

F. No. AERA/20010/MYTP/AAI-Kolkata/CP-III/2021-26  
ORDER NO. 43/2021-22



**AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA**

**IN THE MATTER OF  
DETERMINATION OF AERONAUTICAL TARIFF FOR  
NETAJI SUBHAS CHANDRA BOSE INTERNATIONAL AIRPORT  
KOLKATA (CCU)  
FOR THE THIRD CONTROL PERIOD  
(01.04.2021 – 31.03.2026)**

**DATE OF ISSUE: 15 March 2022**

**AERA BUILDING**

**ADMINISTRATIVE COMPLEX**

**SAFDARJUNG AIRPORT**

**NEW DELHI 110003**





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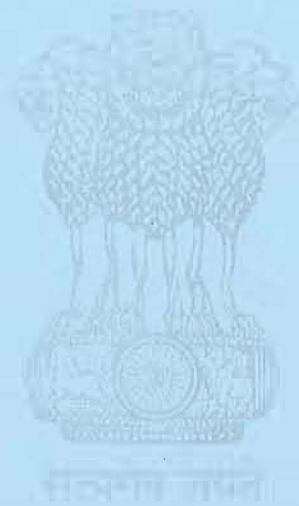


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## List of Abbreviations

| Abbreviations | Full forms  |
|---------------|---|
| AA/ES         | Administrative Approval and Expenditure Sanction                |
| AAI           | Airports Authority of India                                     |
| AAICLAS       | Airports Authority of India Cargo Logistics and Allied Services |
| AERA          | Airports Economic Regulatory Authority of India                 |
| AOCC          | Airports Operations Control Centre                              |
| ARR           | Aggregate Revenue Requirement                                   |
| AS            | Airport Services  |
| ASQ           | Airport Service Quality   |
| ASRS          | Aviation Safety Reporting System                                |
| ATC           | Air Traffic Control   |
| ATM           | Air Traffic Movement  |
| ATRS          | Automatic Tray Retrieval System                                 |
| AUCC          | Airport User Consultative Committee                             |
| BIAL          | Bangalore International Airport Limited                         |
| CAGR          | Compounded Annual Growth Rate                                   |
| CBR           | California Bearing Ratio  |
| CFT           | Crash Fire Tender   |
| CGF           | Cargo Groundhandling Fuel                                       |
| CHQ           | Corporate Head Quarter  |
| CMD           | Civil Maintenance Department                                    |
| CP            | Consultation Paper  |
| CPI           | Consumer Price Index  |
| CSR           | Corporate Social Responsibility                                 |
| CUTE          | Common User Terminal Equipment                                  |
| CWIP          | Capital Work In Progress  |
| DARK          | Disabled Aircraft Retrieval Kit                                 |
| DFMD          | Door Frame Metal Detector                                       |
| DGCA          | Directorate General of Civil Aviation                           |
| DIAL          | Delhi International Airport Limited                             |
| EHCR          | Employee Headcount Ratio  |
| EMD           | Electrical Maintenance Department                               |
| EMI           | Equated Monthly Instalment                                      |
| EQTR          | Employee Quarter Ratio  |
| ETD           | Explosive Trace Device  |
| FA            | Financing Allowance   |
| FAR           | Fixed Asset Registrar   |
| FCP           | First Control Period  |
| FRoR          | Fair Rate of Return   |
| FTC           | Fuel Throughput Charge  |
| GST           | Grand Southern Trunk  |
| HHMD          | Hand-Held Metal Detector  |
| HVAC          | Heating Ventilation and Air Conditioner                         |
| ICAO          | International Civil Aviation Organisation                       |
| IDC           | Interest During Construction                                    |





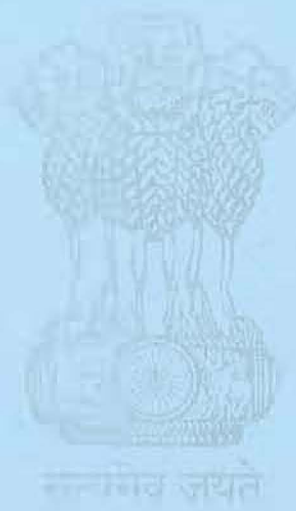
## LIST OF ABBREVIATIONS

| Abbreviations               | Full forms   |
|-----------------------------|--|
| IIT                         | Indian Institute of Technology                                   |
| IT                          | Information Technology   |
| IT Act                      | Income Tax Act   |
| MEP                         | Mechanical, Electrical and Plumbing                              |
| MIAL                        | Mumbai International Airport limited                             |
| MLCP                        | Multi-level Car Park   |
| MPPA                        | Million Passengers Per Annum                                     |
| MRO                         | Maintenance, Repair and Overhaul                                 |
| MYTP                        | Multi Year Tariff Proposal                                       |
| NCAP                        | National Civil Aviation Policy                                   |
| NITB                        | New Integrated Terminal Building                                 |
| NSCBIA                      | Netaji Subhas Chandra Bose International Airport                 |
| PAX                         | Passengers   |
| PBT                         | Profit Before Tax  |
| PIDS                        | Perimeter Intrusion Detection System                             |
| PSF                         | Passenger Security Fee   |
| RAB                         | Regulatory Asset Base  |
| R&M                         | Repair & Maintenance   |
| RBI                         | Reserve Bank of India  |
| RET                         | Rapid Exit Taxiways  |
| RGB LED                     | Red Green Blue Light Emitting Diode                              |
| RHQ                         | Regional Head Quarters   |
| SBDS                        | Self Baggage Drop Systems  |
| SBI                         | State Bank of India  |
| SCO                         | Shop-cum-office  |
| SCP                         | Second Control Period  |
| SITC                        | Supply, Installation, Testing and Commissioning                  |
| STP                         | Sewage Treatment Plant   |
| SUV                         | Sports Utility Vehicle   |
| T-1                         | Terminal 1   |
| T-2                         | Terminal 2   |
| T-3                         | Terminal 3   |
| T-4                         | Terminal 4   |
| TB                          | Terminal Building  |
| TBLR                        | Terminal Building Ratio  |
| TCP                         | Third Control Period   |
| TDSAT                       | Telecom Disputes Settlement and Appellate Tribunal               |
| UDF                         | User Development Fee   |
| UNESCO                      | United Nations Educational, Scientific and Cultural Organization |
| VEHR                        | Vehicle Ratio  |
| WDV                         | Written-down Value   |
| WPI                         | Wholesale Price Index  |
| XBIS                        | X-ray Baggage Inspection System                                  |
| <b>Units of Measurement</b> |  |
| Mn                          | Million  |



# LIST OF ABBREVIATIONS

| Abbreviations | Full forms     |
|---------------|----------------|
| Rs            | Rupees         |
| Cr            | Crore          |
| FY            | Financial Year |
| sq.m.         | Square metre   |
| p.a.          | per annum      |
| YoY           | Year on Year   |



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## 1. BRIEF ON NETAJI SUBHAS CHANDRA BOSE INTERNATIONAL AIRPORT

### 1.1. Introduction

- 1.1.1. Netaji Subhash Chandra Bose International Airport (NSCBIA), earlier known as Kolkata International Airport, is located in Dum Dum area, approximately 17 km from city centre of Kolkata. NSCBIA was the fifth busiest airport in the country in pre-pandemic period (FY 2019-20), after the airports in Delhi, Mumbai, Bangalore and Chennai. It is the primary business, commercial and financial hub of Eastern India and is also well known for its art, culture and tourism. NSCBIA, Kolkata is the nearest airport to Santiniketan, a UNESCO world heritage site. It also connects tourist destinations and pilgrimage sites such as Belur Math, Dakshineswar and Kali temples, Howrah Bridge and Victoria Memorial, thus attracting both domestic and international passengers.
- 1.1.2. NSCBIA, Kolkata is owned and operated by the Airports Authority of India (AAI), a *Miniratna* Category-I Public Sector Enterprise. AAI was constituted by an Act of Parliament and was established in 1995 through the merger of erstwhile National Airports Authority and International Airports Authority of India. The merged entity—AAI was entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure in India, both on ground and in air space.
- 1.1.3. The functions of AAI, as per its website (as accessed on 16 September 2021), are as follows:
- Design, Development, Operation and Maintenance of international and domestic airports and civil enclaves.
  - Control and Management of the Indian airspace extending beyond the territorial limits of the country, as accepted by ICAO.
  - Construction, Modification and Management of passenger terminals.
  - Development and Management of cargo terminals at international and domestic airports.
  - Provision of passenger facilities and information system at the passenger terminals at airports.
  - Expansion and strengthening of operation area, viz. Runways, Aprons, Taxiway etc.
  - Provision of visual aids.
  - Provision of Communication and Navigation aids, viz. ILS, DVOR, DME, Radar etc.
- 1.1.4. The existing infrastructure and technical details of NSCBIA, Kolkata are as given below:

**Table 1: Infrastructure and Technical details of NSCBIA, Kolkata**

| Technical Details of NSCBIA, Kolkata |   |
|--------------------------------------|---|
| Particulars                          | Details   |
| Total Airport Area                   | 1641.34 acres   |
| Runway Orientation and length        | Primary: 01R-19L : 3633m<br>Secondary: 01L-19R : 3271m  |
| No. of Apron Bays                    | 63  |
| No. of Taxi Tracks                   | 12  |
| Aerodrome Category                   | 4E  |
| Navigational Aids                    | LOC 01R, LOC 19L, LOC 19R<br>GP 01R, GP 19L, GP 19R<br>DME ILS 01R, DME ILS 19L, DME ILS 19R<br>DVOR, DME<br>Locator ILS 01R, Locator ILS 19L |
| Operational Hours                    | 24 Hrs  |

- 1.1.5. The terminal building details of NSCBIA, Kolkata are tabulated below:





Table 2: Terminal Building details of NSCBIA, Kolkata

| Particulars                     | Details   |
|---------------------------------|---|
| Terminal Building:              | Integrated  |
| Area:                           | 2,24,162 sq. m.   |
| Immigration Counters            | Arrival – 28<br>Departure – 14  |
| Customs Counters                | 1 No. (Green Channel)<br>4 No. (Red Channel)  |
| Security Counters               | Security frisking booths at Terminal Building:<br>29 – Domestic & 8 – International |
| Departure Conveyor              | 8 No.s  |
| Arrival Conveyor                | 16 No.s   |
| Peak hour passenger capacity    | 8460 PAX based on IMG norms   |
| No. of Check-in counters (CUTE) | 128 Nos. (80 Dom. + 48 Int.)  |
| Total Area of Car Parking       | 40,715 sq. m.   |

- 1.1.6. As per the AERA Act 2008 read with AERA Act (Amendment) 2019 and 2021, a “major airport” means any airport which has or is designated to have annual passenger throughput in excess of three and a half million or any other airport or a group of airports, as the Central Government may by notification, specify as such. NSCBIA, Kolkata presently has a designated capacity of 26 MPPA and an annual passenger throughput of 22.02 MPPA in FY 2019-20. Therefore, it is a major airport. NSCBIA, Kolkata is currently handling domestic traffic contributing 86.7% of the total passenger traffic between FY 2016-17 and FY 2019-20. The traffic handled by NSCBIA, Kolkata in the Second Control Period is given below:

Table 3: Passenger and ATM traffic at NSCBIA, Kolkata during Second Control Period

| FY ending March 31                  | 2017          | 2018          | 2019          | 2020          | 2021         | Total         |
|-------------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| <b>Passenger Traffic (Mn)</b>       |               |               |               |               |              |               |
| Domestic                            | 13.59         | 17.31         | 19.09         | 19.08         | 7.59         | 76.65         |
| International                       | 2.23          | 2.59          | 2.79          | 2.94          | 0.14         | 10.69         |
| <b>Total</b>                        | <b>15.82</b>  | <b>19.89</b>  | <b>21.88</b>  | <b>22.02</b>  | <b>7.73</b>  | <b>87.33</b>  |
| <b>Air Traffic Movement ('000s)</b> |               |               |               |               |              |               |
| Domestic                            | 105.78        | 126.97        | 139.02        | 141.79        | 66.42        | 579.98        |
| International                       | 18.37         | 21.83         | 23.01         | 23.97         | 5.75         | 92.94         |
| <b>Total</b>                        | <b>124.15</b> | <b>148.80</b> | <b>162.03</b> | <b>165.76</b> | <b>72.17</b> | <b>672.91</b> |





## 2. MULTI-YEAR TARIFF PROPOSAL SUBMISSION BY AAI FOR NETAJI SUBHAS CHANDRA BOSE INTERNATIONAL AIRPORT

### 2.1. Introduction

2.1.1. AERA, was established by the Government of India vide notification No. GSR 317(E) dated 12th May 2009. The legislature has provided policy guidance to the Authority regarding determination of tariff for aeronautical services under the provisions of the AERA Act, 2008. The Authority is required to adhere to this legislative policy guidance in discharge of its functions in respect of major airports. These functions are indicated in Section 13 (1) of the AERA Act, 2008, which reads as under:

- a) To determine the tariff for aeronautical services taking into consideration:
  - i. The capital expenditure incurred and timely investment in improvement of airport facilities;
  - ii. The service provided, its quality and other relevant factors;
  - iii. The cost for improving efficiency;
  - iv. Economic and viable operation of major airports;
  - v. Revenue received from services other than the aeronautical services;
  - vi. The Concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and
  - vii. Any other factor which may be relevant for the purposes of this Act.
- b) To determine the amount of the development fees in respect of major airports;
- c) To determine the amount of the passenger service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934 (22 of 1934);
- d) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorised by it in this behalf;
- e) To call for such information as may be necessary to determine the tariff under clause (a).
- f) To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act.

2.1.2. The terms “aeronautical services” and “major airports” are defined in Sections 2(a) and 2(i) of the Act, respectively.

2.1.3. As per AERA Act, the following are the aeronautical services for which tariff is determined by the Authority:

- i. Aeronautical services provided by the airport operators;
- ii. Cargo, Ground Handling and Fuel Supply Services; and
- iii. Air Navigation Services.

Tariff determination for Air Navigation Services is carried by the Ministry of Civil Aviation (MoCA) across all airports to maintain uniformity.

2.1.4. AERA has, after extensive stakeholder consultation, finalised its approach to the economic regulation of services categorised in para 2.1.3 above. Accordingly, AERA has issued Detailed





Guidelines laying down information requirements, periodicity, and procedure for tariff determination. The details of Orders and Guidelines issued in this respect include the following:

- i. Order No. 13 dated 12.01.2011 (“Regulatory philosophy and approach in Economic Regulation of Airport Operators”) and Direction No. 5 dated 28.02.2011 (“Terms and conditions for determination of tariff for Airport Operators”); and
- ii. Order No. 05 dated 02.08.2010 (“Regulatory philosophy and approach in Economic Regulation of the services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts”); Order No. 12 dated 10.01.2011 and Direction No. 4 dated 10.01.2011 (“Terms and conditions for determination of tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts”).
- iii. Order No. 07/2016-17 dated 13.06.2016 (“Normative Approach to Building Blocks in Economic Regulation of Major Airports”).
- iv. Order No. 14/2016-17 dated 23.01.2017 (“Aligning certain aspects of AERA’s regulatory approach with the provisions of the National Civil Aviation Policy – 2016”).
- v. Order No. 20/2016-17 dated 31.03.2017 (“Allowing concession to RCS flights under Regional Connectivity Scheme (RCS)”).
- vi. Order No. 35/2017-18 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2017-18 dated 09.04.2018 (“In the matter of determination of useful life of Airport assets”).
- vii. Order No. 42/2018-19 dated 05.03.2019 (“Determination of FRoR to be provided on the cost of land incurred by various Airport Operators in India”).

2.1.5. NSCBIA, Kolkata is a major airport under the provisions of the AERA Act 2008 and the subsequent AERA (Amendment) Act 2019 & 2021 that revised the annual passenger handling threshold definition of major airports from 1.5 million to 3.5 million. Pursuant to the AERA Act 2008, the Authority issued guidelines for the purpose of determination of aeronautical tariffs at major airports. NSCBIA, Kolkata had submitted Multi Year Tariff Proposals (MYTP) for the First Control Period from FY 2011-12 to FY 2015-16 and Second Control Period from FY 2016-17 to FY 2020-21. The Authority issued Order No. 35/2012-13 dated 24<sup>th</sup> January 2013 for the First Control Period and Order No. 23/2017-18 dated 27<sup>th</sup> November 2017 for the Second Control Period which was applicable from 01<sup>st</sup> December 2017.

2.1.6. As per proviso to clause 3.1 of the Airport Guidelines, Airport Operator(s) are required to submit to the Authority for its consideration, an MYTP for the respective Control Periods within the due date as specified by the Authority. AAI has submitted the MYTP for the Third Control Period from FY 2021-22 to FY 2025-26 vide e-mail dated 25 August 2021 (“MYTP of NSCBI Airport, Kolkata for the Third Control Period (01.04.2021 to 31.03.2026) – Reg”). The document is available on AERA website along with the Consultation Paper. Further, the audited financial information and FAR for FY 2020-21 as submitted by AAI vide e-mail dated 24 December 2021 (“In the matter of Determination of Tariff of Kolkata Airport for 3rd Control Period (01.04.2021 to 31.03.2026) and True-up of 2nd Control Period (01.04.2016 to 31.03.2021) – Updation of Actuals for the F.Y. 2020-21 - Reg.”) has been used for the purpose of tariff determination.

2.1.7. The Authority appointed an independent consultant, M/s Ernst and Young LLP (EY LLP) to assess the MYTP submitted by the airport operator of Netaji Subhas Chandra Bose International Airport (CCU), Kolkata. Accordingly, M/s EY LLP has assisted the Authority in examining the MYTP of the airport operator, analysing the data from various supporting documents including the audited accounts and FAR submitted by the airport operator, examining the regulatory building blocks in tariff determination, conducting a site-visit in October 2021, and ensuring that the treatment given to it is consistent with the Authority’s methodology. The consultant has analysed all the documents





submitted by the airport operator including the audited financial information for the Second Control Period.

- 2.1.8. AAI provides Air Navigation Services (ANS) in addition to landing, parking and other Aeronautical services at NSCBIA, Kolkata. AAI's tariff proposal does not consider revenues, expenditure, and assets on account of ANS. This Consultation Paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS.
- 2.1.9. AAI has also submitted that all cargo operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), its wholly owned subsidiary. AAI's tariff proposal for NSCBIA, Kolkata does not include expenditure and assets related to cargo operations. However, AAI has considered a revenue share of 30% from AAICLAS as part of the aeronautical revenues as per AAI's internal agreement with AAICLAS.
- 2.1.10. The Authority had examined and addressed the points raised by AAI in their MYTP in respective sections of the Consultation Paper No. 25/2021-22 dated 29 December 2021 and had provided its considered proposals on each building block. The Authority had also commissioned an independent study on efficient operations and maintenance expenses at NSCBIA, Kolkata. The recommendations of this study were used in the Consultation Paper.
- 2.1.11. Following the issuance of the Consultation Paper, the Authority had invited a meeting of stakeholders for consultation on 12 January 2022. The 'minutes' of the meeting are available on the AERA website. The Authority also invited formal comments from all stakeholders on the issues and the proposals presented in its Consultation Paper No. 25/2021-22. The Authority appreciates the responses it has received from the various stakeholders and has considered their inputs while preparing this Tariff Order.
- 2.1.12. Various stakeholders have provided their comments on the Consultation Paper No. 25/2021-22. The list of the stakeholders along with their building block-wise comments are given below:

| Regulatory building block   | Stakeholders who have provided comments (other than AAI) |
|---|--|
| True-up of Second Control Period                                    | IATA; IndiGo   |
| Traffic for the Third Control Period                                | IATA; IndiGo   |
| Regulatory Asset Base and Depreciation for the Third Control Period | IATA; IndiGo; SpiceJet                                   |
| Fair Rate of Return on the Third Control Period                     | IATA; IndiGo; SpiceJet                                   |
| Return on Land for the Third Control Period                         | IATA; SpiceJet   |
| Operating and Maintenance Expenses for the Third Control Period     | IATA; IndiGo; SpiceJet                                   |
| Non-Aeronautical Revenue for the Third Control Period               | IATA; IndiGo; SpiceJet                                   |
| Taxation for the Third Control Period                               | IATA   |
| Inflation for the Third Control Period                              | IATA   |
| Quality of Service for the Third Control Period                     | IATA   |
| Aggregate Revenue Requirement for the Third Control Period          | IATA; IndiGo   |
| Aeronautical Revenue  | IATA; SpiceJet; Blue Dart Aviation                       |

- 2.1.13. All the written comments submitted by the stakeholders are also available on the AERA website (Public Notice No. 43/2021-22). No inputs were received from MoCA as part of the consultation process.





2.1.14. In the Consultation Paper No. 25/2021-22, the Authority had considered the actual figures for FY 2016-17 to FY 2019-20 and projections for FY 2020-21 as the audited financial statements for FY 2020-21 were not available during the finalisation of the paper. AAI had submitted the audited financials for FY 2020-21. The same have been incorporated in the Order. AAI had shared several items of information during the consultation process, based on protracted follow-ups by the Authority from time to time. This information was considered wherever appropriate in the computations of various building blocks and the resultant true-up of the Second Control Period was updated. The Authority has considered these revised and final figures in this Tariff Order.

2.1.15. The Authority notes that AAI had not submitted the actual financial information for FY 2020-21 for over nine months from the end of the current financial year. It may be noted that AERA vide its letter dated 30 July 2020 ("F No. AERA/20010/Misc./2010-11/Vol.III") directed AAI to submit their MYTP for NSCBIA, Kolkata on or before 31 October 2020. The Authority had repeatedly sought provisional unaudited financial information which was also not submitted by AAI. Non-receipt of actual information for one financial year hinders the complete MYTP evaluation exercise and also non-receipt of actual information on a timely basis hinders the tariff determination process.

The Authority notes that public enterprises publish their financial statements within two months of the end of the financial year. The statutory time limit prescribed for companies under the Companies Act, 2013 to complete the annual general meeting is six months from the end of the financial year.

The Authority is given to understand that AAI is required to follow the extant rules as prescribed in Chapter VI of Airports Authority of India Act, 1984 with respect to preparation of financial statements and its audit. Receipt of provisional financial information, even if not audited, is imperative to facilitate tariff determination exercise. The Authority expects that AAI will put in place a mechanism to ensure timely availability of actual information for the past period, within a reasonable period of time which will enable a more timely and efficient tariff determination exercise.

## **2.2. Construct of the Consultation Paper**

2.2.1. The Tariff Order is structured under various chapters with the third chapter explaining the framework applied for determining tariffs at NSCBIA, Kolkata. The fourth chapter lists out AAI's submissions regarding true-up of the Second Control Period pertaining to various issues followed by a recap of Authority's decisions regarding the various building blocks for the Second Control Period as per the Tariff Order for the Second Control Period. This is followed by Authority's analysis on the specific issues regarding true up of the Second Control Period as part of the tariff determination for the Third Control Period as already mentioned in the Consultation Paper. The same is followed by comments from various stakeholders along with counter comments from the airport operator and followed by Authority's Analysis and Final Decision on the subject matter. This chapter also discusses the assessment and the outcome of the independent study conducted by the Authority regarding O&M expenses.

2.2.2. Chapters 5 - 13 bring out AAI's submissions regarding various building blocks pertaining to the Third Control Period including projected Traffic, RAB and Depreciation, Fair Rate of Return, Return on Land, Operating Expenses, Non-Aeronautical Revenue projections, Taxes, Inflation and Quality of Service along with Authority's analysis regarding the same at the consultation stage. These are followed by comments from various stakeholders along with counter comments and responses from AAI and followed by Authority's Analysis and Final Decision on the subject matter. As mentioned earlier, the Authority had conducted a study on O&M expenses. The detailed report is given in Appendix IV.





- 2.2.3. Chapter 14 presents the revised Aggregate Revenue Requirement as determined by the Authority based on the decisions and adjustments considered by the Authority for the Third Control Period. This is followed by comments of AAI and other stakeholders. Thereafter, the Authority's Analysis and Final Decisions are set out. The Tariff Card for NSCIA, Kolkata to be charged in Third Control Period given in Annexure I is based on the ARR computed by the Authority in this Chapter.
- 2.2.4. Chapter 15 presents the Aeronautical Revenue and views of the Authority on the same. Chapter 16 summarises Authority's decisions on all the matters relating to the tariff computations and Chapter 17 is the final Tariff Order issued by the Authority for the Third Control Period of NSCBIA, Kolkata.



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### 3. FRAMEWORK FOR DETERMINATION OF TARIFF FOR NSCBIA, KOLKATA

#### 3.1. Tariff determination methodology

- 3.1.1. The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 and AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 dated 28<sup>th</sup> February 2011.
- 3.1.2. As per the guidelines, the Authority adopted the hybrid-till approach (as per AERA vide Order No. 14/2016-17 dated 12<sup>th</sup> January 2017) for tariff determination at Chennai International Airport for the Second Control Period. Under this approach, only 30% of the non-aeronautical revenue is considered for cross-subsidising aeronautical charges. The Authority has considered the same methodology in the true-up of the Second Control Period and for tariff determination in the Third Control Period.
- 3.1.3. The ARR under hybrid till shall be determined as expressed below:

$$ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$

$$ARR_t = (FROr \times RAB_t) + D_t + O_t + T_t - 30\% \text{ of } NAR_t$$

Where:

- $t$  is the Tariff Year in the Control Period;
- $ARR_t$  is the Aggregate Revenue Requirement for year  $t$ ;
- $FROr$  is the Fair Rate of Return for the control period;
- $RAB_t$  is the Regulatory Asset Base for the year  $t$ ;
- $D_t$  is the Depreciation corresponding to the RAB for the year  $t$ ;
- $O_t$  is the Operation and Maintenance (O&M) Expenditure for the year ' $t$ ', which includes all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;
- $T_t$  is the corporate tax for the year  $t$  paid by the airport operator on the aeronautical profits; and
- $NAR_t$  is revenue from services other than aeronautical services for the year  $t$

- 3.1.4. Based on the ARR, a yield per passenger is calculated as per formula given below:

$$\text{Yield per passenger (Y)} = \frac{\sum_{t=1}^5 PV(ARR_t)}{\sum_{t=1}^5 (VE_t)}$$

Where:

- $PV(ARR_t)$  is the present value of ARR for all tariff years in the Control Period. All cash flows are assumed to occur at the end of the year. The Authority has considered discounting cash flows, one year from the start of the Control Period.
- $(VE_t)$  is the passenger traffic in tariff year  $t$

#### 3.2. Control Period

- 3.2.1. As per AERA guidelines issued on 28<sup>th</sup> February 2011, 'Control Period' refers to a period of five tariff years during which the Multi Year Tariff Order (MYTO) and tariff(s) as determined by the





Authority pursuant to such order shall subsist. The Second Control Period commenced from 01<sup>st</sup> April 2016 and the Third Control Period from 01<sup>st</sup> April 2021 for a five-year period.



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#### 4. TRUE UP FOR THE SECOND CONTROL PERIOD

##### 4.1. Issues raised by AAI pertaining to true-up for the Second Control Period

4.1.1. True Up for the Second Control Period is calculated as the difference between:

- Permissible aeronautical revenue receivable calculated based on the actual traffic and financials; and
- Actual aeronautical revenue received by AAI for the Second Control Period.

4.1.2. AAI has, in its MYTP, given its proposal for true-up under the following heads:

- a) Traffic
- b) Regulatory asset base
- c) Aeronautical depreciation
- d) Fair rate of return
- e) Return on land
- f) Operational and maintenance expenses
- g) Non-aeronautical revenue
- h) Aeronautical revenue
- i) Aeronautical taxes
- j) ARR

4.1.3. The Authority has examined the issues in detail and covered the analysis as follows:

- a. Record AAI's submission regarding different regulatory building blocks for true-up of the Second Control Period.
- b. Recap the Authority's decisions regarding regulatory building blocks in the tariff order of the Second Control Period.
- c. Provide the Authority's examination and proposals regarding the true-up calculation of each regulatory block for the Second Control Period.
- d. Detail the stakeholders' comments on different regulatory building blocks during the consultation stage, and AAI's response to stakeholders' comments
- e. Provide the Authority's examinations and decisions after reviewing stakeholders' comments and AAI's responses regarding different regulatory blocks.

4.1.4. The Authority's analysis of true-up for the Second Control Period, building block-wise has been discussed in detail in the following sections:

##### 4.2. True-up of Traffic for the Second Control Period

##### AAI's submissions regarding the Traffic Projections for the Second Control Period

4.2.1. AAI had submitted the actual traffic for the Second Control Period which is tabulated below:

Table 4: Traffic submitted by AAI for true up of Second Control Period

| FY ending March 31            | 2017         | 2018         | 2019         | 2020         | 2021        | Total        |
|-------------------------------|--------------|--------------|--------------|--------------|-------------|--------------|
| <b>Passenger Traffic (Mn)</b> |              |              |              |              |             |              |
| Domestic                      | 13.59        | 17.31        | 19.09        | 19.08        | 7.34        | 76.41        |
| International                 | 2.23         | 2.59         | 2.79         | 2.94         | 0.11        | 10.66        |
| <b>Total</b>                  | <b>15.82</b> | <b>19.89</b> | <b>21.88</b> | <b>22.02</b> | <b>7.44</b> | <b>87.05</b> |





| FY ending March 31                  | 2017          | 2018          | 2019          | 2020          | 2021         | Total         |
|-------------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| <b>Air Traffic Movement ('000s)</b> |               |               |               |               |              |               |
| Domestic                            | 105.78        | 126.97        | 139.02        | 141.79        | 62.80        | 576.36        |
| International                       | 18.37         | 21.83         | 23.01         | 23.97         | 6.20         | 93.38         |
| <b>Total</b>                        | <b>124.15</b> | <b>148.80</b> | <b>162.03</b> | <b>165.76</b> | <b>69.00</b> | <b>669.74</b> |

**Decisions taken by the Authority regarding Traffic Projections as per Tariff Order for the Second Control Period**

- 4.2.2. The Authority had evaluated the 5-year (FY 2010-11 to FY 2015-16) and 10-year (FY 2005-06 to FY 2015-16) CAGRs during the tariff determination of the Second Control Period. Based on the then introduced Regional Connectivity Scheme (RCS) by the Government of India and increase in passenger traffic, the Authority had decided to adopt growth rates for domestic passenger and ATM traffic FY 2017-18 to FY 2020-21 based on the 10-years CAGR.
- 4.2.3. Further, the Authority had proposed to true-up traffic as per actual growth achieved during the Second Control Period at the time of tariff determination of the Third Control Period.
- 4.2.4. The traffic projections considered by the Authority at the time of tariff determination for the Second Control Period are given in the table below:

**Table 5: Traffic considered by the Authority as per Tariff Order for the Second Control Period**

| FY ending March 31                  | 2017          | 2018          | 2019          | 2020          | 2021          | Total         |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Passenger Traffic (Mn)</b>       |               |               |               |               |               |               |
| Domestic                            | 13.59         | 15.11         | 16.81         | 18.69         | 20.79         | 84.99         |
| International                       | 2.23          | 2.39          | 2.55          | 2.73          | 2.92          | 12.82         |
| <b>Total</b>                        | <b>15.82</b>  | <b>17.50</b>  | <b>19.36</b>  | <b>21.42</b>  | <b>23.71</b>  | <b>97.81</b>  |
| <b>Air Traffic Movement ('000s)</b> |               |               |               |               |               |               |
| Domestic                            | 105.78        | 113.43        | 121.63        | 130.42        | 139.85        | 611.11        |
| International                       | 18.37         | 19.29         | 20.25         | 21.27         | 22.33         | 101.51        |
| <b>Total</b>                        | <b>124.15</b> | <b>132.72</b> | <b>141.89</b> | <b>151.69</b> | <b>162.18</b> | <b>712.63</b> |

**Authority's examination of Traffic Projections for the Second Control Period as part of Consultation Paper**

- 4.2.5. The Authority had noted that the traffic projections for FY 2020-21 were estimated by AAI at the time of submitting the MYTP. The Authority proposed to consider the actual FY 2020-21 traffic volumes as obtained from the AAI website (as on 30 October 2021). A summary of the same is provided below.

**Table 6: Actual traffic volumes for FY 2020-21 as considered by the Authority**

| FY ending 31 March                            | Formula         | 2021   |
|---|-----------------|--------|
| <b>Domestic passengers (In Millions)</b>      |                 |        |
| As per AAI estimates                          | A               | 7.34   |
| As per actuals                                | B               | 7.59   |
| Difference                                    | A-B             | (0.25) |
| Difference (%)                                | $(1-B/A) * 100$ | (3.41) |
| <b>International Passengers (In Millions)</b> |                 |        |
| As per AAI estimates                          |                 | 0.11   |





| FY ending 31 March                  | Formula         | 2021    |
|-------------------------------------|-----------------|---------|
| As per actuals                      | D               | 0.14    |
| Difference                          | C-D             | (0.03)  |
| Difference (%)                      | $(1-D/C) * 100$ | (27.27) |
| <b>ATM Domestic (in '000s)</b>      |                 |         |
| As per AAI estimates                | E               | 62.80   |
| As per actuals                      | F               | 66.42   |
| Difference                          | E-F             | (3.62)  |
| Difference (%)                      | $(1-F/E) * 100$ | (5.76)  |
| <b>ATM International (in '000s)</b> |                 |         |
| As per AAI estimates                | G               | 6.20    |
| As per actuals                      | H               | 5.75    |
| Difference                          | G-H             | 0.45    |
| Difference (%)                      | $(1-H/G) * 100$ | 7.25    |

- 4.2.6. In addition to the above change proposed, the Authority noted that the submitted traffic volumes were in line with the actual traffic volumes at NSCBIA, Kolkata from FY 2016-17 to FY 2019-20. However, due to the effects of the Covid-19 pandemic, traffic volumes were less than what was approved for FY 2020-21 in the tariff order of the Second Control Period. The Authority proposed to consider domestic passenger traffic of 7.59 million and international passenger traffic of 0.14 million for FY 2020-21 as shown in Table 7:

**Table 7: Traffic volumes proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY ending March 31                  | 2017          | 2018          | 2019          | 2020          | 2021         | Total         |
|-------------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| <b>Passenger Traffic (Mn)</b>       |               |               |               |               |              |               |
| Domestic                            | 13.59         | 17.31         | 19.09         | 19.08         | 7.59         | 76.65         |
| International                       | 2.23          | 2.59          | 2.79          | 2.94          | 0.14         | 10.69         |
| <b>Total</b>                        | <b>15.82</b>  | <b>19.89</b>  | <b>21.88</b>  | <b>22.02</b>  | <b>7.73</b>  | <b>87.33</b>  |
| <b>Air Traffic Movement ('000s)</b> |               |               |               |               |              |               |
| Domestic                            | 105.78        | 126.97        | 139.02        | 141.79        | 66.42        | 579.98        |
| International                       | 18.37         | 21.83         | 23.01         | 23.97         | 5.75         | 92.94         |
| <b>Total</b>                        | <b>124.15</b> | <b>148.80</b> | <b>162.03</b> | <b>165.76</b> | <b>72.17</b> | <b>672.91</b> |

- 4.2.7. The Authority proposed to consider the traffic volume for true-up of the Second Control Period based on the above analysis.

#### **Stakeholders' comments regarding true-up of traffic for the Second Control Period**

- 4.2.8. The Authority notes that there are no comments regarding true-up of traffic for the Second Control Period.

#### **Authority's analysis of stakeholders' comments on true-up of traffic for the Second Control Period**

- 4.2.9. The Authority notes that there are no comments for true-up of traffic in the Second Control Period. Since the traffic in Table 7 incorporates the actual traffic of FY 2020-21, the Authority decides to consider the same for true-up of the Second Control Period.





**4.3. True-up of Regulatory Asset Base****AAI's submissions regarding true up of Regulatory Asset Base (RAB) for the Second Control Period**

- 4.3.1. Opening RAB as submitted by AAI for the Second Control Period is given in the table below. It may be noted that the opening RAB for FY 2016-17 includes cargo assets as per the decision taken by the Authority in the Second Control Period tariff order.

**Table 8: Opening RAB submitted by AAI for true up of Second Control Period**

| Particulars (Rs. Cr.)  | Value as on 01.04.2016 |
|--|------------------------|
| Runways, Taxiways, Aprons  | 123.85                 |
| Terminal/Other Buildings   | 1,539.81               |
| Electrical Installations   | 380.63                 |
| Others including - Roads, Bridges, Culverts; Cargo Building; Residential Building; Boundary walls; Plant and machinery; etc. | 266.70                 |
| <b>Total</b>   | <b>2,310.99</b>        |

- 4.3.2. After incorporating the revised capital additions for the true-up period as per AAI's submission vide email dated 27.10.2021 ("Capex reconciliation of FY 2016-17 to FY 2020-21: Kolkata"), the Authority noted that AAI has submitted that the total capital additions for the Second Control Period, from FY 2016-17 to FY 2020-21, amounting to Rs. 692.44 Cr., of which capital expenditure for FY 2020-21 was on estimate basis. Year wise capital additions are given in the table below:

**Table 9: Aeronautical Asset Addition submitted by AAI for true up of Second Control Period**

| FY ending March 31 (in Rs. Cr.)  | 2017  | 2018   | 2019   | 2020   | 2021   | Total         |
|----------------------------------|-------|--------|--------|--------|--------|---------------|
| Additions to Aeronautical Assets | 55.52 | 242.58 | 144.03 | 129.49 | 120.83 | <b>692.44</b> |

- 4.3.3. Considering the above asset additions, the average RAB for the Second Control Period as submitted by AAI is given below:

**Table 10: RAB submitted by AAI for true up of Second Control Period**

| FY ending March 31 (in Rs. Cr.)   | 2017     | 2018     | 2019     | 2020     | 2021     | Total           |
|---|----------|----------|----------|----------|----------|-----------------|
| Opening Aeronautical RAB (A)  | 2,310.99 | 2,188.30 | 2,278.69 | 2,258.90 | 2,212.97 | -               |
| Aeronautical Assets Capitalised during the year (B)                       | 55.52    | 242.58   | 144.03   | 129.49   | 120.83   | <b>692.44</b>   |
| Disposals/Transfers (C)   | (1.44)   | (0.19)   | (0.39)   | (3.78)   | -        | <b>(5.81)</b>   |
| Depreciation (D)  | (147.27) | (152.01) | (163.42) | (171.63) | (183.02) | <b>(817.34)</b> |
| Closing Aeronautical RAB (A+B+C+D) [E]                                    | 2,217.80 | 2,278.69 | 2,258.90 | 2,212.97 | 2,150.78 | -               |
| Average RAB [(A+E)/2] [F]   | 2,264.39 | 2,233.49 | 2,268.79 | 2,235.94 | 2,181.88 | -               |
| Adjustment for Closing Cargo RAB due to formation of AAICLAS [G]          | 29.49    |          |          |          |          |                 |
| Adjusted Closing RAB for FY 2016-17 after excluding Cargo RAB [H] = [E-G] | 2,188.30 |          |          |          |          |                 |

**Decisions taken by the Authority regarding Regulatory Asset Base as per Tariff Order for the Second Control Period**

- 4.3.4. Relevant decisions taken by the Authority at the time of tariff determination for the Second Control Period are given below:





- "6.a. The Authority decides to consider allowable project cost of Rs. 567.3 Cr and accordingly to reckon the amount of Rs. 567.3 Cr. as addition to total assets during the 2<sup>nd</sup> control period."
- "6.b. The Authority directs AAI to undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines."
- "6.c. The Authority decides to true-up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalisation of underlying assets in a given year."

4.3.5. Aeronautical RAB considered by the Authority for tariff determination in the Second Control Period is given in the table below:

**Table 11: RAB considered by the Authority as per Tariff Order for the Second Control Period**

| <b>FY ending March 31 (in Rs. Cr.)</b>  | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021</b>    | <b>Total</b> |
|---|----------------|----------------|----------------|----------------|----------------|--------------|
| Opening Aeronautical RAB (A)  | 2,311.0        | 2,169.4        | 2,273.9        | 2,394.8        | 2,231.5        | -            |
| Aeronautical Assets Capitalised during the year (B)   | 31.2           | 255.1          | 281.1          | 0.0            | 0.0            | <b>567.3</b> |
| Disposals/Transfers (C)   | -              | -              | -              | -              | -              | -            |
| Depreciation (D)  | 146.2          | 150.6          | 160.1          | 163.3          | 162.1          | <b>782.3</b> |
| Closing Aeronautical RAB (A+B-C-D) (E)  | 2,196.0        | 2,273.9        | 2,394.8        | 2,231.5        | 2,069.4        | -            |
| <b>Average RAB (F) = (A+E)/2</b>  | <b>2,253.5</b> | <b>2,221.6</b> | <b>2,334.3</b> | <b>2,313.2</b> | <b>2,150.5</b> | -            |
| Adjustment to Closing RAB of FY 2016-17 due to Cargo RAB (G)  | 26.6           |                |                |                |                |              |
| Adjusted Closing RAB for FY 2018-19 including T-4 assets from 01.10.2018 (other half) adjusted for depreciation (H) = (E - G) | 2,169.4        |                |                |                |                |              |

**Authority's examination of the Regulatory Asset Base for the Second Control Period as part of the Consultation Paper**

**Opening RAB for FY 2016-17**

4.3.6. The Authority noted that the opening RAB reported by AAI includes the assets pertaining to the cargo operations of the airport and is the same as the approved RAB as computed in the Second Control Period Order. Thus, the Authority did not propose any adjustment to the Opening RAB for FY 2016-17.

**Aeronautical Capital Additions**

4.3.7. The Authority had analysed the aeronautical capital additions submitted by AAI for the true-up of the Second Control Period. For the purpose of this analysis, the Authority had grouped the approved and actual capital additions in the following sections:

- Capital Additions approved in the Second Control Period Order and commissioned in the Second Control Period
- Capital Additions approved in the Second Control Period Order but deferred to the Third Control Period





- III. Capital Additions approved in the Second Control Period Order but dropped
- IV. Capital additions incurred in the Second Control Period but not approved in the Second Control Period Order
- V. Capital works completed in the previous control periods but capitalised in the Second Control Period

**Table 12: Summary of aeronautical capital additions for the Second Control Period as submitted by AAI**

| Ref. | Particulars (in Rs. Cr.)                    | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP |
|------|---|--|-------------------------------------|
| I    | Approved and commissioned in SCP            | 243.72                                     | 260.20                              |
| II   | Approved in SCP but deferred to TCP         | 110.61                                     | -                                   |
| III  | Approved in SCP but dropped                 | 210.92                                     | -                                   |
| IV   | Not approved in SCP but capitalised         | -  | 360.36                              |
| V    | Completed in FCP and put to use in SCP*     | -  | 23.43                               |
|      | Financing Allowance                         | -  | 45.42                               |
|      | Cargo                                       | -  | 3.03                                |
|      | Capital expenditure later classified as O&M | 2.09                                       | -                                   |
|      | <b>Grand Total</b>                          | <b>567.34</b>                              | <b>692.44</b>                       |

\*Capital works could not be capitalised in FCP as they were under arbitration (arbitration concluded in SCP)

4.3.8. In the subsequent paragraphs, the Authority had discussed the groups listed above in the same sequence. After the group-wise detailing, the Authority had also provided a reconciliation of the approved capital additions in the Second Control Period Order (which amounts to Rs. 567.34 Cr.) and the actual capital additions in the Second Control Period (amounting to Rs. 692.44 Cr.).

**I. Aeronautical capital additions approved in the Second Control Period Order and commissioned in the Second Control Period**

4.3.9. Details of such capitalisation is given below:

- (a) Aeronautical capital additions approved by the Authority for the Second Control Period: Rs. 567.34 Cr.
- (b) Approved capital cost of the projects executed by AAI within (a): Rs. 243.72 Cr.
- (c) Capital cost incurred by AAI against the approved capital costs of projects: Rs. 260.20 Cr.

4.3.10. Details of the capital works approved by the Authority in the Second Control Period Order and capitalised by AAI in the Second Control Period, along with justifications as given by AAI (provided in Annexure II-A).

4.3.11. The aggregate over-expenditure of Rs. 16.48 Cr. is a mix of saving on some individual capital works and over-expenditure in other approved capital works. The main cost overruns were incurred in the reconstruction of broken slab in the F Taxi-track and upgradation of the drainage system on the airside. AAI submitted that the over-expenditure in reconstructing the F taxi track was due to an increase in the scope of work. Further, it was also submitted that the increase in cost of the upgradation of drainage system was due to an increase in the area covered, as per the operational requirements, based on a study carried out by Jadavpur University. The Authority also noted that there was cost saving in a few capital works during the Second Control Period. However, such cost savings were on account of minor variations in the scope of work.





- 4.3.12. The Authority noted that other savings/cost overruns were due to the tendering processes for capital works in the Second Control Period. The following table summarises the capital additions that were approved in the Second Control Period Order and actually capitalised.

**Table 13: Aeronautical Capital Additions approved and commissioned in the Second Control Period proposed to be considered for true up of the Second Control Period by the Authority**

| Particulars (in Rs. Cr.) | Sanctioned Amount (1) | Incurred Amount (2) | Cost Overrun [(2) – (1)] |
|--------------------------|-----------------------|---------------------|--------------------------|
| Capital Additions        | 243.73                | 260.20              | 16.48                    |

- 4.3.13. The Authority proposed to accept the capital additions and cost incurred thereof as submitted by AAI in the MYTP for the Second Control Period.

**II. Aeronautical capital additions approved in the Second Control Period Order but deferred to the Third Control Period**

- 4.3.14. The Authority examined the capital additions postponed to the Third Control Period. The Authority noted that Rs. 110.61 Cr. worth of capital additions approved in the Second Control Period were deferred to the Third Control Period. A large part of the postponed amount is attributed to a delay in the completion of work. For instance, out of the Rs. 110.61 Cr., work regarding the extension of the F-taxitrack (Rs. 37.22 Cr.) and resurfacing of the secondary runway (Rs. 40 Cr.) has commenced but is yet to be capitalised since the work could not be completed in the Second Control Period. Further, upon enquiry, AAI explained that extension of the apron on the south of the integrated terminal building (Rs. 22.49 Cr.) could not be completed since the abandoned aprons had to be dismantled. The normative cost of the capital works that are postponed to the Third Control Period are discussed in detail in the RAB and Depreciation chapter pertaining to the Third Control Period.

**III. Aeronautical capital additions approved in the Second Control Period Order but dropped**

- 4.3.15. The Authority noted that AAI had dropped Rs. 210.92 Cr. worth of capital additions that were approved in the Second Control Period.
- 4.3.16. From the Rs. 210.92 Cr. worth of dropped capital works, a large portion is attributed to the dropping of extension of airside corridor in the terminal building for both international and domestic sections. AAI submitted that this work was dropped since the planning department has proposed a new plan (envisaged to be capitalised in the Third Control Period) to increase the passenger handling capacity of the terminal building by extending the integrated terminal building on the domestic and international sides and filling cut outs to extend covered terminal building area in the Security Handling Area (SHA). Another major work regarding the construction of remote apron bays on the east side of the main runway was dropped since it was in very close proximity to the outer boundary wall and, as a result, was not approved by BCAS.

**IV. Aeronautical capital additions incurred in the Second Control Period but not approved in the Second Control Period Order**

- 4.3.17. The Authority noted that AAI has capitalised Rs. 360.36 Cr. worth of assets that were not approved in the Second Control Period Order. A list of the same is given in Annexure II (B) and also in the following table:





**Table 14: Capital additions incurred in the Second Control Period but not approved in the Second Control Period Order**

| S. No.                          | Particulars (in Rs. Cr.)  | Amount        |
|---------------------------------|---|---------------|
| <b>Security requirements</b>    |   |               |
| 1                               | SITC Inline XBIS TSA/STANDARD 3 (EU) (7 units purchased in FY 2019-20)                                      | 47.22         |
| 2                               | 6 Automatic Tray Return System with DV X-ray  | 9.29          |
| 3                               | Supply of Threat Containment Vessel   | 8.69          |
| 4                               | Biometric Access Control System - Kolkata   | 6.98          |
| 5                               | SITC Inline XBIS TSA/STANDARD 3 (EU) (1 unit purchased in FY 2020-21)                                       | 6.13          |
|                                 | <b>Sub-total (1 to 5)</b>   | <b>78.31</b>  |
| <b>Operational requirements</b> |   |               |
| 6                               | Construction of 3 hangars with associated apron and taxi-tack towards Narayanpur side.                      | 30.01         |
| 7                               | 11,382 No. Trolleys   | 26.40         |
| 8                               | Construction of 2 additional 4C parking bays  | 14.73         |
| 9                               | Fall Protection & walkway system for the integrated terminal building                                       | 14.62         |
| 10                              | Providing 8th Departure Conveyor line   | 14.33         |
| 11                              | Construction of road parallel to Main R/w approaching overshoot/ undershoot area for passage of CFTs        | 9.85          |
| 12                              | Widening & Strengthening of Perimeter Road  | 8.54          |
| 13                              | Signage at T2, wayfinding Signages. (Elect. Work)   | 8.54          |
| 14                              | Network Component (Active) @ Data Centre  | 6.98          |
| 15                              | 1000 Three-Seater Chairs for the Terminal   | 6.10          |
| 16                              | Taxiway A between junction of C Taxi to F Taxi & G Taxi   | 5.72          |
| 17                              | Modification of existing bus lounge i/c providing transit lounge at arrival level of NSCBI Airport, Kolkata | 5.59          |
| 18                              | Rubber Removal Machine (AR 346) (as per DGCA mandate)   | 5.29          |
|                                 | <b>Sub-total (6 to 18)</b>  | <b>156.70</b> |
| <b>Other works</b>              |   |               |
| 19                              | <b>Other works (below Rs. 5 Cr.)</b>  | <b>125.35</b> |
|                                 | <b>Total</b>  | <b>360.36</b> |

4.3.18. The Authority had analysed the capital additions that were not approved in the Second Control Period but executed. The Authority noted that the works relating to security worth Rs. 78.31 Cr. were incurred to adhere to the BCAS guidelines released during the Second Control Period (hence, could not be envisaged when the Second Control Period Order was issued). The Authority also noted that among other works that were not approved but done, a significant number of works were a pre-requisite to maintain the operational efficiency at the airport. However, the Authority proposed to rationalise the costs of certain non-security capital works based on its analysis. The details regarding the same are provided in the table below:

**Table 15: Capital additions with cost adjustment proposed to be considered for true up of the Second Control Period by the Authority**

| S. No. | Particulars (Rs. in Cr.)                          | As per AAI | As proposed by the Authority | Diff. | Reason  |
|--------|---|------------|------------------------------|-------|---|
| 1      | Signage of T2, wayfinding Signages. (Elect. Work) | 8.54       | 6.94                         | 1.60  | The Authority takes note of AAI's email dated 11.10.2021 ("Kolkata MYTP: Annexure I – TCP capex |



| S. No. | Particulars (Rs. in Cr.)  | As per AAI   | As proposed by the Authority | Diff.       | Reason   |
|--------|---|--------------|------------------------------|-------------|--|
| 2      | Energy Conservation: Replacement of conventional luminaries with LED lights | 2.98         | 2.43                         | 0.55        | status") wherein the costs of the S No. (1), (2) and (3) have been revised for the true-up in the Second Control Period.   |
| 3      | Provision of Air Conditioning   | 0.19         | 0.18                         | 0.01        |  |
| 4      | BR Helmets  | 0.06         | -                            | 0.06        | It is noted that the purchase of BR Helmets was considered as an operating expense. In order to avoid double-counting, the Authority proposes to not allow this as a capital addition.   |
| 5      | Bituminous Road at AAI Residential Colony                                   | 0.58         | 0.57                         | 0.01        | It is noted that the amount submitted by AAI for the construction of a bituminous road was considered as completely aeronautical. The Authority proposes to apply the employee ratio to the cost since the location of work is in the AAI residential colony.              |
| 6      | LG 43" Entertainment TV (30 No.s) for retiring room                         | 0.10         | -                            | 0.10        | It is noted that the installation of 30 televisions is considered by AAI to be aeronautical. Since capital works pertaining to the retiring room are non-aeronautical in nature, the Authority proposes to not allow the same in the true-up of the Second Control Period. |
| 7      | <b>Total (1 to 6)</b>   | <b>12.93</b> | <b>10.12</b>                 | <b>2.33</b> |  |

4.3.19. Further, the Authority proposed to apply the terminal building ratio of 92.5%:7.5% as approved in the Second Control Period Order on common capital additions (as discussed in Para 4.3.27). Consequently, the capital additions allocated to aeronautical assets are further reduced by Rs. 0.28 Cr.

4.3.20. Details of the capital works not approved by the Authority in the Second Control Period Order and capitalised by AAI in the Second Control Period, along with justifications as given by AAI are provided in Annexure II-B.

4.3.21. Based on the above analysis, the Authority proposed the capitalisation of Rs. 357.75 Cr. (Rs. 360.36 Cr. minus (Rs. 2.33 Cr. and Rs. 0.28 Cr.)) in this category of works.

#### **V. Aeronautical capital additions completed in the First Control Period but undergoing Arbitration**

4.3.22. The Authority also noted that Rs. 23.43 Cr. worth of assets that were completed in the First Control Period but were capitalised in the Second Control Period since they were undergoing arbitration which got concluded in the Second Control Period. A detailed list of the same is provided in Table 17.





- 4.3.23. The Authority proposed to consider the capital addition of Rs. 23.01 Cr. in the true-up calculation of the Second Control Period after accounting for a difference of Rs. 0.4 Cr. due to the use of terminal building ratio of 92.5%:7.5% as approved in the Second Control Period.

#### **Financing Allowance for the Second Control Period**

- 4.3.24. The Authority considers that giving an assured return on the equity investment even on the work-in-progress assets would result in reducing the risks associated with equity investment in capital projects. Further, the airport operator is given a fair rate of return on equity when the capital assets are capitalised.
- 4.3.25. Further, the Authority notes that developments at greenfield airports inherently take longer durations to commission and operationalise. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, the Authority had earlier provisioned for financing allowance in initial stages to such airports. It may be further noted that the Authority has never provided financing allowance in the case of brownfield airports. The Authority also notes that NSCBIA, Kolkata, being one of the oldest airports in India, would not be eligible for such an allowance on the equity portion of newly funded capital projects.

Financing allowance is a notional allowance and is different from the actual investment incurred by airport operators which includes interest during construction, amongst other things. Therefore, the provision of financing allowance on the entire capital work in progress would lead to a difference between the projected capitalisation and actual cost incurred, especially when the airport operator funds the projects through a mix of equity and debt.

#### **Allocation of Assets in the Second Control Period**

- 4.3.26. The Authority has noted that allocation ratios between aeronautical and non-aeronautical assets have been used for common assets:

**Table 16: Comparison of Allocation ratios as approved by the Authority and as submitted by AAI**

| S No. | Allocation Ratio (in %) | As submitted by AAI | Approved by Authority in SCP Order (excl. Cargo) | Proposed to be considered by the Authority in true-up of Second Control Period |
|-------|-------------------------|---------------------|--|--|
| 1     | TBLR                    | 94.35               | 92.50  | 92.50  |
| 2     | EHCR                    | 98.27               | 98.27  | 98.27  |

- 4.3.27. The Authority noted a difference between the Terminal Building Ratio (TBLR) as submitted in the MYTP submission and the TBLR approved in the Second Control Period Order. Since NSCBIA, Kolkata has not witnessed capitalization/added new areas in the terminal building, the TBLR ratio is unlikely to undergo any changes vis-à-vis the approved ratio in the Second Control Period. Thus, the Authority proposed to use the approved TBLR and Employee Ratio to segregate the value of common assets.

#### **The total aeronautical capital additions considered by the Authority for true-up of the Second Control Period**

- 4.3.28. Based on the above analysis from para 4.3.6 to para 4.3.27, the Authority proposed to allow the following aeronautical capital additions for the true-up of the Second Control Period:





Table 17: Summary of aeronautical capital additions proposed to be considered for true-up of the Second Control Period by the Authority in the Consultation Paper

| Ref. | Particulars (in Rs. Cr.)  | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation proposed to be considered by the Authority for true-up in SCP |
|------|---|--|-------------------------------------|--|
| I    | <b>Approved and commissioned in SCP</b>   |  |                                     |  |
| I    | 15 MW Ground mounted solar power plant  | 81.07                                      | 81.84                               | 81.84  |
|      | CAT IIIB: Lighting work for main runway   | 61.68                                      | 52.78                               | 52.78  |
|      | CAT IIIB: Runway resurfacing and RCC drain  |  | 0.96                                | 0.96   |
|      | CAT IIIB: Power supply for sub-station equipment (DG set)                               |  | 5.16                                | 5.16   |
|      | Construction of isolation bay   | 31.00                                      | 32.96                               | 32.96  |
|      | Re-construction of F-taxi track   | 5.00                                       | 15.47                               | 15.47  |
|      | 8 <sup>th</sup> departure conveyor system at NITB                                       | 11.90                                      | 10.11                               | 10.11  |
|      | In-motion weighing scale at S-Lifter (BHS conveyor)                                     |  | 1.08                                | 1.08   |
|      | Redundancy between departure line 8 & 6 prior to x-ray                                  |  | 0.83                                | 0.83   |
|      | RCC drain at northern side of operational area  | 10.32                                      | 9.85                                | 9.85   |
|      | Upgradation of drainage system  |  | 4.77                                | 4.77   |
|      | Construction of sub-fire station  | 7.12                                       | 6.83                                | 6.83   |
|      | Diversion of perimeter road (ground mounted solar panels)                               | 4.38                                       | 4.81                                | 4.81   |
|      | Construction of underground sump, borewell  |  | 2.26                                | 2.26   |
|      | Operational area development (ground mounted solar panels)                              |  | 0.83                                | 0.83   |
|      | Other works (below Rs. 3 Cr.)   | 31.26                                      | 29.66                               | 29.62*   |
|      | Sub-total (A)   | 243.72                                     | 260.20                              | 260.15   |
| II   | <b>Approved in SCP but deferred to TCP</b>  |  |                                     |  |
| II   | Extension of F-taxi track towards northern side   | 37.22                                      | -                                   | -  |
|      | Resurfacing secondary runway 19R/01L  | 40.00                                      | -                                   | -  |
|      | Widening of E-taxitrack and construction of fillet for movement of C-category aircrafts | 3.00                                       | -                                   | -  |
|      | Extension of apron on south side of NITB  | 22.49                                      | -                                   | -  |
|      | Construction of emergency medical unit  | 0.90                                       | -                                   | -  |
|      | Augmentation of power supply - east side of runway                                      | 7.00                                       | -                                   | -  |
|      | Sub-total (B)   | 110.61                                     | -                                   | -  |



## TRUE UP FOR THE SECOND CONTROL PERIOD

| Ref. | Particulars (in Rs. Cr.)   | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation proposed to be considered by the Authority for true-up in SCP |
|------|--|--|-------------------------------------|--|
| III  | <b>Approved in SCP but dropped</b>   |  |                                     |  |
| III  | Construction of remote bays - eastern side of main runway                                  | 69.13                                      | -                                   | -  |
|      | Reconstruction of G-taxi-track   | 4.94                                       | -                                   | -  |
|      | Extension of airside corridor at terminal T2 (international and domestic)                  | 112.24                                     | -                                   | -  |
|      | Safety film on glass façade of NITB  | 8.94                                       | -                                   | -  |
|      | Construction of additonal floor at operational office                                      | 7.85                                       | -                                   | -  |
|      | Relocation of mosque   | 5.00                                       | -                                   | -  |
|      | Relocation of CMD & EMD store  | 0.70                                       | -                                   | -  |
|      | Augmentation of water supply drainage at AAI Colony  | 0.90                                       | -                                   | -  |
|      | Facia Lighting of T2   | 0.93                                       | -                                   | -  |
|      | Construction of greenhouse   | 0.30                                       | -                                   | -  |
|      | Sub-total (C)  | 210.92                                     | -                                   | -  |
| IV   | <b>Not approved in SCP but capitalised</b>   |  |                                     |  |
| IV   | Supply, installation, testing and commissioning of Inline XBIS TSA/Standard 3 (EU)         | -  | 47.22                               | 47.22  |
|      | Pavement works for link taxi, apron, and shoulders   | -  | 30.01                               | 30.01  |
|      | Purchase of 11,382 trolleys  | -  | 26.40                               | 26.40  |
|      | Construction of two additional 4C parking bays   | -  | 14.73                               | 14.73  |
|      | Fall protection and walkway system on NITB roof  | -  | 14.62                               | 14.33*   |
|      | Providing 8th departure conveyor line and additional departure conveyors at terminal T-2   | -  | 14.33                               | 14.33  |
|      | 08 Automatic Tray Retrieval System   | -  | 12.39                               | 12.39  |
|      | Construction of road parallel to main runway approaching overshoot/undershoot area by CFTs | -  | 9.85                                | 9.85   |
|      | Supply of threat containment vessel  | -  | 8.69                                | 8.69   |
|      | Widening and strengthening of perimeter road   | -  | 8.54                                | 8.54   |
|      | Wayfinding signages at T2  | -  | 8.54                                | 6.94   |
|      | Other works (below Rs. 7 Cr.)  | -  | 165.04                              | 164.31*  |
|      | Sub-total (D)  | -  | 360.36                              | 357.75   |
| V    | <b>Completed in First Control Period and put to use in SCP</b>                             |  |                                     |  |
| V    | Civil works at ITB   | -  | 16.91                               | 16.58  |
|      | Electronics and electrical works at ITB  | -  | 4.63                                | 4.54*  |





## TRUE UP FOR THE SECOND CONTROL PERIOD

| Ref. | Particulars (in Rs. Cr.)                        | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation proposed to be considered by the Authority for true-up in SCP |
|------|---|--|-------------------------------------|--|
|      | Relocation of new main fire station             | -  | 0.89                                | 0.89   |
|      | VIP road flyover and other road works at ITB    | -  | 0.35                                | 0.35   |
|      | ITB fire fighting                               | -  | 0.28                                | 0.28   |
|      | Construction of operation office                | -  | 0.23                                | 0.23   |
|      | Conveyors X-BIS at ITB departure                | -  | 0.14                                | 0.14   |
|      | Sub-total (E)                                   | -  | 23.43                               | 23.01  |
|      | <b>Other Items</b>                              |  |                                     |  |
|      | Financing Allowance (F)                         | -  | 45.42                               | -  |
|      | Cargo (G)                                       | -  | 3.03                                | 3.03   |
|      | Capital expenditure later classified as O&M (H) | 2.09                                       | -                                   | -  |
|      | <b>Grand Total (A to H)</b>                     | <b>567.34</b>                              | <b>692.44</b>                       | <b>643.94</b>  |

\*due to change in terminal building ratio that was applied on common assets. Terminal building ratio was changed from 95%:5% (as submitted by AAI) to 92.5%:7.5% as proposed to be considered by the Authority.

4.3.29. The aeronautical capital additions considered after incorporating the above changes are as follows:

**Table 18: Aeronautical capital addition proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY Ending March 31 (in Rs. Cr.)         | 2017         | 2018          | 2019          | 2020          | 2021          | Total         |
|---|--------------|---------------|---------------|---------------|---------------|---------------|
| Runways, Taxiway & Aprons               | 5.08         | 95.07         | 60.22         | 3.10          | 0.00          | 163.46        |
| Road, Bridges & Culverts                | 16.31        | 0.00          | 12.30         | 0.00          | 18.33         | 46.94         |
| Building- Terminal                      | 2.54         | 0.24          | 15.79         | 15.41         | 0.61          | 34.59         |
| Building - Residential                  | 0.13         | 0.00          | 3.25          | 0.00          | 5.59          | 8.98          |
| Boundary Wall -Operational              | 0.05         | 0.00          | 2.70          | 0.00          | 0.00          | 2.75          |
| Other Buildings-Unclassified            | 2.52         | 6.83          | 4.85          | 1.02          | 0.00          | 15.23         |
| Computers : End Users                   | 0.03         | 1.31          | 0.01          | 3.91          | 0.00          | 5.27          |
| Computers: Servers and Networks         | 0.00         | 0.07          | 7.80          | 0.06          | 7.50          | 15.42         |
| Intangible Assets- Software             | 0.00         | 0.25          | 0.07          | 3.03          | 2.46          | 5.81          |
| Plant & Machinery                       | 0.31         | 0.00          | 0.00          | 6.04          | 0.00          | 6.35          |
| Tools & Equipment                       | 2.77         | 3.35          | 12.79         | 6.76          | 17.40         | 43.07         |
| Vehicles                                | 0.46         | 0.81          | 0.16          | 0.54          | 0.00          | 1.97          |
| Electrical Installations                | 15.03        | 13.16         | 10.61         | 18.96         | 25.25         | 83.01         |
| Solar Plant                             | 0.00         | 81.91         | 0.00          | 0.00          | 0.00          | 81.91         |
| Other Office equipment                  | 0.01         | 0.09          | 0.37          | 6.98          | 0.14          | 7.59          |
| Furniture & Fixtures-Other than Trolley | 0.22         | 2.02          | 2.13          | 6.33          | 0.58          | 11.27         |
| Furniture & Fixtures- Trolley           | 0.00         | 1.46          | 1.66          | 0.00          | 26.40         | 29.52         |
| X Ray Baggage System                    | 4.94         | 0.22          | 0.08          | 54.12         | 10.24         | 69.59         |
| CFT/Fire Fighting Equipment             | 0.09         | 8.60          | 1.07          | 0.00          | 1.48          | 11.23         |
| <b>Total</b>                            | <b>50.48</b> | <b>215.38</b> | <b>135.85</b> | <b>126.26</b> | <b>115.97</b> | <b>643.94</b> |

4.3.30. The Authority based on the above analysis, proposed to consider the following RAB for true-up of the Second Control Period:





**Table 19: RAB proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY ending March 31 (in Rs. Cr.)   | 2017     | 2018     | 2019     | 2020     | 2021     | Total           |
|---|----------|----------|----------|----------|----------|-----------------|
| Opening Aeronautical RAB (A)  | 2,310.99 | 2,183.40 | 2,247.69 | 2,221.44 | 2,174.26 | -               |
| Aeronautical Assets Capitalised during the year (B) (Table 18)            | 50.48    | 215.38   | 135.85   | 126.26   | 115.97   | <b>643.94</b>   |
| Disposals/Transfers (C) (Table 10)  | (1.44)   | (0.19)   | (0.39)   | (3.78)   | -        | <b>(5.81)</b>   |
| Depreciation (D) (Table 29)   | (147.13) | (150.90) | (161.71) | (169.66) | (180.77) | <b>(810.17)</b> |
| Closing Aeronautical RAB (A+B+C+D) (E)                                    | 2,212.89 | 2,247.69 | 2,221.44 | 2,174.26 | 2,109.46 | -               |
| Average RAB [F] [(A+E)/2]   | 2,261.94 | 2,215.55 | 2,234.56 | 2,197.85 | 2,141.86 | -               |
| Adjustment for Closing Cargo RAB due to formation of AAICLAS [G]          | 29.49    |          |          |          |          |                 |
| Adjusted Closing RAB for FY 2016-17 after excluding Cargo RAB [H] = [E-G] | 2,183.40 |          |          |          |          |                 |

**Stakeholders' Comments on true-up of Regulatory Asset Base for the Second Control Period**

4.3.31. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to the true-up of Regulatory Asset Base for the Second Control Period. The comments by the stakeholders are presented below:

**AAI's comments regarding true-up of Regulatory Asset Base for the Second Control Period**

4.3.32. AAI's comment regarding financing allowance for the Second Control Period is as follows:

**"AERA's Contentions**

*[Para 3.3.24 & 3.3.25 of CP]*

- The Authority noted that AAI has computed Rs. 45.42 (Cr) as Financing allowance on the asset additions capitalized in the Second Control period.
- The Authority considers that giving an assured return on the equity investment even on the work-in-progress assets would result in reducing the risks associated with equity investment in capital projects. Further, the airport operator is given a fair rate of return on equity when the capital assets are capitalised.
- Further, the Authority notes that developments at greenfield airports inherently take longer durations to commission and operationalise. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, the Authority had earlier provisioned for financing allowance in initial stages to such airports. It may be further noted that the Authority has never provided financing allowance in the case of brownfield airports. The Authority also notes that NSCBIA, Kolkata, being one of the oldest airports in India, would not be eligible for such an allowance on the equity portion of newly funded capital projects. Financing allowance is a notional allowance and is different from the actual investment incurred by airport operators which includes interest during construction, amongst other things. Therefore, the provision of financing allowance on the entire capital work in progress would lead to a difference between the projected capitalisation and actual cost incurred, especially when the airport operator funds the projects through a mix of equity and debt.





**AAI's Submission**

- Direction 5 of AERA (which entails the methodology of aeronautical tariff determination) allows Airport operators to be eligible for Financing Allowance as a return on the value invested in construction phase of an asset including the Equity portion, before the Asset is put to use.
- The concept of Financing Allowance, its computation and how the Work in Progress Asset includes the Financing Allowance is provided in Paragraph 5.2.7 of the Direction No.05-2010-11. Extract of the same is provided below:

"5.2.7. Work In Progress assets (a) Work in Progress Assets (WIPA) are such assets as have not been commissioned during a Tariff Year or Control period, as the case may be. Work in Progress assets shall be accounted for as:

$$WIPAt = WIPAt-1 + \text{Capital expenditure} + \text{Financing allowance} - \text{Capital receipts of the nature of contributions from stakeholders (SC)} - \text{Commissioned Assets (CA)}$$

Where:

$WIPAt$  = Work in progress Assets at the end of Tariff Year  $t$

$WIPAt-1$  = Work in progress Assets at the end of the Tariff Year  $t-1$

Capital Expenditure = Expenditure on capital projects and capital items made during Tariff Year  $t$ .

The Financing allowance shall be calculated as follows:

$$\text{Financing Allowance} = R_d \times \left( WIPAt-1 + \frac{\text{Capex} - \text{SC} - \text{CA}}{2} \right)$$

Where:

$R_d$  is the cost of debt determined by AERA according to Clause 5.1.4.

SC are capital receipts of the nature of contribution from stakeholders (including capital grants and subsidies) pertaining to the capital expenditure incurred in Tariff year  $t$ .

CA are Commissioned Assets which pertain to the accumulated value of the WIPA attributable to all assets that have been put into effective operation during Tariff Year  $t$ .

- AERA has further provided an Illustration on Page 28 detailing the working. The extract of the illustration is as under:

Illustration 7: The following example illustrates this approach for calculation of Work in progress assets, financing allowance and commissioned assets. The numbers in the illustration have been rounded to the nearest integers.

| Forecast Work in Progress Assets |  | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------------------------|--|---------|---------|---------|---------|---------|---------|
|                                  |  | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  |
| Opening WIP: $WIPAt-1$           | 0M   | -       | -       | 555     | 608     | -       | -       |
| Capital Expenditure              | CE   | 555     | 555     | -       | -       | -       | -       |
| Financing Allowance              | $FA = R_d \times (OW + EC) \times (CA - SC) / 2$ | -       | 37      | 82      | 43      | -       | -       |
| Capital Receipts                 | CR   | -       | -       | -       | -       | -       | -       |
| Commissioned Assets              | CA   | -       | 555     | -       | 555     | -       | -       |
| Closing WIP: $WIPAt$             | $PA = WIPAt-1 + CA$                              | -       | -       | 555     | 608     | -       | -       |

- The cost of debt,  $R_d$ , used for calculation of financing allowance, is the cost of debt determined by the Authority under Clause 5.1.4.
- The example illustrates that those assets, which have been acquired or commissioned within the same Tariff Year (i.e. Tariff Year 1), have been included both in Capital Expenditure and Commissioned Assets.
- The value of commissioned assets, as calculated, shall be used for forecasting RAB for the Control Period.

