

ANNUAL REPORT

2019 - 2020



BPCL - KIAL FUEL FARM PRIVATE LIMITED

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CHAIRMAN'S LETTER

Esteemed Shareholders, my colleagues on the Board, distinguished ladies and gentlemen,

It gives me immense pleasure to welcome you all to the Fifth Annual General Meeting of BPCL-KIAL Fuel Farm Private Limited (the Company).

I would like to thank you for sparing the time to join us today and for your continued faith in the Company and its management. I hope you and your family members are keeping in good health and staying safe. As you know, Fiscal year 2020 started off as a promising year on all fronts, as we set forth on the next phase of our journey towards expansion. We were on track in terms of revenue growth, profitability, and various excellence programmes until January 2020, when the country began witnessing early signs of the pandemic. In a manner of speaking, FY 2020 ended abruptly, and at the same time, it became clear that the summer season as well as the rest of FY 2021 would be challenging periods as well. As I speak, the infection rate

continues to rise in several parts of the country, but we are learning to live and work in the changed circumstances. The advent of a few lifesaving medicines provides welcome relief and there is hope that a vaccine will be available before the end of this calendar year. I must salute the spirit of the Government authorities, healthcare workers, police, and the public in fighting the pandemic

I must acknowledge the understanding and support of our numerous stakeholders, on whose trust we continue to evolve and grow. I would also like to convey my appreciation to the employees of the Company as well as its bankers, business associates and authorities and their families for their laudable efforts in pursuing business continuity and their ongoing and relentless efforts towards restoring normalcy. With courage and conviction, and diligence and determination, they continue to contribute, placing the Company's interests above their own. Their commitment and sacrifices will definitely be recorded in the success of the Company.

BOARD OF DIRECTORS



**PANDARATHIL
MURALI MADHAVAN**
Chairman & Add'l Director



VIJAY RANJAN
Director



SAMEET PAI
Add'l Director



**JAYAKRISHNAN
SIVADASA KURUP**
Add'l Director

NOTICE TO THE MEMBERS

Notice is hereby given that the Fifth Annual General Meeting of the Members of BPCL-KIAL Fuel Farm Private Limited will be held through video conference facility at the Registered Office of the Company –M/s BPCL-KIAL Fuel Farm Ltd, C/o Kannur International Airport, Karaperavoor (PO), Mattannur – 670702, Kerala on the 30th Day of September 2020 at 11:30 A.M. to transact, with or without modification(s), as may be permissible, the following business:

A. ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Financial Statements for the financial Year ended 31 March, 2020 and the Reports of the Directors and Auditors thereon.
2. To authorize the Board of Directors of the Company to fix the remuneration of Statutory Auditors of the Company for the Financial Year 2020-21 and to consider and, if thought fit, to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration of the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India for the Financial Year 2020-21, in consultation with the Statutory Auditor.”

B. SPECIAL BUSINESS:

3. Appointment of Shri. PANDARATHIL MURALI MADHAVAN as Director.

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152,161 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, Shri. Pandarathil Murali Madhavan (DIN: 08671137), who was appointed as an Additional Director by the Board of Directors and who holds the office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

4. Appointment of Shri. JAYAKRISHNAN SIVADASAKURUP as Director.

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152,161 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, Shri. Jayakrishnan Sivadasakurup (DIN: 08720177), who was appointed as an Additional Director by the Board of Directors and who holds the office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

5. Appointment of Shri. SAMEET PAI YOGESH as Director.

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152,161 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, Shri. Sameet Pai Yogesh (DIN: 06446555), who was appointed as an Additional Director by the Board of Directors and who holds the office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

6. Ratification of Operatorship Agreement with related party, M/s Bharat Petroleum Corporation Limited.

To consider and if thought fit, to pass with or without modification, if any, the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Section 188 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and any applicable provisions (subject to any amendment or modification from time to time), Memorandum and Articles of Association of the Company and policies adopted by the Company, the in principle approval of the Members be and is hereby accorded to ratify the transaction(s) with M/s Bharat Petroleum Corporation Limited, a related party within the meaning of Section 2(76) of the Companies Act, 2013, as per the Joint Venture Agreement with M/s BPCL and M/s Kannur Airport on such terms and conditions as may be agreed to by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s), which the Board may have constituted or hereafter constitute in this behalf, to exercise the powers conferred on the Board by this resolution), in accordance with the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.”

7. Approval to enter into Lease Agreement with Related party.

To consider and if thought fit to pass with or without modification, if any, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 188(1) of the Companies Act, 2013, Rule 22 of the Companies (Management and Administration) Rule 2014, Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions if any, in principle approval of the Company be and is hereby accorded to authorise the Board of Directors of the Company, to severally do or cause to be done all such acts, matters, deeds and things in connection with entering into Lease Agreement with Related Party and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related parties and severally execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving full effect to this resolution, in the best interest of the Company.”

For BPCL-KIAL FUEL FARM PRIVATE LIMITED

Sd/-

SANDEEP KUMAR P
Company Secretary

22 September 2020
Kannur

NOTES:-

- A. Pursuant to the Circular issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM.
- B. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circulars issued by the Ministry of Corporate Affairs, physical attendance of the Members to the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC.
- C. Members whose email ID has been changed are requested to provide the new email ID to cs@bkffpl.com
- D. Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- E. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- F. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at cs@bkffpl.com
- G. AGM has been convened through VC in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No.18/2020 dated 21.04.2020, 2020 and MCA Circular No.20/2020 dated 05.05.2020.
- H. The link for joining for AGM will be circulated to the email ID of the Members, Directors and other invitees.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT

1. Shri. Pandarathil Murali Madhavan was nominated by BPCL as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, holds office up to the date of the ensuing Annual General Meeting. Company has received notice proposing candidature of Shri. Pandarathil Murali Madhavan as Director of the Company. The shareholders are requested to approve the same. The Board feels that the presence of Shri. Pandarathil Murali Madhavan on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 3 for adoption.

None of the Directors, Relatives, Managers or Key Managerial Personnel of your Company is concerned or interested in the resolution, except to the extent of their shareholding in the Company.

2. Shri. Jayakrishnan Sivadasakurup was nominated by KIAL as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, holds office up to the date of the ensuing Annual General Meeting. Company has received notice proposing candidature of Shri. Jayakrishnan Sivadasakurup as Director of the Company. The shareholders are requested to approve the same. The Board feels that the presence of Jayakrishnan Sivadasakurup on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 4 for adoption.

None of the Directors, Relatives, Managers or Key Managerial Personnel of your Company is concerned or interested in the resolution, except to the extent of their shareholding in the Company.

3. Shri. Sameet Pai Yogesh was nominated by BPCL as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, holds office up to the date of the ensuing Annual General Meeting. Company has received notice proposing candidature of Shri. Sameet Pai Yogesh as Director of the Company. The shareholders are requested to approve the same. The Board feels that the presence of Shri. Sameet Pai Yogesh on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 5 for adoption.

None of the Directors, Relatives, Managers or Key Managerial Personnel of your Company is concerned or interested in the resolution, except to the extent of their shareholding in the Company.

4. To ratification of Operatorship Agreement with related party, M/s Bharat Petroleum Corporation Limited.

In the Joint Venture Agreement executed between M/s Bharat Petroleum Corporation Limited and M/s Kannur International Airport Ltd as on 29 December 2014, promoters agreed that the JV Company being formed will appoint BPCL (or Associate Company of BPCL nominated by BPCL) as the operator with full responsibility for operating for sale of ATF of BPCL and other Oil companies on open access principle on the terms that may be agreed between BPCL and Kannur Airport.”

The company has entered into Operatorship Agreement on 24 December 2019, after obtaining approval of Board of Directors. The Board of Directors of the Company based on the recommendations of the Statutory Auditors, recommended for approval of Shareholders for ratifying the said agreement. Accordingly, the approval of the shareholders by way of Special Resolution is sought under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and any applicable provisions (subject to any amendment or modification from time to time). This item is necessary and unavoidable.

The particulars of the Related Party Transactions as per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Related party	M/s Bharat Petroleum Corporation Limited.
Relationship	Promoter of the Company.
Material Transaction	Operatorship Agreement with BPCL
Name of the Directors interested	No Directors involved.
Manner of determining the price	O & M cost with 16% Operating fee

The Board of Directors recommends the resolution set forth in item No. 6 for approval of the Shareholders as a Special Resolution.

5. To enter into Lease Agreement with Related party

Since the Company is carrying out the day to day operations in the land allotted by M/s Kannur International Airport Ltd, the Company is planning to enter into Lease Agreement with M/s Kannur Airport as per the Joint Venture Agreement between the BPCL and Kannur Airport.

As per the Joint venture agreement dated 29 December 2014 between M/s BPCL and KIAL, it was approved that the M/s Kannur International Airport Ltd will grant lease for 30 years to the JV Company, renewable for another 30 years in accordance with the stipulated conditions agreed between the Promoters.

The lease rent fixed by Kannur Airport Board had been agreed by BPCL. The base rate of Mangalore Airport is considered and the lease term is as per the Joint Venture Agreement between BPCL and Kannur Airport. Lease rentals charged is equivalent to the lease rentals charged by the Mangalore Airport as the base rate with an annual escalation of 9%. BKFFPL Board approved the base rate of Mangalore airport i.e. INR 400/- per Sq Mtr per annum from the date of commencement of business i.e. 9 December 2018 with an annual escalation of 9%.

The Board of Directors of the Company based on the recommendations of the Statutory Auditors, recommended for approval of Shareholders to enter in to lease agreement with Kannur Airport on the agreed terms and conditions. Accordingly, the approval of the shareholders by way of Special Resolution is sought under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and any applicable provisions (subject to any amendment or modification from time to time) to enable the Company to enter into related Party Transactions. This item is necessary and unavoidable.

The particulars of the Related Party Transactions as per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Related party	M/s Kannur International Airport Ltd
Relationship	Promoter of the Company
Material Transaction	Entering into Lease Agreement with Kannur Airport as per the JV Agreement.
Name of the Directors interested	No Directors involved
Manner of determining the price	Base rate of Rs. 400 per sq.mtr per annum from the commencement of operations ie. 09.12.2018, with an annual escalation of 9%.

