during the initial phase itself.

In view of the above submissions, IOSPL respectfully requests the Authority to:

1. Recognise that the provision of three storage tanks is a minimum operational requirement arising from internationally accepted aviation fuel quality, safety and operational standards rather than a provision for future capacity expansion;
2. Admit the full estimated capital cost of **₹318.16 crore**, subject to the Authority's normal prudence review of actual expenditure and

Issue No. 6: Exclusion of Dead Stock from Regulatory Asset Base (RAB) and allowance of Only 5% Interest Thereon

Issue:

The Authority has proposed to depart from the regulatory treatment adopted in previous tariff determinations by excluding the value of Dead Stock of Aviation Turbine Fuel ("ATF") from the Regulatory Asset Base ("RAB"). Instead of allowing Return at Fair Rate of Return in accordance with the established tariff framework, the Authority has proposed to allow only a notional return at the rate of 5% per annum on the value of the Dead Stock as a separate element of the Aggregate Revenue Requirement ("ARR").

The proposal is based on the Authority's view that ATF constitutes a saleable commodity and cannot be equated with conventional capital assets such as fuel storage tanks, hydrant systems and plant & machinery. While recognising that a minimum quantity of ATF is necessarily required to remain permanently locked in the fuel farm and hydrant system for uninterrupted operations, the Authority has proposed to compensate IOSPL only through an interest allowance of 5% per annum, relying upon the approach recently adopted in the tariff determination for BPCL's Fuel Farm Services at Mopa Airport.

IOSPL's Submission:

IOSPL strongly objects to the Hon'ble Authority's proposal to exclude Dead Stock valued at Rs. 65.68 Crores (comprising Rs. 17.68 Crores existing and Rs. 48.42 Crores augmentation) from the Regulatory Asset Base (RAB) and substitute the Fair Rate of Return (FRoR) with an arbitrary 5% per annum interest allowance.

The Authority's premise that Aviation Turbine Fuel (ATF) is a "saleable commodity" fails to recognize IOSPL's business model as an independent, open-access Fuel Infrastructure Facility Operator. IOSPL does not trade fuel, earn trading margins, or hold operational stock. Dead Stock represents a non-fungible, permanently immobilized line-fill asset essential to establish hydraulic head and operate the facility. Restricting recovery to 5% creates a severe negative spread against IOSPL's cost of capital, violating fundamental regulatory principles, established AERA precedents, and global accounting standards.

The detailed justification for reckoning dead stock as a part of RAB is summarized below with rationales:

1. Operational essentiality & non-traded capital nature:

- b. Hydraulic Necessity: The total volume of 8,830 KL (4,001 KL existing + 4,829 KL addition for Satellite Fuel Farm, 13 stands, West Cargo etc) constitutes the un-pumpable base stock permanently trapped inside tanks and pressurized pipelines. Without this initial fill, fuel delivery to aircraft is physically impossible.
- c. Capital Lock-In: This fuel can never be commercialized, traded, or monetized during the operational lifespan of the facility. It is permanently locked capital committed under regulatory requirement until concession end.

2. Violation of cost of capital / WACC recovery principle:

- a. IOSPL funded the Rs. 65.68 Crores capital requirement through an optimal mix of debt and equity. The actual Weighted Average Cost of Capital (WACC) / FRoR approved for IOSPL is ~13.43% (incorporating Cost of Debt @ ~7.54% and Cost of Equity @ 14%).

- b. Capping the return at a flat 5% per annum fails to even cover the basic borrowing cost of debt, imposing an unrecoverable cash loss on a mandatory capital investment.

3. Inconsistency with settled regulatory precedents:

The reliance on the BPCL Mopa Airport order is an isolated departure that violates regulatory consistency across comparable fuel farm infrastructure:

- a. DAFFPL (Delhi Airport - CP No. 12/2021-22): AERA explicitly recognized Dead Stock as a non-depreciable asset included in the RAB, granting 100% FRoR on the locked capital.
- b. MAFFFL (Mumbai Airport - Order No. 20/2021-22): AERA accepted that MAFFFL does not sell fuel and allowed Dead Stock within the Gross Block / RAB to earn full FRoR.
- c. IOSPL Bengaluru Historical Orders (Order No. 30/2021-22): In IOSPL's own 2nd and 3rd Control Period true-ups, the 4,001 KL Dead Stock (Rs. 17.68 Crores) was included in RAB. Altering the methodology mid-stream without statutory changes violates legitimate expectations.

4. Global Accounting Treatment (IFRS / Ind AS 16):

Globally, base stock and line-fill fuel held by independent facility operators (who do not trade the underlying commodity) are accounted for under IAS 16 / Ind AS 16 (*Property, Plant and Equipment*) rather than IAS 2 / Ind AS 2 (*Inventories*):

- a. Under Ind AS 16.16(b), costs directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the intended manner must be capitalized as part of Plant & Machinery.
- b. Because Dead Stock cannot be liquidated in the ordinary course of business, treating it as inventory under Ind AS 2 is accounting-wise incorrect.
- c. In global regulatory and accounting frameworks (such as US GAAP and IFRS), line-fill is recognized as a non-depreciable capital asset item within Plant & Machinery (as physical volume does not degrade). Since it represents long-term committed capital expenditure (Capex), it forms an integral part of the regulated capital base, entitling the operator to the full regulatory return on capital employed (FRoR).

Methodological comparison:

Regulatory Feature	AERA CP 4th Control Period Proposal	IOSPL Justified Demand (Precedent-Backed)
Asset Classification	Standalone Line Item	Part of Gross Block / Regulatory Asset Base (RAB)
Accounting Standard	Ad-hoc treatment	Ind AS 16 / AS 10 (Capitalized under Plant & Machinery)
Depreciation Treatment	Disallowed	Disallowed (Agreed; non-depreciable asset)
Allowed Return	Flat 5% p.a. interest	Full Fair Rate of Return (FRoR @ ~13.43%)

Request:

In view of the technical necessity, global Ind AS 16 accounting mandates, financial cost of capital, and binding precedents in Delhi (DAFFPL), Mumbai (MAFFFL), and IOSPL's 3rd Control Period, IOSPL respectfully prays that the Hon'ble Authority:

1. Reconsider and withdraw the proposal to isolate Dead Stock as a standalone line item earning a 5% interest rate.
2. Capitalize the total Dead Stock value of Rs. 65.68 Crores (Existing Rs. 17.68 Cr + Augmentation Rs. 48.42 Cr) as a non-depreciable capital asset under Gross Block / Regulatory Asset Base (RAB) for the Fourth Control Period.
3. Allow the full Fair Rate of Return (FRoR) on the Dead Stock component within RAB to ensure complete recovery of the cost of debt and equity deployed.

Issue No. 7: Disparity in the cost of Equity between Airport Operator (BIAL) and Fuel Farm Owner (IOSL) operating under the same umbrella project risk environment:

Issue:

The Authority has approved Cost of Equity for both Third & Forth Control Period as 14% while approving 15.05% cost of equity to the Airport Operator:

IOSPL's Submission:

In the CP of IOSL for the Forth CP, the Authority recognized the cost of Equity as 14% approving 15.05% cost of equity to the Airport Operator. In previous control periods, the Authority approved a Cost of Equity of 14.00% for IOSL, while approving 15.05% for the Airport Operator, Bangalore International Airport Limited (BIAL). IOSL submits that maintaining this disparity in the Third and Fourth Control Period creates an unwarranted economic imbalance.