- Further, Para 5.2.5 of Direction No. 05 details the forecasting of RAB wherein the commissioned assets (including the Financing Allowance on the assets, when it was in Work in Progress stage) has been added to RAB and forms part of the closing and average RAB workings. The Illustration 4 in Page 23 is given below:





|                            |                   | Forecast RAB |               |               |               |               |               |
|----------------------------|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|
|                            |                   | 2010-11      | Tariff Year 1 | Tariff Year 2 | Tariff Year 3 | Tariff Year 4 | Tariff Year 5 |
| Opening RAB <sub>t-1</sub> | OR                | 22,750       | 20,500        | 18,826        | 16,462        | 13,998        | 12,377        |
| Commissioned Assets        | CA                | -            | 613           | -             | -             | 681           | -             |
| Depreciation               | DR                | 2,250        | 2,307         | 2,364         | 2,364         | 2,402         | 231           |
| Disposals                  | DI                | -            | -             | -             | 100           | -             | -             |
| Incentive Adjustments      | IA                | -            | -             | -             | -             | -             | -             |
| Closing RAB <sub>t</sub>   | CR=OR+CA-DR-DI+IA | 18,500       | 18,810        | 16,462        | 13,998        | 12,377        | 11,547        |
| RAB for calculating ARR    | RA=(OR+CR)/2      | -            | 19,655        | 17,664        | 15,230        | 13,138        | 11,912        |

- The Clause (d) of Para 5.2.6 defines Commissioned Assets as below:

"Commissioned Assets: Represents investments brought into use during Tariff Year  $t$ , consistent with Clause 5.2.7 herein below."

- Thus, from the above clauses it is clear that the Financing Allowance is computed on the Work in Progress balance based on Capital Expenditure incurred which is funded by Equity/Internal accruals and is capitalized as part of Commissioned assets for RAB Computation. In the case of AAI, financing allowance is computed on the equity portion and IDC is computed on the debt portion of the capital spend.
- Thus, Direction 5 provides an explicit, detailed elaboration of Financing allowance. Manner and formulae of computation and addition of the "commissioned assets" into RAB including the Financing allowance are elucidated in detail with examples.

The regulatory principles laid down by AERA and based on which the tariff orders are determined provide a fundamental foundation of the regulatory clarity to the stakeholders on the manner in which different components of costs and revenues are treated. Following are the examples and extracts of inclusion of financing allowance in RAB by AERA in various Order:

- CIAL TCP Order: Vide para 4.4.52 of CIAL order for third control period, for true up of SCP, AERA noted that, in the tariff order for the SCP, it was decided that FA would be trued up based on the final capex. In its MYTP submission, CIAL had proposed an addition of Rs. 11.9 crores in FY 2021 only as Financing Allowance for true up of SCP. Accordingly, AERA recomputed FA based on actual WIP capitalized and allowed for inclusion in the Order.
- BIAL TCP Order: Vide para 3.3.78 of BIAL Order for the third control period, AERA has agreed to allow the financing allowance for the second control period.
- Financing allowance was approved and given by AERA in the First and Second Control period for BIAL and in second control period order of CIAL.
- MIAL and DIAL: It is further to be noted that MIAL and DIAL are governed by tariff determination principles set forth in SSA and OMDA. SSA and OMDA do not contain the concept of financing allowance. Hence, AAI submits that these 2 airports are not comparable with AAI airports.

#### AAI's Request

- The AERA Act requires AERA to consider "timely investment in improvement of airport facilities"; and "economic and viable operation of major airports". The statement of objects and reasons of the AERA Act requires Authority to encourage investment in airport facilities, create a level playing





field and foster healthy competition. The Airports Infrastructure Policy of 1997 and NCAP 2016 also emphasize the need to provide a commercial orientation and encourage private sector participation in the airport sector.

- Financing allowance computation is fully in compliance with Direction 5, affirmed by Authority in its various Orders in the past.
- Based on the above submissions, AAI submits that non-consideration of Financing allowance is not in line with AERA's own guidelines. Further, allowing Financing allowance for private airports and not for AAI airports vitiates the principle of laying a level playing field for all airports – public or private in India and AAI airports would unjustly be denied of revenues that they are entitled to.

AAI therefore requests AERA to consider the financing allowance of Rs. 45.42 crores computed for SCP additions. Further, it is requested to consider Dep and return on RAB of FCP and SCP on Financing allowance amounting to Rs. 407 (Cr)."

4.3.33. AAI's comment regarding allocation ratios for capital additions in the Second Control Period is as follows:

**"AERA's Contentions**  
[Para 3.3.26 of CP]

- The Authority has noted that allocation ratios between aeronautical and non-aeronautical assets have been used for common assets.

| S No | Allocation Ratio (in %) | As submitted by AAI | No. Allocation Ratio (in %) As submitted by AAI Approved by Authority in SCP Order (excl. Cargo) | Proposed to be considered by the Authority in true up of Second Control Period |
|------|-------------------------|---------------------|--|--|
| 1    | TBLR                    | 94.35               | 92.50  | 92.50  |
| 2    | EHCR                    | 98.27               | 98.27  | 98.27  |

- The Authority notes a difference between the Terminal Building Ratio (TBLR) as submitted in the MYTP submission and the TBLR approved in the Second Control Period Order. Since NSCBIA, Kolkata has not witnessed capitalization/added new areas in the terminal building, the TBLR ratio is unlikely to undergo any changes vis-à-vis the approved ratio in the Second Control Period. Thus, the Authority proposes to use the approved TBLR and Employee Ratio to segregate the value of common assets.

**AAI's Submission**

- AERA proposed to consider the ratio of 92.50%: 7.50% (Aero: Non-aero) for common assets within the Terminal building during the Second Control Period.
- AAI submits that the ratios submitted are based on actual floor space usage and considering the ratio of SCP i.e. 94.35%: 5.65% (Aero: Non-aero) by comparing with other airports/generally accepted ratios may not reflect the true ground scenario in Kolkata Airport.
- Detailed workings for all the aeronautical ratios applied for various assets was submitted during MYTP stage to AERA for its perusal.
- In SCP order, the ratio of 92.5% for TBLR was based on actual submission of AAI's TBLR ratio of 93.27%. It is requested to consider the average ratio computed on actual TBLR ratio from the F.Y 2016 to F.Y 2021 comes out 94.35%.

Considering the fact that true up of the ratio, AAI has submitted the aero ratio working based on actual aero additions for SCP.





**Other stakeholders' comments regarding true-up of RAB for the Second Control Period**

4.3.34. IATA's comment regarding financing allowance for the Second Control Period is as follows:

***"Financing Allowance"***

*IATA supports AERA's proposal to exclude financing allowance sought by AAI. These are unjustified for the reasons stated by AERA in the consultation paper."*

4.3.35. IATA's comment regarding capital additions for the Second Control Period is as follows:

***"Capital Additions in SCP"***

*Regarding capital investments, IATA compliments AERA for its scrutiny and assessment that has been very methodical, however would like to raise some fundamental concerns. SCP capital additions and changes in scope were not consulted upon with the airline community and were unilaterally applied which ignores and undermines AERA, users and the AUCC Consultation process and obligations. In principle, none of the capital additions should be included or the airport is most likely to continue to pay lip service to user funding investments, which may or may not meet their operational and passenger's needs or have a business case strong enough to warrant their approval.*

*We note the need for investment in security infrastructure that could not be anticipated before the start of the SCP. However, we also request AERA to take account of the following important points:*

- *Clarify Rs. 78.31 Cr. should be funded through ASF and therefore is not allowable in SCP*
- *Confirm Item 2 - 6 automatic tray return systems with DV X ray Rs. 9.29 Cr. and Item 6 Biometric access control system - Kolkata Rs. 6.98 Cr. are critically required for security processing and mandated by regulation. If not and for efficiency, what other options were considered? We consider these items should not be allowable for true-up unless fully agreed by the airline community*
- *Has AERA assessed security costs in line with normative cost benchmarks or conducted independent analysis for capex efficiency?*

*Regarding the remaining proposed aeronautical capital additions in the SCP, we respectfully make the following comments:*

- *Reference I Approved and Commissioned Projects – we agree with a true-up of Rs. 243.72 Cr. The overspend of approved projects of Rs. 29.62 Cr. should not be approved without prior consultation on scope changes with the airline community via a change control process through the AUCC.*
- *Reference II Approved in SCP but deferred to TCP – the rationale to defer the majority of Rs. 110.61 Cr. investment seems unclear for most projects. The benefits associated with these projects should be delivered as planned or the airport held to account unless agreed to with users via the AUCC e.g. penalty applied to as a % of the project value to incentivise airports.*
- *Reference III – Approved in SCP but dropped – again the rationale for major changes should be discussed regarding dropped projects to ensure users agree they are no longer required. A major change. In particular a major change in terminal development strategy should be agreed with users as there will be significant dependencies with TCP investments, in particular that relates to the Extension of airside corridor at terminal T2 (international and domestic). In this respect the*





*total cost of the terminal development should be reviewed and agreed alongside the PIF before any investment is incurred. We do however support the decision on shifting the capitalization of new integrated terminal building Part 2, to the next control period.*

- *Reference V – we agree with AERA's assessment of Rs. 23.0 Cr. "*

**AAI's counter-comments and response to stakeholders' comments regarding true-up of RAB for the Second Control Period**

4.3.36. Subsequent to the stakeholders' comments received by the Authority as part of the stakeholder consultation process, AAI's response to the various stakeholders' comments with respect to true up of RAB for the Second Control Period are presented below.

4.3.37. Regarding IATA's comment regarding capital additions in the Second Control Period, AAI has responded as follows:

*"AUCC has been conducted as per AERA guidelines. The Minutes of the AUCC and Project Investment file has been shared with all the stakeholders.*

- *As per MOCA Order No AV-13024/03/2011-AS (Pt. I) dated 18.02.2014 the capex expenditure (Security) to form part of RAB for Tariff determination and it is not to be met out of PSF(Security).*
- *Regarding unplanned expenditure AAI has cautiously considered those capex which are essentials, and not to be avoided due to Operational requirements.*
- *For TCP, Capital expenditure those are incorporated in the MYTP are essential and after thorough discussion with AAI's Management.*
- *All reply to the queries raised by consultant regarding unplanned and Approved SCP Capex and TCP projection of Capex provided to AERA Consultant."*

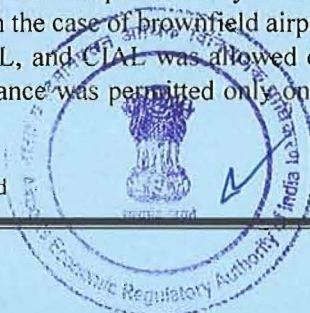
**Authority's analysis on stakeholders' comments regarding true-up of Regulatory Asset Base for the Second Control Period**

**Financing Allowance**

4.3.38. The Authority has carefully examined comments by AAI and IATA on financing allowance. Accordingly, the Authority notes the following:

4.3.39. Providing return on capital expenditure from the very beginning of construction will significantly lower the risks for an airport operator and may require revisiting the return on equity allowed to airport operators. Further, this will disincentivise the airport operator from ensuring a timely completion of projects and delivery of services to airport users. Therefore, the Authority is of the view that a return should be provided only when the assets are made available to the airport users except in the case of certain costs like IDC that will have to be incurred in case debt is used for funding of projects.

4.3.40. Developments at greenfield airports inherently take longer durations to commission and operationalise. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, the Authority had earlier provisioned for financing allowance in initial stages to such airports. It may be further noted that the Authority has never provided financing allowance in the case of brownfield airports. Further, financing allowance for greenfield airports of BIAL, HIAL, and CIAL was allowed only for the initial stages of their development, after which such allowance was permitted only on the debt portion of the proposed





capital expenditure. The Authority also notes that NSCBIA, Kolkata being one of the oldest airports in India, would not be eligible for such an allowance on the equity portion of newly funded capital projects.

- 4.3.41. Financing Allowance is a notional allowance and would be different from the actual investment incurred by the Airport Operator which would include the interest during construction among other things. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalisation and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.
- 4.3.42. AERA Guidelines, 2011 do not specifically state that financing allowance is to be provided on both equity and debt portion of the capital expenditure. On the other hand, it does give the Authority the mandate to consider any relevant factors for exclusion or inclusion of assets.
- 4.3.43. In view of the above, the Authority is of the view that there is no reason to deviate from the proposal made by it regarding Financing Allowance in Consultation Paper No. 25/2021-22 dated 29 December 2021 and has decided to provide Financing Allowance only on the debt portion of project funds.

#### Allocation of Assets

- 4.3.44. The Authority notes AAI's comment regarding the terminal building ratio of 92.5%:7.5% considered by the Authority in the Second Control Period. The Authority expects AAI to exploit the non-aeronautical space to generate revenues for cross-subsidisation which will benefit the airport users who have funded the creation of capital assets. The Authority is of the view that AAI is expected to meet the terminal building ratio that has been approved in the Second Control Period Order. In addition, since the Authority notes that there has been no material change in the terminal building structure in the Second Control Period, the Authority finds it appropriate to use the terminal building ratio approved in the Second Control Period Order. Moreover, the Authority is of the view that this is line with the IATA and IMG norms with respect to terminal building ratio at major airports.
- 4.3.45. The Authority notes IATA's comments regarding true-up of RAB for the Second Control Period. The same have been addressed in the following paras.

#### Capital Additions

- 4.3.46. **Regarding security infrastructure being funded by PSF (Security):** The Authority has noted IATA's comment on security infrastructure being funded by PSF (Security), and AAI's counter-comment thereof. The Authority has addressed the same in Para 4.9.11.
- 4.3.47. **Regarding ATRS system with DV X-ray, biometric access control system, and normative benchmarking of security costs:** The Authority has noted IATA's comment on security-related capital additions that were incurred but not approved in the Second Control Period. The Authority notes that this capital outlay was related to the security capital works and were incurred due to the BCAS guidelines released during the Second Control Period. Moreover, the Authority notes that AAI adopts a competitive tendering process for major capital additions. Therefore, the Authority decides to consider the capital expenditure related to ATRS system with DV X-ray, and biometric access control system as part of true-up computation for the Second Control Period.





- 4.3.48. **Regarding capital additions approved and commissioned in the Second Control Period:** The Authority has noted IATA's comment regarding cost overrun of approved capital additions in the Second Control Period. The Authority would like to highlight that the costs approved in the Second Control Period Order were based on projections and awarded amounts (if available). Thus, the Authority is cognizant of cost variations between the approved and actually incurred amounts. Keeping this in mind, the Authority decides to true-up the cost overrun of Rs. 29.62 Cr. with respect to capital additions approved and commissioned in the Second Control Period.
- 4.3.49. **Regarding capital additions approved in the Second Control Period but deferred to the Third Control Period:** The Authority has noted IATA's comment regarding deferment of certain projects to the Third Control Period. The Authority is of the view that this delay in capitalisation is largely attributable to the disruptions caused by the Covid-19 pandemic. The Authority also notes IATA's comment on imposing a penalty on delayed capital additions in the Second Control Period. In this regard, the Authority has decided not to make any adjustment as no such provision was made by the Authority in the Second Control Period Order.
- 4.3.50. **Regarding capital additions approved in the Second Control Period but dropped:** The Authority has noted IATA's comment on capital additions approved in the Second Control Period but dropped. The Authority reiterates that of the Rs. 210.92 Cr of capital additions that was dropped in the Second Control Period, Rs. 112.24 Cr. was attributable to extension of airside corridor at terminal T2, and Rs. 69.13 Cr. was attributable to construction of remote bays – eastern side of main runway. The Authority notes that the extension of airside corridor at terminal T2 was dropped because AAI has planned other capital works to increase the passenger handling capacity at NSCBIA, Kolkata. Moreover, with respect to construction of remote bays – eastern side of runway, the Authority notes that the project was dropped as it did not comply with BCAS Guidelines.

**AAI's submission of actual capital additions for FY 2020-21**

- 4.3.51. As stated earlier, the Authority has sought the capital additions at NSCBIA, Kolkata from AAI during the consultation process. The same was submitted to the Authority vide AAI's mail "In the matter of Determination of Tariff of Kolkata Airport for 3rd Control Period (01.04.2021 to 31.03.2026) and True-up of 2nd Control Period (01.04.2016 to 31.03.2021) – Updation of Actuals for the F.Y. 2020-21- Reg." dated 24.12.2021.
- 4.3.52. AAI submitted actual capital additions for FY 2020-21 of 88.40 Cr against the estimated capital additions of Rs. 120.83 Cr. The same has been summarised in the following table.

**Table 20: Summary of actual capital additions of FY 2020-21**

| Particulars (in Rs. Cr.)         | Capital additions estimated in the MYTP (A) | Actual capital additions for FY 2020-21 (B) | Deviation (A) - (B) |
|----------------------------------|---|---|---------------------|
| Capital additions for FY 2020-21 | 120.83                                      | 88.40                                       | 32.43               |

**Authority's Examination of actual capital additions for FY 2020-21**

- 4.3.53. The Authority has analysed the actuals capital additions for FY 2020-21 submitted by AAI. The Authority notes that a decrease of Rs. 32.43 Cr in the actual capitalisation as opposed to the estimates submitted in the MYTP. The reasons for reduction in capitalisation are elaborated in the table below:





**Table 21: Capital Additions for FY 2020-21 as submitted by AAI**

| Ref. | Particulars (in Rs. Cr.)   | Amount |
|------|--|--------|
| A    | Capital additions proposed to be considered for FY 2020-21 in the Consultation Paper   | 115.97 |
| B    | Cost variation (saving) in capitalisation amount of estimated capex during consultation stage (Refer Annexure II (C))          | 26.52  |
| C    | Additional works capitalised as per actuals  | 3.12   |
| D    | Capital additions estimated in consultation stage but not incurred in actuals financials of FY 2020-21 (Refer Annexure II (D)) | 4.16   |
| E    | Capital additions decided to be considered for FY 2020-21 (E = A - B + C - D)  | 88.40  |

4.3.54. The Authority decides to consider Rs. 88.40 Cr. as capital additions in FY 2020-21 since the reduction in capitalisation in is largely attributed to cost variations. Further, the Authority also notes that the additional capital additions is only Rs. 3.12 Cr. and pertains to IT expenditure, security, etc which are essential for smooth functioning of the airport.

4.3.55. A revised computation of reconciliation of capital additions in the Second Control Period is provided in the table as follows.

**Table 22: Summary of capital additions decided by the Authority**

| Ref. | Particulars (in Rs. Cr.)                                   | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation decided to be considered by the Authority for true-up in SCP |
|------|--|--|-------------------------------------|---|
| I    | <b>Approved and commissioned in SCP</b>                    |  |                                     |   |
|      | 15 MW Ground mounted solar power plant                     | 81.07                                      | 81.84                               | 81.84   |
|      | CAT IIIB: Lighting work for main runway                    |  | 52.78                               | 52.78   |
|      | CAT IIIB: Runway resurfacing and RCC drain                 | 61.68                                      | 0.96                                | 0.96  |
|      | CAT IIIB: Power supply for sub-station equipment (DG set)  |  | 5.16                                | 5.16  |
|      | Construction of isolation bay                              | 31.00                                      | 32.96                               | 32.96   |
|      | Re-construction of F-taxi track                            | 5.00                                       | 15.47                               | 15.47   |
|      | 8 <sup>th</sup> departure conveyor system at NITB          | 11.90                                      | 10.11                               | 10.11   |
| I    | RCC drain at northern side of operational area             | 10.32                                      | 9.85                                | 9.85  |
|      | Upgradation of drainage system                             |  | 5.07                                | 5.07  |
|      | Construction of sub-fire station                           | 7.12                                       | 6.83                                | 6.83  |
|      | Diversion of perimeter road (ground mounted solar panels)  |  | 4.81                                | 4.81  |
|      | Construction of underground sump, borewell                 | 4.38                                       | 2.26                                | 2.26  |
|      | Operational area development (ground mounted solar panels) |  | 0.83                                | 0.83  |
|      | Other works (below Rs. 3 Cr.)                              | 31.26                                      | 31.27                               | 31.53   |
|      | Sub-total (A)  | 243.72                                     | 260.20                              | 260.45  |
| II   | <b>Approved in SCP but deferred to TCP</b>                 |  |                                     |   |





| Ref. | Particulars (in Rs. Cr.)   | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation decided to be considered by the Authority for true-up in SCP |
|------|--|--|-------------------------------------|---|
| II   | Extension of F-taxi track towards northern side  | 37.22                                      | -                                   | -   |
|      | Resurfacing secondary runway 19R/01L   | 40.00                                      | -                                   | -   |
|      | Widening of E-taxi track and construction of fillet for movement of C-category aircrafts   | 3.00                                       | -                                   | -   |
|      | Extension of apron on south side of NITB   | 22.49                                      | -                                   | -   |
|      | Construction of emergency medical unit   | 0.90                                       | -                                   | -   |
|      | Augmentation of power supply - east side of runway   | 7.00                                       | -                                   | -   |
|      | Sub-total (B)  | 110.61                                     | -                                   | -   |
| III  | Approved in SCP but dropped  |  |                                     |   |
| III  | Construction of remote bays - eastern side of main runway                                  | 69.13                                      | -                                   | -   |
|      | Reconstruction of G-taxi-track   | 4.94                                       | -                                   | -   |
|      | Extension of airside corridor at terminal T2 (international and domestic)                  | 112.24                                     | -                                   | -   |
|      | Safety film on glass façade of NITB  | 8.94                                       | -                                   | -   |
|      | Construction of additional floor at operational office                                     | 7.85                                       | -                                   | -   |
|      | Relocation of mosque   | 5.00                                       | -                                   | -   |
|      | Relocation of CMD & EMD store  | 0.70                                       | -                                   | -   |
|      | Augmentation of water supply drainage at AAI Colony  | 0.90                                       | -                                   | -   |
|      | Facia Lighting of T2   | 0.93                                       | -                                   | -   |
|      | Construction of greenhouse   | 0.30                                       | -                                   | -   |
|      | Sub-total (C)  | 210.92                                     | -                                   | -   |
| IV   | Not approved in SCP but capitalised  |  |                                     |   |
| IV   | Supply, installation, testing and commissioning of Inline XBIS TSA/Standard 3 (EU)         | -  | 47.22                               | 47.22   |
|      | Pavement works for link taxi, apron, and shoulders   | -  | 30.01                               | 30.01   |
|      | Purchase of trolleys   | -  | 6.00                                | 6.00  |
|      | Construction of two additional 4C parking bays   | -  | 14.73                               | 14.73   |
|      | Fall protection and walkway system on NITB roof  | -  | 14.62                               | 14.33   |
|      | Providing 8th departure conveyor line and additional departure conveyors at terminal T-2   | -  | 0.60                                | 0.60  |
|      | 08 Automatic Tray Retrieval System   | -  | 12.39                               | 12.39   |
|      | Construction of road parallel to main runway approaching overshoot/undershoot area by CFTs | -  | 17.66                               | 17.66   |
|      | Supply of threat containment vessel  | -  | 8.69                                | 8.69  |





| Ref. | Particulars (in Rs. Cr.)   | Approved by the Authority in the SCP Order | Actual Capitalisation by AAI in SCP | Capitalisation decided to be considered by the Authority for true-up in SCP |
|------|--|--|-------------------------------------|---|
|      | Widening and strengthening of perimeter road                                 | -  | 8.54                                | 8.54  |
|      | Wayfinding signages at T2  | -  | 7.42                                | 7.42  |
|      | Other works (below Rs. 7 Cr.)  | -  | 162.62                              | 162.29  |
|      | Sub-total (B)  | -  | 330.50                              | 329.88  |
| V    | <b>Arbitration + Completed in First Control Period and put to use in SCP</b> |  |                                     |   |
| V    | Civil works at ITB   | -  | 16.91                               | 16.58   |
|      | Electronics and electrical works at ITB                                      | -  | 4.63                                | 4.54  |
|      | Relocation of new main fire station  | -  | 0.89                                | 0.89  |
|      | VIP road flyover and other road works at ITB                                 | -  | 0.35                                | 0.35  |
|      | ITB fire fighting  | -  | 0.28                                | 0.28  |
|      | Construction of operation office   | -  | 0.23                                | 0.23  |
|      | Conveyors X-BIS at ITB departure   | -  | 0.14                                | 0.14  |
|      | Sub-total (E)  | -  | 23.43                               | 23.01   |
|      | <b>Other Items</b>   |  |                                     |   |
|      | Financing Allowance (F)  | -  | 45.42                               | -   |
|      | Cargo (G)  | -  | 3.03                                | 3.03  |
|      | Capital expenditure later classified as O&M (H)                              | 2.09                                       | -                                   | -   |
|      | <b>Grand Total (A to H)</b>  | <b>567.34</b>                              | <b>662.58</b>                       | <b>616.38</b>   |

#### 4.4. True-up of Aeronautical Depreciation

##### AAI's submission of Aeronautical Depreciation for the Second Control Period

- 4.4.1. AAI has submitted that depreciation has been calculated based on AERA approved rates in the tariff order of the Second Control Period till FY 2017-18. From FY 2018-19 onwards, AAI has computed depreciation based on the rates prescribed by the Authority vide Order No. 35/2017-18 dated 12.01.2018, in the matter of determination of useful life of Airports Assets. The useful lives considered by AAI in FY 2016-17 and FY 2017-18 are summarized in the following table:

**Table 23: Useful life considered by AAI for FY17 and FY18**

| S.N. | Asset Class                     | Useful life in years |
|------|---------------------------------|----------------------|
| 1    | Runways, Taxiways, Aprons       | 30                   |
| 2    | Roads, Bridges & culvert        | 30                   |
| 3    | Terminal/Other Buildings        | 30                   |
| 4    | Building - Residential          | 30                   |
| 5    | Security Fencing                | 3                    |
| 6    | Computer, IT Hardware & Access. | 6                    |
| 7    | Computer Software               | 5                    |
| 8    | Plant and Machinery             | 15                   |
| 9    | Tools & Equipment               | 15                   |
| 10   | Other Vehicles                  | 8                    |
| 11   | Electrical Installations        | 10                   |





| S.N. | Asset Class          | Useful life in years |
|------|----------------------|----------------------|
| 12   | Office Equipment     | 5                    |
| 13   | Furniture & Fixtures | 10                   |
| 14   | X-Ray Baggage        | 15                   |
| 15   | CFT                  | 15                   |

4.4.2. AAI has considered the following useful lives from FY 2018-19 onwards:

**Table 24: Useful life considered by AAI from FY 2018-19 onwards**

| S.N. | Asset Class                     | Useful life in years as per AAI | Useful life in years as per Order No. 35/2017-18 |
|------|---------------------------------|---------------------------------|--|
| 1    | Runways, Taxiways, Aprons       | 30                              | 30   |
| 2    | Roads, Bridges & culvert        | 10                              | 5/10   |
| 3    | Terminal/Other Buildings        | 30                              | 30/60  |
| 4    | Building - Residential          | 30                              | 30/60  |
| 5    | Security Fencing                | 10                              | 5/10   |
| 6    | Computer, IT Hardware & Access. | 3                               | 3  |
| 7    | Computer Software               | 6                               | 6  |
| 8    | Plant and Machinery             | 15                              | 15   |
| 9    | Tools & Equipment               | 15                              | 15   |
| 10   | Other Vehicles                  | 8                               | 8  |
| 11   | Electrical Installations        | 10                              | 10   |
| 12   | Office Equipment                | 5                               | 5  |
| 13   | Furniture & Fixtures            | 7                               | 7  |
| 14   | X-Ray Baggage                   | 15                              | 15   |
| 15   | CFT                             | 15                              | 15   |

4.4.3. The following table summarises the aeronautical depreciation submitted by AAI for the Second Control Period:

**Table 25: Aeronautical depreciation submitted by AAI for true up of Second Control Period**

| FY ending March 31 (Rs. Cr.)    | 2017  | 2018  | 2019  | 2020  | 2021  | Total  |
|---------------------------------|-------|-------|-------|-------|-------|--------|
| Runways, Taxiway & Aprons       | 7.80  | 9.62  | 11.86 | 13.01 | 13.07 | 55.36  |
| Road, Bridges & Culverts        | 2.47  | 2.73  | 8.82  | 9.36  | 10.14 | 33.52  |
| Building- Terminal              | 57.14 | 57.09 | 57.30 | 57.85 | 58.15 | 287.54 |
| Cargo Complex                   | 1.31  | 0.00  | 0.00  | 0.00  | 0.00  | 1.31   |
| Building - Temporary            | 0.19  | 0.00  | 0.00  | 0.00  | 0.00  | 0.19   |
| Building - Residential          | 0.41  | 0.41  | 0.46  | 0.51  | 0.60  | 2.39   |
| Boundary Wall -Operational      | 0.42  | 0.42  | 1.41  | 1.48  | 1.46  | 5.19   |
| Other Buildings-Unclassified    | 0.75  | 0.85  | 1.05  | 1.15  | 1.17  | 4.98   |
| Computers : End Users           | 1.62  | 1.67  | 0.93  | 1.20  | 1.64  | 7.06   |
| Computers: Servers and Networks | 1.04  | 1.02  | 0.78  | 1.39  | 2.01  | 6.25   |
| Intangible Assets- Software     | 0.02  | 0.04  | 0.07  | 0.38  | 0.92  | 1.42   |
| Plant & Machinery               | 4.85  | 3.59  | 3.55  | 3.70  | 3.90  | 19.59  |
| Tools & Equipment               | 0.75  | 0.91  | 1.43  | 2.07  | 2.89  | 8.05   |
| Vehicles                        | 0.23  | 0.27  | 0.32  | 0.36  | 0.39  | 1.57   |
| Electrical Installations        | 57.17 | 57.88 | 58.33 | 59.15 | 60.73 | 292.75 |





| FY ending March 31 (Rs. Cr.)           | 2017          | 2018          | 2019          | 2020          | 2021          | Total         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Solar Plant                            | 1.00          | 5.47          | 4.02          | 4.00          | 4.00          | 18.48         |
| Other Office equipment                 | 0.03          | 0.03          | 0.06          | 0.79          | 1.50          | 2.42          |
| Furniture & Fixtures-Other than Trolly | 0.92          | 1.02          | 1.75          | 2.35          | 2.70          | 8.75          |
| Furniture & Fixtures- Trolly           | 0.20          | 0.28          | 1.76          | 1.95          | 5.37          | 9.55          |
| X Ray Baggage System                   | 5.72          | 5.71          | 5.72          | 7.52          | 8.95          | 33.61         |
| CFT/Fire Fighting Equipment            | 3.22          | 3.48          | 3.81          | 3.40          | 3.44          | 17.35         |
| <b>Total</b>                           | <b>147.27</b> | <b>152.01</b> | <b>163.42</b> | <b>171.63</b> | <b>183.02</b> | <b>817.34</b> |

**Decisions taken by the Authority regarding Aeronautical Depreciation as per Tariff Order for the Second Control Period**

- 4.4.4. During the preparation of the Second Control Period tariff order, the Authority had noted that the depreciation policy of AAI, as approved by its Board, was not in accordance with that of other major private airports.
- 4.4.5. Furthermore, the Authority had noted that certain depreciation policies of AAI were not in line with the Companies Act 2013. Although the Authority believed that implementing the depreciation rates under the Companies Act 2013 was appropriate, it also mentioned that there was no specific provision for certain asset classes like apron, taxiway and runway in the Companies Act 2013 or Companies Act 1956 or in the Income Tax Act 1961.
- 4.4.6. In order to address the above concern, the Authority had released Order No. 35/2017-18 dated 12.10.2018 on the applicable depreciation rates to be enforced from 01.04.2018. Categories of assets which were not provided for in the Companies Act, 2013 were added in the aforementioned order. The table below provides the depreciation rates considered by the Authority for the period FY 2014-15 onwards, up to FY 2017-18:

**Table 26: Depreciation Rates as considered by the Authority from FY 2014-15 to FY 2017-18**

| No. | Asset Class                       | Rate as per Authority (%) |
|-----|-----------------------------------|---------------------------|
| 1   | Land                              | 0.00                      |
| 2   | Runways, Taxiways and Aprons      | 3.33                      |
| 3   | Roads, Bridges and Culvert        | 3.33                      |
| 4   | Terminal/Other Buildings          | 3.33                      |
| 5   | Cargo Building                    | 3.33                      |
| 6   | Temporary Buildings               | 33.33                     |
| 7   | Building – Residential            | 3.33                      |
| 8   | Security Fencing – Temporary      | 33.33                     |
| 9   | Security Fencing wall             | 3.33                      |
| 11  | Security Fencing                  | 3.33                      |
| 12  | Ancillary Building                | 3.33                      |
| 13  | Computer, IT Hardware and Access. | 16.67                     |
| 14  | Computer Software                 | 20.00                     |
| 15  | Plant and Machinery               | 6.67                      |
| 16  | Tools                             | 6.67                      |
| 17  | Equipment                         | 6.67                      |
| 18  | Vehicle                           | 12.50                     |
| 19  | Heavy Vehicles                    | 12.50                     |





| No. | Asset Class                     | Rate as per Authority (%) |
|-----|---------------------------------|---------------------------|
| 20  | Vehicle Car and Jeep            | 12.50                     |
| 21  | Electrical Installations        | 10.00                     |
| 22  | Air Conditioning                | 10.00                     |
| 23  | Electronics installations       | 10.00                     |
| 24  | Typewriter and Office Equipment | 20.00                     |
| 25  | Furniture and Fixtures          | 10.00                     |
| 26  | X-Ray Baggage                   | 6.67                      |
| 27  | CFT                             | 6.67                      |

4.4.7. The depreciation rates (as per Order 35/2017-18) considered by the Authority from FY 2018-19 onwards is given in the table below:

**Table 27: Depreciation Rates considered by the Authority from FY2018-19 onwards**

| No. | Asset Class  | Rate as per Authority (in %) |
|-----|--|------------------------------|
| 1   | Terminal Building (including VIP Terminal, Bus Terminal, Haj Terminal)   | 3.33                         |
| 2   | Building in operational area   | 3.33                         |
| 3   | Utility Building   | 3.33                         |
| 4   | Cargo Complex  | 3.33                         |
| 5   | Residential Building   | 3.33                         |
| 6   | Main access roads, Roads in operational area, boundary wall, security fencing  | 10.00                        |
| 7   | Baggage handling/Escalators/Elevators/Travellite/HVAC equipment/Cargo ASRS/ETV Equipment                               | 6.67                         |
| 8   | X Ray machine, RT Set, DFMD, HHMD, Security Equipment  | 6.67                         |
| 9   | Office Equipment   | 20.00                        |
| 10  | Furniture and Fixtures – other than trolleys   | 14.29                        |
| 11  | Furniture and Fixtures –trolleys   | 33.33                        |
| 12  | Cargo equipment, Dollies, PPT  | 6.67                         |
| 13  | Computers – End user devices   | 33.33                        |
| 14  | Computers – servers and networks   | 16.67                        |
| 15  | CUTE Equipment   | 16.67                        |
| 16  | Electrical installation and equipment – Electrical fittings, including Runway lightning system Gen-set/Power equipment | 10.00                        |
| 17  | Flight information system, AOCC equipment  | 10.00                        |
| 18  | Light motor vehicles and heavy motor vehicles  | 12.50                        |
| 19  | Crash fire tenders/Other fire equipment including pumps, sprinklers  | 6.67                         |
| 20  | Intangible assets – computer software  | 20.00                        |
| 21  | Runway/Taxiway/Apron   | 3.33                         |
| 22  | Hangar   | 3.33                         |

4.4.8. Considering the rates as applicable in the tables above, the year wise depreciation approved by the Authority in the tariff order of the Second Control Period is as follows:

**Table 28: Year wise depreciation as approved by the Authority as per the tariff order of the Second Control Period**

| FY ending March 31 (Rs. Cr.)  | 2017  | 2018  | 2019  | 2020  | 2021  | Total |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Depreciation as per Authority | 146.0 | 150.6 | 160.1 | 163.3 | 162.1 | 782.3 |



**Authority's examination of Aeronautical Depreciation for the Second Control Period as part of Consultation Paper**

- 4.4.9. The Authority proposed to consider the rates approved by it in the Second Control Period tariff order for FY 2016-17 and FY 2017-18. For FY 2018-19 onwards, the rates prescribed in Order No. 35/2017-18 dated 12.10.2018 have been considered. Further, the Authority has noted that the depreciation rates in the submission have been calculated separately for the opening block of assets and for additions during the Second Control Period.
- 4.4.10. The Authority had recalculated the depreciation values based on the classification of common assets as approved in the Second Control Period tariff order. The Authority had also made the relevant adjustments as detailed in the capital additions of the true-up of the Second Control Period and accordingly recalculated the depreciation.
- 4.4.11. Having considered the revised capital additions proposed to be considered by the Authority for the Second Control Period, the Authority had recalculated depreciation for the true-up of the Second Control Period as follows:

**Table 29: Aeronautical depreciation proposed to be considered for true up of Second Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31 (Rs. Cr.)</b>    | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>Total</b>  |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Runways, Taxiway & Aprons              | 7.79          | 9.36          | 11.24         | 12.29         | 12.34         | <b>53.03</b>  |
| Road, Bridges & Culverts               | 2.43          | 2.65          | 8.55          | 9.05          | 9.78          | <b>32.47</b>  |
| Building- Terminal                     | 57.14         | 57.08         | 57.28         | 57.79         | 58.04         | <b>287.34</b> |
| Cargo Complex                          | 1.31          | 0.00          | 0.00          | 0.00          | 0.00          | <b>1.31</b>   |
| Building - Temporary                   | 0.19          | 0.00          | 0.00          | 0.00          | 0.00          | <b>0.19</b>   |
| Building - Residential                 | 0.41          | 0.41          | 0.46          | 0.51          | 0.59          | <b>2.38</b>   |
| Boundary Wall -Operational             | 0.42          | 0.42          | 1.41          | 1.48          | 1.46          | <b>5.19</b>   |
| Other Buildings-Unclassified           | 0.75          | 0.83          | 1.01          | 1.11          | 1.12          | <b>4.83</b>   |
| Computers : End Users                  | 1.62          | 1.67          | 0.93          | 1.20          | 1.64          | <b>7.06</b>   |
| Computers: Servers and Networks        | 1.04          | 1.02          | 0.75          | 1.32          | 1.95          | <b>6.08</b>   |
| Intangible Assets- Software            | 0.02          | 0.04          | 0.07          | 0.38          | 0.92          | <b>1.42</b>   |
| Plant & Machinery                      | 4.84          | 3.59          | 3.55          | 3.70          | 3.90          | <b>19.58</b>  |
| Tools & Equipment                      | 0.75          | 0.90          | 1.41          | 2.05          | 2.85          | <b>7.95</b>   |
| Vehicles                               | 0.23          | 0.27          | 0.32          | 0.36          | 0.39          | <b>1.57</b>   |
| Electrical Installations               | 57.09         | 57.15         | 58.02         | 58.80         | 60.25         | <b>291.32</b> |
| Solar Plant                            | 1.00          | 4.99          | 3.64          | 3.61          | 3.61          | <b>16.85</b>  |
| Other Office equipment                 | 0.03          | 0.03          | 0.06          | 0.79          | 1.50          | <b>2.42</b>   |
| Furniture & Fixtures-Other than Trolly | 0.92          | 1.02          | 1.75          | 2.35          | 2.70          | <b>8.75</b>   |
| Furniture & Fixtures- Trolly           | 0.20          | 0.28          | 1.76          | 1.95          | 5.37          | <b>9.55</b>   |
| X Ray Baggage System                   | 5.71          | 5.69          | 5.70          | 7.51          | 8.91          | <b>33.53</b>  |
| CFT/Fire Fighting Equipment            | 3.22          | 3.48          | 3.81          | 3.40          | 3.44          | <b>17.35</b>  |
| <b>Total</b>                           | <b>147.13</b> | <b>150.90</b> | <b>161.71</b> | <b>169.66</b> | <b>180.77</b> | <b>810.17</b> |

**Stakeholders' comments on true-up of Depreciation for the Second Control Period**

- 4.4.12. There were no stakeholder comments with respect to true-up of depreciation for the Second Control Period.





**Authority's analysis on stakeholders' comments regarding true-up of Depreciation for the Second Control Period**

4.4.13. No stakeholder comments were received regarding depreciation for the Second Control Period. It may be noted that the decisions taken by the Authority with regards to true-up of RAB for the Second Control Period will have implications on the depreciation of the Second Control Period as well.

4.4.14. The Authority has adopted the date "put to use" while computing depreciation for the Second Control Period. This is in line with the prescribed Schedule II of Companies Act as described below:

*"Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets shall be calculated on a pro rata basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed."*

4.4.15. Based on the above, the depreciation for assets which have been commissioned/put to use in the Second Control Period has been calculated from the date when the asset was put to use. This practice has been applied to all the assets capitalised in the Second Control Period.

4.4.16. The Authority states that the concept of 50% depreciation for the year of addition is applicable only for projections of depreciation. Relevant extract of Direction 5 issued by the Authority is as follows:

*"(e) For projecting depreciation on forecast of assets to be commissioned or disposed off during a control period, it shall be assumed that such assets have been commissioned or disposed of halfway through the tariff year and depreciation related to such assets shall be calculated pro rata."*

4.4.17. The Authority notes that the same practice was adopted in other major PPP airports. Going forward, this methodology will be adopted across all Airports including that of AAI. This would ensure that the depreciation considered is uniform and aligned with generally accepted accounting practices and the accounting done in the books of the airport also. Appropriate changes will be considered for other airports of AAI, if the same was done differently, at the time of true up during the next control period.

4.4.18. Accordingly, the Authority has incorporated the relevant changes to RAB of the Second Control Period and has recalculated the depreciation to be Rs. 802.18 Cr. The Authority decides to consider true-up of depreciation for the Second Control Period as given below:

**Table 30: Aeronautical depreciation decided for the Second Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b>  |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Runways,Taxiway & Aprons            | 7.81        | 9.08        | 11.22       | 12.29       | 12.34       | <b>52.74</b>  |
| Road, Bridges & Culverts            | 2.44        | 2.65        | 8.66        | 9.05        | 8.88        | <b>31.69</b>  |
| Building- Terminal                  | 57.19       | 57.12       | 60.20       | 57.98       | 58.03       | <b>290.52</b> |
| Cargo Complex                       | 1.31        | 0.00        | 0.00        | 0.00        | 0.00        | <b>1.31</b>   |
| Building - Temporary                | 0.19        | 0.00        | 0.00        | 0.00        | 0.00        | <b>0.19</b>   |
| Building - Residential              | 0.41        | 0.41        | 0.42        | 0.51        | 0.50        | <b>2.25</b>   |
| Boundary Wall -Operational          | 0.44        | 0.42        | 1.42        | 1.48        | 1.46        | <b>5.22</b>   |
| Other Buildings-Unclassified        | 0.76        | 0.79        | 1.02        | 1.10        | 1.12        | <b>4.81</b>   |
| Computers : End Users               | 1.62        | 1.58        | 0.93        | 0.76        | 1.73        | <b>6.62</b>   |
| Computers: Servers and Networks     | 1.04        | 1.02        | 0.25        | 1.32        | 1.32        | <b>4.95</b>   |
| Intangible Assets- Software         | 0.02        | 0.01        | 0.07        | 0.09        | 0.67        | <b>0.86</b>   |
| Plant & Machinery                   | 4.84        | 3.39        | 3.55        | 3.84        | 3.91        | <b>19.73</b>  |





| FY ending March 31 (Rs. Cr.)           | 2017   | 2018   | 2019   | 2020   | 2021   | Total  |
|--|--------|--------|--------|--------|--------|--------|
| Tools & Equipment                      | 0.90   | 0.94   | 1.50   | 1.97   | 2.27   | 7.57   |
| Vehicles                               | 0.24   | 0.26   | 0.32   | 0.33   | 0.39   | 1.54   |
| Electrical Installations               | 57.25  | 56.79  | 60.38  | 58.86  | 59.00  | 292.28 |
| Solar Plant                            | 1.00   | 2.22   | 3.64   | 3.61   | 3.61   | 14.08  |
| Other Office equipment                 | 0.03   | 0.03   | 0.03   | 0.52   | 1.49   | 2.10   |
| Furniture & Fixtures-Other than Trolly | 0.95   | 0.96   | 1.62   | 2.02   | 2.66   | 8.20   |
| Furniture & Fixtures- Trolly           | 0.20   | 0.22   | 1.87   | 1.95   | 1.02   | 5.27   |
| X Ray Baggage System                   | 5.76   | 5.69   | 5.73   | 6.91   | 8.57   | 32.66  |
| CFT/Fire Fighting Equipment            | 3.22   | 3.69   | 3.90   | 3.40   | 3.39   | 17.60  |
| Total                                  | 147.61 | 147.48 | 166.74 | 167.97 | 172.38 | 802.18 |

4.4.19. After considering the above analysis, the RAB decided for true-up of the Second Control Period is provided in the table below:

**Table 31: RAB for true-up of the Second Control Period as decided by the Authority**

| FY ending March 31 (in Rs. Cr.)   | 2017     | 2018     | 2019     | 2020     | 2021     | Total    |
|---|----------|----------|----------|----------|----------|----------|
| Opening Aeronautical RAB (A) (Table 11)                                   | 2,310.99 | 2,182.92 | 2,250.63 | 2,219.35 | 2,173.86 | -        |
| Aeronautical Assets Capitalised during the year (B) (Table 22)            | 50.48    | 215.38   | 135.85   | 126.26   | 88.41    | 616.38   |
| Disposals/Transfers (C)   | (1.44)   | (0.19)   | (0.39)   | (3.78)   | -        | (5.81)   |
| Depreciation (D) (Table 30)   | (147.61) | (147.48) | (166.74) | (167.97) | (172.38) | (802.18) |
| Closing Aeronautical RAB (A+B+C+D) [E]                                    | 2,212.41 | 2,250.63 | 2,219.35 | 2,173.86 | 2,089.88 | -        |
| Average RAB [(A+E)/2] [F]   | 2,261.70 | 2,216.77 | 2,234.99 | 2,196.60 | 2,131.87 | -        |
| Adjustment for Closing Cargo RAB due to formation of AAICLAS [G]          | 29.49    |          |          |          |          |          |
| Adjusted Closing RAB for FY 2016-17 after excluding Cargo RAB [H] = [E-G] | 2,182.92 |          |          |          |          |          |

#### 4.5. True-up of the Fair Rate of Return

##### AAI's submissions regarding the True up of the Fair Rate of Return (FRoR) for the Second Control Period

4.5.1. AAI had made the following submission with regard to the FRoR:

- Cost of equity is considered to be 14.00%.
- Cost of debt is considered to be 6.21%.

4.5.2. Based on the above, AAI has considered FRoR to be 14%, as submitted in the following table:

**Table 32: FRoR submitted by AAI for true up of Second Control Period**

| FY ending March 31 (in %)          | 2017   | 2018   | 2019   | 2020   | 2021  |
|------------------------------------|--------|--------|--------|--------|-------|
| Cost of Equity                     | 14.00  | 14.00  | 14.00  | 14.00  | 14.00 |
| Cost of Debt                       | -      | -      | -      | -      | 6.21  |
| <b>Means of Finance Proportion</b> |        |        |        |        |       |
| Equity Proportion                  | 100.00 | 100.00 | 100.00 | 100.00 | 97.87 |
| Debt Proportion                    | 0.00   | 0.00   | 0.00   | 0.00   | 2.13  |





### **Decisions taken by the Authority regarding the FRoR as per Tariff Order for the Second Control Period**

4.5.3. The relevant decisions taken by the Authority while determining the tariff for the Second Control Period are as stated below:

- "9.a. The Authority decides to consider the FRoR at 14% for NSCBIA for the 1st and 2nd control period.
- 9.b. The Authority will undertake a study to determine FRoR for major AAI airport given the low debt structure for AAI as a whole."

### **Authority's examination of FRoR for the Second Control Period as part of the Consultation Paper**

4.5.4. The Authority noted that there is a change in the debt-equity composition of NSCBIA, Kolkata in FY 2020-21 because the capital additions in FY 2020-21 were funded using a debt:equity ratio of 60%:40%. As per AAI's submission, the cost of debt considered at NSCBIA, Kolkata is 6.21%, based on the term loan facility of Rs. 2,100 Cr. that AAI had taken from M/s. Axis Bank. Thus, after considering a cost of equity of 14%, the Authority recalculated the FRoR for the Second Control Period to be 13.96%.

4.5.5. The Authority based on the above analysis proposes to consider the following revised FRoR for true-up of the Second Control Period:

**Table 33: FRoR proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31 (in Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Debt [A]                               | -           | -           | -           | -           | 69.58       |
| Equity [B]                             | 2,360.02    | 2,545.33    | 2,680.79    | 2,803.27    | 2,849.66    |
| Debt + Equity [C = A + B]              | 2,360.02    | 2,545.33    | 2,680.79    | 2,803.27    | 2,919.24    |
| Cost of Debt [D]                       | -           | -           | -           | -           | 6.21%       |
| Cost of Equity [E]                     | 14.00%      | 14.00%      | 14.00%      | 14.00%      | 14.00%      |
| Individual Year Gearing                | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 2.38%       |
| Weighted Average Gearing               | 0.46%       |             |             |             |             |
| Weighted Average Cost of Debt          | 0.03%       |             |             |             |             |
| Weighted Average Cost of Equity        | 13.94%      |             |             |             |             |
| FRoR                                   | 13.96%      |             |             |             |             |

### **Stakeholders' comments on true-up of FRoR for the Second Control Period**

4.5.6. During the stakeholders' consultation process, the Authority has received comments/views from stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to true-up of FRoR for the Second Control Period. The comments are as follows:

#### **AAI's comments regarding true-up of FRoR for the Second Control Period**

4.5.7. AAI's comment regarding considering cost of equity of 14% is as follows:

**"AERA's Contentions**  
**[Para 3.5.4 of CP]**





The Authority notes that there is a change in the debt-equity composition of NSCBIA, Kolkata in FY 2020-21 because the capital additions in FY 2020-21 were funded using a debt:equity ratio of 60%:40%. As per AAI's submission, the cost of debt considered at NSCBIA, Kolkata is 6.21%, based on the term loan facility of Rs. 2,100 Cr. that AAI had taken from M/s. Axis Bank. Thus, after considering a cost of equity of 14%, the Authority recalculates the FRoR for the Second Control Period to be 13.96%.

### **AAI's Submissions**

In SCP order, FROR was considered @14% by AERA.

The Equity estimation can also yield a range of values depending on the assumptions employed.

- COE depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%.
- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI."

### **Other stakeholders' comments on true-up of FRoR for the Second Control Period**

4.5.8. IATA's comment regarding true-up of FRoR is as follows.

*"The proposed FROR is still on the high side, especially given AAI's status as a government linked enterprise and traffic risks being excluded due to the true-up approach by AERA."*

### **AAI's response and counter-comments on true-up of FRoR for the Second Control Period**

4.5.9. AAI's response to IATA's comment regarding true-up of FRoR is as follows.

*"AAI had appointed M/s KPMG to carry out a study on Cost of Equity during 2011 the results of which are given below:*

*For full Report, please refer Consultation Paper No. 16/2012-13.*

*Based on the above report, AAI submitted during SCP consultation that the CoE was 16%. AERA in the SCP order had also considered CoE of 16% and since there was low debt, the FRoR was determined to be 14%. AAI submits that the debt was taken only during the end of FY 21 and hence, requests AERA to consider FRoR of 14% for SCP.*

- The Equity estimation can also yield a range of values depending on the assumptions employed.
- Cost of Equity depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%





- If AERA considers the debt equity ratio as 48:52 as ideal ratio and provides Asset Beta @ 0.92 then the FRoR will increase to more than 16%.
- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.
- AAI had requested AERA to consider the FRoR as submitted instead of an Average FRoR @ 13.96% for SCP.

*AAI hence submits that not having a leveraged financing structure has already been factored by AAI by considering an FRoR of 14%. Further, suggesting that a return equal to interest rate of bank to be applied does not factor in the risks associated with the aviation business and more specifically the uncertainties in this current pandemic scenario."*

#### **Authority's analysis on stakeholders' comments regarding true-up of FRoR for the Second Control Period**

- 4.5.10. The Authority notes AAI's comments regarding FRoR for the true-up of the Second Control Period. Further, the Authority also notes the assumptions mentioned by AAI regarding the computation of Cost of Equity. The Authority notes that the gearing ratio is not the only component in the calculation of cost of equity.
- 4.5.11. However, the asset beta of 0.92 referred to in AAI's comments is based on a study conducted by AAI in 2011. The Authority notes that the dynamics of the aviation sector have undergone considerable changes since then due to which the said asset beta of 0.92 may not be relevant currently. Further, the Authority would like to draw reference to a cost of equity study commissioned by the Authority for comparable airports (like BIAL). It may be noted that using proximity scores an asset beta of 0.54 was arrived at. The Authority is of the opinion that while calculating the cost of equity, an asset beta of 0.92 may not be relevant.
- 4.5.12. The proposition of considering a notional debt-equity ratio was presented to AAI during the stakeholder consultation meeting. The Authority notes that there has been no comment from AAI regarding the same.
- 4.5.13. The Authority notes IATA's comment regarding FRoR for the Second Control Period. The Authority is of the view that the FRoR has been calculated keeping in line the well-established principles followed in other major airports.
- 4.5.14. The Authority has analysed the cost of equity pertaining to NSCBIA, Kolkata for the Second Control Period. The Authority acknowledges the debt taken by AAI for NSCBIA, Kolkata in the Second Control Period and its impact on FRoR. However, the Authority is of the view that the gearing ratio is still suboptimal and does not justify a cost of equity of 16% per annum as submitted by AAI. The Authority has drawn reference to the independent studies conducted in the tariff determination exercise for DIAL (refer Order No. 57/2020-21), MIAL (refer Order No. 64/2020-21), HIAL (refer Order No. 12/2020-21), BIAL (refer Order No. 11/2020-21) and CIAL (refer Order No. 08/2020-21). The independent studies consider an optimal gearing ratio of 48%:52% and determined a cost of equity in the range of 15% to 15.50% giving an FRoR of less than 12%. Due to the fact that AAI airports are not leveraged efficiently, AAI is still getting a much higher FRoR than PPP airports. Given that the debt-equity ratio for NSCBIA, Kolkata is very low in the Second Control Period, the Authority decides to maintain a cost of equity of 14%. Further, moving forward, the Authority has commented on FRoR in Para 7.5.1.





4.5.15. Based on the above analysis, the Authority notes a marginal change in the FRoR due to the approved capitalisation of the Second Control Period. The Authority decides to consider an FRoR as detailed in the table below.

**Table 34: FRoR for the Third Control Period as decided by the Authority**

| FY ending March 31 (in Rs. Cr.) | 2017     | 2018     | 2019     | 2020     | 2021     |
|---------------------------------|----------|----------|----------|----------|----------|
| Debt [A]                        | -        | -        | -        | -        | 38.33    |
| Equity [B]                      | 2,212.41 | 2,250.24 | 2,218.96 | 2,173.47 | 2,051.16 |
| Debt + Equity [C = A + B]       | 2,212.41 | 2,250.24 | 2,218.96 | 2,173.47 | 2,089.49 |
| Cost of Debt [D]                | 0.00%    | 0.00%    | 0.00%    | 0.00%    | 6.21%    |
| Cost of Equity [E]              | 14.00%   | 14.00%   | 14.00%   | 14.00%   | 14.00%   |
| Individual Year Gearing         | 0.00%    | 0.00%    | 0.00%    | 0.00%    | 1.83%    |
| Weighted Average Gearing        | 0.35%    |          |          |          |          |
| Weighted Average Cost of Debt   | 0.02%    |          |          |          |          |
| Weighted Average Cost of Equity | 13.95%   |          |          |          |          |
| FRoR                            | 13.97%   |          |          |          |          |

#### 4.6. True-up of Return on Land

##### AAI's submission regarding True up of Return on Land for the Second Control Period

4.6.1. AAI made the following submission regarding true up of return on land for Second and First Control Periods:

**Table 35: Return on land submitted by AAI for true up of Second Control Period**

| FY ending March 31 (Rs. Cr.) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------------|------|------|------|------|------|-------|
| Return on Land (SCP)         | 0.19 | 0.19 | 0.19 | 0.18 | 0.10 | 0.85  |
| Return on Land (FCP)         | 1.55 | -    | -    | -    | -    | 1.55  |

4.6.2. In order to substantiate the above, AAI has stated:

*"AERA has vide its Order No.42/201819 dated 05.03.2019 determined to provide a FROR on cost of Land incurred by the Airport Operator. As per order of the Authority, return on land has been claimed from first control period. Interest cost till F.Y 19-20 has been considered as SBI Base rate + 2% and from F.Y 20-21, Term loan rate of 6.21% has been considered."*

##### Decisions taken by the Authority regarding Return on Land

4.6.3. The Second Control Period tariff order does not include any provision for a Return on Land.

4.6.4. As per Authority's Order No. 42/2018-19 regarding determination of FRoR on cost of land:

- As per para 4.1.1 of the aforementioned order, the Authority decides that in case the land is provided to the airport free of cost, no return shall be given on the land.
- As per para 4.1.2, the Authority states that return on land shall be provided on the cost if (provided it is not free of cost) it is used for aeronautical purposes only.
- As per clause 4.1.8. of the aforementioned order, return on land may be allowed on a prospective basis only.





**Authority's examination of Return on Land for the Second Control Period as part of the Consultation Paper**

- 4.6.5. The Authority noted that AAI has submitted Rs. 1.55 Cr. for return on land for the First Control Period and Rs. 0.85 Cr. for return on land for the Second Control Period. The Authority sought additional information from AAI regarding this land. AAI had not provided the required information. Moreover, since return on land should be sought prospectively and not retrospectively, the Authority is of the opinion that return on land will not be included in the true up calculation of the Second Control Period.

**Stakeholders' comments on true-up of Return on Land for the Second Control Period**

- 4.6.6. During the stakeholders' consultation process, the Authority has received comments/views from stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to true-up of return on land for the Second Control Period. The comments are as follows:

**AAI's comments regarding true-up of return on land for the Second Control Period**

- 4.6.7. AAI's comment regarding true-up of return on land is as follows.

**"AERA's Contentions**

*The Authority notes that AAI has submitted Rs. 1.55 Cr. for return on land for the First Control Period and Rs. 0.85 Cr. for return on land for the Second Control Period. The Authority sought additional information from AAI regarding this land. AAI has not provided the required information. Moreover, since return on land should be sought prospectively and not retrospectively, the Authority is of the opinion that return on land will not be included in the true up calculation of the Second Control Period*

**AAI's submission**

- *Since these are for aeronautical purposes only, requests AERA to provide return on Land. These have been calculated based on the value of the Land appearing in the books of NSCBIA Airport since 1980, which has been commuted in favour of AAI already. Considering the period in question, AERA is requested to allow the return on Land to NSCBI Airport, Kolkata."*

**Other stakeholders' comments on true-up of return on land for the Second Control Period**

- 4.6.8. IATA's comment regarding true-up of return on land for the Second Control Period is as follows.

*"IATA supports AERA's proposal to exclude Return on Land sought by AAI in the Second Control Period. These are unjustified for the reasons stated by AERA in the consultation paper."*

**Authority's analysis on stakeholders' comments regarding true-up of return on land for the Second Control Period**

- 4.6.9. The Authority has noted the comments submitted by AAI regarding return on land. The Authority would like to draw the attention to Para 4.1.8 of its Order No 42/2018-19 dated 05 March 2019, which states that return on land will be given from the next control period. Since return on land should be sought prospectively and not retrospectively, the Authority is of the opinion that return on





land would not be included in the true up calculation. Thus, the Authority decides to not allow any return on land purchased by AAI for the Second Control Period.

4.6.10. The Authority notes IATA's comment regarding the return on land. The same has been addressed in Para 4.6.9.

#### 4.7. True-up of Operating and Maintenance (O&M) Expenses

4.7.1. The Authority had noted certain inconsistencies in the categorisation of sub-expenses within O&M expenses while comparing the MYTP submission to the Second Control Period Order. In order to make the Third Control Period submissions comparable with the approved amounts in the Second Control Period order, the Authority has presented AAI's submission as per the categorisation norm followed in the Second Control Period Order. The categorisation changes incorporated in AAI's submission are as follows:

**Table 36: Reetification of mis-categorization of O&M Expenses**

| Particulars                                   | Shifted From            |                         |
|---|-------------------------|-------------------------|
|   | From                    | To                      |
| Fees Paid to Outsiders (Consultancy/Advisory) | Other outflows          | Admin and General       |
| Upkeep Expenses                               | Admin and General       | Utilities & Outsourcing |
| POL   | Utilities & Outsourcing | Other Outflows          |
| Consumption of Spares                         | Utilities & Outsourcing | Other Outflows          |
| Collection Charges                            | Other outflows          | Admin and General       |

#### AAI's submissions regarding the True up of O&M Expenses for the Second Control Period

4.7.2. AAI had made the following submissions with regards to operating expenses for truing up in the Second Control Period:

- **Payroll costs:** AAI had submitted actual year-wise expenses for the abovementioned categories, from FY 2016-17 to FY 2019-20. Payroll costs for FY 2020-21 were estimated by assuming a 7% growth over the FY 2019-20 expenses. The following table summarises payroll costs submitted by AAI:

**Table 37: Payroll costs submitted by AAI for Second Control Period**

| FY Ending 31 March (Rs. Cr.)  | 2017          | 2018          | 2019          | 2020          | 2021          | Total         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Payroll costs – non CHQ       | 120.75        | 128.33        | 143.13        | 160.18        | 171.39        | 723.76        |
| Payroll costs – CHQ           | 4.49          | 20.57         | 42.76         | 29.84         | 31.93         | 129.60        |
| <b>Total payroll expenses</b> | <b>125.24</b> | <b>148.90</b> | <b>185.89</b> | <b>190.01</b> | <b>203.32</b> | <b>853.36</b> |

- **Administrative and general expenses:** AAI had submitted year-wise actual expenses for the abovementioned categories, from FY 2016-17 to FY 2019-20. Administrative and general expenses for FY 2020-21 were estimated by assuming a 10% growth over the FY 2019-20 for non-apportionment expenses. Further, collection charges on UDF for FY2016-17 to FY2019-20 are based on actual traffic; for FY2020-21, collection charges on UDF have been estimated using the estimated passenger traffic. It may be noted that AAI had resubmitted the apportionment of admin and general CHQ expenses pertaining to major AAI airports vide its email dated 17 November, 2021 ("Revised CHQ & RHQ Allocation for the F.Y. 16-17 TO 19-20"). The same has been considered while presenting AAI's submission with regards to O&M expenses in the table below. In the case





of apportionment of admin expenses for CHQ FY 2020-21, expenses were estimated using a growth rate of 5% over FY 2019-20. The following table summarises administrative and general expenses submitted by AAI:

**Table 38: Administrative and general expenses submitted by AAI for Second Control Period**

| FY Ending 31 March (in Rs. Cr.)           | 2017          | 2018          | 2019         | 2020          | 2021          | Total         |
|---|---------------|---------------|--------------|---------------|---------------|---------------|
| Admin and general expenses – non CHQ      | 71.21         | 46.68         | 20.98        | 29.90         | 30.27         | 199.04        |
| Apportionment of Admin Expenses for CHQ   | 57.10         | 53.59         | 32.78        | 93.15         | 97.80         | 334.43        |
| <b>Total Admin &amp; General Expenses</b> | <b>128.31</b> | <b>100.27</b> | <b>53.76</b> | <b>123.04</b> | <b>128.07</b> | <b>533.47</b> |

- **Repair and maintenance (R&M) expenses:** AAI had submitted year-wise actual expenses for all R&M expenses from FY 2016-17 to FY 2019-20. R&M expenses for FY 2020-21 have been estimated by assuming a 10% growth over the FY 2019-20 expenses. The expenses for digital signages, automatic tray retrieval system and automatic electronic access retrieval system in FY 2020-21 are estimated based on actual annual maintenance contracts. The following table summarises R&M expenses submitted by AAI:

**Table 39: R&M expenses submitted by AAI for Second Control Period**

| FY Ending 31 March (Rs. Cr.)  | 2017         | 2018         | 2019         | 2020         | 2021         | Total         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Total R&amp;M Expenses</b> | <b>96.18</b> | <b>62.20</b> | <b>70.28</b> | <b>74.26</b> | <b>84.07</b> | <b>386.99</b> |

- **Utilities and outsourcing expenses:** AAI had submitted power charges based on actual rates per unit. The power charges for FY2020-21 have also been calculated after incorporating a growth rate of 3% on FY 2019-20 rate. AAI has submitted actual expenses for all other utility and outsourcing expenses from FY2016-17 to FY2019-20. The FY2020-21 expenses have been estimated using a 10% growth rate over FY2019-20 expenses. The following table summarises the utilities and outsourcing expenses submitted by AAI:

**Table 40: Utilities and outsourcing expenses submitted by AAI for Second Control Period**

| FY Ending 31 March (in Rs. Cr.)                  | 2017         | 2018         | 2019         | 2020         | 2021         | Total         |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Total utilities &amp; outsourced expenses</b> | <b>68.33</b> | <b>64.56</b> | <b>62.15</b> | <b>64.62</b> | <b>68.21</b> | <b>327.86</b> |

- **Other outflows:** The expenses for other expenses for from FY 2016-17 to FY 2019-20 are based on actual figures and those in FY2020-21 have been estimated using a 10% growth over FY2019-20 expenses. The following table summarises other outflows submitted by AAI:

**Table 41: Other Outflows as submitted by AAI for Second Control Period**

| FY Ending 31 March (in Rs. Cr.) | 2017        | 2018        | 2019        | 2020        | 2021        | Total       |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total Other outflows</b>     | <b>1.04</b> | <b>1.13</b> | <b>1.99</b> | <b>2.21</b> | <b>2.43</b> | <b>8.79</b> |

\*includes collection on consumption of stores and spares and POL charges

- 4.7.3. The aeronautical O&M expense for the Second Control Period considering the above-mentioned submissions are shown in the table below:

**Table 42: Aeronautical O&M expenses submitted by AAI for true up for Second Control Period**

| FY ending March 31 (Rs. Cr.) | 2017   | 2018   | 2019   | 2020   | 2021   | Total  |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Payroll costs – CHQ          | 4.49   | 20.57  | 42.76  | 29.84  | 31.93  | 129.60 |
| Payroll costs – non CHQ      | 120.75 | 118.33 | 143.13 | 160.18 | 171.39 | 723.76 |





| FY ending March 31 (Rs. Cr.)         | 2017   | 2018   | 2019   | 2020   | 2021   | Total    |
|--------------------------------------|--------|--------|--------|--------|--------|----------|
| Pay roll costs (A)                   | 125.24 | 148.90 | 185.89 | 190.01 | 203.32 | 853.36   |
| Repair & maintenance (B)             | 96.18  | 62.20  | 70.28  | 74.26  | 84.07  | 386.99   |
| Utilities & outsourcing expenses (C) | 68.33  | 64.56  | 62.15  | 64.62  | 68.21  | 327.86   |
| Admin and general expenses –CHQ      | 57.10  | 53.59  | 32.78  | 93.15  | 97.80  | 334.43   |
| Admin and general expenses – non CHQ | 71.21  | 46.68  | 20.98  | 29.90  | 30.27  | 199.04   |
| Admin. & other expenses (D)          | 128.31 | 100.27 | 53.76  | 123.04 | 128.07 | 533.47   |
| Other outflows (E)                   | 1.04   | 1.13   | 1.99   | 2.21   | 2.43   | 8.79     |
| Total operating expenditure (A to E) | 419.10 | 377.06 | 374.07 | 454.14 | 486.09 | 2,110.47 |

### **Decisions taken by the Authority regarding O&M Expenses as per Tariff Order for the Second Control Period**

#### **Forecasting of payroll expenses**

4.7.4. The relevant decisions taken by the Authority while determining the tariff for the Second Control Period are as stated below:

- “11.a. The Authority decides to consider the operational and maintenance expenditure as given in Table 43 above, for the purpose of determination of aeronautical tariffs for the 2<sup>nd</sup> control period.”
- 11.b. The Authority expects AAI to reduce O&M expenditure over a period of time.
- “11.d. The Authority decides to true-up the O&M expenditure for FY 2016-17 to FY 2020-21 of the 2<sup>nd</sup> control period based on the actuals at the time of tariff determination of the 3<sup>rd</sup> control period.”

4.7.5. In the tariff order for the Second Control Period, with respect to the forecasting of payroll expenses, the Authority decided that expenditure on apportionment of retirement benefits provided to the Corporate Headquarter (CHQ) in respect of NSCBIA, Kolkata employees be increased at a growth rate of 7%, except for FY 2017-18. Additionally, the Authority decided that the payroll cost components – Salaries and Wages, Medical Benefits and PF contribution would be increased at 7% for FY 2016-17 and at a growth rate of 5% for FY 2018-19, FY 2019-20 and FY 2020-21. The Authority had also proposed to increase CHQ overheads apportionment costs (admin. and general expenditure of CHQ) by 5% per annum.

#### **Allocation Ratios of Common Expenses**

4.7.6. The allocation ratios as approved by the Authority in the tariff order of the Second Control Period for various common expenses have been summarized below:

**Table 43: Allocation ratios of common O&M expenses as approved in the tariff order of Second Control Period**

| Particulars  | % Aeronautical Expense (excl. Cargo) |
|--|--------------------------------------|
| Payroll Expenses   | 95                                   |
| Apportionment of Admin CHQ expenses  | 90                                   |
| Retirement benefits provided at CHQ in respect of employees at NSCBIA, Kolkata | 95                                   |
| Terminal Building Ratio  | 92.5                                 |

4.7.7. As per para 14.13. of the Second Control Period tariff order, the Authority had proposed not to include financing charges as a part of O&M expenses at NSCBIA, Kolkata.



4.7.8. As per para 14.19 of the Second Control Period tariff order, the Authority had proposed to undertake an independent study to assess the reasonableness of the O&M expenditure. The Authority had noted that it would consider the independent study's results to true up the O&M expenditure while determining the tariff for Third Control Period.