The Board of Directors recommends the resolution set forth in item No. 7 for approval of the Shareholders as a Special Resolution.

Your approval is sought by voting as the case may be pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 for passing the resolutions under Item No. 7 as set in this Notice.

For BPCL-KIAL FUEL FARM PRIVATE LIMITED

Sd/-

SANDEEP KUMAR P
Company Secretary

22 September 2020
Kannur

DIRECTORS' REPORT

To,
The Members of
BPCL-KIAL FUEL FARM PRIVATE LIMITED

Your Directors have pleasure in presenting the Fifth Director's Report of your Company together with the Audited Statement of Accounts and the Auditor's Report of your Company for the financial year ended, 31 March, 2020.

OPERATIONS OF THE COMPANY

BKFFPL has constructed the fuel farm facility at Kannur International Airport Limited (KIAL) under the Joint Venture Agreement between Kannur Airport and BPCL. BKFFPL has appointed BPCL as the operator of the facility and it works under the Open Access Model. The major operations of the Company are to provide Infrastructure, O&M services and ITP services for Suppliers of ATF that is delivered into the aircraft at the Airport. The Company has commenced its operations on 9 December 2018 along with the commissioning of Airport.

FINANCIAL HIGHLIGHTS

The financial and operational performance of the Company for the financial year ended 31 March 2020 is summarised below:

Particulars	For the year ended 31 st March 2020 (Amount in Rs./ Lakh)
Revenue from Operations	840.93
Other Income	13.34
Total Revenue	854.27
Fuel Farm expenses	420.47
Employee benefit expenses	16.66
Finance Cost	333.19
Depreciation and Amortization expenses	188.60
Other Expenses	64.65
Total Expenses	1023.57
Profit or Loss before Tax	(169.30)
Less: Current Tax	-
Prior Tax	-
Deferred Tax	27.22
Profit or Loss After Tax	(196.52)

STATE OF COMPANY'S AFFAIRS

The Company has commenced its commercial operations on 9 December 2018. The Company has recorded a loss of Rs 196.52 Lakh in its second year of operations i.e. for the financial year ended 31 March 2020.

TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013

The Company has not generated any profit for the financial year ended 31 March 2020. Hence no amount has been transferred to General Reserve Account.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31 March 2020.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

As on 31 March 2020, the Company does not have any subsidiary/joint venture/associate companies.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed herewith for your kind perusal and information. **(Annexure: 1)**

MEETINGS OF THE BOARD OF DIRECTORS

There were 05 (Five) meetings of the Board held during the Financial Year. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

The following Meetings of the Board of Directors were held during the Financial Year 2019-20.

SN	Date of Meeting	Board Strength	No. of Directors Present
1	17/06/2019	4	4
2	05/08/2019	4	4
3	17/09/2019	4	4
4	30/09/2019	4	3
5	24/12/2019	4	3
6	20/02/2020	4	4

DIRECTORS AND KEY MANAGERIAL PERSONNALS

Shri. Pandarathil Murali Madhavan was nominated by BPCL as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, was appointed as an Additional Director of the Company and hold office up to the date of the ensuing Annual General Meeting. Company has received notice proposing his candidature as Director of the Company.

Shri. Prasad Krishna Panicker ceased to be Director of the Company w.e.f. 31 December 2019. The Company have placed on record their deep appreciation and gratitude for the valuable contributions made by him in the deliberations of the Board meeting and for the guidance and the support for the development and progress of the business of the Company during his tenure.

Shri. Kuriakose Poothara Jose ceased to be Director of the Company w.e.f. 20 February 2020. The Company have placed on record their deep appreciation and gratitude for the valuable contributions made by him in the deliberations of the Board meeting and for the guidance and the support for the development and progress of the business of the Company during his tenure.

Shri. Jayakrishnan Sivadasakurup was nominated by Kannur Airport as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, was appointed as an Additional Director of the Company and hold office up to the date of the ensuing Annual General Meeting. Company has received notice proposing candidature as Director of the Company.

Shri. Gopalakrishnan Ananthakrishnan ceased to be Director of the Company w.e.f. 30 June 2020. The Company have placed on record their deep appreciation and gratitude for the valuable contributions made by him in the deliberations of the Board meeting and for the guidance and the support for the development and progress of the business of the Company during his tenure.

Shri. Sameet Pai Yogesh was nominated by BPCL as Director in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said director, appointed as an Additional Director of the Company and he can hold office up to the date of the ensuing Annual General Meeting. Company has received notice proposing candidature as Director of the Company.

The Board of Directors of your Company consists of the following eminent personnel-

SL. NO	Name of the Directors	DIN	Designation	Date of appointment	Date of Cessation	Representing
1.	Prasad Krishna Panicker	06476857	Director	10/07/2018	31/12/2019	BPCL
2.	Pandarathil Murali Madhavan	08671137	Chairman & Add'l Director	17/01/2020	NA	BPCL
3.	Gopalakrishnan Ananthakrishnan	07954915	Director	16/07/2018	30/06/2020	BPCL
4.	Vijay Ranjan	03057762	Director	28/02/2019	NA	BPCL
5.	Kuriakose Poothara Jose	08525345	Director	31/07/2019	20/02/2020	KIAL
6.	Jayakrishnan Sivadasakurup	08720177	Add'l Director	20/02/2020	NA	KIAL
7.	Sameet Pai Yogesh	06446555	Add'l Director	22/09/2020	NA	BPCL

The particulars of the Key Managerial Personnel are given below.

S.No	Name of the KMP	Designation	Date of appointment
1.	PRASHANT MARTHAPPA KAMATH	CEO	04/09/2015
2.	SANDEEP KUMAR P	CS	01/12/2017

DECLARATION BY INDEPENDENT DIRECTORS

The provisions of Section 149 pertaining to the appointment of Independent Directors are not applicable to the Company; hence no specific disclosure is required in this regard.

STATUTORY AUDITOR AND AUDITOR'S REPORT

Statutory auditor of the Company is appointed by the Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013. M/s THOMAS & THOMAS, Chartered accountants, CW-35/3975 A1, Kalyani Complex, Bellard Road, Kannur- 670001 was appointed as Statutory Auditor of the Company to hold office up to the conclusion of the ensuing AGM.

Your Directors comments on the qualifications and reservations made in the Statutory Auditor's Report are given below.

Qualification: The Company has although maintained its books of accounts in an electronic mode but the same is subject to audit by any Information system auditor or System auditor. On a preliminary verification of existing records, we find that the alteration of the books is possible and to that extent closure of books for the previous years as well as for the current year could not be ascertained. The additional limitations pertaining to non-evaluation of the information system prevalent for maintaining the books of account vis-à-vis compliance to Section 128 of the Companies Act, 2013 could not be ascertained at this stage.

Directors' comment: As per the provisions of Section 128(1) of the Companies Act, 2013 and Rule 3 of (Companies Accounts), company keeps books of Accounts in electronic mode.

The Company has taken note of the observation and has taken the following steps to enhance the security of Tally & MS Excel used in day to day activities:

- a) Access to Tally has been protected by passwords and data has been locked by enabling Security Control and Security level in Tally ERP 9. Tally authorization levels have been created.
- b) Excel files and workbooks have been encrypted with password and 'mark as final' feature has been used, wherever necessary.
- c) Backups are stored in external storage device.

The Rule 3 of Companies (Accounts) Rules states that books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India, retained completely in the format in which they were originally generated, sent or received, remain complete and unaltered and a proper system for storage, retrieval, display of the electronic records.

The company has complied with the statutory requirements and taken note of the comments of the Statutory Auditor.

Qualification: The Company has represented that it is in the process of complying with the provisions of Section 117(1) of the Companies Act, 2013. However, during the course of our audit, we have identified that



the matters contemplated under Section 117(3) of the Companies Act, 2013 which need to be reported to the Registrar of Companies have not been complied with for appointment of Key Managerial Personnel, Internal Auditors and Approval of Financial Statement and the corresponding Board Report thereof.

Directors' comment: As suggested by Statutory Auditors, the required necessary e-Forms MGT 14 has been filed as per the provisions of Section 117(1) of the Companies Act, 2013 without penalty by availing Companies Fresh Start Scheme, 2020 introduced by Ministry of Corporate Affairs, Govt. of India vide Circular No.12/2020 dated 30.03.2020.

Qualification: The Company is yet to comply with the provisions of Section 188 of the Companies Act, 2013 pertaining to leasing out of its operational assets to Bharat Petroleum Corporation Limited (being Related Party Transactions) which generates prime revenue and is thus subject to appropriate approval / ratification. Further, the transactions pertaining to obtaining the lease of land from Kannur International Airport Limited on which these assets have been commissioned (being another Related Party Transaction) is also subject to compliance of Section 188 of the Companies Act, 2013. The Company has treated this leased land as Property, Plant and Equipment without obtaining the appropriate right to its use and accordingly the finance cost and the amortisation cost thereto have been charged to revenue instead of the Lease Rental Payments and its provisions thereof. Further, the lease rent payments tied to transactions with Kannur International Airport Limited (being a related party) for the period from 09.12.2018 to 31.03.2020 was substantially enhanced from 09.12.2018. Since the first proviso to the said Section has not been complied with, we are unable to ascertain whether these transactions are prejudicial to the interest of the Company or otherwise including enhanced payments for lease rentals to Kannur International Airport Limited thereof.

Directors' comment: The Operator Agreement with BPCL and Lease agreement with Kannur Airport is not a contract or arrangement coming under the provisions of Section 188 of Companies Act 2013. The aforesaid transaction between the only two promoters of the company is based on the Joint Venture agreement between BPCL and Kannur Airport dated 29 December 2014.

In Article V of the Joint Venture Agreement executed between M/s Bharat Petroleum Corporation Limited and M/s Kannur International Airport Ltd on 29 December 2014, promoters agreed that the JV Company will appoint BPCL (or Associate Company of BPCL nominated by BPCL) as the operator with full responsibility for operating for sale of ATF of BPCL and other Oil companies on open access principle on the terms that may be agreed between BPCL and Kannur Airport. Accordingly, the company has entered into Operatorship Agreement after obtaining approval from the Board of Directors on 24 December 2019.