IOSL submits the Authority to approve a Cost of Equity of 15.05% for IOSL, establishing parity with BIAL based on the risk profile, concession constraints, capital investment obligations, and non-discriminatory regulatory principles outlined below.

1. Unlike traditional multi-location utility providers, IOSL's fuel farm operations at BLR depend entirely on the traffic, airline movements, and overall throughput of Kempegowda International Airport. Any macroeconomic shock, passenger drop, or operational disruption affecting BIAL impacts fuel demand to an equal or greater degree.
2. While BIAL derives revenues from diverse non-aeronautical streams (retail, real estate, parking, concessions), IOSL's revenues are strictly pegged to aviation fuel infrastructure usage. Consequently, IOSL faces higher revenue concentration risk relative to its total asset base.
3. IOSL operates under a Build, Own, Operate, and Transfer (BOOT) concession agreement. At the end of the concession term, all fuel farm infrastructure assets must be handed over to BIAL at zero cost / nil residual value. Because the asset lifecycle for IOSL is bound by the concession end-date rather than the physical life of the equipment, equity investors bear accelerated asset decay and re-investment risks. A Cost of Equity of 15.05% adequately reflects this finite recovery window and compensates equity holders for the capital locked in BOOT assets.
4. Aviation fuel infrastructure operates in the same macroeconomic environment as the airport itself. Given the high fixed cost capital structure required for automated fuel storage, hydrant systems, quality control laboratories, and statutory safety compliance, IOSL's operational leverage must be aligned with that of the main airport operator. Applying an arbitrary FRoR understates the systematic risk borne by aviation fuel infrastructure providers.
5. To support BIAL's expanding terminal infrastructure and growing air traffic, IOSL is executing significant capital expenditure for capacity expansion, statutory upgrades, and reliability enhancements. Debt-financing for specialized airport infrastructure requires robust equity backing. Providing a fair rate of return on equity equal to the main airport operator (15.05%) ensures IOSL can continue to raise and commit equity capital without diluting returns for its shareholders.
6. Regulatory precedents across infrastructure sectors establish that entities operating under the same umbrella project risk environment should be evaluated under consistent risk-return parameters.

7. Denying rate parity to essential aviation support infrastructure operators creates tariff distortion. Aligning asset owners at the same airport fosters regulatory predictability and stability.

Request:

In light of the facts and detailed justification presented above, IndianOil Skytanking Limited (IOSL) respectfully submits that the Authority may be pleased to:

1. Approve a Cost of Equity of 15.05% for IOSL for the determination of Fair Rate of Return (FROR) and Aggregate Revenue Requirement (ARR) for the Fourth Control Period at Kempegowda International Airport, Bengaluru.
2. Grant Parity between the Fuel Farm Operator (IOSL) and the Airport Operator (BIAL) in respect of the return on equity, recognizing the shared risk profile and BOOT concession realities.

Issue No.8: Disallowance of 31% Opex for the 4th Control Period:**Issue:**

The Authority has rationalised the projected Operation & Maintenance (O&M) expenses for the Fourth Control Period.

IOSPL's Submission:

Indian Oil Skytanking Limited (IOSL) respectfully submits its objections to the proposed 31% reduction (Rs.121.02 Crore) in Operational Expenditure (Opex) for the 4th Control Period at Bengaluru Fuel Farm. Further would like to submit that the O&M expenses for the 4th CP are necessarily based on projections. The actual expenditure incurred during the control period may vary from the projected expenditure on account of changes in employee costs, maintenance requirements, statutory and regulatory obligations, utility costs, insurance, inflation and other operating factors that are beyond the control of IOSL.

Disallowing nearly a one-third of prudent operational expenses directly undermines the financial viability of the Fuel Farm, jeopardizes debt servicing capabilities for ongoing Capital Expenditure (Capex).

In order to ensure that IOSL neither over-recovers nor under-recovers its prudent operating expenditure, the projected O&M expenses incurred during the 4th CP. Such an approach is consistent with the principle of cost reflective tariff determination and ensures that only prudent and efficient operating costs are ultimately recovered through tariffs.

Summary of Opex Disallowance is given below:

(All figures Rs in Crore)

Particulars	Opex Proposed by IOSL	Opex Considered by Authority	Amount Disallowed	% Disallowance
Payroll Cost	73.80	52.18	21.62	29%
Administrative & General Cost	39.55	25.43	14.12	36%
Repairs & Maintenance Cost	15.40	8.30	7.10	46%
Utilities & Outsourcing Costs	20.59	14.84	5.75	28%
Airport License Fees	232.11	174.65	57.46	25%
Operating Fee Margin	14.97	0.00	14.97	100%
Total Opex	396.42	275.40	121.02	31%

Further justification for re-instating the Opex for the forth control period:

- a. Under the Building Block Approach laid down in AERA Guidelines, regulated entities are entitled to recover efficiently incurred operational expenditure to maintain a fair rate of return. A blanket disallowance of 31% without establishing inefficiency or non-prudence violates the principle of full cost recovery for essential services.

- b. Disallowing Repairs & Maintenance by 46% and Payroll by 29% directly impacts civil aviation safety and international quality standards (JIG/ICAO):
 - i. R&M Costs: Aviation fuel infrastructure requires non-negotiable preventive maintenance, integrity testing, and mandatory technical upgrades. Cutting R&M by nearly half compromises operational safety and system reliability.
 - ii. Payroll & Outsourced Manpower: Maintaining round-the-clock fuel farm operations, stringent quality control, and fire safety requires skilled aviation fuel specialists.
- c. IOSL is undertaking substantial ongoing Capex during the 4th Control Period to augment refueling infrastructure at Bengaluru Airport. This may impact on debt financing. The lenders would certainly evaluate the cash flow adequacy of regulated infrastructure assets based on tariff revenue projections. A 31% Opex cut drastically erodes EBITDA and debt service coverage ratios (DSCR).
- d. Financial institutions will perceive higher credit risk, leading to elevated interest margins or reluctance to disburse sanctioned debt facilities, stalling crucial airport infrastructure development.
- e. Disallowing the entire Operating Fee Margin (Rs.14.97 Crore) ignores the legitimate operational risk borne by the service provider. Depriving the operator of a reasonable margin discourages private sector investment and violates AERA's mandate to encourage economic, efficient, and viable airport services.

Request:

In light of the above statutory principles, operational realities, and contractual obligations, IOSL respectfully prays that the Hon'ble Authority:

1. Reconsider and allow the projected Opex of Rs.396.42 Crore in full for the 4th Control Period to ensure safe, uninterrupted, and financially viable operations.
2. Alternatively, pass-through actual incurred costs subject to a mid-term or end-of-period truing up based on audited financials.
3. Recognize mandatory contractual outflows (such as Airport License Fees) as unavoidable pass-through operational costs.