4.7.9. The Authority had decided to consider the O&M expenditure as per the following table:

**Table 44: O&M Expenses as approved by the Authority in the tariff order of the Second Control Period**

| <b>FY ending March 31 (Rs. Cr.)</b>             | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>Total</b>  |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Payroll costs – CHQ                             | 23.0         | 26.5         | 28.4         | 30.3         | 32.5         | 140.7         |
| Payroll costs – non CHQ                         | 127.9        | 147.5        | 157.1        | 167.4        | 178.3        | 778.2         |
| <b>Pay roll costs (A)</b>                       | <b>150.6</b> | <b>172.5</b> | <b>183.9</b> | <b>196.1</b> | <b>209.0</b> | <b>912.1</b>  |
| <b>Repair &amp; maintenance (B)</b>             | <b>87.9</b>  | <b>82.4</b>  | <b>89.7</b>  | <b>97.0</b>  | <b>105.3</b> | <b>462.3</b>  |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>74.5</b>  | <b>63.8</b>  | <b>62.0</b>  | <b>63.6</b>  | <b>65.2</b>  | <b>329.1</b>  |
| Admin and general expenses - non CHQ            | 10.4         | 11.0         | 12.1         | 13.2         | 14.5         | 61.2          |
| Admin and general expenses - CHQ                | 18.8         | 18.5         | 19.5         | 20.4         | 21.4         | 98.6          |
| <b>Admin. &amp; other expenses (D)</b>          | <b>29.2</b>  | <b>29.5</b>  | <b>31.5</b>  | <b>33.6</b>  | <b>35.9</b>  | <b>159.7</b>  |
| <b>Other outflows (E)</b>                       | <b>1.1</b>   | <b>1.1</b>   | <b>1.2</b>   | <b>1.3</b>   | <b>1.5</b>   | <b>6.2</b>    |
| <b>Total operating expenditure (A to E)</b>     | <b>333.7</b> | <b>318.1</b> | <b>330.0</b> | <b>351.1</b> | <b>373.8</b> | <b>1706.7</b> |

**Authority's examination regarding O&M Expenses for the Second Control Period as part of the Consultation Paper**

4.7.10. The Authority had undertaken an independent study to assess the reasonableness of O&M expenses at NSCBIA, Kolkata in the Second Control Period, as per para 14.19 of the Second Control Period Order. The study is attached in Appendix IV and its recommendations have been taken into consideration while trueing up O&M expenses of the Second Control Period.

4.7.11. The Authority noted that AAI has allocated various sub-expenses within O&M expenses based on the following ratios:

**Table 45: Allocation ratios of common expenses as submitted by AAI**

| <b>Particular</b>                  | <b>Ratios</b>    |
|------------------------------------|------------------|
| Payroll Expenses                   | EHCR             |
| Admin. And General Expenses        | EHCR, TBLR, VEHR |
| Repair and Maintenance             | TBLR, VEHR, EHCR |
| Utilities and Outsourcing Expenses | TBLR             |
| Other Outflows                     | -                |

Where:

- EHCR – Employee Head Count Ratio
- TBLR – Terminal Building Ratio
- VEHR – Vehicle Ratio

4.7.12. A summary of the percentage of expenses considered to be aeronautical based on the aforementioned ratios in AAI's submission is given below:





**Table 46: Summary of percentage of common expenses levied on aeronautical portion for each year as submitted by AAI**

| Ratio (in %) | Aeronautical Percentage (excl. Cargo) |
|--------------|---------------------------------------|
| TBLR         | 94.35                                 |
| EHCR         | 98.27                                 |
| EQTR         | 93.07                                 |
| VEHR         | 100.00                                |

- 4.7.13. The Authority proposed to consider a terminal building ratio of 92.5% for the true-up of the Second Control Period (as mentioned in the Second Control Period Order). The Authority is of the opinion that since there were no major capital additions in the terminal building, the terminal building ratio is unlikely to undergo any change. Further, the Authority proposed to consider a vehicle ratio of 98.27% (similar to the employee ratio), in line with the Second Control Period Order that mentions the use of an employee ratio to segregate common vehicular assets.

#### **Payroll Expenses**

- 4.7.14. The Authority noted that O&M expenses for FY 2020-21 have been estimated by taking a growth rate of 10% (and 7% in the case of payroll costs) over the FY20 expenses. Since FY 2020-21 traffic was low due to the pandemic, the Authority is of the opinion that the O&M expenses of FY 2020-21 may not be more than that of FY 2019-20. Therefore, the Authority proposed to estimate the FY 2020-21 expenses by considering nil growth over FY 2019-20.
- 4.7.15. The Authority proposed to estimate the FY 2020-21 payroll costs by applying a 0% growth rate over the FY 2019-20 payroll costs instead of a 7% growth rate considered by AAI. The Authority proposed to consider Rs. 160.17 Cr. for payroll expenses for FY 2020-21 as opposed to Rs. 171.39 Cr. submitted by AAI. Further, as per para 14.8 of the Second Control Period Order, the Authority proposed to apportion 95% of retirement benefits to the aeronautical component against the 98.27% submitted by AAI. The Authority proposed to consider the following payroll expenses in the Second Control Period based on the analysis provided above and in paras 4.7.10 to 4.7.13:

**Table 47: Payroll costs proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY Ending 31 March (Rs. Cr.)  | 2017          | 2018          | 2019          | 2020          | 2021          | Total         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Payroll costs – CHQ*          | 4.34          | 19.89         | 41.34         | 28.85         | 28.85         | 123.26        |
| Payroll costs – non CHQ       | 112.34        | 128.33        | 143.13        | 160.18        | 160.18        | 704.15        |
| <b>Total payroll expenses</b> | <b>116.68</b> | <b>148.21</b> | <b>184.47</b> | <b>189.02</b> | <b>189.03</b> | <b>827.41</b> |

\* less – redeployed employees

#### **Admin and General Expenses**

- 4.7.16. As per para 14.13 of the Second Control Period Order, the Authority had proposed to not include financing charges (interest on bond) in admin. and general expenses. Since the same has been included in the MYTP submission, the Authority decided to exclude these expenses from O&M expenses for the Second Control Period.
- 4.7.17. The Authority also noted that AAI has provisioned towards an apportionment of Admin. Expenses to CHQ amounting to Rs. 334.43 Cr. Authority believes that this amount is on a higher side as compared to Rs. 98.6 Cr. as approved in the Second Control Period. In this regard, the Authority observed that there was no clear trend for the apportionment of CHQ expenses over the control periods. The Authority sought additional details on CHQ expenses of AAI and its apportionment





across AAI profit centres from AAI. Subsequently AAI submitted details regarding the same vide e-mail dated 17.11.2021 ("Revised CHQ & RHQ Allocation for the F.Y 16-17 to 19-20").

4.7.18. The Authority noted that the CHQ expenses submitted by AAI consisted of: (i) payroll costs; (ii) admin and general expenses; (iii) repair and maintenance expenses; (iv) utility and outsourcing expenses; and (v) other expenses. The Authority analysed the apportionment of these expenses in the proportion of employees providing support to airport and non-airport related services and their bifurcation into purely airport, purely non-airport and common categories based on the nature of services provided by AAI.

4.7.19. With respect to the apportionment of pay and allowance costs incurred at the CHQ, the Authority has the following observations:

- i. AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- ii. AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- iii. AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority is of the view that a percentage share of expenses should be worked out on total outflow of pay and allowances.
- iv. Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. Hence, pay and allowances need to be adjusted accordingly.

4.7.20. Considering the above observations, the Authority is of the considered view that 20% of the pay and allowances expenses of the CHQ are not incurred for airports and are to be excluded as they are related to the following:

- i. Support services to ANS, Cargo and Commercial at CHQ and airports
- ii. Officials of Directorate of Commercial

The balance 80% of pay and allowances of CHQ has been allocated to airports as aeronautical expenses.

4.7.21. With respect to the apportionment of admin and general expenses incurred at the CHQ, the Authority has the following observations:

- i. With respect to AAI's legal & arbitration expenses at CHQ level, the Authority is of the view that this expense should be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority proposes to exclude the same from the amount allocated to stations.
- ii. With respect to interest/penalties to Government of India at CHQ level, the Authority is of the view that stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator. Therefore, such expenses have not been allocated to NSCBIA, Kolkata.

4.7.22. Due to the impact of the Covid-19 pandemic and non-availability of actual data, the Authority proposed to consider a negative 5% growth rate over FY 2019-20 while estimating the admin and general expenses - CHQ expenses of FY 2020-21, instead of a 10% growth rate considered by AAI. The Authority proposes to consider Rs. 65.28 Cr. for administrative and general expenses for FY 2020-21 as opposed to Rs. 97.80 Cr. submitted by AAI.





- 4.7.23. The Authority also proposed to consider the collection charges for UDF based on the traffic growth rates outlined in Section 4.2. The Authority proposes to consider the following administrative and general expenses in the Second Control Period based on the analysis provided above and in paras 4.7.10 to 4.7.13:

**Table 48: Administrative and general expenses proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY Ending 31 March (in Rs. Cr.)</b>    | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b> | <b>2021</b>  | <b>Total</b>  |
|---|--------------|--------------|--------------|-------------|--------------|---------------|
| Admin and general expenses – non CHQ      | 21.53        | 23.21        | 20.98        | 29.89       | 27.58        | 123.20        |
| Apportionment of Admin Expenses for CHQ   | 39.04        | 29.15        | 1.66         | 68.71       | 65.28        | 203.84        |
| <b>Total Admin &amp; General Expenses</b> | <b>60.57</b> | <b>52.36</b> | <b>22.64</b> | <b>98.6</b> | <b>92.86</b> | <b>327.04</b> |

#### **Repair and Maintenance Expenses**

- 4.7.24. The Authority proposed to estimate the FY 2020-21 R&M expenses by applying a 0% growth rate over the FY 2019-20 R&M expenses instead of a 10% growth rate considered by AAI. The Authority proposed to consider Rs. 75.56 Cr. for R&M expenses for FY 2020-21 as opposed to Rs. 84.07 Cr. submitted by AAI. The Authority proposed to consider the following repair and maintenance expenses in the Second Control Period based on the analysis provided above and in paras 4.7.10 to 4.7.13.

**Table 49: R&M expenses proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY Ending 31 March (Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Total R&M Expenses                  | 95.20       | 61.22       | 69.21       | 73.18       | 75.56*      | 374.37       |

\* includes AMC charges for digital signages, ATRS, AERS

#### **Utilities and Outsourcing Expenses**

- 4.7.25. The Authority had analysed the utility and outsourcing expenses at NSCBIA, Kolkata. It was noted that a substantial portion of the utility expenses pertained to the power charges (net of power recoveries). Upon the Authority's inquiry regarding power recoveries, AAI submitted that NSCBIA, Kolkata had a steady power recovery of 20-25% across the Second Control Period. Since the power recovery is at par with other major airports, the Authority does not propose any changes to it. Further, the Authority proposes to estimate the FY 2020-21 utilities and outsourcing expenses by applying a 0% growth rate over the FY 2019-20 utilities and outsourcing expenses instead of a 10% growth rate considered by AAI. The Authority proposed to consider Rs. 63.61 Cr. for utilities and outsourcing expenses for FY 2020-21 as opposed to Rs. 68.21 Cr. submitted by AAI.

**Table 50: Utilities and outsourcing expenses proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY Ending 31 March (in Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Total utilities & outsourcing expenses | 67.71       | 63.84       | 61.22       | 63.61       | 63.61       | 320.00       |

#### **Other Outflows**

- 4.7.26. The Authority proposed to consider Rs. 2.18 Cr. for other outflows for FY 2020-21 as opposed to Rs. 2.43 Cr. submitted by AAI. The Authority proposed to consider the following other outflows in the Second Control Period based on the analysis provided in paras 4.7.10 to 4.7.13:





**Table 51: Other outflows proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY Ending 31 March (in Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Total Other Outflows                   | 0.97        | 1.12        | 1.98        | 2.17        | 2.17        | 8.41         |

4.7.27. The Authority had recalculated the O&M expenses after taking into consideration the above points and considering specific details on sub-heads of O&M expenses. The table below provides the O&M expenses as considered by the Authority for the true-up of the Second Control Period:

**Table 52: O&M Expenses proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31 (in Rs. Cr.)</b>          | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>Total</b>    |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll costs – CHQ                             | 4.34          | 19.89         | 41.34         | 28.85         | 28.85         | 123.26          |
| Payroll costs – non CHQ                         | 112.34        | 128.33        | 143.13        | 160.18        | 160.18        | 704.15          |
| <b>Payroll costs (A)</b>                        | <b>116.68</b> | <b>148.21</b> | <b>184.47</b> | <b>189.02</b> | <b>189.03</b> | <b>827.41</b>   |
| <b>Repair and maintenance (B)</b>               | <b>95.20</b>  | <b>61.22</b>  | <b>69.21</b>  | <b>73.18</b>  | <b>75.56</b>  | <b>374.37</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>67.71</b>  | <b>63.84</b>  | <b>61.22</b>  | <b>63.61</b>  | <b>63.61</b>  | <b>320.00</b>   |
| Admin and general expenses – non CHQ            | 21.53         | 23.21         | 20.98         | 29.89         | 27.58         | 123.20          |
| Apportionment of Admin Expenses for CHQ         | 39.04         | 29.15         | 1.66          | 68.71         | 65.28         | 203.84          |
| <b>Admin &amp; Other expenses (D)</b>           | <b>60.57</b>  | <b>52.36</b>  | <b>22.64</b>  | <b>98.6</b>   | <b>92.86</b>  | <b>327.04</b>   |
| <b>Other Outflows (E)</b>                       | <b>0.97</b>   | <b>1.12</b>   | <b>1.98</b>   | <b>2.17</b>   | <b>2.17</b>   | <b>8.41</b>     |
| <b>Total O&amp;M Expenses (A to E)</b>          | <b>341.13</b> | <b>326.75</b> | <b>339.52</b> | <b>426.58</b> | <b>423.23</b> | <b>1,857.23</b> |

### **Stakeholders' comments on true-up of O&M Expenses for the Second Control Period**

4.7.28. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to true-up of O&M expenses for the Second Control Period. The comments are as follows:

#### **AAI's comments regarding true-up of O&M Expenses for the Second Control Period**

4.7.29. AAI's comment regarding vehicle ratio is as follows.

*"The Authority proposes to consider a vehicle ratio of 98.27% (similar to the employee ratio), in line with the Second Control Period Order that mentions the use of an employee ratio to segregate common vehicular assets.*

#### **AAI's submission**

*Detailed working for vehicle Ratio submitted by AAI on the basis of Actual usage year-wise given below:*





## TRUE UP FOR THE SECOND CONTROL PERIOD

| S.No. | Vehicle Reg. No. | Vehicle Type & Date of Purchase | User Department of Vehicle For the year 2016-17 | User Department of Vehicle For the year 2017-18 | User Department of Vehicle For the year 2018-19 | User Department of Vehicle For the year 2019-20 | User Department of Vehicle For the year 2020-21 |
|-------|------------------|---------------------------------|---|---|---|---|---|
| 1     | WB-26K-1544      | M&M / SCORPIO & 2016            | GM(OPS-ASM)                                     | GM(OPS-ASM)                                     | GM(OPS-ASM)                                     | GM(OPS-ASM)                                     | GM(OPS-ASM)                                     |
| 2     | WB-2688-1451     | M&M / BOLERO & 2018             |   | GM(OPS-TM)                                      | GM(OPS-TM)                                      | GM(OPS-TM)                                      | GM(OPS-TM)                                      |
| 3     | WB-26T-6521      | M&M / BOLERO & 2015             | GFS   | GFS   | GFS   | GFS   | GFS   |
| 4     | WB-26-AX-3696    | M&M / BOLERO & 2017             |   | Ops-TM  | Ops-TM  | Ops-TM  | Ops-TM  |
| 5     | WB-26S-8543      | TOYOTA / INNOVA & 2014          | VIP   | VIP   | VIP   | VIP   | VIP   |
| 6     | WB-26S-8544      | TOYOTA / INNOVA VIP-2 & 2014    | VIP   | VIP   | VIP   | VIP   | VIP   |
| 7     | AR-192           | TATA / COMMANDO POST & 2003     | Fire  | Fire  | Fire  | Fire  | Fire  |
| 8     | WB-26T-7128      | M&M / THAR & 2015               | CISF  | CISF  | CISF  | CISF  | CISF  |
| 9     | WB-25C-5063      | M&M / BOLERO QRT. & 2009        | CISF  | CISF  | CISF  | CISF  | CISF  |
| 10    | WB-26AQ-8659     | HERO MOTOR CYCLE & 2016         | CISF  | CISF  | CISF  | CISF  | CISF  |
| 11    | WB-25G-7910      | BDDS-DOG SQUAD & 2016           | CISF  | CISF  | CISF  | CISF  | CISF  |
| 12    | WB-26T-8516      | M&M / BOLERO & 2015             | AOCC  | AOCC  | AOCC  | AOCC  | AOCC  |
| 13    | WB-26T-6519      | M&M / BOLERO & 2015             | Stand by  | Stand by  | Stand by  | Stand by  | Stand by  |
| 14    | WB-26T-6523      | M&M / BOLERO & 2015             | AOCC  | AOCC  | AOCC  | AOCC  | AOCC  |
| 15    | WB-26T-6518      | M&M / BOLERO & 2015             | AOCC  | AOCC  | AOCC  | AOCC  | AOCC  |
| 16    | WB-26T-1917      | HYUNDAI / VERNA & 2014          | APD   | APD   | APD   | APD   | APD   |
| 17    | WB-26-AX-3683    | M&M / BOLERO & 2017             |   | MT  | MT  | MT  | MT  |
| 18    | WB-25F-8345      | M&M / PICK UP & 2015            | Ops   | Ops   | Ops   | Ops   | Ops   |
| 19    | AR-349           | RMM                             | GFS   | GFS   | GFS   | GFS   | GFS   |
| 21    | AR-346           | WATER BLASTING RDR & 2019       |   |   |   | GFS   | GFS   |
| 22    | AR-263           | MAN / TRACK JET & 2009          | GFS   | GFS   | GFS   | GFS   | GFS   |
| 23    | AR-274           | HMT / TRACTOR & 2010            | GFS   | GFS   | GFS   | GFS   | GFS   |
| 24    | AR-298           | HMT / TRACTOR & 2016            | GFS   | GFS   | GFS   | GFS   | GFS   |
| 25    | AR-305           | ACE / EXCAVATOR                 |   | GFS   | GFS   | GFS   | GFS   |
| 26    | AR-306           | NEW HOLLAND / TRACTOR           |   | GFS   | GFS   | GFS   | GFS   |
| 27    | AR-316           | NEW HOLLAND / TRACTOR & 2017    |   | GFS   | GFS   | GFS   | GFS   |
| 28    | AR-317           | NEW HOLLAND / TRACTOR & 2017    |   | GFS   | GFS   | GFS   | GFS   |
| 29    | AR-318           | NEW HOLLAND / TRACTOR & 2017    |   | GFS   | GFS   | GFS   | GFS   |





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|    |              |                              |            |            |            |            |            |
|----|--------------|------------------------------|------------|------------|------------|------------|------------|
| 30 | WB-25K-2716  | TATA / TIPPER & 2020         |            |            |            |            | GFS        |
| 31 | AR-347       | TRILLO GCM                   |            |            |            |            | GFS        |
| 32 | AR - 237     | AFFRV - 2 / RB07004 & 2008   | Fire       | Fire       | Fire       | Fire       | Fire       |
| 33 | AR - 256     | AFFRV - 3 RB08013 & 2008     | Fire       | Fire       | Fire       | Fire       | Fire       |
| 34 | AR - 257     | AFFRV - 4 / RB08014 & 2008   | Fire       | Fire       | Fire       | Fire       | Fire       |
| 35 | AR - 258     | AFFRV - 5 / RB08015 & 2008   | Fire       | Fire       | Fire       | Fire       | Fire       |
| 36 | RIV-6        | RIV - 6 / RIV 15004          | Fire       | Fire       | Fire       | Fire       | Fire       |
| 37 | RB - 7       | AFFRV - 7 / RB17096 & 2017   |            | Fire       | Fire       | Fire       | Fire       |
| 38 | RB - 8       | AFFRV - 8 / RB17097 & 2017   |            | Fire       | Fire       | Fire       | Fire       |
| 39 | WB-26T-6513  | M&M / BOLERO & 2015          | Fire       | Fire       | Fire       | Fire       | Fire       |
| 40 | WB-26T-6515  | M&M / BOLERO & 2015          | Fire       | Fire       | Fire       | Fire       | Fire       |
| 41 | WB-26T-6524  | M&M / BOLERO & 2015          | Fire       | Fire       | Fire       | Fire       | Fire       |
| 42 | WB-25G-2072  | SML / AMBULANCE & 2016       | Fire       | Fire       | Fire       | Fire       | Fire       |
| 43 | WB-25G-2073  | SML / AMBULANCE & 2016       | Fire       | Fire       | Fire       | Fire       | Fire       |
| 44 | WB-25H-4281  | SML / AMBULANCE              | Fire       | Fire       | Fire       | Fire       | Fire       |
| 45 | WB-25H-4290  | SML / AMBULANCE              | Fire       | Fire       | Fire       | Fire       | Fire       |
| 46 | AR-98        | TATA - 407 (HIGH MAST LIGHT) | Fire       | Fire       | Fire       | Fire       | Fire       |
| 47 | WB-26T-6514  | M&M / BOLERO & 2015          | CMD-I      | CMD-I      | CMD-I      | CMD-I      | CMD-I      |
| 48 | WB-26T-6517  | M&M / BOLERO & 2015          | CMD-II     | CMD-II     | CMD-II     | CMD-II     | CMD-II     |
| 49 | WB-26T-6520  | M&M / BOLERO & 2015          | EMD(shift) | EMD(shift) | EMD(shift) | EMD(shift) | EMD(shift) |
| 50 | WB-2688-1463 | M&M / BOLERO & 2018          |            |            | Electrical | Electrical | Electrical |

- In the above table, all vehicle used for the AERO purpose, accordingly AAI submitted 100% ratio for vehicle.
- 10% of Hire Vehicle expenses have been allocated as Non-Aero expenses.

In View of above it is requested to consider Vehicle Ratio 100% instead of Employee Ratio for the purpose of allocation."

4.7.30. AAI's comment regarding pay and allowances for CHQ is as given below.

"With respect to the apportionment of pay and allowance costs incurred at the CHQ, the Authority has the following observations:

- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority is of the view that a percentage share of expenses should be worked out on total outflow of pay and allowances
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. Hence, pay and allowances need to be adjusted accordingly





- Considering all the facts and figures as stated above, the Authority is of the following view:  
20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:
  - Support services to ANS, Cargo & Commercial at CHQ, RHQ and airport
  - Officials of Directorate of Commercial
  - Balance 80% of pay and allowances of CHQ & RHQ can be allocated to Airport

#### AAI's Submission

- AERA has considered the actual CHQ/RHQ expenses for determination of aeronautical tariff charges in case of Amritsar, Varanasi, Trichy and Raipur airports.
- AAI has resubmitted the CHQ/RHQ Allocations for the F.Y. 2016-17 to 2020-21 vide e-mail dated 24.12.2021 after a detailed analysis which has not been considered in CP.
- In respect of 20% of exclusion of Pay and Allowances excluded by AERA, AAI has submitted 5% of the Net Expenses of CHQ & RHQ to be considered as non-aero expenses that includes commercial, Land and Common Staff those who are working for ANS as well for land and Commercial departments.
- As per AERA view, that percentage share of expenses should be worked out on total outflow of pay and allowances. AAI has calculated/worked on same. The detail workings for the F.Y. 2016-17, 2017-18 & 2020-21 are as under:

Refer CHQ RHQ Allocations for the F.Y.2016-17, 2017-18, 2019-20 and 2020-21 provided to AERA vide e-mail dated 24.12.2021

Statement showing that AAI has considered Expenditure in the Ratio of 50:50 instead of 30:70 among ANS & Airport respectively.

| PARTICULARS                | 2016-17   |        |           |         | 2017-18   |         |           |         |
|----------------------------|-----------|--------|-----------|---------|-----------|---------|-----------|---------|
|                            | 11000 CHQ |        | 11000 RHQ |         | 11000 CHQ |         | 11000 RHQ |         |
|                            | Ratio     |        | Ratio     |         | Ratio     |         | Ratio     |         |
|                            | 50%       | 50%    | 50%       | 50%     | 50%       | 50%     | 50%       | 50%     |
|                            | ANS       | APT    | ANS       | APT     | ANS       | APT     | ANS       | APT     |
| ADMN. AND GENERAL EXPENSES |           |        |           |         |           |         |           |         |
| INSURANCE                  | 312.63    | 312.64 | 187.58    | 437.69  | 530.85    | 530.95  | 318.53    | 743.27  |
| ADVT. AND PUBLICITY        | 346.83    | 346.83 | 208.10    | 485.56  | 317.71    | 317.71  | 190.63    | 444.79  |
| TELEPHONE CHARGES          | 29.46     | 29.46  | 17.67     | 41.24   | 33.03     | 33.03   | 19.82     | 46.24   |
| PRINTING AND STATIONARY    | 64.75     | 64.75  | 38.85     | 90.65   | 103.61    | 103.61  | 62.17     | 145.06  |
| LEGAL EXP.                 | 167.89    | 167.89 | 100.73    | 235.04  | 872.21    | 872.21  | 523.33    | 1221.09 |
| TRAVELLING EXP.            | 889.46    | 889.46 | 533.68    | 1245.25 | 1141.61   | 1141.61 | 684.97    | 1598.26 |
| UPKEEP EXP.                |           |        |           |         |           |         |           |         |
| MUNICIPAL TAXES            | 29.49     | 29.49  | 17.69     | 41.28   | 29.49     | 29.49   | 17.69     | 41.28   |
| WATCH & WARD EXP.          | 3.35      | 3.35   | 2.01      | 4.69    | 8.73      | 8.73    | 5.24      | 12.22   |
| HIRING OF MANPOWER         | 6.78      | 6.78   | 4.07      | 9.49    | 20.96     | 20.96   | 12.58     | 29.34   |
| FUEL TO AIRCRAFTS          |           |        |           |         |           |         |           |         |





## TRUE UP FOR THE SECOND CONTROL PERIOD

|  |          |          |                  |          |          |          |                  |          |
|--|----------|----------|------------------|----------|----------|----------|------------------|----------|
| METEOROLOGICAL CHARGES                     | 12296.08 | 0.00     | 12296.08         | 0.00     | 12877.54 | 0.00     | 12877.54         | 0.00     |
| IMPORT LICENSE, ETC                        | 0.00     | 124.59   | 0.00             | 124.59   | 6.85     | 241.50   | 6.85             | 241.50   |
| ADMISSION FEE                              |          |          |                  |          | -522.44  | -223.90  | -522.44          | -223.90  |
| INTEREST                                   | 812.66   | 1577.51  | 812.66           | 1577.51  | 512.70   | 911.47   | 512.70           | 911.47   |
| AOCC EXP.                                  |          |          |                  |          |          |          |                  |          |
| PRIOR PERIOD EXP                           | -216.93  | -216.93  | -130.16          | -303.70  | -9.25    | -9.25    | -5.55            | -12.95   |
| OTHER EXP                                  | 890.56   | 876.42   | 528.32           | 1238.65  | 815.95   | 818.32   | 490.79           | 1143.48  |
| TOTAL                                      | 15633.01 | 4212.23  | 14617.29         | 5227.95  | 16739.54 | 4796.43  | 15194.82         | 6341.16  |
| REPAIR & MAINT. EXP.                       |          |          |                  |          |          |          |                  |          |
| R&M CIVIL                                  | 200.18   | 200.18   | 120.11           | 280.25   | 282.62   | 307.07   | 169.57           | 420.12   |
| R&M ELECTRICAL                             | 129.47   | 129.47   | 77.68            | 181.26   | 152.87   | 152.87   | 91.72            | 214.02   |
| R&M VEHICLES                               | 19.61    | 38.03    | 15.45            | 42.20    | 5.44     | 15.56    | 5.29             | 15.71    |
| R&M FURNITURE & FIXTURES                   | 7.00     | 7.00     | 4.20             | 9.80     | 22.87    | 22.87    | 13.72            | 32.01    |
| R&M ELECTRONICS                            | 6961.18  | 37.48    | 6946.18          | 52.47    | 6011.67  | 60.90    | 5987.32          | 85.25    |
| R&M IT Hardware                            | 439.33   | 439.33   | 263.60           | 615.06   | 482.83   | 482.83   | 289.70           | 675.96   |
| R&M IT S/W                                 | 486.43   | 486.43   | 291.86           | 681.00   | 875.29   | 875.29   | 525.18           | 1225.41  |
| TOTAL                                      | 8243.20  | 1337.92  | 7719.08          | 1862.04  | 7833.59  | 1917.39  | 7082.49          | 2668.49  |
| UTILITIES AND OUTSOURCING                  |          |          |                  |          |          |          |                  |          |
| ELECTRICITY EXPENSES                       | 182.64   | 182.64   | 109.59           | 255.70   | 202.69   | 202.69   | 121.61           | 283.77   |
| CONSUMPTION OF STORES AND SPARES           | 1008.28  | 1.76     | 1008.28          | 1.76     | 1.53     | 1.53     | 0.92             | 2.14     |
| WATER CHARGES                              | 0.00     | 0.00     | 0.00             | 0.00     |          |          |                  |          |
| FEES PAID TO OUTSIDERS/CONSULTANCY CHARGES | 3016.41  | 3016.41  | 1809.84          | 4222.97  | 1856.66  | 1856.92  | 1113.89          | 2599.69  |
| HIRE CHARGES CAR/JEEP & OTHERS             | 17.74    | 51.64    | 17.42            | 51.96    | 10.11    | 24.75    | 8.99             | 25.87    |
| TOTAL                                      | 4225.07  | 3252.45  | 2945.14          | 4532.39  | 2070.99  | 2085.89  | 1245.42          | 2911.46  |
| DEPRECIATION                               | 668.91   | 670.65   | 401.69           | 937.86   | 810.09   | 810.40   | 486.11           | 1134.37  |
| Total                                      | 668.91   | 670.65   | 401.69           | 937.86   | 810.09   | 810.40   | 486.11           | 1134.37  |
| CSR  | 1695.23  | 3290.73  | 1695.23          | 3290.73  | 803.19   | 1427.89  | 803.19           | 1427.89  |
| TOTAL                                      | 1695.23  | 3290.73  | 1695.23          | 3290.73  | 803.19   | 1427.89  | 803.19           | 1427.89  |
| RESEARCH AND DEVELOPMENT EXPENSES          | 0.00     | 641.60   | 0.00             | 641.60   | 64.74    | 0.00     | 64.74            | 0.00     |
| TOTAL                                      | 0.00     | 641.60   | 0.00             | 641.60   | 64.74    | 0.00     | 64.74            | 0.00     |
| TOTAL EXPENDITURE                          | 30465.41 | 13405.59 | 27378.43         | 16492.57 | 28322.14 | 11038.00 | 24876.77         | 14483.37 |
|  | 43871.00 |          | 43871.00         |          | 39360.14 |          | 39360.14         |          |
|  |          | 3086.99  | lakhs            |          |          | 3445.37  | lakhs            |          |
|  |          | 16.00    | lakhs            |          |          | 18.00    | lakhs            |          |
| Employees considered for CHQ Allocations   |          | 192.94   | No. of Employees |          |          | 191.41   | No. of Employees |          |
| Employees should have been considered      |          | 100.2    | No. of Employees |          |          | 164.0    | No. of Employees |          |





TRUE UP FOR THE SECOND CONTROL PERIOD

| Actual Employees for Airport Segment |           |                                  |                  |        |           |                                  |                  |        |
|--------------------------------------|-----------|----------------------------------|------------------|--------|-----------|----------------------------------|------------------|--------|
| Segment                              | Employees | No. of Fin & HR common employees | REVISED STRENGTH |        | Employees | No. of Fin & HR common employees | REVISED STRENGTH |        |
| ANS                                  | 245.0     | 28.0*                            | 217.0            | 217.0  | 330.0     | 23.0*                            | 307.0            | 307.0  |
| Airport                              | 1360.0    | 776.0                            | 584.0            | 1388.0 | 1281.0    | 737.0                            | 544.0            | 1304.0 |
|                                      |           |                                  |                  | 1605.0 |           |                                  |                  | 1611.0 |
| Cargo                                | 0.0       |                                  | 0.0              |        | 11.0      |                                  | 11.0             |        |
| Commercial                           | 9.0       |                                  | 9.0              |        | 18.0      |                                  | 18.0             |        |
| land                                 | 6.0       |                                  | 6.0              |        | 12.0      |                                  | 12.0             |        |
|                                      |           |                                  |                  | 1403.0 |           |                                  |                  | 1334.0 |
| Total                                | 1620.0    | 804.0                            | 816.0            |        | 1652.0    | 760.0                            | 892.0            |        |
|                                      | 1620.0    |                                  |                  |        | 1652.0    |                                  |                  |        |
|                                      | 0.0       |                                  |                  |        | 0.0       |                                  |                  |        |

|   |  |       |                |  |       |                |
|---|--|-------|----------------|--|-------|----------------|
| Proportion of HR & Fin to ANS   |  | 104.9 | No. Employee s |  | 140.4 | No. Employee s |
| Proportion of HR & Fin to Non-aero  |  | 8.3   | No. Employee s |  | 16.6  | No. Employee s |
| Total No. common employees salary should have been gone to ANS & NON AERO |  | 100.2 | No. Employee s |  | 164.0 | No. Employee s |

\*28 Nos and 23 Nos of employee of Finance and HR is already included in ANS segment for the F.Y 16-17 & F.Y 17-18 respectively.

Refer CHQ RHQ Allocations for the F.Y.2016-17, 2017-18, 2019-20 and 2020-21 provided to AERA vide e-mail dated 24.12.2021

Statement showing that AAI has considered Expenditure in the Ratio of 50:50 instead of 30:70 among ANS & Airport Respectively.

| PARTICULARS                 | Amount in Lakhs |         |                         |         |
|-----------------------------|-----------------|---------|-------------------------|---------|
|                             | 11000 CHQ Ratio |         | 2020-21 11000 CHQ Ratio |         |
|                             | 0.50            | 0.50    | 0.30                    | 0.70    |
|                             | ANS             | APT     |                         |         |
| ADMIN. AND GENERAL EXPENSES |                 |         |                         |         |
| INSURANCE                   | 1967.74         | 1968.06 | 1180.71                 | 2755.09 |
| ADVT. AND PUBLICITY         | 94.16           | 94.16   | 56.49                   | 131.82  |
| TELEPHONE CHARGES           | 22.37           | 22.37   | 13.42                   | 31.32   |
| PRINTING AND STATIONARY     | 38.86           | 38.86   | 23.32                   | 54.40   |
| LEGAL EXP.                  | 923.94          | 923.94  | 554.37                  | 1293.52 |
| TRAVELLING EXP              | 176.33          | 176.33  | 105.80                  | 246.86  |
| UPKEEP EXP.                 | 0.65            | 0.65    | 0.39                    | 0.90    |
| MUNICIPAL TAXES             | 29.57           | 29.57   | 17.74                   | 41.40   |
| WATCH & WARD EXP            | 7.75            | 7.75    | 4.65                    | 10.86   |
| HIRING OF MANPOWER          | 58.11           | 58.11   | 34.87                   | 81.36   |
| FUEL TO AIRCRAFTS           |                 |         |                         |         |
| METEOROLOGICAL CHARGES      | 13913.69        | 0.00    | 13913.69                | 0.00    |
| IMPORT LICENSE,ETC          |                 |         |                         |         |
| ADMISSION FEE               | 461.87          | 197.94  | 461.87                  | 197.94  |





## TRUE UP FOR THE SECOND CONTROL PERIOD

|  |           |                                  |                  |          |
|--|-----------|----------------------------------|------------------|----------|
| INTEREST                                   |           |                                  |                  |          |
| AOC EXP                                    | 0.10      | 0.10                             | 0.06             | 0.15     |
| PRIOR PERIOD EXP.                          | -373.74   | -373.74                          | -224.24          | -523.23  |
| OTHER EXP.                                 | 4975.03   | 4931.22                          | 2973.86          | 6932.38  |
| TOTAL                                      | 22296.44  | 8075.34                          | 19117.00         | 11254.77 |
| REPAIR & MAINT. EXP.                       |           |                                  |                  |          |
| R&M CIVIL                                  | 804.27    | 804.27                           | 482.56           | 1125.97  |
| R&M ELECTRICAL                             | 342.21    | 342.21                           | 205.33           | 479.10   |
| R&M VEHICLES                               | 4.08      | 9.24                             | 4.03             | 9.29     |
| R&M FURNITURE & FIXTURES                   | 0.14      | 0.14                             | 0.08             | 0.19     |
| R&M ELECTRONICS                            | 8808.79   | 137.78                           | 8753.67          | 192.90   |
| R&M IT Hardware                            | 551.81    | 551.81                           | 331.08           | 772.53   |
| R&M IT S/W                                 | 706.11    | 706.11                           | 423.67           | 988.55   |
| TOTAL                                      | 11217.40  | 2551.56                          | 10200.43         | 3568.53  |
| UTILITIES AND OUTSOURCING                  |           |                                  |                  |          |
| ELECTRICITY EXPENSES                       | 228.44    | 228.44                           | 137.06           | 319.81   |
| CONSUMPTION OF STORES AND SPARES           | 0.13      | 0.15                             | 0.08             | 0.20     |
| WATER CHARGES                              | 0.37      | 0.37                             | 0.22             | 0.52     |
| FEES PAID TO OUTSIDERS/CONSULTANCY CHARGES | 1141.29   | 1141.29                          | 684.77           | 1597.81  |
| HIRE CHARGES CAR/JEEP & OTHERS             | 3.19      | 6.70                             | 2.62             | 7.28     |
| TOTAL                                      | 1373.42   | 1376.94                          | 824.76           | 1925.61  |
| DEPRECIATION                               | 1527.54   | 1527.60                          | 916.53           | 2138.60  |
| Total                                      | 1527.54   | 1527.60                          | 916.53           | 2138.60  |
| CSR  | 118.58    | 304.93                           | 118.58           | 304.93   |
| TOTAL                                      | 118.58    | 304.93                           | 118.58           | 304.93   |
| RESEARCH AND DEVELOPMENT EXPENSES          |           |                                  |                  |          |
| TOTAL                                      | 0.00      | 0.00                             | 0.00             | 0.00     |
| TOTAL EXPENDITURE                          | 36533.38  | 13836.37                         | 31177.50         | 19192.44 |
|  | 50369.74  |                                  | 50369.74         |          |
|  |           | 5356.07                          | lakhs            |          |
|  |           | 25.00                            | lakhs            |          |
| Employees considered for CHQ Allocations   |           | 214.24                           | No. of Employees |          |
| Employees should have been considered      |           | 171.4                            | No. of Employees |          |
| Actual Employees for Airport Segment       |           |                                  |                  |          |
| Segment                                    | Employees | No. of Fin & HR common employees | REVISED STRENGTH |          |
| ANS  | 341.0     | 21.0*                            | 320.0            | 320.0    |
| Airport                                    | 1195.0    | 692.0                            | 503.0            | 1216.0   |

|  |        |       |       |               |
|--|--------|-------|-------|---------------|
|  |        |       |       | 1536.0        |
| Cargo  | 15.0   |       | 15.0  |               |
| Commercial land  | 19.0   |       | 19.0  |               |
|  | 12.0   |       | 12.0  |               |
| Total  | 1582.0 | 713.0 | 869.0 | 1247.0        |
|  | 1582.0 |       |       |               |
|  | 0.0    |       |       |               |
| Proportion of HR & Fin to ANS                                  |        |       | 144.2 | No. Employees |
| Proportion of HR & Fin to Non-aero                             |        |       | 17.2  | No. Employees |
| Total No. employees salary should have been gone to ANS & AERO |        |       | 171.4 | No. Employees |

\*21 Nos. of employees of Finance & HR is already included in ANS segment for the F.Y. 2020-21.

- Based on the above, detailed workings have been done for the F.Y. 2016-17, 2017-18 and 2020-21 wherein, it has been found that the ANS and Airport Employee Strength is 1620 Nos., 1652 Nos. & 1582 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.

| Particulars               | 2016-17          | 2017-18 | 2020-21 |
|---------------------------|------------------|---------|---------|
|                           | No. of Employees |         |         |
| Airport                   | 1360             | 1281    | 1195    |
| ANS                       | 245              | 330     | 341     |
| Common (Non-Aero & ANS)   | 85               | 123     | 122     |
| Non-Aero                  | 15               | 41      | 49      |
| Total (Common + Non-Aero) | 100              | 164     | 171     |
| Airport + ANS             | 1605             | 1611    | 1536    |
| Total strength            | 1620             | 1652    | 1582    |
| Ratio of Airport & ANS    | 78.22            | 79.21   | 78.22   |





- The Common Finance & HR Employees for ANS & Non-Aero and Non-Aero i.e. commercial & Land comes out to 100 Nos, 164 Nos., & 171 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- The Engg department Civil, Electrical etc and other departments at CHQ are dedicatedly working for stations.
- The Average Salary for the calculation has been taken as Rs. 16 Lakh, Rs. 18 Lakhs & Rs. 25 Lakhs per employee for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- The revised ratio of Airport & ANS after considering the common employees are hovering around 78:22.
- In the calculations of CHQ & RHQ allocations, Expenditures (excluding pay & allowance) ratio of 50:50 has been applied among Airport & ANS whereas, the ratio should have been 70:30 among Airport & ANS on the basis of Number of employees as calculated above.
- By applying 70:30 Ratio instead of 50:50 in the above expenditure, the excess amount in F.Y. 2016-17, 2017-18 & 2020-21 comes out to Rs. 31 crores, Rs. 34 crores & Rs. 54 Crores respectively.
- With Average salary assumed and the excess amount of the expenditure for the above-mentioned Financial Years the number of employees comes out to 192 Nos, 191 Nos., & 214 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- In view of above, it is requested to consider Net expenses of CHQ/RHQ as per SCP order i.e. @ 5% as non-aero and common expenses instead of 20%.
- Also, AAI will undertake a study for CHQ & RHQ allocations to devise a robust methodology for allocation."

4.7.31. AAI's comment regarding Admin and General Expenses of CHQ is as follows.

**"AERA's contention**

- With respect to the apportionment of admin and general expenses incurred at the CHQ, the Authority has the following observations:
  - With respect to AAI's legal & arbitration expenses at CHQ level, the Authority is of the view that this expense should be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority proposes to exclude the same from the amount allocated to stations.
  - With respect to interest/penalties to Government of India at CHQ level, the Authority is of the view that stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator. Therefore, such expenses have not been allocated to NSCBIA, Kolkata.
  - The Authority proposes to reduce overall cost by 5% from FY 2019-20 for estimating the figures of FY 2020-21 due to impact of COVID-19 and non-availability of actual data.

**AAI's Submission**

- AAI has provided all the replies to the queries in respect of CHQ/RHQ allocations from time to time. Further, AAI has provided the General Ledgers of all the expenses sought by the Consultant. In view of this, AAI submits that the Legal & Arbitration Expenses at CHQ & RHQ level may be considered by AERA.

AAI submits to that AERA to consider interest on bonds after date of capitalization in SCP as these are actual outflow of funds.





| The Impact of Legal & Arbitration Expenses of CHQ (Profit Centre 11000) |  |                |                |                |               |               |
|---|--|----------------|----------------|----------------|---------------|---------------|
| Particulars   | Amount in Lakhs  |                |                |                |               |               |
|   | 2016-17  |                |                | 2017-18        |               |               |
|   | Total  | ANS            | AIRPORT        | Total          | ANS           | AIRPORT       |
| Particulars   | TB Figure  | 50%            | 50%            | TB Figure      | 50%           | 50%           |
| OAAI/802001000 LEGAL FEES & EXP   | 322.91   | 161.46         | 161.46         | 702.43         | 351.21        | 351.21        |
| OAAI/800021000 Arbitration Exp  | 12.86  | 6.43           | 6.43           | 27.60          | 13.80         | 13.80         |
| OAAI/729005050 Arbit-Award Other Cost                                   |  |                |                | 1014.39        | 507.20        | 507.20        |
| <b>Total</b>  | <b>335.77</b>  | <b>167.89</b>  | <b>167.89</b>  | <b>1744.42</b> | <b>872.21</b> | <b>872.21</b> |
| Particulars   | 2018-19  |                |                | 2019-20        |               |               |
|   | Total  | ANS            | AIRPORT        | Total          | ANS           | AIRPORT       |
|   | TB Figure  | 50%            | 50%            | TB Figure      | 50%           | 50%           |
| OAAI/802001000 LEGAL FEES & EXP   | 818.25   | 409.12         | 409.12         | 632.08         | 316.04        | 316.04        |
| OAAI/800021000 Arbitration Exp  | 618.58   | 309.29         | 309.29         | 118.42         | 59.21         | 59.21         |
| OAAI/729005050 Arbit-Award Other Cost                                   | 912.09   | 456.05         | 456.05         | 7.99           | 3.99          | 3.99          |
| <b>Total</b>  | <b>2348.92</b>   | <b>1174.46</b> | <b>1174.46</b> | <b>758.49</b>  | <b>379.24</b> | <b>379.24</b> |
| Above figures do not include the following expenditure                  |  |                |                |                |               |               |
| 2016-17   | Rs. 4.87 lakhs deducted on account of legal & arbitration pertaining to DIAL & MIAL  |                |                |                |               |               |
| 2017-18   | Rs. 13.74 lakhs deducted on account of legal & arbitration pertaining to DIAL & MIAL |                |                |                |               |               |
| 2018-19   | Rs. 118.30 pertains to DIAL & MIAL, Not considered                                   |                |                |                |               |               |
| 2019-20   | Rs. 255.64 Lakhs legal and prof expenses of DIAL MIAL                                |                |                |                |               |               |

- The Legal and arbitration Expenses details are provided for the F.Y. 2016-17 to 2019-20, wherein, it has been clearly shown that all the expenses are allocated to ANS and Airport in the Ratio of 50:50. The Expenses pertaining to JVC's have been deducted before allocating to ANS and Airport. It is to be noted that the legal and arbitration expenses are mainly for the Airport Segment, but allocations to ANS have been done for 50%.
- It is very difficult at this stage to segregate Legal & Arbitration Expenses to a particular profit centre. From F.Y 2021-22 AAI will book Legal & Arbitration Expenses to specific profit centre.
- The impact of Legal & Arbitration Expenses to Airport Segment is only Rs. 26 Crores and Whereas, similar expenses have been shifted to ANS Segment also.

In view of above, it is requested to consider the Legal & Arbitration Expenses as provided by AAI for CHQ Allocations."

4.7.32. AAI's comment regarding Corporate Social Responsibility (CSR) is as follows:

#### "AAI's Submission

- In accordance with the requirements of the DPE guidelines on CSR and Sustainability and Section 135 of the Companies Act, 2013, two percent of the average net profits (to be calculated in accordance with the provisions of the Act) during the three immediately preceding financial years will be allocated for CSR activities every year.
- AAI has constituted a CSR Committee. The composition and terms of reference of the CSR Committee is provided in the Report on Corporate Governance, which forms part of this Annual Report. AAI has also formulated a Corporate Social Responsibility Policy, which is available on AAI's website.





- The overview of various CSR projects and programme undertaken by AAI and detail amount spent on CSR across India in different projects are there in the Annual Report at AAI website.
- CSR Budget will be utilized for implementing CSR projects approved by the Board on an annual basis. The budget allocation to the CSR Schemes shall be made in the beginning of every financial year after considering the CSR budget for that year. AAI is committed to play a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.
- CSR provisions are made on the basis of 2% of Average profits of preceding 3 financial years at Corporate Headquarter Level.
- CSR calculation for 2nd control period of Kolkata Airport has been carried out on the basis of Aeronautical and Non-Aeronautical Revenue for the F.Y. 2013-14, 2014-15 & 2015-16 (Single Till basis) whereas, 30% of the Non-aeronautical Revenue has been considered w.e.f. 2016-17 onwards.
- In case of Kolkata Airport, the CSR amount to be reimbursed are as under:

| Statement of Calculations for CSR Expenditure in respect of Kolkata Airport   |         |         |         |         |         |         |         |         |         | In Crores       |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| Particulars   |         | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Total (5 Years) |
| Revenue from Regulated Services   | A       | 442.4   | 513.7   | 647.1   | 802.5   | 914.14  | 1137.64 | 1138.42 | 509.39  | 4,502.09        |
| Revenue from Non-Aeronautical Services 30%  | B       | 108.7   | 134.1   | 133.3   | 49.64   | 66.88   | 72.77   | 68.32   | 35.80   | 293.41          |
| Operating Expenditure   | C       | 229.3   | 287.3   | 296.3   | 341.14  | 326.75  | 339.51  | 426.6   | 388.65  | 1,822.65        |
| Working Capital Interest  | D       |         |         |         |         |         |         |         |         |                 |
| Depreciation  | E       | 83.3    | 154     | 156.6   | 147.13  | 150.9   | 161.71  | 169.66  | 180.77  | 810.17          |
| Total Expenditure   | F=C+D+E | 312.80  | 441.30  | 452.90  | 488.27  | 477.65  | 501.22  | 596.26  | 569.42  | 2,632.82        |
| Regulatory operating Profit before tax  | G=A+B-F | 238.30  | 206.50  | 327.50  | 363.87  | 503.35  | 709.20  | 610.48  | -24.22  | 2,162.68        |
| Average of previous 3 FY's Aeronautical profits   | H=G/3   |         |         |         | 257.43  | 299.29  | 398.24  | 525.47  | 607.68  |                 |
| 2.00% of the average PAT (Mandatory spend)  | I=2%*H  |         |         |         | 5.15    | 5.99    | 7.96    | 10.51   | 12.15   | 41.76           |
| NOTE: In the F.Y. 2013-14, 2014-15 & 2015-16 Tariff was determined on the basis of Single Till, therefore 100% Non-Aero Rev. Considered for these Years. From F.Y. 2016-17 onwards Hybrid Till is considered. |         |         |         |         |         |         |         |         |         |                 |

- On the basis of the above statement, an amount of Rs. 41.76 Crores is required to be reimbursed by AERA for Kolkata Airport as AAI has incurred expenditure on account of CSR as per the provisions of Section 135 of the Act, the Companies (CSR Policy) Rules, 2014 and the DPE Guidelines, 2014.
- AAI as a whole has incurred CSR Expenses from F.Y. 2016-17 to 2020-21 are as under:





| In Crores    |         |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| CSR Expenses | 60.19   | 71.91   | 83.79   | 125.70  | 40.23   |

- In view of above, like income tax reimbursement it is requested to reimburse an amount of Rs 41.76 crores for Kolkata Airport during 2nd control period on account of CSR Expenditure.
- The CSR cost for TCP is required to be considered in the same line as proposed by AAI in the SCP submission."

#### Other stakeholders' comments on true-up of O&M Expenses for the Second Control Period

4.7.33. The Authority notes that no comments were received from other stakeholders regarding true-up of O&M Expenses for the Second Control Period.

#### AAI's counter comments and response to stakeholders' comments regarding true-up of O&M Expenses for the Second Control Period

4.7.34. As mentioned, in Para 4.7.3, the Authority notes that there were no comments from other stakeholders regarding true-up of O&M Expenses for the Second Control Period.

#### Authority's analysis on stakeholders' comments regarding true-up of O&M Expenses for the Second Control Period

4.7.35. The Authority notes AAI's comment regarding the use of a vehicle ratio of 98.27%:1.73% in the Second Control Period as per the Second Control Period Order. The Authority has analysed the vehicle user departments at NSCBIA, Kolkata submitted by AAI. The Authority notes AAI's comment that a hire vehicle ratio (of 90%:10%) on vehicle hire charges. However, the Authority is of the view that since vehicles are used for both aeronautical and non-aeronautical purposes by airport operators, the vehicle ratio may not be 100%:0% as requested by AAI.

Along these lines, the Authority sees no merit in changing its proposal to apply the vehicle ratio on expenses related to capital additions of vehicle in the true-up of the Second Control Period.

4.7.36. The Authority notes AAI's comment regarding the treatment of pay and allowances of CHQ in the Second Control Period. It may be noted that AAI had conveyed AAI's policy along with their submission vide its letter dated 17 November 2021 ("Revised CHQ & RHQ allocations for FY 2016-17 to 2019-20"). It may be noted that Annexure I of the said letter provides a summary of changes made by AAI in the allocations of CHQ expenses. Further, the Authority notes that the allocation methodologies may not be updated repeatedly once submitted. It may also be noted that the Authority has considered 20% of the payroll expenses at CHQ as non-airport expenses based on AAI's submission regarding active employees in the CHQ as on 31 March 2021 as per mail vide 26 November 2021 ("CHQ expenses. No. of employees"). Moreover, the Authority has considered an allocation ratio of 50%:50% between ANS and airports for common CHQ expenses in the Second Control Period as per the calculations for FY 2016-17 to FY 2019-20 vide mail dated 17 November 2021 ("Revised CHQ & RHQ Allocation for the F.Y 16-17 TO 19-20") and for FY 2020-21 vide email dated 25 December 2021 ("CHQ-RHQ Allocation for the F.Y 16-17 to 20-21").

4.7.37. Further, the Authority also notes that AAI's revised working of CHQ expenses has only been provided for FY 2016-17, FY 2017-18 and FY 2020-21. The Authority notes that this information is incomplete and therefore decides not to consider the same in the true-up calculation of the Second Control Period.





- 4.7.38. Lastly, the Authority also notes AAI's comment regarding considering a 95%:5% ratio on the net CHQ expenses instead of considering a ratio of 80%:20% on payroll expenses at CHQ. The ratio of 80%:20% considered by the Authority is based on a thorough analysis of the employee composition across all departments at CHQ and is therefore more appropriate.
- 4.7.39. The same methodology has been used by the Authority for estimating the CHQ allocation for other AAI airports. The Authority decides to consider the admin and general expenses (CHQ) as per Consultation Paper No. 25/2021-22 dated 29 December 2021 for the Second Control Period at NSCBIA, Kolkata.
- 4.7.40. The Authority notes AAI's comments regarding apportionment of administrative and general expenses pertaining to CHQ. With respect to legal expenses and interest/penalties to government, the Authority reiterates its proposal in Consultation Paper No. 25/2021-22 wherein it was stated that stakeholders at NSCBIA, Kolkata should not be burdened with such expenses incurred at other airports.
- 4.7.41. Further, the Authority notes AAI's comment regarding their replies to queries in respect of CHQ expenses. With respect to this, the Authority had noticed the lack of a uniform treatment for apportionment of CHQ expenses across profit centres. In this regard, the Authority has formulated an approach to apportion the cost taking into consideration various parameters. Using this principle, the Authority decides to exclude legal expenses and interest/penalties to government in tariff determination of the Second Control Period since it would unfairly burden passengers travelling via airports to which these expenses do not pertain.
- 4.7.42. The Authority notes AAI's comment regarding CSR expenses for the Second Control Period. The Authority notes that the CSR expenses at NSCBIA, Kolkata are incorporated in the trial balances of the airport. It may be noted that the Authority has considered the same as per the trial balances submitted in the MYTP.

The Authority decides to consider CSR expenses up to the statutory limit of 2% of the average net aeronautical profit made during the three preceding financial years as per Section 135 of Companies Act, 2013. It may be noted that the actual CSR expenses (as per AAI Kolkata's trial balances) has been considered in the Second Control Period.

- 4.7.43. The Authority decides to maintain its stance on CSR expenses for the Second Control Period as per Consultation Paper No. 25/2021-22 dated 29 December 2021.

**AAI's submission of actual O&M Expenses for FY 2020-21**

- 4.7.44. As stated earlier, the Authority had sought data regarding the actuals O&M expenses pertaining to FY 2020-21. The same was submitted to the Authority vide AAI's mail "In the matter of Determination of Tariff of Kolkata Airport for 3rd Control Period (01.04.2021 to 31.03.2026) and True-up of 2nd Control Period (01.04.2016 to 31.03.2021) – Updation of Actuals for the F.Y. 2020-21- Reg." dated 24.12.2021.
- 4.7.45. AAI submitted a total actual O&M expenses for FY 2020-21 of Rs. 366.11 Cr. as opposed to projected FY 2020-21 expenses of Rs. 486.09 Cr. A summary of the deviation between actual and projected expenses is given in the following table.





**Table 53: Actual O&M Expenses as submitted by AAI**

| Particulars                        | FY 2021<br>Projected<br>(A) | FY 2021<br>Actuals<br>(B) | Deviation<br>(B)-(A) |
|------------------------------------|-----------------------------|---------------------------|----------------------|
| Repair and Maintenance Expenditure | 84.07                       | 65.78                     | (18.29)              |
| Admin and General Expenses         | 128.07                      | 91.46                     | (36.61)              |
| Utilities and Outsourcing          | 68.21                       | 58.81                     | (9.40)               |
| Payroll Expenses                   | 203.32                      | 147.87                    | (55.45)              |
| Other Outflows                     | 2.43                        | 2.19                      | (0.24)               |
| <b>Total</b>                       | <b>486.09</b>               | <b>366.11</b>             | <b>(119.98)</b>      |

**Authority's examination of actual O&M expenses for FY 2020-21**

- 4.7.46. The Authority has carefully analysed the actual O&M expenses submitted by AAI and noted that the actual FY 2020-21 expenses are lower than the projected FY 2020-21 expenses (as calculated in the consultation paper).
- 4.7.47. The Authority further notes that AAI has applied a terminal building ratio of 94.11% on all common expenses. In line with Para 4.7.13, the Authority decides to consider a terminal building ratio of 92.5% and recalculate the O&M expenses.
- 4.7.48. After considering the stakeholders' comments and actual FY 2020-21 expenses, the O&M expenses considered for true-up of the Second Control Period by the Authority are as follows:

**Table 54: O&M Expenses consider for the true-up of the Second Control Period as decided by the Authority**

| FY ending March 31 (Rs. Cr.)                    | 2017          | 2018          | 2019          | 2020          | 2021          | Total           |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll costs – CHQ                             | 4.34          | 19.89         | 41.34         | 28.85         | 5.17          | 99.58           |
| Payroll costs – non CHQ                         | 112.34        | 128.33        | 143.13        | 160.18        | 142.70        | 686.68          |
| <b>Pay roll costs (A)</b>                       | <b>116.68</b> | <b>148.21</b> | <b>184.47</b> | <b>189.02</b> | <b>147.87</b> | <b>786.26</b>   |
| <b>Repair &amp; maintenance (B)</b>             | <b>95.70</b>  | <b>61.78</b>  | <b>69.82</b>  | <b>73.80</b>  | <b>65.40</b>  | <b>366.50</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>68.05</b>  | <b>64.25</b>  | <b>61.75</b>  | <b>64.19</b>  | <b>58.42</b>  | <b>316.67</b>   |
| Admin and general expenses –CHQ                 | 39.04         | 29.15         | 1.66          | 68.71         | 67.68         | 206.24          |
| Admin and general expenses – non CHQ            | 21.53         | 23.21         | 20.98         | 29.89         | 26.19         | 121.80          |
| <b>Admin. &amp; other expenses (D)</b>          | <b>60.57</b>  | <b>52.36</b>  | <b>22.64</b>  | <b>98.61</b>  | <b>93.86</b>  | <b>328.04</b>   |
| <b>Other outflows (E)</b>                       | <b>0.97</b>   | <b>1.12</b>   | <b>1.98</b>   | <b>2.18</b>   | <b>2.16</b>   | <b>8.41</b>     |
| <b>Total operating expenditure (A to E)</b>     | <b>341.98</b> | <b>327.73</b> | <b>340.66</b> | <b>427.80</b> | <b>367.72</b> | <b>1,805.88</b> |

**4.8. True-up of Non-Aeronautical Revenues****AAI's submissions regarding true-up of Non-Aeronautical Services for the Second Control Period**

- 4.8.1. AAI submitted the revenue from non-aeronautical services for cross subsidising 30% of the same in the determination of the ARR for the Second Control Period. The following table provides the actual non-aeronautical revenues earned by NSCBIA, Kolkata in the Second Control Period:





**Table 55: Non-aeronautical revenue submitted by AAI for true up of Second Control Period**

| <b>FY Ending 31 March (Rs. Cr.)</b>         | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>Total</b>  |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue from Rent and services</b>       |               |               |               |               |               |               |
| Land rent & leases                          | 56.33         | 48.63         | 33.27         | 28.84         | 7.95          | <b>175.03</b> |
| Building residential                        | 0.04          | 0.03          | 0.06          | 0.04          | 0.04          | <b>0.22</b>   |
| Building non residential                    | 20.77         | 16.49         | 18.50         | 18.92         | 14.22         | <b>88.89</b>  |
| <b>Revenue related to passenger traffic</b> |               |               |               |               |               |               |
| Duty free shops                             | 23.01         | 33.75         | 37.24         | 43.38         | 2.52          | <b>139.90</b> |
| Car rentals                                 | 0.79          | 5.16          | 11.96         | 14.60         | 2.83          | <b>35.34</b>  |
| Car parking                                 | 13.19         | 15.01         | 15.22         | 14.47         | 3.86          | <b>61.75</b>  |
| Admission tickets                           | 0.85          | 1.28          | 1.08          | 1.38          | 0.51          | <b>5.10</b>   |
| Other income                                | 22.52         | 10.44         | 17.26         | (16.55)*      | 24.90         | <b>58.57</b>  |
| Land Rent & Leases - hanger                 | 9.79          | 18.40         | 10.67         | 11.16         | 34.35         | <b>84.37</b>  |
| Restaurant / snack bars                     | 10.71         | 11.75         | 13.66         | 15.03         | 3.98          | <b>55.13</b>  |
| T.R. Stall                                  | 24.95         | 30.88         | 40.42         | 45.14         | 12.13         | <b>153.53</b> |
| Hoarding & display                          | (17.47)**     | 31.03         | 43.24         | 51.34         | 8.72          | <b>116.86</b> |
| <b>Total</b>                                | <b>165.47</b> | <b>222.87</b> | <b>242.59</b> | <b>227.74</b> | <b>116.02</b> | <b>974.69</b> |

\*Negative balance due to withdrawal of Taj SATS Billing (In-flight Kitchen Services) as per CHQ directive

\*\*Negative balance due to withdrawal of TDI billing subsequent to arbitration

**Decisions taken by the Authority regarding Non-Aeronautical Services as per Tariff Order for the Second Control Period**

- 4.8.2. The Authority had proposed that non-aeronautical revenues would be true-up in case the non-aeronautical revenues are higher than the projected non-aeronautical revenues. However, in case of a shortfall, the Authority would perform the true up, provided there are reasonable grounds for not realising the projected revenues.
- 4.8.3. As per the Second Control Period tariff order, the Authority had decided to include cargo revenue for FY 2016-17 while determination of tariff for the Second Control Period. Additionally, the Authority had noted that there was no clarity on the revenue sharing mechanism between AAI and AAICLAS. Further, it had proposed that that this matter would be taken up during the true up in Third Control Period, which will be based on the decision taken by AAI on revenue sharing mechanism.
- 4.8.4. As per the provisions of the AERA Act, services rendered in respect of cargo, ground handling and fuel supply are aeronautical services. Thus, the Authority had proposed to consider land lease revenues from CGF as aeronautical revenue.
- 4.8.5. Thus, after adjusting for land lease revenues and growth rates assumed by AAI (and considering stakeholders' comments) in the Second Control Period, the approved non-aeronautical revenue is as follows:

**Table 56: Non-aeronautical Revenue as per the tariff order of the Second Control Period**

| <b>FY ending March 31 (Rs. Cr.)</b>        | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Non-Aeronautical Revenues as per Authority | 150.5       | 167.8       | 186.9       | 205.7       | 226.4       | <b>937.3</b> |





**Authority's examination regarding Non-Aeronautical Services for the Second Control Period as part of Consultation Paper**

- 4.8.6. The Authority had studied AAI's submission with respect to non-aeronautical revenue and observed that the actual non-aeronautical revenues realised at NSCBIA, Kolkata are higher than the projected values in the tariff order of the Second Control Period. Accordingly, the Authority accepted a non-aeronautical revenue of Rs. 974.69 Cr. for the Second Control Period.

**Stakeholders' comments regarding true-up of non-aeronautical revenue for the Third Control Period**

- 4.8.7. The Authority notes that no stakeholder comments were received regarding true-up of non-aeronautical revenue for the Second Control Period.

**Authority's analysis on stakeholders' comments regarding true-up of Non-Aeronautical Revenues for the Second Control Period**

- 4.8.8. It is noted that no stakeholder comments were received regarding true-up of non-aeronautical revenues for the Second Control Period. The Authority decides to consider the actual non-aeronautical revenues for FY 2020-21.

**AAI's submission of actual non-aeronautical revenue for FY 2020-21**

- 4.8.9. The Authority had sought data regarding the actual non-aeronautical revenue pertaining to FY 2020-21. The same was submitted to the Authority vide AAI's mail "In the matter of Determination of Tariff of Kolkata Airport for 3rd Control Period (01.04.2021 to 31.03.2026) and True-up of 2nd Control Period (01.04.2016 to 31.03.2021) – Updation of Actuals for the F.Y. 2020-21- Reg." dated 24.12.2021.
- 4.8.10. AAI submitted an actual non-aeronautical revenue of Rs. 119.36 Cr. as opposed to projected FY 2020-21 non-aeronautical revenue of Rs. 116.02 Cr, thereby causing a deviation of Rs. 3.34 Cr. (Rs. 119.36 Cr. – Rs. 116.02 Cr.). A summary is provided in the table below.

**Table 57: Actual non-aeronautical revenues for FY 2020-21 as submitted by AAI**

| Particulars (in Rs. Cr.)  | FY 2020-21<br>Projected<br>(A) | FY 2020-21<br>Actual<br>(B) | Deviation<br>(B) – (A) |
|---------------------------|--------------------------------|-----------------------------|------------------------|
| Non-aeronautical revenues | 116.02                         | 119.36                      | 3.34                   |

**Authority's examination of non-aeronautical revenue for FY 2020-21**

- 4.8.11. The Authority has noted AAI's submission of actual non-aeronautical revenues for FY 2020-21 and has examined the same accordingly. It may also be noted that the actual non-aeronautical revenues for the Second Control Period are higher than the approved non-aeronautical revenues in the Second Control Period Order.
- 4.8.12. Accordingly, the Authority decides to consider the total (actual) non-aeronautical revenue of Rs. 977.98 Cr. for the true-up of the Second Control Period:





**Table 58: Non-aeronautical revenue for the Second Control Period as decided by the Authority**

| <b>FY Ending 31 March (Rs. Cr.)</b>         | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>Total</b>  |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue from Rent and services</b>       |               |               |               |               |               |               |
| Land rent & leases                          | 56.33         | 48.63         | 33.27         | 28.84         | 23.23         | <b>190.31</b> |
| Building residential                        | 0.03          | 0.03          | 0.06          | 0.04          | 0.04          | <b>0.22</b>   |
| Building non residential                    | 20.77         | 16.49         | 18.50         | 18.92         | 15.54         | <b>90.22</b>  |
| <b>Revenue related to passenger traffic</b> |               |               |               |               |               |               |
| Duty free shops                             | 23.01         | 33.75         | 37.24         | 43.38         | 3.57          | <b>140.95</b> |
| Car rentals                                 | 0.79          | 5.16          | 11.96         | 14.60         | 3.26          | <b>35.77</b>  |
| Car parking                                 | 13.19         | 15.01         | 15.22         | 14.47         | 3.86          | <b>61.75</b>  |
| Admission tickets                           | 0.85          | 1.28          | 1.08          | 1.38          | 0.51          | <b>5.10</b>   |
| Other income                                | 22.47         | 10.44         | 17.26         | (16.55)       | 9.38          | <b>43.00</b>  |
| Land Rent & Leases - hanger                 | 9.79          | 18.40         | 10.67         | 11.16         | 33.93         | <b>83.95</b>  |
| Restaurant / snack bars                     | 10.71         | 11.75         | 13.66         | 15.03         | 4.50          | <b>55.65</b>  |
| T.R. Stall                                  | 24.95         | 30.88         | 40.42         | 45.14         | 12.82         | <b>154.22</b> |
| Hoarding & display                          | (17.47)       | 31.03         | 43.24         | 51.34         | 8.72          | <b>116.86</b> |
| <b>Total</b>                                | <b>165.42</b> | <b>222.87</b> | <b>242.59</b> | <b>227.74</b> | <b>119.36</b> | <b>977.98</b> |

**4.9. True-up of Aeronautical Revenue****AAI's submission of Aeronautical Revenue for the Second Control Period**

4.9.1. AAI has submitted that the following are the sources of aeronautical revenue:

- Landing, parking, and housing charges
- User development fee (UDF)
- Aerobridge charges
- Oil throughput charges (AAI submitted that it has stopped levying oil throughput charges from 15.01.2020)
- Land leases (from ground handling and oil companies)
- Ground handling charges
- Royalty from CUTE charges
- Cargo revenue (for FY17 only)
- Cargo revenue share – 30% from AAICLAS

4.9.2. AAI has submitted the following details regarding aeronautical revenue for the Second Control Period:

**Table 59: Aeronautical revenue submitted by AAI for true up of Second Control Period**

| <b>FY ending 31 March (Rs. Cr.)</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b>    |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| Landing                             | 210.47      | 254.56      | 331.29      | 341.05      | 157.22      | <b>1,294.60</b> |
| Parking & Housing                   | 5.11        | 12.40       | 14.98       | 24.32       | 10.48       | <b>67.30</b>    |
| UDF                                 | 398.42      | 476.52      | 597.65      | 606.22      | 186.63      | <b>2,265.44</b> |
| Oil throughput charges              | 57.39       | 62.47       | 64.41       | 50.01       | 0.00        | <b>234.29</b>   |
| Land lease                          | 37.44       | 37.44       | 37.06       | 36.44       | 36.44       | <b>184.81</b>   |
| Ground handling charges             | 27.38       | 28.65       | 36.05       | 28.06       | 11.68       | <b>131.83</b>   |
| Royalty from CUTE                   | 13.23       | 18.37       | 18.93       | 15.80       | 5.34        | <b>71.67</b>    |
| Less: Cargo revenue                 | 53.06       | -           | -           | -           | -           | <b>53.06</b>    |
| Cargo revenue share from AAICLAS    | -           | -           | 45.79       | 20.11       | 17.02       | <b>82.92</b>    |
| Aerobridge charges                  | 0.00        | 0.00        | 15.21       | 16.39       | 6.02        | <b>37.62</b>    |





| FY ending 31 March (Rs. Cr.) | 2017          | 2018          | 2019           | 2020           | 2021          | Total           |
|------------------------------|---------------|---------------|----------------|----------------|---------------|-----------------|
| <b>Total</b>                 | <b>696.39</b> | <b>890.41</b> | <b>1161.38</b> | <b>1138.42</b> | <b>430.84</b> | <b>4,317.44</b> |

**Decisions taken by the Authority regarding aeronautical revenue for the Second Control Period**

4.9.3. Following are the relevant decisions that the Authority has taken with respect to aeronautical revenue for the Second Control Period:

- "10.a. The Authority decides to consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals as aeronautical revenue."