The initial two years license Agreement, executed on 04 September 2015 between Kannur Airport and BKFFPL was only a license Agreement for construction of Fuel farm. The JV Agreement and Share Holders agreement specifically provides for the basis on which the lease rent has to be determined by considering the lease rent of nearby airports, investment in Kannur Airport etc. The lease rent of Kannur Airport for unpaved land from the date of commencement of commercial operations is Rs.600 Sqm/pa, whereas the lease rent payable by fuel farm from the date of commencement is only Rs. 400 Sqm/pa. which is same as that of Mangalore Airport at the commencement of operation. The rate is substantially lower than the prevalent rate of lease rent charged by Kannur Airport to others. Hence there is no enhancement of lease rent as commented by Statutory Auditor. Since the earlier consideration is only a license fee and not lease rent.

The terms and conditions of lease were agreed by the share holders of BKFFPL in Article IV of Joint venture agreement dated 29 December 2014, wherein it is stated that Kannur Airport will grant lease for 30 years to the JV Company, renewable for another 30 years in respect of an area of 28000 Sq Mtr and rentals shall be fixed by Kannur Airport in its Board of Directors meeting taking in to the consideration the rent charged by AAI/CIAL from oil companies at Calicut/ Trivandrum/ Mangalore and Kochi Airports. The Company released the payment only after approval of the Board of Directors of BKFFPL in the 24th Board Meeting held on 20 February 2020. Accordingly, right to use of asset is vested with the Fuel farm vide the Joint Venture Agreement entered between the promoters.

Hence the shareholders' approval as per Section 188 of Companies Act 2013 is not applicable in this instance. However as per the suggestions from Board, the Operator Agreement between the Company and BPCL and Lease agreement between company and Kannur Airport are taken for consideration of Shareholders' approval in the Annual General Meeting of the company.

Qualification: The non-recognition / provision of GST liabilities under Section 9(3) of the Central Goods and Service Tax Act, 2017 together with the corresponding State Act pertaining to Payment of Fees to Registrar of Companies for increasing the authorized capital together with interest on delay in payment of such taxes, resulting in understatement of Losses in Revenue account / Provisions and reserves thereof in the Balance sheet approximating to Rs 4.32 lakhs.

Directors' comment: The Company has taken note of the same and applicable GST has been paid.

The Company has complied with the provisions as contained under Section 133 of the Companies Act, 2013 related to compliances of Indian Accounting Standards as notified therein except to the following:

Qualification: The lease of property being Land obtained (without executing lease agreement) from Kannur International Airport Limited do not convey the right to use of the underlying leased asset, thus its recognition as Property, Plant and Equipment in financial statements and corresponding adjustments of amortisation of this assets and charging of finance cost thereof to revenue is not in accordance with Ind AS-116 Leases issued by the Companies (Indian Accounting Standards) Rules, 2015 as applicable. As understood by the management and represented it is not appropriate to charge the lease rentals for the leased assets and the amortisation of the leased assets / charging of finance cost are more appropriate relating to the underlying leasing transaction, ultimately over charging the revenue and over statement of Loss to the extent of Rs.230.81 lakhs with corresponding carrying amount in the Reserves/shareholders funds.

Directors' comment: The term of the lease are governed by the JV agreement executed by the Share holders of BKFFPL ie. BPCL and Kannur Airport. Lease agreement is a covenant to formalise the terms of the lease already agreed by both share holders by virtue of joint Venture agreement between BPCL and Kannur Airport. As such there is a contract agreement existing between the parties. A contract may be either express or implied. There is an implied contract between BKFFPL and Kannur Airport through the conduct and actions of the parties, though the Company has not entered into a Lease Agreement as yet.

As per para B13 of IND AS 116- Leases, "An asset can also be identified by being implicitly specified at the time the asset is made available for use by the customer." The land has been made available to BKFFPL and is being used by BKFFPL for it's operations and the agreed Lease rent are being paid every month. Hence, there is an Identified Asset as per Para B31 of IND AS 116-Leases. The terms and conditions of lease have already been agreed between the parties in the 24th Board Meeting held on 20th February 2020. As per Appendix A of IND AS 116, the inception date of lease is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

As per Para B9 of IND AS 116- To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset (as described in paragraphs B21–B23); and
- (b) the right to direct the use of the identified asset (as described in paragraphs B24–B30).

As per Para B21 of IND AS 116-To control the use of an identified asset, a customer is required to have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use. It has to be taken note that BKFFPL enjoys all the economic benefits from the use of the assets.

With reference to Para B24 of IND AS 116 as set out below:-

A customer has the right to direct the use of an identified asset throughout the period of use only if either:

- (a) the customer has the right to direct how and for what purpose the asset is used throughout the period of use (as described in paragraphs B25–B30); or
- (b) the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - (i) the customer has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - (ii) The customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Kannur Airport exercises only a protective right over the leasehold land (Para B30 of IND AS 116). The end use of the asset is already predetermined in the MOU and JV Agreement between the parties and restrictions for the end use of the asset in the draft lease agreement is only in the nature of protective rights.

As per MOU between BPCL and Kannur Airport entered on 24 July 2012 and the JV Agreement relating to fuel farm between BPCL and Kannur Airport entered on 29 December 2014, it has been mutually agreed and specifically mentioned that JV Company will appoint BPCL as the operator with full responsibility for operating the said fuel farm. As such, with reference to Para B24 b (i) of IND AS 116- Leases, the right to operate the asset vest with BKFFPL.

With reference to Para B24 b (ii) of IND AS 116- Leases, it is the JV Company which has designed and constructed the Fuel Farm in a way that fulfils the predetermined purpose for which asset will be used as per MOU and JV Agreement. The end use of the asset is already predetermined in the MOU and JV Agreement between the parties.

Hence, the contract conveys the right to control the use of the asset as it has

- right to obtain substantially all of the economic benefits from use of the identified asset and
- right to direct the use of the identified asset (satisfies conditions as set out in B24-b (i) and (ii)).

Qualification: The reconciliation of cash and cash equivalent as reported in the Cash Flow Statement with those reported in the Statement of Affairs are not presented as required in Ind AS-7 Statement of Cash Flows issued by the Companies (Indian Accounting Standards) Rules, 2015.

Directors' comment: Necessary disclosures have been made in Accounting Policies No 11- Cash flow statement complying with Ind AS-7 Statement of Cash Flows issued by the Companies (Indian Accounting Standards) Rules, 2015.

Qualification: The depreciation/amortisation charges on building together with its improvements constructed over the leased asset is calculated / charged based on the useful life of asset being a period of 60 years rather than the life of the lease period being 27 years, which is not in accordance with Ind AS-16 Property, Plant and Equipment issued by the Companies (Indian Accounting Standards) Rules, 2015. Further, the decommissioning expenses pertaining to installation of new assets are not capitalized in accordance with those standards being the cost incurred for bringing the asset to its present location and conditions.

Directors' comment: As per the JV Agreement, the land would be leased for a period of 30 years renewable by another 30 years. The fuel farm expects that, even after the expiry of initial lease term, the same facility will be continued retaining all the assets. Considering the substance over form of arrangement, fuel farm activities will continue to exist so long as the Airport functions. Even though the Operator may change, the assets will be continued to ensure the smooth functioning of Airport operations. Life of the assets has been considered based on their design life as certified by the Project manager.

With regard to the lease agreement, the Company will enter and register the lease for an initial period of 27 years. The terms of lease including payment terms has been finalised only for a period up to 27 years. Therefore, the right to use asset has been amortised over the said period only.

Qualification: Current liabilities aggregating to 2.61 lakhs is treated / classified as Provisions in the financial statement, which is not in accordance with, Ind AS-37 Provisions, Contingent Liabilities, and Contingent Assets issued by the Companies (Indian Accounting Standards) Rules, 2015 leading to under/over statement of current liabilities / provisions to the extent respectively and no impact on revenue.

Directors' comment: At the closure of books of accounts, invoices for Utility charges, Audit & Professional fee were not received. Hence, Company created Provisions for the same. As per IND AS 37, provisions are liabilities of uncertain timing or amount. However, the company has taken note of the same.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis; and
- e. The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SUPPLEMENTARY AUDIT BY C&AG OF INDIA

The review and comments on the Annual Accounts of your Company for the financial year 2019-20 by C&AG form part of the Annual Report. Notes on Accounts referred in the Auditors Report are self-explanatory and therefore do not call for any further comments.

C&AG have issued the Nil Comments certificate in respect of the audit of the Financial Year ended 31 March 2020.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Act and Rules made there under, Secretarial Audit is not applicable to the Company

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility provisions are not applicable to Company as required under Section 135 of the Companies Act, 2013.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not entered into any agreement which comes under Loans, Guarantees and Investments under the provisions of Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

During the financial year, the Corporation has entered into contracts or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

A. Conservation of Energy:

Your Company is making all kinds of arrangements to pursue the Energy Conservation efficiency.

A. Technology Absorption:

Your Company endeavour to adopt emerging technology domains related to Company's various projects

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year under review.

RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process in our business, site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. The company had appointed M/s Varma and Varma, Chartered Accountants as the internal auditors for the Financial Year 2019-2020 and 2020-2021. During the year, internal controls were tested and no reportable material weaknesses in the design or operation were observed.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and materials orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- i. Details relating to deposits covered under Chapter V of the Act.
- ii. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- iii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- iv. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

For & on behalf of the Board of Directors

30 September 2020
Kannur

Sd/-

Pandarathil Murali Madhavan
DIN: 08671137
(Chairman & Add'l Director)

Sd/-

Jayakrishnan Sivadasakurup
DIN: 08720177
(Add'l Director)

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U23200KL2015PTC038487
2	Registration Date	18-05-2015
3	Name of the Company	BPCL-KIAL FUEL FARM PRIVATE LIMITED
4	Category/Sub-category of the Company	Company limited by Shares
		Govt. Company
5	Address of the Registered Office & contact details	C/o Kannur International Airport, Karaperavoor P.O, Mattannur, Kannur, Kerala-670702
6	Whether listed Company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	SKDC Consultants, Kanapathy Towers, Third Floor, 1391/A1 Coimbatore – 641006, Tamil Nadu

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% of total turnover of the Company
1	Coke and refined petroleum products	191	0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	BHARAT PETROLEUM CORPORATION LIMITED	L23220MH1952GOI008 931	Holding	74	2(46)
1	KANNUR INTERNATIONAL AIRPORT LIMITED	U63033KL2009SGC0251 03	Associate	26	2(6)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt.	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	90,00,000	-	90,00,000	100.00%	90,00,000	-	90,00,000	100.00%	0.00%

e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	90,00,000	-	90,00,000	100.00%	90,00,000	-	90,00,000	100.00%	0.00%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	90,00,000	-	90,00,000	100.00%	90,00,000	-	90,00,000	100.00%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%



ii) Individual shareholders holding nominal share capital in excess of Rs 1Lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
Total Public (B)	-	-	-	0.00%	-	-	-	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	90,00,000	-	90,00,000	100.00%	90,00,000	-	90,00,000	100.00%	0.00%
Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year	
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares		
1	BHARAT PETROLEUM CORPORATION LIMITED	66,60,000	74.00%	0	66,60,000	74.00%	0	0.00%	
2	KANNUR INTERNATIONAL AIRPORT LIMITED	23,40,000	26.00%	0	23,40,000	26.00%	0	0.00%	
Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year			
				No. of Shares	% of total shares	No. of shares	% of total shares		
1	At the beginning of the year			90,00,000	100.00%	90,00,000		100.00%	

Changes during the year			-	0.00%	-	0.00%
At the end of the year			90,00,000	100.00%	90,00,000	100.00%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Name						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%

v) Shareholding of Directors and Key Managerial Personnel: Nil

VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year: 01.04.2019				
i) Principal Amount	8,99,37,126.67	0	0	8,99,37,126.67
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	6,82,023	0	0	6,82,023
Total (i+ii+iii)	9,06,19,149.67	0	0	9,06,19,149.67
Change in Indebtedness during the financial year				
* Addition	0	0	0	0
* Reduction	(2)	0	0	(2)
Net Change	(2)	0	0	(2)
Indebtedness at the end of the financial year: 31.03.2020				
i) Principal Amount	8,99,37,124.67	0	0	8,99,37,124.67
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not	6,40,802	0	0	6,40,802



due				
Total (i+ii+iii)	9,05,77,926.67	0	0	9,05,77,926.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs/Lac)
		Nil		
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income- Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act			

B. Remuneration to other Directors

Sl. No	Particulars of Remuneration	Name of Directors		Total Amount (Rs/Lac)
		Nil		
1	Independent Directors			
	Fee for attending board committee meetings			-
	Commission			-
	Others, please			

	specify				-
	Total (1)				-
2	Other Non-Executive Directors				-
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (2)				-
	Total (B)=(1+2)				-
	Total Managerial Remuneration				-
	Overall Ceiling as per the Act				-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Sandeep Kumar Company Secretary			(Rs)
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	6,60,000			6,60,000
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	Nil			Nil
	(c) Profits in lieu of Salary under Section 17(3) Income-Tax Act, 1961	Nil			Nil
2	Stock Option	Nil			Nil
3	Sweat Equity	Nil			Nil
	Commission	Nil			Nil
4	- as % of profit	Nil			Nil
	- others, specify	Nil			Nil
5	Others, please specify	Nil			Nil
	Total	6,60,000			6,60,000



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on Behalf of the Board of Directors of M/s BPCL-KIAL FUEL FARM PRIVATE LIMITED

Sd/-

Pandarathil Murali Madhavan
|DIN: 08671137 | Chairman & Add'l Director

Sd/-

Jayakrishnan Sivadasakurup
|DIN: 08720177 | Add'l Director

Place: Kannur

Date : 30th September 2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BPCL-KIAL FUEL FARM PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of BPCL-KIAL Fuel Farm Private Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 05 August 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of BPCL-KIAL Fuel Farm Private Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(R. AMBALAVANAN)

Director General of Commercial Audit

Place: Chennai-34

Date: 07th September 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of BPCL-KIAL Fuel Farm Private Limited Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of BPCL- KIAL Fuel Farm Private Limited ("the company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including other comprehensive income), and the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements present fairly in all material respects give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2020 and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. The company has although maintained its books of account in an electronic mode but the same is subject to audit by any Information system auditor or System auditor. On a preliminary verification of existing records, we find that the alteration of the books is possible and to that extent closure of books for the previous years as well as for the current year could not be ascertained. The additional limitations pertaining to non-evaluation of the information system prevalent for maintaining the books of account vis-à-vis compliance to section 128 of the companies Act, 2013 could not be ascertained at this stage.
2. The company has represented that it is in the process of complying with the provisions of section 117(1) of the Companies Act, 2013. However, during the course of our audit, we have identified that the matters contemplated under section 117(3) of the Companies Act, 2013 which need to be reported to the Registrar of Companies have not been complied with for appointment of Key Managerial Personnel, Internal Auditors and Approval of Financial Statement and the corresponding Board Report thereof.
3. The company is yet to comply with the provisions of section 188 of the Companies Act, 2013 pertaining to leasing out of its operational assets to Bharat Petroleum Corporation Limited (being Related Party Transactions) which generates prime revenue and is thus subject to appropriate approval / ratification. Further, the transactions pertaining to obtaining the lease of land from Kannur International Airport Limited on which these assets have been commissioned (being another Related Party Transaction) is also subject to compliance of section 188 of the Companies Act, 2013. The company has treated this leased land as

Property, Plant and Equipment without obtaining the appropriate right to its use and accordingly the finance cost and the amortization cost thereto have been charged to revenue instead of the Lease Rental Payments and its provisions thereof. Further, the lease Rental Payments tied to transactions with Kannur International Airport Limited (being a related party) for the period from 09.12.2018 to 31.03.2020 was substantially enhanced from 09.12.2018. Since the first proviso to the said section has not been complied with, we are unable to ascertain whether these transactions are prejudicial to the interest of the company or otherwise including enhanced payments for lease rentals to Kannur International Airport Limited thereof.

4. The non-recognition / provision of GST liabilities under section 9(3) of the Central Goods and Service Tax Act, 2017 together with the corresponding State Act pertaining to Payment of Fees to Registrar of Companies for increasing the authorized capital together with interest on delay in payment of such taxes, resulting in understatement of Losses in Revenue account / Provisions and reserves thereof in the Balance sheet approximating to R 4.32 lakhs.
5. The company has complied with the provisions as contained under section 133 of the Companies Act, 2013 related to compliances of Indian Accounting Standards as notified therein except to the following:
 - a. The lease of property being Land obtained (without executing lease agreement) from Kannur International Airport Limited do not convey the right to use of the underlying leased asset, thus its recognition as Property, Plant and Equipment in financial statements and corresponding adjustments of amortization of this assets and charging of finance cost thereof to revenue is not in accordance with Ind AS-116 Leases issued by the Companies (Indian Accounting Standards) Rules, 2015 as applicable. As understood by the management and represented it is not appropriate to charge the lease rentals for the leased assets and the amortization of the leased assets / charging of finance cost are more appropriate relating to the underlying leasing transaction, ultimately over charging the revenue and over statement of Loss to the extent of Rs.230.81 lakhs with corresponding carrying amount in the Reserves/shareholders funds.
 - b. The reconciliation of cash and cash equivalent as reported in the Cash Flow Statement with those reported in the Statement of Affairs are not presented as required in Ind AS-7 Statement of Cash Flows issued by the Companies (Indian Accounting Standards) Rules, 2015.
 - c. The depreciation/amortization charges on building together with its improvements constructed over the leased asset is calculated / charged based on the useful life of asset being a period of 60 years rather than the life of the lease period being 27 years, which is not in accordance with Ind AS-16 Property, Plant and Equipment issued by the Companies (Indian Accounting Standards) Rules, 2015. Further, the

decommissioning expenses pertaining to installation of new assets are not capitalized in accordance with those standards being the cost incurred for bringing the asset to its present location and conditions.

- d. Current liabilities aggregating to 2.61 lakhs is treated / classified as Provisions in the financial statement, which is not in accordance with, Ind AS-37 Provisions, Contingent Liabilities, and Contingent Assets issued by the Companies (Indian Accounting Standards) Rules, 2015 leading to under/over statement of current liabilities / provisions to the extent respectively and no impact on revenue.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for a basis for our qualified audit opinion based on the transactions recorded in the books of account as on the date of audit.

Other Information

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The same has not been made available to us as on the date of auditor's report.

Our qualified opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Since we are not made available with the said other information, we are not in a position to comment on the same.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the state of affairs, profit/loss

(including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e. On the basis of written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such control, refer to our separate report in "Annexure B".
- (B) As required by the provisions of the Section 143(5) of the Companies Act 2013, we have given a statement on the compliance to *the* Directions issued by the Comptroller and Auditor General of India in "Annexure C".
- (C) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company did not have any pending litigations affecting the financial position of the Company.
 - ii. The Company did not have any long-term contracts requiring a provision for material foreseeable losses.
 - iii. The Company did not have any amounts required to be transferred to the Investor Education and Protection Fund.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (D) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the Company did not have paid any remuneration to its directors during the current year.