Issue No.9: Disallowance of Operator's Margin for 3rd and 4th CP:**IOSPL's Submission:**

Disallowance of Operator's Margin for 3rd and 4th CP on the premise that because IOSPL functions as both the Facility Owner and Facility Operator, the Operator Margin is non-admissible above O&M Expenses.

IOSPL submits that the Authority's proposal to disallow the Operator's Margin (claimed at ₹1.59 Crores for FY 2025-26 and ₹14.97 Crores for the 4th Control Period) contradict the Capital Investment Risk with Operational & Service Performance Risk.

Section 13(1)(a)(iv) of the AERA Act, 2008 obligates the Authority to give due consideration to concession agreements and contractual arrangements entered into by airport stakeholders. Unilaterally disallowing a contractually stipulated margin disrupts the economic equilibrium of the project.

Separation of Risk Profiles (Capital Return vs. Operational Compensation):

- i. FRoR on RAB compensates the owner for capital deployment and asset depreciation.
- ii. O&M Recovery only covers direct pass-through operating expenses.
- iii. Operator's Margin compensates for operational risk, performance guarantees, liability exposures, and specialized expertise required to maintain stringent aviation safety standards.

IOSPL further submits that the Authority's proposal to disallow the Operator's Fee under Clause 7.2.16 is based on an incorrect interpretation of the nature and purpose of the Operator's Fee under the Operating Agreement.

1. Operator's Fee is not dependent on engagement of a Third Party Operator:

The Consultation Paper observes that since IOSPL itself is operating the Fuel Farm and no third-party operator has been engaged, the Operator's Fee is not admissible. With respect to this conclusion is not supported either by the contractual framework or by established regulatory principles.

The Operator's Fee is not a reimbursement payable only when services are outsourced to a third party. It is the contractual consideration payable for carrying out the specialised operation, maintenance and management of the Common User Fuel Farm in accordance with the Operating Agreement executed with Bangalore International Airport Limited (BIAL).

Whether these specialised services are performed directly by IOSPL or through an independent contractor does not alter the nature of the obligation or the cost incurred in providing the regulated service.

2. Operator's Fee Represents Contractual Consideration for Services Rendered:

Under the Operating Agreement, IOSPL has accepted comprehensive responsibilities for:

- a. Operation of the Fuel Farm and Hydrant Refuelling System;
- b. Maintenance of critical fuel infrastructure;
- c. Compliance with IATA and Joint Inspection Group (JIG) standards;
- d. Fuel quality assurance and product traceability;
- e. Health, safety and environmental compliance;
- f. Emergency preparedness and response;
- g. Regulatory compliance;
- h. Operation of specialised aviation fuel handling facilities; and

- i. Uninterrupted supply of aviation fuel to all airline customers.

The Operator's Fee represents the agreed contractual consideration for discharging the above specialised services.

It is therefore an integral component of the cost of providing the regulated service and not a payment contingent upon the engagement of an external operator.

3. Regulatory treatment should be independent of the Operating Model:

The admissibility of the Operator's Fee (Margin) should not be determined by whether the Fuel Farm operations are performed directly by IOSPL or through a third-party contractor. Rather, the regulatory consideration should be whether the Operator's Fee:

- a) Is provided for under a valid and legally binding Operating Agreement;
- b) Represents contractual consideration for the specialised operation, management and maintenance of the Fuel Farm;
- c) Is directly attributable to the regulated aviation fuel infrastructure services; and
- d) Is reasonable and prudently incurred in accordance with the contractual framework governing the regulated business.

The method adopted by the Infrastructure Service Provider to discharge its contractual obligations, whether through its own personnel or by engaging an external contractor, is merely a delivery model and does not alter the nature of the contractual entitlement. The Operator's Fee is the agreed consideration for performing the obligations entrusted to IOSPL under the Operating Agreement and is not contingent upon the engagement of a third-party operator.

A regulatory approach that allows recovery of an Operator's Fee only when services are outsourced, while denying recovery where the same specialised services are performed directly by the Infrastructure Service Provider, would create an artificial distinction that has no basis in the Operating Agreement or the AERA regulations guidelines. Such an approach would inadvertently discourage operational efficiency and penalise an operator for delivering the regulated service through its own organisation rather than through an external agency.

4. Contractual obligations cannot be ignored for Tariff Determination

The Operating Agreement executed between BIAL and IOSPL expressly recognises the Operator's Fee as part of the commercial framework governing operation of the Fuel Farm. The Agreement has been negotiated between independent commercial entities and defines the consideration payable for the specialised services undertaken by IOSPL.

The Consultation Paper does not record any finding that:

- a. Operating Agreement is unreasonable;
- b. Operator's Fee is excessive;
- c. Operator's Fee is unrelated to the regulated activity; or

In the absence of any such finding, complete disallowance of the Operator's Fee is inconsistent with the principles of prudence review.

5. Denial of recovery defeats the Cost-Plus Regulatory Framework:

The Common User Fuel Farm operates under a cost-plus regulatory model intended to permit recovery of prudently incurred costs necessary for providing regulated services. The Operator's Fee constitutes an unavoidable contractual cost directly attributable to operation and maintenance of the regulated infrastructure. If IOSPL remains contractually obligated to perform these services while the associated contractual consideration is excluded from the Aggregate Revenue Requirement, the Company is compelled to absorb an unrecovered cost that is essential for providing the regulated service.

6. Financial and Regulatory implications:

Disallowance of the Operator's Fee results in:

- a) Reduction of the Aggregate Revenue Requirement;
- b) Reduction of the Fuel Infrastructure Charge;
- c) Non-recovery of a legitimate contractual operating cost, and
- d) Creation of an artificial distinction between self-operated and outsourced operating models without any regulatory or economic justification.

Request:

In view of the above, IOSPL respectfully requests the Authority to:

1. Recognise that the Operator's Fee is a contractual consideration for specialised operation and maintenance services and is not contingent upon engagement of a third-party operator
2. Reconsider the proposal to disallow the Operator's Margin for the True-up of the Third Control Period (Rs. 1.59 Crores).
3. Approve and allow the Operator's Margin of Rs. 14.97 Crores in the Aggregate Revenue Requirement (ARR) for the 4th Control Period.
4. Determine the yield per unit / Fuel Infrastructure Charges (FIC) after fully incorporating the Operator's Margin to ensure financial equilibrium and sustained operational excellence.

Issue No.10: Unjustified inclusion of "Other Income" (Interest Income) in the True-Up working for the Third Control Period (FY 2021–22 to FY 2025–26):

Issue:

The Authority's proposal in the Consultation Paper ("CP") to include "Other Income" (comprising interest, dividend, and treasury income) in the Aggregate Revenue Requirement ("ARR") true-up for the Third Control Period solely on the ground that appeals against Hon'ble TDSAT judgments are pending before the Hon'ble Supreme Court, is legally unsustainable, contrary to established judicial discipline, and places an unwarranted financial burden on the Independent Service Provider ("ISP").

IOSL's Submission:

IOSL would like to submit the Authority respectfully as under:

The Hon'ble TDSAT has repeatedly held including in *DIAL vs. AERA* (Appeal Nos. 1 of 2016 & 1 of 2021, Order dated 21.07.2023) and *GHIAL vs. AERA* (Appeal No. 4 of 2021, Order dated 14.02.2024) that interest, dividend, and treasury earnings arising from Cash Management Processes (CMP) do not originate from aeronautical or non-aeronautical airport services. Consequently, such income falls strictly outside the regulatory revenue base and cannot be used for cross-subsidization or included in the ARR.