4.9.4. The following aeronautical revenues were approved by the Authority in the Second Control Period:

**Table 60: Aeronautical revenue as approved by the Authority in the tariff order of Second Control Period**

| FY ending 31 March (Rs. Cr.)              | 2017          | 2018           | 2019           | 2020           | 2021           | Total          |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| Landing                                   | 192.3         | 222.3          | 285.0          | 315.8          | 349.9          | 1,365.3        |
| Parking & Housing                         | 4.6           | 6.0            | 8.9            | 10.0           | 11.2           | 40.7           |
| UDF                                       | 430.4         | 495.6          | 618.2          | 707.7          | 810.5          | 3,062.4        |
| FTP + ITP and lease rentals               | 83.7          | 89.7           | 96.1           | 103.0          | 110.4          | 482.9          |
| Ground handling charges and lease rentals | 29.4          | 31.4           | 33.7           | 36.1           | 38.6           | 169.2          |
| Royalty from CUTE                         | 12.4          | 13.7           | 15.1           | 16.7           | 18.5           | 76.4           |
| Cargo revenue                             | 47.2          | -              | -              | -              | -              | 47.2           |
| Aerobridge charges                        | -             | 4.6            | 15.3           | 17.2           | 19.2           | 56.3           |
| <b>Total projected revenue</b>            | <b>799.9</b>  | <b>863.2</b>   | <b>1,072.4</b> | <b>1,206.5</b> | <b>1,358.5</b> | <b>5,300.5</b> |
| Target aero revenue (ARR)                 | 884.9         | 1,019.9        | 1,175.6        | 1,355.5        | 1,563.0        | 5,998.9        |
| <b>Shortfall</b>                          | <b>(84.9)</b> | <b>(156.6)</b> | <b>(103.3)</b> | <b>(148.9)</b> | <b>(204.6)</b> | <b>(698.3)</b> |
| <b>Shortfall in PV terms</b>              | <b>(84.9)</b> | <b>(137.4)</b> | <b>(79.5)</b>  | <b>(100.5)</b> | <b>(121.1)</b> | <b>(523.5)</b> |

**Authority's examination of Aeronautical Revenues for the Second Control Period as part of Consultation Paper**

4.9.5. The Authority had noted that aeronautical revenue is based on the following two factors:

- ATM traffic – Landing charges, parking & housing charges, aerobridge charges and ground handling charges
- Passenger traffic – UDF and royalty from CUTE

4.9.6. The Authority noted that in its submission, AAI had deducted the revenue received from the cargo operations in FY 2016-17 while calculating the total aeronautical revenue at NSCBIA, Kolkata. The Authority noted that the cargo revenues were erroneously subtracted while calculating the total aeronautical revenue for FY 2016-17. The Authority is of the opinion that the same must be added to the aeronautical revenues. The Authority proposed the same and recalculated the aeronautical revenue for FY 2016-17. Further, the Authority also understands that the cargo revenue (30% received from AAICLAS) for FY 2017-18 has been added along with the same for FY 2018-19. The Authority acknowledges that this has an impact on the ARR in NPV terms. This is because the timing of recognising the revenue would have an impact when appropriate discount factors are applied. Thus, the Authority proposed to recognise the cargo revenue from AAICLAS in their respective years.





- 4.9.7. The Authority noted that the aeronautical revenues at NSCBIA, Kolkata are in line with the expected revenues in the Second Control Period Order expect for FY 2020-21. Moreover, it may be noted that the revised tariffs in the Second Control Period were applicable only in the middle of the Second Control Period. Thus, the revenue projections in the Second Control Period Order are in line with the revised tariffs and actual traffic growth rates except for FY 2020-21. The Authority understands the adverse impacts of the pandemic on the aviation sector in FY 2020-21 and proposes to true-up the aeronautical revenue as per the actual revenue collected by AAI in the Second Control Period after truing up the actual traffic.
- 4.9.8. The following table provides the recomputed summary of aeronautical revenue based on the revised passenger and ATM traffic volumes of FY 2020-21:

**Table 61: Aeronautical revenue proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| <b>FY ending 31 March (Rs. Cr.)</b> | <b>2017</b>   | <b>2018</b>   | <b>2019</b>     | <b>2020</b>     | <b>2021</b>   | <b>Total</b>    |
|-------------------------------------|---------------|---------------|-----------------|-----------------|---------------|-----------------|
| Landing                             | 210.47        | 254.56        | 331.29          | 341.05          | 161.90        | 1,299.28        |
| Parking & Housing                   | 5.11          | 12.40         | 14.98           | 24.32           | 11.03         | 67.85           |
| UDF                                 | 398.42        | 476.52        | 597.65          | 606.22          | 194.46        | 2,273.27        |
| Oil throughput charges              | 57.39         | 62.47         | 64.41           | 50.01           | 0.00          | 234.29          |
| Land lease                          | 37.44         | 37.44         | 37.06           | 36.44           | 36.44         | 184.81          |
| Ground handling charges             | 27.38         | 28.65         | 36.05           | 28.06           | 12.22         | 132.37          |
| Royalty from CUTE                   | 13.23         | 18.37         | 18.93           | 15.80           | 5.55          | 71.87           |
| Cargo revenue                       | 53.06         | -             | -               | -               | -             | 53.06           |
| Cargo revenue share from AAICLAS    | -             | 23.74         | 22.06           | 20.11           | 17.02         | 82.92           |
| Aerobridge charges                  | 0.00          | 0.00          | 15.21           | 16.39           | 6.14          | 37.74           |
| <b>Total</b>                        | <b>802.50</b> | <b>914.14</b> | <b>1,137.64</b> | <b>1,138.42</b> | <b>444.76</b> | <b>4,437.47</b> |

**Stakeholders' comments regarding true-up of aeronautical revenue for the Second Control Period**

- 4.9.9. During the stakeholders' consultation process, the Authority has received comments/views from stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to true-up of aeronautical revenue for the Second Control Period. The comments are as follows:

**Other stakeholders' comments on true-up of aeronautical revenue for the Second Control Period**

- 4.9.10. IATA's comment regarding Airport Security Fee (ASF) is as follows:

*"We remain concerned about the clarity on funding for aviation security, which is the responsibility of the State and hence should be funded as such through the Aviation Security Fee (ASF)."*

**Authority's analysis on stakeholders' comments regarding true-up of Aeronautical Revenue for the Second Control Period**

- 4.9.11. The Authority notes IATA's comment regarding the funding of aviation security using PSF (Security). The Authority would like to draw reference to MoCA Order No. AV. 13024/03/2011-AS (Pt. I) wherein the Ministry states that





*"PSF(SC) funds are meant only for meeting revenue expenditure on deployment of CISF and other security forces at the airports"*

- 4.9.12. The Authority therefore clarifies that the capital expenditure incurred for aviation security by the airport operator must be considered in the tariff determination exercise as per the aforementioned MoCA Order.

#### **AAI's submission of Actual aeronautical revenue for FY 2020-21**

- 4.9.13. The Authority had sought data regarding the actual aeronautical revenue pertaining to FY 2020-21. The same was submitted to the Authority vide AAI's mail "In the matter of Determination of Tariff of Kolkata Airport for 3rd Control Period (01.04.2021 to 31.03.2026) and True-up of 2nd Control Period (01.04.2016 to 31.03.2021) – Updation of Actuals for the F.Y. 2020-21- Reg." dated 24.12.2021.
- 4.9.14. AAI submitted an actual aeronautical revenue of Rs. 509.39 Cr. (as opposed to Rs. 472.56 Cr. incorrectly calculated by AAI) for FY 2020-21 as opposed to projected aeronautical revenue of Rs. 430.84 Cr., thereby causing a deviation of Rs. 78.55 Cr. The same has been summarised in the table below.

**Table 62: Actual aeronautical revenue for FY 2020-21**

| Particulars (in Rs. Cr.) | FY 2021<br>Projected<br>(A) | FY 2021<br>Actuals<br>(B) | Deviation<br>(B)-(A) |
|--------------------------|-----------------------------|---------------------------|----------------------|
| Aeronautical Revenues    | 430.84                      | 509.39                    | 78.55                |

#### **Authority's examination of actual aeronautical revenues for FY 2020-21**

- 4.9.15. The Authority has noted a deviation of Rs. 78.55 Cr. between the actual and projected aeronautical revenues for FY 2020-21. The Authority has analysed the actual aeronautical revenues for FY 2020-21 and decides to consider the same for true-up of the Second Control Period. The aeronautical revenue for true-up of the Second Control Period as decided by the Authority is provided in the table below.

**Table 63: Aeronautical Revenue for true-up of the Second Control Period as decided by the Authority**

| FY ending 31 March (Rs. Cr.)     | 2017   | 2018   | 2019   | 2020   | 2021   | Total    |
|----------------------------------|--------|--------|--------|--------|--------|----------|
| Landing                          | 210.47 | 254.56 | 331.29 | 341.05 | 174.44 | 1311.82  |
| Parking & Housing                | 5.11   | 12.40  | 14.98  | 24.32  | 58.62  | 115.44   |
| UDF                              | 398.42 | 476.52 | 597.65 | 606.22 | 200.52 | 2,279.33 |
| Oil throughput charges           | 57.39  | 62.47  | 64.41  | 50.01  | 0.00   | 234.29   |
| Land lease                       | 37.44  | 37.44  | 37.06  | 36.44  | 36.84  | 185.21   |
| Ground handling charges          | 27.38  | 28.65  | 36.05  | 28.06  | 4.01   | 124.16   |
| Royalty from CUTE                | 13.23  | 18.37  | 18.93  | 15.80  | 5.51   | 71.83    |
| Cargo revenue                    | 53.06  | -      | -      | -      | -      | 53.06    |
| Cargo revenue share from AAICLAS | -      | 23.74  | 22.06  | 20.11  | 22.62  | 88.52    |
| Aerobridge charges               | 0.00   | 0.00   | 15.21  | 16.39  | 6.85   | 38.45    |





| FY ending 31 March (Rs. Cr.) | 2017   | 2018   | 2019     | 2020     | 2021   | Total    |
|------------------------------|--------|--------|----------|----------|--------|----------|
| Total                        | 802.50 | 914.14 | 1,137.64 | 1,138.42 | 509.39 | 4,502.10 |

#### 4.10. True-up of Aeronautical Taxes

##### AAI's submission regarding True up of Aeronautical Taxes for the Second Control Period

4.10.1. AAI has submitted tax calculations using a tax rate of 34.94% from FY 2016-17 to FY 2018-19. For FY 2019-20 and FY 2020-21, a tax rate of 25.17% was used. These tax rates were used on NSCBIA, Kolkata's profit before tax (PBT) after setting-off the prior period tax losses. The following table summarises the tax working for the true-up period as per AAI's submission:

**Table 64: Aeronautical Taxes submitted by AAI for true up of Second Control Period**

| FY ending March 31 (Rs. Cr.)                                | 2017   | 2018   | 2019     | 2020     | 2021     | Total    |
|---|--------|--------|----------|----------|----------|----------|
| Aero Revenue (A)  | 696.39 | 890.41 | 1,161.38 | 1,138.42 | 430.84   | 4,317.44 |
| O&M Expense (B)   | 419.10 | 377.06 | 374.07   | 454.14   | 486.09   | 2,110.47 |
| Total Interest and Financing Charges (C)                    | -      | -      | -        | -        | 1.73     | 1.73     |
| Depreciation as per Income Tax Act (D)                      | 175.61 | 186.18 | 199.94   | 188.24   | 178.06   | 928.02   |
| Total expenditure (E) = (B + D)                             | 594.72 | 563.24 | 574.01   | 642.38   | 665.88   | 3,040.21 |
| Profit Before Tax (F) = (A - E)                             | 101.67 | 327.17 | 587.37   | 496.04   | (235.03) | 1,277.22 |
| Set-off of prior period tax losses (G)                      | -      | -      | -        | -        | -        | -        |
| PBT after set-off of losses (H) = (F - G)                   | 101.67 | 327.17 | 587.37   | 496.04   | (235.03) | 1,277.22 |
| Tax [34.944% up to FY 2018-19 & 25.17% from FY 2019-20] (I) | 35.53  | 114.33 | 205.25   | 124.85   | -        | 479.96   |
| Profit After Tax (J) = (H - I)                              | 66.14  | 212.84 | 382.12   | 371.19   | (235.03) | 797.26   |

##### Decisions taken by the Authority regarding Taxation as per Tariff Order for the Second Control Period

4.10.2. Relevant decisions taken by the Authority at the time of tariff determination of the Second Control Period as are follows:

- "12.b. The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period."

4.10.3. Additionally, the Authority decided to consider corporate tax pertaining to earnings from aeronautical services under shared till as per MIAL Order No. 32/2012-13 (Decision No. XV). The Authority has therefore proposed to exclude non-aeronautical component from revenues considered while determining tax for aeronautical services.

4.10.4. Based on the abovementioned examination by the Authority, the following tax projections were made for the Second Control Period:

**Table 65: Aeronautical Taxes as approved by the Authority in the tariff order of Second Control Period**

| FY ending March 31 (Rs. Cr.)           | 2017  | 2018  | 2019    | 2020    | 2021    | Total   |
|--|-------|-------|---------|---------|---------|---------|
| Aero Revenue                           | 799.9 | 863.2 | 1,072.4 | 1,206.5 | 1,358.5 | 5,300.5 |
| Aeronautical O&M (excl. CHQ overheads) | 295.9 | 273.1 | 282.2   | 300.3   | 319.9   | 1,471.4 |





| FY ending March 31 (Rs. Cr.) | 2017  | 2018  | 2019  | 2020  | 2021  | Total   |
|------------------------------|-------|-------|-------|-------|-------|---------|
| CHQ Overheads                | 41.8  | 45.0  | 47.8  | 50.8  | 53.9  | 239.3   |
| Depreciation as per IT Act   | 194.5 | 188.7 | 202.3 | 195.1 | 170.7 | 951.3   |
| Profit Before Tax            | 267.7 | 356.5 | 540.1 | 660.3 | 814.0 | 2,638.6 |
| Tax                          | 92.6  | 123.3 | 186.9 | 228.5 | 281.6 | 912.9   |

**Authority's examination of Aeronautical Taxes for the Second Control Period as part of Consultation Paper**

4.10.5. The Authority did not propose any material changes in calculating the tax for the Second Control Period. The Authority has incorporated the changes in regulatory building blocks relevant to tax calculation and recalculated aeronautical tax for the true-up of the Second Control Period as follows:

**Table 66: Aeronautical Taxes proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY ending March 31 (in Rs. Cr.)                            | 2017   | 2018   | 2019     | 2020     | 2021     | Total    |
|--|--------|--------|----------|----------|----------|----------|
| Aeronautical Revenue (A)                                   | 802.50 | 914.14 | 1,137.64 | 1,138.42 | 444.76   | 4,437.47 |
| Operating Expense (B)                                      | 341.14 | 326.75 | 339.51   | 426.60   | 423.23   | 1,857.23 |
| Total Interest and Finance Charges (C)                     | -      | -      | -        | -        | 1.73     | 1.73     |
| Depreciation as per Income Tax Act (D)                     | 175.34 | 182.49 | 193.44   | 182.68   | 173.37   | 907.32   |
| Total Expenditure (E) = (B + C + D)                        | 516.48 | 509.24 | 532.96   | 609.28   | 598.32   | 2,766.28 |
| PBT (F) = (A - E)  | 286.02 | 404.91 | 604.68   | 529.14   | (153.56) | 1,671.19 |
| Set-off of prior period tax losses (G)                     | -      | -      | -        | -        | -        | -        |
| PBT after set-off of prior period tax losses (H) = (F - G) | 286.02 | 404.91 | 604.68   | 529.14   | (153.56) | 1,671.19 |
| Tax 34.944% (FY19) & 25.17% w.e.f. FY20 (I)                | 99.95  | 141.49 | 211.30   | 133.18   | -        | 585.92   |
| PAT (J) = (H - I)  | 186.07 | 263.42 | 393.38   | 395.96   | (153.56) | 1,085.27 |

**Stakeholders' comments regarding true-up of aeronautical taxation for the Second Control Period**

4.10.6. The Authority notes that no comments were received regarding true-up of taxation for the Second Control Period.

**Authority's analysis on stakeholders' comments regarding true-up of aeronautical taxation for the Second Control Period**

4.10.7. It is noted that no stakeholder comments were received regarding true-up of aeronautical taxes for the Second Control Period. However, the Authority notes that incorporation of actual FY 2020-21 expenses would lead to changes in the computation of aeronautical taxes of FY 2020-21. The Authority decides to consider the aeronautical taxes based on the actual FY 2020-21 expenses as well as other relevant changes in the regulatory building blocks discussed above. The aeronautical taxes considered by the Authority for the true-up of the Second Control Period are as follows:

**Table 67: Aeronautical taxation for true-up of Second Control Period as decided by the Authority**

| FY ending March 31 (Rs. Cr.) | 2017   | 2018   | 2019     | 2020     | 2021   | Total    |
|------------------------------|--------|--------|----------|----------|--------|----------|
| Aero Revenue (A)             | 802.50 | 914.14 | 1,137.64 | 1,138.42 | 509.39 | 4,502.10 |





## TRUE UP FOR THE SECOND CONTROL PERIOD

| FY ending March 31 (Rs. Cr.)                                | 2017   | 2018   | 2019   | 2020   | 2021    | Total    |
|---|--------|--------|--------|--------|---------|----------|
| O&M Expense (B)   | 341.98 | 327.73 | 340.66 | 427.80 | 367.72  | 1,805.88 |
| Total Interest and Financing Charges (C)                    | -      | -      | -      | -      | 1.73    | 1.73     |
| Depreciation [As per Income Tax Act] (D)                    | 175.34 | 182.49 | 193.44 | 182.68 | 170.89  | 904.85   |
| Total expenditure (E) = (B to D)                            | 517.32 | 510.21 | 534.10 | 610.49 | 540.33  | 2,712.46 |
| Profit Before Tax (F) = (A - E)                             | 285.18 | 403.93 | 603.54 | 527.94 | (30.94) | 1,789.64 |
| Set-off of prior period tax losses (G)                      | -      | -      | -      | -      | -       | -        |
| PBT after set-off of losses (H) = (F - G)                   | 285.18 | 403.93 | 603.54 | 527.94 | (30.94) | 1,789.64 |
| Tax [34.944% up to FY 2018-19 & 25.17% from FY 2019-20] (I) | 99.65  | 141.15 | 210.90 | 132.88 | -       | 584.59   |
| Profit After Tax (J) = (H - I)                              | 185.53 | 262.78 | 392.64 | 395.05 | (30.94) | 1,205.06 |

## 4.11. True-Up of Aggregate Revenue Requirement

AAI's submission of ARR for the Second Control Period

4.11.1. The ARR as submitted by AAI, after incorporating AAI's revised submissions, is given in the table as follows:

Table 68: ARR submitted by AAI for true up of Second Control Period

| FY Ending 31 March (Rs. Cr)                                   | 2017     | 2018     | 2019     | 2020     | 2021     | Total    |
|---|----------|----------|----------|----------|----------|----------|
| Average RAB [A]   | 2,264.39 | 2,233.49 | 2,268.79 | 2,235.94 | 2,181.88 |          |
| FRoR [B] (% p.a.)   | 14.00%   | 14.00%   | 14.00%   | 14.00%   | 14.00%   |          |
| Return on Average RAB [C] = [A] * [B]                         | 317.01   | 312.69   | 317.63   | 313.03   | 305.46   | 1,565.83 |
| Add: Depreciation [D]   | 147.27   | 152.01   | 163.42   | 171.63   | 183.02   | 817.34   |
| Add: Operating expenses [E]                                   | 419.10   | 377.06   | 374.07   | 454.14   | 486.09   | 2,110.47 |
| Add: Taxation [F]   | 35.53    | 114.33   | 205.25   | 124.85   | -        | 479.96   |
| Less: 30% of Non - Aeronautical revenue [G]                   | 49.64    | 66.86    | 72.78    | 68.32    | 34.81    | 292.41   |
| Return on Land [H]  | 0.19     | 0.19     | 0.19     | 0.18     | 0.10     | 0.85     |
| Return on Land for FCP [I]                                    | 1.55     | -        | -        | -        | -        | 1.55     |
| Dep on Financing Allowance FA for FCP [J]                     | 13.05    | 13.04    | 13.41    | 13.28    | 13.28    | 66.07    |
| Return on RAB for SCP FA [K]                                  | 30.33    | 28.50    | 26.65    | 24.78    | 22.92    | 133.20   |
| Dep and Return on RAB w.r.t. FA of FCP (compounded @ 14%) [L] | 207.67   | -        | -        | -        | -        | 207.67   |
| Interest on Term Loan [M]                                     | -        | -        | -        | -        | 1.73     | 1.73     |
| True Up for FCP [N]   | 899.90   |          |          |          |          | 899.90   |
| ARR [O] = Sum of [C] to [N]                                   | 2,021.96 | 930.95   | 1,027.85 | 1,033.58 | 977.81   | 5,992.15 |
| Aeronautical Revenue [P]                                      | 696.39   | 890.41   | 1,161.38 | 1,138.42 | 430.84   | 4,317.44 |
| Discount Factor (#) [Q]                                       | 1.93     | 1.69     | 1.48     | 1.30     | 1.14     |          |
| PV (Discounted ARR) [R] = [O]*[Q]                             | 3,893.11 | 1,572.34 | 1,522.81 | 1,343.24 | 1,114.70 | 9,446.20 |
| PV (Discounted aeronautical revenues) [S] = [P]*[Q]           | 1,340.84 | 1,503.86 | 1,720.63 | 1,479.49 | 491.16   | 6,535.99 |





## TRUE UP FOR THE SECOND CONTROL PERIOD

| FY Ending 31 March (Rs. Cr)   | 2017       | 2018    | 2019   | 2020   | 2021     | Total      |
|---|------------|---------|--------|--------|----------|------------|
| PV (Shortfall)/ Surplus of the current control period [T] = [S] - [R] | (2,552.27) | (68.48) | 197.82 | 136.25 | (623.54) | (2,910.21) |
| True Up for SCP [ $\Sigma$ (T)] as of 31 March 2022                   | (2,910.21) |         |        |        |          | (2,910.21) |

**Decisions taken by the Authority regarding ARR as per Tariff Order for the Second Control Period**

4.11.2. The Authority had decided to true up for the Second Control Period at the time of the tariff determination for the Third Control Period. The following table was the approved ARR as per the Authority:

**Table 69: ARR as approved by the Authority in the tariff order of Second Control Period**

| FY Ending 31 March (Rs Cr.)  | 2017    | 2018    | 2019    | 2020    | 2021    | Total    |
|--|---------|---------|---------|---------|---------|----------|
| Average RAB  | 2,253.5 | 2,221.6 | 2,334.3 | 2,313.2 | 2,150.5 |          |
| Return on Average Aeronautical RAB @ 14%                             | 315.5   | 311.0   | 326.8   | 323.8   | 301.1   | 1,578.20 |
| Aeronautical Operating Expenditure                                   | 337.7   | 318.1   | 330.0   | 351.1   | 373.8   | 1,710.70 |
| Depreciation on aeronautical RAB                                     | 146.2   | 150.6   | 160.1   | 163.3   | 162.1   | 782.30   |
| Aeronautical corporate tax @ 34.6%                                   | 92.6    | 123.3   | 186.9   | 228.5   | 281.6   | 912.90   |
| Less – 30% aeronautical revenues                                     | 45.1    | 50.3    | 56.1    | 61.7    | 67.9    | 281.10   |
| True up shortfall in 1 <sup>st</sup> control period as on 01.04.2016 | 899.9   |         |         |         |         | 899.9    |
| ARR as per Authority   | 1,746.8 | 852.7   | 947.8   | 1,005.0 | 1,050.7 | 5,602.9  |
| Total ARR as per Authority   | 5,602.9 |         |         |         |         | 5,602.9  |
| Discounted ARR   | 1,746.8 | 747.9   | 729.3   | 678.3   | 622.1   | 4,524.50 |
| PV of ARR for the control period as on 01.04.2016                    | 4,524.5 |         |         |         |         | 4,524.5  |
| No. of passengers (as per projections) (in mn.)                      | 15.82   | 17.50   | 19.36   | 21.42   | 23.71   | 97.82    |
| Total Passengers during the control period (in mn.)                  | 97.82   |         |         |         |         | 97.82    |
| Yield per passenger for the control                                  | 462.5   |         |         |         |         | 462.50   |
| Target Yield per passenger   | 559.4   | 582.8   | 607.2   | 632.7   | 659.2   | 3,041.30 |
| Target aeronautical revenues   | 884.9   | 1,109.9 | 1,175.6 | 1,355.5 | 1,563.0 | 6,088.90 |
| PV of target aeronautical revenues                                   | 4,524.5 |         |         |         |         | 4,524.50 |

**Authority's examination regarding ARR for the Second Control Period as part of Consultation Paper**

4.11.3. The Authority noted that AAI had submitted a return and depreciation claimed on the financing allowance for the First Control Period. The Authority proposed to not allow this provision since it was not proposed by AAI in the First Control Period and, as a result, was not approved by the Authority. Further, the Authority proposed to not allow the treatment of this financing allowance in the Second Control Period.

4.11.4. The Authority noted that AAI has provisioned for an interest on term loan in their submission. The Authority proposed to not allow the same since a provision of a fair rate of return on the RAB is





made in Direction 5 of the AERA Guidelines, 2011. Thus, considering AAI's submission in this regard would lead to a double-counting of the return provisioned for debt.

4.11.5. After incorporating the changes discussed in the earlier sections, the Authority had recalculated the ARR as follows:

**Table 70: ARR proposed to be considered for true up of the Second Control Period by the Authority in the Consultation Paper**

| FY Ending 31 March (Rs Cr.)   | Ref         | 2017              | 2018     | 2019     | 2020     | 2021     | Total             |
|---|-------------|-------------------|----------|----------|----------|----------|-------------------|
| Average RAB [A]   | Table 19    | 2,261.94          | 2,215.55 | 2,234.56 | 2,197.85 | 2,141.86 |                   |
| FRoR [B] (% p.a.)   | Table 33    | 13.96%            | 13.96%   | 13.96%   | 13.96%   | 13.96%   |                   |
| Return on Average RAB [C] = [A] * [B]   |             | 315.86            | 309.39   | 312.04   | 306.91   | 299.10   | <b>1,543.30</b>   |
| Add: Depreciation [D]   | Table 29    | 147.13            | 150.90   | 161.71   | 169.66   | 180.77   | <b>810.17</b>     |
| Add: Operating expenses [E]   | Table 52    | 341.14            | 326.75   | 339.51   | 426.60   | 423.23   | <b>1,857.23</b>   |
| Add: Taxation [F]   | Table 66    | 99.95             | 141.49   | 211.30   | 133.18   | -        | <b>585.92</b>     |
| Return on Land [G]  | Para 4.6.5  | -                 | -        | -        | -        | -        | -                 |
| Return on Land for FCP [H]  | Para 4.6.5  | -                 | -        | -        | -        | -        | -                 |
| Dep on Financing Allowance FA for FCP [I]   | Para 4.11.3 | -                 | -        | -        | -        | -        | -                 |
| Return on RAB for SCP FA [J]  | Para 4.11.3 | -                 | -        | -        | -        | -        | -                 |
| Dep and Return on RAB w.r.t. FA of FCP (compounded @ 14%) [K]                               | Para 4.11.3 | -                 | -        | -        | -        | -        | -                 |
| Interest on Term Loan [L]   | Para 4.11.4 | -                 | -        | -        | -        | -        | -                 |
| Under-recovery of FCP as on 31 March 2017 [M]   |             | 899.90            |          |          |          |          | <b>899.90</b>     |
| ARR [O] = Sum of [C] to [M]   |             | 1,803.98          | 928.53   | 1,024.57 | 1,036.35 | 903.10   | <b>5,696.52</b>   |
| Non-Aeronautical Revenue  | Table 55    | 165.42            | 222.87   | 242.59   | 227.74   | 116.02   | <b>974.69</b>     |
| Less: 30% of Non - Aeronautical revenue [P]   |             | 49.63             | 66.86    | 72.78    | 68.31    | 34.81    | <b>292.39</b>     |
| Net ARR [Q] = [O] + [P]   |             | 1,754.35          | 861.67   | 951.79   | 968.03   | 868.29   | <b>5,404.13</b>   |
| Aeronautical revenues [R]   | Table 61    | 802.50            | 914.14   | 1,137.64 | 1,138.42 | 444.76   | <b>4,437.47</b>   |
| Discount Factor (#) [S]   |             | 1.92              | 1.69     | 1.48     | 1.30     | 1.14     |                   |
| PV (Discounted ARR) [T] = [S]*[Q]   |             | 3,372.57          | 1,453.50 | 1,408.80 | 1,257.26 | 989.54   | <b>8,481.66</b>   |
| PV (Discounted aeronautical revenues) [U] = [S]*[R]   |             | 1,542.73          | 1,542.02 | 1,683.88 | 1,478.57 | 506.87   | <b>6,754.06</b>   |
| PV (Under)/ Over recovery of the current control period as on 31 March 2022 [V] = [U] - [T] |             | (1,829.84)        | 88.52    | 275.08   | 221.30   | (482.67) | <b>(1,727.60)</b> |
| True Up for SCP [Σ (V)] as of 31 March 2022   |             | <b>(1,727.60)</b> |          |          |          |          |                   |

4.11.6. The Authority noted that there is an under-recovery of Rs. 1,727.60 Cr. in the Second Control and proposed to account for in the ARR computation of the Third Control Period. The main reasons for the true-up of Rs. 1,727.60 Cr. are:

- the provision for carry-forward of Rs. 523.5 Cr. as of 01.04.2016 as per para 17.10 and Table 49 of the Second Control Period Order;
- reduced traffic in FY 2020-21 due to the Covid-19 pandemic;



- incurrence of security-related capital additions in order to comply with BCAS requirements

**Stakeholders' comments regarding true-up of Aggregate Revenue Requirement for the Second Control Period**

4.11.7. During the stakeholders' consultation process, the Authority has received comments/views from stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to true-up of ARR for the Second Control Period. The comments are as follows:

**Other stakeholders' comments regarding true-up of ARR for the Second Control Period**

4.11.8. IndiGo's comment regarding true-up of ARR for the Second Control Period is as follows:

*"IndiGo submits that as per Table 57 of the CP, AERA has computed an under-recovery of Rs. 1727.60 Cr. as on 31<sup>st</sup> March 2022 for Kolkata Airport*

*In view of the above, IndiGo submits that AERA and AAI should undertake appropriate measures that to ensure that there are no/minimal case of over recovery, which will assist in lowering of burden of tariff on airlines/passengers.*

*While IndiGo appreciates that independent studies have been conducted by AERA on Operating Expenditure/O&M expenses, IndiGo submits that such studies should be undertaken prior to commencement of each 'Control Period' to minimise any large variations in projections and to ensure suitable benchmarking of costs."*

**AAI's counter-comments and response to stakeholders' comments regarding true-up of ARR for the Second Control Period**

4.11.9. AAI's response to IndiGo's comment regarding true-up of ARR for the Second Control Period is as follows:

*"According to AAI the shortfall to be recovered in the TCP whereas AERA has not accepted the full recovery model. The shortfall has been increasing due to non-recovery of ARR. AAI has proposed full recovery of ARR so that burden would not be there in the 4th control period.*

*AAI has introduced various cost cutting measures as per internal guidelines. This has been carried out in various heads of expense including manpower cost and operating expenses.*

*AAI takes cognizance of the fact there is a need to rationalize all costs in view of the pandemic scenario in the interest of all the stakeholders. AAI submits that various measures like limits on reimbursements, expense levels, etc. have been put in place. All these measures have broadly been considered in the projections of costs for the airport."*

**Authority's analysis on stakeholders' comments regarding true-up of ARR for the Second Control Period**

4.11.10. The Authority has noted IndiGo's comment on the under-recovery of Rs. 1727.60 Cr. As highlighted in Para 3.11.6 of Consultation Paper No. 25/2021-22 dated 29 December 2021, one of the main reasons for a true-up of Rs. 1,727.60 Cr. is the carry-forward of Rs. 523.5 Cr. approved by the Authority in the Second Control Period Order. The Authority further notes that the tariff determination process has considered submissions of the airport operator and is based on a well-





settled methodology as per the AERA Act, Hon'ble TDSAT Orders, AERA Guidelines, and other orders issued by the Authority from time to time.

4.11.11. Keeping this in view, it may not be possible for the Authority or the airport operator to accurately forecast expenses for the control period due to complexity and interplay of multiple factors. In order to account for such differences, true up of the control period ensures that any over/under recovery is accounted for, through an adjustment in the tariff in the Third Control Period.

4.11.12. Considering the above analysis in each of the regulatory building blocks, the ARR considered for true-up of the Second Control Period by the Authority is as follows:

**Table 71: ARR for true-up of the Second Control Period as decided by the Authority**

| <b>FY Ending 31 March (Rs Cr.)</b>   | <b>Ref</b>  | <b>2017</b>       | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>Total</b>      |
|--|-------------|-------------------|-------------|-------------|-------------|-------------|-------------------|
| Average RAB [A]  | Table 31    | 2,261.70          | 2,216.77    | 2,234.99    | 2,196.60    | 2,131.87    |                   |
| FRoR [B] (% p.a.)  | Table 34    | 13.97%            | 13.97%      | 13.97%      | 13.97%      | 13.97%      |                   |
| Return on Average RAB [C] = [A] * [B]  |             | 316.02            | 309.74      | 312.29      | 306.93      | 297.88      | <b>1,542.86</b>   |
| Add: Depreciation [D]  | Table 30    | 147.61            | 147.48      | 166.74      | 167.97      | 172.38      | <b>802.18</b>     |
| Add: Operating expenses [E]  | Table 54    | 341.98            | 327.73      | 340.66      | 427.80      | 367.72      | <b>1,805.88</b>   |
| Add: Taxation [F]  | Table 67    | 99.65             | 141.15      | 210.90      | 132.88      | -           | <b>584.59</b>     |
| Return on Land [G]   | Para 4.6.9  | -                 | -           | -           | -           | -           | -                 |
| Return on Land for FCP [H]   | Para 4.6.9  | -                 | -           | -           | -           | -           | -                 |
| Dep on Financing Allowance FA for FCP [I]  | Para 4.3.43 | -                 | -           | -           | -           | -           | -                 |
| Return on RAB for SCP FA [J]   | Para 4.3.43 | -                 | -           | -           | -           | -           | -                 |
| Dep and Return on RAB w.r.t. FA of FCP (compounded @ 14%) [K]                                  | Para 4.3.43 | -                 | -           | -           | -           | -           | -                 |
| Interest on Term Loan [L]  | Para 4.11.4 | -                 | -           | -           | -           | -           | -                 |
| Under-recovery of FCP as on 31 March 2017 [M]  |             | 899.90            |             |             |             |             | <b>899.90</b>     |
| ARR [O] = Sum of [C] to [M]  |             | 1,805.16          | 926.10      | 1,030.58    | 1,035.58    | 837.98      | <b>5,635.41</b>   |
| Non-Aeronautical Revenue   | Para 4.8.11 | 165.42            | 222.87      | 242.59      | 227.74      | 119.36      | <b>977.98</b>     |
| Less: 30% of Non - Aeronautical revenue [P]  |             | 49.63             | 66.86       | 72.78       | 68.32       | 35.81       | <b>293.39</b>     |
| Net ARR [Q] = [O] + [P]  |             | 1,755.54          | 859.24      | 957.81      | 967.26      | 802.17      | <b>5,342.02</b>   |
| Aeronautical revenues [R]  | Table 63    | 802.50            | 914.14      | 1,137.64    | 1,138.42    | 509.39      | <b>4,502.10</b>   |
| Discount Factor (#) [S]  |             | 1.92              | 1.69        | 1.48        | 1.30        | 1.14        |                   |
| PV (Discounted ARR) [T] = [S]*[Q]  |             | 3,376.09          | 1,449.83    | 1,418.02    | 1,256.45    | 914.26      | <b>8,414.65</b>   |
| PV (Discounted aeronautical revenues) [U] = [S]*[R]  |             | 1,543.30          | 1,542.48    | 1,684.25    | 1,478.79    | 580.57      | <b>6,829.38</b>   |
| PV (Under)/ Over recovery of the current control period as on 31 March 2022<br>[V] = [U] - [T] |             | (1,832.79)        | 92.65       | 266.24      | 222.33      | (333.69)    | <b>(1,585.27)</b> |
| True Up for SCP [Σ (V)] as of 31 March 2022  |             | <b>(1,585.27)</b> |             |             |             |             |                   |

4.11.13. The Authority notes that the under-recovery has changed from Rs. 1,727.60 Cr. (as per the Consultation Paper) to Rs. 1,585.27 Cr. This is primarily because of:





- Considering the actual FY 2020-21 financial
- Revising the depreciation calculation as per Para 4.4.14

#### **4.12. Authority's decisions regarding true-up of Second Control Period**

Based on the discussion in the earlier sections, the Authority decides the following changes regarding the true-up of the Second Control Period

- 4.12.1. To accept the actual traffic volumes of FY 2020-21 for true-up of the Second Control Period – as detailed in Table 6.
- 4.12.2. To consider passenger and ATM traffic as detailed in Table 7 for true-up of the Second Control Period.
- 4.12.3. To consider aeronautical RAB as per Table 31 for true-up of the Second Control Period.
- 4.12.4. To consider aeronautical depreciation as per Table 30 for true-up of the Second Control Period.
- 4.12.5. To consider FRoR as per Table 34 for the true-up of the Second Control Period.
- 4.12.6. To not allow return on cost of land pertaining to First and Second Control Periods.
- 4.12.7. To consider operating expenses as per Table 54 for true-up of the Second Control Period.
- 4.12.8. To consider the non-aeronautical revenue as per submitted by AAI for the true-up of the Second Control Period.
- 4.12.9. To consider aeronautical revenue as per Table 63 for true-up of the Second Control Period.
- 4.12.10. To consider aeronautical tax as per Table 67 for true-up of the Second Control Period.
- 4.12.11. To carry forward the under-recovery amount of Rs. 1,585.27 Cr. as on 31 March 2022 as per Table 71 for true-up of the Second Control Period and consider to adjust the same in the tariff determination of the Third Control Period.





## 5. TRAFFIC FOR THE THIRD CONTROL PERIOD

### 5.1. AAI's submission regarding Traffic in Third Control Period

5.1.1. AAI has submitted its traffic projections as a part of MYTP submission. The passenger traffic, air traffic movement and their expected annual growth rates assumed in the tariff determination process for Third Control Period are as given in the table below:

**Table 72: ATM and Passenger Traffic for Third Control Period submitted by AAI**

| FY ending March 31                  | 2020          | 2021         | 2022          | 2023          | 2024          | 2025          | 2026          | Total         |
|-------------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Passenger Traffic (Mn)</b>       |               |              |               |               |               |               |               |               |
| <b>Domestic</b>                     | <b>19.08</b>  | <b>7.34</b>  | <b>12.84</b>  | <b>16.69</b>  | <b>20.87</b>  | <b>25.04</b>  | <b>28.05</b>  | <b>103.49</b> |
| % growth over previous year         |               | -62%         | 75%           | 30%           | 25%           | 20%           | 12%           |               |
| % of FY20                           |               | 38%          | 67%           | 88%           | 109%          | 131%          | 147%          |               |
| <b>International</b>                | <b>2.94</b>   | <b>0.11</b>  | <b>0.29</b>   | <b>0.66</b>   | <b>1.31</b>   | <b>2.36</b>   | <b>3.78</b>   | <b>8.4</b>    |
| % growth over previous year         |               | -96%         | 175%          | 125%          | 100%          | 80%           | 60%           |               |
| % of FY20                           |               | 4%           | 10%           | 22%           | 45%           | 80%           | 129%          |               |
| <b>Total</b>                        | <b>22.02</b>  | <b>7.44</b>  | <b>13.13</b>  | <b>17.35</b>  | <b>22.18</b>  | <b>27.40</b>  | <b>31.82</b>  | <b>111.88</b> |
| % growth over previous year         |               | -66%         | 76%           | 32%           | 28%           | 24%           | 16%           |               |
| % of FY20                           |               | 34%          | 60%           | 79%           | 101%          | 124%          | 145%          |               |
| <b>Air Traffic Movement ('000s)</b> |               |              |               |               |               |               |               |               |
| <b>Domestic</b>                     | <b>141.79</b> | <b>62.80</b> | <b>103.62</b> | <b>129.53</b> | <b>155.43</b> | <b>183.41</b> | <b>201.75</b> | <b>773.74</b> |
| % growth over previous year         |               | -56%         | 65%           | 25%           | 20%           | 18%           | 10%           |               |
| % of FY20                           |               | 44%          | 73%           | 91%           | 110%          | 129%          | 142%          |               |
| <b>International</b>                | <b>23.97</b>  | <b>6.20</b>  | <b>9.30</b>   | <b>12.09</b>  | <b>14.51</b>  | <b>19.59</b>  | <b>29.38</b>  | <b>84.87</b>  |
| % growth over previous year         |               | -74%         | 50%           | 30%           | 20%           | 35%           | 50%           |               |
| % of FY20                           |               | 26%          | 39%           | 50%           | 61%           | 82%           | 123%          |               |
| <b>Total</b>                        | <b>165.76</b> | <b>69.00</b> | <b>112.92</b> | <b>141.62</b> | <b>169.94</b> | <b>202.99</b> | <b>231.13</b> | <b>858.6</b>  |
| % growth over previous year         |               | -58%         | 64%           | 25%           | 20%           | 19%           | 14%           |               |
| % of FY20                           |               | 42%          | 68%           | 85%           | 103%          | 122%          | 139%          |               |

5.1.2. AAI further stated that the traffic data in the MYTP was updated up to FY 2019-20 as per actuals and thereafter a growth rate from FY 2020-21 to FY 2025-26 was considered as per its projections.

### 5.2. Authority's examination of Traffic for Third Control Period as part of the Consultation Paper

5.2.1. The Authority had taken note of the impact that the Covid-19 pandemic has had on the aviation sector and the resultant disruption in air traffic demand (both domestic and international) while analysing AAI's submission of traffic forecast for Third Control Period at NSCBIA, Kolkata. The Authority had also evaluated recent trends in air traffic (Passenger and ATMs) for the purpose of traffic projections.



- 5.2.2. As per AAI's submission, the domestic and international pre-pandemic passenger traffic level was expected to return by FY 2023-24 and FY 2025-26 respectively; similar trends were expected by AAI in the case of the revival of ATM traffic as well.
- 5.2.3. The Authority had noted that the domestic passenger traffic growth in FY 2020-21 was bouncing back after being impacted by the Covid-19 pandemic. However, the second wave of the pandemic has again hit the sector adversely. The Authority was cognizant of the impact that the second wave has had on the aviation sector and accordingly had remained conservative in its estimation of traffic.
- 5.2.4. The Authority had computed the 5-year CAGR and 3-year CAGR using the actual traffic data till FY 2019-20, as FY 2019-20 had not been adversely impacted by the Covid-19 pandemic (except for a small impact towards the end of the year). The following table provides the details:

**Table 73: CAGR for passenger traffic and ATM traffic at NSCBIA, Kolkata**

| <b>FY ending March 31</b> | <b>5 Year CAGR (in %)</b> | <b>3 Year CAGR (in %)</b> |
|---------------------------|---------------------------|---------------------------|
| Passenger Traffic         |                           |                           |
| Domestic                  | 16.24                     | 10.90                     |
| International             | 8.82                      | 9.64                      |
| <b>Total</b>              | <b>15.06</b>              | <b>10.73</b>              |
| Air Traffic Movement      |                           |                           |
| Domestic                  | 11.89                     | 10.26                     |
| International             | 8.06                      | 9.28                      |
| <b>Total</b>              | <b>11.28</b>              | <b>10.11</b>              |

- 5.2.5. The Authority had taken note of AAI's comment regarding traffic for the Third Control Period. Considering the ongoing Covid-19 pandemic, the Authority had reviewed various reports by international agencies and its own traffic assessment based on discussion with various industry bodies. Based on this, the Authority had projected passenger and ATM traffic for the Third Control Period at NSCBIA, Kolkata.
- 5.2.6. Further, the Authority had also benchmarked the traffic growth rates at NSCBIA, Kolkata with other comparable airports such as those of BIAL, CIAL and HIAL. Since the tariff orders of these airports had been issued, a detailed stakeholder discussion had been conducted on the same, thus ensuring that the traffic growth rates at NSCBIA, Kolkata were in line with industry expectations.
- 5.2.7. The corresponding traffic for passengers and ATM as considered by the Authority for the Third Control Period in the Consultation Paper are given below:

**Table 74: Traffic projections proposed to be considered for Third Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31</b>         | <b>2020<br/>(actuals)</b> | <b>2021</b> | <b>2022</b>  | <b>2023</b>  | <b>2024</b>  | <b>2025</b>  | <b>2026</b>  | <b>Total</b>  |
|-----------------------------------|---------------------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Passenger Traffic (in Mn.)</b> |                           |             |              |              |              |              |              |               |
| <b>As per AAI</b>                 |                           |             |              |              |              |              |              |               |
| <b>Domestic</b>                   | <b>19.08</b>              | <b>7.34</b> | <b>12.84</b> | <b>16.69</b> | <b>20.87</b> | <b>25.04</b> | <b>28.05</b> | <b>103.49</b> |
| % growth over previous year       |                           | -62%        | 75%          | 30%          | 25%          | 20%          | 12%          |               |
| % of FY20                         |                           | 38%         | 67%          | 88%          | 109%         | 131%         | 147%         |               |
| <b>International</b>              | <b>2.94</b>               | <b>0.11</b> | <b>0.29</b>  | <b>0.66</b>  | <b>1.31</b>  | <b>2.36</b>  | <b>3.78</b>  | <b>8.4</b>    |
| % growth over previous year       |                           | -96%        | 175%         | 125%         | 100%         | 80%          | 60%          |               |
| % of FY20                         |                           | 4%          | 10%          | 22%          | 45%          | 80%          | 129%         |               |



## TRAFFIC FOR THE THIRD CONTROL PERIOD

| FY ending March 31                     | 2020<br>(actuals) | 2021         | 2022          | 2023          | 2024          | 2025          | 2026          | Total         |
|--|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total</b>                           | <b>22.02</b>      | <b>7.44</b>  | <b>13.13</b>  | <b>17.35</b>  | <b>22.18</b>  | <b>27.40</b>  | <b>31.82</b>  | <b>111.88</b> |
| % growth over previous year            |                   | -66%         | 76%           | 32%           | 28%           | 24%           | 16%           |               |
| % of FY20                              |                   | 34%          | 60%           | 79%           | 101%          | 124%          | 145%          |               |
| <b>As per Authority</b>                |                   |              |               |               |               |               |               |               |
| <b>Domestic</b>                        | <b>19.08</b>      | <b>7.59</b>  | <b>12.98</b>  | <b>20.03</b>  | <b>20.99</b>  | <b>22.90</b>  | <b>26.70</b>  | <b>103.6</b>  |
| % growth over previous year            |                   | -60%         | 71%           | 54%           | 5%            | 9%            | 17%           |               |
| % of FY20 traffic                      |                   | 40%          | 68%           | 105%          | 110%          | 120%          | 140%          |               |
| <b>International</b>                   | <b>2.94</b>       | <b>0.14</b>  | <b>0.68</b>   | <b>2.21</b>   | <b>2.94</b>   | <b>3.18</b>   | <b>3.41</b>   | <b>12.42</b>  |
| % growth over previous year            |                   | -95%         | 375%          | 225%          | 33%           | 8%            | 7%            |               |
| % of FY20 traffic                      |                   | 5%           | 23%           | 75%           | 100%          | 108%          | 116%          |               |
| <b>Total</b>                           | <b>22.02</b>      | <b>7.73</b>  | <b>13.66</b>  | <b>22.24</b>  | <b>23.93</b>  | <b>26.07</b>  | <b>30.12</b>  | <b>116.02</b> |
| % growth over previous year            |                   | -65%         | 77%           | 63%           | 8%            | 9%            | 16%           |               |
| % of FY20 traffic                      |                   | 35%          | 62%           | 101%          | 109%          | 118%          | 137%          |               |
| <b>Air Traffic Movement (in 000's)</b> |                   |              |               |               |               |               |               |               |
| <b>As per AAI</b>                      |                   |              |               |               |               |               |               |               |
| <b>Domestic</b>                        | <b>141.79</b>     | <b>62.80</b> | <b>103.62</b> | <b>129.53</b> | <b>155.43</b> | <b>183.41</b> | <b>201.75</b> | <b>773.74</b> |
| % growth over previous year            |                   | -56%         | 65%           | 25%           | 20%           | 18%           | 10%           |               |
| % of FY20                              |                   | 44%          | 73%           | 91%           | 110%          | 129%          | 142%          |               |
| <b>International</b>                   | <b>23.97</b>      | <b>6.20</b>  | <b>9.30</b>   | <b>12.09</b>  | <b>14.51</b>  | <b>19.59</b>  | <b>29.38</b>  | <b>84.87</b>  |
| % growth over previous year            |                   | -74%         | 50%           | 30%           | 20%           | 35%           | 50%           |               |
| % of FY20                              |                   | 26%          | 39%           | 50%           | 61%           | 82%           | 123%          |               |
| <b>Total</b>                           | <b>165.76</b>     | <b>69.00</b> | <b>112.92</b> | <b>141.62</b> | <b>169.94</b> | <b>202.99</b> | <b>231.13</b> | <b>858.6</b>  |
| % growth over previous year            |                   | -58%         | 64%           | 25%           | 20%           | 19%           | 14%           |               |
| % of FY20                              |                   | 42%          | 68%           | 85%           | 103%          | 122%          | 139%          |               |
| <b>As per Authority</b>                |                   |              |               |               |               |               |               |               |
| <b>Domestic</b>                        | <b>141.79</b>     | <b>66.42</b> | <b>96.61</b>  | <b>149.18</b> | <b>156.29</b> | <b>170.49</b> | <b>198.91</b> | <b>771.48</b> |
| % growth over previous year            |                   | -53%         | 45%           | 54%           | 5%            | 9%            | 17%           |               |
| % of FY20 traffic                      |                   | 47%          | 68%           | 105%          | 110%          | 120%          | 140%          |               |
| <b>International</b>                   | <b>23.97</b>      | <b>5.75</b>  | <b>5.42</b>   | <b>17.68</b>  | <b>23.58</b>  | <b>25.46</b>  | <b>27.35</b>  | <b>99.49</b>  |
| % growth over previous year            |                   | -76%         | -6%           | 226%          | 33%           | 8%            | 7%            |               |
| % of FY20 traffic                      |                   | 24%          | 23%           | 74%           | 98%           | 106%          | 114%          |               |
| <b>Total</b>                           | <b>165.76</b>     | <b>72.17</b> | <b>102.04</b> | <b>166.87</b> | <b>179.86</b> | <b>195.96</b> | <b>226.26</b> | <b>870.99</b> |
| % growth over previous year            |                   | -56%         | 41%           | 64%           | 8%            | 9%            | 15%           |               |
| % of FY20 traffic                      |                   | 44%          | 62%           | 101%          | 109%          | 118%          | 136%          |               |

**5.3. Stakeholders' comments on Traffic for the Third Control Period**

- 5.3.1. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 25/2021-22 with respect to traffic for the Third Control Period. The comments by stakeholders are presented below:

**AAI's comments on traffic for the Third Control Period**

- 5.3.2. The comments from AAI with regards to traffic forecasts are given below:

**"AERA's Contentions"**



[Para 4.2.4.4.2.5, 4.2.6 & 4.2.7 of CP]

- The Authority has taken note of AAI's comment regarding traffic for the Third Control Period. Considering the ongoing Covid-19 pandemic, the Authority has reviewed various reports by international agencies and its own traffic assessment based on discussion with various industry bodies. Based on this, the Authority projected passenger and ATM traffic for the Third Control Period at NSCBIA, Kolkata.
- Further, the Authority has also benchmarked the traffic growth rates at NSCBIA, Kolkata with other comparable airports such as those of BIAL, CIAL and HIAL. Since the tariff orders of these airports have been issued, a detailed stakeholder discussion has been conducted on the same, thus ensuring that the traffic growth rates at NSCBIA, Kolkata are in line with industry expectations
- The Authority notes that AAI has very conservatively estimated the passenger traffic that does not reflect the reality. Accordingly, the Authority is of the view that the estimate submitted by AAI needs to be revisited. Based on the recent trend, the Authority proposes to consider that traffic in FY 2021-22 will reach 62% of FY 2019-20 level.
- The Authority proposes to use the 3-year CAGR for projecting domestic passenger traffic and ATM for the last 3 tariff years (FY 2023-24 & FY 2025-26), as in the Authority's view the 3-year CAGR represents normalized economic scenarios, weeding out short-term macro-economic fluctuations. For International passenger traffic and ATM for the last 2 tariff years (FY 2024-25 & FY 2025-26), the Authority has considered a growth rate of 3% considering that the actuals in the past do not project any clear trend for estimation.

#### AAI's Submission

- AAI's projection for Pax and ATM for the F.Y. 2020-21 is almost near to actuals.
- Kolkata Airport has achieved 7.79 Million Pax and 72.30 Thousand Aircrafts Movements upto Dec.2021. The Aircraft movements and pax movements for FY 21-22(upto Dec-21) are as under:

| Month  | ATM           |          |       | PAX Movement  |          |         |
|--------|---------------|----------|-------|---------------|----------|---------|
|        | International | Domestic | Total | International | Domestic | Total   |
| Apr-21 | 534           | 7406     | 7940  | 19640         | 772481   | 792121  |
| May-21 | 690           | 3677     | 4367  | 5114          | 242854   | 247968  |
| Jun-21 | 452           | 3995     | 4447  | 4872          | 330942   | 335814  |
| Jul-21 | 392           | 5835     | 6227  | 5409          | 574571   | 579980  |
| Aug-21 | 495           | 7129     | 7624  | 8766          | 803522   | 812288  |
| Sep-21 | 776           | 7559     | 8335  | 26322         | 858937   | 885259  |
| Oct-21 | 865           | 9656     | 10521 | 34076         | 1207851  | 1241927 |
| Nov-21 | 830           | 10151    | 10981 | 36715         | 1323971  | 1360686 |
| Dec-21 | 819           | 11045    | 11864 | 53137         | 1490811  | 1543948 |

- AAI has projected 111.88 (Million Passenger) in TCP and 858.6 Thousand Aircraft movement whereas AERA has projected 116 (million Passenger) and 870.99 Thousand Aircraft movement for the entire TCP. Mainly AERA has project 4.1 (million) more International passenger.
- Kolkata Airport may achieve approx. 11 Million Pax and 100 Thousand Aircrafts Movements for the F.Y. 2021-22 Whereas, AERA has proposed 62% i.e. 13.66 Million Pax and 102.04 Thousands Aircraft Movements. AAI proposes 50% of the Pax traffic and 62% ATM Traffic to be achieved in the Year 2021-22 in comparison to Pre-Covid period of 2019-20. ATM traffic & Pax comparison statement are given below: (For the F.Y 2019-20 to F.Y 2025-26)

| Particulars       | 19-20 | 20-21 | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 |
|-------------------|-------|-------|-------|-------|-------|-------|-------|
| Pax - Dom (In Mn) | 19.08 | 7.34  | 10.76 | 12.84 | 16.69 | 20.87 | 25.04 |
| Pax-Intl (In Mn)  | 2.94  | 0.11  | 0.24  | 0.29  | 0.66  | 1.31  | 2.36  |

| Particulars | 19-20  | 20-21 | 21-22 | 22-23  | 23-24  | 24-25  | 25-26  |
|-------------|--------|-------|-------|--------|--------|--------|--------|
| ATM-Dom     | 141.79 | 62.8  | 93.02 | 103.62 | 129.53 | 155.43 | 183.41 |
| ATM-Intl    | 23.97  | 6.2   | 8.98  | 9.3    | 12.09  | 14.51  | 19.59  |

- AERA has proposed Airport will achieve pre-COVID period traffic in the F.Y 22-23 whereas as per AAI revised projection as mentioned above it will achieve in the F.Y 24-25.
- The revised projections submitted by AAI for the F.Y. 2022-23 to 2025-26 may be considered as the pandemic has not yet ended."





**Other stakeholders' comments on traffic for the Third Control Period**

5.3.3. IATA's comment regarding traffic for the Third Control Period is as follows:

*"AERA's proposal is realistic and in line with IATA's own expectations for recovery. The traffic forecast submitted by AAI was much more conservative."*

5.3.4. IndiGo's comment regarding traffic for the Third Control Period is as follows:

*"In response to para 4.2.7/Table 60 of the CP, IndiGo request AERA to kindly review the conservative traffic growth (YoY) for the FY 2024 - 2026. Any figures of lower growth may be reviewed based on a higher traffic growth proposed in the AERA Tariff Order for other airports including Bengaluru airport (Third Control Period), as deemed fit."*

*Further, while IndiGo appreciates that AERA has considered various study/reports by international bodies like IATA, IndiGo requests AERA to conduct an independent study for traffic assessment, in accordance with the AERA Act. IndiGo further requests AERA to consider traffic growth keeping in view the removal of all capacity restrictions by the Ministry of Civil Aviation."*

**5.4. AAI's response to stakeholders' comments regarding traffic for the Third Control Period**

5.4.1. AAI's response to comments by IATA and IndiGo regarding traffic for the Third Control Period is as follows:

- "AAI's projection for Pax and ATM for the F.Y. 2020-21 is almost near to actuals.
- Kolkata Airport has achieved 7.79 Million Pax and 72.30 Thousand Aircrafts Movements up to Dec.2021. The Aircraft movements and Pax movements for FY 21-22 (up to Dec-21) are as under:

| Month            | Aircraft Movements (in Nos.) |          |       | Passenger Movements (in Nos.) |          |         |
|------------------|------------------------------|----------|-------|-------------------------------|----------|---------|
|                  | International                | Domestic | Total | International                 | Domestic | Total   |
| Apr-21<br>Dec-21 | 5853                         | 66453    | 72306 | 194051                        | 7605940  | 7799991 |

- AAI has projected 111.88 (Million Passenger) in TCP and 858.6 Thousand Aircraft movement whereas AERA has projected 116 (million Passenger) and 870.99 Thousand Aircraft movement for the entire TCP. Mainly AERA has project 4.1 (million) more International passenger.
- Kolkata Airport may achieve approx. 11 Million Pax and 100 Thousand Aircrafts Movements for the F.Y. 2021-22 Whereas, AERA has proposed 62% i.e. 13.66 Million Pax and 102.04 Thousand Aircraft Movements. AAI proposes 50% of the Pax traffic and 62% ATM Traffic to be achieved in the Year 2021-22 in comparison to Pre-Covid period of 2019-20. ATM traffic & Pax comparison statement are given below: (For the F.Y 2019-20 to F.Y 2025-26)

| Pax-Dom (In Mn)  | 19.08  | 7.34  | 10.76 | 12.84  | 16.69  | 20.87  | 25.04  |
|------------------|--------|-------|-------|--------|--------|--------|--------|
| Pax-Intl (In Mn) | 2.94   | .11   | .24   | .29    | .66    | 1.31   | 2.36   |
| ATM-Dom ('000s)  | 141.79 | 62.80 | 93.02 | 103.82 | 129.53 | 156.43 | 183.41 |
| ATM-Intl ('000s) | 23.97  | 6.2   | 8.98  | 9.3    | 12.09  | 14.51  | 19.59  |

- AERA has proposed Airport will achieve pre-COVID period traffic in the F.Y 22-23 whereas as per AAI revised projection as mentioned above it will achieve in the F.Y 24-25.
- The revised projections submitted by AAI for the F.Y. 2022-23 to 2025-26 may be considered as the pandemic has not yet ended.





- AERA may also like to offer its views."

### 5.5. Authority's analysis on stakeholders' comments regarding traffic for the Third Control Period

5.5.1. The Authority has taken note of AAI's comment regarding traffic for the Third Control Period. Considering the ongoing Covid-19 pandemic, the Authority has reviewed various reports published by the international agencies on traffic forecast and also the Authority's own traffic assessment based on discussion with various industry bodies. The Authority has also taken note of the decision by MoCA's suspension of scheduled commercial international passenger services to/from India up till 26 March 2022 vide press release dated 08 March 2022 (AV-12012/3/2020-A-MOCA). Based on this, the Authority projected air traffic for the Third Control Period at NSCBIA, Kolkata.

5.5.2. Further, the Authority has moderated the passenger traffic after considering the impact of the third wave of the Covid-19 pandemic on air travel. The Authority also notes that the traffic estimates will be trued-up at the end of the Control Period. The following table summarises the revised passenger and ATM traffic considered by the Authority in the Third Control Period:

Table 75: Traffic for the Third Control Period as decided by the Authority

| FY ending March 31                  | 2020   | 2021  | 2022   | 2023   | 2024   | 2025   | 2026   | Total  |
|-------------------------------------|--------|-------|--------|--------|--------|--------|--------|--------|
| <b>Passenger Traffic (Mn)</b>       |        |       |        |        |        |        |        |        |
| <b>Domestic</b>                     | 19.08  | 7.59  | 10.49  | 20.03  | 20.99  | 22.90  | 26.70  | 101.11 |
| % growth over previous year         |        | -60%  | 38%    | 91%    | 5%     | 9%     | 17%    |        |
| % of FY20                           |        | 40%   | 55%    | 105%   | 110%   | 120%   | 140%   |        |
| <b>International</b>                | 2.94   | 0.14  | 0.35   | 1.47   | 2.94   | 3.18   | 3.41   | 11.35  |
| % growth over previous year         |        | -95%  | 147%   | 317%   | 100%   | 8%     | 7%     |        |
| % of FY20                           |        | 5%    | 12%    | 50%    | 100%   | 108%   | 116%   |        |
| <b>Total</b>                        | 22.02  | 7.73  | 10.84  | 21.50  | 23.93  | 26.07  | 30.12  | 112.46 |
| % growth over previous year         |        | -65%  | 40%    | 98%    | 11%    | 9%     | 16%    |        |
| % of FY20                           |        | 35%   | 49%    | 98%    | 109%   | 118%   | 137%   |        |
| <b>Air Traffic Movement ('000s)</b> |        |       |        |        |        |        |        |        |
| <b>Domestic</b>                     | 141.79 | 66.42 | 96.61  | 149.18 | 156.29 | 170.49 | 198.91 | 771.48 |
| % growth over previous year         |        | -53%  | 45%    | 54%    | 5%     | 9%     | 17%    |        |
| % of FY20                           |        | 47%   | 68%    | 105%   | 110%   | 120%   | 140%   |        |
| <b>International</b>                | 23.97  | 5.75  | 5.42   | 17.68  | 23.58  | 25.46  | 27.35  | 99.49  |
| % growth over previous year         |        | -76%  | -6%    | 226%   | 33%    | 8%     | 7%     |        |
| % of FY20                           |        | 24%   | 23%    | 74%    | 98%    | 106%   | 114%   |        |
| <b>Total</b>                        | 165.76 | 72.17 | 102.04 | 166.87 | 179.86 | 195.96 | 226.26 | 870.99 |
| % growth over previous year         |        | -56%  | 41%    | 64%    | 8%     | 9%     | 15%    |        |
| % of FY20                           |        | 44%   | 62%    | 101%   | 109%   | 118%   | 136%   |        |

5.5.3. The Authority has noted the comments of IATA regarding traffic for the Third Control Period. The Authority has addressed the same in Para 5.5.2 (above).





5.5.4. The Authority has taken note of IndiGo's comment regarding traffic for the Third Control Period. Considering the ongoing Covid- 19 pandemic, the Authority has reviewed various international studies and conducted discussions with various stakeholders. Based on this, the Authority projected passenger and ATM traffic for the Third Control Period at NSCBIA, Kolkata. At present the traffic situation is very dynamic. There is no scientific model available for traffic projection to cater to such pandemic situation. Therefore, the Authority is of the view that any independent study regarding traffic may not be fruitful at this stage. Moreover, it may be noted that traffic is subject to true-up in the tariff determination of the next control period.

**5.6. Authority's decisions on traffic for the Third Control Period**

Based on the materials before it and its analysis, the Authority decides the following with respect to traffic for the Third Control Period

- 5.6.1. The Authority has decided to consider the passenger traffic and ATM traffic as per Table 75.
- 5.6.2. The Authority decides to true-up the traffic for the Third Control Period based on actuals, at the time of tariff determination for the Fourth Control Period.





## 6. REGULATORY ASSET BASE AND DEPRECIATION FOR THIRD CONTROL PERIOD

### 6.1. AAI's submission regarding RAB and Depreciation for the Third Control Period

6.1.1. The aeronautical capital additions submitted by AAI can be divided into the following heads:

- I. Aeronautical capital additions deferred from the Second Control Period to the Third Control Period
- II. New aeronautical capital additions proposed for the Third Control Period

6.1.2. These are detailed in the same sequence in the following paragraphs.

#### I. Aeronautical capital additions deferred from the Second Control Period

6.1.3. As per AAI's MYTP submission, capital additions deferred from the Second Control Period to the Third Control Period are as follows:

- a. Extension of F-taxi track towards northern side
- b. Resurfacing secondary runway 19R/01L
- c. Widening of E-taxi track and construction of fillet for movement of C category aircrafts
- d. Reconstruction of G-taxi track
- e. Extension of apron on south side of integrated terminal building
- f. Relocation of mosque
- g. Relocation of Civil Maintenance Department (CMD) and Electrical Maintenance Department (EMD) store
- h. Construction of emergency medical unit
- i. Facia lighting of integrated terminal building for two buildings
- j. Augmentation of power supply - east side of runway

6.1.4. Details regarding the capital expenditure for the above projects as submitted by AAI for the Third Control Period are as follows:

**Table 76: Aeronautical capital additions deferred from the Second Control Period to the Third Control Period submitted by AAI**

| S. No. | Name of Work   | Year of Cap. (FY) | Project Cost  | Financing Allowance | IDC          | Total amount (incl. FA, IDC) |
|--------|--|-------------------|---------------|---------------------|--------------|------------------------------|
| 1      | Extension of F-taxi track towards northern side  | 2022-23           | 265.88        | 17.36               | 12.60        | 295.84                       |
| 2      | Resurfacing secondary runway 19R/01L   | 2021-22           | 37.34         | 4.00                | 0.48         | 41.82                        |
| 3      | Widening of E-taxi track and construction of fillet for movement of C-category aircrafts | 2021-22           | 5.56          | 0.62                | 0.05         | 6.23                         |
| 4      | Extension of apron on south side of NITB   | 2024-25           | 30.00         | 0.76                | 1.14         | 31.89                        |
| 5      | Construction of emergency medical unit   | 2021-22           | 1.82          | 0.29                | 0.01         | 2.13                         |
| 6      | Augmentation of power supply - east side of runway                                       | 2021-22           | 4.01          | -                   | -            | 4.01                         |
|        | <b>Total</b>   |                   | <b>344.61</b> | <b>23.03</b>        | <b>14.28</b> | <b>381.92</b>                |



**II. New aeronautical capital additions for the Third Control Period as submitted by AAI**

6.1.5. Details of the new capital additions submitted by AAI in the Third Control Period are as follows:

**Table 77: New Aeronautical Capital Additions for the Third Control Period submitted by AAI**

| S. No. | Name of Work   | Year of Cap. (FY) | Project Cost  | Financing Allowance | IDC          | Total amount (incl. FA, IDC) |
|--------|--|-------------------|---------------|---------------------|--------------|------------------------------|
| 1      | Capacity enhancement at terminal building                          | 2025-26           | 123.00        | 4.74                | 7.11         | 134.86                       |
| 2      | Metro connectivity to terminal building                            | 2024-25           | 95.00         | 4.77                | 7.16         | 106.94                       |
| 3      | Construction of remote bays on the eastern side of the main runway | 2024-25           | 97.42         | -                   | -            | 97.42                        |
| 4      | Construction of CISF complex on Narayanpur side                    | 2024-25           | 77.71         | 2.26                | 3.39         | 83.36                        |
| 5      | Relocation of Air India NTA building                               | 2024-25           | 51.55         | -                   | -            | 51.55                        |
| 6      | Other capex works (less than Rs. 50 Cr.)                           |                   | 164.70        | 29.02               | 17.47        | 211.17                       |
| 7      | <b>Total</b>   |                   | <b>609.38</b> | <b>40.79</b>        | <b>35.13</b> | <b>685.30</b>                |

**Additions to RAB**

6.1.6. AAI has proposed the following capitalisation (additions to RAB) for the Third Control Period:

**Table 78: Additions to RAB for the Third Control Period submitted by AAI**

| FY ending March 31 (Rs. Cr.)    | 2022          | 2023          | 2024         | 2025          | 2026          | Total           |
|---------------------------------|---------------|---------------|--------------|---------------|---------------|-----------------|
| Land                            | -             | -             | -            | -             | -             | -               |
| Runways, Taxiways, Aprons       | 65.98         | 294.88        | -            | 129.31        | -             | 490.18          |
| Roads, Bridges & culvert        | 6.87          | -             | -            | 106.94        | -             | 113.81          |
| Terminal/Other Buildings        | 10.92         | -             | -            | -             | 127.24        | 138.16          |
| Building - Residential          | 40.54         | -             | 17.76        | 134.92        | -             | 193.21          |
| Boundary Wall                   | 5.17          | -             | -            | -             | -             | 5.17            |
| Computer, IT Hardware & Access. | 1.48          | -             | -            | -             | -             | 1.48            |
| Computer Software               | 37.29         | -             | -            | -             | -             | 37.29           |
| Tools and Equipment             | 4.22          | 5.00          | -            | 3.00          | 2.50          | 14.72           |
| Electrical Installations        | 32.11         | -             | 28.64        | -             | -             | 60.75           |
| Office Equipment                | -             | -             | -            | -             | -             | -               |
| Furniture & Fixtures            | -             | -             | -            | 3.20          | 2.32          | 5.52            |
| X-Ray Baggage                   | -             | -             | 5.00         | -             | -             | 5.00            |
| CFT                             | 0.98          | -             | -            | -             | -             | 0.98            |
| <b>Total</b>                    | <b>205.56</b> | <b>299.88</b> | <b>51.40</b> | <b>377.36</b> | <b>132.06</b> | <b>1,066.26</b> |

**Depreciation**

6.1.7. AAI has computed depreciation based on the rates prescribed by AERA vide Order No. 35/2017-18 dated 12 January 2018, in the matter of determination of useful life of Airports Assets. For the additions to RAB, AAI has calculated the depreciation during year of capitalisation on 50% of the asset value (assuming that the asset is capitalised in the middle of the financial year). The following table summarises the depreciation rates considered for additions and deletions to RAB:





**Table 79: Depreciation rates as per AAI's Submission and the Authority**

| Assets (in %)                   | As submitted by AAI | As per Order No. 35/2017-18 |
|---------------------------------|---------------------|-----------------------------|
| Land                            | 0.00                | 0.00                        |
| Runways, Taxiways, Aprons       | 3.33                | 3.33                        |
| Roads, Bridges & culvert        | 10.00               | 10.00                       |
| Terminal/Other Buildings        | 3.33                | 3.33 / 1.67                 |
| Building - Residential          | 3.33                | 3.33 / 1.67                 |
| Computer, IT Hardware & Access. | 33.33               | 33.33                       |
| Computer Software               | 16.67               | 16.67                       |
| Plant and Machinery             | 6.67                | 6.67                        |
| Electrical Installations        | 10.00               | 10.00                       |
| Office Equipment                | 20.00               | 20.00                       |
| Furniture & Fixtures            | 14.29               | 14.29                       |
| X-Ray Baggage                   | 6.67                | 6.67                        |
| CFT                             | 6.67                | 6.67                        |

6.1.8. The following table summarises AAI's submission of aeronautical depreciation for various assets in Third Control Period.