For THOMAS & THOMAS
Chartered Accountants
(Firm's Registration No. 004396S)

Sd/-

CA K.K VIJAYAN
Partner
Membership No. 222280
UDIN: 2022280AAAADB2494

Kannur
05 August 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following: -

- (i) (a) The Property, Plant and Equipment register is maintained in MS Excel, which is editable. The company has although maintained its books of account in an electronic mode but the same is subject to audit by any Information system auditor or System auditor. On a preliminary verification of existing records, we find that the alteration of the books is possible and to that extent closure of books for the previous years as well as for the current year could not be ascertained. The additional limitations pertaining to non-evaluation of the information system prevalent for maintaining the books of account vis-à-vis compliance to section 128 of the companies Act, 2013 could not be ascertained at this stage.
- (b) The company did not have any Standard Operating Procedure for the verification of Property, Plant and Equipment. As the information's and explanations provided to us Property, Plant and Equipment have been physically verified by the management at the year end and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title/lease deeds of immovable properties are not held in the name of the Company in the following cases:

Rs in lakhs

Sl No	Particulars	Right of use assets	Land improvements	Buildings	Culverts and Drains	Roads
1	Gross Block	3108.33	181.48	533.84	106.83	260.42
2	Net Block	2993.21	177.39	514.67	102.42	228.16

- (ii) The company does not deal in any goods and hence, the clause (ii) of paragraph 3 of the Order relating to inventories is not applicable to the Company.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph (iii) (a), (iii) (b) and (iii) (c) of paragraph 3 of the order are not applicable to the company.
- (iv) According to the information and explanations given to us, the Company has not granted any loan or given any guarantees or provided any security to the parties covered under Section 185 of the Act. Further, the Company has not made any investment or given any loan or given any guarantee or provided any security within the meaning of Section 186 of the Act. Accordingly, the Paragraph 3(iv) Of the Order is not applicable to the Company.

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit nor has any unclaimed deposit within the meaning of the provisions of Sections 73 to 76 or any other relevant provision of the Act and the rules framed thereunder. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services/activities rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident fund, Income-tax, Duty of customs, Duty of excise, Goods and Services tax, Value Added Tax, Sales-tax, Service tax, Local body tax, Property tax, Cess and other material statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods & service tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues with the appropriate authorities which has been outstanding for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues as at 31st March, 2020 which has not been deposited on account of a dispute pending.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company does not have any dues outstanding to debenture holder or financial institution or government in the nature of loan or borrowing.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the Company has neither paid nor provided for any managerial remuneration during the year and hence reporting under clause (xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the order is not applicable to the Company.
- (xiii) The company is yet to comply with the provisions of section 188 of the Companies Act, 2013 pertaining to leasing out of its operational assets to Bharat Petroleum Corporation



Limited (being Related Party Transactions) which generates prime revenue and is thus subject to appropriate approval / ratification. Further, the transactions pertaining to obtaining the lease of land from Kannur International Airport Limited on which these assets have been commissioned (being another Related Party Transaction) is also subject to compliance of section 188 of the Companies Act, 2013. Since the first proviso to the said section has not been complied with, we are unable to ascertain whether these transactions are prejudicial to the interest of the company or otherwise.

The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, the Company has not entered into any non-cash transactions with directors. We have been informed that no such transactions have been entered into with person connected with directors. Accordingly, para raph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company.

For THOMAS & THOMAS
Chartered Accountants
(Firm's Registration No. 004396S)

Sd/-

CA K.K VIJAYAN
Partner

Membership No. 222280
UDIN: 20222280AAAADB2494

Kannur
05 August 2020

Annexure B to the Independent Auditors' Report

Annexure B to the Independent Auditors' Report on the standalone financial statements of BPCL- KIAL Fuel Farm Private Limited

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

We have audited the internal financial controls with reference to standalone financial statements of BPCL-KIAL Fuel Farm Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Basis for Qualified Opinion

- (i) Financial reporting:
Risk of financial loss and/or financial misstatement in the absence of an established Mechanism for physical verification of Property, Plant and Equipment.
- (ii) Access Rights:
Editable access of Financial System (Accounting software) provided to persons other than Company employees (Internal and statutory auditors, consultants etc.)
- (iii) Closing of accounting period/year in the Accounting Software:
Erroneous/intentional posting of accounting entry in the earlier closed period/year.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the



design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding the design and operating effectiveness of internal control depend on the auditor's judgement, including the standalone financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For THOMAS & THOMAS
Chartered Accountants
(Firm's Registration No. 0043965)

Sd/-

CA K.K VIJAYAN
Partner
Membership No. 222280
UDIN: 20222280AAAADB2494

Kannur
05 August 2020

BPCL KIAL FUEL FARM PRIVATE LIMITED
 Regd Office:-C/o Kannur International Airport , Karaperavoor P.O, Mattannur-670702
 CIN : U23200KL2015PTC038487
BALANCE SHEET AS AT 31 MARCH 2020

Rs in lakhs

	Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
	ASSETS			
1	Non - Current Assets			
	(a) Property, Plant and Equipment	1	1,590.20	1,647.56
	(b) Right of use assets	1	2,993.21	-
	(c) Intangible Assets	1	0.18	0.31
	(d) Other Non-Current Financial Assets	2	11.20	11.25
2	Current Assets			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	3	271.42	212.17
	(ii) Bank balance other than (i) above	3	0.75	-
	(iii) Trade Receivables	4	0.49	48.80
	(iv) Other Financial Assets	5	1.58	-
	(b) Other Current Assets	6	49.48	49.62
	(c) Current Tax Assets (Net)	7	25.82	3.01
	Total Assets		4,944.33	1,972.72
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	SOCE	900.00	900.00
	(b) Other Equity			
	- Retained Earnings	SOCE	(374.10)	(177.58)
	LIABILITIES			
1	Non - Current Liabilities			
	(a) Deferred Tax Liabilities	8	40.49	13.27
	(b) Borrowings	9	809.43	899.37
	(c) Lease obligation		3,096.54	-
2	Current Liabilities			
	(a) Financial Liabilities			
	(i) Trade Payables	10	179.82	154.93
	(ii) Other Financial Liabilities	11	101.75	31.69
	(b) Other Current Liabilities	12	38.37	149.94
	(c) Provisions	13	152.03	1.10
	(d) Current Tax Liabilities (Net)		-	-
	Total Equity and Liabilities		4,944.33	1,972.72

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors

As per our Report of Even Date Attached

Sd/-
 Chairman & Director
 DIN: 08671137

Sd/-
 Director
 DIN:08720177

Sd/-
 Chief Executive Officer
 PAN:AACPK 2726M

For Thomas & Thomas
 Chartered Accountants
 F.R. No. 004396S

Sd/-
 Chief Financial Officer
 PAN:AGZPJ9456A

Sd/-
 Company Secretary
 M.No.A42804

Sd/-
 K K Vijayan, FCA, DISA(ICAI)
 Partner
 M.No. 222280

Place: Kannur
 Date: 19-05-2020

Place: Kannur
 Date : 05-08-2020

UDIN: 20222280AAAADB2494

BPCL KIAL FUEL FARM PRIVATE LIMITED
 Regd Office:-C/o Kannur International Airport , Karaperavoor P.O, Mattannur-670702
 CIN : U23200KL2015PTC038487

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2020

Rs in lakhs

	Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
	Income			
I	Revenue From Operations			
	Revenue From Sale of Services	14	840.93	125.73
II	Other Income	15	13.34	1.09
III	Total Income (I+II)		854.27	126.82
IV	Expenses			
	Fuel Farm expenses	16	420.47	116.06
	Employee Benefit Expense	17	16.66	16.74
	Finance Cost	18	333.19	41.36
	Depreciation and Amortization Expenses	19	188.60	22.52
	Other Expenses	20	64.65	36.70
	Total Expenses (IV)		1023.57	233.38
V	Profit/(loss) before Exceptional Items and tax (III-IV)		(169.30)	(106.56)
VI	Exceptional Item		-	-
VII	Profit/(loss) before tax (V+VI)		(169.30)	(106.56)
VIII	Tax Expense:			
	(1) Current tax		-	-
	(2) Prior tax		-	0.04
	(3) Deferred tax	8	27.22	13.27
IX	Profit/(loss) for the year (VII-VIII)		(196.52)	(119.87)
	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss:		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss:		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
X	Other Comprehensive Income [A(i-ii)+B(i-ii)]		-	-
XI	Total Comprehensive Income for the year (IX+X)		(196.52)	(119.87)
XII	Earnings per equity share			
	(1) Basic	21	(2.18)	(1.50)
	(2) Diluted	21	(2.18)	(1.49)

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors

As per our Report of Even Date Attached

Sd/-
 Chairman & Director
 DIN: 08671137

Sd/-
 Director
 DIN:08720177

Sd/-
 Chief Executive Officer
 PAN:AACPK 2726M

For Thomas & Thomas
 Chartered Accountants
 F.R. No. 0043965

Sd/-
 Chief Financial Officer
 PAN:AGZPJ9456A

Sd/-
 Company Secretary
 M.No.A42804

Sd/-
 K K Vijayan, FCA, DISA(ICAI)
 Partner
 M.No. 222280

Place: Kannur
 Date: 19-05-2020

Place: Kannur
 Date : 05-08-2020
 UDIN: 20222280AAAADB2494

BPCL KIAL FUEL FARM PRIVATE LIMITED

Regd Office:-C/o Kannur International Airport , Karaperavoor P.O, Mattannur-670702

CIN : U23200KL2015PTC038487

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity Share Capital

Particulars	Rs in Lakhs	
	No. of Shares	Amount
Authorised Share Capital		
Balance as at 31 March 2018	18000000	1,800.00
Changes in Authorised Equity Share capital during the year	-	-
Balance as at 31 March 2019	18000000	1,800.00
Changes in Authorised Equity Share capital during the year	32000000	3,200.00
Balance as at 31 March 2020	50000000	5,000.00
Issued Share Capital		
Balance as at 31 March 2018	7500000	750.00
Changes in Equity Share capital during the year	1500000	150.00
Balance as at 31 March 2019	9000000	900.00
Changes in Equity Share capital during the year	-	-
Balance as at 31 March 2020	9000000	900.00

Rights, Preference and Restrictions attached to each class of shares

The company has only one class of equity shares having a par value of Rs.10 per share:

Shares held by the shareholder.