While the Authority has filed Civil Appeals under Section 31 of the AERA Act, 2008, the Hon'ble Supreme Court has ***granted no stay*** on the operation or enforcement of these TDSAT rulings. Under settled administrative and constitutional law, the mere pendency of an appeal before a higher forum does not stay, dilute, or suspend the binding nature of a competent tribunal's judgment.

The Hon'ble TDSAT has expressly reprimanded the Authority for this approach, observing:

"AERA should have followed the earlier decisions pronounced by this Hon'ble Tribunal in more than one AERA Appeals especially when no stay has been granted by Hon'ble the Supreme Court of India. Merely because Appeal is pending, no stay could have been presumed by AERA otherwise it will tantamount to a situation that 'though stay has not been granted by Hon'ble the Supreme Court of India, AERA has granted stay on their own upon the decision of TDSAT'..."

By continuing to include "Other Income" under the guise of "past practice" or "public interest," the Authority is effectively granting itself an impermissible stay against binding judicial precedents. Administrative continuity cannot override active, operative judgments of an appellate authority.

Request:

In light of binding TDSAT rulings and the absence of any judicial stay, the Authority is respectfully requested to:

1. Exclude "Other Income": Remove Interest Income / Other Income totaling Rs. 366.64 Lacs from the true-up computation of the ARR for the Third Control Period (FY 2021–22 to FY 2025–26) and cross-subsidization unless explicitly directed otherwise by an order of the Hon'ble Supreme Court
2. Recompute the final ARR and the resultant over/under-recovery for the Third Control Period after fully aligning the calculations with the principles laid down by the Hon'ble TDSAT.

Issue No.11: Consideration of return on refundable Security Deposit furnished to the Airport Operator:

Issue:

The CP proposes to allow a return of only 5% per annum on the Security Deposit furnished by IOSPL to the Airport Operator, instead of the 15.05% claimed by IOSPL. The Authority has observed that although the Security Deposit results in a substantial amount of IOSPL's funds remaining locked for a significant duration, it does not directly serve an aeronautical purpose and therefore has proposed to compensate IOSPL only to the extent of inflation.

IOSL's Submission:

IOSPL respectfully submits that the Authority's proposal to restrict the return on the mandatory Refundable Security Deposit (SD) to an arbitrary rate of 5% per annum (inflation indexation) is unsustainable.

The Security Deposit payable to the Airport Operator is a non-negotiable statutory and contractual precondition under the Sub-Lease Deed for delivering regulated aeronautical services. Restricting its return to 5% ignores the real financial burden, misapplies regulatory economic principles, and directly departs from established AERA and Judicial Precedents.

IOSPL humbly requests that the Authority allow a return on the Security Deposit at the Cost of equity or at least at the cost of debt (benchmarked against actual weighted average cost of debt), aligning with settled regulatory principles.

Under Section 13(1)(a) of the AERA Act, 2008, the Authority is mandated to determine tariffs while giving due regard to *"the economic and efficient operation of the airport"* and ensuring a reasonable *"return on capital employed."*

Contrary to the preliminary observation in the Consultation Paper, the Security Deposit directly serves an aeronautical purpose:

- a. It is a mandatory contractual prerequisite under the Concession Agreement / Sub-Lease Deed. Without providing this outlay, IOSPL cannot access airport premises or operate the Fuel Farm.
- b. Capital encumbered under mandatory regulatory conditions forms an integral component of the cost of providing the aeronautical service.
- c. The encumbered capital represents real money locked for the entirety of the concession period.
- d. This capital is unavailable for funding capital expenditures (CAPEX), retiring debt, or servicing working capital.
- e. Restricting the return to a nominal 5% (covering only inflation) forces IOSPL to absorb a substantial uncompensated spread between its actual cost of capital and the nominal allowance, resulting in an unviable regulatory penalty.

Judicial precedents & AERA Regulatory decisional history:

The proposal to cap the return at 5% directly violates the principle of regulatory consistency established by the Hon'ble Telecom Disputes Settlement & Appellate Tribunal (TDSAT) and AERA's own past tariff orders:

1. TDSAT Ruling in DIAL Matter (Appeal No. 10/2012) & MIAL Matter:

The Hon'ble TDSAT definitively ruled that Refundable Security Deposits (RSD) cannot be treated as zero-cost or nominal-cost funds. The Appellate Tribunal established that where funds are locked for long durations to finance project requirements or secure operational rights, the utility/operator must be allowed a return equivalent to at least the Cost of Debt.

2. DIAL – Third Control Period (Order No. 57/2020-21):

AERA recognized that RSDs cannot be zero-cost funds and explicitly determined that the return on such capital must be allowed equivalent to the actual cost of debt (9.28%).

3. Cochin International Airport Limited (CIAL) – Third Control Period (Order No. 08/2021-22):

The Authority applied the same rationale, holding that mandatory security deposits represent debt capital and must be compensated through the cost of debt framework.

In view of the above established rulings, the Authority (AERA) cannot adopt divergent principles for an independent Fuel Farm / Independent Service Provider (ISP) compared to Airport Operators. Equal regulatory treatment must apply where capital is locked under mandatory contractual frameworks for facilitating aeronautical services.

Request:

In light of the statutory mandates of the AERA Act, settled judicial jurisprudence from TDSAT, and the Authority's own regulatory precedents, IOSPL respectfully prays that the Hon'ble Authority be pleased to:

1. Reconsider the proposal of restricting the return on Security Deposit to 5% per annum.
2. Allow a return on the full value of the mandatory Security Deposit at the cost of Equity or at least at the prevailing Cost of Debt in line with the established rulings on the Refundable Security Deposits.
3. Include the corresponding debt service cost in the Aggregate Revenue Requirement (ARR) calculation to ensure cost recovery and commercial viability of the Fuel Farm operations.

C. General Request:

IOSPL respectfully requests the Authority to take the above submissions on record and modify the treatment proposed in the Consultation Paper on the nine issues identified above, in the manner requested under each issue, while adopting the balance of the CP as proposed, in the interest of regulatory certainty, prudence and consistency with past regulatory practice.

The IOSPL reserves its right to place additional facts, data and analytical/benchmarking material on record in support of the above submissions.

For IndianOil Skytanking Private Limited,

(Bipin Wankhede)
Chief Financial Officer

Date: 06.08.2026

Place: Bangalore

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CFO

From: CFO <cfo@iosl.in>
Sent: 20 April 2026 16:28
To: 'LAKSHMI LAKSHMI'
Cc: 'RAM KRISHAN'; 'Mukesh Wadhwa'; 'SATISH KUMAR'; 'SANYUKTA RANA'; 'Asmita Manchanda'; 'T S Dupare'; 'hariram'
Subject: RE: DETERMINATION OF FUEL INFRASTRUCTURE CHARGES (FIC) FOR INDIAN OIL SKYTANKING PRIVATE LIMITED (IOSPL) AT KEMPEGOWDA INTERNATIONAL AIRPORT (KIA), BANGALORE FOR THE FOURTH CONTROL PERIOD
Attachments: Justification for Development of three Storage Tanks in Initial Phase.pdf

Madam,

We would like to provide detailed justification for Construction of three 6540 KL Tanks in the initial phase of the Satellite Fuel Farm at Kempegowda International Airport, Bengaluru as under:

IndianOil Skytanking Private Limited (IOSL) is developing a new satellite fuel farm with three tanks of 6540 KL capacity each to ensure reliable, uninterrupted Aviation Turbine Fuel (ATF) supply at Bangalore International Airport (BIAL). This infrastructure is essential to support the airport's expanding flight operations while maintaining the highest standards of safety, quality, and reliability.