**Table 80: Aeronautical Depreciation for Third Control Period submitted by AAI**

| FY ending March 31              | 2022   | 2023   | 2024   | 2025   | 2026   | Total  |
|---------------------------------|--------|--------|--------|--------|--------|--------|
| Land                            | -      | -      | -      | -      | -      | -      |
| Runways, Taxiways, Aprons       | 13.96  | 19.74  | 24.65  | 26.80  | 28.53  | 113.69 |
| Roads, Bridges & culvert        | 11.44  | 11.67  | 11.63  | 16.98  | 22.32  | 74.04  |
| Terminal/Other Buildings        | 59.49  | 59.61  | 59.61  | 59.60  | 61.72  | 300.03 |
| Building - Residential          | 1.37   | 2.05   | 2.33   | 4.74   | 6.95   | 17.44  |
| Boundary Wall                   | 1.64   | 1.77   | 1.73   | 1.60   | 1.60   | 8.33   |
| Computer, IT Hardware & Access. | 4.19   | 3.79   | 3.13   | 2.19   | 1.26   | 14.56  |
| Computer Software               | 4.89   | 8.59   | 8.56   | 8.25   | 7.95   | 38.25  |
| Tools and Equipment             | 7.49   | 7.80   | 7.86   | 7.82   | 8.01   | 38.98  |
| Vehicles                        | 0.37   | 0.35   | 0.25   | 0.22   | 0.14   | 1.32   |
| Solar Plant                     | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 19.98  |
| Electrical Installations        | 62.23  | 62.21  | 17.32  | 15.78  | 14.96  | 172.49 |
| Office Equipment                | 1.52   | 1.51   | 1.46   | 0.73   | 0.01   | 5.23   |
| Furniture & Fixtures            | 11.06  | 10.45  | 10.41  | 10.51  | 10.78  | 53.20  |
| X-Ray Baggage                   | 9.22   | 9.16   | 9.33   | 9.49   | 9.49   | 46.70  |
| CFT                             | 2.87   | 2.90   | 2.90   | 2.90   | 2.90   | 14.46  |
| Total                           | 195.74 | 205.59 | 165.15 | 171.60 | 180.61 | 918.69 |

**RAB for Third Control Period**

6.1.9. As per AAI's submission, the net closing RAB of FY 2020-21 has been considered as the opening RAB for FY 2021-22 after accounting for additions and deletions to RAB and depreciation. Considering the above capex plan, additions to RAB, and depreciation working, the RAB for Third Control Period as considered by AAI is shown below:





Table 81: RAB at NSCBIA, Kolkata during Third Control Period submitted by AAI

| FY ending March 31 (Rs. Cr.)        | 2022     | 2023     | 2024     | 2025     | 2026     | Total    |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| Opening RAB [1]                     | 2,150.78 | 2,160.60 | 2,254.90 | 2,141.15 | 2,346.91 | -        |
| Additions to RAB [2]                | 205.56   | 299.88   | 51.40    | 377.36   | 132.06   | 1,066.26 |
| Deletions [3]                       | -        | -        | -        | -        | -        | -        |
| Depreciation [4]                    | 195.74   | 205.59   | 165.15   | 171.60   | 180.61   | 918.69   |
| Closing RAB [(1 + 2) – (3 + 4)] [5] | 2,160.60 | 2,254.90 | 2,141.15 | 2,346.91 | 2,298.35 | -        |
| Average RAB [(1 + 5)/2]             | 2,155.69 | 2,207.75 | 2,198.02 | 2,244.03 | 2,322.63 | -        |

## 6.2. Authority's examination of RAB and Depreciation for Third Control Period as part of Consultation Paper

6.2.1. The Authority had analysed the RAB and capital additions submitted by AAI for the Third Control Period. For the purpose of analysis, the Authority had grouped the aeronautical capital additions into three categories, as follows:

- I. Aeronautical capital additions deferred from the Second Control Period to the Third Control Period
- II. New aeronautical capital additions proposed for the Third Control Period

6.2.2. The Authority proposed to readjust (reduce) 1% of the project cost from ARR/target revenue as readjustment in case any particular project is not capitalised as per the tariff order. The Authority further clarified that in case there is delay in completion of the project beyond the approved timeline given in the tariff order due to any reason beyond the control of AAI or its contracting agencies and is justified, the same would be considered by the Authority while truing up at the time of tariff determination of the Fourth Control Period.

6.2.3. The Authority had taken into account the lower traffic caused by the Covid-19 pandemic and the resultant stress on the financials of all the stakeholders of civil aviation while analysing the requirement for capital expenditure for the Third Control Period. In this background, the Authority had analysed AAI's submission and has accordingly proposed capital additions for the Third Control Period.

### I. Aeronautical capital additions deferred from the Second Control Period to the Third Control Period

6.2.4. The following table summarises details of the capital additions that were deferred from the Second Control Period to the Third Control Period, as submitted by AAI.

Table 82: Aeronautical capital additions deferred from the Second Control Period to Third Control Period submitted by AAI

| Ref | Project / Group   | Approved in SCP (1) | Proposed Cost by AAI in TCP (2) | Cost overrun (3) = (2) – (1) |
|-----|---|---------------------|---------------------------------|------------------------------|
| A   | Airside Capacity Enhancement: extension of F -taxi track; construction of 3 RETs, 4 aprons, shoulders and box culvert | 37.22               | 265.88                          | 228.66                       |
| B   | Resurfacing secondary runway 19R/01L  | 40.00               | 37.34                           | (2.66)                       |
| C   | Reconstruction of B-Taxi & E-Taxi   | 3.00                | 5.56                            | 2.56                         |
| D   | Extension of apron on south side of NITB  | 22.49               | 30.00                           | 7.51                         |
| E   | Construction of emergency medical unit  | 0.90                | 1.82                            | 0.92                         |





| Ref | Project / Group                                    | Approved in SCP (1) | Proposed Cost by AAI in TCP (2) | Cost overrun (3) = (2) – (1) |
|-----|--|---------------------|---------------------------------|------------------------------|
| F   | Augmentation of power supply - east side of runway | 7.00                | 4.01                            | (2.99)                       |
|     | Total (A to F)                                     | 110.61              | 344.61                          | 234.00                       |
|     | Financing Allowance                                | -                   | 23.03                           | 23.03                        |
|     | IDC  | -                   | 14.28                           | 14.28                        |
|     | <b>Total (including FA and IDC)</b>                | <b>110.61</b>       | <b>381.92</b>                   | <b>271.31</b>                |

**(A) Air capacity enhancement**

- 6.2.5. The Authority had noted that the approved aeronautical cost of “extension of F-taxi track towards the northern side” was Rs. 37.22 Cr. in the Second Control Period Order, and that AAI had submitted a revised aeronautical cost of Rs. 265.88 Cr. for the Third Control Period. AAI had submitted that the revised cost is based on the actual awarded amount and that the work had attained 73% of cumulative physical progress as on August 2021.
- 6.2.6. “Extension of F-taxi track towards the northern side” was scheduled to be capitalised in FY 2018-19 in the Second Control Period. AAI had submitted that the scope of work approved in the Second Control Period Order had been expanded by including construction of parking bays, RETs, and aprons in order to accommodate the sudden increase in air traffic at NSCBIA, Kolkata from FY 2017-18.
- 6.2.7. A brief of the proposed plan of the airside capacity enhancement at NSCBIA, Kolkata was provided in the Project Investment File (PIF) for the NSCBIA, Kolkata’s AUCC meeting. The purpose of the work was to accommodate the increasing traffic at the airport. AAI submitted that the work would comprise civil as well as electrical works.
- 6.2.8. AAI had conducted an airport user consultative committee (AUCC) meeting as per decision 6.b. of the Second Control Period Order on 16.09.2021. The minutes of the same were circulated vide email dated 24.09.2021 (“Minutes of AUCC Meeting held on 16.09.2021 at NSCBIA Airport, Kolkata”). Minutes of the AUCC meeting are given in Annexure III. The Authority had noted that various stakeholders had raised the possibility of deferring non-essential capital additions to the Fourth Control Period in order to reduce the burden on airport users. The Authority had analysed the project plan pertaining to the airside capacity enhancement and notes that this particular capital addition is essential to maintain operational efficiency at the airport. Hence, the Authority proposed to consider the same for the Third Control Period.
- 6.2.9. Following are the civil works that AAI is taking up under this project, as per the submission:
- Development of 8 parking bays for Code-C aircrafts in front of the old Air India hangars by strengthening existing apron of area 22,264 sq.m. to ensure desired pavement classification number.
  - Expansion of apron by 44,050 sq.m. for Code-E aircrafts, in front of cargo terminal and reconfigure the parking layout to accommodate 8 Code-C aircrafts.
  - Construction of RETs with length and width of 335m and 23m respectively, and 7.5m wide shoulders along both sides for Code-E aircrafts.
  - Extend F taxi track for Code-E aircrafts by linking the beginning of runway 19R and 19L with existing F taxi track and A taxi track, to achieve a length and width of 2,200m and 23m respectively along with 7.5m wide shoulders along both sides of the taxi track.
  - Provision of fillets at intersection of RET and taxi track with runway and apron.
  - Levelling and grading of taxiway strip for extended F taxi track and RET.





- vii. Provision of standard markings on apron and taxi tracks.
- viii. Provision of drainage system of the apron, connection to main storm water drains and culverts below the taxi track or apron.

6.2.10. Following are the electrical works that AAI is taking up under this project, as per the submission:

- i. Provision of apron edge lights, taxi track edge lights, and lighted mandatory information signs including cabling works.
- ii. Provision of high mast apron flood lights at appropriate locations along with raising and lowering device.
- iii. Provision of trenches for electrical and communication cables.

6.2.11. AAI had submitted that the airside capacity enhancement work would create more aircraft parking space, reduce runway occupancy time, and provide more safety for aircrafts through better illumination.

6.2.12. As per the MYTP submission of AAI, the envisaged year of capitalisation of the airside capacity enhancement at NSCBIA, Kolkata is FY 2022-23. However, following an examination of the project by AERA's consultant during the site-visit, the Authority expected the work to be capitalised in FY 2023-24 after taking into account the current status of work. The Authority had noted that the normative cost working of airside capacity enhancement at NSCBIA, Kolkata was submitted in a consolidated manner. As per AAI's submission, the cost is Rs. 5,600.12 per sq.m. for the whole project which was below the inflation adjusted normative cost benchmark.

6.2.13. AAI's detailed submission of normative cost working is provided in Appendix III. Since the cost per sq. m. is less than the inflation adjusted normative cost, the Authority proposes to consider the amount submitted by AAI for airside capacity enhancement.

#### **(B) Resurfacing secondary runway 19R/01L**

6.2.14. The Authority had noted that the approved amount for modification of storm water drain in the Second Control Period was Rs. 40.00 Cr. AAI had submitted a revised amount of Rs. 37.34 Cr. in the Third Control Period.

6.2.15. AAI had submitted that the work is intended to resurface the secondary runway, which with the passage of time and continued use, resulted in the surface of runway suffering from patches, bleeding, small potholes, undulations, and minor cracks. AAI had also submitted that the work started in the Second Control Period and is envisaged to get commissioned in FY 2021-22.

6.2.16. The Authority had noted that the cost is within the approved amount of the work as per the Second Control Period tariff order. The Authority proposed to consider the amount submitted by AAI for resurfacing of secondary runway.

#### **(C) Reconstruction B taxi track and E taxi track**

6.2.17. The Authority had noted that the approved amount for reconstruction of B taxi track and E taxi track in the Second Control Period was Rs. 3.00 Cr. AAI had submitted a revised amount of Rs. 5.56 Cr. in the Third Control Period.

6.2.18. The Authority had noted that the Second Control Period tariff order approved work only for "widening of E taxi track and construction of fillet for movement of C-category aircrafts," and that





the scope of work was increased during the tendering stage. AAI submitted that both B taxi track and E taxi track were combined as their condition had deteriorated.

- 6.2.19. As per the Second Control Period tariff order, “widening of E taxi track and construction of fillet for movement of C-category aircrafts” was scheduled to be commissioned in FY 2017-18. However, AAI submitted that the work got delayed as the DGCA clearance was obtained on 02.04.2019. Currently, while the reconstruction of E taxi track is completed, reconstruction of B taxi track is yet to begin. In its MYTP submission, AAI had submitted that the work would be commissioned in FY 2021-22. However, following an examination of the project by AERA’s consultant during the site-visit, the Authority expects the work to be capitalised in FY 2022-23.
- 6.2.20. As per AAI’s submission, the cost per sq.m. of the work is Rs. 3,417.48 per sq.m. Since the cost per sq. m. is less than the inflation adjusted normative cost, the Authority proposed to consider the amount submitted by AAI for reconstruction of B taxi track and E taxi track.

**(D) Extension of apron on south side of NITB**

- 6.2.21. The Authority had noted that the approved amount for “extension of apron on south side of NITB” in the Second Control Period was Rs. 22.49 Cr. AAI had submitted a revised amount of Rs. 30.00 Cr. in the Third Control Period.
- 6.2.22. The Authority had noted that the Second Control Period tariff order approved work only for “extension of apron on south side of NITB,” and that the work has been modified as “extension of apron on line maintenance building side” in the Third Control Period.
- 6.2.23. AAI had submitted that the work would remove the currently deteriorated hangars and replace them with an apron in order to increase the capacity of NSCBIA, Kolkata. AAI had also submitted that the work is still in the planning stage. Following an examination of the project by AERA’s consultant during the site-visit, the Authority expects the work to be capitalised in the Fourth Control Period as this work can only be taken up after removal of existing old hangars. The Authority therefore proposed to not consider this work in the Third Control Period.

**(E) Construction of emergency medical unit**

- 6.2.24. The Authority had noted that the approved amount for “construction of emergency medical unit” in the Second Control Period was Rs. 0.90 Cr. AAI had submitted a revised amount of Rs. 1.82 Cr. in the Third Control Period. AAI had submitted that the revised amount was based on the actual awarded amount after tendering.
- 6.2.25. AAI had further submitted that the work was taken up as it is a requirement of the revised Fire Order IV. AAI had submitted that the work started in the Second Control Period itself and that its commissioning got delayed to FY 2021-22 due to the Covid-19 pandemic.
- 6.2.26. Since the work is a requirement of the Fire Order IV (in compliance with plans of CAT VII to X), and since the revised amount is based on the actual awarded amount after tendering, the Authority proposed to consider the work in the Third Control Period.

**(F) Augmentation of power supply at east side of runway**

- 6.2.27. The Authority had noted that the approved amount for “augmentation of power supply at east side of runway” in the Second Control Period was Rs. 7.00 Cr. AAI had submitted a revised amount of





Rs. 4.01 Cr. in the Third Control Period, which according to AAI was based on the actual awarded amount after tendering.

- 6.2.28. AAI had submitted that the work was taken up to feed the new hangars with electricity. Since there is a cost saving of Rs. 2.99 Cr., the Authority proposed to consider the work in the Third Control Period.

**Aeronautical capital additions proposed to be considered by the Authority for capital works deferred from the Second Control Period to the Third Control Period**

- 6.2.29. Based on the examination in the paragraphs above, the Authority had proposed to consider the capital additions of projects deferred from the Second Control Period to the Third Control Period as provided in Table 83.

**Table 83: Aeronautical capital additions deferred from the Second Control Period to Third Control Period proposed to be considered by the Authority**

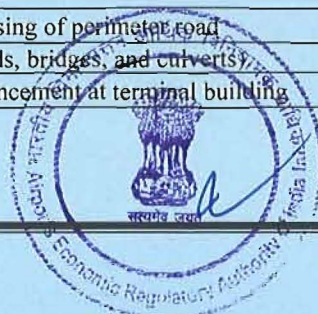
| Ref | Project / Group  | Submitted by AAI | Proposed by Authority | Difference     |
|-----|--|------------------|-----------------------|----------------|
| A   | Airside Capacity Enhancement: extension of F - taxi track; construction of 3 RETs, 4 aprons, shoulders and box culvert | 265.88           | 265.88                | -              |
| B   | Resurfacing secondary runway 19R/01L   | 37.34            | 37.34                 | -              |
| C   | Reconstruction of B-Taxi & E-Taxi  | 5.56             | 5.56                  | -              |
| D   | Extension of apron on south side of NITB   | 30.00            | -                     | (30.00)        |
| E   | Construction of emergency medical unit   | 1.82             | 1.82                  | -              |
| F   | Augmentation of power supply - east side of runway   | 4.01             | 4.01                  | -              |
|     | Total (A to F)   | 344.61           | 314.61                | (30.00)        |
|     | Financing Allowance  | 23.03            | -                     | (23.03)        |
|     | IDC  | 14.28            | 13.15                 | (1.14)         |
|     | <b>Total (including FA, IDC)</b>   | <b>381.92</b>    | <b>327.75</b>         | <b>(54.17)</b> |

**II. New aeronautical capital additions proposed for the Third Control Period as submitted by AAI**

- 6.2.30. Details regarding the new capital additions for the Third Control Period as submitted by AAI is given in Table 84:

**Table 84: New aeronautical capital additions for the Third Control Period submitted by AAI**

| Ref | Project / Group               | No. | Particulars   | Proposed cost (Rs. Cr.) |
|-----|-------------------------------|-----|---|-------------------------|
| G   | Runways, taxiways, and aprons | G.1 | Construction of remote bays on the eastern side of the main runway        | 97.42                   |
|     |                               | G.2 | Rehabilitation to K-taxi track, part of secondary runway and A-taxi track | 9.26                    |
|     |                               | G.3 | Reconstruction of broken slab of bay no. 3 and 4                          | 5.94                    |
|     |                               | G.4 | Supply and laying HDPE pipes  | 1.55                    |
|     |                               | G   | Sub-total (runways, taxiways, and aprons)                                 | 114.17                  |
| H   | Roads, bridges, and culverts  | H.1 | Metro connectivity to new and existing terminal building                  | 95.00                   |
|     |                               | H.2 | Repair and raising of perimeter road                                      | 6.47                    |
|     |                               | H   | Sub-total (roads, bridges, and culverts)                                  | 101.47                  |
| I   | Terminal building             | I.1 | Capacity enhancement at terminal building                                 | 116.05                  |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Ref | Project / Group              | No. | Particulars  | Proposed cost<br>(Rs. Cr.) |
|-----|------------------------------|-----|--|----------------------------|
|     |                              | I.2 | Strengthening of NIPTB roofing system  | 10.59                      |
|     |                              | I   | Sub-total (terminal building)  | 126.64                     |
| J   | Boundary wall                | J   | Construction of standard operation boundary wall in place of old damaged non-standard boundary wall              | 4.86                       |
| K   | Other buildings              | K.1 | Construction of CISF complex on Narayanpur side  | 77.71                      |
|     |                              | K.2 | Relocation of Air India NTA building   | 51.55                      |
|     |                              | K.3 | Construction of 3 hangars (Narayanpur side)  | 25.93                      |
|     |                              | K.4 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (civil work)       | 16.80                      |
|     |                              | K.5 | Construction of multi activity complex   | 7.42                       |
|     |                              | K.6 | Other buildings  | 4.18                       |
|     |                              | K   | Sub-total (other buildings)  | 183.59                     |
| L   | Computers and software       | L.1 | DIGI yatra   | 34.51                      |
|     |                              | L.2 | Others   | 4.26                       |
|     |                              | L   | Sub-total (computers and software)   | 38.77                      |
| M   | Tools and equipment          | M.1 | Procurement of 2 runway mechanical sweepers and 1 airport surface friction tester (ASFT)                         | 5.00                       |
|     |                              | M.2 | Others   | 9.72                       |
|     |                              | M   | Sub-total (tools and equipment)  | 14.72                      |
| N   | Electrical installations     | N.1 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (electrical works) | 25.20                      |
|     |                              | N.2 | Others   | 28.24                      |
|     |                              | N   | Sub-total (electrical installations)   | 53.44                      |
| O   | Others                       | O   | Others   | 11.50                      |
|     | Total                        |     |  | 649.15                     |
|     | Financing allowance          |     |  | 14.85                      |
|     | IDC                          |     |  | 20.35                      |
|     | Total (including FA and IDC) |     |  | 684.34                     |

6.2.31. The Authority had examined the new capital additions as submitted by AAI. Details of the same are elaborated in the following paragraphs.

**(G) Runways, taxiways, and aprons**

6.2.32. AAI had submitted that the pavement works at NSCBIA, Kolkata are expected to get commissioned between FY 2021-22 and FY 2024-25. It was also submitted that these works are necessary to accommodate the increasing ATM traffic.

**G.1. Construction of remote bays on the eastern side of the main runway**

6.2.33. The Authority received AAI's submission of this work separately via an email dated 11.10.2021 ("Kolkata MYTP: Annexure I – TCP Status"). AAI had submitted that the work is to be capitalised in FY 2024-25. Since the capital work is expected to improve the operational efficiency of NSCBIA, Kolkata, the Authority proposed to consider the said capital addition in the Third Control Period.

**G.2. Rehabilitation to K-taxi track, part of secondary runway and A-taxi track**

6.2.34. AAI had submitted that the rehabilitation work amounting to Rs. 9.26 Cr. was required due to cracking and undulation of the taxiway, and that the project cost is based on the actual awarded



amount after tendering. Therefore, the Authority proposed to consider the amount submitted by AAI for rehabilitation to K-taxiway, part of secondary runway and A-taxi track.

### **G.3. Reconstruction of broken slab of bay no. 3 and 4**

- 6.2.35. AAI had submitted that the reconstruction work of broken slab of bay no. 3 and 4 with project cost of Rs. 5.94 Cr. is based on the actual awarded amount and is expected to be commissioned following DGCA approval in FY 2021-22.
- 6.2.36. Moreover, since the cost per sq. m. is less than the inflation adjusted normative cost, the Authority proposed to consider the amount submitted by AAI for reconstruction of broken slab of bay no. 3 and 4.

### **G.4. Supply and laying HDPE pipes**

- 6.2.37. AAI had submitted that the supply and laying of HDPE pipes in taxiways and runways will be done through horizontal direct drilling to have safe and dedicated pipes to lay cables for maintenance of ground lighting facilities as per the ICAO tender. AAI had submitted that the project cost of Rs. 1.55 Cr. is the awarded amount after tendering.
- 6.2.38. AAI had also submitted that the construction agency of this project applied for arbitration and stated that an arbitrator was appointed. According to AAI's submission the first hearing was held on 03.03.2020, but the arbitration process subsequent to the submission of the final arguments by AAI got delayed due to Covid-19 pandemic and the arbitrator's health. Due to the lack of clarity on when the arbitration decision is expected, the Authority proposed not to consider the said capital addition in the Third Control Period.

## **(H) Roads, Bridges and Culverts**

### **H.1. Metro connectivity to new and existing terminal building**

- 6.2.39. AAI had submitted that the project entails the construction of a 200-metre subway exclusively for airport passengers, that will connect Bimanbandar metro station to the departure terminal of NSCBIA, Kolkata. AAI had also submitted that a MoU was signed and executed between AAI and Metro Railways on 30.03.2021. The project is expected to improve services to passengers traveling to and from the Airport and overall operations considering the increasing traffic at NSCBIA, Kolkata. The Authority had noted that the project cost of Rs. 95.00 Cr. is a tentative cost by AAI. Since the work is expected to contribute towards passenger facilitation at NSCBIA, Kolkata, the Authority proposed to consider the same in the Third Control Period.

### **H.2. Repair and raising of perimeter road**

- 6.2.40. AAI had submitted that the project has been taken up to avoid inundations and to remove the potholes and cracks on the perimeter road. AAI has submitted that the project cost of Rs. 6.47 Cr. is the awarded amount by AAI after the tendering process
- 6.2.41. AAI further submitted that the project is expected to get capitalised in FY 2021-22. Following an examination of the project by AERA's consultant during the site-visit, the Authority expects the work to be capitalised in FY 2022-23 considering the progress in work so far.





**(I) Terminal Building****I.1. Capacity enhancement at terminal building**

6.2.42. AAI had submitted that an increase in traffic and aircraft traffic at NSCBIA, Kolkata before the Covid-19 pandemic would often result in heavy congestion of the terminal building during peak hours. Considering the traffic projections at NSCBIA, Kolkata for the Third Control Period, AAI expected that the capacity of the terminal building will get saturated by FY 2024-25. As a result, AAI proposed to undertake capex worth Rs. 123.00 Cr. (of which the aeronautical component is Rs. 116.05 Cr.) to increase capacity of the existing terminal building by undertaking the following:

- Increase in departure security hold capacity by covering cut-outs through additional metal deck construction of 1,200 sq.m. Additionally, AAI proposed to provide escalator to access departure's upper floor at grid 36 as per layout since existing access is from one corner of terminal building.
- Construction of swing gates, partitions and filling of cut-outs as per layout plan to increase the availability of aerobridge in dual use configuration for domestic portion of integrated terminal building in order to maximize usability for domestic flight operations to a total of 14 aerobridges where 6 aerobridges (namely 12-12A, 14-15 and 16-17) will be used based on demand and corresponding area for use will be 933 sq.m., 1,877 sq.m., and 1,432 sq.m. respectively.
- Construction of international immigration and security check along with security hold area having area of 4,281 sq.m.
- Construction of a new SHA with 4 bus boarding gates, airside kerb, and road connecting to existing road network having total SHA area of 1,606 sq.m.

6.2.43. The cost per sq.m. for the above terminal building work was submitted by AAI vide an email correspondence dated 09.12.2021 ("Normative cost for Capacity Enhancement at Terminal Building"). The Authority had noted that the normative cost working submitted by AAI did not include the cost of modification works pertaining to cut-out fillings, piling foundation work, and basement work. The details of the same are provided in the table below:

**Table 85: Normative cost calculation for capacity enhancement at terminal building submitted by AAI**

| Description  | Amount (in Rs. Cr.) | Area (in sq.m.) | Rate per sq.m. |
|--|---------------------|-----------------|----------------|
| Cost excluding modification work, consultancy charges, Corporate Environment Responsibility, and GST (A) | 80.90               | 11,774          | 68,711         |
| Cost per sq. m for piling work (B)   | -                   |                 | 10,371         |
| Cost per sq. m. (C = A - B)  | -                   |                 | 58,340         |
| Normative Cost benchmark   | -                   |                 | 1,21,665       |

6.2.44. The Authority had noted that the passenger traffic at NSCBIA, Kolkata is expected to be around 30.12 MPPA by FY 2025-26. Since the existing design capacity at NSCBIA, Kolkata is 26 MPPA, the Authority was of the opinion that a terminal building expansion would be essential to maintain operational efficiency at the airport and thus, proposed to consider the said capital addition. In line with the working provided in the table above as well as the Authority's proposal to consider a terminal building ratio of 90%:10%, the Authority proposed to consider Rs. 116.05 Cr (excluding IDC) as the cost of capacity enhancement at terminal building.





**I.2. Strengthening of NIPTB roofing system**

6.2.45. AAI had submitted that there was a need to strengthen the NIPTB roofing system as per the latest tender invitation due to frequent cyclones in the region. AAI had also submitted that the project was capitalised on 31.08.2021, and that the project cost of Rs. 10.59 Cr. is based on the awarded amount by AAI after the tendering process. Since the capital work is essential in nature, the Authority proposed to consider the same in the Third Control Period.

**(J) Construction of standard operation boundary wall in place of old damaged non-standard boundary wall**

6.2.46. AAI had submitted that this project entailed construction of standard operation boundary walls at multiple places wherever the existing old brick walls are damaged. AAI had submitted that the project cost of Rs. 4.86 Cr. is based on the awarded amount by AAI after the tendering process.

6.2.47. AAI had also submitted that the work is expected to get completed in FY 2021-22. Following an examination of the project by AERA's consultant during the site-visit, the Authority expects the work to be capitalised in FY 2022-23 considering the progress in work so far.

**(K) Other Buildings****K.1. Construction of CISF complex on Narayanpur side**

6.2.48. AAI had submitted that the existing CISF facilities are accommodated in temporary buildings and need to be relocated at Narayanpur as the temporary buildings are in dilapidated conditions. AAI had submitted that the Department of Planning has prepared a layout plan and that the same has been approved by the Security Directorate.

6.2.49. Following are the civil works that AAI is taking up under this project, as per the submission:

- i. Demolition /relocation of structures/trees failing into proposed layout.
- ii. Complete construction of different building with all internal and external development works including parking, roads, pavements, open green area including horticulture-landscaping etc.
- iii. Relocation and construction of substation, water supply, drainage system, sewerage system & pumping arrangement system, and water filtration system as per norms and as per site condition.
- iv. Provision of rainwater harvesting system, sewerage treatment plan, and water treatment plant as per norms requirement and site condition.
- v. Provision for extra floor in the structural design as per the height clearance.
- vi. Any other civil work required for smooth operation and maintenance of CISF complex.

6.2.50. Following are the electrical works that AAI is taking up under this project, as per the submission:

- i. Internal and External electrification including elevators for CISF barrack, hostel, training centre and any other structure as per layout, parking, open ground and roads.
- ii. Augmentation of main power supply, substation equipment, DG sets for secondary power supply and associated ancillary building.
- iii. Provision of AC units as per requirement.
- iv. Provision of adequate number of signages and marking outside the buildings, parking area for guidance of visitors.





6.2.51. AAI had submitted that the project is expected to be capitalised by FY 2025-26. Moreover, AAI submitted that the project cost of Rs. 77.71 Cr. is an estimated cost.

6.2.52. The Authority had noted that AAI has not submitted a detailed cost-benefit analysis regarding the construction of CISF complex on Narayanpur side. Further, the Authority had noted that AAI had not undertaken its own detailed due diligence of the project requirement which includes, among other things evaluation of the projections of the CISF staff at the airport based on the traffic forecasts and diligence of proposed housing facilities. The Authority was of the view that a cost-benefit analysis needs to be undertaken which accounts for construction costs of the CISF complex and savings from reimbursement of existing house-rent allowance (HRA). Therefore, the Authority proposed to exclude the proposal for construction of CISF complex in the Third Control Period and consider it during the tariff determination of the Fourth Control Period after reviewing the above requirements.

### **K.2. Relocation of Air India NTA building**

6.2.53. AAI had submitted that the project cost of Rs. 51.55 Cr. for relocation of Air India NTA building is an estimated cost, and that it is expected to get completed in FY 2024-25. The Authority had noted that the project is still in its planning stage and that AAI had not provided any additional information on the same. Therefore, the Authority proposed not to consider the capital addition in the Third Control Period.

### **K.3. Construction of 3 hangars (Narayanpur side)**

6.2.54. AAI had submitted that the project cost of Rs. 25.93 Cr. for construction of 3 hangars on the Narayanpur side is an estimated cost and that it is expected to get completed in FY 2021-22. The project is expected to increase operational efficiency at the air side. Therefore, the Authority proposed to consider the capital addition.

### **K.4. Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (civil work)**

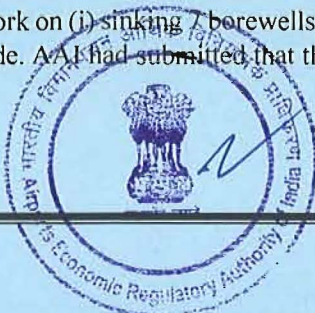
6.2.55. The Authority had noted that AAI submitted a project cost of Rs. 16.80 Cr. Further, AAI had submitted that the project is expected to be completed in FY 2024-25. The Authority had noted that the construction of a new CCR hall cum sub-station is crucial to maintain the operational efficiency on the air side and thus proposed to consider the same in the Third Control Period.

### **K.5. Construction of multi activity complex**

6.2.56. AAI had submitted that the project is required to generate space in existing administration building in order to shift existing offices. AAI had also submitted that the project cost of Rs. 7.42 Cr. is the awarded amount by AAI after the tendering process, and that the project is expected to get completed in FY 2021-22. Since the project is expected to accommodate offices for the administration of the airport, the Authority proposed to consider the same in the Third Control Period.

### **K.6. Other buildings**

6.2.57. AAI had submitted that this includes work on (i) sinking / borewells; and (ii) construction of hangars and other civil works at Narayanpur side. AAI had submitted that the old borewell were required to





6.2.58. Further, AAI had submitted that the project costs are awarded amounts by AAI after the tendering process. Since these works are operational requirements at the airport, the Authority proposed to consider them as capital additions in the Third Control Period.

### L.1. DIGI Yatra

6.2.60. AAI had also submitted that the work is to be completed in FY 2021-22. The Authority had noted that the award letter submitted by AAI includes both capital expenditure costs of Rs.23.26 Cr. as well as operational expenditure costs of Rs. 11.25 Cr. However, the Authority had noted that the current status of the work is unclear despite the issuance of the purchase order dated 23.09.2019. The Authority was of the opinion that a delay in the capitalisation of works would unfairly burden the airport users without passing on the benefits to them. Keeping this in view, the Authority proposed to not consider the cost of this project in the capital expenditure for the Third Control Period, but true-up it based on actual incurrence and completion at the time of tariff determination of the Fourth Control Period. The Authority expects AAI to submit the details of incurrence and completion status of the capital works related to DIGI Yatra at the time of true-up of the Third Control Period.

6.2.61. AAI had submitted additional works under computers and software citing operational requirements. These works are as follows:

- 6.2.62. Since the abovementioned items are operational requirements at the airport, the Authority proposed to consider them as capital additions during the Third Control Period.

**M.1. Procurement of 2 runway mechanical sweepers and 1 airport surface friction tester (ASFT)**

6.2.63. AAI had submitted that the procurement of the runway mechanical sweepers and ASFT are operational requirements on the airside. AAI had further submitted that the procurement is expected to happen in FY 2022-23. The Authority had noted that the project cost of Rs. 5.00 Cr. is an estimated



cost by AAI. Since the project is an operational requirement, the Authority proposed to consider the same as a capital addition in FY 2022-23.

## **M.2. Others (tools and equipment)**

6.2.64. AAI had submitted additional works under tools and equipment citing operational and security requirements. These works are as follows:

- i. Self-bag drop (Rs. 4.04 Cr.)
- ii. FID (Rs. 3.00 Cr.)
- iii. PA (Rs. 2.60 Cr.)
- iv. Procurement of 6 thermal cameras for measurement of body temperature of staff members in terminal building (Rs. 0.18 Cr.)

6.2.65. AAI had vide its e-mail dated 11.10.2021 ("Kolkata MYTP: Annexure I – TCP capex status"), submitted revised costs for the above mentioned capital works:

- i. FID (Rs. 1.78 Cr.)
- ii. PA (Rs. 0.24 Cr.)
- iii. Procurement of 6 thermal cameras for measurement of body temperature of staff members in terminal building (Rs. 0.08 Cr.)

6.2.66. Since the abovementioned items are operational and security requirements at the airport, the Authority proposed to consider the capital additions during the Third Control Period after incorporating the revised costs submitted by AAI.

## **(N) Electrical Installations**

### **N.1. Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (electrical works)**

6.2.67. AAI had submitted that this project is required to improve the GLF system as it is necessary to feed power supply from western as well as eastern side of the runway. Currently, it is provided from western side of the runway only.

6.2.68. The Authority had noted that AAI submitted a project cost of Rs. 25.20 Cr. Further, AAI had submitted that the project is expected to be completed in FY 2024-25. As mentioned in para 6.2.55, the Authority had noted that the construction of a new CCR hall cum sub-station is crucial to maintain the operational efficiency on the air side and thus proposed to consider the same in the Third Control Period.

### **N.2. Others (electrical installations)**

6.2.69. AAI had submitted additional works under electrical installations citing operational and security requirements, and routine replacements These works are as follows:

- i. Airside capacity enhancement: provision of high mast lights (Rs. 4.58 Cr.)
- ii. Provision of internal and external electrical works of annex building and hangar area (Rs. 3.11 Cr.)
- iii. Replacement of existing old GLF circuits of CAT-I approach lighting system including SAPL and PAPI's circuits of both runways (Rs. 2.65 Cr.)
- iv. Electrical works of taxiway C/L and apron stand lighting including CCRs, ALCMS system (Rs. 2.44 Cr.)





- v. SCCTV (Rs. 2.00 Cr.)
- vi. Other routine/minor electrical installations (Rs. 13.46 Cr.)

6.2.70. Since the abovementioned items are operational and security requirements, and routine replacement works at the airport, the Authority proposed to consider them as capital additions during the Third Control Period.

**(O) Others (furniture and fixtures, CFT, and security equipment)**

6.2.71. AAI had submitted additional works under furniture and fixtures, CFT, and security equipment citing operational and security requirements., and routine replacements These works are as follows:

- i. Procurement of 500 chairs (Rs. 3.20 Cr.)
- ii. Procurement of 1000 trolleys (Rs. 2.32 Cr.)
- iii. XBIS (Rs. 5.00 Cr.)
- iv. Provision of fire detection and alarm system at basement of T2 (Rs. 0.98 Cr.)

6.2.72. Since the abovementioned items are operational and security requirements, and routine replacement works at the airport, the Authority proposed to consider them as capital additions during the Third Control Period.

**Financing Allowance and IDC**

6.2.73. The Authority had noted that financing allowance and the methodology for computation of the same is detailed by the Authority in the airport guidelines. However, the Airport Operator had computed financing allowance on the entire WIP amount being capitalised, whereas the Authority was of the view that such an allowance is essentially the IDC for a project and should be provided only on the debt portion of the project funds. Accordingly, the Authority had considered IDC to be provided based on revisions in the proposed capital expenditure discussed for the Third Control Period and the notional gearing considered for the Third Control Period.

6.2.74. Based on the examination by the Authority in the paragraphs above on new capital additions proposed in the Third Control Period, the Authority proposed to consider the capital additions as detailed in the table below:

**Table 86: New Aeronautical Capital Additions for the Third Control Period proposed to be considered by the Authority**

| Reference | Project / Group               | No. | Particulars   | Submitted by AAI (1) | Proposed by Authority (2) | Difference (3) = (2) – (1) |
|-----------|-------------------------------|-----|---|----------------------|---------------------------|----------------------------|
| G         | Runways, taxiways, and aprons | G.1 | Construction of remote bays on the eastern side of the main runway        | 97.42                | 97.42                     | -                          |
|           |                               | G.2 | Rehabilitation to K-taxi track, part of secondary runway and A-taxi track | 9.26                 | 9.26                      | -                          |
|           |                               | G.3 | Reconstruction of broken slab of bay no. 3 and 4                          | 5.94                 | 5.94                      | -                          |
|           |                               | G.4 | Supply and laying HDPE pipes  | 1.55                 | -                         | (1.55)                     |
|           |                               | G   | Sub-total (runways, taxiways, and aprons)                                 | 114.17               | 112.62                    | (1.55)                     |
| H         | Roads, bridges, and culverts  | H.1 | Metro connectivity to new and existing terminal building                  | 95.00                | 95.00                     | -                          |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference | Project / Group                     | No. | Particulars  | Submitted by AAI (1) | Proposed by Authority (2) | Difference (3) = (2) - (1) |
|-----------|-------------------------------------|-----|--|----------------------|---------------------------|----------------------------|
|           |                                     | H.2 | Repair and raising of perimeter road   | 6.47                 | 6.47                      | -                          |
|           |                                     | H   | Sub-total (roads, bridges, and culverts)   | 101.47               | 101.47                    | -                          |
| I         | Terminal building                   | I.1 | Capacity enhancement at terminal building  | 116.05               | 116.05                    | -                          |
|           |                                     | I.2 | Strengthening of NIPTB roofing system  | 10.59                | 10.59                     | -                          |
|           |                                     | I   | Sub-total (terminal building)  | 126.64               | 126.64                    | -                          |
| J         | Boundary wall                       | J   | Construction of standard operation boundary wall in place of old damaged non-standard boundary wall              | 4.86                 | 4.86                      | -                          |
| K         | Other buildings                     | K.1 | Construction of CISF complex on Narayanpur side  | 77.71                | -                         | (77.71)                    |
|           |                                     | K.2 | Relocation of Air India NTA building   | 51.55                | -                         | (51.55)                    |
|           |                                     | K.3 | Construction of 3 hangars (Narayanpur side)  | 25.93                | 25.93                     | -                          |
|           |                                     | K.4 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (civil work)       | 16.80                | 16.80                     | -                          |
|           |                                     | K.5 | Construction of multi activity complex   | 7.42                 | 7.42                      | -                          |
|           |                                     | K.6 | Other buildings  | 4.18                 | 4.18                      | -                          |
|           |                                     | K   | Sub-total (other buildings)  | 183.59               | 54.33                     | (129.26)                   |
| L         | Computers and software              | L.1 | DIGI yatra   | 34.51                | -                         | (34.51)                    |
|           |                                     | L.2 | Others   | 4.26                 | 4.26                      | -                          |
|           |                                     | L   | Sub-total (computers and software)   | 38.77                | 4.26                      | (34.51)                    |
| M         | Tools and equipment                 | M.1 | Procurement of 2 runway mechanical sweepers and 1 airport surface friction tester (ASFT)                         | 5.00                 | 5.00                      | -                          |
|           |                                     | M.2 | Others   | 9.62                 | 6.14                      | (3.48)                     |
|           |                                     | M   | Sub-total (tools and equipment)  | 14.62                | 11.14                     | (3.48)                     |
| N         | Electrical Installations            | N.1 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (electrical works) | 25.20                | 25.20                     | -                          |
|           |                                     | N.2 | Others   | 28.24                | 28.24                     | -                          |
|           |                                     | N   | Sub-total (electrical installations)   | 53.44                | 53.44                     | -                          |
| O         | Others                              |     |  | 11.50                | 11.40                     | (0.10)                     |
|           | <b>Total</b>                        |     |  | <b>649.06</b>        | <b>480.16</b>             | <b>(168.90)</b>            |
|           | Financing Allowance                 |     |  | 14.84                | -                         | (14.84)                    |
|           | IDC                                 |     |  | 20.35                | 10.78                     | (9.57)                     |
|           | <b>Total (including FA and IDC)</b> |     |  | <b>684.34</b>        | <b>490.94</b>             | <b>(193.40)</b>            |

**Total aeronautical capital additions proposed by the Authority in the Third Control Period**

6.2.75. Based on the discussion above, the total capital additions proposed to be considered by the Authority in the Third Control Period is tabulated below:





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

Table 87: Aeronautical Capital Additions for the Third Control Period proposed to be considered by the Authority in the Consultation Paper

| Reference   | Project / Group   | No. | Particulars   | Submitted by AAI | Proposed by Authority | Difference      |
|---|---|-----|---|------------------|-----------------------|-----------------|
|   |   |     |   | (1)              | (2)                   | (3) = (2) – (1) |
| Capital Additions Deferred from the Second Control Period to the Third Control Period             |   |     |   |                  |                       |                 |
| A   | Airside Capacity Enhancement: extension of F -taxi track; construction of 3 RETs, 4 aprons, shoulders and box culvert |     |   | 265.88           | 265.88                | -               |
| B   | Resurfacing secondary runway 19R/01L  |     |   | 37.34            | 37.34                 | -               |
| C   | Reconstruction of B-Taxi & E-Taxi   |     |   | 5.56             | 5.56                  | -               |
| D   | Extension of apron on south side of NITB  |     |   | 30.00            | -                     | (30.00)         |
| E   | Construction of emergency medical unit  |     |   | 1.82             | 1.82                  | -               |
| F   | Augmentation of power supply - east side of runway  |     |   | 4.01             | 4.01                  | -               |
| Subtotal of Capital Additions Deferred from the Second Control Period to the Third Control Period | Total   |     |   | 344.61           | 314.61                | (30.00)         |
|   | Financing Allowance   |     |   | 23.03            | -                     | (23.03)         |
|   | IDC   |     |   | 14.28            | 13.15                 | (1.14)          |
|   | Total (including FA and IDC)  |     |   | 381.92           | 327.75                | (54.17)         |
| New Capital Additions proposed in the Third Control Period  |   |     |   |                  |                       |                 |
| G   | Runways, taxiways, and aprons   | G.1 | Construction of remote bays on the eastern side of the main runway        | 97.42            | 97.42                 | -               |
|   |   | G.2 | Rehabilitation to K-taxi track, part of secondary runway and A-taxi track | 9.26             | 9.26                  | -               |
|   |   | G.3 | Reconstruction of broken slab of bay no. 3 and 4                          | 5.94             | 5.94                  | -               |
|   |   | G.4 | Supply and laying HDPE pipes  | 1.55             | -                     | (1.55)          |
|   |   | G   | Sub-total (runways, taxiways, and aprons)                                 | 114.17           | 112.62                | (1.55)          |
| H   | Roads, bridges, and culverts  | H.1 | Metro connectivity to new and existing terminal building                  | 95.00            | 95.00                 | -               |
|   |   | H.2 | Repair and raising of perimeter road                                      | 6.47             | 6.47                  | -               |
|   |   | H   | Sub-total (roads, bridges, and culverts)                                  | 101.47           | 101.47                | -               |
| I   | Terminal building   | I.1 | Capacity enhancement at terminal building                                 | 116.05           | 116.05                | -               |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference | Project / Group   | No. | Particulars  | Submitted by AAI | Proposed by Authority | Difference      |
|-----------|---|-----|--|------------------|-----------------------|-----------------|
|           |   |     |  | (1)              | (2)                   | (3) = (2) - (1) |
|           |   | I.2 | Strengthening of NIPTB roofing system  | 10.59            | 10.59                 | -               |
|           |   | I   | Sub-total (terminal building)  | 126.64           | 126.64                | -               |
| J         | Construction of standard operation boundary wall in place of old damaged non-standard boundary wall |     |  | 4.86             | 4.86                  | -               |
| K         | Other buildings   | K.1 | Construction of CISF complex on Narayanpur side  | 77.71            | -                     | (77.71)         |
|           |   | K.2 | Relocation of Air India NTA building   | 51.55            | -                     | (51.55)         |
|           |   | K.3 | Construction of 3 hangars (Narayanpur side)  | 25.93            | 25.93                 | -               |
|           |   | K.4 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (civil work)       | 16.80            | 16.80                 | -               |
|           |   | K.5 | Construction of multi activity complex   | 7.42             | 7.42                  | -               |
|           |   | K.6 | Other buildings  | 4.18             | 4.18                  | -               |
|           |   | K   | Sub-total (other buildings)  | 183.59           | 54.33                 | (129.26)        |
| L         | Computers and software  | L.1 | DIGI yatra   | 34.51            | -                     | (34.51)         |
|           |   | L.2 | Others   | 4.26             | 4.26                  | -               |
|           |   | L   | Sub-total (computers and software)   | 38.77            | 4.26                  | (34.51)         |
| M         | Tools and equipment   | M.1 | Procurement of 2 runway mechanical sweepers and 1 airport surface friction tester (ASFT)                         | 5.00             | 5.00                  | -               |
|           |   | M.2 | Others   | 9.62             | 6.14                  | (3.48)*         |
|           |   | M   | Sub-total (tools and equipment)  | 14.62            | 11.13                 | (3.48)          |
| N         | Electrical installations  | N.1 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (electrical works) | 25.20            | 25.20                 | -               |
|           |   | N.2 | Others   | 28.24            | 28.24                 | -               |
|           |   | N   | Sub-total (electrical installations)   | 53.44            | 53.44                 | -               |





**REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD**

| Reference  | Project / Group   | No. | Particulars | Submitted by AAI | Proposed by Authority | Difference      |
|--|---|-----|-------------|------------------|-----------------------|-----------------|
|  |   |     |             | (1)              | (2)                   | (3) = (2) – (1) |
| O  | Others  |     |             | 11.50            | 11.40                 | (0.10)          |
| Subtotal of New Capital Additions proposed in the Third Control Period                 | Total   |     |             | 649.06           | 480.16                | (168.90)        |
|  | Financing Allowance                                     |     |             | 14.84            | -                     | (14.84)         |
|  | IDC   |     |             | 20.35            | 10.78                 | (9.57)          |
|  | <b>Total (including FA and IDC)</b>                     |     |             | <b>684.34</b>    | <b>490.94</b>         | <b>(193.40)</b> |
| <b>Grand Total of Capital Additions Proposed in the Third Control Period</b>           |   |     |             |                  |                       |                 |
| Grand total of capital additions proposed to be considered in the Third Control Period | Total (I)   |     |             | 993.76           | 794.77                | (198.90)        |
|  | Financing Allowance (II)                                |     |             | 37.87            | -                     | (37.87)         |
|  | IDC (III)   |     |             | 34.63            | 23.93                 | (10.71)         |
|  | <b>Total (including FA and IDC) (IV = I + II + III)</b> |     |             | <b>1,066.26</b>  | <b>818.70</b>         | <b>(292.49)</b> |

\*Terminal Building Ratio applied as per Para 6.2.78

**Aeronautical Allocation of Assets for the Third Control Period**

6.2.76. The following table summarises the allocation ratios considered by AAI in its MYTP submission:

**Table 88: Allocation ratios for the Third Control Period submitted by AAI**

| Allocation to Aero (%)   | %     |
|--------------------------|-------|
| Terminal Building Ratio  | 94.35 |
| Employee Headcount Ratio | 98.27 |

6.2.77. The Authority had noted that AAI used and computed the following allocation ratios to divide common capital additions into aeronautical and non-aeronautical components:

**Table 89: Description of allocation ratios as submitted by AAI**

| Allocation Ratios        | Description   |
|--------------------------|---|
| Terminal Building Ratio  | The terminal building ratio has been computed based on the identified aeronautical and non-aeronautical parts of the airport.   |
| Employee Headcount Ratio | Employees have been categorised into aeronautical, non-aeronautical and common services. The employees pertaining to common services have been allocated to aeronautical and non-aeronautical categories based on the ratio between aeronautical and non-aeronautical employees from all departments. |

6.2.78. The Authority had noted that the non-aeronautical component of the terminal building ratio is in the range of 5-8%. As mentioned earlier, this is in contrast to the 8-12% that the IATA and IMG norms recommend. Therefore, the Authority proposed to consider a TBLR of 90:10 for the Third Control Period. The Authority also expects that this allocation ratio be used in non-aeronautical services so that the revenue is higher, thereby increasing the cross-subsidisation in order to reduce the load on airport users. The Authority sought stakeholders' comments in this regard.

**Aeronautical Capital Additions for the Third Control Period**

6.2.79. Based on the detailed analysis provided above, the Authority proposed to consider aeronautical capital additions in the Third Control Period as follows:





**Table 90: Aeronautical capital additions proposed to be considered by the Authority for the Third Control Period in the Consultation Paper**

| <b>FY ending March 31 (Rs. Cr.)</b>    | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Runways, Taxiway & Aprons              | 37.82       | 21.24       | 277.55      | 97.42       | -           | 434.04       |
| Road, Bridges & Culverts               | -           | 6.71        | -           | 102.16      | -           | 108.87       |
| Building- Terminal                     | 10.29       | -           | -           | -           | 117.10      | 127.39       |
| Building - Residential                 | 39.57       | -           | 17.38       | -           | -           | 56.95        |
| Boundary Wall -Operational             | -           | 5.05        | -           | -           | -           | 5.05         |
| Computers: End Users                   | 1.48        | -           | -           | -           | -           | 1.48         |
| Intangible Assets- Software            | 2.77        | -           | -           | -           | -           | 2.77         |
| Tools & Equipment                      | 4.12        | 5.00        | -           | 1.78        | 0.24        | 11.14        |
| Electrical Installations               | 31.55       | -           | 28.06       | -           | -           | 59.61        |
| Furniture & Fixtures-Other than Trolly | -           | -           | -           | 3.20        | -           | 3.20         |
| Furniture & Fixtures- Trolly           | -           | -           | -           | -           | 2.32        | 2.32         |
| X Ray Baggage System                   | -           | -           | 4.90        | -           | -           | 4.90         |
| CFT/Fire Fighting Equipment            | 0.98        | -           | -           | -           | -           | 0.98         |
| Total (Additions/WIP Capitalisation)   | 128.58      | 38.00       | 327.89      | 204.56      | 119.66      | 818.70       |

**Depreciation for the Third Control Period**

6.2.80. The Authority had noted that AAI had considered depreciation rates as mentioned in Order No. 35/2017-18. The following table summarizes the revised depreciation working after incorporating the changes in the capital additions proposed by the Authority in the Third Control Period:

**Table 91: Depreciation proposed to be considered by the Authority for Third Control Period in the Consultation Paper**

| <b>FY ending March 31 (Rs. Cr.)</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>Total</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Runways, Taxiways, Aprons           | 12.76       | 13.52       | 18.50       | 24.74       | 25.94       | 95.46        |
| Roads, Bridges & culvert            | 10.68       | 10.91       | 11.20       | 16.31       | 21.42       | 70.51        |
| Terminal/Other Buildings            | 59.33       | 59.44       | 59.44       | 59.43       | 61.38       | 299.01       |
| Building - Residential              | 1.34        | 2.00        | 2.27        | 2.44        | 2.40        | 10.44        |
| Boundary Wall                       | 1.38        | 1.51        | 1.71        | 1.59        | 1.58        | 7.77         |
| Computer, IT Hardware & Access.     | 4.13        | 3.72        | 3.06        | 2.16        | 1.26        | 14.32        |
| Computer Software                   | 1.44        | 1.69        | 1.66        | 1.35        | 1.05        | 7.18         |
| Tools and Equipment                 | 7.43        | 7.73        | 7.79        | 7.72        | 7.78        | 38.44        |
| Vehicles                            | 0.37        | 0.35        | 0.25        | 0.22        | 0.14        | 1.32         |
| Solar Plant                         | 3.61        | 3.61        | 3.61        | 3.61        | 3.61        | 18.06        |
| Electrical Installations            | 61.62       | 61.57       | 16.65       | 15.08       | 14.26       | 169.18       |
| Office Equipment                    | 1.52        | 1.51        | 1.46        | 0.73        | 0.01        | 5.23         |
| Furniture & Fixtures                | 11.06       | 10.45       | 10.41       | 10.51       | 10.78       | 53.20        |
| X-Ray Baggage                       | 9.17        | 9.11        | 9.27        | 9.44        | 9.44        | 46.43        |
| CFT                                 | 2.87        | 2.90        | 2.89        | 2.89        | 2.89        | 14.45        |
| Total                               | 188.70      | 190.01      | 150.17      | 158.19      | 163.93      | 851.01       |





**RAB for the Third Control Period**

6.2.81. Considering the above, the RAB for the Third Control Period as considered by the Authority is shown below:

**Table 92: RAB proposed to be considered by the Authority for Third Control Period in the Consultation Paper**

| FY ending March 31 (Rs. Cr.)      | Reference | 2022     | 2023     | 2024     | 2025     | 2026     | Total         |
|-----------------------------------|-----------|----------|----------|----------|----------|----------|---------------|
| Opening RAB [1]                   | -         | 2,109.46 | 2,049.34 | 1,897.34 | 2,075.06 | 2,121.42 | -             |
| Additions to RAB [2]              | Table 90  | 128.58   | 38.00    | 327.89   | 204.56   | 119.66   | <b>818.70</b> |
| Deletions [3]                     | -         | -        | -        | -        | -        | -        | -             |
| Depreciation [4]                  | Table 91  | 188.70   | 190.01   | 150.17   | 158.19   | 163.93   | <b>851.01</b> |
| Closing RAB [5] = [1 + 2 - 3 - 4] |           | 2,049.34 | 1,897.34 | 2,075.06 | 2,121.42 | 2,077.15 | -             |
| Average RAB [6] = $[(1 + 5)/2]$   |           | 2,079.40 | 1,973.34 | 1,986.20 | 2,098.24 | 2,099.29 | -             |

**6.3. Stakeholders' comments regarding RAB and depreciation for the Third Control Period**

6.3.1. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 25/2021-22 with respect to regulated asset base and depreciation for the Third Control Period. The comments by stakeholders are presented below:

**AAI's comments on RAB and depreciation for the Third Control Period**

6.3.2. AAI commented as follows on considering financing allowance for the Third Control Period at NSCBIA, Kolkata:

**"AERA's Contentions**

- The Authority noted that financing allowance and the methodology for computation of the same is detailed by the Authority in the airport guidelines. However, the Airport Operator has computed financing allowance on the entire WIP amount being capitalised, whereas the Authority is of the view that such an allowance is essentially the IDC for a project and should be provided only on the debt portion of the project funds. Accordingly, the Authority has considered IDC to be provided based on revisions in the proposed capital expenditure discussed for the Third Control Period and the notional gearing considered for the Third Control Period.

**AAI's Submission**

- AAI submits that Direction 05 does not state FA is only for greenfield airports. Irrespective of whether it is brownfield or greenfield airports, there is outlay of funds for significant time when developing new terminals/runways/large project works. Even in CIAL and BIAL, FA has been considered till SCP. In this regard, level playing field may be ensured for AAI and private airports.
- There would be huge outlay of funds for 4th control period due to expansion of Terminal Building. We request AERA to refer to the detailed explanations provided in comments of the Second Control Period True up for consideration of FA."

6.3.3. AAI commented as follows on the supply and laying of HDPE pipes in the Third Control Period at NSCBIA, Kolkata:





**“AERA’s Contentions**

*Due to the lack of clarity on when the arbitration decision is expected the Authority proposes not to consider the said capital addition in the Third Control Period.*

**AAI’s submission:**

*The capital work of Supply and laying HDPE pipes is in progress. Till date progress is 80% and work shall be completed by 15.03.2022. In view of above, this work may please be considered in TCP.”*

- 6.3.4. AAI commented as follows on the construction of CISF complex in the Third Control Period at NSCBIA, Kolkata:

**“AERA’s Contentions**

*The Authority notes that AAI has not submitted a detailed cost-benefit analysis regarding the construction of CISF complex on Narayanpur side. Further, the Authority notes that AAI has not undertaken its own detailed due diligence of the project requirement which includes, among other things evaluation of the projections of the CISF staff at the airport based on the traffic forecasts and diligence of proposed housing facilities. The Authority is of the view that a cost-benefit analysis needs to be undertaken which accounts for construction costs of the CISF complex and savings from reimbursement of existing house-rent allowance (HRA). Therefore, the Authority proposes to exclude the proposal for construction of CISF complex in the Third Control Period and consider it during the tariff determination of the Fourth Control Period after reviewing the above requirements.*

**AAI’s Submission**

*The accommodation has to be provided to the CISF as per BCAS guidelines and this is an operational requirement A/A & E/S for the work has already been accorded by the Competent Authority. The existing CISF barracks were vacated due to the structure falling under F-Taxi track alignment and CISF have been shifted to temporary accommodation. Accordingly, the work is being taken up and shall be completed in 3rd Control period itself. It has a strategic advantage because it is within the Airport complex. In view of above, this work may please be considered in TCP.”*

- 6.3.5. AAI commented as follows on capitalisation of Digi Yatra in the Third Control Period at NSCBIA, Kolkata:

**“AERA’s Contentions**

*E Boarding Biometric Boarding System (BBS): AERA supports digital initiatives aimed at operational efficiency and benefit of the users. However, the costs for this project as per the document submitted by AAI contains two elements- Capex and Opex..The Authority is of the opinion that a delay in the capitalisation of works would unfairly burden the airport users without passing on the benefits to them. Keeping this in view, the Authority proposes to not consider the cost of this project in the capital expenditure for the Third Control Period, but true-up it based on actual incurrence and completion at the time of tariff determination of the Fourth Control. AAI shall submit the details in this regard at the time of true up of Third Control Period.*





**AAI's submission**

- MoCA launched Digi Yatra Policy in August 2018 aiming at seamless & hassle free access through designated check points (Entry gate, Self Check-in-kiosks/Check-in counters & Boarding gates) at the Airports using cutting edge Identity management and "Facial Recognitions" technology.
- Ministry of Civil Aviation (MoCA) had published the Digi Yatra policy document covering guidelines for implementation of the Digi Yatra system at Airports, which would ensure paperless and hassle free journey to all passengers and enhance the security of travel through biometric passenger authentication. Further, DGCA had published the Civil Aviation Requirement (CAR) document mandating the Airports to implement the Digi-Yatra E-Boarding system. AAI had proposed to implement the system in the Third Control Period.
- In this regard, AAI submits that Phase-I Go-Live at Kolkata, Pune and Vijayawada with Indigo and Air India Airlines is planned by June -2022, whereas Phase – II, for remaining airlines namely Spice Jet, Go First, Air Asia and Air Vistara will be on boarded to Digi Yatra by September 2022. In view of the above, it is requested to consider the capital expenditure amount of Rs 34.51 (Cr) & Rs. 3.21 crores per year as R&M expenses from F.Y 2023-24 onwards."

6.3.6. AAI commented as follows on the allocation ratio used in the Third Control Period at NSCBIA, Kolkata:

**"AERA's Contentions**

- The Authority has reviewed and reclassified the assets according to the nature of asset after analysing the same. The Authority notes that the non-aeronautical component of TBLR is in the range of 5-7%. This is in contrast to the 8-12% that the IATA and IMG norms recommend. Since NSCBI Airport Kolkata attracts a substantial amount of traffic, the Authority encourages AAI to incorporate larger non-aeronautical component at the airport (especially so since a new integrated terminal is being capitalized).
- Thus, the Authority proposes to consider a TBLR of 90:10 for the Third Control Period. The Authority seeks stakeholders' comments in this regard.

**AAI's Submission**

- The ratios have been computed based on the actual space in the terminals. Hence, AAI submits that assuming a different ratio based on international benchmarks when there is no substantial change in the terminal building composition during TCP may not be justified. AERA has determined the Terminal Building ratio as 92.50% in SCP. Now again in TCP, AERA proposes 90% as TBLR for the same Old Terminal Building.
- It is requested to keep the same TBLR Ratio as approved in the SCP."

6.3.7. AAI commented as follows on the proposal to readjust RAB if projects are not completed as per the tariff order in the Third Control Period at NSCBIA, Kolkata:

**"AERA's Contentions**

To reduce (adjustment) 1% of the project cost and the applicable carrying cost in ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of the project as per the proposed timelines.

**AAI's Submission**

AAI submits and request to take it on case to case basis as due to pandemic/other genuine reasons, work delay is unpredictable."





**Stakeholders' comments on RAB and depreciation for the Third Control Period**

6.3.8. With respect to capital additions in the Third Control Period, IATA commented as follows:

*"IATA welcomes AERA's scrutiny to reduce capex per table 72 from Rs. 1066.26 Cr. to Rs. 818.70 Cr.*

*While noting efforts to consult with the airline community in September 2021, few details have been shared by the airport regarding the design, development process, concept of operations, outcomes, level of service, capacity, flexibility, resilience, and fit with the master plan regarding these projects (particularly in the content of Covid-19 pandemic impacts) that make it difficult to assess the need and whether the optimal option has been selected. For instance:*

- *Metro extension - for a 200m distance it is feasible to have travellers at a much reduced cost – why is a metro extension required at presumably much greater cost? Have all the options been thoroughly considered by the airport and consulted with the airlines?*
- *A significant shift in terminal plans/design has been proposed that may well be beneficial to the airline community, however to our knowledge few details have been shared or consulted upon on with airlines regarding capacity, LoS, future expansion potential and operational costs for example.*
- *Deferral of SCP-TCP projects – there is underlying assumption these projects are still required. Is this the case agreed to via consultation with the airline community?*
- *If SCP projects are still required, 1% penalty should apply for non-delivery unless specifically agreed to by the airlines. This should also be applied retrospectively for SCP true-up per other regulated airports.*

*IATA supports the proposal by AERA to exclude some capex items from TCP such as the CISF complex pending a clear business case. In addition, this should be appropriately funded by the revenue generated through the ASF. Airport users should not be paying twice, once through the ASF and also through the PSF or UDF for aviation security expenses.*

*Capital investments should be limited to only essential projects to meet safety and security requirements. We call for deferral of other projects until such time there is more certainty of the business case to do so. In addition, IATA would like to continue highlighting the need for ongoing, more structured consultation with the airport community on capital projects and to review options, both planned and those in progress especially when changes are being considered. We see that some projects in the second control period have been adjusted (increase in scope, costs, delay, not delivered) but without the necessary consultation with the airport community. We request AAI as the airport operator to establish an airport consultative committee with nominated industry representatives which meets regularly, and not just resorting to a one-off AUCC before the tariff determination by AERA every 5 years. We hope this process can improve going forward. IATA has shared some global best practices on consultation and would be happy to provide further guidance.*

*IATA supports the proposal by AERA to consider a terminal building ratio of 90:10. Modern terminal designs have evolved resulting in reduction of aeronautical footprint (e.g. increased efficiency) required to facilitate the processing of passengers and their baggage. Percentage wise, non-aeronautical footprint would naturally experience an increase as airport operators focus on generating more non-aeronautical revenues."*

6.3.9. With respect to 1% readjustment for deferred capital additions from Second Control Period to Third Control Period and non-essential capital additions in the Third Control Period, IndiGo commented as follows:





*"It is observed that Kolkata Airport has deferred certain capital expenditure from the Second Control Period to the Third Control Period. In this regard, IndiGo recommends that an adjustment of 1% or higher of the project cost, from the ARR, as deemed fit, is made by AERA for capital expenditure projects is/are not completed/capitalised as per the approved capitalisation schedule, other than those affected solely by the adverse impact of COVID-19. Such adjustment can be made by AERA during the tariff determination for the Third Control Period.*

*IndiGo appreciates that considering the reduced traffic owing to COVID-19, AERA has rationalised the capital expenditure and excluded certain proposed additions by AAI to RAB. However, AERA and AAI must ensure the principles of the AERA Normative order no. 07/2016-17 dated 6 June, 2016 including "value for money". Further, Kolkata Airport should ensure that non-essential capital expenditure should be put on hold or deferred, and only such capital expenditure deemed critical from a safety or security compliance perspective may be undertaken by AAI/Kolkata Airport for the time being.*

*Further, as per para 5.2.78, AERA has observed that the non-aeronautical component of terminal building ratio is ranging between 5-8% as proposed by AAI/Kolkata Airport which is in contrast as per IATA and IMG norms of 8-10%. IndiGo would request AERA to conduct an independent study on the same before issuing the order for Third Control Period in order to compute the suitable/accurate ratio of terminal building to be considered for aeronautical and non-aeronautical components.*

*Further, IndiGo requests AERA to conduct an independent study for allocation of assets and allowable capital expenditure in the Third Control Period in accordance with AERA Act, 2008."*

6.3.10. With respect to depreciation in the Third Control Period, IndiGo commented as follows:

*"While IndiGo acknowledges the depreciation rate applied by AERA in accordance with AERA Order No. 35/2017-18 the 'Useful Life of Airport Assets', IndiGo requests that it is pertinent to note that useful life of assets at various international airports like London Heathrow, Sydney airport and Amsterdam airport indicated that terminal buildings have useful life of as long as sixty (60) years and aprons have it for as long as ninety-nine (99) years. IndiGo submits that the useful life of terminal building for Kannur and Cochin airports have been considered sixty (60) years by AERA. AERA should prescribe sixty (60) years for the 'Building' including 'Terminal Building as' is practiced by some of the developed aviation ecosystem."*

6.3.11. With respect to stoppage of non-safety related capital expenditure in the Third Control Period, SpiceJet commented as follows:

*"We appreciate that considering the reduced traffic owing to COVID-19, AERA has rationalised the capital expenditure and excluded certain proposed additions by AAI - Kolkata to RAB.*

*Authority acknowledged the effect of the pandemic in the Second Control Period, also opined that a delay in the capitalisation of works would unfairly burden the airport users without passing on the benefits to them.*

*As mentioned above it will take around two (2) -three (3) years for the flight operations to reach to its pre COVID-19 peak levels.*

*In view of the above, in order to support the airlines to continue and sustain its operations, all non-essential capital expenditure proposed by AAI - Kolkata be put on hold/ deferred, unless deemed*





*critical from a safety or security compliance perspective. Further, in case AAI - Kolkata wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use by the airlines. Similarly, if any proposed Capex projects can be deferred from the Third Control Period to the Fourth Control Period, same should be considered by the Authority."*

6.3.12. With respect to terminal building ratio in the Third Control Period, SpiceJet commented as follows:

*"AERA has requested stakeholders view on the non-aeronautical component of the terminal building ratio, as AAI Kolkata has proposed in the range of 5-8%, whereas AERA mentions that this is in contrast to the 8-12% that the IATA and IMG norms recommend.*

*In our view, we request AERA to kindly undertake detailed scrutiny examination with the assistance of an independent study to be conducted on before the tariff determination of the Third Control Period."*

#### **6.4. AAI's response to stakeholders' comments regarding RAB and depreciation for the Third Control Period**

6.4.1. With respect to IATA's comment on capital additions in the Third Control Period, AAI commented as follows:

##### ***"Metro extension***

*This project an Integrated Bimanbandar Metro Station is being constructed in the vicinity of NSCBI Airport, Kolkata. Subway is being undertaken by AAI to connect the metro station with terminal building. The need to execute this subway is exclusively for the airport bound passengers. This Project constitution will improve service level to the passengers as well as overall operational improvement for day to day increasing traffic demand. The project was discussed at AUCC meeting recently conducted by Kolkata Airport.*

*AUCC meeting has been conducted on 16.09.2021 and the same has been attended by various stakeholders. The detailed project investment file for AUCC has also been shared with all the stakeholders. Minutes of the Meeting of the AUCC has been provided to the AERA consultant. AAI submits that 1% adjustment of ARR may not be deducted and request to take it on case to case basis as due to pandemic/other genuine reasons, work delay is unpredictable.*

##### ***CISF Accommodation***

*The accommodation has to be provided to the CISF as per BCAS guidelines and this is an operational requirement A/A & E/S for the work has already been accorded by the Competent Authority. The existing CISF barracks were vacated due to the structure falling under F-Taxi track alignment and CISF have been shifted to temporary accommodation. Accordingly, the work is being taken up and shall be completed in 3rd Control period itself. It has a strategic advantage because it is within the Airport complex.*

##### ***DIGI Yatra***

*Ministry of Civil Aviation (MoCA) had published the Digi Yatra policy document covering guidelines for implementation of the Digi Yatra system at Airports, which would ensure paperless and hassle-free journey to all passengers and enhance the security of travel through biometric*





passenger authentication. Further, DGCA had published the Civil Aviation Requirement (CAR) document mandating the Airports to implement the Digi-Yatra E-Boarding system. AAI had proposed to implement the system in the Third Control Period.

#### **Terminal Building Ratios**

The ratios have been computed based on the actual space in the terminals. Hence, AAI submits that assuming a different ratio based on international benchmarks when there is no substantial change in the terminal building composition during TCP may not be justified. AERA has determined the Terminal Building ratio as 92.50% in SCP. Now again in TCP, AERA proposes 90% as TBLR for the same Old Terminal Building. It is requested to keep the same TBLR Ratio as approved in the SCP."