Shares in the Company held by each shareholder holding more than five percent shares	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% holding	No. of Shares	% holding
Bharath Petroleum Corporation Limited (BPCL)	6660000	74.00%	6660000	74.00%
Kannur International Airport Limited (KIAL)	2340000	26.00%	2340000	26.00%

B. Other Equity

Particulars	Reserves and Surplus		Total
	Other Reserves	Retained Earnings	
Balance as on 1 April 2018	-	(57.71)	(57.71)
Profit / (Loss) for the year	-	(119.87)	(119.87)
Balance as on 1 April 2019	-	(177.58)	(177.58)
Profit / (Loss) for the year	-	(196.52)	(196.52)
Other Comprehensive Income for the year, net of tax	-	-	-
Dividends	-	-	-
Transfer to retained earnings	-	-	-
Balance as on 31 March 2020	-	(374.10)	(374.10)

For and on behalf of the Board of Directors

As per our Report of Even Date Attached

Sd/-
Chairman & Director
DIN: 08671137

Sd/-
Director
DIN:08720177

Sd/-
Chief Executive Officer
PAN:AACPK 2726M

For Thomas & Thomas
Chartered Accountants
F.R. No. 0043965

Sd/-
Chief Financial Officer
PAN:AGZPJ9456A

Sd/-
Company Secretary
M.No.A42804

Sd/-
K K Vijayan, FCA, DISA(ICAI)
Partner
M.No. 222280

Place: Kannur
Date: 19-05-2020

Place: Kannur
Date : 05-08-2020
UDIN: 20222280AAAADB2494

BPCL KIAL FUEL FARM PRIVATE LIMITED

Regd Office:-C/o Kannur International Airport , Karaperavoor P.O, Mattannur-670702

CIN : U23200KL2015PTC038487

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Rs in lakhs

Particulars	Period ended 31 March 2020	Period ended 31 March 2019
A. Cash Flow from Operating Activities		
Profit before Exceptional Items and Tax	(169.30)	(106.56)
Adjustment for ;		
Depreciation and amortization expenses	188.60	22.52
Finance Cost	333.19	40.78
Non cash expenses	4.16	-
Operating profit before working capital changes	356.65	(43.26)
Adjustments for ;		
(Increase)/Decrease in current assets	19.15	(85.43)
Increase/(Decrease) in other current liabilities	(106.56)	240.04
Increase/(Decrease) in provisions	1.51	7.67
Cash Generated from Operations	270.76	162.28
Income Taxes paid	-	(0.04)
Net Cash Flow from/(used in) Operating Activities	270.76	118.98
B. Cash Flow from Investing Activities		
Increase in Fixed Assets	(15.99)	(463.56)
Increase in Deposits	0.05	-
Net Cash Flow from/(used in) Investing Activities	(15.94)	(463.56)
C. Cash Flow from Financing Activities		
Issue of Share Capital	-	150.00
Increase of Term Loan	-	454.99
Interest Paid	(195.57)	(60.50)
Net Cash from Financing Activities	(195.57)	544.49
Net Increase in Cash and Cash Equivalents	59.25	199.91
Cash and Cash Equivalents at the beginning of the year	212.17	12.26
Cash and Cash Equivalents at the end of the year	271.42	212.17

For and on behalf of the Board of Directors

As per our Report of Even Date Attached

Sd/-
Chairman & Director
DIN: 08671137

Sd/-
Director
DIN:08720177

Sd/-
Chief Executive Officer
PAN:AACPK 2726M

For Thomas & Thomas
Chartered Accountants
F.R. No. 0043965

Sd/-
Chief Financial Officer
PAN:AGZPJ9456A

Sd/-
Company Secretary
M.No.A42804

Sd/-
K K Vijayan, FCA, DISA(ICAI)
Partner
M.No. 222280

Place: Kannur
Date: 19-05-2020

Place: Kannur
Date : 05-08-2020
UDIN: 2022280AAAADB2494

A) General Information

BPCL-KIAL FUEL FARM PRIVATE LIMITED (the "Company") is a private limited company, incorporated on 18 May 2015 as a joint venture between Kannur International Airport Limited (Kannur Airport) and Bharat Petroleum Corporation Limited (BPCL) for the fuel farm and for the exclusive supply of ATF at the domestic and international terminals of Kannur Airport. The company has commenced its operations on 9 December 2018 along with the commissioning of airport. Kannur Airport and BPCL have signed a shareholders' agreement for the investment in the proportion of 26:74 respectively.

B) Statement of significant accounting policies

i. Statement of compliance and Basis of preparation

The financial statements have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The principal accounting policies applied in the preparation of these financial statements are set out in Para (C) below. These policies have been consistently applied to all the years presented.

The financial statements have been prepared on historical cost convention on the accrual basis considering the applicable provisions of Companies Act 2013.

The Financial Statement is presented in INR (Rs) and all values are rounded off to Rupees Lakhs up to two decimals, unless otherwise stated.

The company reclassifies comparative amounts, unless impracticable and whenever the company changes the presentation or classification of items in its financial statements which is material.

The financial statements of the Company for the year ended 31 March 2020 were authorised for issue in accordance with the Board of Director's Approval.

Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Expenses and Prior period expenses

Prior period expenses related to Daily Allowance, Travelling expenses, Office expenses to the tune of Rs 59,887 has been accounted in the year 2019-20, as the invoices and claims were received subsequently in the year 2019-20.

During the year 2018-19, Rs 4.48 Lakh was shown as PMC charges receivable and on reassessing the project cost in the year 2019-20, the PMC charges receivable was concluded to be only Rs 0.32 Lakh. Since the amount is not material, the company has written off Rs 4.16 Lakh in the books of accounts.

ii. Use of Estimates and judgments

For the preparation of Financial Statements, the management is required to make judgment, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures.

The estimates and associated assumptions are based on historical experience and other factors that are relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.



The estimations and judgments made in applying accounting policies are:

Property, Plant and Equipment:

Useful life of Property Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, a different useful life has been considered taking into account their design life.

C) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Initial Cost includes purchase price or construction cost after deducting trade discount /rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on de recognition of an item of property, plant and equipment is recognised in Statement of Profit and Loss when asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under the schedule II to the Companies Act, 2013 except for the list of assets mentioned in the following table, where useful life is estimated by the management, which is different as compared to those prescribed under the Schedule II to the Companies Act, 2013.

Asset	Useful Lives
Buildings	3-60 years
Plant & machinery	8-35 years
Electrical installations	10-40 years

Depreciation on fixed assets added/disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal. Improvements in leasehold land are amortized over a period of 57 years.

The property, plant and equipment acquired under finance leases is depreciated over the initial lease term. Depreciation on dead stock forming part of Fixed Assets is provided on the basis of diminution in the value of the dead stock, if such diminution in value is not temporary.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate

2) Intangible Assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognized as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Cost of software is capitalized as intangible asset and amortized on a straight-line basis over the economic useful life of five years.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

3) Impairment

Impairment of non - Financial Asset

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets' or Cash Generating Units' (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. An impairment loss is recognised immediately in the Statement of Profit and Loss. After impairment, depreciation /amortization is provided on the revised carrying amount of the asset over its remaining useful life.

4) Inventories

The company is running the business of providing infrastructural facility for storage and supply of Aviation Turbine Fuel and does not maintain any inventories other



than the dead stock fuel in the tanks. As the dead stock fuel is a permanent stock it has been capitalized in the books of accounts.

5) Revenue Recognition

Revenue from operations comprises the fair value of the consideration received or receivable in the ordinary course of the company's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Rendering of Services- Fuel Infrastructure Charges

Fuel Infrastructure Charges are charged from the Oil companies one month in advance based on the projected sales to airline companies in the given month and any variances on the actual sales are adjusted at the end of the month. The infrastructure charges are fixed on the basis of the guidelines of Airport Economic Regulatory Authority of India on a per kilo liter basis. The major customers of BKFFPL who contribute more than 10% of total revenue are IOCL and BPCL.

Other incomes are recognised on accrual basis except when there are significant uncertainties. Interest income is recognised on accrual basis.

6) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company shall reassess whether a contract is, or contains, a lease if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, company recognizes a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has right to obtain substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability plus any initial direct costs less any lease incentives received.

The lease liability is initially measured at the amortized cost at the present value of the future lease payments. The lease payments are discounted using the company's

incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment, whether it will exercise an extension or a termination option.

Right-of-use assets are depreciated over the lease term on systematic basis and Interest on lease liability is charged to statement of profit and loss as Finance cost.

7) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

8) Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing. Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized using weighted average interest rate as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. To the extent that the borrowing cost are incurred specifically for the purpose of obtaining a qualifying asset are added to the cost of the qualifying asset for capitalization and the borrowing cost is as reduced by any investment income on the temporary investment of those borrowings.

9) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Expenses relating to a provision are presented in the Statement of Profit & Loss net of reimbursements, if any. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The company has made provisions for all the expenses except for fee for tax audit and GST audit of FY 19-20. Company estimates that a total of Rs 1 Lakh would be incurred for these audits.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent assets are not recognized in the books of account. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of

the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

10) Share Capital and Share Premium:

Ordinary shares are classified as equity, Par value of the equity share is recorded as share capital and the amount received in excess if any on the par value will be classified as share premium. During the year, the Authorised Capital has been increased by Rs 32 Cr.

11) Cash Flows and Cash and Cash Equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the Ind AS 7. The cash flows from operating, investing and financing activities are segregated.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, cheques and drafts in hand, deposits held with Banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reconciliation of Cash and cash equivalents

(Rs in Lakh)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net increase in cash & cash equivalents	59.25	199.91
Cash & Cash equivalents at the beginning of the year	212.17	12.26
Cash & Cash equivalents at the end of the year	271.42	212.17
Reconciliation of Cash & Cash equivalents as per Cash flow statement		
Cash & Cash equivalents (Note 3)	271.42	212.17
Balance as per statement of cash flows	271.42	212.17

12) Employee Benefits

The company has only two staff in the current financial year and is drawing monthly consolidated pay. There are no short-term or long term employee benefits defined in the employee contracts hence no provision has been made in the accounts other than for the consolidated pay.

13) Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the

profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

14) Financial Instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss.

The security deposit paid to Kannur Airport to the tune of Rs 10.5 Lakh is not measured and recognized at fair value applying time value of money. The impact is not material.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognised in the other comprehensive income (OCI).

Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities at Fair value through profit and loss (FVTPL)

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

15) Operating Segments

The company has only one operating segment which is provision of infrastructure for fuel farm operations at Kannur in Kerala. Revenues generated from the top customer and top three customers are as under: (Rs in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from top customer	592.79	78.73
Revenue from top 3 customers	840.93	125.73



1. Property Plant and Equipments

A. Tangible Assets

Rs in Lakhs

Particulars	Buildings	Computers & Peripherals	Culverts & Drains	Electrical Equipment	Furnitures & Fixtures	Lab Equipments	Office Equipments	Plant & Machinery	Roads	Tanks	Dead Stock	Land Improve ment	Total
Cost/Deemed Cost													
As at 1 April 2018	-	0.70	-	-	0.20	-	-	-	-	-	-	-	0.90
Additions	525.23	0.76	106.43	161.45	23.87	5.40	12.05	179.23	259.72	186.42	28.37	180.65	1,669.58
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	525.23	1.46	106.43	161.45	24.07	5.40	12.05	179.23	259.72	186.42	28.37	180.65	1,670.48
Additions	8.61	-	0.40	0.86	3.59	-	-	0.33	0.70	-	0.67	0.83	15.99
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	533.84	1.46	106.83	162.31	27.66	5.40	12.05	179.56	260.42	186.42	29.04	181.48	1,686.47
Depreciation													
As at 1 April 2018	-	0.50	-	-	0.03	-	-	-	-	-	-	-	0.53
Depreciation charge for the year	4.41	0.18	1.03	2.40	0.72	0.16	0.70	2.13	7.57	2.17	-	0.92	22.39
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	4.41	0.68	1.03	2.40	0.75	0.16	0.70	2.13	7.57	2.17	-	0.92	22.92
Depreciation charge for the year	14.76	0.20	3.38	7.87	2.43	0.51	2.29	6.96	24.69	7.09	-	3.17	73.35
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	19.17	0.88	4.41	10.27	3.18	0.67	2.99	9.09	32.26	9.26	-	4.09	96.27
Net Book Value													
As at 31 March 2020	514.67	0.58	102.42	152.04	24.48	4.73	9.06	170.47	228.16	177.16	29.04	177.39	1,590.20
As at 31 March 2019	520.82	0.78	105.40	159.05	23.32	5.24	11.35	177.10	252.15	184.25	28.37	179.73	1,647.56

B. Right of use assets

Rs in Lakhs

Particulars	Leasehold land	Total
Cost/Deemed Cost		
As at 1 April 2018	-	-
Additions	-	-
Deletions	-	-
As at 31 March 2019	-	-
Additions	3,108.33	3,108.33
Deletions	-	-
As at 31 March 2020	3,108.33	3,108.33
Amortisation		
As at 1 April 2018	-	-
Amortisation charge for the year	-	-
As at 31 March 2019	-	-
Amortisation charge for the year	115.12	115.12
As at 31 March 2020	115.12	115.12
Net Book Value		
As at 31 March 2020	2,993.21	2,993.21
As at 31 March 2019	-	-

C. Intangible assets

Rs in Lakhs

Particulars	Computer Software	Total
Cost/Deemed Cost		
As at 1 April 2018	0.54	0.54
Additions	0.13	0.13
Deletions	-	-
As at 31 March 2019	0.67	0.67
Additions	-	-
Deletions	-	-
As at 31 March 2020	0.67	0.67
Amortisation		
As at 1 April 2018	0.24	0.24
Amortisation charge for the year	0.12	0.12
As at 31 March 2019	0.36	0.36
Amortisation charge for the year	0.13	0.13
As at 31 March 2020	0.49	0.49
Net Book Value		
As at 31 March 2020	0.18	0.18
As at 31 March 2019	0.31	0.31



2. Other Non-Current Financial Assets Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Security Deposits		
<i>Unsecured, Considered good</i>		
Land Lease Rent Deposit	10.50	10.50
Balance with Banks - Marked against Lien	-	0.75
Device Deposit	0.50	-
Security Deposit- RTA fee	0.20	-
Total	11.20	11.25

3. Financial Assets - Cash and cash equivalents Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with Banks		
<i>In current Accounts</i>	59.50	209.63
<i>In Deposit Accounts (less than 12 months maturity)</i>	179.23	-
<i>In Flexi Deposit Accounts</i>	32.53	2.03
Cash in Hand	0.16	0.51
Cash & Cash equivalents	271.42	212.17
Bank balance other than Cash & Cash equivalents- Marked against lien	0.75	-

4. Trade Receivables Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables outstanding Less than one Year		
Unsecured, Considered Good	0.49	48.80
Unsecured, Considered Doubtful	-	-
Less: Impairment provision on Expected Credit Loss Model	-	-
Total	0.49	48.80

5. Other Financial Assets Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Accrued Interest	1.58	-
Total	1.58	-

6. Other Current Assets Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
PMC charges (BPCL)	0.33	4.49
GST Credit Entitlement	44.91	41.81
Prepaid Expense	4.24	3.32
Total	49.48	49.62

7. Current Tax Assets (Net) Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Assessment year 2020-21	25.82	-
Assessment year 2019-20	-	3.01
Total	25.82	3.01

8 Deferred Tax Liabilities

A. Breakup of Deferred Tax Liability

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax Liability		
Written Down value of Property, Plant & Equipment	40.49	13.27
Total	40.49	13.27

B. Movement in Deferred Tax Liabilities

Rs in lakhs

Particulars	Charge/(Credit) to Statement of P & L	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening balance of Deferred Tax Liability	13.27	-
Amount recognised in Profit & loss A/c	27.22	13.27
Closing balance of Deferred Tax Liability	40.49	13.27

9 Borrowings

Rs in lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
HDFC Bank Ltd - Term Loan	809.43	89.94	899.37	-
Total	809.43	89.94	899.37	-

"Term loan borrowings for the purpose of financing the fuel farm and related infrastructure at Kannur International Airport is from HDFC Bank Ltd. The Company agreed to borrow the sums to the maximum extent of Rs.10 Crores (Rupees Ten Crores only), on the security of

- All the amounts outstanding, monies receivable, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the company in the course of its business by any person, firm, company or body corporate or by a government department or office or any municipal or local or public or semi-government body or authority or anybody corporate or undertaking.
- All the plant and machinery both present and future being movable properties, now stored at or being stored or which may hereafter be brought into or stored at or at present installed and also the plant and machinery which may at any time hereafter belong to the security provider or be at its disposal and now or at any time and from time to time hereafter stored or brought into or upon or in course of transit or awaiting transit by any mode of operation to the factory or premises of the security provider or at any other place whatsoever and wheresoever in possession of the company."

At a margin of 25% on Fixed Assets (Plant and Machinery)

The agreed rate of interest is 35 basis points over the Banks MCLR Rate exclusive of interest tax or cess if any applicable. The present MCLR Rate applied is at the rate of 8.20% and the cost of the loan fund is 8.55% (8.20%+0.35%) further the company will be liable for additional interest at the rate of 12% in case of any defaults.

The first drawdown of the loan has been made on 31 December 2017 the principal repayment of the loan will commence on the beginning of the first quarter of 2020 and will end by the last quarter of 2029. The interest is to be serviced on a monthly basis during the moratorium period and during the period of principal repayment

10 Trade Payables

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Operator Charges Payable	138.45	102.06
Through put Royalty payable	-	41.81
Land lease rent payable	41.37	11.06
Total	179.82	154.93

11 Other Financial Liabilities Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Retention Money Payable	2.33	18.75
Salary Payable	3.07	6.12
Interest on Term Loan	6.41	6.82
Current maturities of long term borrowings (refer note 9)	89.94	-
Total	101.75	31.69

12 Other Current Liabilities Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Deposits	-	1.25
Statutory Dues	9.62	25.21
Expenses Payable	-	9.21
Contractual liabilities	4.25	114.27
Advance from Customers	24.50	-
Total	38.37	149.94

12.1 Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amounts remaining unpaid to suppliers as at the end of the accounting year	2.68	100.75
Interest accrued and due to suppliers on above amount, unpaid	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act,2006,along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	-	-
Total	2.68	100.75

13 Provisions Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provisions for:		
Audit Fee	0.25	0.25
Professional Charges	0.65	0.85
Utility charges	1.71	-
Stamp Duty payable	149.42	-
Total	152.03	1.10

The disclosure of movement of provisions as required under the provisions of IND AS 37 is as follows:

Rs in lakhs

Particulars	Provisions for			
	Audit Fee	Professional charges	Utility charges	Stamp Duty
Balance at the beginning of the year	0.25	0.85	-	-
Provisions made during the year	0.25	0.65	1.71	149.42
Amount incurred /charged against the provision	(0.25)	(0.85)	-	-
Provision at the end of the year	0.25	0.65	1.71	149.42

14 Revenue from Operations Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Fuel Infrastructure Charges	840.93	125.73
Total	840.93	125.73

15 Other Income Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Interest Income	13.34	1.03
Discount Received	-	0.06
Total	13.34	1.09

16 Fuel Farm Expenses Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Operator Charges	398.53	102.06
Land Lease Rent	21.94	14.00
Total	420.47	116.06

17 Employee Benefit Expense Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Salaries & Allowances	16.66	16.74
Total	16.66	16.74

18 Finance Cost Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Interest on HDFC Loan	80.19	40.76
Bank Processing Fee	0.01	0.02
Interest on others	-	0.58
Interest on Lease	252.99	-
Total	333.19	41.36

19 Depreciation and Amortization Expenses Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Amortization	0.13	0.12
Depreciation	73.35	22.39
Amortization on leased asset	115.12	-
Total	188.60	22.51