A three-tank configuration represents the absolute minimum requirement from Day 1; any phased construction would introduce unacceptable operational, safety, quality-control, and regulatory risks, conflicting directly with globally accepted aviation fuel handling norms.

1. Operational Necessity: Dedicated functional segregation requires three tanks Minimum. Aviation fuel operations at a high-traffic international airport demand simultaneous, independent handling of receipt, settling/quality assurance, and delivery streams without interruption or cross-contamination. The proposed configuration is:

- Tank 1: Dedicated receipt from tank trucks (road supply).
- Tank 2: Dedicated receipt from pipeline / Settling (bulk supply).
- Tank 3: Dedicated delivery (into-plane refuelling via hydrant or refuellers).

This segregation enables continuous receipt and delivery while accommodating different flow rates, filtration needs, and batch certification processes. Receipt modes (truck vs. pipeline) cannot share tanks, and delivery must remain isolated to prevent backflow or contamination risks.

International Standard Alignment:

The IATA Guidance on Airport Fuel Storage Capacity (Edition 1) explicitly states that, for continuous operation with dedicated Jet A-1 receipt modes, at least three tanks are required: one for aircraft refuelling, one for receiving, and one for settling/maintenance. It further clarifies that storage must allow “at all times at least one tank receiving fuel, one tank containing fuel being settled and one tank available to deliver into the fuel hydrant.” This is the global benchmark for airport fuel depots and directly mirrors IOSL’s design.

2. Quality Control (QC) Compliance and Product Integrity:

Strict QC protocols under JIG Standards (JIG 1, 2 & 3), DGCA requirements, and IOSL’s Aviation Quality Control Manual mandate independent sampling, testing, settling, and recertification of batches from different sources. Separate tanks prevent mixing of certified and uncertified product and allow recirculation/filtration in one tank while others remain operational.

A phased approach (e.g., starting with one or two tanks) would force temporary mixing or single-tank operations, violating JIG and IATA QC principles and exposing the system to contamination, which is incompatible with international aviation safety standards.

3. Annual Maintenance and Redundancy Requirements

Each ATF tank requires annual maintenance (internal inspection, cleaning, corrosion assessment) per OISD-STD-235, EI 1540 (Energy Institute), and JIG guidelines. Maintenance typically takes several weeks, during which the tank must be isolated, gas-freed, and removed from service. With fewer than three tanks, even routine maintenance would cause partial or full shutdown of receipt or delivery, disrupting airport fuel supply. The three-tank setup provides full redundancy:

- ✓ One tank in maintenance while the other two sustain full operations (receipt + delivery/settling).
- ✓ Zero downtime and uninterrupted supply to aircraft.

4. Alignment with International Standards and Practices at Similar Global Projects

The three-tank initial configuration fully complies with and is the standard practice in leading international aviation fuel infrastructure projects:

- 📌 **IATA Guidance (widely adopted globally):** As noted above, the three-tank minimum is the baseline for any new or expanded airport fuel farm requiring continuous, dedicated Jet A-1 operations. Phased construction is only referenced for future growth beyond minimum needs, not for compromising core operational requirements.
- 📌 **JIG and Energy Institute (EI) Standards:** JIG 2 (Aviation Fuel Quality Control & Operating Standards for Airport Depots & Hydrants) and EI 1540 emphasise tank segregation, maintenance access, and operational continuity as non-negotiable for quality assurance and safety at all airport depots. These are the de-facto international benchmarks used at major hubs worldwide.

Constructing all three tanks in the initial phase therefore represents best-in-class international practice. It eliminates any need for temporary workarounds, ensures immediate full compliance with IATA/JIG/EI standards, and aligns IOSL's project with how comparable satellite fuel farms have been successfully delivered at leading global airports.

5. Further, we would like to clarify that why a phased approach is not feasible or compliant:

- ❖ **Operational & Safety Risk:** Any delay in the third tank would force reliance on only one or two tanks, directly contradicting IATA's "at least three tanks for continuous operation" requirement and exposing the airport to supply interruptions, QC violations, or emergency shutdowns.
- ❖ **Regulatory & Contractual Implications:** IOSL's agreements with BIAL and fuel suppliers assume uninterrupted, high-reliability supply from commissioning. A phased build would breach these expectations and international norms.
- ❖ **Economic & Efficiency Perspective:** Building all three tanks together leverages economies of scale in construction, mobilisation, and avoiding higher future costs.

Therefore, the construction of three 6540 KL tanks in the initial phase **are not an option** but a **technical and regulatory imperative driven by operational needs, annual maintenance cycles, and strict adherence to IATA, JIG, and EI international standards**. This approach ensures zero-compromise, safe, and continuous ATF supply at BIAL from Day 1 of commissioning of Satellite Fuel Farm.

Trust, this clarifies the need for constructing three tanks during initial phase of the project. IOSL remains committed to full transparency. This configuration guarantees long-term operational excellence, safety, and regulatory compliance.

Regards

 **Bipin G Wankhede**
Chief Financial Officer

IndianOil Skytanking Private Limited
IndianOil Skytanking Delhi Private Limited

IOSL Noida Private Limited

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From: LAKSHMI LAKSHMI <lakshmi.2025@aera.gov.in>

Sent: 20 April 2026 12:58

To: CFO <cfo@iosl.in>

Cc: RAM KRISHAN <director-ps@aera.gov.in>; Mukesh Wadhwa <dirps-2@aera.gov.in>; SATISH KUMAR <satish.kr@aera.gov.in>; SANYUKTA RANA <usps-2@aera.gov.in>; Asmita Manchanda <asmita.manchanda@govcontractor.nic.in>

Subject: DETERMINATION OF FUEL INFRASTRUCTURE CHARGES (FIC) FOR INDIAN OIL SKYTANKING PRIVATE LIMITED (IOSPL) AT KEMPEGOWDA INTERNATIONAL AIRPORT (KIA), BANGALORE FOR THE FOURTH CONTROL PERIOD

Dear Sir,

Refer above subject.

While reviewing the proposed CAPEX for the Fourth Control Period, it has been observed that the ISP has proposed CAPEX towards construction of 3 additional fuel storage tanks in one go, thereby increasing the existing fuel storage capacity by almost 100% (i.e. from 19800 KL to 39420 KL in 2026-27). However, the aircraft movements are only projected to increase gradually and consequently, demand for ATF storage will also rise gradually at the airport.

As per MYTP submission demand for fuel throughput volume is expected to reach 19,78,300 KL in FY 2030-31 (from 12,45,580 KL in FY 2025-26) i.e. 58% increase.