- 6.4.2. AAI commented replied to IndiGo and SpiceJet's comments regarding 1% readjustment for deferred capital additions from Second Control Period to Third Control Period, non-essential capital additions capital additions in the Third Control Period, and allocation ratio as follows:

"Kolkata Airport has submitted calculation for Normative Cost for all the projects wherever applicable and the same has been validated by the Consultant appointed by AERA.

AERA has sought various details on the unplanned capital expenditure during MYTP process. AAI submits that these are legitimate spends made after various levels of approval within the organization. Depending on the quantum of spend, the regional/central head-quarters are also involved. AAI submits that after careful consideration and discussion at appropriate levels within the organization, the additional unplanned capex was categorized as "essential".

AUCC meeting has been conducted on 16.09.2021 and the same has been attended by various stakeholders. The detailed project investment file for AUCC has also been shared with all the stakeholders. Minutes of the Meeting of the AUCC has been provided to the AERA.

The ratios have been computed based on the actual space in the terminals. Hence, AAI submits that assuming a different ratio based on international benchmarks when there is no substantial change in the terminal building composition during TCP may not be justified. AERA has determined the Terminal Building ratio as 92.50% in SCP. Now again in TCP, AERA proposes 90% as TBLR for the Terminal Building. The basis for considering 10% as the commercial area is ad-hoc and without any basis. The earmarked area for commercial activities (Design) for Terminal Building works out to 7.5%. It is requested to keep the same. AAI has already submitted in this regard vide e-mail letter dated 28.01.2022."

- 6.4.3. With respect to IndiGo's comment on depreciation in the Third Control Period, AAI commented as follows:

"AERA has implemented useful life of Asset after the study by Institute of Chartered Accountants of India & Comments received from the stakeholders.

The annexure to Amendment No. 01 to Order 35/2017-18 issued by AERA states that the useful life for terminal buildings can be 30 or 60 years as evaluated by the airport operator. Hence, AAI submits that the useful lives adopted by AAI is in line with approved rates prescribed by AERA in its order.





*If 60 Years useful life is considered, the return on RAB will be approximately double as compared to 30 years useful life."*

- 6.4.4. With respect to SpiceJet's comment on stoppage of non-safety related capital expenditure in the Third Control Period, AAI commented as follows:

*"AAI has cautiously considered those capex which are essentials, thorough discussions with the management. AAI has shifted the capex of major expansion of Terminal Building to 4th Control Period."*

**6.5. Authority's analysis on stakeholders' comments regarding RAB and depreciation for the Third Control Period**

- 6.5.1. The Authority has taken note of AAI's comment regarding financing allowance for the Third Control Period at NSCBIA, Kolkata. The Authority has addressed the same in Para 4.3.43.
- 6.5.2. The Authority has carefully noted AAI's comments regarding terminal building ratio for the Third Control Period. The Authority analysed the components and allocation of capital additions into aeronautical, non-aeronautical and common assets considered by AAI. Pursuant to the analysis, the Authority has noted that the non-aeronautical component is lower considering the size and scale of operations of NSCBIA, Kolkata and its likely potential for enhanced non-aeronautical revenue. Accordingly, the Authority decides to consider a 90:10 aeronautical to non-aeronautical allocation as the terminal building ratio, in line with the IMG and IATA norms in order to expand non-aeronautical operations at NSCBIA, Kolkata.

The Authority intends to ascertain the reasonableness and efficiency of AAI to increase non-aeronautical component at NSCBIA, Kolkata at the time of true-up of the Third Control Period.

- 6.5.3. The Authority has taken note of AAI's comments regarding the re-adjustment (reduction) of 1% of non-completed project costs in the ARR/target revenue. The Authority is of the view that AAI has done due diligence while proposing the capitalisation schedule upon which tariffs are determined in the Third Control Period and expects AAI to deliver on this capitalisation schedule which has been proposed by them only. Thus, the contention of AAI to not adjust 1% of the project is not justified. Accordingly, the Authority decides to readjust (reduce) 1% of the project cost from ARR/target revenue as readjustment in case any particular project is not capitalised as per the tariff order.

The Authority further clarifies that in case there is delay in completion of the project beyond the approved timeline given in the tariff order due to any reason beyond the control of AAI or its contracting agencies and is justified, the same would be considered by the Authority while truing up at the time of tariff determination of the Fourth Control Period.

- 6.5.4. The Authority notes IATA's comment regarding possible cost reduction in metro extension at NSCBIA, Kolkata. In this regard, the Authority has noted AAI's response justifying the requirement of the project that will help in passenger facilitation, the Authority is of the view to consider the same for the Third Control Period. The Authority also notes the response of AAI regarding AUCC meeting on capital expenditure for "Metro Connectivity to Terminal Building" along with other projects.
- 6.5.5. The Authority also notes IATA's comment on AAI consulting stakeholders for capital works in the Third Control Period as well as those deferred from the Second Control Period to the Third Control Period. The Authority notes that a detailed Project Investment File (PIF) had been circulated by AAI





to the stakeholders, after which an AUCC meeting was conducted. The minutes of the meeting have been annexed in Consultation Paper No. 25/2021-22 dated 29 December 2021.

With respect to the capital works deferred from the Second Control Period to the Third Control Period, the Authority notes the impact of the Covid-19 pandemic on the commissioning of these projects. Moreover, the Authority notes that a number of these projects are currently work in progress. Therefore, the Authority decides to consider the same in the Third Control Period.

- 6.5.6. The Authority notes IATA's comment on the funding of CISF complex using PSF (SC) at NSCBIA, Kolkata. The Authority has addressed the same in Para 6.5.13.
- 6.5.7. The Authority notes IATA's comment on AUCC meeting and treatment of non-essential capital expenditure. The Authority observes that the interests of the stakeholders is considered before accepting any proposals for capital additions, by taking into account the essentiality, cost efficiency and requirement of aeronautical services to airport users. The same has been ensured by the Authority for the capital additions at NSCBIA, Kolkata. Further, capital additions are also deliberated on and agreed to in the Airports Users Consultative Committee (AUCC) meetings.
- 6.5.8. The Authority notes IATA's comment on terminal building ratio for the Third Control Period. The same has been addressed in Para 6.5.2.
- 6.5.9. The Authority notes IndiGo's comment regarding 1% readjustment and nonessential capital additions and AAI's response thereof. The Authority observes that the benefit of the stakeholders is considered before accepting any proposals for capital additions by taking into account the essentiality, cost efficiency and requirement of aeronautical services to airport users. The same has been ensured by the Authority for the capital additions at NSCBIA, Kolkata. Further, capital additions are also deliberated on and agreed to in the Airports Users Consultative Committee (AUCC) meetings.

The Authority has also reviewed IndiGo's comments regarding deferment of capital expenditure in the Second Control Period and accordingly penalising AAI for the same. It may be noted that there is no such provision in the Second Control Period tariff order. Therefore, the Authority decides not to retrospectively readjust the ARR for delays in capitalisation.

- 6.5.10. The Authority notes IndiGo's and SpiceJet's comments regarding terminal building ratio and AAI's response thereof. The same has been addressed in Para 6.5.2.
- 6.5.11. The Authority has noted SpiceJet's comments regarding deferment of non-safety related capital expenditure in the Third Control Period. The same has been addressed in Para 6.5.9.

Further, in order to avoid a delay in capitalisation, the Authority has provisioned for a 1% readjustment (reduction) of the non-completed project cost from the ARR/target revenue provided that there is no delay in completion of the project due to unforeseeable circumstances as deemed appropriate by the Authority during the true-up of the Third Control Period.

#### **Supply and laying of HDPE pipes**

- 6.5.12. The Authority notes AAI's comment regarding supply and laying of HDPE pipes at NSCBIA, Kolkata. The Authority notes AAI's response stating considerable physical progress (80%) and the expected capitalisation date of 15 March 2022. Keeping this in view, the Authority decides to consider the said capital addition in the tariff determination of the Third Control Period.





**Construction of CISF complex on Narayanpur side**

- 6.5.13. The Authority notes AAI's comment on CISF complex at NSCBIA, Kolkata in the Third Control Period. The Authority reiterates that AAI has not submitted a detailed cost-benefit analysis accounting for construction costs and savings vis-à-vis reimbursing existing house rent allowance (HRA). Despite the AA/ES for the project, the Authority notes that AAI has not undertaken due diligence of the project requirement after evaluating the projections of CISF staff at the airport. Therefore, the Authority decides to exclude the project cost of CISF complex in the Third Control Period and consider it during the tariff determination of the Fourth Control Period after reviewing the above requirements.

**Digi Yatra**

- 6.5.14. The Authority also notes AAI's comment regarding capitalisation of DIGI Yatra in the Third Control Period. It may be noted that AAI had not provided sufficient information on expenses under "capex" and "opex" as per the purchase order for Digi Yatra, in the MYTP submission. Details of what scope of work constitutes "capex" and "opex" portion and why the "opex" portion ought to be considered as RAB was provided by AAI vide e-mail dated 02 March 2022 ("Cost Breakup for BBS project at Pune"). AAI has clarified that the costs under "opex" are related to software development, network deployment, helpdesk, and hardware installation.

The Authority notes that the implementation of Digi Yatra will enhance security and facilitate passengers with a paperless journey. The Authority has reviewed the purchase order and current status of the DIGI Yatra project at NSCBIA, Kolkata and notes that Phase I is being completed in June 2022 and that Phase II is being completed in September 2022. Therefore, the Authority has decided to capitalise Digi Yatra in September 2022 (FY 2022-23).

Thus, the Authority decides to consider Rs. 34.51 Cr. to be included in RAB in FY 2022-23, and the cost of operations and maintenance is considered as R&M expenses in the Third Control Period. Actual cost incurred on this project will be trued-up based on evaluation at the time of tariff determination of the Fourth Control Period.

**Total aeronautical capital additions decided by the Authority in the Third Control Period**

- 6.5.15. Based on the above examination, the Authority decides the aeronautical capital additions of the Third Control Period as per the following table:

**Table 93: Aeronautical capital additions for the Third Control Period as decided by the Authority**

| Reference  | Project / Group   | No. | Particulars | Submitted by AAI | Decided by Authority | Difference      | Year of Cap. |
|--|---|-----|-------------|------------------|----------------------|-----------------|--------------|
|  |   |     |             | (1)              | (2)                  | (3) = (2) - (1) |              |
| <b>Capital Additions Deferred from the Second Control Period to the Third Control Period</b> |   |     |             |                  |                      |                 |              |
| A  | Airside Capacity Enhancement: extension of F -taxi track; construction of 3 RETs, 4 aprons, shoulders and box culvert |     |             | 265.88           | 265.88               | -               | 2023-24      |



## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference  | Project / Group                                    | No. | Particulars   | Submitted by AAI | Decided by Authority | Difference      | Year of Cap. |
|--|--|-----|---|------------------|----------------------|-----------------|--------------|
|  |  |     |   | (1)              | (2)                  | (3) = (2) - (1) |              |
| B  | Resurfacing secondary runway 19R/01L               |     |   | 37.34            | 37.34                | -               | 2021-22      |
| C  | Reconstruction of B-Taxi & E-Taxi                  |     |   | 5.56             | 5.56                 | -               | 2022-23      |
| D  | Extension of apron on south side of NITB           |     |   | 30               | -                    | (30)            |              |
| E  | Construction of emergency medical unit             |     |   | 1.82             | 1.82                 | -               | 2021-22      |
| F  | Augmentation of power supply - east side of runway |     |   | 4.01             | 4.01                 | -               | 2021-22      |
| Subtotal of Capital Additions Deferred from SCP to the TCP | Total  |     |   | 344.61           | 314.61               | (30)            |              |
|  | Financing Allowance                                |     |   | 23.03            | -                    | (23.03)         |              |
|  | IDC  |     |   | 14.28            | 13.15                | (1.13)          |              |
|  | Total (including FA and IDC)                       |     |   | 381.92           | 327.76               | (54.16)         |              |
| New Capital Additions proposed in the Third Control Period |  |     |   |                  |                      |                 |              |
| G  | Runways, taxiways, and aprons                      | G.1 | Construction of remote bays on the eastern side of the main runway        | 97.42            | 97.42                | -               | 2024-25      |
|  |  | G.2 | Rehabilitation to K-taxi track, part of secondary runway and A-taxi track | 9.26             | 9.26                 | -               | 2022-23      |
|  |  | G.3 | Reconstruction of broken slab of bay no. 3 and 4                          | 5.94             | 5.94                 | -               | 2022-23      |
|  |  | G.4 | Supply and laying HDPE pipes  | 1.55             | 1.55                 | -               | 2021-22      |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference | Project / Group   | No. | Particulars  | Submitted by AAI | Decided by Authority | Difference      | Year of Cap. |
|-----------|---|-----|--|------------------|----------------------|-----------------|--------------|
|           |   |     |  | (1)              | (2)                  | (3) = (2) - (1) |              |
|           |   | G   | Sub-total (runways, taxiways, and aprons)                | 114.17           | 114.17               | -               |              |
| H         | Roads, bridges, and culverts  | H.1 | Metro connectivity to new and existing terminal building | 95               | 95                   | -               | 2024-25      |
|           |   | H.2 | Repair and raising of perimeter road                     | 6.47             | 6.47                 | -               | 2022-23      |
|           |   | H   | Sub-total (roads, bridges, and culverts)                 | 101.47           | 101.47               | -               |              |
| I         | Terminal building   | I.1 | Capacity enhancement at terminal building                | 116.05           | 116.05               | -               | 2025-26      |
|           |   | I.2 | Strengthening of NIPTB roofing system                    | 10.59            | 10.59                | -               | 2021-22      |
|           |   | I   | Sub-total (terminal building)                            | 126.64           | 126.64               | -               |              |
| J         | Construction of standard operation boundary wall in place of old damaged non-standard boundary wall |     |  | 4.86             | 4.86                 | -               | 2022-23      |
| K         | Other buildings   | K.1 | Construction of CISF complex on Narayanpur side          | 77.71            | -                    | (77.71)         |              |
|           |   | K.2 | Relocation of Air India NTA building                     | 51.55            | -                    | (51.55)         |              |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference | Project / Group        | No. | Particulars  | Submitted by AAI | Decided by Authority | Difference      | Year of Cap. |
|-----------|------------------------|-----|--|------------------|----------------------|-----------------|--------------|
|           |                        |     |  | (1)              | (2)                  | (3) = (2) - (1) |              |
|           |                        | K.3 | Construction of 3 hangars (Narayanpur side)  | 25.93            | 25.93                | -               | 2021-22      |
|           |                        | K.4 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (civil work) | 16.8             | 16.8                 | -               | 2023-24      |
|           |                        | K.5 | Construction of multi activity complex   | 7.42             | 7.42                 | -               | 2021-22      |
|           |                        | K.6 | Other buildings  | 4.18             | 4.18                 | -               | 2021-22      |
|           |                        | K   | Sub-total (other buildings)  | 183.59           | 54.33                | (129.26)        |              |
| L         | Computers and software | L.1 | DIGI yatra   | 34.51            | 34.51                | -               | 2022-23      |
|           |                        | L.2 | Others   | 4.26             | 4.26                 | -               |              |
|           |                        | L   | Sub-total (computers and software)   | 38.77            | 38.77                | -               |              |
| M         | Tools and equipment    | M.1 | Procurement of 2 runway mechanical sweepers and 1 airport surface friction tester (ASFT)                   | 5                | 5                    | -               | 2022-23      |
|           |                        | M.2 | Others   | 9.62             | 6.14                 | (3.48)          |              |
|           |                        | M   | Sub-total (tools and equipment)  | 14.62            | 11.14                | (3.48)          |              |





## REGULATORY ASSET BASE AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

| Reference   | Project / Group                                  | No. | Particulars  | Submitted by AAI | Decided by Authority | Difference      | Year of Cap. |
|---|--|-----|--|------------------|----------------------|-----------------|--------------|
|   |  |     |  | (1)              | (2)                  | (3) = (2) – (1) |              |
| N   | Electrical installations                         | N.1 | Construction of new CCR hall cum sub-station near main fire station on eastern side of runway (electrical works) | 25.2             | 25.2                 | -               | 2023-24      |
|   |  | N.2 | Others   | 28.24            | 28.24                | -               |              |
|   |  | N   | Sub-total (electrical installations)   | 53.44            | 53.44                | -               |              |
| O   | Others   |     |  | 11.5             | 11.5                 | -               |              |
| Subtotal of New Capital Additions proposed in TCP                     | Total  |     |  | 653.92           | 521.08               | (132.84)        |              |
|   | Financing Allowance                              |     |  | 14.84            | -                    | (14.84)         |              |
|   | IDC  |     |  | 15.49            | 5.92                 | (9.57)          |              |
|   | Total (including FA and IDC)                     |     |  | 684.25           | 527                  | (157.25)        |              |
| Grand Total of Capital Additions Proposed in the Third Control Period |  |     |  |                  |                      |                 |              |
| Grand total of capital additions proposed to be considered in TCP     | Total (I)  |     |  | 998.53           | 835.69               | (162.84)        |              |
|   | Financing Allowance (II)                         |     |  | 37.87            | -                    | (37.87)         |              |
|   | IDC (III)  |     |  | 29.77            | 19.07                | (10.70)         |              |
|   | Total (including FA and IDC) (IV = I + II + III) |     |  | 1,066.17         | 854.76               | (211.41)        |              |

\*Capital additions have increased from Consultation Paper to tariff order due to the inclusion of Digi Yatra, and supply of HDPE pipes

6.5.16. In summary, the Authority notes that changes decided in the RAB of the Second and Third Control Periods would have an impact on the RAB of NSCBIA, Kolkata. Further, the same would have an impact on depreciation. Based on the detailed examination above, the Authority decides to consider aeronautical capital additions in the Third Control Period as follows:





**Table 94: Yearly aeronautical capital additions for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs. Cr.)</b>    | <b>2022</b>   | <b>2023</b>  | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>  |
|--|---------------|--------------|---------------|---------------|---------------|---------------|
| Runways,Taxiway & Aprons               | 39.37         | 21.24        | 277.55        | 97.42         | -             | <b>435.58</b> |
| Road, Bridges & Culverts               | -             | 6.71         | -             | 102.16        | -             | <b>108.87</b> |
| Building- Terminal                     | 10.29         | -            | -             | -             | 117.10        | <b>127.39</b> |
| Building - Residential                 | 39.57         | -            | 17.38         | -             | -             | <b>56.95</b>  |
| Boundary Wall -Operational             | -             | 5.05         | -             | -             | -             | <b>5.05</b>   |
| Computers : End Users                  | 1.48          | -            | -             | -             | -             | <b>1.48</b>   |
| Intangible Assets- Software            | 2.77          | 34.51        | -             | -             | -             | <b>37.28</b>  |
| Tools & Equipment                      | 4.12          | 5.00         | -             | 1.78          | 0.24          | <b>11.14</b>  |
| Electrical Installations               | 31.55         | -            | 28.06         | -             | -             | <b>59.61</b>  |
| Furniture & Fixtures-Other than Trolly | -             | -            | -             | 3.20          | -             | <b>3.20</b>   |
| Furniture & Fixtures- Trolly           | -             | -            | -             | -             | 2.32          | <b>2.32</b>   |
| X Ray Baggage System                   | -             | -            | 4.90          | -             | -             | <b>4.90</b>   |
| CFT/Fire Fighting Equipment            | 0.98          | -            | -             | -             | -             | <b>0.98</b>   |
| <b>Total Additions</b>                 | <b>130.13</b> | <b>72.52</b> | <b>327.89</b> | <b>204.56</b> | <b>119.66</b> | <b>854.76</b> |

**Depreciation for the Third Control Period**

6.5.17. The Authority has noted IndiGo's comment regarding depreciation for the Third Control Period. As per Order No. 35/2017-18 dated 12 January 2018, the Authority has given the option to airport operators to decide the useful life for terminal buildings as either 30 years or 60 years. AAI, based on its assessment, has submitted 30 years as the useful life for terminal buildings. Therefore, the Authority has decided not to consider any further revisions in this regard.

6.5.18. Based on the above, the depreciation decided by the Authority for the Third Control Period is given in the table below:

**Table 95: Depreciation for the Third Control Period decided by the Authority**

| <b>FY ending March 31 (Rs. Cr.)</b> | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>  |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Runways, Taxiways, Aprons           | 12.79         | 13.58         | 18.55         | 24.79         | 25.99         | <b>95.70</b>  |
| Roads, Bridges & culvert            | 11.92         | 12.15         | 12.41         | 17.52         | 22.63         | <b>76.62</b>  |
| Terminal/Other Buildings            | 59.35         | 59.46         | 59.46         | 59.45         | 61.40         | <b>299.13</b> |
| Building - Residential              | 1.15          | 1.81          | 2.08          | 2.25          | 2.21          | <b>9.51</b>   |
| Boundary Wall                       | 1.38          | 1.51          | 1.71          | 1.59          | 1.58          | <b>7.77</b>   |
| Computer, IT Hardware & Access.     | 2.99          | 3.02          | 1.92          | 1.51          | 0.11          | <b>9.54</b>   |
| Computer Software                   | 0.95          | 4.67          | 8.07          | 8.05          | 7.46          | <b>29.20</b>  |
| Tools and Equipment                 | 6.65          | 6.95          | 7.01          | 6.94          | 7.01          | <b>34.56</b>  |
| Vehicles                            | 0.37          | 0.35          | 0.25          | 0.21          | 0.15          | <b>1.33</b>   |
| Solar Plant                         | 3.61          | 3.61          | 3.61          | 3.61          | 3.61          | <b>18.06</b>  |
| Electrical Installations            | 60.43         | 60.36         | 15.01         | 13.44         | 12.62         | <b>161.86</b> |
| Office Equipment                    | 3.05          | 3.04          | 3.03          | 2.53          | 0.78          | <b>12.44</b>  |
| Furniture & Fixtures                | 4.14          | 3.65          | 3.60          | 3.78          | 4.12          | <b>19.29</b>  |
| X-Ray Baggage                       | 9.96          | 9.90          | 10.06         | 10.22         | 10.22         | <b>50.37</b>  |
| CFT                                 | 2.78          | 2.80          | 2.80          | 2.80          | 2.80          | <b>13.98</b>  |
| <b>Total</b>                        | <b>181.52</b> | <b>186.86</b> | <b>149.58</b> | <b>158.69</b> | <b>162.69</b> | <b>839.35</b> |





**RAB for the Third Control Period**

6.5.19. Based on the discussions in the previous sections on the aeronautical capital additions and depreciation, the Authority decides to consider the following RAB for the Third Control Period:

**Table 96: RAB for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs. Cr.)</b>             | <b>2022</b>     | <b>2023</b>     | <b>2024</b>     | <b>2025</b>     | <b>2026</b>     | <b>Total</b>  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Opening RAB [1] (refer Table 31 for FY 2021-22) | 2,089.88        | 2,038.49        | 1,924.14        | 2,102.45        | 2,148.32        | -             |
| Additions to RAB [2] Table 94                   | 130.13          | 72.52           | 327.89          | 204.56          | 119.66          | <b>854.76</b> |
| Deletions [3]                                   | -               | -               | -               | -               | -               | -             |
| Depreciation [4] (Table 95)                     | 181.52          | 186.86          | 149.58          | 158.69          | 162.69          | <b>839.35</b> |
| Closing RAB [(1 + 2) – (3 + 4)] [5]             | 2,038.49        | 1,924.14        | 2,102.45        | 2,148.32        | 2,105.29        | -             |
| Average RAB [(1 + 5)/2]                         | <b>2,064.19</b> | <b>1,981.32</b> | <b>2,013.30</b> | <b>2,125.38</b> | <b>2,126.80</b> | -             |

**6.6. Authority's decisions regarding RAB and depreciation for the Third Control Period**

Based on the materials before it and its analysis, the Authority has decided the following with respect to RAB and depreciation for the Third Control Period

- 6.6.1. To reduce (adjustment) 1% of the project cost from the ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule as mentioned in Table 93. The same will be examined during the true up of the Third Control Period, at the time of determination of tariff for the Fourth Control Period.
- 6.6.2. To consider a terminal building ratio of 90:10 as per the IMG and IATA recommendations for capital additions pertaining to the Third Control Period as mentioned in Para 6.5.2.
- 6.6.3. To not allow financing allowance for capital additions in the Third Control Period as per Para 6.5.1.
- 6.6.4. To consider capital additions for the Third Control Period as per Table 93.
- 6.6.5. To true-up the total aeronautical asset addition given in Table 94 for the Third Control Period.
- 6.6.6. To true up the asset allocation of the assets capitalised in the Third Control Period based on the actual asset addition in the Fourth Control Period.
- 6.6.7. To consider aeronautical depreciation in the Third Control Period as per Table 95.
- 6.6.8. To true up the depreciation of the Third Control Period based on the actual asset additions and the actual date of capitalisation during the tariff determination of the Fourth Control Period.
- 6.6.9. To consider the RAB for the Third Control Period as per Table 96.
- 6.6.10. To true up the RAB for the Third Control Period based on actuals, at the time of determination of tariff for the Fourth Control Period.





## 7. FAIR RATE OF RETURN FOR THE THIRD CONTROL PERIOD

### 7.1. AAI's submission regarding the FRoR for the Third Control Period

- 7.1.1. AAI has submitted that NSCBIA, Kolkata would require debt to fund the capital expenditures that are planned to take place in the Third Control Period. Additionally, AAI submitted that a debt:equity ratio of 60%:40% was considered for all new capital additions envisaged at NSCBIA, Kolkata in the Third Control Period. Considering this composition of capital additions for the Third Control Period, AAI has submitted the projected debt and equity computation as follows.

#### Debt and Cost of Debt

- 7.1.2. The cost of debt submitted by AAI for the FRoR calculation of the Third Control Period pertaining to NSCBIA, Kolkata is 6.21% per annum.
- 7.1.3. The outstanding debt and cost of debt as submitted by AAI for the Third Control Period of NSCBIA, Kolkata is summarized in the table below.

**Table 97: Debt computation for Third Control Period submitted by AAI**

| FY Ending 31 March (in Rs. Cr.) | 2022   | 2023   | 2024   | 2025   | 2026   |
|---------------------------------|--------|--------|--------|--------|--------|
| Opening Debt                    | 50.29  | 134.91 | 273.34 | 225.41 | 298.07 |
| Closing Debt                    | 134.91 | 273.34 | 225.41 | 298.07 | 325.45 |
| Average Debt                    | 92.60  | 204.13 | 249.38 | 261.74 | 311.76 |
| Cost of Debt (%)                | 6.21   | 6.21   | 6.21   | 6.21   | 6.21   |

\*Closing debt for FY21 as submitted by AAI is zero

#### Equity and Cost of Equity

- 7.1.4. The cost of equity as submitted by AAI for the Third Control Period is 16.00% per annum.
- 7.1.5. The equity projections of NSCBIA, Kolkata for the Third Control Period as submitted by AAI is summarized in the table below:

**Table 98: Equity computation for Third Control Period submitted by AAI**

| FY Ending 31 March (in Rs Cr.) | 2022     | 2023     | 2024     | 2025     | 2026     |
|--------------------------------|----------|----------|----------|----------|----------|
| Equity                         | 1,971.10 | 1,926.96 | 1,811.56 | 1,777.78 | 1,691.48 |
| Cost of Equity (%)             | 16.00    | 16.00    | 16.00    | 16.00    | 16.00    |

#### Fair Rate of Return

- 7.1.6. Based on the financials pertaining to NSCBIA, Kolkata as discussed above, AAI has computed the FRoR for the Third Control Period. The same has been summarized in the table below.

**Table 99: FRoR for Third Control Period submitted by AAI**

| FY Ending 31 March (in Rs. Cr.) | 2022     | 2023     | 2024     | 2025     | 2026     |
|---------------------------------|----------|----------|----------|----------|----------|
| Debt [1]                        | 134.91   | 273.34   | 225.41   | 298.07   | 325.45   |
| Equity [2]                      | 1,971.10 | 1,926.96 | 1,811.56 | 1,777.78 | 1,691.48 |
| % of Debt [3] = [1]/[1+2]       | 6.41%    | 12.42%   | 11.07%   | 14.36%   | 16.14%   |
| % of Equity [4] = [2]/[1+2]     | 93.59%   | 87.58%   | 88.93%   | 85.64%   | 83.86%   |





| FY Ending 31 March (in Rs. Cr.) | 2022   | 2023   | 2024   | 2025   | 2026   |
|---------------------------------|--------|--------|--------|--------|--------|
| Cost of Debt [5] (%)            | 6.21   | 6.21   | 6.21   | 6.21   | 6.21   |
| Cost of Equity [6] (%)          | 16     | 16     | 16     | 16     | 16     |
| FRoR [(3*5) + (4*6)] (%)        | 15.37% | 14.78% | 14.92% | 14.59% | 14.42% |

7.1.7. AAI further submitted that the since the FRoR computed for the Third Control Period is higher than 15% for all the years, the ARR computation is based on an FRoR of 14% - consistent with that in the Second Control Period.

## 7.2. Authority's examinations regarding Fair Rate of Return for the Third Control Period as part of Consultation Paper

### Debt and Cost of Debt

- 7.2.1. The Authority had taken note of the cost of debt and the debt projections for the Third Control Period as submitted by AAI. In order to verify the debt taken by NSBIA, Kolkata for the Third Control Period and the cost of debt regarding the same, the Authority had sought details from AAI. In its email vide 16.11.2021 ("Details regarding debt for Kolkata Airport"), AAI had responded stating that it availed a term loan facility of Rs. 2,098 Cr. from M/s. Axis Bank. AAI had further explained that the interest rate on this loan is at 6.21% per annum and that the borrowings of NSCBIA, Kolkata have been allocated from the borrowings for AAI as a whole.
- 7.2.2. The Authority had noted that the funding of capital additions in the Third Control Period is done using 60% debt and 40% internal accruals. Considering that the same funding pattern was followed in FY 2020-21, the Authority had noted that AAI registers an opening debt of Rs. 50.41 Cr. for FY 2021-22. However, the Authority had noted that the FRoR working submitted by AAI did not consider all the projects envisaged to be capitalised in the Third Control Period. Further, as stated in the Authority's analyses of RAB for the Second and Third Control Period, AAI had re-submitted newer capital additions following the submission of the MYTP. Considering the above changes and the three-year moratorium to the repayment structure, the Authority had recalculated the debt computation for NSCBIA, Kolkata.
- 7.2.3. The Authority had recalculated the debt computation considering the total fund requirement of NSCBIA, Kolkata as per the capitalisation for the Third Control Period proposed by the Authority. The debt computation is summarized as follows

**Table 100: Debt computation proposed to be considered for Third Control Period by the Authority in the Consultation Paper**

| FY Ending 31 March                 | 2022   | 2023   | 2024    | 2025    | 2026    |
|------------------------------------|--------|--------|---------|---------|---------|
| Opening Debt [1]                   | 69.58  | 146.73 | 169.53  | 313.94  | 366.82  |
| Drawdown [2]                       | 77.15  | 22.80  | 196.74  | 122.74  | 71.80   |
| Repayment [3]                      | -      | -      | (52.32) | (69.86) | (80.11) |
| Closing Debt [4] = [1] + [2] - [3] | 146.73 | 169.53 | 313.94  | 366.82  | 358.50  |
| Average Debt [5] = ([1] + [4])/2   | 108.16 | 158.13 | 241.74  | 340.38  | 362.66  |
| Cost of Debt (%)                   | 6.21   | 6.21   | 6.21    | 6.21    | 6.21    |



**Equity and Cost of Equity**

- 7.2.4. The Authority had analysed the cost of equity pertaining to NSCBIA, Kolkata as submitted by AAI for the Third Control Period. The Authority had acknowledged the debt taken by AAI for NSCBIA, Kolkata in the Third Control Period and its impact on a change in the debt-equity ratio. However, the Authority was of the opinion that the gearing ratio is still suboptimal and does not justify a cost of equity of 16.00% per annum as submitted by AAI. The Authority had drawn reference to the independent studies conducted in the tariff determination exercise for DIAL (Refer to Order No. 57/2020-21) and MIAL (Refer to Order No.64/2020-21). The independent study considered an optimal debt-equity ratio of 48%:52% and determines a cost of equity in the range of 15.00% to 15.50%. Given that the debt-equity ratio for NSCBIA, Kolkata ranges between 11%:89% and 5%:95% in the Third Control Period, the Authority proposed to maintain a cost of equity of 14.00% across the Third Control Period.
- 7.2.5. Considering the changes in the capitalisation plan for the Third Control Period and the cost of equity, the Authority had recalculated the equity computation of NSCBIA, Kolkata. The same has been summarized in the table below.

**Table 101: Equity computation proposed to be considered for Third Control Period by the Authority in the Consultation Paper**

| <b>FY Ending 31 March (in Rs. Cr.)</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Equity                                 | 2,901.09    | 2,916.29    | 3,099.77    | 3,251.45    | 3,379.43    |
| Cost of Equity (%)                     | 14%         | 14%         | 14%         | 14%         | 14%         |

**Fair Rate of Return**

- 7.2.6. The FRoR as recalculated by the Authority after considering the points discussed above is summarized in the table below.

**Table 102: FRoR proposed to be considered for Third Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31 (in Rs. Cr.)</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Debt [A]                               | 146.73      | 169.53      | 313.94      | 366.82      | 358.50      |
| Equity [B]                             | 2,901.09    | 2,916.29    | 3,099.77    | 3,251.45    | 3,379.43    |
| Debt + Equity [C = A + B]              | 3,047.82    | 3,085.82    | 3,413.71    | 3,618.27    | 3,737.94    |
| Cost of Debt [D]                       | 6.21%       | 6.21%       | 6.21%       | 6.21%       | 6.21%       |
| Cost of Equity [E]                     | 14.00%      | 14.00%      | 14.00%      | 14.00%      | 14.00%      |
| Individual Year Gearing                | 4.81%       | 5.49%       | 9.20%       | 10.14%      | 9.59%       |
| Weighted Average Gearing               | 7.91%       |             |             |             |             |
| Weighted Average Cost of Debt          | 0.49%       |             |             |             |             |
| Weighted Average Cost of Equity        | 12.89%      |             |             |             |             |
| FRoR                                   | 13.38%      |             |             |             |             |

- 7.2.7. The Authority was of the view that the above gearing ratio is sub-optimal and not in the interests of airport users. The Authority had encouraged AAI to increase the debt composition in their capital structure at NSCBIA, Kolkata. Further, the Authority had proposed to consider a notional gearing ratio of 48%:52% from the Fourth Control Period if the gearing ratio continues to remain sub-optimal. The Authority sought stakeholders' views regarding this matter.





**7.3. Stakeholders' comments regarding Fair Rate of Return for the Third Control Period**

7.3.1. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 25/2021-22 with respect to FRoR for the Third Control Period. The comments by stakeholders are presented below:

**AAI's comments on FRoR for the Third Control Period**

7.3.2. AAI commented as follows on the FRoR for the Third Control Period:

***"AERA's Contentions"***

- *The Authority has taken note of the cost of debt and the debt projections for the Third Control Period as submitted by AAI. In order to verify the debt taken by NSCBIA, Kolkata for the Third Control Period and the cost of debt regarding the same, the Authority had sought details from AAI. In its email vide 16.11.2021 ("Details regarding debt for Kolkata Airport"), AAI responded stating that it availed a term loan facility of Rs. 2,098 Cr. from M/s. Axis Bank. AAI further explained that the interest rate on this loan is at 6.21% per annum and that the borrowings of NSCBIA, Kolkata have been allocated from the borrowings for AAI as a whole.*
- *The Authority notes that the funding of capital additions in the Third Control Period is done using 60% debt and 40% internal accruals. Considering that the same funding pattern was followed in FY 2020-21, the Authority notes that AAI registers an opening debt of Rs. 50.41 Cr. for FY 2021-22. However, the Authority notes that the FRoR working submitted by AAI does not consider all the projects envisaged to be capitalised in the Third Control Period. Further, as stated in the Authority's analyses of RAB for the Second and Third Control Period, AAI has re-submitted newer capital additions following the submission of the MYTP. Considering the above changes and the three-year moratorium to the repayment structure, the Authority recalculates the debt computation for NSCBIA, Kolkata.*
- *The Authority has analysed the cost of equity pertaining to NSCBIA, Kolkata as submitted by AAI for the Third Control Period. The Authority acknowledges the debt taken by AAI for NSCBIA, Kolkata in the Third Control Period and its impact on a change in the debt-equity ratio. However the Authority is of the opinion that the gearing ratio is still suboptimal and does not justify a cost of equity of 16.00% per annum as submitted by AAI.*
- *The Authority has drawn reference to the independent studies conducted in the tariff determination exercise for DIAL (Refer to Order No. 57/2020-21) and MIAL (Refer to Order No.64/2020-21). The independent study considers an optimal debt-equity ratio of 48%:52% and determines a cost of equity in the range of 15.00% to 15.50%. Given that the debt-equity ratio for NSCBIA, Kolkata ranges between 11%:89% and 5%:95% in the Third Control Period, the Authority proposes to maintain a cost of equity of 14.00% across the Third Control Period. The FRoR as 13.38% recalculated by the Authority after considering the points discussed above.*
- *The Authority is of the view that the above gearing ratio is sub-optimal and not in the interests of airport users. The Authority encourages AAI to increase the debt composition in their capital structure at NSCBIA, Kolkata. Further, the Authority proposes to consider a notional gearing ratio of 48%:52% from the Fourth Control Period if the gearing ratio continues to remain sub-optimal. The Authority seeks stakeholders' views regarding this matter*

***AAI's Submission***

*AAI had appointed M/s KPMG to carry out a study on Cost of Equity during 2011 the results of which are given below. For full Report, please refer Consultation Paper No. 16/2012-13.*





Table 3: Beta of comparable airports

| Airport / Group   | Country  | Equity Beta | Tax Rate | Debt (in Billion local currency) | Mkt Cap (in Billion local currency) | Debt /Mcap | Asset Beta |
|---|----------|-------------|----------|----------------------------------|-------------------------------------|------------|------------|
| Airports of Thailand PCL  | Thailand | 1.14        | 30%      | 56.2                             | 54.3                                | 1.03       | 0.66       |
| Beijing Capital International Airport                                     | China    | 1.03        | 25%      | 18.5                             | 14.8                                | 1.25       | 0.53       |
| Guangzhou Baiyun International Airport                                    | China    | 0.91        | 25%      | 0.0                              | 8.3                                 | 0.00       | 0.91       |
| Shanghai International Airport  | China    | 1.04        | 25%      | 2.5                              | 22.0                                | 0.11       | 0.96       |
| Xi'an International Airport   | China    | 0.95        | 25%      | 0.0                              | 4.1                                 | 0.00       | 0.95       |
| Grupo Aeroportuario del Sureste SAB de CV (Group of 9 airports in Mexico) | Mexico   | 0.94        | 30%      | 0.6                              | 21.0                                | 0.03       | 0.92       |
| Grupo Aeroportuario del Pacifico SAB de CV                                | Mexico   | 0.84        | 30%      | 1.0                              | 27.2                                | 0.04       | 0.82       |
| Grupo Aeroportuario Centro Norte, S.A. de C.V.                            | Mexico   | 0.99        | 30%      | 1.0                              | 9.2                                 | 0.10       | 0.92       |

The median value of asset beta for the above comparable set is 0.92 which is being used as the asset beta for airport operations business of AAI. This needs to be re-levered as per the expected gearing of AAI in the control period to estimate the equity beta for AAI.

Table 4: Equity Beta for AAI

|                              |        |
|------------------------------|--------|
| Estimated asset beta for AAI | 0.92   |
| Gearing for AAI              | 8.84%  |
| Tax rate for AAI             | 12.45% |
| Equity beta for AAI          | 0.98   |

Equity beta for AAI works out to 0.98.

Based on the above report, AAI submitted during SCP consultation that the CoE was 16%. AERA in the SCP order had also considered CoE of 16% and since there was low debt, the FRoR was determined to be 14%. AAI submits that the debt was taken only during the end of FY 21 and hence, requests AERA to consider FRoR of 14% for SCP.

- The Equity estimation can also yield a range of values depending on the assumptions employed.
- Cost of Equity depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%.
- If AERA considers the debt equity ratio as 48:52 as ideal ratio and provides Asset Beta @ 0.92 then the FRoR will increase to more than 6%.
- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.
- The Equity estimation can also yield a range of values depending on the assumptions employed.
- COE depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing).
- Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%
- If AERA considers the debt equity ratio as 48:52 as ideal ratio and provides Asset Beta @ 0.92 then the FRoR will increase to >16%. (For Reference Detailed Report by M/s KPMG on Calculation of FRoR is attached)
- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.





- *It is also requested to consider the FRoR as submitted by AAI instead of an Average FRoR @ 13.38% for TCP."*

#### **Other stakeholders' comments on FRoR for the Third Control Period**

##### **7.3.3. IATA commented as follows on the FRoR for the Third Control Period:**

*"Comparing with global benchmark, the fair rate of return proposed is still considerably high and doesn't reflect the reality of the market condition. In addition, the continuation of the true-up approach by AERA means that there is no significant risk for the airport operator despite the uncertainty in the market. Hence, the WACC needs to reflect the same."*

##### **7.3.4. IndiGo commented as follows on the FRoR for the Third Control Period:**

*"IndiGo submits that fixed/ assured return favours the airport operators, and creates an imbalance against the airline, which are already suffering from huge losses and bear the adverse financial impact through higher tariffs."*

*Further, due to such fixed / assured returns, service provider like AAI has no incentive to look for the productivity improvement or ways of increasing efficiencies or take steps to drastically reduce costs as they are fully covered for all the costs plus their returns. Such kind of scenario may result in inefficiencies and higher costs, which are ultimately borne by the airlines."*

*In view of the above, AERA is requested to immediately review WACC/FRoR by capping the returns."*

*Without prejudice to the above, while IndiGo appreciates that AERA has drawn references to independent studies for FRoR conducted in case of DIAL and MIAL, AERA is requested to conduct an independent study for FRoR should be done in case of Kolkata Airport."*

##### **7.3.5. SpiceJet commented as follows on the FRoR for the Third Control Period:**

*"We appreciate that AERA has considered a lower FRoR of 13.38 %, which is net of income tax return to the airport operator, for the Third Control Period."*

*However, while such fixed/ assured return favours the service provider, it creates an imbalance against the airlines, which are already suffering from huge losses and bear the adverse financial impact through higher tariffs."*

*Due to such fixed/assured returns, Airport Operators like AAI - Kolkata have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs as they are fully covered for all costs plus their hefty returns. Such a scenario breeds inefficiencies and higher costs, which are ultimately borne by airlines. In the present scenario any assured return on investment to any services providers like AAI - Kolkata, in excess of three (3) % (including those on past orders), i.e. being at par with bank fixed deposits (i.e., return on investment after the income tax), will be onerous for the airlines."*

*Without prejudice to the above, in case the Authority is unable to accept our recommendation mentioned above, the Authority is requested to conduct an independent study for determination of FRoR to be provided to AAI - Kolkata. Such independent study can be exercised by the Authority in terms of powers conferred under the Airports Economic Regulatory Authority of India Act, 2008, as*





*amended, and in line with studies being conducted by Authority in case of certain major airport operators."*

**7.4. AAI's response to stakeholders' comments regarding Fair Rate of Return for the Third Control Period**

- 7.4.1. With respect to comments from IATA, IndiGo, and SpiceJet on FRoR for the Third Control Period, AAI has submitted that its response as per Para 6.3.2 may be referred.

**7.5. Authority's analysis on stakeholders' comments regarding Fair Rate of Return for the Third Control Period**

- 7.5.1. The Authority notes AAI's comment regarding the FRoR proposed in the Third Control Period for NSCBIA, Kolkata. The Authority notes that the cost of equity of 16% proposed by AAI for NSCBIA, Kolkata is on the higher side when compared to other major airports. The Authority has analysed the working and the report annexed in AAI's comments for the same. The Authority is of the view that the risk-free rate considered in the computation of the cost of equity is higher than the prevailing risk-free rates in the market.

It may also be noted that the debt-equity ratio considered by the Authority and AAI is on an actual basis i.e. 8%:92% as mentioned in Table 83 of Consultation Paper No. 25/2021-22 dated 29 December 2021. Further, it may be noted that major PPP airports consider a notional debt-equity ratio of 48%:52%. Thus, it may be noted that due to low leverage in funding of new capital additions at AAI airports, it may not be appropriate to consider a cost of equity as considered for PPP airports. The proposition of considering a notional debt-equity ratio was presented to AAI during the stakeholder consultation meeting dated 12 January 2022. The Authority notes that there has been no comment from AAI regarding the same. Further, moving forward, the Authority may consider taking a notional gearing ratio of 48:52%.

- 7.5.2. The Authority has analysed the cost of equity pertaining to NSCBIA, Kolkata for the Third Control Period. The Authority has addressed the same in Para 4.5.14.
- 7.5.3. The Authority has noted the points raised by IATA and AAI's counter-comments thereof regarding FRoR at NSCBIA, Kolkata. The Authority has addressed the same in the above paras.
- 7.5.4. The Authority notes IndiGo's comment on assured return on investment for airport operators, and SpiceJet's comment on the assured return on investment for airport operators being limited to 3%. The Authority notes that this predetermined return on investments is part of regulated businesses such as airports. With respect to IndiGo's suggestion to cap the FRoR in order to avoid burdening the stressed airlines, the Authority is of the view that an airport is a long-term asset while the pandemic is a short-term phenomenon that is not likely to have a long-term impact. Further, the Authority notes that in such long-term projects, investors focus on a stable return on equity rather than on the project life cycle. Therefore, the Authority finds that it is not pragmatic or fair to cap the FRoR.

The Authority may sponsor an independent study during the tariff determination of Fourth Control Period to assess the appropriate FRoR at NSCBIA, Kolkata.

- 7.5.5. Based on the cost of equity and cost of debt mentioned in the Authority's examination, and the changes in RAB and decided by the Authority, the Authority decides to consider the following FRoR for the Third Control Period:





**Table 103: FRoR for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (in Rs. Cr.)</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Debt [A]                               | 88.44       | 108.57      | 195.52      | 219.40      | 203.06      |
| Equity [B]                             | 1,949.66    | 1,815.18    | 1,906.54    | 1,928.52    | 1,901.84    |
| Debt + Equity [C = A + B]              | 2,038.10    | 1,923.75    | 2,102.06    | 2,147.93    | 2,104.90    |
| Cost of Debt [D]                       | 6.21%       | 6.21%       | 6.21%       | 6.21%       | 6.21%       |
| Cost of Equity [E]                     | 14.00%      | 14.00%      | 14.00%      | 14.00%      | 14.00%      |
| Individual Year Gearing                | 4.34%       | 5.64%       | 9.30%       | 10.21%      | 9.65%       |
| Weighted Average Gearing               | 7.90%       |             |             |             |             |
| Weighted Average Cost of Debt          | 6.21%       |             |             |             |             |
| Weighted Average Cost of Equity        | 14.00%      |             |             |             |             |
| FRoR                                   | 13.38%      |             |             |             |             |

**7.6. Authority's decisions regarding Fair Rate of Return for the Third Control Period**

Based on the materials before it and its analysis, the Authority has decided the following with respect to FRoR for the Third Control Period

- 7.6.1. To consider the cost of equity at 14.00% as per Table 101.
- 7.6.2. To consider the cost of debt at 6.21% as per Table 100.
- 7.6.3. To consider FRoR of 13.38% for the Third Control Period as per Table 103.
- 7.6.4. To true up the FRoR during the tariff determination exercise for the Fourth Control Period.





## 8. RETURN ON LAND FOR THE THIRD CONTROL PERIOD

### 8.1. AAI's submissions regarding Return on Land for the Third Control Period

8.1.1. As per the tariff order for the Second Control Period, the Authority proposed to exclude the existing cost of land and additions from RAB until a final decision on return on land is taken by the Authority.

8.1.2. AAI has computed the return on land based on the relevant decision taken by the Authority in Order No. 42/2018-19 dated 05.03.2019 where the Authority states that:

- "In case land is purchased by the airport operating company either from private parties or from government, the compensation shall be in the form of equated annual instalments computed at actual cost of debt or SBI base rate plus 2% whichever is lower over a period of thirty years. The equated annual instalment is to be calculated as per the following formula:

$$\text{Equated Annual Instalment} = \frac{[\text{Cost} \times \text{Rate} (1 + \text{Rate})^{30}]}{(1 + \text{Rate})^{30} - 1}$$

Where,

Cost: Actual cost of land

Rate: Actual cost of debt or SBI base rate plus 2% whichever is lower."

8.1.3. AAI has accordingly submitted the following return on land that has been computed for land purchased from private parties (excluding freehold land) as part of their submission:

**Table 104: Return on land for Third Control Period submitted by AAI**

| FY ending March 31                   | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--------------------------------------|------|------|------|------|------|-------|
| Cost of land (Rs. Cr.) [1]           | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 7.90  |
| Cost of debt (in %) [2]              | 6.21 | 6.21 | 6.21 | 6.21 | 6.21 | -     |
| Return on land (Rs. Cr.) [3] = [1*2] | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.52  |

### 8.2. Authority's examination regarding Return on Land for the Third Control Period as part of Consultation Paper

8.2.1. The Authority had noted that AAI had submitted Rs. 0.52 Cr. for return on land for the Third Control Period. The Authority sought additional information from AAI regarding this land. AAI had not provided the required information along with relevant documentation to substantiate any purchase of land. Thus, the Authority was of the opinion that return on land may not be provided to NSCBIA, Kolkata for the Third Control Period.

### 8.3. Stakeholders' comments regarding Return on Land for the Third Control Period

8.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 25/2021-22 with respect to return on land for the Third Control Period. The comments by stakeholders are presented below:





**AAI's comments on return on land for the Third Control Period**

8.3.2. AAI commented as follows on return on land for the Third Control Period:

***"AERA's Contentions***

*The Authority sought additional information from AAI regarding this land. AAI has not provided the required information along with relevant documentation to substantiate any purchase of land. Thus, the Authority is of the opinion that return on land may not be provided to NSCBIA, Kolkata for the Third Control Period.*

***AAI's Submission***

- *Since these are for aeronautical purposes only, request AERA to provide return on Land.*
- *These have been calculated based on the value of the Land appearing in the books of NSCBIA Airport since 1980, which has been commuted in favour of AAI already. Considering the period in question, AERA is requested to allow the return on Land to NSCBIA Airport, Kolkata on the same lines as done for Private Airport Operators."*

**Other stakeholders' comments on return on land for the Third Control Period**

8.3.3. IATA commented as follows on return on land for the Third Control Period:

*"IATA supports AERA's proposal to disallow a Return on Land."*

8.3.4. SpiceJet commented as follows on return on land for the Third Control Period:

*"It is noted that the Authority is of the opinion not to allow return on land as AAI has not provided the required information and relevant documentation to substantiate any purchase of land. Notwithstanding the foregoing, we recommend that no returns may be provided for investment in land by AAI - Kolkata in view of the fact that Land value never depreciates but appreciates."*

**8.4. AAI's response to stakeholders' comments regarding return on land for the Third Control Period**

8.4.1. With respect to IATA's and SpiceJet's comments on return on land for the Third Control Period, AAI commented as follows:

*"Since these are for aeronautical purposes only, request AERA to provide return on Land. These have been calculated based on the value of the Land appearing in the books of NSCBIA Airport since 1980, which has been commuted in favour of AAI already. Considering the period in question, AERA is requested to allow the return on Land to NSCBIA Airport, Kolkata on the same lines as done for Private Airport Operators."*

**8.5. Authority's analysis on stakeholders' comments regarding return on land for the Third Control Period**

8.5.1. The Authority notes AAI's comment on return on land for NSCBIA, Kolkata. The Authority notes that the return on land claimed by AAI for the Third Control Period is based on the land acquisition cost as submitted for true-up of the Second Control Period. The Authority notes that AAI has not





provided documentary proof of any purchase of land. Therefore, the Authority decides not to allow return on land for the Third Control Period.

- 8.5.2. The Authority notes IATA's and SpiceJet's comments on return on land for the Third Control Period. The same has been addressed in Para 8.5.1.

**8.6. Authority's decisions regarding Return on Land for the Third Control Period**

Based on the materials before it and its analysis, the Authority has decided the following with respect to return on land for the Third Control Period

- 8.6.1. To not consider return on land for the Third Control Period as per Para 8.5.1.





## 9. OPERATING & MAINTANENCE EXPENSES FOR THIRD CONTROL PERIOD

### 9.1. AAI's Submissions regarding O&M Expenses for the Third Control Period

- 9.1.1. Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into the following:
- Payroll expenses;
  - Administrative and general expenditure;
  - Repair and maintenance expenditure;
  - Utilities and outsourcing expenditure; and
  - Other outflows
- 9.1.2. AAI further submitted that it has segregated all O&M expenses into aeronautical expenses, non-aeronautical expenses, and common expenses. Aeronautical allocation ratios were used to further segregate common expenses into aeronautical and non-aeronautical expenses.
- 9.1.3. AAI has also submitted that expenses related to CHQ apportionment under payroll expenses and admin and general expenses, were done on the basis of revenue of AAI airports. Further, AAI also submitted that 95% of the CHQ overheads were considered to be aeronautical, the rest 5% being non-aeronautical.
- 9.1.4. In order to make the categorisation of O&M expenses consistent with the Second Control Period Order, the Authority has reclassified the same as detailed in Para 4.7.1. The following table summarises the growth rates in O&M expenses submitted by AAI in the Third Control Period:

**Table 105: Growth in O&M Expenses for the Third Control Period submitted by AAI**

| FY ending March 31 (Rs Cr.)                   | 2022         | 2023         | 2024         | 2025         | 2026         |
|---|--------------|--------------|--------------|--------------|--------------|
| Payroll expenses – non CHQ                    | 7.00%        | 7.00%        | 7.00%        | 7.00%        | 7.00%        |
| Payroll expenses – CHQ                        | 7.00%        | 7.00%        | 7.00%        | 7.00%        | 7.00%        |
| Administration and general expenses – non CHQ | 12.55%       | 11.33%       | 11.27%       | 11.11%       | 10.56%       |
| Administration and general expenses – CHQ     | 5.00%        | 5.00%        | 5.00%        | 5.00%        | 5.00%        |
| Repairs and maintenance                       | 10.21%       | 18.31%       | 9.41%        | 9.47%        | 12.80%       |
| Utilities and outsourcing expenses            | 5.67%        | 5.78%        | 5.89%        | 6.00%        | 6.11%        |
| Other outflows                                | 10.00%       | 10.00%       | 10.00%       | 10.00%       | 10.00%       |
| <b>Total</b>                                  | <b>7.25%</b> | <b>8.62%</b> | <b>7.17%</b> | <b>7.21%</b> | <b>7.87%</b> |

- 9.1.5. The following table summarises the O&M expenses submitted by AAI in the Third Control Period:

**Table 106: O&M Expenses for the Third Control Period submitted by AAI**

| FY ending March 31 (Rs Cr.)                   | 2022   | 2023   | 2024   | 2025   | 2026   | Total           |
|---|--------|--------|--------|--------|--------|-----------------|
| Payroll expenses – CHQ                        | 34.17  | 36.56  | 39.12  | 41.86  | 44.79  | <b>196.50</b>   |
| Payroll expenses – non CHQ                    | 183.38 | 196.22 | 209.96 | 224.65 | 240.38 | <b>1,054.60</b> |
| Administration and general expenses – CHQ     | 102.70 | 107.83 | 113.22 | 118.88 | 124.83 | <b>567.46</b>   |
| Administration and general expenses – non CHQ | 34.06  | 37.92  | 42.20  | 46.89  | 51.84  | <b>212.92</b>   |
| Repairs and maintenance                       | 92.65  | 109.61 | 119.93 | 131.29 | 148.09 | <b>601.56</b>   |





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| FY ending March 31 (Rs Cr.)        | 2022          | 2023          | 2024          | 2025          | 2026          | Total           |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Utilities and outsourcing expenses | 72.07         | 76.24         | 80.73         | 85.57         | 90.80         | 405.41          |
| Other outflows                     | 2.67          | 2.94          | 3.23          | 3.55          | 3.91          | 16.30           |
| <b>Total</b>                       | <b>521.71</b> | <b>567.32</b> | <b>608.38</b> | <b>652.69</b> | <b>704.63</b> | <b>3,054.74</b> |

9.1.6. The following table summarises the allocation of expenses between aeronautical and non-aeronautical in O&M expenses as submitted by AAI in the Third Control Period:

**Table 107: Allocation of expenses as submitted for the Third Control Period as submitted by AAI**

| FY ending March 31 (Rs Cr.)                   | Aero %        | Non-aero %   |
|---|---------------|--------------|
| Payroll expenses – non CHQ                    | 98.32%        | 1.68%        |
| Payroll expenses – CHQ                        | 98.26%        | 1.74%        |
| Administration and general expenses – non CHQ | 99.77%        | 0.23%        |
| Administration and general expenses –CHQ      | 95.00%        | 5.00%        |
| Repairs and maintenance                       | 98.11%        | 1.89%        |
| Utilities and outsourcing expenses            | 97.62%        | 2.38%        |
| Other outflows                                | 98.23%        | 1.77%        |
| <b>Total</b>                                  | <b>98.63%</b> | <b>1.37%</b> |

**9.2. Authority's examination of O&M expenses in the Third Control Period as part of Consultation Paper**

9.2.1. The Authority had observed that AAI has allocated payroll expenses apportioned for CHQ based on the employee ratio at NSCBIA, Kolkata for the true-up of the Second Control Period. The Authority had accordingly proposed to revise the allocation to 95:5 and the projections for the Third Control Period are based on the same. The Authority had also observed that the administrative and general expenses apportioned to CHQ are allocated between aeronautical and non-aeronautical components based on a ratio of 95:5. The Authority had proposed to revise the same to 90:10 in the true-up of the Second Control Period and proposes projections for the Third Control Period based on the same.

9.2.2. The Authority had compared the aeronautical allocation of O&M expenses between aeronautical and non-aeronautical submitted by AAI for NSCBIA, Kolkata to that of other AAI airports. The following table summarises the same:

**Table 108: Aeronautical allocation of O&M expenses at other AAI airports**

| FY ending March 31                            | Patna | Chennai | Jaipur |
|---|-------|---------|--------|
| Payroll expenses – non CHQ                    | 97%   | 98.19%  | 94%    |
| Payroll expenses – CHQ                        | 95%   | 98.17%  | 95%    |
| Administration and general expenses – non CHQ | 99%   | 96.30%  | 88%    |
| Administration and general expenses –CHQ      | 95%   | 95.00%  | 90%    |
| Repairs and maintenance                       | 95%   | 95.68%  | 93%    |
| Utilities and outsourcing expenses            | 90%   | 90.00%  | 93%    |
| Other outflows                                | 100%  | 95.26%  | 100%   |

9.2.3. The Authority had noted that AAI has projected O&M expenses at NSCBIA, Kolkata by applying a growth rate over the expenses of FY 2020-21, which itself is an estimated expense. Since the Authority had proposed to consider O&M expenses of FY 2020-21 by applying a 0% growth rate





over FY 2019-20 in the Second Control Period, the Authority had proposed to consider the revised FY 2020-21 expenses as the base year. It may be noted that the actual figures for FY 2020-21 will be updated in the tariff order for NSCBIA, Kolkata.

- 9.2.4. The Authority had proposed the following allocation of O&M expenses into aeronautical and non-aeronautical based on a terminal building ratio of 90:10:

**Table 109: Allocation of O&M expenses for the Third Control Period as proposed to be considered by the Authority in the Consultation Paper**

| <b>FY ending March 31 (Rs Cr.)</b>            | <b>Aero %</b> | <b>Non-aero %</b> |
|---|---------------|-------------------|
| Payroll expenses – non CHQ                    | 98.32%        | 1.68%             |
| Payroll expenses – CHQ                        | 95.00%        | 5.00%             |
| Administration and general expenses – non CHQ | 99.77%        | 0.23%             |
| Administration and general expenses –CHQ      | 90.00%        | 10.00%            |
| Repairs and maintenance                       | 96.89%        | 3.11%             |
| Utilities and outsourcing expenses            | 90.0%         | 10.0%             |
| Other outflows*                               | 96.75%        | 3.25%             |
| <b>Total</b>                                  | <b>96.06%</b> | <b>3.94%</b>      |

- 9.2.5. The Authority had noted that the growth rate of 7% for payroll expenses submitted by AAI was higher than how they are expected to grow during the Third Control Period. The Authority found it reasonable to revise the annual growth rate to 6% p.a. on payroll costs.
- 9.2.6. The Authority had noted that AAI had submitted utilities and outsourcing expenses after deducting the recoveries made from concessionaires. The Authority had also noted that 99.99% of the power charges under utilities and outsourcing expenses had been allocated as aeronautical and that upkeep expenses had been allocated to aeronautical on the basis of the terminal building ratio. Based on further examination, the Authority had noted that the recoveries from concessionaires is between 14% - 23% of the total power charges for the Second Control Period at NSCBIA, Kolkata. The Authority had proposed to allocate upkeep expenses into aeronautical on the basis of a terminal building ratio of 90% in line with the IATA and IMG recommendations that the non-aeronautical component should be in the range of 8-12%.
- 9.2.7. The Authority had noted that the recovery of power charges is 14% - 23% of the total power charges in the Second Control Period. While power recovery has been increasing over the Second Control Period, the Authority was of the opinion that the power recovery percentage is significantly lower than that for comparable airports. The Authority proposes to consider power recoveries at a notional rate of 25% in the tariff determination of the Fourth Control Period. The Authority invites stakeholders' comments on the same and proposes to analyse this further in the Third Control Period Order.
- 9.2.8. In line with the efficiency study, the Authority had proposed to use a growth rate of 4.9% (benchmarked to inflation as proposed by the Authority for the Third Control Period) for R&M expenses and to true-up the same based on the actual R&M expenses incurred during the tariff determination exercise of the true-up of the Fourth Control Period.
- 9.2.9. The Authority had further noted that AAI has separately submitted R&M expenses for various capital additions pertaining to network monitoring systems, CTX – Screeners, DARK, etc. based on annual maintenance contracts from suppliers. The Authority, in line with its proposal to defer the capitalisation of Digi Yatra to the Fourth Control Period, had proposed to not consider the AMC





expenses pertaining to the said capital work under R&M expenses in the Third Control Period. Since, these new works are essential for security and/or operational efficiency of the airport, the Authority proposed to consider them as O&M expenses for the Third Control Period.

9.2.10. The Authority had proposed to consider a 5% per annum growth rate for administrative and general expenses – CHQ over that proposed to be considered in the Second Control Period. However, for tariff determination in the future, the Authority had proposed the following:

- i. AAI is allocating CHQ expenses to airports in the proportion of revenue earned by them. The Authority had noted that AAI manages around 100 non-major airports and that their tariff determination is not conducted on a regular basis and that the revenues at these airports do not cover their expenditures. The Authority had further noted that a major portion of the CHQ expenses at these airports are allocated to major airports.
- ii. The Authority had observed that AAI is not leveraging non-aeronautical revenue sources to its maximum capacity. Due to the same, non-aeronautical revenues remain low at AAI airports. AAI was advised to increase their non-aeronautical revenues so that 30% of the same could be used to effectively cross-subsidize aeronautical expenses.
- iii. Allocation of CHQ expenses on the basis of revenue is neither transparent nor efficient, as it brings large variation in such expenses on a year-on-year basis due to change in revenue. The Authority had also noted that this is against the basic principle of cost relatedness in tariff determination. Users of the major airports have to pay higher tariff due to higher allocation of CHQ expenses to these airports. Further, as the revenue from these airports increase due to higher tariffs, it leads to higher allocation of CHQ expenses perpetually.
- iv. The Authority, therefore, expects AAI to examine these issues in detail and devise a robust methodology to allocate CHQ expenses.

9.2.11. AAI had proposed to charge off the interest on loans availed by AAI under administrative and general expenses – non CHQ. The Authority had noted that charges pertaining to financing of any loan other than working capital loan is provisioned to the airport operator under the fair rate of return provided on the regulatory asset base. Therefore, the Authority had proposed not to consider these financing charges as O&M expenses.

9.2.12. For collection charges on UDF under other outflows, AAI had considered the growth rate to be the same as that of passenger traffic. The Authority proposed to use the same fundamental approach, as it finds the same to be a reasonable driver.

9.2.13. After incorporating the above observations by the Authority, the revised O&M expenses have been summarised below:

**Table 110: O&M expenses for the Third Control Period as proposed to be considered by the Authority in the Consultation Paper**

| <b>FY ending March 31 (Rs Cr.)</b>            | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>Total</b>    |
|---|-------------|-------------|-------------|-------------|-------------|-----------------|
| Payroll expenses – non CHQ                    | 169.79      | 179.98      | 190.77      | 202.22      | 214.35      | <b>957.11</b>   |
| Payroll expenses – CHQ                        | 30.58       | 32.42       | 34.36       | 36.42       | 38.61       | <b>172.40</b>   |
| Payroll Expenses (A)                          | 200.37      | 212.39      | 225.14      | 238.64      | 252.96      | <b>1,129.51</b> |
| Administration and general expenses – non CHQ | 31.14       | 35.38       | 38.84       | 42.68       | 47.18       | <b>195.23</b>   |
| Administration and general expenses – CHQ     | 68.54       | 71.97       | 75.56       | 79.34       | 83.31       | <b>378.72</b>   |
| Admin and General Expenses (B)                | 99.68       | 107.35      | 114.40      | 122.03      | 130.49      | <b>573.95</b>   |
| Repairs and maintenance (C)                   | 79.56       | 88.09       | 92.46       | 97.09       | 106.27      | <b>463.48</b>   |





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| <b>FY ending March 31 (Rs Cr.)</b>     | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>    |
|--|---------------|---------------|---------------|---------------|---------------|-----------------|
| Utilities and outsourcing expenses (D) | 67.05         | 70.80         | 74.84         | 79.19         | 83.88         | <b>375.76</b>   |
| Other outflows (E)                     | 2.39          | 2.63          | 2.89          | 3.18          | 3.50          | <b>14.59</b>    |
| <b>Total [A to E]</b>                  | <b>449.06</b> | <b>481.27</b> | <b>509.74</b> | <b>540.13</b> | <b>577.10</b> | <b>2,557.29</b> |

9.2.14. Based on the above O&M expenses, the Authority had proposed to consider the following revised growth rates in O&M expenses:

**Table 111: Growth rates of O&M expenses for the Third Control Period proposed to be considered by the Authority in the Consultation Paper**

| <b>FY ending March 31 (Rs Cr.)</b>            | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Payroll expenses – non CHQ                    | 6.0%        | 6.0%        | 6.0%        | 6.0%        | 6.0%        |
| Payroll expenses – CHQ                        | 6.0%        | 6.0%        | 6.0%        | 6.0%        | 6.0%        |
| Administration and general expenses – non CHQ | 12.9%       | 13.6%       | 9.8%        | 9.9%        | 10.5%       |
| Administration and general expenses – CHQ     | 5.0%        | 5.0%        | 5.0%        | 5.0%        | 5.0%        |
| Repairs and maintenance                       | 5.3%        | 10.7%       | 5.0%        | 5.0%        | 9.5%        |
| Utilities and outsourcing expenses            | 5.4%        | 5.6%        | 5.7%        | 5.8%        | 5.9%        |
| Other outflows                                | 10.0%       | 10.0%       | 10.0%       | 10.0%       | 10.0%       |
| <b>Total</b>                                  | <b>6.1%</b> | <b>7.2%</b> | <b>5.9%</b> | <b>6.0%</b> | <b>6.8%</b> |

9.2.15. The Authority had noted a high growth rate in admin and general expenses – non-CHQ in FY 2021-22 and FY 2022-23. This increase is attributable to an increase in UDF collection charges which are linked to passenger traffic projections for the respective years. The Authority had also noted a 14.8% year-on-year increase in FY 2022-23 in repairs and maintenance expenses and understands that the same is due to the incurrence of AMC costs pertaining to various capital works such as DARK, digital signages, biometric access control systems, network monitoring system, CTX inline screening, first bag – last bag etc.

### **9.3. Stakeholders' comments regarding O&M expenses for the Third Control Period**

9.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 25/2021-22 with respect to operation and maintenance expenses for the Third Control Period. The comments by stakeholders are presented below:

#### **AAI's comments on O&M expenses for the Third Control Period**

9.3.2. AAI submitted the following with respect to allocation ratios in the Third Control Period:

#### ***"AERA's Contentions***

- The Authority observes that AAI has allocated payroll expenses apportioned for CHQ based on the employee ratio at NSCBIA, Kolkata for the true-up of the Second Control Period. The Authority has accordingly proposed to revise the allocation to 95:5 and the projections for the Third Control Period are based on the same. The Authority also observes that the administrative and general expenses apportioned to CHQ are allocated between aeronautical and non-aeronautical components based on a ratio of 95:5. The Authority proposed to revise the same to 90:10 in the true-*





up of the Second Control Period and proposes projections for the Third Control Period based on the same.

- The Authority proposes the following allocation of O&M expenses into aeronautical and nonaeronautical based on a terminal building ratio of 90:10.

| Particulars             | AERO   | Non-Aero |
|-------------------------|--------|----------|
| Payroll expenses –CHQ   | 95%    | 5.00%    |
| Adm & Gen -CHQ          | 90%    | 10.00%   |
| Repair & Maintenance    | 96.89% | 3.11%    |
| Utilities & Outsourcing | 90%    | 10.00%   |
| Other outflows          | 96.75% | 3.25%    |

#### AAI's Submission

The details of allocation ratios as proposed by AAI as under:

| Particulars             | AERA   | AAI    | Remarks   |
|-------------------------|--------|--------|---|
| Payroll expenses –CHQ   | 95%    | 98.26% | It pertains to retirement benefits expenses of the Kolkata Airport. |
| Adm & Gen -CHQ          | 90%    | 95%    | Justification already provided                                      |
| Repair & Maintenance    | 96.89% | 98.11% | As per actual of SCP  |
| Utilities & Outsourcing | 90%    | 97.62% | As per actual of SCP  |
| Other outflows          | 96.75% | 98.23% | As per actual of SCP  |

AAI requests AERA to consider Allocation ratio of expenses as per submitted in MYTP for TCP"

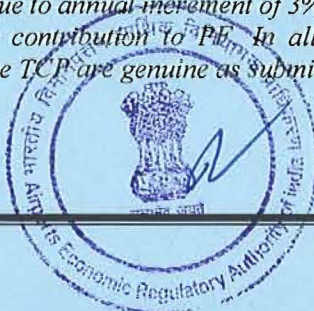
9.3.3. AAI submitted the following with respect to payroll expenses in the Third Control Period:

#### "AERA's Contentions

The Authority notes that the growth rate of 7% for payroll expenses submitted by AAI is higher than how they are expected to grow during the Third Control Period. The Authority finds it reasonable to revise the annual growth rate to 6% p.a. on payroll cost. The Authority proposes to adopt 6% as the rate of increase for Payroll expenses.

#### AAI's Submission

- 7% is the average increase in the payroll due to annual increment of 3% in salary, increase in HRA, quarterly increase in DA and Employer contribution to PF. In all other Airports AERA has considered 7% increase. The figures for the TCP are genuine as submitted by AAI.