20 Other Expenses

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Audit Fee	0.75	0.25
Accommodation Expenses	1.61	1.47
Advertisement Expense	-	1.72
Insurance Expenses	0.81	1.89
Power & Fuel	9.99	2.92
Professional & Consultancy Charges	7.18	4.78
License Fee	0.83	0.83
Rates & Taxes	24.65	0.22
Security Charge	-	10.55
Accounting Charges	-	1.50
Travelling Expenses	6.37	4.89
Office Expenses	0.93	0.93
Filing Fees	-	0.57
Food Expenses	0.48	0.65
Inauguration Expenses	-	0.14
Repairs & Maintenance	1.84	0.74
Dematerialization Facility Charges	-	0.24
Postage and Courier Charges	0.13	0.07
Printing and Stationery	0.22	0.17
Telephone Charges	-	0.02
Website Development Charges	-	0.86
Water Charges	1.51	1.29
Annual Maintenance charges	0.13	-
Business Relation expenses	0.28	-
Daily Allowance	1.19	-
Device charges	0.27	-
Stamping charges	0.20	-
LAN line cabling cost	1.12	-
PMC written off	4.16	-
Total	64.65	36.70

21 Disclosure as per Ind AS 33 - Earnings per share

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
A) Basic Earnings Per Share		
Profit attributable to equity holders of the company	(196.52)	(119.87)
Weighted average number of Equity shares of Rs. 10/- each (fully paid up)	90,00,000	80,13,699
Earnings Per Share- Basic	(2.18)	(1.50)
B) Diluted Earnings Per Share		
Profit attributable to equity holders of the company	(196.52)	(119.87)
Weighted average number of Equity shares of Rs. 10/- each (fully paid up)	90,00,000	80,54,795
Earnings Per Share- Diluted	(2.18)	(1.49)

22 Disclosure as per Ind AS 116 - Lease

22.1 Additions to right of use assets

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment owned	1,590.20	1,647.56
Right of use assets, except for investment property	2,993.21	-
	4,583.41	-

22.2 Carrying value of right of use assets at the end of March 31, 2020

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Right of use assets	3,108.33	
Depreciation charge for the year	(115.12)	
Balance at 31 March 2020	2,993.21	

22.3 Maturity analysis of lease liabilities

Rs in lakhs

Maturity analysis-contractual undiscounted cash flows	As at 31 March 2020	As at 31 March 2019
Less than one year	125.74	-
One to five years	626.60	-
More than five years	10,336.59	-
Total undiscounted lease liabilities as at 31 March 2020	11,088.93	-
Lease liabilities included in the statement of financial position at 31 March 2020	3,096.54	-
Non-current	3,096.54	-

22.4 Amounts recognised in profit or loss

Rs in lakhs

Particulars	2019-20	2018-19
Interest on lease liabilities	252.99	-

22.5 Amounts recognised in the statement of cash flows

Rs in lakhs

Particulars	2019-20	2018-19
Total cash outflow for lease	115.36	-

- 23 Disclosure of transactions with related parties as required by Indian Accounting Standard - 24 on Related Party Disclosures as prescribed by Companies (Accounting Standard) Rules, 2006.

23.1 Related Parties and Nature of Relationships

Name of the Entity	Principal Activity	Ownership Interest	
		As at 31 March 2019	As at 31 March 2019
Holding Company			
Bharath Petroleum Corporation Limited (BPCL)	Exploration & Production of Hydrocarbons and Refining & Marketing Petroleum Products	74%	74%
Associate Company			
Kannur International Airport Limited (KIAL)	Airport & Allied Operation	26%	26%

Key Managerial Personnel

Rs in lakhs

Name	Designation	Date of Appointment	Remuneration
P M Kamath	Chief Executive Officer	04-09-2015	NIL
Jithendra P V	Chief Financial Officer	20-02-2020	NIL
Sandeep Kumar P	Company Secretary	01-12-2017	6.60

23.2 Transactions During the year

Rs in lakhs

Entity	Nature of Transaction	As at 31 March 2020	As at 31 March 2019
Kannur International Airport Limited (KIAL)	Lease Rent Paid/payable	137.30	42.00
	Fuel throughput Royalty charges paid	376.34	64.62
	Device charges	0.27	-
	Reimbursement of Expenses	12.62	6.56
Bharath Petroleum Corporation Limited (BPCL)	Salaries & Allowance	3.46	26.28
	Purchase of ATF as dead stock	0.67	28.37
	Fuel throughput Royalty charges	114.51	40.47
	Operator Charges	398.53	102.06
	Fuel Infrastructure charges	217.78	78.73

23.3 Outstanding balance payable

Rs in lakhs

Entity	As at 31 March 2020	As at 31 March 2019
Kannur International Airport Limited (KIAL)	46.12	60.11
Bharath Petroleum Corporation Limited - Reimbursement of Salary	1.97	1.56
Bharath Petroleum Corporation Limited - Advance from customers	3.39	-
Bharath Petroleum Corporation Limited- Operator charges payable	138.45	125.94

23.4 Outstanding balance receivable

Rs in lakhs

Entity	As at 31 March 2020	As at 31 March 2019
Bharath Petroleum Corporation Limited (Dr)	0.33	31.16
Kannur International Airport Limited (KIAL)- Security Deposit	10.50	10.50
Kannur International Airport Limited (KIAL)- Device Deposit	0.50	-

- 24 The details of Provisions and Contingent Liabilities are as under : (Disclosed in terms of Ind AS - 37 on Provisions, Contingent Liabilities & Contingent Assets :

24.1 Contingent Liabilities		Rs in lakhs	
Particulars	Current Year	Previous Year	
a. Claims against the company not acknowledged as debt	-	-	
b. Guarantees	-	-	
c. Other money for which company is contingently liable			
i) Land lease rent payable to Kannur International Airport Limited	-	6.02	
ii) Interest Payable on Delayed Payment of ;			
Lease Rent	19.15	14.61	
Office Rent	-	0.06	
iii) Operator Charges	-	41.39	
iv) Interest for non-payment of GST on RCM	0.21	-	

25 Disclosures under IND AS 12- Income Taxes

Reconciliation of effective income tax rate

Reconciliation of income tax expense applicable to of the company accounting profits/(loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit / (loss) before tax for the year ended	(169.30)	(106.56)
Enacted Income Tax rate in India	26%	26%
Tax expense/(Credit) @ 26%	(44.02)	(27.71)
Effect of:		
Deferred tax asset on IndAS116 accounting difference not recognised	65.72	-
Expenses not deductible for tax purposes	6.25	-
Temporary difference against which deferred tax not created	-	8.11
Deductible expense not recognised as deferred tax asset earlier	(7.96)	-
Tax losses for which no deferred income tax was recognised	(2.97)	(54.22)
Adjustments for previous years	10.20	87.09
Short provision of previous year	-	0.04
Income Tax expenses recognised in the statement of Profit & Loss A/c	27.22	13.31

The tax rates under Indian Income Tax Act, for the year ended March 31,2020 and March 31, 2019 is 26%.

The company has not created deferred tax assets on the following:

Particulars	As at 31 March 2020	As at 31 March 2019
Unused tax losses which expire in:		
- FY 27-28	11.44	-
- FY 26-27	208.54	208.54
IND AS 116- Leases	252.75	-

26 Disclosures under IND AS 115- Revenue from Contracts with Customers

Company disaggregates revenue from contracts with customers by nature of services and geography. The company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

Particulars	As at 31 March 2020	As at 31 March 2019
A) Revenue from contracts with customers disaggregated based on nature of product or services		
Revenue from sale of services		
Fuel Infrastructure Charges	840.93	125.73
Total revenue from operations	840.93	125.73
B) Disaggregated revenue information		
Revenue from contracts with customers disaggregated based on geography		
a) Domestic	840.93	125.73
Total revenue from operations	840.93	125.73

Notes: 1. The amount receivable from customers become due after expiry of the credit period which is 15th of each calendar month.

- 27 Figures have been rounded off to the nearest lakhs. Previous period figures, have been re-grouped and recast whenever necessary to be in conformity with current period's layout.

- 28 The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

The company does not have any pending litigations



16) Capital Management

The Company's objective when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to share holders through continuing growth and maximise the share holders' value. The Company's overall strategy remains unchanged from previous year. The Company sets the amounts of capital required on the basis of annual business and long term operating plans.

17) Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purpose nor does it write options. The most significant financial risk to which the company is exposed is described below:-

The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

1. Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

1a Interest Rate Risk

The company borrowed funds in Indian Rupees, to meet both the long term funding Requirements. The agreed rate of interest is 35 basis points over the Banks MCLR Rate exclusive of interest tax or cess if any applicable. Further, the company will be liable for additional interest at the rate of 12% in case of any defaults.

1b Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has no exposure to the risk of changes in foreign exchange rates

1c. Price Risk

"The Company is not affected by the price stability of commodities. The price is fixed as per the guidelines of Airport Economic Regulatory Authority (AERA). The revenue varies with the change in the rates fixed by AERA but as per the management there is no material price risk for the company.

2. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk for receivable, cash and cash equivalents. As the sole source of revenue is collected and remitted by its own parent company the credit risk may be considered as minimal.

3. Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term.

Maturity Analysis of Significant Financial Liabilities

Liquidity Exposure as on 31 March 2020

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial Liabilities				
- Borrowings	89.94	359.74	449.69	899.37
- Lease Obligation	-	-	4,511.35	4,511.35
- Trade Payables	179.82	-	-	179.82
- Other Financial Liabilities	11.81	-	-	11.81
- Other Current Liabilities	38.37	-	-	38.37

Liquidity Exposure as on 31 March 2019

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial Liabilities				
- Borrowings	-	359.74	539.63	899.37
- Trade Payables	154.93	-	-	154.93
- Other Financial Liabilities	29.36	2.33	-	31.69
- Other Current Liabilities	149.94	-	-	149.94

18) Derivative Contracts

The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

For and on behalf of the Board of Directors			As per our Report of Date Attached	
			For Thomas & Thomas	
			Chartered Accountants	
			F.R. No. 0043965	
Sd/-	Sd/-	Sd/-		
Chairman & Director	Director	Chief Executive Officer		
DIN: 08671137	DIN:08720177	PAN:AACPK 2726M		
			Sd/-	
Sd/-	Sd/-		K K Vijayan, FCA, DISA(ICAI)	
Chief Financial Officer	Company Secretary		Partner	
PAN:AGZPJ9456A	M.No.A42804		M.No. 222280	
Place: Kannur			Place: Kannur	
Date: 19-05-2020			Date: 05-08-2020	
			UDIN20222280AAAADB2494	