As per MYTP submission, there seems to be mismatch in the fuel storage capacity creation and demand for ATF at Bangalore Airport during the Fourth Control Period.

In view of the above, in context of fuel storage norms etc., the proposed construction of 03 number of storage tanks (Satellite Fuel Farm) in one go may be reviewed. In this regard, your reply may be submitted by Wednesday (22.04.2026) evening, duly supported with relevant documents and operational norms.

Thanks and regards

Lakshmi

Justification for Development of Three Storage Tanks in Initial Phase (Aligned with DGCA, IATA, JIG & EI Guidelines)

1. Background

As part of the development of the aviation fuel facility at the airport at Bangalore International airport, it is proposed to construct three storage tanks in the initial phase itself. Building 3 tanks is aligned with globally accepted practices of the International Air Transport Association (IATA), Joint Inspection Group (JIG), and Energy Institute (EI) and DGCA.

2. Operational Justification (JIG / EI Alignment)

The JIG and other international guidelines mandate segregation of operations and strict quality control:

- Fuel must undergo receipt → settling → testing → delivery
- Receiving the product simultaneously by Pipelines and Tank trucks in separate tanks to ensure accurate stock accounting of product transferred through pipeline or tank truck and to maintain strict quality control the product receipts through pipeline & tank lorry
- Simultaneous receipt and delivery from the same tank are not permitted as per norms
- Adequate settling time is mandatory before release of product to delivery: After receipt of product in storage tank, ATF requires adequate settling time to allow for separation and settlement of water and sediments. After completion of settling time and QC, the storage tank is released for delivery of ATF to the Hydrant Refueling System or Refueller Loading.

A minimum of three tanks enables full functional segregation and takes care of the following important aspects:

S. No.	Storage Tank	Function
1	Tank no 1	Receipt of product by Tank Trucks
2	Tank no 2	Receipt of product by Pipeline or Settling
3	Tank no 3	Delivery to hydrant system or refueller loading after settling and testing

The three-storage tank configuration ensures:

- Continuous operations without interruption
- Compliance with mandatory settling and quality control requirements
- Elimination of operational compromises or shortcuts

Maintenance of the storage tanks and cleaning of tanks are mandatory, and the requirements are annual visual inspection and periodical internal cleaning of tanks. For this purpose, the storage tanks are taken out of service one tank at a time. Prior to cleaning, the product in storage tank needs to be completely emptied followed by:

- Adequate time for the storage tank to become gas free
- Safe vessel entry and cleaning the tank
- Patch epoxy painting of tanks, if required

- Receive product and perform necessary quality control checks before returning the storage tank to service.

This entire process typically takes time ranging from seven to ten days.

3. Capacity Justification (IATA Alignment)

As per IATA principles:

- Fuel storage is critical infrastructure for airport reliability
- Capacity must address supply disruptions, demand fluctuations and logistics constraints

A three-tank configuration provides operational resilience, avoids dependence on single or dual tank cycling, which can create supply bottlenecks & increased operational risk.

4. Project & Cost Efficiency Considerations

Constructing three tanks in one phase offers significant advantages like Cost Optimization, Lower unit construction cost (due to economies of scale, single mobilization of contractor and Shared infrastructure (foundation, piping, utilities). It also prevents delays associated with Contractor remobilization and phased construction complexities

5. Safety & Operational Risk Mitigation

- Ensures strict adherence to standard practices from Day 1.
- Reduces risks associated with inadequate settling time, operational overlap and human intervention in tank switching
- Enhances overall system reliability and safety

6. Future Readiness & Scalability

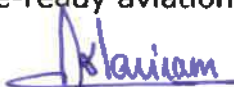
- Provides built-in capacity for traffic growth and airline expansion
- Avoids premature capacity constraints
- Aligns with long-term airport master planning

In summary, three tanks are always recommended due to Segregation of receipt, settling, and delivery operations (DGCA/JIG/IATA/EI) and adequate storage capacity and operational resilience.

Development of three tanks in the initial phase is therefore:

- Operationally essential
- Economically optimal
- Safety-driven
- Aligned with global best practices

The construction of three storage tanks in one go to ensure a safe, compliant, and future-ready aviation fuel infrastructure.


HARIRAM K
 Chief General Mgr Ops -



Justification of providing 3 storage tanks at the satellite tank farm at Bangalore International Airport from the initial stage

To Whom It May Concern

The provision of three storage tanks from the initial phase of the Satellite Tank Farm project is not a matter of future capacity expansion but a fundamental requirement to ensure compliance with internationally recognized aviation fuel standards, maintain fuel quality, guarantee operational continuity, and minimize safety risks.

The applicable IATA guidance and JIG requirements clearly identify the need for sufficient storage capacity and operational redundancy within aviation fuel facilities to accommodate routine maintenance, inspections, fuel quality investigations, cleaning activities, and unexpected equipment outages without compromising the integrity of the fuel supply chain or airport operations. As demonstrated below, a two-tank configuration would not provide the minimum level of flexibility required to safely receive, store, quality-control, and distribute aviation fuel in accordance with international standards. Consequently, the Satellite Tank Farm should be designed and constructed with three storage tanks from the outset to ensure regulatory compliance, operational resilience, and the long-term safety of airport fueling operations.

IATA Section 3 - Airport Current Profile, point 6 states

6. Specific operational needs in the said Depot, e.g. if fuel receipt mode is dedicated to Jet A-1, then you need at least 3 tanks (one for aircraft refuelling, one for receiving and one for settling/maintenance, etc). If the fuel receipt mode is NOT dedicated to Jet A-1, then you need extra tank(s) and additional time for fuel recertification (it takes more time and you cannot use the fuel in the tank under test), etc.

IATA Section 7 – Operational Considerations, Finance & Permissions, point 7.1 states again:

7.1 Operational Considerations

- Determine number of separate tank farms
- Determine location(s) of tanks.
- Determine number of tanks (For continuous operation, need at least 3 tanks. If fuel unbatched, need at least 1 additional tank).
- Determine optimum size of each tank
- Compliance with codes & standards, such as Separation distances, emergency fire water & bund capacity.
- Determine logistics for storage to aircraft transportation
- Determine availability of workforce
- Determine customs requirements
- Determine maintenance requirements



IATA Section 4

IATA Section 4 also identifies storage requirements for:

- "Maintenance requirements (preventive and breakdown)"; and
- "To provide an appropriate level of redundancy in case part of the infrastructure fails."

- Maintenance requirements (preventive and breakdown)
 - To provide an appropriate level of redundancy in case part of the infrastructure fails.

If a depot has only two tanks:

- one tank receiving fuel; and
- one tank delivering fuel,

there is no operational flexibility at all when following mandatory actions, as per international aviation standards, are executed:

- a tank is under internal inspection (min. 3 days);
- a tank requires cleaning (min. 7 days);
- contamination is suspected; or
- a quality investigation is required.

The third tank therefore provides the minimum level of redundancy necessary to maintain fuel quality while ensuring continuity of fueling operations.