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- The following illustration clearly shows that there is an average 7% increase in the Payroll expenditure. Therefore, AAI requests AERA to consider the figures for the TCP as submitted by AAI.
- The following illustration clearly shows that there is an average 7% increase in the Payroll expenditure.

| Calculation of incremental increase in Salary (in %age terms) |              |               |              |              |              |              |               |                             |
|---|--------------|---------------|--------------|--------------|--------------|--------------|---------------|-----------------------------|
| Particulars   | Per Month    | Salary Year 1 | Q1           | Q2           | Q3           | Q4           | Salary Year 2 | (In Rs.) Yearly Incremental |
| Basic Pay   | 10000        | 120000        | 30900        | 30900        | 30900        | 30900        | 123600        | 3600                        |
| DA  | 1800         | 21600         | 6798         | 7725         | 8343         | 8652         | 31518         | 9918                        |
| HRA   | 2700         | 32400         | 8343         | 8343         | 8343         | 8343         | 33372         | 972                         |
| PERKS   | 3500         | 42000         | 10815        | 10815        | 10815        | 10815        | 43260         | 1260                        |
| EPF   | 1200         | 14400         | 3708         | 3708         | 3708         | 3708         | 14832         | 432                         |
| <b>Total</b>  | <b>19200</b> | <b>230400</b> | <b>60564</b> | <b>61491</b> | <b>62109</b> | <b>62418</b> | <b>246582</b> | <b>16182</b>                |

| Particular | %age Increase |  |     |     |     |     |
|------------|---------------|--|-----|-----|-----|-----|
| DA         | 18%           |  | 22% | 25% | 27% | 28% |
| HRA        | 27%           |  | 27% | 27% | 27% | 27% |
| Perks      | 35%           |  | 35% | 35% | 35% | 35% |

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|     |     |  |     |     |     |     |
|-----|-----|--|-----|-----|-----|-----|
| EPF | 12% |  | 12% | 12% | 12% | 12% |
|-----|-----|--|-----|-----|-----|-----|

## Total Increase

(in Rs.) **16182**

% increase **7.02**

## Assumptions:

- Year 1 Means Previous Year
- Year 2 Means Current Year
- Basic Pay – 3% yearly increase considered.
- Dearness Allowance- Quarterly increase considered.
- HRA, Perks & EPF – Considered Constant
- In the abovementioned example, the Salary expenditure for Year 1 shown as Rs. 230400/- per employee.

Whereas, in the year 2 the salary expenditure is shown as Rs. 246582/- per employee. On the basis of above assumptions, the incremental expenditure on the head of salary is Rs. 16182/- per employee which comes out to 7.02% on Year on Year basis. AAI requests AERA to consider 7% increase on Year on Year basis for the Third Control Period on the basis of above calculations."





9.3.4. AAI submitted the following with respect to admin & general expenses - CHQ in the Third Control Period:

**“AERA’s Contentions**

*The Authority proposes to consider a 5% per annum growth rate for administrative and general expenses – CHQ over that proposed to be considered in the Second Control Period. However, for tariff determination in the future, the Authority proposes the following:*

- *AAI is allocating CHQ expenses to airports in the proportion of revenue earned by them. The Authority notes that AAI manages around 100 non-major airports and that their tariff determination is not conducted on a regular basis and that the revenues at these airports do not cover their expenditures. The Authority further notes that a major portion of the CHQ expenses at these airports are allocated to major airports.*
- *The Authority observes that AAI is not leveraging non-aeronautical revenue sources to its maximum capacity. Due to the same, non-aeronautical revenues remain low at AAI airports. AAI is advised to increase their non-aeronautical revenues so that 30% of the same could be used to effectively cross-subsidize aeronautical expenses.*
- *Allocation of CHQ expenses on the basis of revenue is neither transparent nor efficient, as it brings large variation in such expenses on a year-on-year basis due to change in revenue. The Authority also notes that this is against the basic principle of cost relatedness in tariff determination. Users of the major airports have to pay higher tariff due to higher allocation of CHQ expenses to these airports. Further, as the revenue from these airports increase due to higher tariffs, it leads to higher allocation of CHQ expenses perpetually.*
- *The Authority, therefore, expects AAI to examine these issues in detail and devise a robust methodology to allocate CHQ expenses. The Authority reviewed the basis for allocation of CHQ and RHQ expenses to Kolkata International.*

**AAI's Submission**

*AAI had submitted the Revised CHQ & RHQ Allocation for the F.Y. 2016-17, 2017-18, 2018-19, 2019-20 & 2020-21 to AERA vide e-mail dated 24.12.2021. AAI requests AERA to consider the revised amount of allocations during these years. The details have been provided in the SCP.”*

9.3.5. AAI submitted the following with respect to growth in O&M expenses in the Third Control Period:

**“AERA’s Contentions**

*The Authority proposes to consider the following revised growth rates in O&M expenses as given below:*

| Particulars             | Growth Rates  |
|-------------------------|---------------|
| Payroll expenses –CHQ   | 6%            |
| Adm & Gen –Non-CHQ      | 9.8% to 12.9% |
| Repair & Maintenance    | 5% to 9.5%    |
| Utilities & Outsourcing | 5.4% to 5.9%  |





**AAI's Submission**

*The details of Growth in O&M expenses as proposed by AAI as under:*

| Particulars             | AERA          | AAI              | Remarks   |
|-------------------------|---------------|------------------|---|
| Payroll expenses – CHQ  | 6%            | 7%               | 7% is the average increase in the payroll due to annual increment of 3% in salary, increase in HRA, quarterly increase in DA and Employer contribution to PF.                                 |
| Adm & Gen –Non-CHQ      | 9.8% to 12.9% | 10.56% to 12.55% | Not much variation  |
| Repair & Maintenance    | 5% to 9.5%    | 9.41% to 18.31%  | As per actual of SCP. AMC of DARK, Digi Yatra ,Network monitoring system, CTX Inline Screening, First bag –Last bag etc and to be considered . Rest of R&M 10% YoY growth may be considered . |
| Utilities & Outsourcing | 5.4% to 5.9%  | 5.67% to 6.11%   | Not much variation  |

*AAI requests AERA to consider Growth in O & M expenses as per submitted in MYTP for TCP."*

**Other stakeholders' comments regarding O&M expenses for the Third Control Period**

- 9.3.6. IATA submitted the following with respect to admin and general expenses - CHQ in the Third Control Period:

*"There is opaqueness around the corporate and regional expenses that are being passed on to be borne by airlines and passengers flying from CCU and it is not clear what is their relationship with services delivered at the airport. This is not in line with ICAO's principles of transparency and cost-relatedness. And we would urge AERA to delve deeper into the allocation of CHQ & RHQ costs to individual airports to eliminate the risk of cross-subsidization of airports managed by AAI, especially those which are not regulated by AERA."*

- 9.3.7. IndiGo submitted the following with respect to O&M expenses in the Third Control Period:

*"As per para 3.7.1 of the CP, AERA has itself have observed the inconsistencies with AAI's approach towards calculating the Operation expenditure/ operations & maintenance expenses (O&M expenses) and has made corrections for the categorisation done by AAI. Further, as per para 3.7.4 of the CP, it is stated that while determining tariff for the Second Control Period, AERA had expected AAI to lower the O&M expenses over a period. However, IndiGo observes no that such reduction in the O&M Expenses have taken place and on the contrary, as per para 8.2.13/Table 90 of the CP, there has been a significant increase in the expenses.*

*In particular, IndiGo submits:*

- *It is observed as per Table 91 of the CP, 'Payroll' expense has increased with 6% every year of Third Control period along with 9-14% increase in 'Administration & General' expenses, increase ranging between 5-10% for 'Repairs & Maintenance', 'Utilities & outsourcing expenses' & 'Other outflows'.*
- *AERA may advise AAI to rationalize/re-negotiate all the cost/expenditure items or heads, as deemed fit. Further, no escalations should be permitted under these items or heads.*
- *Expenses on account of CSR as given in Table 18 of CP may be excluded. This will be in line with the similar treatment to CSR expenditure, given to CIAL at Cochin International Airport.*





*Accordingly, it is requested that Kolkata airport should take considerable measures to reduce such amounts as well as not increase any employee expenses & any repairs or maintenance, unless required from security & compliance point of view. Without prejudice to the above, while IndiGo appreciates that AERA has undertaken an independent study for Operating Expenditure/ Operations & Maintenance expenses for the Second Control Period, AERA may undertake similar independent study for the Third Control Period."*

9.3.8. SpiceJet submitted the following with respect to O&M expenses in the Third Control Period:

*"We appreciate that the Authority had appointed an independent consultant, M/s EY LLP to assess the MYTP submitted by the airport operator of NSCBIA, CCU.*

*We are unaware as to whether AAI - Kolkata has taken cost cutting measures including re-negotiations of all the cost items on its profit and loss account. It may be noted that cost incurred by AAI - Kolkata impacts the airlines, as such most of the cost is passed through or borne by the airlines.*

*Further, in view of industry reports from IATA and CAPA, which foresee a minimum period of two (2)-three (3) years for air traffic and flight operations to reach pre COVID-19 levels, we request Authority should:*

- *Put on hold any increase in operational expenditure by AAI - Kolkata;*
- *Advise AAI - Kolkata to review its spending on operational expenditure and re-negotiate all the operational expenditure in a significant manner and address any increase in fees sought by AAI - Kolkata. It may be noted that across various industries, instead of cost escalations, all the costs have been renegotiated downwards substantially. Accordingly, AAI - Kolkata needs to significantly reduce all such costs in a very aggressive manner. AAI - Kolkata may be advised to reduce its cost by at least 35% and no escalation should be permitted; and*
- *In view of the above, AAI - Kolkata should be advised to pass on cost benefits to the airlines.*
- *In particular, we submit that Y-O-Y Increase in the O&M expenses proposed by AAI - Kolkata is approximately 7% to 9%. Instead of a significant reduction in cost items of operating expenses, Authority has proposed a Y-O-Y percentage increase of around 6% to 7% between 2022 and 2026. Such an increase in the name of escalation, in a highly uncertain environment, where airlines are operating under curtailed operations, appears without any rationale and should be avoided.*

*Although the activity level has gone down drastically, rather than significant reduction in the cost, the employee expenses are proposed to increase Y-O-Y each year by 6% over the five (5) year control period.*

*We submit that while the aviation sector, including airlines have incurred huge losses and are struggling to meet their operational costs, and are not able to pay even to the support staff, on the other hand AAI - Kolkata seems to have paid/will pay incremental salaries which may not appear prudent considering the significant losses incurred by the aviation sector.*

*It appears that AAI - Kolkata wants to recover its full employee cost from the airlines, which are facing significant challenges to meet its operating expenses.*

*We submit that there should not be any increase in manpower till the existing manpower is effectively utilised as it will take another two (2)- three (3) years to recover. Existing manpower can be reviewed and any additional costs due to contract manpower or otherwise should be reduced.*

*Without prejudice to the above, AAI - Kolkata needs to considerably restructure its employee benefit expenses and other expenses and hold any revisions at least for the next two (2) years."*





**9.4. AAI's response to stakeholders' comments regarding O&M expenses for the Third Control Period**

- 9.4.1. With respect to IATA's comment on admin & general expenses - CHQ in the Third Control Period, AAI has submitted the following:

*"In this regard it is submitted that AAI is an entity established under an Act of the Parliament and its accounts, after audit by the C&AG is tabled before the Parliament.*

*AAI has been consistently following the below given approach methodology/formula for the purpose of allocation of CHQ & RHQ Expenses to all the Profit Centres. It has adopted the same approach while finalising and submitting the tariff proposals for AERA in the past.*

*AAI has also submitted a document which entails the allocation methodology. AAI submits that based on the above computation, the expenses for TCP may also be considered by AERA as per MYTP."*

- 9.4.2. With respect to IndiGo's and SpiceJet's comments on payroll expenses in the Third Control Period, AAI has submitted that it has addressed the same in Para 9.3.2.

- 9.4.3. With respect to IndiGo's and SpiceJet's comments on R&M expenses in the Third Control Period, AAI has submitted that it has submitted the following:

*"There are various heads of R&M expenses which are incurred for Operational Requirements, Regular maintenance of the airport infrastructure and equipment at the airport.*

*The costs captured by the airports in their respective trial balances are based on the actual spend. To determine the costs, there are detailed tendering mechanisms for every contract and approving authorities. Further, the airports are subject to C&AG audit on a yearly basis."*

- 9.4.4. With respect to IndiGo's comment on CSR expenses, AAI has submitted that it has submitted the following:

*"As per the provisions of Section 135 of the Act, the Companies (CSR Policy) Rules, 2014 and the DPE Guidelines, 2014, two percent of the average net profits (to be calculated in accordance with the provisions of the Act) during the three immediately preceding financial years will be allocated for CSR activities every year.*

*CSR Budget will be utilized for implementing CSR projects approved by the Board on an annual basis. The budget allocation to the CSR Schemes shall be made in the beginning of every financial year after considering the CSR budget for that year.*

*CSR provisions are made on the basis of 2% of Average profits of preceding 3 financial years at Corporate Level.*

*CSR calculation for 2nd control period has been carried out on the basis of Aeronautical and Non-Aeronautical Revenue for the F.Y. 2013-14, 2014-15 & 2015-16 (Single Till basis) whereas, 30% of the Non-aeronautical Revenue has been considered w.e.f. 2016-17 onwards.*

*In case of Kolkata Airport, the CSR amount to be reimbursed are as under:*





# OPERATING & MAINTANENCE EXPENSES FOR THIRD CONTROL PERIOD

| Statement of Calculations for CSR Expenditure In respect of Kolkata Airport |         |         |         |         |         |         |         |         |         | In Crores       |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| Particulars   |         | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Total (5 Years) |
| Revenue from Regulated Services   | A       | 442.4   | 513.7   | 547.1   | 802.5   | 914.14  | 1137.64 | 1138.42 | 509.39  | 4,502.09        |
| Revenue from Non-Aeronautical Services 30%                                  | B       | 108.7   | 134.1   | 133.3   | 49.641  | 66.861  | 72.777  | 68.327  | 35.808  | 293.41          |
| Operating Expenditure   | C       | 229.3   | 287.3   | 296.3   | 341.14  | 326.75  | 339.51  | 426.6   | 388.65  | 1,822.65        |
| Working Capital Interest  | D       |         |         |         |         |         |         |         |         |                 |
| Depreciation  | E       | 83.5    | 154     | 156.6   | 147.13  | 150.9   | 161.71  | 169.66  | 180.77  | 810.17          |
| Total Expenditure   | F=C+D+E | 312.80  | 441.30  | 452.90  | 488.27  | 477.65  | 501.22  | 596.26  | 569.42  | 2,632.82        |
| Regulatory operating  | G=A+B-F | 238.30  | 206.50  | 327.50  | 363.87  | 503.35  | 709.20  | 610.48  | -24.22  | 2,162.68        |
| Profit before tax   |         |         |         |         |         |         |         |         |         |                 |
| Average of previous 3 FY's Aeronautical profits                             | H=G/3   |         |         |         | 257.43  | 299.29  | 398.24  | 525.47  | 607.68  |                 |
| 2.00% of the average PBI (mandatory spend)                                  | I=G*2%  |         |         |         | 5.15    | 5.99    | 7.96    | 10.51   | 12.15   | 41.76           |

**NOTE:** In the F.Y. 2013-14, 2014-15 & 2015-16 Tariff was determined on the basis of Single Till, therefore 100% Non-Aero Rev. Considered for these Years. From F.Y. 2016-17 Hybrid Till is considered.

On the basis of the above statement, an amount of Rs. 41.76 Crores is required to be reimbursed by AERA for Kolkata Airport as AAI has incurred expenditure on account of CSR As per the provisions of Section 135 of the Act, the Companies (CSR Policy) Rules, 2014 and the DPE Guidelines, 2014. AAI as a whole has incurred CSR Expenses from F.Y. 2016-17 to 2020-21 are as under:

| Particulars  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------|---------|---------|---------|---------|---------|
| CSR Expenses | 60.14   | 71.88   | 86.78   | 125.70  | 40.23   |

## 9.5. Authority's analysis on stakeholders' comments regarding O&M expenses for the Third Control Period

- 9.5.1. The Authority has noted AAI's comments regarding allocation ratios used for payroll expenses, Admin and General Expenses, R&M expenses, Utilities and Outsourcing Exp, and other outflows.

It may be noted that the allocation ratios of the aforementioned expenses have been arrived at by using the relevant allocation ratios on common expenses only. The rationale for adopting a terminal building ratio of 90:10 in the Third Control Period has been addressed in Para 6.5.2.

With respect to AAI's comment on utilities and outsourcing expenses, it may be clarified that the Authority has applied the terminal building ratio of 90:10 on upkeep expenses only. For non-upkeep expenses under utilities and outsourcing expenses, the Authority has applied the terminal building ratio of 90:10 on common expenses only. This has been explained in Para 9.2.6.





The Authority has also noted AAI's comment regarding the allocation of payroll expenses. The Authority notes that the payroll expenses have been calculated based on the employee ratio and terminal building ratio.

9.5.2. The Authority also notes AAI's comment on allocation ratio used on admin and general expenses – CHQ in the Third Control Period. The Authority has provided a detailed methodology of calculating the admin and general expenses – CHQ in Paras 4.7.18 to 4.7.21. It may be noted that since the Authority has already considered allocating CHQ expenses into aeronautical and non-aeronautical expenses, an additional allocation ratio has not been applied over the same.

9.5.3. The Authority notes AAI's comment on the growth rate applied on payroll expenses in the Third Control Period. The Authority notes that a 6% increase in payroll costs has been considered in order to account for cost-cutting measures at the NSCBIA, Kolkata as is being done in other AAI airports for the Third Control Period. Along this line, the Authority is of the view that the same must be provided to NSCBIA, Kolkata for the Third Control Period in order to maintain uniformity across all AAI airports.

The Authority has also decided to apply the appropriate growth rates on the O&M expenses of FY 2019-20 to project the O&M expenses of the Third Control Period.

9.5.4. The Authority has noted AAI's comments on admin and general expenses – CHQ for the Third Control Period. The Authority has addressed the same in Para 4.7.36 to 4.7.41.

9.5.5. The Authority has noted AAI's comment on growth rate used to project payroll costs for the Third Control Period. The same has been addressed in Para 9.5.3.

The Authority has also noted AAI's comment on R&M expenses for the Third Control Period. The Authority clarifies that the AMC expenses, have already been considered. It may be noted that the Authority has also considered the AMC expenses related to Digi Yatra from FY 2022-23 in line with the Authority's decision as per Para 6.5.14. Moreover, the Authority has used inflation to project R&M expenses in other AAI airports for the Third Control Period. Along this line, the Authority is of the view that the same must be used at NSCBIA, Kolkata for the Third Control Period in order to ensure cost cutting measures at NSCBIA, Kolkata as is being done across all major airports.

The Authority has decided to revise the growth percentage used to project the payroll costs – CHQ (retirement benefits) for the Third Control Period from 6% to 5% due to the statutory limits relating to the super annuation benefits such as gratuity, leave encashment etc. Moreover, this is to ensure that the payroll costs – CHQ do not increase exponentially in the future, and to ensure uniformity across all AAI airports.

9.5.6. The Authority has carefully analysed IATAs' comments and the workings and comments for CHQ expenses submitted by AAI. The Authority has addressed the same in Para 4.7.36 to 4.7.41.

9.5.7. The Authority has noted IndiGo's comment on growth rates used for projecting O&M expenses in the Third Control Period. The Authority has considered the required cost-cutting measures and insights from the independent study while deciding the projections of O&M expenses. In future, the Authority will continue to undertake such detailed independent studies wherever it is deemed necessary and appropriate.

9.5.8. The Authority has carefully reviewed IndiGo's comment regarding CSR expenses. The Authority notes that the need for provision of CSR as part of O&M expenses has been upheld by the Hon'ble TDSAT. The Authority has accordingly decided to consider CSR expenses up to the statutory limit





of 2% of the average net aeronautical profit made during the three preceding financial years as per Section 135 of Companies Act, 2013. It may be noted that the actual CSR expenses (as per AAI Kolkata's trial balances) have been considered in the Second Control Period. It may be noted that AAI had not submitted CSR expenses for the Third Control Period as per their MYTP submission. Therefore, the Authority has not considered such expenses in the Third Control Period. However, the Authority decides to consider the actual CSR expenses at NSCBIA, Kolkata during the true-up of the Third Control Period, at the time of tariff determination of the Fourth Control Period.

- 9.5.9. The Authority has noted SpiceJet's comments on operating expenses and AAI's counter-comments thereof. The Authority has rationalised the O&M costs projected by AAI after due analysis. Further, the Authority has drawn reference to the detailed O&M study conducted for the Second Control Period. In line with the same, the Authority has applied relevant efficiency parameters for projecting O&M expenses for the Third Control Period. A similar methodology was used for projecting operating expenses for other airports in the Third Control Period.
- 9.5.10. Based on the above examination, the Authority decides to consider the following O&M expenses for the Third Control Period:

**Table 112: O&M expenses for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs Cr.)</b>            | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>    |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll expenses                              | 169.79        | 179.98        | 190.78        | 202.22        | 214.36        | <b>957.12</b>   |
| Payroll expenses – CHQ                        | 30.29         | 31.81         | 33.40         | 35.07         | 36.82         | <b>167.39</b>   |
| <b>Payroll Expenses (A)</b>                   | <b>200.08</b> | <b>211.78</b> | <b>224.17</b> | <b>237.29</b> | <b>251.18</b> | <b>1,124.51</b> |
| Administration and general expenses           | 28.67         | 30.97         | 32.70         | 34.39         | 36.32         | <b>163.05</b>   |
| Administration and general expenses – CHQ     | 71.06         | 74.62         | 78.35         | 82.26         | 86.38         | <b>392.67</b>   |
| <b>Admin and General Expenses (B)</b>         | <b>99.73</b>  | <b>105.59</b> | <b>111.05</b> | <b>116.65</b> | <b>122.7</b>  | <b>555.72</b>   |
| <b>Repairs and maintenance (C)</b>            | <b>79.56</b>  | <b>88.09</b>  | <b>95.68</b>  | <b>100.30</b> | <b>109.49</b> | <b>473.11</b>   |
| <b>Utilities and outsourcing expenses (D)</b> | <b>67.05</b>  | <b>70.80</b>  | <b>74.84</b>  | <b>79.19</b>  | <b>83.88</b>  | <b>375.76</b>   |
| <b>Other outflows (E)</b>                     | <b>2.39</b>   | <b>2.63</b>   | <b>2.89</b>   | <b>3.18</b>   | <b>3.50</b>   | <b>14.59</b>    |
| <b>Total [A to E]</b>                         | <b>448.81</b> | <b>478.89</b> | <b>508.63</b> | <b>536.61</b> | <b>570.75</b> | <b>2,543.69</b> |

- 9.5.11. Based on the above examination, the Authority decides to consider the following annual growth rates in O&M expenses for the Third Control Period:

**Table 113: Growth rates for O&M expenses for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs Cr.)</b>               | <b>2022*</b> | <b>2023</b>   | <b>2024</b>  | <b>2025</b>  | <b>2026</b>  |
|--|--------------|---------------|--------------|--------------|--------------|
| Payroll expenses – non CHQ                       | 6.00%        | 6.00%         | 6.00%        | 6.00%        | 6.00%        |
| Payroll expenses – CHQ                           | 5.00%        | 5.00%         | 5.00%        | 5.00%        | 5.00%        |
| <b>Payroll Expenses (A)</b>                      | <b>5.85%</b> | <b>5.85%</b>  | <b>5.85%</b> | <b>5.85%</b> | <b>5.85%</b> |
| Administration and general expenses – non CHQ ** | (4.08%)      | 8.02%         | 5.59%        | 5.17%        | 5.61%        |
| Administration and general expenses – CHQ        | 5.00%        | 5.00%         | 5.00%        | 5.00%        | 5.00%        |
| <b>Admin and General Expenses (B)</b>            | <b>2.24%</b> | <b>5.85%</b>  | <b>5.17%</b> | <b>5.05%</b> | <b>5.18%</b> |
| <b>Repairs and maintenance (C) ***</b>           | <b>7.80%</b> | <b>10.72%</b> | <b>8.62%</b> | <b>4.83%</b> | <b>9.16%</b> |
| <b>Utilities and outsourcing</b>                 | <b>4.46%</b> | <b>5.59%</b>  | <b>5.71%</b> | <b>5.81%</b> | <b>5.92%</b> |





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| FY ending March 31 (Rs Cr.) | 2022*  | 2023   | 2024   | 2025   | 2026   |
|-----------------------------|--------|--------|--------|--------|--------|
| expenses (D)                |        |        |        |        |        |
| Other outflows (E)          | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Total [A to E]              | 5.17%  | 6.69%  | 6.21%  | 5.50%  | 6.36%  |

\* over FY 2019-20, except admin and general – CHQ, for which FY 2020-21 has been considered

\*\* includes collection charges on UDF which are projected based on traffic for TCP detailed in Chapter 5

\*\*\* inflationary increase has been given for R&M expenses. However, the higher growth rates may be attributed to AMC costs

## 9.6. Authority's decisions regarding O&M expenses for the Third Control Period

Based on the materials before it and its analysis, the Authority proposes the following with respect to O&M expenses for the Third Control Period

- 9.6.1. The Authority decides to consider O&M expenses as set out in Table 112 for the Third Control Period.
- 9.6.2. To true up the O&M expenses for the Third Control Period based on actuals subject to reasonableness and efficiency, at the time of determination of tariff for the Fourth Control Period.





## 10. NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

### 10.1. AAI's Submissions regarding Non-Aeronautical Revenue for the Third Control Period

10.1.1. AAI has submitted its forecast of non-aeronautical revenue for the Third Control Period. The non-aeronautical revenue proposed by AAI primarily comes from three sources: (a) Trading Concessions; (b) Rent and Services; (c) Miscellaneous sources. The assumptions regarding the sub-heads of non-aeronautical revenue forecasts are described in the table as follows:

**Table 114: Summary of assumptions for non-aeronautical revenue for Third Control Period submitted by AAI**

| Particular          | Sub Head   | Assumptions   |
|---------------------|--|---|
| Trading Concessions | <ol style="list-style-type: none"> <li>1. Restaurant/Snack Bars</li> <li>2. T.R Stalls</li> <li>3. Hoarding and Display</li> </ol>   | <p>Growth assumptions for Third Control Period are:</p> <p>(a) For FY 2021-22, AAI has submitted revenue estimates based on data provided by the commercial department of NSCBIA, Kolkata. The forecasts expect to recover 23% of the pre-pandemic revenue pertaining to trading concessions.</p> <p>(b) For FY 2022-23 to FY 2025-26, AAI submitted an annual increase of 7.5% p.a.</p>  |
| Rent and Services   | <ol style="list-style-type: none"> <li>1. Land Rent and Leases</li> <li>2. Land Rent and Leases – Hangars</li> <li>3. Building – Non-Residential</li> <li>4. Building – Residential</li> </ol> | <p>(a) Land Rent and Leases, and Non-Residential Buildings for the Third Control Period have been estimated based on the estimates of the Land and Commercial Departments at NSCBIA, Kolkata</p> <p>(b) Revenue from residential building is expected to increase at an annual rate of 3% p.a. as per AAI's submissions.</p>  |
| Miscellaneous       | <ol style="list-style-type: none"> <li>1. Duty Free Shops</li> <li>2. Car Rentals</li> <li>3. Car Parking</li> <li>4. Admission Tickets</li> <li>5. Other Income</li> </ol>                    | <p>(a) Estimates for FY 2021-22 for miscellaneous non-aeronautical sources are expected to achieve 72% of pre-pandemic levels and are based on the data provided by Commercial Department at NSCBIA, Kolkata.</p> <p>(b) For FY 2022-23 to FY 2025-26, AAI forecasts a 7.5% p.a. increase in revenue from duty free shops, car rentals, car parking.</p> <p>(c) For FY 2022-23 onwards, AAI expects a 5% p.a. increase for revenue from admission tickets and other income.</p> |

10.1.2. Revenue from Non-Aeronautical services for Third Control Period, as submitted by AAI, is as follows:





Table 115: Non-aeronautical revenue for the Third Control Period submitted by AAI

| FY ending March 31 (Rs. Cr.)  | 2022          | 2023          | 2024          | 2025          | 2026          | Total         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Trading Concessions</b>    |               |               |               |               |               |               |
| Restaurant / snack bars       | 5.34          | 5.74          | 6.18          | 6.64          | 7.14          | 31.04         |
| T.R. Stall                    | 9.26          | 9.95          | 10.70         | 11.50         | 12.37         | 53.78         |
| Hoarding & Display            | 11.41         | 12.27         | 13.19         | 14.18         | 15.24         | 66.29         |
| <b>Rent and Services</b>      |               |               |               |               |               |               |
| Land Rent and Leases          | 33.49         | 36.30         | 38.90         | 41.71         | 45.15         | 195.55        |
| Land Rent and Leases - hanger | 23.70         | 25.22         | 26.84         | 28.51         | 30.35         | 134.62        |
| Building Residential          | 0.05          | 0.05          | 0.05          | 0.05          | 0.05          | 0.24          |
| Building Non-Residential      | 19.15         | 20.66         | 22.29         | 24.05         | 25.96         | 112.10        |
| <b>Miscellaneous</b>          |               |               |               |               |               |               |
| Duty Free Shops               | 9.17          | 9.86          | 10.60         | 11.39         | 12.25         | 53.28         |
| Car Rentals                   | 3.03          | 3.26          | 3.51          | 3.77          | 4.05          | 17.62         |
| Car Parking                   | 2.58          | 2.77          | 2.98          | 3.21          | 3.45          | 14.99         |
| Admission Tickets             | 0.53          | 0.56          | 0.59          | 0.62          | 0.65          | 2.95          |
| <b>Other Income</b>           |               |               |               |               |               |               |
| Other Income                  | 26.14         | 27.45         | 28.82         | 30.26         | 31.78         | 144.45        |
| <b>Total</b>                  | <b>143.86</b> | <b>154.09</b> | <b>164.65</b> | <b>175.90</b> | <b>188.42</b> | <b>826.92</b> |

#### 10.2. Authority's examinations regarding Non-Aeronautical Revenue for the Third Control Period as part of Consultation Paper

- 10.2.1. The Authority had noted that revenues pertaining to rent and services are projected based on the data provided by AAI. The Authority had noted that these projections are made after accounting for the relief provided by the airport operator to respective concessionaire/users. This is on account of disruptions caused by the Covid-19 pandemic.
- 10.2.2. The Authority was of the view that the projections of non-aeronautical revenues are primarily dependent on passenger traffic. A large terminal area and new facilities help the airport operator to capture the revenue when the traffic increases. However, the Authority had noted that the passenger traffic is expected to be lower than FY 2019-20 for 1-2 years due to the Covid-19 pandemic. Thus, the Authority was of the view that it is reasonable to assume passenger traffic as a primary driver for non-aeronautical revenue for those years.
- 10.2.3. The Authority had noted that the non-aeronautical revenue pertaining to rent and services is expected to increase by 72% vis-à-vis its pre-pandemic level. The Authority did not propose any material changes regarding the same.
- 10.2.4. The Authority had noted that non-aeronautical revenue streams pertaining to trading concessions and other miscellaneous sources are expected to grow based on a yearly percentage increase. The Authority had also noted that AAI's projections pertaining to these revenue sources are only 50% of the pre-pandemic level. Moreover, the Authority was of the opinion that the following revenue sources should be linked to the traffic recovery vis-à-vis the pre-pandemic volumes:

- Restaurant/Snack Bar
- T.R. Stalls
- Hoarding and Displays
- Duty Free shops
- Car rentals





- Car parking
- Admission tickets

10.2.5. Keeping the above in view and considering the fact that no suitable justification regarding the same was provided by AAI, the Authority had proposed to consider the traffic rates proposed by the Authority in Section 5 in order to estimate the non-aeronautical revenues proposed for the Third Control Period.

**Table 116: Non-aeronautical revenue proposed to be considered for Third Control Period by the Authority in the Consultation Paper**

| <b>FY ending March 31 (Rs. Cr.)</b> | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>    |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| <b>Trading Concessions*</b>         |               |               |               |               |               |                 |
| Restaurant / snack bars             | 9.32          | 15.18         | 16.33         | 17.80         | 20.56         | <b>79.19</b>    |
| T.R. Stall                          | 28.00         | 45.60         | 49.07         | 53.46         | 61.76         | <b>237.89</b>   |
| Hoarding & Display                  | 31.84         | 51.86         | 55.80         | 60.79         | 70.23         | <b>270.52</b>   |
| <b>Rent and Services</b>            |               |               |               |               |               |                 |
| Land Rent and Leases                | 33.49         | 36.30         | 38.90         | 41.71         | 45.15         | <b>195.55</b>   |
| Land Rent and Leases - hanger       | 23.70         | 25.22         | 26.84         | 28.51         | 30.35         | <b>134.62</b>   |
| Building Residential                | 0.05          | 0.05          | 0.05          | 0.05          | 0.05          | <b>0.24</b>     |
| Building Non-Residential            | 19.15         | 20.66         | 22.29         | 24.05         | 25.96         | <b>112.10</b>   |
| <b>Miscellaneous*</b>               |               |               |               |               |               |                 |
| Duty Free Shops                     | 26.91         | 26.91         | 43.82         | 47.15         | 51.37         | <b>196.16</b>   |
| Car Rentals                         | 9.05          | 9.05          | 14.75         | 15.87         | 17.29         | <b>66.00</b>    |
| Car Parking                         | 8.98          | 8.98          | 14.62         | 15.73         | 17.14         | <b>65.43</b>    |
| Admission Tickets                   | 0.86          | 0.86          | 1.39          | 1.50          | 1.63          | <b>6.24</b>     |
| <b>Other Income</b>                 |               |               |               |               |               |                 |
| Other Income                        | 26.14         | 27.45         | 28.82         | 30.26         | 31.78         | <b>144.45</b>   |
| <b>Total</b>                        | <b>217.48</b> | <b>268.10</b> | <b>312.69</b> | <b>336.89</b> | <b>373.25</b> | <b>1,508.41</b> |

\*based on passenger traffic growth

### **10.3. Stakeholders' comments regarding non-aeronautical revenue for the Third Control Period**

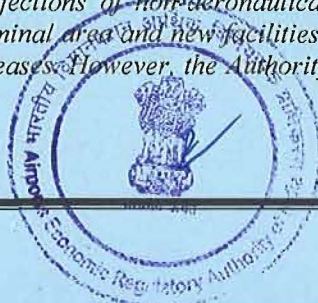
10.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to the non-aeronautical revenues for the Third Control Period. The comments by the stakeholders are presented below:

#### **AAI's comments on O&M expenses for the Third Control Period**

10.3.2. AAI has submitted the following with respect to non-aeronautical revenue in the Third Control Period:

#### **"AERA's Contention**

- The Authority has noted that revenues pertaining to rent and services are projected based on the data provided by AAI. The Authority notes that these projections are made after accounting for the relief provided by the airport operator to respective concessionaire/users. This is on account of disruptions caused by the Covid-19 pandemic.
- The Authority is of the view that the projections of non-aeronautical revenues are primarily dependent on passenger traffic. A large terminal area and new facilities help the airport operator to capture the revenue when the traffic increases. However, the Authority notes that the passenger





traffic is expected to be lower than FY 2019-20 for 1-2 years due to the Covid-19 pandemic. Thus, the Authority is of the view that it is reasonable to assume passenger traffic as a primary driver for non-aeronautical revenue for those years

- The Authority notes that the non-aeronautical revenue pertaining to rent and services is expected to increase by 72% vis-à-vis its pre-pandemic level. The Authority does not propose any material changes regarding the same.
- The Authority notes that non-aeronautical revenue streams pertaining to trading concessions and other miscellaneous sources are expected to grow based on a yearly percentage increase. The Authority also notes that AAI's projections pertaining to these revenue sources are only 50% of the pre-pandemic level. Moreover, the Authority is of the opinion that the following revenue sources should be linked to the traffic recovery vis-à-vis the pre-pandemic volumes: Restaurant/Snack Bar, T.R. Stalls, Hoarding and Displays, Duty Free shops, Car rentals Car parking & Admission tickets.
- The Authority proposes to consider the traffic rates proposed by the Authority in Section 4 in order to estimate the non-aeronautical revenues proposed for the Third Control Period. AERA has propose total non-Aeronautical Revenue Rs.1508.41 (Cr).

#### AAI's Submission

- Generally, increase in traffic is not proportionate with increase in NAR.
- It is to mention that in view of Covid-19 pandemic, AAI had provided Concessionaire Support Scheme (CSS) to various contractors linked to the passenger traffic till 31/12/2021. Under the CSS, license/concession fee was charged based on actual passenger traffic during a particular month. In addition, additional discount was also given due to adverse impact on buying behaviour of the passenger.
- In view of the above, revenue growth after 31/12/2021 is not to be linked with passenger traffic growth. Most of the commercial contracts have been awarded by AAI on fixed license fee basis having annual escalation provision of 10%. Therefore, AAI projections are based on the consistent revenue increment trend during pre- Covid years.
- Hence, projections from FY 2022-23 onwards should be delinked with total traffic numbers and AAI circulars 24&26. Further, in the revenue projection for FY 2021-22, additional discount provided under CSS in license fee due to adverse impact on passenger buying behaviour has also to be factored in.
- Certain contracts which are fixed license fee based with annual escalation and not linked to the passenger movements like Restaurant/Snack bar, Hoarding and Display, Car Rentals & Car Parking.
- As regards to TR stalls & Duty free shops, the revenue share of sales figures are considered with a minimum annual guarantee. However, it is to be noted, the direct/ pro-rata increase in the revenue may not happen. Summary of Non- Traffic are given below:

| Particulars              | Proposed by AERA F.Y 21-22 | MYTP submission by AAI F.Y 21-22 | Actual Achieved by AAI upto Dec' 21 | Amount in Crores   |
|--------------------------|----------------------------|----------------------------------|-------------------------------------|--|
|                          |                            |                                  |                                     | AAI Submission   |
| Restaurants<br>Snack Bar | 9.32                       | 5.34                             | 3.24                                | It is to mention that in view of Covid-19 pandemic, AAI had provided Concessionaire Support Scheme (CSS) to various contractors linked to the passenger traffic till 31/12/2021. Under the CSS, license/concession fee was |
| TR Stall                 | 28.00                      | 9.26                             | 4.27                                |  |





|                    |               |              |              |  |
|--------------------|---------------|--------------|--------------|--|
| Duty Free Shop     | 26.91         | 9.17         | 3.73         | charged based on actual passenger traffic during a particular month. In addition, additional discount was also given due to adverse impact on buying behaviour of the pax.<br><br>Projected figures submitted by AAI are reasonable. Even projected figure couldn't be achieved for Duty free shop and TR Stall. |
| Hoarding & Display | 31.84         | 11.41        | 7.23         |  |
| Car Rental         | 9.05          | 3.03         | 2.48         |  |
| Car Parking        | 8.98          | 2.58         | 1.40         |  |
| Admission          | .86           | .53          | .40          |  |
| <b>Total</b>       | <b>114.96</b> | <b>41.32</b> | <b>22.75</b> |  |

*AAI submits that the Non-Aeronautical Revenue as submitted in the MYTP may be considered. "*

10.3.3. IATA has submitted the following with respect to non-aeronautical revenue in the Third Control Period:

*"IATA supports the proposal by AERA to increase the projected non-aeronautical revenue for the TCP which more closely reflects the traffic projection. If the airport operator insists that aeronautical traffic does not have a bearing on non-aeronautical revenue (as claimed in the consultation meeting on 18 January 2022), theoretically for this to be true, there shouldn't be a decline in non-aeronautical revenues in the SCP due to the COVID-19 crisis. "*

10.3.4. IndiGo has submitted the following with respect to non-aeronautical revenue in the Third Control Period:

*"In reference to para 9.2.5 of the CP, IndiGo appreciates increase of non-aeronautical revenue considered by AERA. However, AERA is requested to re-consider conducting a detailed scrutiny by way of an independent study to considered a higher amount of Non - Aeronautical revenues for the Third Control Period.*

*Without prejudice to the above, IndiGo submits that:*

- *Increase in non-aeronautical revenue is a function of passenger traffic growth, inflationary increase and real increase/escalations in contract rates. AERA to ensure no adjustments are proposed to non-aeronautical revenue which is not dependent on traffic but are derived from agreements with concessionaires. AERA should also review;*
- *'Royalty' is in the nature of market access fee, charged by the services providers under various headings. These charges are passed on to the airlines by the service providers. It may be pertinent to note that market access fee by any name or description is not practiced -in most of the global economies, including European Union, Australia etc. In view of the above, we urge AERA to abolish such royalty which may be included in any of the cost items."*

10.3.5. IndiGo has submitted the following with respect to non-aeronautical revenue in the Third Control Period:

*"We request AERA to kindly undertake detailed scrutiny examination with the assistance of an independent study to be conducted on the non-aeronautical revenue before the tariff determination of the Third Control Period, as we are of the view that the low figures of Kolkata are disappointing. It is further requested that Kolkata Airport explores all avenues to maximise revenue from the utilisation of terminal building for non-aeronautical purposes, as deemed fit*



*Without prejudice to the above, our submission is that increase in non-aeronautical revenue is a function of passenger traffic growth, inflationary increase and real increase/escalations in contract rates. AERA is requested to ensure no adjustments are proposed to non-aeronautical revenue which is not dependent on traffic but are derived from agreements with concessionaires.*

#### **Royalty:**

*Any attempt to award the contracts by the airport operator on highest revenue share basis should be discouraged as it breeds inefficiencies and tends to disproportionately increase the cost. It is general perception service providers has no incentive to reduce its expenses as any such increase will be passed on to the airlines through tariff determination mechanism process and indirectly airlines will be forced to bear these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the airport operator.*

*As you are aware, royalty is in the nature of market access fee, charged (by any name or description) by the Airport operator under various headings without any underlying services. These charges are passed on to the airlines by the airport operator or other services providers. The rates of royalty at Kolkata airport are as high as up to 32-33% for some services. It may be pertinent to note that market access fee by any name or description is not practiced in most of the global economies, including European Union, Australia etc. Sometimes it is argued by the airport operators that 'Royalty' on 'Aero Revenues' helps in subsidizing the aero charges for the airlines, however royalty in 'Non- Aero Revenues' hits the airlines directly without any benefit.*

*In view of the above, we urge Authority to abolish such royalty which may be included in any of the cost items."*

#### **10.4. AAI's response to stakeholders' comments regarding Non-Aeronautical Revenue for the Third Control Period**

10.4.1. In response to the comments of IndiGo, IATA, and SpiceJet with respect to non-aeronautical revenues of the Third Control Period, AAI submitted the following:

- *"Generally, increase in traffic is not proportionate with increase in NAR.*
- *It is to mention that in view of Covid-19 pandemic, AAI had provided Concessionaire Support Scheme (CSS) to various contractors linked to the passenger traffic till 31/12/2021. Under the CSS, license/concession fee was charged based on actual passenger traffic during a particular month. In addition, additional discount was also given due to adverse impact on buying behaviour of the passenger.*
- *In view of the above, revenue growth after 31/12/2021 is not to be linked with passenger traffic growth. Most of the commercial contracts have been awarded by AAI on fixed license fee basis having annual escalation provision of 10%. Therefore, AAI projections are based on the consistent revenue increment trend during pre- Covid years.*
- *Hence, projections from FY 2022-23 onwards should be delinked with total traffic numbers and AAI circulars 24&26. Further, in the revenue projection for FY 2021-22, additional discount provided under CSS in license fee due to adverse impact on passenger buying behaviour has also to be factored in.*
- *Certain contracts which are fixed license fee based with annual escalation and not linked to the passenger movements like Restaurant/Snack bar, Hoarding and Display, Car Rentals & Car Parking.*





- As regards to TR stalls & Duty-free shops, the revenue share of sales figures are considered with a minimum annual guarantee. However, it is to be noted, the direct/ pro-rata increase in the revenue may not happen.
- AAI has provided same rate for Rent & Services to Airlines for the F.Y. 2020-21 as per rates of F.Y. 2019-20."

10.4.2. In response to the comments of IndiGo and SpiceJet with respect to royalty, AAI submitted the following:

*"AAI has initiated tender as per the terms and conditions, period of license etc., mentioned in line with the AAI commercial manual. Commercial Department is collecting 13% of GTO from Inflight Caterers for doing business at Airport. Collection of 13% royalty from Inflight catering service provider is prevailing in all the AAI managed Airports as per the internal policies.*

*AAI is incurring huge expenditure on providing the infrastructure to facilitate the Ground Handling Agencies for providing their services to the airlines. Further, the royalty on Ground handling charges (Revenue Share) payable by Ground Handling Agency has been brought down to 3% of Actual Gross Revenue from Scheduled Domestic Passenger Flights and 15% of Actual Gross Revenue from users other than Scheduled Domestic Passenger Flights and RCS flights. This is effective from 1st October 2021."*

#### **10.5. Authority's analysis on stakeholders' comments regarding non-aeronautical revenue for the Third Control Period**

10.5.1. The Authority takes note of AAI's comment on how non-aeronautical revenue was projected after taking into account relief measures provided to its concessionaires. The Authority does not agree with the contention of AAI that the increase in traffic is not proportionate with increase in non-aeronautical revenue. The Authority decides to estimate the non-aeronautical revenue projections using the traffic forecasts decided by the Authority for the Third Control Period. However, the Authority notes that the growth in AAI's non-aeronautical revenue between the Second and Third Control Period is negative. Moreover, the Authority also draws reference to non-aeronautical revenues at other major airports like that of MIAL, BIAL, etc. and notes a substantial portion of non-aeronautical revenues in total airport revenues.

The Authority expects AAI to thoroughly review the non-aeronautical revenue generated by NSCBIA, Kolkata and other airports and endeavour to increase the same for the benefit of airport users by cross-subsidising the required aeronautical revenue. Along these lines, the Authority expects AAI to recover the non-aeronautical revenue loss (if any) during the pandemic in the remaining years of the Third Control Period so as to benefit the airport users through higher cross-subsidisation.

10.5.2. The Authority has noted IATA's comment on non-aeronautical revenue for the Third Control Period. The Authority has addressed the same in Para 10.5.1.

10.5.3. The Authority takes note of IndiGo and SpiceJet's comments on the computation of non-aeronautical revenue and AAI's counter-comment thereof. The Authority decides to estimate the non-aeronautical revenue projections using the traffic forecasts decided by the Authority. The Authority further notes that setting a steep increase in the non-aeronautical revenue in the Third Control Period cannot be achieved by the airport operator due to the revival of pre-pandemic traffic only by FY 2022-23 for domestic passengers and FY 2023-24 for international passengers. Instead, the Authority decides to project non-aeronautical revenues that are dependent on traffic (i.e., restaurants,





T.R stalls, duty free shops, car parking, etc.) using the traffic projections decided by the Authority for the Third Control Period.

- 10.5.4. The Authority takes note of IndiGo and SpiceJet's comments on royalty and AAI's counter-comment thereof. The Authority has noted the issue of high royalty fees/license fees and revenue share payable to airport operators by the service providers as a pass-through expenditure. It may be noted that the Authority has a separate tariff determination process for service providers during which issues relating to royalty charges are addressed alongside a rigorous stakeholder consultation process.
- 10.5.5. The Authority notes that the non-aeronautical revenue is subject to change due to the revised passenger traffic as provided in Table 75. The following table summarises the non-aeronautical revenue for the Third Control Period as decided by the Authority.

**Table 117: Non-aeronautical revenue for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs. Cr.)</b> | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>    |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| <b>Trading Concessions*</b>         |               |               |               |               |               |                 |
| Restaurant / snack bars             | 9.32          | 15.18         | 16.33         | 17.80         | 20.56         | <b>79.19</b>    |
| T.R. Stall                          | 28.00         | 45.60         | 49.07         | 53.46         | 61.76         | <b>237.89</b>   |
| Hoarding & Display                  | 31.84         | 51.86         | 55.80         | 60.79         | 70.23         | <b>270.52</b>   |
| <b>Rent and Services</b>            |               |               |               |               |               |                 |
| Land Rent and Leases                | 33.49         | 36.30         | 38.90         | 41.71         | 45.15         | <b>195.55</b>   |
| Land Rent and Leases - hanger       | 23.70         | 25.22         | 26.84         | 28.51         | 30.35         | <b>134.62</b>   |
| Building Residential                | 0.04          | 0.05          | 0.05          | 0.05          | 0.05          | <b>0.24</b>     |
| Building Non Residential            | 19.15         | 20.66         | 22.29         | 24.05         | 25.96         | <b>112.10</b>   |
| <b>Miscellaneous*</b>               |               |               |               |               |               |                 |
| Duty Free Shops                     | 26.91         | 26.91         | 43.82         | 47.15         | 51.37         | <b>196.16</b>   |
| Car Rentals                         | 9.05          | 9.05          | 14.75         | 15.87         | 17.29         | <b>66.00</b>    |
| Car Parking                         | 8.98          | 8.98          | 14.62         | 15.73         | 17.14         | <b>65.43</b>    |
| Admission Tickets                   | 0.86          | 0.86          | 1.39          | 1.50          | 1.63          | <b>6.24</b>     |
| <b>Other Income</b>                 |               |               |               |               |               |                 |
| Other Income                        | 9.84          | 10.34         | 10.85         | 11.40         | 11.97         | <b>54.40</b>    |
| <b>Total</b>                        | <b>201.18</b> | <b>250.99</b> | <b>294.72</b> | <b>318.02</b> | <b>353.44</b> | <b>1,418.35</b> |

\*based on passenger traffic growth

#### **10.6. Authority's decisions regarding non-aeronautical revenue for the Third Control Period**

Based on the materials before it and its analysis, the Authority decided the following with respect to non-aeronautical revenue for the Third Control Period

- 10.6.1. To consider the non-aeronautical revenues as per Table 117 for the Third Control Period.
- 10.6.2. To true up non-aeronautical revenues for the Third Control Period at the time of determination of tariff of the Fourth Control Period.





## 11. TAXATION FOR THE THIRD CONTROL PERIOD

### 11.1. AAI's Submissions regarding Taxation for the Third Control Period

- 11.1.1. AAI has calculated the revenue generated from regulated services, aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per income tax. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The aeronautical taxes as submitted by AAI to be considered for tariff calculation are as shown in the table below:

**Table 118: Aeronautical taxes submitted by AAI for Third Control Period**

| <b>FY ending March 31 (Rs Cr.)</b>                      | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>Total</b>     |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| Aeronautical Revenue [1]                                | 829.01         | 1377.53        | 2096.26        | 3185.06        | 4660.06        | <b>12,147.92</b> |
| Operational Expenses [2]                                | 521.71         | 567.32         | 608.38         | 652.69         | 704.63         | <b>3,054.74</b>  |
| Total Interest and Finance charges [3]                  | 6.56           | 14.70          | 19.10          | 20.27          | 21.90          | <b>82.54</b>     |
| Dep. as per Income Tax Act [4]                          | 177.87         | 191.15         | 187.56         | 182.38         | 183.83         | <b>922.78</b>    |
| Total expenses. [5] = [2 + 3 + 4]                       | 706.13         | 773.17         | 815.04         | 855.35         | 910.36         | <b>4,060.06</b>  |
| PBT [6] = [1 – 5]                                       | 122.88         | 604.35         | 1,281.22       | 2,329.72       | 3,749.69       | <b>8,087.86</b>  |
| Set-off of prior period tax losses [7]                  | (122.88)       | (112.15)       | -              | -              | -              | <b>(235.03)</b>  |
| <b>PBT after set-off of prior period tax losses [8]</b> | -              | 492.20         | 1,281.22       | 2,329.72       | 3,749.69       | <b>7,852.83</b>  |
| <b>Tax (25.17%) [9] = 25.17%*[8]</b>                    | -              | <b>123.89</b>  | <b>322.48</b>  | <b>586.39</b>  | <b>943.80</b>  | <b>1,976.56</b>  |

### 11.2. Authority's examinations regarding Aeronautical Tax for the Third Control Period as part of Consultation Paper

- 11.2.1. The Authority had noted that AAI has calculated income tax based on the aeronautical revenues projected. The Authority has re-computed the taxes based on the revised regulatory building blocks for the Third Control Period proposed in the previous sections. The following table summarizes the aeronautical taxes proposed by the Authority for the Third Control Period:

**Table 119: Aeronautical taxes proposed to be considered by the Authority for Third Control Period in the Consultation Paper**

| <b>FY ending March 31 (Rs Cr.)</b>               | <b>2022</b> | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>   | <b>Total</b>    |
|--|-------------|---------------|---------------|---------------|---------------|-----------------|
| Aeronautical Revenue [1]                         | 753.91      | 1303.42       | 1473.96       | 1636.84       | 1886.08       | <b>7,054.21</b> |
| Operational Expenses [2]                         | 449.06      | 481.27        | 509.74        | 540.13        | 577.10        | <b>2,557.29</b> |
| Total Interest and Finance charges [3]           | 6.56        | 14.70         | 19.10         | 20.27         | 21.82         | <b>82.45</b>    |
| Dep. As WDV as per Income Tax Act [4]            | 164.15      | 151.66        | 157.60        | 173.26        | 169.93        | <b>816.61</b>   |
| Total expense.[5] = [2 + 3 + 4]                  | 619.77      | 647.62        | 686.44        | 733.67        | 768.85        | <b>3,456.36</b> |
| PBT [6] = [1 – 5]                                | 134.14      | 655.79        | 787.52        | 903.18        | 1,117.23      | <b>3,597.86</b> |
| Set-off of prior period tax losses [7]           | (153.56)    | -             | -             | -             | -             | <b>(153.56)</b> |
| PBT after set-off of prior period tax losses [8] | -19.42      | 655.79        | 787.52        | 903.18        | 1,117.23      | <b>3,444.29</b> |
| <b>Tax (25.17%) [9] = 25.17%*[8]</b>             | <b>0.00</b> | <b>165.06</b> | <b>198.22</b> | <b>227.33</b> | <b>281.21</b> | <b>871.82</b>   |





**11.3. Stakeholders' comments regarding Aeronautical Tax for the Third Control Period**

11.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to aeronautical taxes for the Third Control Period. The comments by stakeholders are presented below:

**Other stakeholders' comments on aeronautical tax for the Third Control Period**

11.3.2. With respect to aeronautical tax for the Third Control Period, IATA commented as follows:

*"IATA has no further comments and supports AERA in lowering the tax projection provided by AAI in the TCP."*

**11.4. AAI's response to stakeholders' comments regarding Aeronautical Tax for the Third Control Period**

11.4.1. In response to IATA's comment on aeronautical tax for the Third Control Period, AAI submitted the following:

*"It depends on Aeronautical Revenue and Aeronautical expenses, Depreciation etc. The lowering of taxes is due to non-increase of tariff and consequently lower Aero Revenue. The taxes would increase when Aero revenue will increase."*

**11.5. Authority's analysis on stakeholders' comments regarding Aeronautical Tax for the Third Control Period**

11.5.1. The Authority has noted IATA's comment on taxation for the Third Control Period and AAI's response thereof. The calculation of aeronautical taxation for the Third Control Period is based on the AERA Guidelines, 2011. However, the Authority also notes that the analysis presented earlier under different regulatory building blocks would have an impact on the aeronautical taxes in the Third Control Period. The Authority has accordingly recalculated the aeronautical taxes for the Third Control Period and decides to consider the same for the tariff determination process.

**Table 120: Aeronautical taxes for the Third Control Period as decided by the Authority**

| <b>FY ending March 31 (Rs Cr.)</b>                      | <b>2022</b>  | <b>2023</b>   | <b>2024</b>   | <b>2025</b>   | <b>2026</b>     | <b>Total</b>    |
|---|--------------|---------------|---------------|---------------|-----------------|-----------------|
| Aeronautical Revenue [1] [Table 129]                    | 662.83       | 1263.90       | 1493.19       | 1661.61       | 1920.22         | <b>7,001.75</b> |
| Operational Expenses [2] [Table 54]                     | 448.82       | 478.88        | 508.62        | 536.61        | 570.74          | <b>2,543.68</b> |
| Total Interest and Finance charges [3]                  | 6.56         | 14.70         | 19.10         | 20.27         | 21.82           | <b>82.45</b>    |
| Dep. as per Income Tax Act [4]                          | 160.09       | 155.85        | 166.69        | 178.39        | 172.71          | <b>833.73</b>   |
| Total expenses. [5] = [2 + 3 + 4]                       | 615.47       | 649.44        | 694.41        | 735.28        | 765.27          | <b>3,459.87</b> |
| PBT [6] = [1 - 5]                                       | 47.35        | 614.47        | 798.78        | 926.34        | 1,154.95        | <b>3,541.88</b> |
| Set-off of prior period tax losses* [7]                 | (30.94)      | -             | -             | -             | -               | <b>(30.94)</b>  |
| <b>PBT after set-off of prior period tax losses [8]</b> | <b>16.41</b> | <b>614.47</b> | <b>798.78</b> | <b>926.34</b> | <b>1,154.95</b> | <b>3,510.94</b> |
| <b>Tax (25.17%) [9] = 25.17%*[8]</b>                    | <b>4.13</b>  | <b>154.66</b> | <b>201.05</b> | <b>233.16</b> | <b>290.70</b>   | <b>883.70</b>   |

\*Accounting for cumulative prior period losses





**11.6. Authority's decisions regarding Aeronautical Tax for the Third Control Period**

Based on the materials before it and its analysis, the Authority proposes the following with respect to taxation for the Third Control Period

- 11.6.1. To consider aeronautical tax as per Table 120 for the Third Control Period.
- 11.6.2. To true up the aeronautical tax estimates based on actual tax outflow at the end of the Third Control Period.



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AERA





## 12. INFLATION FOR THE THIRD CONTROL PERIOD

### 12.1. AAI's Submission regarding Inflation for the Third Control Period

- 12.1.1. The rate of inflation considered by AAI for NSCBIA, Kolkata is based on the Consumer Price Index as per RBI. AAI has stated that it has considered the CPI forecast for four quarters of FY 2020-21 by RBI and computed an arithmetic mean of the same. The inflation rates submitted by AAI are given in the table below:

**Table 121: Inflation submitted by AAI for Third Control Period**

| Quarter (FY21) | Inflation (in %) |
|----------------|------------------|
| Q1             | 5.60             |
| Q2             | 4.90             |
| Q3             | 3.20             |
| Q4             | 2.80             |
| Mean           | 4.13             |

### 12.2. Authority's examination regarding Inflation for the Third Control Period as part of Consultation Paper

- 12.2.1. The Authority had analysed the submission made by AAI regarding inflation for the Third Control Period. The Authority has noted that inflation figures submitted by AAI for FY 2020-21 (CPI Combined) pertain to forecast by the RBI as per its 64th round of survey of professional forecasters on macroeconomic indicators (released on 04.06.2020).
- 12.2.2. The Authority, however, proposed to consider the recent inflation forecast by the RBI as per its 69th round of survey of professional forecasters on macroeconomic indicators (released on 07.04.2021). It is of the view that the same would be consistent with the recent macroeconomic developments.
- 12.2.3. Based on the recent inflation forecast by the RBI, the Authority proposed to consider inflation of 4.9%, i.e. the mean WPI inflation forecast for FY 2021-22 (WPI Non-food Manufactured Products) given in the table below:

**Table 122: WPI (non-food manufactured products) as per RBI's 69th round of survey**

| Items (%) | FY 2020-21<br>(Q4) | FY 2021-22<br>(Q1) | FY 2021-22<br>(Q2) | FY 2021-22<br>(Q3) | FY 2021-22<br>(Q4) | Mean |
|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|------|
| Inflation | 5.5                | 6.2                | 5.8                | 4.3                | 2.6                | 4.9  |

### 12.3. Stakeholders' comments regarding Inflation for the Third Control Period

- 12.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to the inflation for the Third Control Period. The comments by stakeholders are presented below:

#### **Other stakeholders' comments on inflation for the Third Control Period**

- 12.3.2. With respect to inflation in the Third Control Period, stakeholders commented as follows:





*"IATA does not support the approach in passing on inflationary costs to airport users. This is simply not a standard practice in a competitive environment as commercial businesses would strive for greater efficiency and costs management to offset inflations as a first resort."*

**12.4. AAI's response to stakeholders' comments regarding inflation for the Third Control Period**

12.4.1. AAI's response to IATA's comment is as follows:

*"AERA may like to offer its views."*

**12.5. Authority's analysis on stakeholders' comments regarding inflation for the Third Control Period**

12.5.1. The Authority has noted IATA's comment on inflation for the Third Control Period. The Authority is of the view that not considering an inflationary increase in expenses would result in a compromise in quality of services offered by the airport operator. Moreover, this may adversely impact the cashflows of the airport operator. Therefore, the Authority decides to consider an inflation of 4.9% for the Third Control Period as per Para 12.2.3.

**12.6. Authority's decisions regarding Inflation for the Third Control Period**

Based on the materials before it and its analysis, the Authority proposes the following with respect to inflation for the Third Control Period

12.6.1. To consider inflation of 4.9% for the Third Control Period based on the mean WPI inflation forecast for FY 2021-22 given in the 69<sup>th</sup> round of survey of professional forecasters on macroeconomic indicators of RBI, as per Para 12.2.3.





### 13. QUALITY OF SERVICES FOR THE THIRD CONTROL PERIOD

#### 13.1. AAI's Submissions regarding Quality of Services for the Third Control Period

13.1.1. AAI has not made any submissions related to Quality of Service as part of its MYTP submission made in March 2021.

13.1.2. With respect to Quality of Service the Authority notes the following:

- As per section 13(1) (a)(ii) of the AERA Act, 2008, the Authority shall determine the tariff for aeronautical services taking into consideration - "the service provided, its quality and other relevant factors."
- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall "monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf;"

13.1.3. In the tariff order for NSCBIA, Kolkata for the Second Control Period, the Authority had noted that it expects AAI to maintain ASQ rating above 3.75 in 3rd control period (para 17.13).

13.1.4. The following table summarises the annual ASQ ratings of NSCBIA, Kolkata obtained during the Second Control Period:

**Table 123: ASQ Ratings for NSCBIA, Kolkata from 2017-20**

| Year | ASQ Rating |
|------|------------|
| 2017 | 4.75       |
| 2018 | 4.79       |
| 2019 | 4.71       |
| 2020 | 4.77       |

13.1.5. The Authority has noted that the ASQ ratings awarded by ACI to NSCBIA, Kolkata during FY 2016-17 to 2019-20 was in the range of 4.71 - 4.79.

13.1.6. Further, the Authority has noted that NSCBIA won the ASQ award by ACI in 2020 for best hygiene measures by region.

#### 13.2. Authority's examination regarding Quality of Services for the Third Control Period as part of Consultation Paper

13.2.1. The Authority had reviewed the MoU between AAI and MoCA for FY 2019-20 and noted that the ASQ rating target for FY 2019-20 was 4.68. The actual ASQ rating achieved by NSCBIA, Kolkata for FY 2019-20 was 4.77.

13.2.2. Since the ASQ ratings achieved are higher than the target ASQ ratings, the Authority did not propose any adjustment towards tariff determination for the Third Control Period on account of quality of service maintained by NSCBIA, Kolkata.

#### 13.3. Stakeholders' comments regarding Quality of Services for the Third Control Period

13.3.1. During the shareholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No.



25/2021-22 with respect to the quality of services for the Third Control Period. The comments by stakeholders are presented below:

**Other stakeholders' comments on Quality of Services for the Third Control Period**

13.3.2. IATA's comment regarding quality of services for the Third Control Period is as follows:

*"Despite positive results from the assessments by ACI's ASQ which is subjective in nature, feedback from local aircraft operators indicate that service levels have degraded. We request AERA to supplement existing requirements with a robust program to assess the service levels in a quantitative manner. IATA has provided some guidance on best practices to AERA in the past and would be happy to support the effort by AERA to improve this aspect."*

**13.4. AAI's response to stakeholders' comments regarding Quality of Services for the Third Control Period**

13.4.1. AAI's response to IATA's comment on quality of services for the Third Control Period is provided below.

*"ACI/ASQ ratings are followed worldwide. AAI is also following same practice."*

*AERA may also like to offer its views."*

**13.5. Authority's analysis of on stakeholders' comments regarding Quality of Services for the Third Control Period**

13.5.1. The Authority has noted IATA's comment regarding the quality of services at NSCBIA, Kolkata. However, the Authority would like to point out that no other stakeholder, either in the consultation meeting or in written communication, has commented on this aspect. The Authority has in the past urged IATA to undertake a study on quality of services at the airports as is being done by ACI.

13.5.2. The Authority also reviewed the MoU between AAI and MoCA for the FY 2019-20 and noted that the ASQ rating target for the FY 2019-20 was 4.68. The actual ASQ rating achieved by NSCBIA, Kolkata for the FY 2019-20 was 4.77. Since the target ASQ ratings have been achieved, the Authority does not propose any adjustment towards tariff determination for the Third Control Period on account of quality of service maintained by NSCBIA, Kolkata.

**13.6. Authority's decisions regarding Quality of Services for the Third Control Period**

Based on the materials before it and its analysis, the Authority decides the following with respect to quality of services for the Third Control Period

13.6.1. To not consider any adjustment towards tariff determination for the Third Control Period on account of quality of service.





**14. AGGREGATE REVENUE REQUIREMENT FOR THE THIRD CONTROL PERIOD****14.1. AAI's Submissions regarding Aggregate Revenue Requirement for the Third Control Period**

14.1.1. AAI has arrived at the following ARR for the Third Control Period based on the submissions made for the regulatory building blocks as per the previous sections:

**Table 124: Aggregate Revenue Requirement submitted by AAI for Third Control Period**

| <b>FY ending March 31<br/>(in Rs Cr.)</b>                    | <b>Ref</b>                  | <b>2022</b>     | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>Total</b>     |
|--|-----------------------------|-----------------|-------------|-------------|-------------|-------------|------------------|
| Opening RAB  | A                           | 2,150.78        | 2,160.60    | 2,254.90    | 2,141.15    | 2,346.91    |                  |
| Closing RAB  | B                           | 2,160.60        | 2,254.90    | 2,141.15    | 2,346.91    | 2,298.35    |                  |
| Average RAB  | $C = \frac{A+B}{2}$         | 2,155.69        | 2,207.75    | 2,198.02    | 2,244.03    | 2,322.63    |                  |
| FRoR (%)   | D                           | 14.00%          | 14.00%      | 14.00%      | 14.00%      | 14.00%      |                  |
| Return on RAB  | $E = C \times D$            | 301.80          | 309.09      | 307.72      | 314.16      | 325.17      | <b>1,557.94</b>  |
| O&M Expenses   | F                           | 521.71          | 567.32      | 608.38      | 652.69      | 704.63      | <b>3,054.74</b>  |
| Depreciation   | G                           | 195.74          | 205.59      | 165.15      | 171.60      | 180.61      | <b>918.69</b>    |
| Tax  | H                           | -               | 123.89      | 322.48      | 586.39      | 943.80      | <b>1,976.56</b>  |
| Return on Land   | I                           | 0.10            | 0.10        | 0.10        | 0.10        | 0.10        | <b>0.52</b>      |
| Under-recovery of Second Control Period as on 31 March 2022  | J                           | 2,910.21        |             |             |             |             | <b>2,910.21</b>  |
| Depreciation on financing allowance for First Control Period | K                           | 13.25           | 13.24       | 9.47        | 7.63        | 7.63        | <b>51.23</b>     |
| Return on financing allowance for Second Control Period      | L                           | 15.24           | 13.90       | 12.75       | 11.88       | 11.11       | <b>64.89</b>     |
| Interest on term loan  | M                           | 6.56            | 14.70       | 19.10       | 20.27       | 21.90       | <b>82.54</b>     |
| Aggregate Revenue Requirement (including true-up)            | $N = E \text{ to } M$       | 3,964.61        | 1,247.83    | 1,445.17    | 1,764.75    | 2,194.96    | <b>10,617.32</b> |
| Non-Aeronautical Revenue                                     | O                           | 143.86          | 154.09      | 164.65      | 175.90      | 188.42      | <b>826.92</b>    |
| Less: 30% Non-Aeronautical Revenue                           | $P = 30\% \times O$         | 43.16           | 46.23       | 49.39       | 52.77       | 56.53       | <b>248.08</b>    |
| Net ARR  | $Q = N - P$                 | 3,921.45        | 1,201.60    | 1,395.77    | 1,711.98    | 2,138.44    | <b>10,369.24</b> |
| Discount rate  | R                           | 14.00%          | 14.00%      | 14.00%      | 14.00%      | 14.00%      |                  |
| Discount Factor  | S                           | 1.00            | 0.88        | 0.77        | 0.67        | 0.59        |                  |
| NPV of Net ARR as on 31 March 2022                           | $T = S \times Q$            | 3,921.45        | 1,054.04    | 1,074.00    | 1,155.54    | 1,266.13    | <b>8,471.15</b>  |
| Passengers (in mns)  | U                           | <b>55.94</b>    |             |             |             |             | <b>55.94</b>     |
| Yield Per Passenger (in Rs.)                                 | $V = \frac{T}{U} \times 10$ | <b>1,514.22</b> |             |             |             |             | <b>1,514.22</b>  |

14.1.2. Accordingly, the yield per passenger as submitted by AAI at the beginning of the Third Control Period is Rs. 1,514.22. Based on the ARR of Rs. 8,471.15 Cr. (in present value terms), AAI has submitted a tariff rate card which is provided in Annexure 4 of Consultation Paper No. 25/2021-22.