The Satellite Tank Farm is intended to ensure fuel supply to aircraft stands that are served exclusively by an underground hydrant system operationally dedicated to the Satellite Tank Farm. By providing only two storage tanks, the facility would not comply with the fuel quality and traceability principles described in the IATA guidance and imposed by JIG. Such a configuration would create an unacceptable risk in terms of the fuel quality of commercial flights supplied by the Satellite Tank Farm and would also jeopardize the operational continuity of the airport.

Furthermore, compliance with mandatory inspection, maintenance and tank-cleaning requirements, as imposed by international aviation standards, would become impracticable. Taking one of the two tanks out of service would inherently require the remaining tank to be used simultaneously for product receipt and product delivery. This is in conflict with internationally recognized aviation fuel standards, including JIG 2, which require a tank to undergo an appropriate settling period after receipt of fuel and require specific fuel quality checks to be completed before the tank can be returned to service. These requirements exist to ensure fuel quality, traceability and, ultimately, the safety of commercial flight operations.



In addition to the arguments demonstrating that a third tank is required from both a product quality and operational continuity perspective, and in order to comply with the minimum requirements set out in international aviation standards, it should also be noted that adding a third tank at a later stage would introduce unnecessary additional safety risks. The construction of an additional tank in an operational airport fuel depot would require hot work activities within an environment where hazardous areas and explosion risks are continuously present.

Constructing the third tank as part of the initial project therefore is not only a necessity as per international aviation standards but minimizes safety risks when operating the satellite airport tank farm.

Signed by:

D065DC6099194E9...

Luc Maes

Technical and Operational Support Manager
& Accredited Senior JIG Inspector
Fuel Quality and OPEX department
Skytanking

DocuSigned by:

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Bart Kinnaert

VP Engineering

Engineering Department
Skytanking

IndianOil Skytanking

ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 Certified

Detailed Cost Estimate								
SATELLITE FUEL FARM at IOSL Bangalore								
Sl. No	Heads	Short Description	Design	Civil	E & A	Mechanical	Material supply	ESTIMATE
1	ATF Tank 41	Design, engineering, procurement, supply, fabrication, erection, testing and commissioning of one above-ground Aviation Turbine Fuel (ATF) storage tank of 22 m diameter x 17 m height with a storage capacity of approximately 6,462 KL, including foundations, tank appurtenances, piping tie-ins, painting, cathodic protection (where applicable), civil, mechanical, electrical, instrumentation, earthing and lightning protection works.	₹ 25,95,000	₹ 3,93,52,362	₹ 2,92,64,625	₹ 4,04,82,254	3,88,90,501	₹ 15,05,84,743
2	ATF Tank 42	Design, engineering, procurement, supply, fabrication, erection, testing and commissioning of one above-ground Aviation Turbine Fuel (ATF) storage tank of 22 m diameter x 17 m height with a storage capacity of approximately 6,462 KL, including foundations, tank appurtenances, piping tie-ins, painting, cathodic protection (where applicable), civil, mechanical, electrical, instrumentation, earthing and lightning protection works.	₹ 25,95,000	₹ 3,93,52,362	₹ 2,92,64,625	₹ 4,04,82,254	3,88,90,501	₹ 15,05,84,743
3	ATF Tank 44	Design, engineering, procurement, supply, fabrication, erection, testing and commissioning of one above-ground Aviation Turbine Fuel (ATF) storage tank of 22 m diameter x 17 m height with a storage capacity of approximately 6,462 KL, including foundations, tank appurtenances, piping tie-ins, painting, cathodic protection (where applicable), civil, mechanical, electrical, instrumentation, earthing and lightning protection works.	₹ 25,95,000	₹ 3,93,52,362	₹ 2,92,64,625	₹ 4,04,82,254	3,88,90,501	₹ 15,05,84,743
4	Fire water Tank 01	Design, engineering, procurement, supply, erection, testing and commissioning of one above-ground fire water storage tank of 16 m diameter x 14 m height with a capacity of approximately 2,814 KL, including civil, mechanical, electrical, instrumentation and firefighting system interfaces.	₹ 13,27,500	₹ 3,29,05,476	₹ 1,40,84,625	₹ 1,26,36,667	1,30,42,725	₹ 7,39,96,992
5	Fire water Tank 02	Design, engineering, procurement, supply, erection, testing and commissioning of one above-ground fire water storage tank of 16 m diameter x 14 m height with a capacity of approximately 2,814 KL, including civil, mechanical, electrical, instrumentation and firefighting system interfaces.	₹ 13,27,500	₹ 3,29,05,476	₹ 1,40,84,625	₹ 1,26,36,667	1,30,42,725	₹ 7,39,96,992
6	Fire Pump House	Design, engineering, procurement, construction, testing and commissioning of the fire water pump house comprising three diesel engine driven fire pumps, two jockey pumps, two sump pumps, fire water sump, diesel fuel storage tanks, structural steel building, piping, valves, electrical systems, instrumentation, firefighting systems and all associated civil works.	₹ 46,00,000	₹ 19,82,097	₹ 10,00,50,000	₹ 0	1,05,13,875	₹ 11,71,45,972
7	Electrical Substation	Design, engineering, construction, supply, installation, testing and commissioning of a G+1 electrical substation and control building complete with HT/LT switchgear, transformers interface, UPS system, battery bank, VFD panels, capacitor bank, bus coupler, protection systems, cabling, cable trays, lighting, earthing, HVAC, fire detection and suppression systems, and all associated civil, mechanical and electrical works.	₹ 1,07,75,000	₹ 1,98,97,617	₹ 11,24,70,000	₹ 0	1,44,23,875	₹ 15,75,66,492
8	Admin Building	Design and construction of a single-storey administration building complete with offices, meeting rooms, furniture, IT infrastructure, computers, networking, EPABX, telecommunication systems, HVAC, plumbing, fire protection, electrical installations and all associated civil and architectural works.	₹ 35,55,000	₹ 1,17,17,427	₹ 88,32,000	₹ 0	1,04,27,625	₹ 3,45,32,052



Detailed Cost Estimate								
SATELLITE FUEL FARM at IOSL Bangalore								
Sl. No	Heads	Short Description	Design	Civil	E & A	Mechanical	Material supply	ESTIMATE
9	Gantry	Design, engineering, supply, erection, testing and commissioning of a four-bay ATF truck unloading gantry complete with structural steel canopy, unloading arms/hoses, piping, valves, metering, drainage, earthing, lighting, instrumentation and associated civil works.	₹ 25,55,000	₹ 1,50,24,242	₹ 6,90,000	₹ 0	67,95,542	₹ 2,50,64,784
10	Unloading Pump House	Design, engineering, procurement, supply, erection, testing and commissioning of the unloading pump house complete with unloading pumps, manifolds, valves, piping, sampling facilities, electrical systems, instrumentation, drainage and civil works.	₹ 35,00,000	₹ 30,09,151	₹ 1,67,32,500	₹ 0	2,99,68,042	₹ 5,32,09,692
11	Hydrant Pump area	Design, engineering, supply, erection, testing and commissioning of the hydrant pump station comprising centrifugal pumps, suction and discharge headers, valves, piping, instrumentation, electrical systems, lighting, drainage and associated civil works.	₹ 63,92,000	₹ 23,35,751	₹ 13,80,000	₹ 0	4,80,80,542	₹ 5,81,88,292
12	OWS system	Design, engineering, supply, erection, testing and commissioning of the oily water separator system including collection pits, oil skimmer, pumps, motors, pipelines, instrumentation, electrical systems, disposal arrangements and associated civil works.	₹ 40,05,500	₹ 25,34,182	₹ 71,15,625	₹ 6,49,04,190	18,02,625	₹ 8,03,62,122
13	Transformer Area	Design, engineering, procurement, installation, testing and commissioning of outdoor power transformers complete with foundations, oil containment system, bus ducts, RMU connections, structural supports, fencing, earthing, lightning protection and associated electrical works.	₹ 39,08,000	₹ 1,31,93,776	₹ 3,81,22,500	₹ 0	13,42,625	₹ 5,65,66,901
14	Diesel Generator sets	Design, procurement, installation, testing and commissioning of diesel generator sets complete with acoustic enclosure, exhaust stack, silencer, fuel storage system, control panels, synchronization system, cabling, earthing and associated civil works.	₹ 0	₹ 0	₹ 0	₹ 0	1,61,99,400	₹ 1,61,99,400
15	Operations Building	Design and construction of a single-storey operations building incorporating control rooms, security offices, operator facilities, furniture, IT infrastructure, HVAC, telecommunication systems, fire protection and associated civil, electrical and plumbing works.	₹ 27,33,000	₹ 13,94,290	₹ 78,74,625	₹ 0	13,42,625	₹ 1,33,44,540
16	Security Buildings	Design and construction of three security buildings at designated locations including guard rooms, office furniture, IT equipment, HVAC, electrical systems, fire protection, sanitary facilities and associated civil works.	₹ 40,05,500	₹ 35,71,395	₹ 7,59,000	₹ 0	13,42,625	₹ 96,78,520
17	Road, Drainage & Boundary wall works	Design and construction of internal roads, storm water drainage network, underground drainage pipelines, culverts, site grading, kerbs, boundary wall, gates, fencing and associated external development works in accordance with applicable standards.	₹ 31,05,500	₹ 28,95,58,524	₹ 1,97,34,000	₹ 0	13,42,625	₹ 31,37,40,649
18	Site Levelling works	Site preparation including topographical grading, excavation, hill cutting, filling, compaction, disposal of surplus earth, formation of working platforms and preparation of finished ground levels.	₹ 14,55,500	₹ 15,29,19,850	₹ 0	₹ 0	1,08,30,125	₹ 16,52,05,475
19	ATF Dead stock	Procurement, transportation and filling of approximately 2,022 KL of Aviation Turbine Fuel required as dead stock for commissioning of storage tanks, pipelines and associated process systems.	₹ 0	₹ 0	₹ 0	₹ 0	22,37,62,625	₹ 22,37,62,625
20	Pipe Line Transfer (PLT)	Design, engineering, procurement, construction, testing and commissioning of the pipeline transfer facility including filter vessels, piping, valves, pigging provisions (if applicable), instrumentation, electrical systems and associated civil works.	₹ 21,62,000	₹ 25,28,515	₹ 5,43,54,750	₹ 15,14,43,111	3,72,93,875	₹ 24,77,82,251




IndianOil Skytanking

ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 Certified

Detailed Cost Estimate								
SATELLITE FUEL FARM at IOSL Bangalore								
Sl. No	Heads	Short Description	Design	Civil	E & A	Mechanical	Material supply	ESTIMATE
21	RT & TT Tank and pumps	Design, engineering, procurement, construction, testing and commissioning of the recovery tank, test tank, transfer pumps, prover vessel, calibration test rig, piping, valves, instrumentation, electrical systems and associated civil works.	₹ 39,60,500	₹ 1,36,10,900	₹ 2,01,56,625	₹ 15,14,43,111	85,17,188	₹ 19,76,88,323
22	Site Establishment & General Requirements	Provision, operation and maintenance of site infrastructure including project offices, porta cabins, warehouses, workshops, utilities, temporary power and water supply, generators, sanitation facilities, communication systems, security arrangements, manpower, consumables, diesel, logistics and all recurring site overheads throughout the project duration.	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0	₹ 4,14,00,000
23	Statutory Approvals & Regulatory Compliance	Payment of all statutory fees, royalties, licence charges and expenses related to approvals from regulatory authorities including PESO, DGCA, State Pollution Control Board, Mines & Geology Department, BIAPPA, Gram Panchayat and other statutory agencies, including consultant fees and third-party approval charges.	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0	₹ 2,50,00,000
24	Pre-Commissioning & Commissioning Works	Execution of all pre-commissioning and commissioning activities including system flushing, cleaning, hydrotesting, calibration, temporary piping, temporary power arrangements, rental equipment, tank trucks, performance testing, Integrated system trials, third-party inspections, operator training and handover documentation.	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0	₹ 5,00,00,000
Sub Total								₹ 2,48,61,86,301
	Project Management Cost @ 5%	Provision for project planning, engineering management, construction management, procurement coordination, QA/QC, HSE, project controls, contract administration, reporting, supervision, corporate overheads and all indirect costs associated with successful execution, testing, commissioning and project close-out.					0.050	₹ 12,43,09,315
	GST @ 18%	Statutory levy charges					0.180	₹ 44,75,13,534
	Bank Interest	Provision for interest and financing charges on working capital and project funding during the execution period, based on the approved project cash flow, lending interest rate and payment schedule, including applicable bank charges and financing expenses.						₹ 12,36,00,000
Grand Total								₹ 3,18,16,09,151

Prepared By: 

Reviewed By: 

Approved By: 



Edwin Rathan Prabhu Kumar
Chief Manager - Projects
IndianOil Skytanking Private Limited
Kempegowda International Airport,
Bangalore - 560300.

CFO

From: CFO <cfo@iosl.in>
Sent: 28 February 2026 11:51
To: 'Asmita Manchanda'; satish.kr@aera.gov.in; lakshmi.2025@aera.gov.in; 'TRILOK CHAND'
Cc: 'T S Dupare'; 'venkat'
Subject: RE: Profit and loss for each unit-IOSL
Attachments: IOSPL_FoCP MYTP_Submission Model with Forms_28.02.2025.xlsx

Sir/Madam

Attaching the revised MYTP File for BLR FF, linking all the relevant forms.

If required, we can schedule a call with our consultant to explain the file with the Authority, please.

Regards
Bipin

From: CFO <cfo@iosl.in>
Sent: 28 February 2026 11:15
To: 'Asmita Manchanda' <asmita.manchanda@govcontractor.in>; 'satish.kr@aera.gov.in' <satish.kr@aera.gov.in>; 'lakshmi.2025@aera.gov.in' <lakshmi.2025@aera.gov.in>; 'TRILOK CHAND' <trilok@aera.gov.in>
Cc: 'T S Dupare' <tsdupare@iosl.in>; 'venkat' <venkat@iosl.in>
Subject: Profit and loss for each unit-IOSL

Sir/Madam,

Refer to the discussions yesterday, two major details were asked for as follows:

- (a) Linking of Opening RAB and updation of Form 9 (linking) : - [Sharing very shortly](#)
- (b) Profit and loss for each unit linking to the audited financials – [Attached herewith](#).

Regards

 **Bipin G Wankhede**
Chief Financial Officer

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