**14.2. Authority's examination regarding Aggregate Revenue Requirement for the Third Control Period as part of Consultation Paper**

14.2.1. Based on the changes proposed by the Authority for each building block, and after accounting for the under-recovery of Rs. 1,727.60 Cr. in FY 2021-22 as per the true-up calculation for the Second Control Period, the ARR proposed by the Authority for the Third Control Period is given in the table below:

**Table 125: Aggregate Revenue Requirement proposed to be considered by the Authority for the Third Control Period in the Consultation Paper**

| FY ending March 31 (in Rs Cr.)   | Ref             | 2022     | 2023     | 2024     | 2025     | 2026     | Total    |
|--|-----------------|----------|----------|----------|----------|----------|----------|
| Opening RAB (Table 92)   | A               | 2,109.46 | 2,049.34 | 1,897.34 | 2,075.06 | 2,121.42 |          |
| Closing RAB (Table 92)   | B               | 2,049.34 | 1,897.34 | 2,075.06 | 2,121.42 | 2,077.15 |          |
| Average RAB (Table 92)   | C =<br>Av(A+B)  | 2,079.40 | 1,973.34 | 1,986.20 | 2,098.24 | 2,099.29 |          |
| FRoR (%) (Table 102)   | D               | 13.38%   | 13.38%   | 13.38%   | 13.38%   | 13.38%   |          |
| Return on RAB  | E = C*D         | 278.31   | 264.11   | 265.83   | 280.83   | 280.97   | 1,370.06 |
| O&M Expenses (Table 110)   | F               | 449.06   | 481.27   | 509.74   | 540.13   | 577.10   | 2,557.29 |
| Depreciation (Table 91)  | G               | 188.70   | 190.01   | 150.17   | 158.19   | 163.93   | 851.01   |
| Tax (Table 119)  | H               | -        | 165.06   | 198.22   | 227.33   | 281.21   | 871.82   |
| Return on Land (Para 8.6.1)  | I               | -        | -        | -        | -        | -        | 0.00     |
| Under-recovery of Second Control Period (Table 70) as on 31 March 2022 | J               | 1,727.60 |          |          |          |          | 1,727.60 |
| Depreciation on financing allowance for First Control Period           | K               | -        | -        | -        | -        | -        | 0.00     |
| Return on financing allowance for Second Control Period                | L               | -        | -        | -        | -        | -        | 0.00     |
| Interest on term loan  | M               | -        | -        | -        | -        | -        | 0.00     |
| Aggregate Revenue Requirement (including true-up)                      | N =<br>E to M   | 2,643.67 | 1,100.45 | 1,123.96 | 1,206.49 | 1,303.21 | 7,377.78 |
| Non-Aeronautical Revenue (Table 116)                                   | O               | 217.48   | 268.10   | 312.69   | 336.89   | 373.25   | 1,508.41 |
| Less: 30% Non-Aeronautical Revenue                                     | P =<br>30%*O    | 65.24    | 80.43    | 93.81    | 101.07   | 111.97   | 452.52   |
| Net ARR  | Q =<br>N + P    | 2,578.42 | 1,020.02 | 1,030.16 | 1,105.42 | 1,191.24 | 6,925.26 |
| Discount rate  | R               | 13.38%   | 13.38%   | 13.38%   | 13.38%   | 13.38%   |          |
| Discount Factor  | S               | 1.00     | 0.88     | 0.78     | 0.69     | 0.61     |          |
| PV of Net ARR as on 31 March 2022                                      | T = S*Q         | 2,578.42 | 899.61   | 801.31   | 758.35   | 720.76   | 5,758.45 |
| Passengers (in mns) (Table 74)   | U               | 58.01    |          |          |          |          |          |
| Yield Per Passenger (in Rs.)   | V =<br>(T/U)*10 | 992.72   |          |          |          |          |          |

14.2.2. The yield per passenger beginning in the Third Control Period computed by the Authority is Rs. 992.72. Further, the Authority estimated the present value of ARR to be Rs. 5,758.45 Cr. as seen in the table above.





**14.3. Stakeholders' comments regarding Aggregate Revenue Requirement for the Third Control Period**

14.3.1. During the stakeholder consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to aggregate revenue requirement for the Third Control Period. The comments by the stakeholders are mentioned below:

**AAI's comments regarding ARR for the Third Control Period**

14.3.2. AAI's comment regarding ARR for the Third Control Period is provided below.

**"AERA's Contentions"**

- AERA has proposed shortfall to Rs.444.37 (Cr).
- The Revised Tariff commencement date is set to be 1st April 2022

**AAI's submission and Request**

- The Revised Tariff as proposed by AERA is on Lessor side as compared to the AAI's Proposed rates.
- After considering all the above changes, the AERA is requested to consider full recovery of ARR.
- AAI agrees with the Tariff Commencement date as proposed by AERA i.e. from 1st April 2022.
- AAI submits to AERA to kindly recompute the IDC, expenses capitalization, interest on working capital/Term Loan, non-aeronautical revenues, R&M and upkeep and other all other building blocks in which there would be consequential changes/impact based on the revised considerations/points submitted in this document and accordingly the tariff may be determined as proposed by AAI.

**AAI requests AERA to implement the Airport Charges w.e.f 01.04.2022 after incorporating the submission of AAI in the full recovery model as proposed in TCP."**

14.3.3. AAI's comment regarding interest on term loan for the Third Control Period is provided as follows.

- "AAI has included claim for W Interest on term loan a separate line item in the computation of ARR. The Authority has noted that AAI had availed a short-term working capital facility of Rs.1,500 crores and had also availed term loan of Rs. 2,100 crores in FY 2020-21 for all AAI Airports.
- The Authority notes that AAI has computed working capital interest based on the forecasted recovery of revenue and payment of expenses and has considered the entire expense as aeronautical. As per the calculation by AAI, the requirement for working capital will arise in the year of FY 2021-22.
- The Authority has reviewed the computation of interest on working capital loan. The Authority has reworked the cash flows based on the revised operating expenses, traffic, non-aeronautical and aeronautical revenues. As per this revised computation, there appears to be no material deficit between the spends and receipts and hence there is no requirement to avail the WC facility for NSCBI Airport Kolkata. In case of need for Working Capital facility arising in the





*Third Control Period, the same will be reviewed and trued up at the time of tariff determination for the Fourth Control Period.*

- *The Authority proposes to not consider interest on term loans as O&M expenses. This is because the term loan has already been factored in the computation of FRoR, hence this amount is not being considered for reimbursement once again.*

#### **AAI's submission**

*With regard to Interest on Term Loan, as per AS 16: The Borrowing Cost incurred subsequent to the capitalisation of the asset are recognised as financing charges in the period in which they are incurred. It is requested to allow the borrowing cost after the date of Capitalisation in line with the AS and the accounting policy."*

#### **Other stakeholders' comments regarding ARR for the Third Control Period**

14.3.4. IATA's comment regarding ARR for the Third Control Period is as follows:

*"IATA requests AERA to further adjust the ARR downwards to reflect the suggestions made in the respective sections above."*

14.3.5. IndiGo's comment regarding ARR for the Third Control Period is as follows:

*"(i) Overall Tariff/ARR*

*AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned under Annex - B, which is likely to reduce the ARR of AAI. This will further ensure the lowering of tariff including UDF, which will be beneficial to passengers and airlines.*

*(ii) Collection Charges IndiGo would like to invite AERA's attention to para 17.2.4 of Annexure - II of the CP. As observed rate of collection of UDF charges has not been clarified. We understand that such rate of Collection Charges (being clarified in other Consultation Papers/CP is Rs. 5 (Rupees five only) per departing passenger. We request that the same is clarified in the Tariff Order for Kolkata Airport.*

*We further request that the Collection Charges the entitlement for airlines, should be against AAI having received the 'undisputed' invoiced UDF amount with the applicable due date.*

*(iii) Shrinkage in Control Period IndiGo submits that the Hon'ble TDSAT Order dated 16 December 2020 for BIAL stated as follows:*

*'100... However, there is substance in this grievance and AERA will do well to ensure that if delay is caused by the Airport operator, its consequences should not fall upon the users. Tariff orders should be prepared well in time so that the burden of recovery is spread over the entire period for which the order is passed...'*

*In view of the above, AERA is requested to ensure that airlines/passengers are not burdened in view of the apparent shrinkage in the period of recovery of the aeronautical tariff from passengers/airlines, as the AERA Tariff Order for AAI, Kolkata Third Control Period will now be issued after the commencement of the Control Period i.e. 1 April, 2021.*

*(iv) No compensation to AAI - Exemption of Landing Charges for aircraft less than 80 seats (Para 14.2.8 to 14.2.11 of the CP)*



*IndiGo submits that the issue raised by M/s. Spice Jet relating to an apparent excess billing of landing charges by AAI (amounting to Rs. 2.80 Cr.), pertaining to aircraft with a maximum certified capacity of less than 80 seats, during the First Control Period, is a bilateral issue between M/s. Spice Jet and AAI, and as such should be dealt between the said parties.*

*In view of the above, IndiGo submits that AERA should not allow any compensation to be paid to AAI, including by way of adjustment in ARR (in the Third Control Period), for rectifying/reversing any excess billing by AAI in the First Control Period. AERA will appreciate that any such adjustment to ARR leading to an increase in tariffs, will unfairly burden the airlines and passengers at Kolkata Airport during the Third Control Period."*

14.3.6. IndiGo's comment regarding determination of tariff is as follows:

*"IndiGo submits that in the CP, it is stated that the AERA shall determine tariffs for using the 30% Hybrid Till model including for true ups as applicable.*

*It is to be noted that IndiGo (including through Federation of Indian Airlines) has from time to time, advocated the application of a Single Till model across the airports in India. IndiGo submits that AERA should adopt Single Till basis across all Control Periods, including by way of true up, in view of the following legal framework:*

*In the Single Till Order, AERA has strongly made a case in favor of the determination of tariff on the basis of 'Single Till'. It is noteworthy that the AERA has, inter alia, in its Single Till Order:*

- (i) Comprehensively evaluated the economic model and realities of the airport - both capital and revenue elements.*
- (ii) Considered the legislative intent behind Section 13(1)(3)(v) of the AERA Act.*
- (iii) Concluded that the 'Single Till' is the most appropriate for the economic regulation of major airports in India.*
- (iv) The criteria for determining tariff after considering standards followed by several international airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.*

*Further, AERA in its AERA Guidelines (Clause 4.3) has followed the 'Single Till' approach while laying down the procedure for determination of ARR for Regulated Services.*

*The fundamental reasoning behind 'Single Till' approach is that if the consumers/passengers are offered cheaper air-fares on account of lower airport charges, the volume of passengers is bound to increase leading to more foot-fall and probability of higher non-aeronautical revenue. The benefit of such non aeronautical revenue should be passed on to consumers/passengers and that can be assured only by way of lower aeronautical charges. It is a productive chain reaction which needs to be considered by the AERA."*

**14.4. AAI's response to stakeholders' comments regarding ARR for the Third Control Period**

14.4.1. AAI's response to IATA's comment regarding ARR for the Third Control Period is as follows:

*"It is requested to consider ARR after considering all submission made by AAI."*

14.4.2. AAI's response to IndiGo's comment regarding ARR for the Third Control Period is as follows:





• **“Overall Tariff/ ARR**

*The shortfall will increase if Rates are not increased. The burden will shift to 4<sup>th</sup> Control Period if Aeronautical Revenue does not increase.*

*The Tariff Proposed by AERA in this CP are already considerably lower then what was submitted by AAI in the MYTP, for which detailed comments already been submitted by AAI vide letter on dated 28.01.2022.*

*The entire aviation sector is facing liquidity crisis due to the ongoing effects of Covid-19 pandemic. Not considering the Tariff as proposed by AAI will further aggravated the cash crunch and AAI will also not able to recover ARR.*

• **Collection Charges:**

*Policy referred to with respect to collection charges: Rs.5/- plus GST per passenger will be paid by AAI to the Airline Operators if they make the payment within 15 days from the receipt of the invoice. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. This is as per the Credit Policy of AAI which has been provided in the tariff card by AERA.*

• **Shrinkage in Control Period:**

*AAI has submitted its proposal in the month of August '21 due to Covid-19 pandemic & 2<sup>nd</sup> wave. The SCP true up (01/04/16 to 31/03/21) and TCP projections are required to be updated in MYTP after finalization of accounts of the F.Y. 2020-21. In order to determine tariff, usually such time is required from Airport operator and AERA.*

• **No compensation to AAI Exemption of Landing Charges for aircraft less than 80 seats**

- *It needs to be placed on record that order for exemption from landing charges in respect of aircrafts with maximum certified seating capacity of less than 80 seats was issued by MOCA on 08/02/2004 (applicable from 00.00 hours of 12.02.2004). This was neither included in the consultation paper nor raised by any stakeholder during the stakeholder consultation. The tariff order for the first CP laid down the landing charges of all aircrafts including aircrafts with maximum certified seating capacity of less than 80 seats, and the same were recovered by AAI from all airlines.*
- *It would be pertinent to point out that this is not a case of excess billing during first control period as claimed by M/s SpiceJet. AAI has rightfully recovered the landing charges as per the tariff order then in force. In case, AERA decided that exemption prevailing prior to 1/04/2011 should have continued and directs AAI to pay back the landing charges collected during the first CP with interest, then AAI must be compensated for the full amount including interest.*
- *The case is time barred rather AERA has not considered it in the Tariff Order (Rate Card) of 1<sup>st</sup> Control Period. M/s SpiceJet has not raised their concern during the stakeholders meeting held during 1<sup>st</sup> Control Period. In case of DIAL and MIAL also the 80-seater exemption was not provided in the rate card.*
- *If AERA agrees then It may include it in the ARR calculation for the TCP. It may be mentioned that no interest & Taxes to be paid to M/s SpiceJet.”*

14.4.3. AAI's response to IndiGo's comment on tariff determination is as follows:

*“As per National Civil Aviation Policy (NCAP)-2016 there should be uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future.*





*AAI has prepared MYTP on hybrid till from SCP on the basis of above policy and AERA has considered it.*

*AERA may also like to offer its views."*

#### **14.5. Authority's analysis of stakeholders' comments regarding ARR for the Third Control Period**

- 14.5.1. The Authority has noted AAI's comment regarding ARR in the Third Control Period. The Authority has deliberated on all the comments made by AAI under each of the regulatory building blocks. Accordingly, the Authority has decided on ARR and related issues which are reflected in the decisions of the Authority in the Third Control Period.
- 14.5.2. The Authority has taken note of AAI's comment regarding not allowing interest on term loan as part of the ARR. The Authority notes that charges pertaining to financing of any loan other than working capital loan is provisioned to the airport operator under the fair rate of return provided on the regulatory asset base.
- 14.5.3. Keeping the above in view the Authority decides to not allow the interest on term loan claimed by AAI.
- 14.5.4. The Authority has noted IATA's comment regarding reduction of ARR in the Third Control Period. The Authority has deliberated on all the comments made by IATA under each of the regulatory building blocks and made its decision accordingly. The same has been reflected in the ARR decided by the Authority in the Third Control Period.
- 14.5.5. The Authority has noted all the points made by IndiGo. All these issues have been addressed by the Authority in their relevant chapters related to those building blocks/issues in Consultation Paper No. 25/2021-22 dated 29 December 2021.
- 14.5.6. **Regarding Shrinkage in Control Period:** The Authority has taken note of IndiGo's comment and its reference to Hon'ble TDSAT Order dated 16 December 2020 regarding the timely release of the order. The Authority has consistently endeavoured to issue tariff orders for all major airports on priority basis. However, the current delay is attributed to factors such as the Covid-19 pandemic as well as the delay in submission of the MYTP by the airport operator despite rigorous follow-ups by the Authority. The Authority would like to point that AERA vide its letter dated 30 July 2020 ("F No. AERA/20010/Misc./2010-11/Vol.III") directed AAI to submit their MYTP for NSCBIA, Kolkata on or before 31 October 2020. Despite this, AAI had submitted the MYTP for NSCBIA, Kolkata nine months after the stipulated deadline. The Authority notes that the timely issuance of order is contingent upon airport operators' submission of the MYTP at least 6 months before the control period expires. Keeping this in view, the Authority notes that AAI had submitted the MYTP for NSCBIA, Kolkata vide letter no. AAI/797/2021-JVC/186 dated 24 August 2021, while the Second Control Period had already concluded on 31 March 2021. Further, the Authority notes that the MYTP for NSCBIA, Kolkata lacked vital information on regulatory building blocks such as capital expenditure and O&M expenditure.
- 14.5.7. Additionally, while the Authority notes the importance of releasing tariff orders in a timely manner, the Authority had to take into account the impact of multiple waves of the pandemic into its projections for various building blocks while determining the tariffs at NSCBIA, Kolkata.





- 14.5.8. **Regarding compensation to AAI for landing charges:** The Authority notes IndiGo's comments on compensation for any pay back that would be done by AAI to SpiceJet regarding the landing charges of aircrafts with a maximum certified capacity of less than 80 seats. The Authority has addressed the same in Para 15.5.1 to 15.5.7.
- 14.5.9. **Regarding Collection Charges:** The Authority would like to state that it does not interfere in the day-to-day business activities of the airport operator and that such matters relating to payments' terms may be mutually negotiated between the service providers and airport operator.
- 14.5.10. The issue regarding compensation to AAI has been responded appropriately in Para 15.5.1 to 15.5.7.
- 14.5.11. The Authority notes IndiGo's comment regarding methodology for tariff determination and AAI's response to the same. As per the recommendation of the National Civil Aviation Policy, 2016 (NCAP, 2016) of the GoI, the Authority amended the tariff guidelines vide its Order No. 14/2016-17 dated 12 January 2017 to determine the future tariff using hybrid till. The order provided a detailed reasoning and adequately responded to stakeholders' comments on the adoption of hybrid till. An excerpt from the same is as follows:
- "(i) The Authority will in future determine the tariff of major airports under "Hybrid Till " wherein 30% of Non-Aeronautical revenues will be used to cross subsidize aeronautical charges. Accordingly, to that extent the airport operator guidelines of the Authority shall be amended. The provisions of the guidelines issued by the Authority, other than regulatory Till, shall remain the same."*
- 14.5.12. Therefore, the Authority has followed hybrid till to determine the aeronautical tariff.
- 14.5.13. Based on the above analysis and the analysis under each of the regulatory building blocks, the Authority has recalculated the ARR for the Third Control Period in the following table. The Authority decides to consider the same for tariff determination in the Third Control Period.

**Table 126: ARR for the Third Control Period as decided by the Authority**

| FY ending March 31 (in Rs Cr.)   | Ref            | 2022     | 2023     | 2024     | 2025     | 2026     | Total           |
|--|----------------|----------|----------|----------|----------|----------|-----------------|
| Opening RAB (Table 96)   | A              | 2,089.88 | 2,038.49 | 1,924.14 | 2,102.45 | 2,148.32 |                 |
| Closing RAB (Table 96)   | B              | 2,038.49 | 1,924.14 | 2,102.45 | 2,148.32 | 2,105.29 |                 |
| Average RAB (Table 96)   | C =<br>Av(A+B) | 2,064.19 | 1,981.32 | 2,013.30 | 2,125.38 | 2,126.80 |                 |
| FRoR (%) (Table 103)   | D              | 13.38%   | 13.38%   | 13.38%   | 13.38%   | 13.38%   |                 |
| Return on RAB  | E = C*D        | 276.28   | 265.19   | 269.47   | 284.47   | 284.66   | <b>1,380.09</b> |
| O&M Expenses (Table 112)   | F              | 448.82   | 478.88   | 508.62   | 536.61   | 570.74   | <b>2,543.68</b> |
| Depreciation (Table 95)  | G              | 181.52   | 186.86   | 149.58   | 158.69   | 162.69   | <b>839.35</b>   |
| Tax (Table 120)  | H              | 4.13     | 154.66   | 201.05   | 233.16   | 290.70   | <b>883.70</b>   |
| Return on Land (Para 8.6.1)  | I              | -        | -        | -        | -        | -        | -               |
| Under-recovery of Second Control Period (Table 71) as on 31 March 2022 | J              | 1,585.27 |          |          |          |          | <b>1,585.27</b> |
| Depreciation on financing allowance for First Control Period           | K              | -        | -        | -        | -        | -        | -               |
| Return on financing allowance for Second Control Period                | L              | -        | -        | -        | -        | -        | -               |





# AGGREGATE REVENUE REQUIREMENT FOR THE THIRD CONTROL PERIOD

| FY ending March 31 (in Rs Cr.)                    | Ref          | 2022     | 2023     | 2024     | 2025     | 2026     | Total    |
|---|--------------|----------|----------|----------|----------|----------|----------|
| Interest on term loan                             | M            | -        | -        | -        | -        | -        | -        |
| AAI's adjustment for SpiceJet                     | N            | -        | 2.78     | -        | -        | -        | 2.78     |
| Aggregate Revenue Requirement (including true-up) | O = E to N   | 2,496.02 | 1,088.38 | 1,128.73 | 1,212.94 | 1,308.79 | 7,234.87 |
| Non-Aeronautical Revenue (Table 117)              | P            | 201.18   | 250.99   | 294.72   | 318.02   | 353.44   | 1,418.35 |
| Less: 30% Non-Aeronautical Revenue                | Q = 30%*P    | 60.35    | 75.30    | 88.42    | 95.41    | 106.03   | 425.50   |
| Net ARR   | R = M + Q    | 2,435.67 | 1,013.08 | 1,040.32 | 1,117.54 | 1,202.76 | 6,809.36 |
| Discount rate                                     | S            | 13.38%   | 13.38%   | 13.38%   | 13.38%   | 13.38%   |          |
| Discount Factor                                   | T            | 1.00     | 0.88     | 0.78     | 0.69     | 0.61     |          |
| PV of Net ARR as on 31 March 2022                 | U = T*R      | 2,435.67 | 893.49   | 809.20   | 766.65   | 727.72   | 5,632.73 |
| Passengers (in mns)* (Table 75)                   | V            | 112.46   |          |          |          |          |          |
| Yield Per Passenger (in Rs.)                      | W = (U/V)*10 | 500.85   |          |          |          |          |          |

\*total PAX

## **14.6. Authority's decisions regarding Aggregate Revenue Requirement for the Third Control Period**

Based on the materials before it and its analysis, the Authority decides the following with respect to ARR for the Third Control Period

- 14.6.1. To consider the ARR as per Table 126 as the eligible ARR for the Third Control Period.
- 14.6.2. To true up all regulatory building blocks based on actuals during the tariff determination exercise of the Fourth Control Period.





**15. AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD****15.1. AAI's submission regarding Aeronautical Revenue for the Third Control Period**

15.1.1. AAI has proposed to increase the aeronautical tariffs as applicable from 1 October 2021 as per below schedule:

- a. Landing charges: An upward increase of 10% for Domestic landing and International Landing from existing rates w.e.f. 01.10.2021 on 1st April every F.Y up to F.Y 2025-26 is proposed.
- b. Parking charges: An upward increase of Parking charges (Domestic/International) at 20% from existing rates w.e.f. 01.10.2021, an increase of 12% on 01.04.2023 and thereafter an increase of 10% every on 1<sup>st</sup> April every F.Y up to F.Y 2025-26 is proposed. Housing Charges are proposed to be categorized as parking charges.
- c. UDF: Domestic UDF at Rs. 735 per embarking passenger (increase of 26% from existing rate of Rs. 583) and. International UDF at Rs 1,766 per embarking passenger (increase of 26% from existing rate of Rs 1,401) with effect from 01.10.2021, an increase of 26% on 01.04.2023 and thereafter an increase of 27% on 1st April of every F.Y up to F.Y 2025-26 is proposed.
- d. Aerobridge Charges: An upward increase of aerobridge charges domestic and international at 10% from existing rates w.e.f. 01.10.2021 and thereafter an increase of 10% every on 1<sup>st</sup> April every F.Y up to F.Y 2025-26 is proposed.

15.1.2. Aviation Security Fee (ASF): Will continue to be charged as rate prescribed by MoCA.

15.1.3. The annual tariff proposal submitted by AAI is given in Annexure I of Consultation Paper No. 25/2021-22.

15.1.4. As per AAI's submission, aeronautical revenue is as given below:

**Table 127: Aeronautical revenue as submitted by AAI**

| <b>FY Ending 31 March (in Rs. Cr.)</b> | <b>2022</b>   | <b>2023</b>     | <b>2024</b>     | <b>2025</b>     | <b>2026</b>     | <b>Total</b>     |
|--|---------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Landing                                | 267.07        | 387.77          | 511.86          | 684.05          | 896.38          | <b>2,747.14</b>  |
| Parking                                | 18.87         | 28.91           | 38.17           | 50.15           | 62.81           | <b>198.91</b>    |
| UDF                                    | 446.21        | 845.90          | 1,412.36        | 2,294.27        | 3,521.12        | <b>8,519.85</b>  |
| Land Lease                             | 36.44         | 38.26           | 40.18           | 42.19           | 44.30           | <b>201.36</b>    |
| Ground Handling Charges                | 19.12         | 23.98           | 28.77           | 34.37           | 39.13           | <b>145.36</b>    |
| Aerobridge charges                     | 14.86         | 21.53           | 28.42           | 37.73           | 48.57           | <b>151.11</b>    |
| Royalty from CUTE Charges              | 9.42          | 12.45           | 15.92           | 19.66           | 22.84           | <b>80.29</b>     |
| Cargo Revenue share from AAICLAS (30%) | 17.02         | 18.72           | 20.59           | 22.65           | 24.92           | <b>103.89</b>    |
| <b>Total</b>                           | <b>829.01</b> | <b>1,377.53</b> | <b>2,096.26</b> | <b>3,185.06</b> | <b>4,660.06</b> | <b>12,147.92</b> |





**AAI's additional submission on landing charges for aircrafts with maximum capacity of less than 80 seats**

- 15.1.5. AAI has submitted vide its letter dated 18th August 2021 (attached in Appendix-1) that the Authority has to compensate AAI in the Third Control Period for the revenue loss in the matter of M/s Spicejet's claim on levy of landing charges by AAI for aircrafts having maximum capacity of less than 80 seats in the First and Second Control Period.

**15.2. Authority's examination regarding Aeronautical Revenue for the Third Control Period as part of Consultation Paper**

- 15.2.1. The Authority noted that air traffic demand has been widely impacted due to challenges posed by the Covid-19 pandemic and the resultant slowdown in the economy. Moreover, airport operators have ongoing capital expenditure projects as also other planned works, thus resulting in a higher ARR. Further, the Authority noted that the existing traffic base is not sufficient for complete recovery of ARR in the Third Control Period and that this would require a significant increase in tariffs.
- 15.2.2. The Authority had taken cognisance of the situation and is of the view that keeping the tariff at the current level for the entire control period and postponing the full recovery of shortfalls to the next control period will create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period. Besides, it would also adversely impact the cash flows of the airport operator in the Third Control Period. The Authority, however, is of the view that targeting a full recovery at this time may not be fair to all stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority noted that the airport operator has the provision of the true up of any shortfalls in revenue recovery in the Fourth Control Period.
- 15.2.3. Based on the above analysis, the Authority proposed not to increase any aeronautical tariff both for domestic and international traffic in the current financial year 2021-22 and proposed to revise the Landing, Parking and Aerobridge charges, and UDF from 01 April 2022.
- 15.2.4. Further, the Authority proposed to carry forward Rs. 444.37 Cr. of the ARR of the Third Control Period to the Fourth Control Period in order to reduce the burden on users during the Third Control Period on account of lower traffic.
- 15.2.5. The Ministry of Civil Aviation has discontinued the levy of fuel throughput charge at all airports with effect from 15th January 2020 vide MoCA letter no. F.No. AV-13030/216/2016-ER (Pt.2) dated 8th January 2020.
- 15.2.6. The Authority proposed to consider ground handling charges and royalty from CUTE charges based on the traffic growth rates proposed in Table 74.
- 15.2.7. Based on the above annual tariff proposal of the Authority for the consultation paper is attached in Annexure II of Consultation Paper No. 25/2021-22.

**Authority's examination of AAI's additional submission on landing charges for aircrafts with maximum capacity of less than 80 seats**

- 15.2.8. Ministry of Civil Aviation vide letter dated 09<sup>th</sup> February 2004 decided to exempt, "aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators and helicopters of all types", from paying landing charges at AAI airports.





15.2.9. AERA while issuing the aeronautical tariff order for NSCBIA, Kolkata for 1<sup>st</sup> control period (01.04.2011 to 31.03.2016) did not mention this clause in its Order No.35/2012-13 dated 24.01.2013.

15.2.10. M/s Spicejet vide letter dated 19.02.2021 has submitted that AAI had not exempted the landing charges for aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators during the currency of 1<sup>st</sup> control period order of AERA. M/s SpiceJet stated that AAI has billed Rs.2.80 Cr. on SpiceJet for operating aircraft at Kolkata with a maximum certified capacity of less than 80 seats. Now M/s SpiceJet has requested AAI to accord necessary credit for excess billing during 1<sup>st</sup> control period.

15.2.11. In this regard, Airports Authority of India vide letter dated 18.08.2021 submitted that it will consider the request of M/s Spicejet and accord credit if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1<sup>st</sup> control period and suitably compensate AAI for amount of credit to be accorded. The Authority proposes to compensate AAI the mutually agreeable principal amount (if any) pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.

15.2.12. The Authority had determined the aeronautical revenues with the proposed aeronautical charges as follows:

**Table 128: Aeronautical revenues and shortfall proposed to be considered in the Third Control Period by the Authority in the Consultation Paper**

| Particulars (in Rs. Cr.)                     | 2022            | 2023            | 2024            | 2025            | 2026            | Total           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total PV of ARR including true-up (A)</b> | <b>5,758.45</b> |                 |                 |                 |                 | <b>5,758.45</b> |
| <b>Landing charges:</b>                      |                 |                 |                 |                 |                 |                 |
| Domestic                                     | 189.96          | 300.10          | 321.66          | 359.01          | 442.81          | 1,613.53        |
| International                                | 29.52           | 98.48           | 134.34          | 148.44          | 168.56          | 579.33          |
| <b>Subtotal (landing charges) (B)</b>        | <b>219.48</b>   | <b>398.58</b>   | <b>455.99</b>   | <b>507.44</b>   | <b>611.36</b>   | <b>2,192.85</b> |
| <b>Parking charges:</b>                      |                 |                 |                 |                 |                 |                 |
| Domestic and International                   | 15.60           | 26.10           | 28.78           | 32.08           | 39.16           | 141.73          |
| <b>Subtotal (P&amp;H charges) (C)</b>        | <b>15.60</b>    | <b>26.10</b>    | <b>28.78</b>    | <b>32.08</b>    | <b>39.16</b>    | <b>141.73</b>   |
| <b>Other revenues</b>                        |                 |                 |                 |                 |                 |                 |
| Land leases                                  | 36.44           | 38.26           | 40.18           | 42.19           | 44.30           | 201.36          |
| Revenue from ground handling                 | 17.28           | 28.25           | 30.45           | 33.18           | 38.31           | 147.46          |
| CUTE charges (royalty)                       | 9.80            | 15.96           | 17.17           | 18.71           | 21.61           | 83.25           |
| Revenue from AAICLAS                         | 17.02           | 18.72           | 20.59           | 22.65           | 24.92           | 103.89          |
| Aerobridge Charges (Dom and Int.)            | 12.44           | 21.86           | 24.65           | 27.45           | 33.24           | 119.63          |
| <b>Subtotal (other revenues) (D)</b>         | <b>92.97</b>    | <b>123.05</b>   | <b>133.04</b>   | <b>144.17</b>   | <b>162.37</b>   | <b>655.61</b>   |
| <b>UDF</b>                                   |                 |                 |                 |                 |                 |                 |
| Domestic UDF                                 | 378.24          | 597.48          | 640.51          | 714.76          | 820.95          | 3,151.93        |
| International UDF                            | 47.62           | 158.21          | 215.64          | 238.38          | 252.24          | 912.09          |
| <b>Subtotal (UDF) (E)</b>                    | <b>425.86</b>   | <b>755.69</b>   | <b>856.14</b>   | <b>953.15</b>   | <b>1073.19</b>  | <b>4,064.02</b> |
| <b>Total revenue [F = B + C + D + E]</b>     | <b>753.91</b>   | <b>1,303.42</b> | <b>1,473.96</b> | <b>1,636.84</b> | <b>1,886.08</b> | <b>7,054.21</b> |
| <b>PV factor (G)</b>                         | <b>1.00</b>     | <b>0.88</b>     | <b>0.78</b>     | <b>0.69</b>     | <b>0.61</b>     |                 |
| <b>PV of total revenue [H = F*G]</b>         | <b>753.91</b>   | <b>1,149.56</b> | <b>1,146.52</b> | <b>1,122.92</b> | <b>1,141.17</b> | <b>5,314.09</b> |
| <b>Total PV of revenue [I = Σ(H)]</b>        | <b>5,314.09</b> |                 |                 |                 |                 | <b>5,314.09</b> |
| <b>(Surplus) / Shortfall [A – H]</b>         | <b>444.37</b>   |                 |                 |                 |                 | <b>444.37</b>   |





15.2.13. The Authority proposed to carry-forward the shortfall of Rs. 444.37 Cr. (as per Table 128) to the Fourth Control Period, with a view to not burden the airlines further which are already suffering with the Covid-19 pandemic's impact, as also the other Users, with excessive tariff at this juncture. However, the Authority proposed to adjust the above shortfall based on the aeronautical revenue achieved by NSCBIA, Kolkata in line with the actual traffic data of the Third Control Period.

### **15.3. Stakeholders' comments regarding Aeronautical Revenue for the Third Control Period**

15.3.1. During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 25/2021-22 with respect to the aeronautical revenue for the Third Control Period. The comments by the stakeholders are presented below:

#### **AAI's comments regarding Aeronautical Revenue for the Third Control Period**

15.3.2. AAI's comment regarding its compensation to SpiceJet is provided as follows:

##### **"AERA's Contentions"**

- *In this regard, Airports Authority of India vide letter dated 18.08.2021 submitted that it will consider the request of M/s SpiceJet and accord credit if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1st control period and suitably compensate AAI for amount of credit to be accorded. The Authority proposes to compensate AAI the mutually agreeable principal amount (if any) pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.*

##### **AAI's submission**

- *AAI had requested AERA to compensate AAI if the Request/ proposal of Spice Jet was being agreed to by AERA. In the instant case the AERA proposes to compensate AAI the mutually agreeable principal amount pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.*

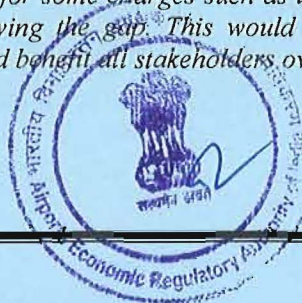
*AERA may include it in the ARR calculation for the period AAI has to give credit to M/s Spice Jet. It may be mentioned that no interest & Taxes to be paid to M/s Spice Jet and the amount to be adjusted with the current dues."*

#### **Other stakeholders' comments regarding Aeronautical Revenue for the Third Control Period**

15.3.3. IATA's comment regarding aeronautical revenue for the Third Control Period is as follows:

*"IATA supports AERA's recent tariff orders for BLR & HYD where the charges will reduce in the last quarter of the control period in order to moderate a constant increase of user charges. We see that AERA is proposing the same approach for CCU.*

*Regarding the discriminatory practice for some charges such as landing and parking charges, we request AERA to consider narrowing the gap. This would also aid in the recovery of international traffic for CCU and would benefit all stakeholders over the longer term.*





*We thank AERA for its consideration of all the points raised in this submission in order to provide a balanced determination considering the needs of users and ultimately consumers. IATA is also available for any further clarifications that AERA may require during the review process of the stakeholder submissions."*

15.3.4. SpiceJet's comment regarding aeronautical revenue for the Third Control Period is as follows:

**"Exemption on Landing Charges:**

**a. Refund of Landing Charges:**

*AERA has proposed to compensate Airports Authority of India (AAI) the mutually agreeable amount pertaining to the landing charges that were levied by AAI Kolkata on aircraft operated by SpiceJet with a certified capacity of less than 80 seats.*

*Sir, in line with the recommendations of the Naresh Chandra Committee, the Ministry of Civil Aviation (MOCA) announced exemption of landing charges in respect of aircraft with maximum seating capacity of less than 80 seats (small aircraft) and being operated by domestic scheduled operators, vide its letter no. G-1 71 08/07/2001 -AAI dated February 9, 2004. Airports Authority of India (AAI) also issued orders in line with the above letter, vide its letter no. Av. 11 014/22/2002-Rev/ dated February 11, 2004. All the airports (except Civil Enclaves at Defence Airports) stopped charging landing charges on small aircraft in line with the above letters. In accordance with the above Government policy airline operators in India inducted small aircraft with less than 80 seats into their fleet to boost connectivity to small and far flung airports which has immensely helped in promotion of travel, trade and tourism along with generating a lot of employment opportunities to the people in those areas. The small aircraft have played a vital role in the success of the ambitious UDAN scheme launched by the Government of India.*

*With the privatisation of airports and constitution of Airports Economic Regulatory Agency (AERA), some airports, as part of their tariff, got landing charges on small aircraft approved from AERA which were not in line with the above letters of MOCA and AAI. Such landing charges were recovered by the airport operators from the airlines. Since such recovery was contrary to the government policy on the basis of which airlines had made large investments, airlines raised this issue with MOCA and AERA. After the representations, AERA stopped approving landing charges on small aircraft from second control period onwards on domestic flights. It is worth mentioning that as per the letter no. G-1 71 08/07/2001 -AAI dated February 9, 2004, no landing charges were to be charged in respect of the flights being operated by small aircraft by a scheduled domestic operator.*

*In view of the above, it is submitted that all the landing charges charged by AAI - Kolkata at NSCBIA Airport for operations of the aircraft with less than 80 seat be refunded to SpiceJet along with interest to be calculated as per interest charged by AAI - Kolkata from time of time. The principal amount charged from SpiceJet by AAI - Kolkata are as under: -*

| Financial Year     | Amount Invoiced by AAI Kolkata (Including GST) (In INR) |
|--------------------|---|
| 2016-17            | 1,38,64,406   |
| 2017-18            | 1,81,95,279   |
| <b>Grand Total</b> | <b>3,20,59,685</b>                                      |

*Airports Authority of India (AAI) has submitted that it will accord credit to SpiceJet if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1st control period and suitably compensate AAI for amount of credit to be accorded. Hence to above mentioned amount may kindly be approved to be credited to SpiceJet.*

**b. Compensation to AAI**





*We are thankful to AAI for considering the claim of SpiceJet for the refund of the amounts as mentioned in Point 1 (a) above, and to rectify the errors that had crept in to the MYTP, Consultation paper and Tariff Order for the First Control Period regarding the levying of landing charges in respect of aircraft with maximum seating capacity of less than 80 seats being operated by domestic scheduled operators, in contradiction with the Ministry of Civil Aviation, Government of India's letter no. G-1 71 08/07/2001 -AAI dated February 9, 2004 and AAI's letter no. Av.11014/22/2002-Rev/ dated February 11, 2004. We are also thankful that this oversight has been rectified in the Tariff Order for the Second Control Period, in line with the MOCA's letter no. G-1 7 108/07/2001 -AAI dated February 9, 2004 and AAI's letter no. Av.11014/22/2002-Rev/ dated February 11, 2004. We are also thankful that aforementioned exemption has been stated in the proposal of AAI - Kolkata for the Third Control Period and has been considered accordingly by AERA.*

*In our view, subject to the aforementioned amounts being refunded to SpiceJet, AAI – Kolkata may be suitably compensated for the deficit, if any, that may be created due to such refund to SpiceJet."*

15.3.5. SpiceJet's comment regarding revenue from ANS and Cargo is as follows:

***"Revenue from Air Navigation Services and Cargo Services (Refer 2.2.5, 2.2.6 and 2.2.7 of the CP)***

*It is submitted that as per section 2 of Airport Economic Regulatory Authority of India Act, 2008 (AERA Act), under sub-section (a), "aeronautical services means any services Provided -*

*(i) For navigation, surveillance and supportive communication thereto for air traffic management ...  
(v) for the cargo facility at an airport.."*

*It is submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services, Cargo services (100% revenue accruing to AAICLAS) should form part of aeronautical revenues and accordingly AERA should take into account of the corresponding revenue and revise the tariff card."*

15.3.6. SpiceJet's comment regarding tariff and government restrictions is as follows:

***"Tariff:***

*While AERA has proposed an increase of approx. 2% Y-O-Y every year on Landing Charges, Parking Charges, UDF and Aerobridge Charges (with a reduction in Q4 of FY 2026 for all the aforementioned charges); keeping in view the devastation caused by the COVID-19 pandemic, we are of the view that there should be a freeze on the existing charges for at least the next three years.*

*It is in the interest of all the stakeholders not to increase the tariffs in order to encourage middle class people to travel by air, which will help in sharp post-COVID-19 recovery of aviation sector.*

***Government Restrictions:***

*Please further note, there were no scheduled operations between March 25, 2020 to May 24, 2020 due to the restrictions imposed by the Government of India which was caused due to the lockdown during the pandemic period. Hence it is requested that:*

*a. no space rentals should be chargeable during the above mentioned period to the airlines, and refund of rentals already charged should be made immediately*





b. no parking charges (including housing charges, if any) should be applicable during the aforementioned period, and refund of such parking charges already charged should be made immediately;

c. After the above mentioned period, there was a calibrated opening of operations allowed by the Government, and thus instead of applying the full rates, the space rentals and parking charges should only be applicable only in the same ratio as of the allowed operations, and refund in accordance with this request be made immediately;

d. no parking charges should be applicable on the aircraft which continue to be grounded due to the above mentioned reasons, and refund of such parking charges already charged should be made immediately. In addition, it is requested that no further charges should be applicable till the end of the restrictions as outlined above."

15.3.7. BlueDart Aviation's comment regarding aeronautical revenue is as follows:

*"We thank AERA for carrying out a detailed consultation in the matter of determination of Aeronautical Tariff for Netaji Subhas Chandra Bose International Airport, Kolkata for the Third Control Period (01.04.2021 - 31.03.2026).*

*Please find below our submission in respect to above referred consultation paper;*

*Landing and Parking charges at Kolkata airport are over 10 times higher than the charges at similar AAI airports like Chennai Airport, and much higher in comparison to private airports in the country. The CAGR for landing charges since 2009, over a 14 year period, is over 10%, which is cost-prohibitive, especially given the aviation industry environment at present. Under these circumstances, we would request you to kindly consider a reduction in charges to reasonable levels commensurate with similar airports in India, in the interest of the aviation industry and to support the growth of passenger and cargo traffic."*

#### **15.4. AAI's response to stakeholders' comments regarding aeronautical revenue for the Third Control Period**

15.4.1. AAI's response to IATA's comment regarding aeronautical revenue for the Third Control Period is as follows:

*"In case of Kolkata Airport, the reduction in Tariff of last Quarter of FY 25-26 will lead to increase in ARR and the burden of Tariff increase will shift to 4th control period. It is requested to AERA to consider the same rate as projected by AAI for entire FY."*

15.4.2. AAI's response to SpiceJet's comment on AAI's compensation to SpiceJet is as follows:

- *"AAI had requested AERA to compensate AAI if the Request/ proposal of SpiceJet was being agreed by AERA. In the instant case the AERA proposes to compensate AAI the mutually agreeable principal amount pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.*
- *AERA may include an amount of Rs.2.78 Crores it in the ARR calculation for the period AAI has to give credit to M/s SpiceJet. It may be mentioned that no interest & taxes to be paid to M/s SpiceJet and it is to be adjusted with the current dues."*





## 15.4.3. AAI's response to SpiceJet's comment regarding revenue from ANS and Cargo is provided below.

*"As per National Civil Aviation Policy (NCAP)-2016 there should be uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future."*

*The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 and the Airport Guidelines issued by AERA. (para 3.3.1.)*

*As per the guidelines, for the Second Control Period, the Authority had adopted the Hybrid-Till mechanism for tariff determination, wherein, only 30% of the Non-aeronautical revenue is to be used for cross-subsidizing the Aeronautical charges. The Authority has considered the same methodology in the true up of the Second Control Period and for tariff determination in the Third Control Period. (para 3.3.2.)*

*The ARR under Hybrid Till for the Control Period (ARR) shall be expressed as under:*

$$\begin{aligned} ARR &= \sum_{t=1}^5 ARR_t \\ ARR_t &= (FRoR \times RAB_t) + Dt \\ &+ Ot + Tt - s \times NAR_t \text{ (para } \\ &3.3.3.) \end{aligned}$$

*AAI submits that the tariff determination for airports by AERA is done only for the aeronautical charges collected by the AAI of Major airports.*

*Tariff for Air Navigation Services (ANS) for India as a whole has been revised by MoCA whereas, AAICLAS (Cargo services) is 100% subsidiary of AAI and tariff is determined separately by AERA. AAICLAS has separately filed their tariff proposal from FY 2017-18 onwards."*

## 15.4.4. AAI's response to SpiceJet's comment on tariff and government restrictions is as follows:

*"The financial condition of AAI during the Covid-19 Pandemic has deteriorated to a great extent. AAI has incurred a loss of Rs. 1962 Crores (approx.) in F.Y. 2020-21. AAI has resorted to borrowing from market to finance its capital as well as opex. Although it is expected that the Aviation sector is likely to bounce back to Pre-Covid level by F.Y. 2023-24, yet for AAI's current survival, it is required to improve cash flows. Under the present situation there is no hope to augment Non-aeronautical revenue.*

*No increase in Space Rent was provided for the FY 2020-21.*

*The Tariff would increase significantly in the 4th control period due to the Carry forward of Shortfall. Moreover, in the 4th Control Period major expansion of Terminal Building would also come up."*

## 15.4.5. AAI's response to BlueDart Aviation's comment on aeronautical revenue is as follows:

*"Airport charges increase or decrease on the basis of ARR requirement and Aeronautical Revenue."*





**15.5. Authority's analysis of stakeholders' comments on Aeronautical Revenue for the Third Control Period**

- 15.5.1. The Authority has noted AAI's comment on compensation for the amount payable to SpiceJet on account of landing charges paid for aircrafts with certified capacity of less than 80 seats operated by domestic scheduled operators. The Authority has deliberated on the same and notes the following:
- 15.5.2. The Authority notes that prior to the First Control Period, aircrafts operated by domestic scheduled operators having a certified capacity of less than 80 seats, were exempt from landing charges as notified by the Ministry of Civil Aviation (MoCA) in Order No. G-17108/07/2001-AAI ("MoCA Order") dated 09 February, 2004.
- 15.5.3. The Authority notes that the decision to exempt the aircraft with certified capacity of less than 80 seats operated by domestic scheduled operators from landing charges was based on the recommendation of Naresh Chandra Committee constituted by the GoI to chart the roadmap for rapidly rationalising and reforming the aviation sector based on which an Order was issued.
- 15.5.4. Despite the MoCA Order dated 09 February 2004, the Authority notes that neither AAI provided for this exemption in its tariff card of the First Control Period's MYTP/ATP, nor did any other stakeholder including SpiceJet object to the levying of such charges in the tariff card during the consultation process for the First Control Period tariff determination. The Authority also notes that the tariffs as per the First Control Period Order No. 35/2012-13 dated 23 January 2013 was effective from 16 February 2013 to 01 December 2017. Thereafter, the above-mentioned exemption was proposed by AAI in the Second Control Period's MYTP which was approved by the Authority in the Second Control Period vide Order No. 23/2017-18 dated 27 November 2017 effective from 01 December 2017.
- 15.5.5. In view of the above points the Authority decides to compensate AAI only for the principal amount of Rs. 2.78 Cr. (excluding taxes) that was confirmed by AAI in its counter comment as per Para 15.4.2.
- 15.5.6. Further, the Authority decides that there is no justification for providing interest on this amount as it is AAI and SpiceJet who respectively did not provide the exemption clause in their ATP as part of MYTP nor did they raise the issue during the consultation process. Therefore, users cannot be burdened with the amount beyond the principal amount because of the lapse on the part of these entities. The Authority also noted the submission of M/s SpiceJet dated 27 October 2021 that this issue only pertains to Chennai and Kolkata Airports, and that they do not have any claims or dues in this regard at any other airport. Further, the views of M/s SpiceJet regarding not claiming interest conveyed through letter dated 27 January 2022 have also been taken note of.
- 15.5.7. Modalities for adjustment of this amount needs to be mutually decided between airline and the AAI.
- 15.5.8. The Authority also emphasises that this treatment is being accepted by the Authority as an exceptional case owing to the MoCA Order on this issue and the reasons as elaborated above. However, in normal circumstances, the Authority does not revisit the issue once true-up of any Control Period has been completed.
- 15.5.9. The Authority has noted IATA's comment regarding landing and parking charges at NSCBIA, Kolkata in the Third Control Period, and at other airports.





- 15.5.10. The Authority has considered SpiceJet's comment and AAI's counter-comment regarding compensation to AAI for landing charges. The Authority has addressed the same in detail in Paras 15.5.1 to 15.5.7.
- 15.5.11. The Authority has noted SpiceJet's comment regarding revenue from AAICLAS.
- 15.5.12. It may be noted that tariff for ANS is presently regulated by the Ministry of Civil Aviation (MoCA). All the assets, expenses, and revenues pertaining to ANS are considered separately by MoCA while determining tariff for ANS services. Further, the tariff for ANS services is determined at the central level to ensure uniformity across all airports in the country. Hence, the Authority determines the tariff for aeronautical services of the airport operator by excluding the revenues and expenses for ANS.
- 15.5.13. A separate tariff determination exercise is carried out for cargo handling services, wherever these services are provided by Independent Service Providers (ISPs) other than the Airport Operator. Further, the Authority considers expenses, revenues, and assets pertaining to these services separately while determining tariff for these services. Under the current tariff determination exercise for the airport operations, the Authority has considered the earnings accruing to AAI by way of revenue share (which is 30% of revenue from AAICLAS) and rent from these service providers.
- 15.5.14. **Regarding tariffs:** The Authority notes SpiceJet's comment on increase in aeronautical tariffs in the Third Control Period. Considering the fact that the aviation sector is stressed, the Authority is of the view that increasing tariffs at a nominal rate will reduce the burden on stakeholders. However, at the same time, the Authority acknowledges that passing on the entire burden to the next control period could impact the cash flows of AAI and might require an abrupt increase in charges in the Fourth Control Period which may not be sustainable. Therefore, the Authority decided to continue with its proposal in Consultation Paper No. 25/2021-22 dated 29 December 2021.
- 15.5.15. **Regarding Government Restrictions:** The Authority has noted SpiceJet's comment regarding the exemption from space rentals between 25 March 2020 and 24 May 2020. The Authority notes that Section 13(1) of the AERA Act, 2018 defines AERA's function related to tariff determination of aeronautical services at major airports. The Authority notes that the issue of an exemption in space rents and landing is not in the purview of the Authority.
- 15.5.16. The Authority has noted Blue Dart Aviation's comment, and AAI's counter-comment on landing and parking charges at NSCBIA, Kolkata for the Third Control Period. The Authority notes that each airport has its own peculiar characteristics with respect to various regulatory building blocks. Therefore, in some instances it is not practical to compare tariffs across airports. AERA determines the tariff for airports based on its Guidelines and well-established principles, thereby taking a balanced approach in interest of all stakeholders.

It may be noted that for most of the airports (including Chennai International Airport, Chennai), tariffs have increased in their latest tariff orders due to very low air traffic on account of Covid-19 pandemic. However, AERA considers the interests of all stakeholders during tariff determination process. In the case of NSCBIA, Kolkata, the tariff charges have been increased by a nominal annual growth rate of 2.5%. As a result, a portion of the ARR has been carried forward to the Fourth Control Period.

- 15.5.17. The Authority is cognizant of the unusual average parking rate at NSCBIA, Kolkata during FY 2020-21 due to the restrictions on air travel. Keeping this in view, the Authority decides to consider





the average parking rate of FY 2019-20 as the base, upon which a 5% growth rate has been applied to account for the increase in parking rates from FY 2019-20 to FY 2020-21, as reflected in the Second Control Period Order. The same has been used to project parking revenues for the Third Control Period.

However, the Authority has noted that the average landing charges of FY 2020-21 are not significantly different from those of FY 2019-20, thereby reflecting pre-pandemic average landing rates. Therefore, the Authority decides to consider the average landing rates of FY 2020-21 as the base while projecting the landing revenues for the Third Control Period.

- 15.5.18. Based on the above analysis, the aeronautical revenue to be considered for the Third Control Period as decided by the Authority is provided in the table below.

**Table 129: Aeronautical Revenue for the Third Control Period as decided by the Authority**

| Particulars (in Rs. Cr.)                                 | 2022            | 2023            | 2024            | 2025            | 2026            | Total           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total PV of ARR including true-up (A) [Table 126]</b> | <b>5,632.73</b> |                 |                 |                 |                 | <b>5,632.73</b> |
| <b>Landing charges:</b>                                  |                 |                 |                 |                 |                 |                 |
| Domestic   | 205.74          | 325.63          | 349.67          | 390.99          | 483.15          | 1,755.19        |
| International  | 31.11           | 103.98          | 142.10          | 157.31          | 178.96          | 613.47          |
| <b>Subtotal (landing charges) (B)</b>                    | <b>236.85</b>   | <b>429.62</b>   | <b>491.77</b>   | <b>548.30</b>   | <b>662.11</b>   | <b>2,368.66</b> |
| <b>Parking and Housing charges:</b>                      |                 |                 |                 |                 |                 |                 |
| Domestic and International                               | 15.72           | 26.35           | 29.12           | 32.52           | 39.76           | 143.47          |
| <b>Subtotal (P&amp;H charges) (C)</b>                    | <b>15.72</b>    | <b>26.35</b>    | <b>29.12</b>    | <b>32.52</b>    | <b>39.76</b>    | <b>143.47</b>   |
| <b>Other revenues</b>                                    |                 |                 |                 |                 |                 |                 |
| Land leases  | 36.84           | 38.68           | 40.61           | 42.64           | 44.77           | 203.54          |
| Revenue from ground handling                             | 5.67            | 9.28            | 10.00           | 10.90           | 12.58           | 48.44           |
| CUTE charges (royalty)                                   | 7.73            | 15.32           | 17.05           | 18.57           | 21.46           | 80.13           |
| Revenue from AAICLAS                                     | 17.02           | 18.72           | 20.59           | 22.65           | 24.92           | 103.89          |
| Aerobridge Charges (Dom and Int)                         | 12.44           | 21.90           | 24.74           | 27.60           | 33.48           | 120.16          |
| <b>Subtotal (other revenues) (D)</b>                     | <b>79.69</b>    | <b>103.89</b>   | <b>113.00</b>   | <b>122.37</b>   | <b>137.21</b>   | <b>556.16</b>   |
| <b>UDF</b>   |                 |                 |                 |                 |                 |                 |
| Domestic UDF   | 305.84          | 598.47          | 642.87          | 718.72          | 827.02          | 3,092.92        |
| International UDF  | 24.72           | 105.58          | 216.43          | 239.70          | 254.11          | 840.54          |
| <b>Subtotal (UDF) (E)</b>                                | <b>330.56</b>   | <b>704.04</b>   | <b>859.30</b>   | <b>958.43</b>   | <b>1081.13</b>  | <b>3,933.46</b> |
| <b>Total revenue [F = B + C + D + E]</b>                 | <b>662.83</b>   | <b>1,263.90</b> | <b>1,493.19</b> | <b>1,661.61</b> | <b>1,920.22</b> | <b>7,001.75</b> |
| <b>PV factor (G)</b>                                     | <b>1.00</b>     | <b>0.88</b>     | <b>0.78</b>     | <b>0.69</b>     | <b>0.61</b>     |                 |
| <b>PV of total revenue [H = F*G]</b>                     | <b>662.83</b>   | <b>1,114.71</b> | <b>1,161.47</b> | <b>1,139.90</b> | <b>1,161.81</b> | <b>5,240.71</b> |
| <b>Total PV of revenue [I = Σ(H)]</b>                    | <b>5,240.71</b> |                 |                 |                 |                 | <b>5,240.71</b> |
| <b>(Surplus) / Shortfall [A – H]</b>                     | <b>392.02</b>   |                 |                 |                 |                 | <b>392.02</b>   |

- 15.5.19. As can be observed from the above table and as per the Authority's decisions on the various regulatory building blocks, AAI is entitled to recover an ARR of Rs. 5,632.73 Cr. (in present value terms). The present value of total projected aeronautical revenues based on the Authority's landing, parking, UDF and aerobridge charges is Rs. 5,240.71 Cr., thus resulting in a net shortfall (under recovery) of Rs. 392.02 Cr.

- 15.5.20. The Authority proposes to carry-forward the shortfall of Rs. 392.02 Cr. (as per Table 129) to the Fourth Control Period, with a view to not burden the airlines further who are already suffering





with the Covid-19 pandemic's impact, as also the other Users, with excessive tariff at this juncture. However, the Authority proposes to adjust the above shortfall based on the aeronautical revenue achieved by NSCBIA, Kolkata in line with the actual traffic data of the Third Control Period.

**15.6. Authority's decisions regarding Aeronautical Revenue for the Third Control Period**

Based on the materials before it and its analysis, the Authority decides the following with respect to aeronautical revenue for the Third Control Period

- 15.6.1. To consider the aeronautical revenues as provided in Table 129.
- 15.6.2. To true up aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.





## 16. SUMMARY OF AUTHORITY'S DECISIONS

The section below provides a summary of the Authority's decisions relating to relevant chapters regarding tariff determination for the Third Control Period.

### **Chapter 4: True up for the Second Control Period**

- 4.12.1. To accept the actual traffic volumes of FY 2020-21 for true-up of the Second Control Period – as detailed in Table 6.
- 4.12.2. To consider passenger and ATM traffic as detailed in Table 7 for true-up of the Second Control Period.
- 4.12.3. To consider aeronautical RAB as per Table 31 for true-up of the Second Control Period.
- 4.12.4. To consider aeronautical depreciation as per Table 30 for true-up of the Second Control Period.
- 4.12.5. To consider FRoR as per Table 34 for the true-up of the Second Control Period.
- 4.12.6. To not allow return on cost of land pertaining to First and Second Control Periods.
- 4.12.7. To consider operating expenses as per Table 54 for true-up of the Second Control Period.
- 4.12.8. To consider the non-aeronautical revenue as per submitted by AAI for the true-up of the Second Control Period.
- 4.12.9. To consider aeronautical revenue as per Table 63 for true-up of the Second Control Period.
- 4.12.10. To consider aeronautical tax as per Table 67 for true-up of the Second Control Period.
- 4.12.11. To carry forward the under-recovery amount of Rs. 1,585.27 Cr. as on 31 March 2022 as per Table 71 for true-up of the Second Control Period and consider the same in the tariff determination of the Third Control Period.

### **Chapter 5: Traffic for the Third Control Period**

- 5.6.1. The Authority has decided to consider the passenger traffic and ATM traffic as per Table 75.
- 5.6.2. The Authority decides to true-up the traffic for the Third Control Period based on actuals, at the time of tariff determination in the Fourth Control Period.

### **Chapter 6: Regulatory Asset Base and Depreciation for the Third Control Period**

- 6.6.1. To reduce (adjustment) 1% of the project cost from the ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule as mentioned in Para 6.3.9. The same will be examined during the true up of the Third Control Period, at the time of determination of tariff for the Fourth Control Period.





- 6.6.2. To consider a terminal building ratio of 90:10 as per the IMG and IATA recommendations for capital additions pertaining to the Third Control Period as mentioned in Para 6.5.2.
- 6.6.3. To not allow financing allowance for capital additions in the Third Control Period as per Para 6.5.1.
- 6.6.4. To consider capital additions for the Third Control Period as per Table 93.
- 6.6.5. To true-up the total aeronautical asset addition given in Table 94 for the Third Control Period.
- 6.6.6. To true up the asset allocation of the assets capitalised in the Third Control Period based on the actual asset addition in the Fourth Control Period.
- 6.6.7. To consider aeronautical depreciation in the Third Control Period as per Table 95.
- 6.6.8. To true up the depreciation of the Third Control Period based on the actual asset additions and the actual date of capitalisation during the tariff determination of the Fourth Control Period.
- 6.6.9. To consider the RAB for the Third Control Period as per Table 96.
- 6.6.10. To true up the RAB for the Third Control Period based on actuals, at the time of determination of tariff for the Fourth Control Period.

#### **Chapter 7: Fair Rate of Return for the Third Control Period**

- 7.6.1. To consider the cost of equity at 14.00% as per Table 101.
- 7.6.2. To consider the cost of debt at 6.21% as per Table 100.
- 7.6.3. To consider an FRoR of 13.38% for the Third Control Period as calculated in Para 7.5.5 (Table 103).
- 7.6.4. To true up the FRoR during the tariff determination exercise for the Fourth Control Period.

#### **Chapter 8: Return on Land for the Third Control Period**

- 8.6.1. To not consider return on land for the Third Control Period as per Para 8.5.1.

#### **Chapter 9: Operating and Maintenance Expenses for the Third Control Period**

- 9.6.1. The Authority decides to consider O&M expenses as set out in Table 112 for the Third Control Period.
- 9.6.2. To true up the O&M expenses for the Third Control Period based on actuals subject to reasonableness and efficiency, at the time of determination of tariff for the Fourth Control Period.





**Chapter 10: Non-Aeronautical Revenue for the Third Control Period**

- 10.6.1. To consider the non-aeronautical revenues as per Table 117 for the Third Control Period.
- 10.6.2. To true up non-aeronautical revenues for the Third Control Period at the time of determination of tariff of the Fourth Control Period.

**Chapter 11: Taxation for the Third Control Period**

- 11.6.1. To consider aeronautical tax as per Table 120 for the Third Control Period.
- 11.6.2. To true up the aeronautical tax estimates based on actual tax outflow at the end of the Third Control Period.

**Chapter 12: Inflation for the Third Control Period**

- 12.6.1. To consider inflation of 4.9% for the Third Control Period based on the mean WPI inflation forecast for FY 2021-22 given in the 69<sup>th</sup> round of survey of professional forecasters on macroeconomic indicators of RBI, as per Para 12.2.3.

**Chapter 13: Quality of Services for the Third Control Period**

- 13.6.1. To not consider any adjustment towards tariff determination for the Third Control Period on account of quality of service.

**Chapter 14: Aggregate Revenue Requirement for the Third Control Period**

- 14.6.1. To consider the ARR as per Table 126 as the eligible ARR for the Third Control Period.
- 14.6.2. To true up all regulatory building blocks based on actuals during the tariff determination exercise of the Fourth Control Period.

**Chapter 15: Aeronautical Revenue for the Third Control Period**

- 15.6.1. To consider the aeronautical revenues as provided in Table 129.
- 15.6.2. To true up aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.





**17. ORDER**

- 17.1.1. In exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008 and based on the above decisions, the Authority hereby determines the aeronautical tariffs to be levied at NSCBIA, Kolkata for the Third Control Period (01<sup>st</sup> April 2021 to 31<sup>st</sup> March 2026) as seen in Annexure I to the Order.
- 17.1.2. In exercise of powers conferred by Section 13(1)(b) of AERA Act, 2008, read with Rule 89 of the Aircraft Rules, 1937, the Authority hereby determines the rate of UDF as indicated in the rate card at Annexure I to the Order effective from the current Control Period.
- 17.1.3. This tariff order shall be effective from 01<sup>st</sup> April 2022.

By the order of and in the name of the Authority



(Col. Manu Sooden)  
Secretary

To,  
The Chairperson  
Airports Authority of India  
Rajiv Gandhi Bhawan  
Safdarjung Airport  
New Delhi – 110003

Copy to:

**1. Secretary, Ministry of Civil Aviation**

Rajiv Gandhi Bhawan,  
Safdarjung Airport,  
New Delhi – 110003

**2. Directorate General of Civil Aviation, for issue of AIC**





## 18. LIST OF ANNEXURES

### 18.1. Annexure I: Annual Tariff approved by the Authority for the Third Control Period

18.1.1. The Authority has examined the Annual Tariff Proposal submitted by AAI for NSCBIA, Kolkata. After examination as given in Chapter 15, the Authority approves the following aeronautical tariffs for NSCBIA, Kolkata for the Third Control Period:

**Table 130: Landing charges (domestic) for Third Control Period decided by the Authority**

| Weight of the Aircraft  | FY 2022  | FY 2023  | FY 2024  | FY 2025  | FY 2026<br>(01.04.2025 to 31.12.2025)                | FY 2026<br>(01.01.2026 to 31.03.2026)                |
|-------------------------|--|--|--|--|--|--|
|                         | Existing rate  | Tariff w.e.f. 01.04.2022                             | Tariff w.e.f. 01.04.2023                             | Tariff w.e.f. 01.04.2024                             | Tariff w.e.f. 01.04.2025                             | Tariff w.e.f. 01.01.2026                             |
| Up to 25 MT             | Rs. 499 per MT                                       | Rs. 511 per MT                                       | Rs. 524 per MT                                       | Rs. 537 per MT                                       | Rs. 551 per MT                                       | Rs. 468 per MT                                       |
| Above 25 MT up to 50 MT | Rs. 12,486 plus Rs. 580 per MT in excess of 25 MT    | Rs. 12,775 plus Rs. 595 per MT in excess of 25 MT    | Rs. 13,100 plus Rs. 609 per MT in excess of 25 MT    | Rs. 13,425 plus Rs. 625 per MT in excess of 25 MT    | Rs. 13,775 plus Rs. 640 per MT in excess of 25 MT    | Rs. 11,700 plus Rs. 544 per MT in excess of 25 MT    |
| Above 50 MT up to 100   | Rs. 26,997 plus Rs. 675 per MT in excess of 50 MT    | Rs. 27,650 plus Rs. 692 per MT in excess of 50 MT    | Rs. 28,325 plus Rs. 709 per MT in excess of 50 MT    | Rs. 29,050 plus Rs. 727 per MT in excess of 50 MT    | Rs. 29,775 plus Rs. 745 per MT in excess of 50 MT    | Rs. 25,300 plus Rs. 633 per MT in excess of 50 MT    |
| Above 100 MT to 200 MT  | Rs. 60,741 plus Rs. 769 per MT in excess of 100 MT   | Rs. 62,250 plus Rs. 788 per MT in excess of 100 MT   | Rs. 63,775 plus Rs. 808 per MT in excess of 100 MT   | Rs. 65,400 plus Rs. 828 per MT in excess of 100 MT   | Rs. 67,025 plus Rs. 849 per MT in excess of 100 MT   | Rs. 56,950 plus Rs. 722 per MT in excess of 100 MT   |
| Above 200 MT            | Rs. 1,37,685 plus Rs. 891 per MT in excess of 200 MT | Rs. 1,41,050 plus Rs. 913 per MT in excess of 200 MT | Rs. 1,44,575 plus Rs. 936 per MT in excess of 200 MT | Rs. 1,48,200 plus Rs. 960 per MT in excess of 200 MT | Rs. 1,51,925 plus Rs. 983 per MT in excess of 200 MT | Rs. 1,29,150 plus Rs. 836 per MT in excess of 200 MT |

**Table 131: Landing charges (International) for Third Control Period decided by the Authority**

| Weight of the Aircraft  | FY 2022   | FY 2023   | FY 2024   | FY 2025   | FY 2026<br>(01.04.2025 to 31.12.2025)               | FY 2026<br>(01.01.2026 to 31.03.2026)               |
|-------------------------|---|---|---|---|---|---|
|                         | Existing rate                                       | Tariff w.e.f. 01.04.2022                            | Tariff w.e.f. 01.04.2023                            | Tariff w.e.f. 01.04.2024                            | Tariff w.e.f. 01.04.2025                            | Tariff w.e.f. 01.01.2026                            |
| Up to 25 MT             | Rs. 965 per MT                                      | Rs. 989 per MT                                      | Rs. 1,014 per MT                                    | Rs. 1,039 per MT                                    | Rs. 1,065 per MT                                    | Rs. 905 per MT                                      |
| Above 25 MT up to 50 MT | Rs. 24,126 plus Rs. 1,066 per MT in excess of 25 MT | Rs. 24,725 plus Rs. 1,093 per MT in excess of 25 MT | Rs. 25,350 plus Rs. 1,120 per MT in excess of 25 MT | Rs. 25,975 plus Rs. 1,148 per MT in excess of 25 MT | Rs. 26,625 plus Rs. 1,177 per MT in excess of 25 MT | Rs. 22,625 plus Rs. 1,000 per MT in excess of 25 MT |
| Above 50 MT up to 100   | Rs. 50,787 plus Rs. 1,168 per MT in                 | Rs. 52,050 plus Rs. 1,197 per MT in                 | Rs. 53,350 plus Rs. 1,227 per MT in                 | Rs. 54,675 plus Rs. 1,258 per MT in                 | Rs. 56,050 plus Rs. 1,289 per MT in                 | Rs. 47,625 plus Rs. 1,096 per MT in                 |





| Weight of the Aircraft | FY 2022  | FY 2023  | FY 2024  | FY 2025  | FY 2026<br>(01.04.2025 to 31.12.2025)                  | FY 2026<br>(01.01.2026 to 31.03.2026)                  |
|------------------------|--|--|--|--|--|--|
|                        | excess of 50 MT  | excess of 50 MT  | excess of 50 MT  | excess of 50 MT  | excess of 50 MT  | excess of 50 MT  |
| Above 100 MT to 200 MT | Rs. 1,09,167 plus Rs. 1,282 per MT in excess of 100 MT | Rs. 1,11,900 plus Rs. 1,314 per MT in excess of 100 MT | Rs. 1,14,700 plus Rs. 1,347 per MT in excess of 100 MT | Rs. 1,17,575 plus Rs. 1,381 per MT in excess of 100 MT | Rs. 1,20,500 plus Rs. 1,415 per MT in excess of 100 MT | Rs. 1,02,425 plus Rs. 1,203 per MT in excess of 100 MT |
| Above 200 MT           | Rs. 2,37,399 plus Rs. 1,417 per MT in excess of 200 MT | Rs. 2,43,300 plus Rs. 1,452 per MT in excess of 200 MT | Rs. 2,49,400 plus Rs. 1,489 per MT in excess of 200 MT | Rs. 2,55,675 plus Rs. 1,526 per MT in excess of 200 MT | Rs. 2,62,000 plus Rs. 1,564 per MT in excess of 200 MT | Rs. 2,22,725 plus Rs. 1,329 per MT in excess of 200 MT |

- No landing charges shall be payable in respect of a) aircraft with a maximum certified passenger capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types C) DGCA approved flying school/flying training institute aircrafts.
- All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
- Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
- Flight operating under regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

**Table 132: Parking charges up to two hours after free hours for the Third Control Period decided by the Authority**

| Weight of the Aircraft | FY 2022   | FY 2023   | FY 2024   | FY 2025   | FY 2026<br>(Q1 to Q3)                                     | FY 2026<br>(Q4)   |
|------------------------|---|---|---|---|---|---|
|                        | Existing rate   | Tariff w.e.f. 01.04.2022                                    | Tariff w.e.f. 01.04.2023                                    | Tariff w.e.f. 01.04.2024                                    | Tariff w.e.f. 01.04.2025                                  | Tariff w.e.f. 01.01.2026                                    |
| Up to 100 MT           | Rs. 16.7 per MT per hour                                    | Rs. 17.1 per MT per hour                                    | Rs. 17.5 per MT per hour                                    | Rs. 18 per MT per hour                                      | Rs. 18.4 per MT per hour                                  | Rs. 15.7 per MT per hour                                    |
| Above 100 MT           | Rs. 1,670 plus Rs. 21.7 per MT per hour in excess of 100 MT | Rs. 1,710 plus Rs. 22.2 per MT per hour in excess of 100 MT | Rs. 1,750 plus Rs. 22.8 per MT per hour in excess of 100 MT | Rs. 1,800 plus Rs. 23.4 per MT per hour in excess of 100 MT | Rs. 1,840 plus Rs. 24 per MT per hour in excess of 100 MT | Rs. 1,570 plus Rs. 20.4 per MT per hour in excess of 100 MT |

Housing charges subsumed within Parking charges





**Table 133: Parking charges beyond first four hours for the Third Control Period decided by the Authority**

| Weight of the Aircraft | FY 2022   | FY 2023   | FY 2024   | FY 2025   | FY 2026 (Q1 to Q3)  | FY 2026 (Q4)  |
|------------------------|---|---|---|---|---|---|
|                        | Existing rate   | Tariff w.e.f. 01.04.2022                                    | Tariff w.e.f. 01.04.2023                                    | Tariff w.e.f. 01.04.2024                                    | Tariff w.e.f. 01.04.2025                                    | Tariff w.e.f. 01.01.2026                                    |
| Up to 100 MT           | Rs. 32.7 per MT per hour                                    | Rs. 34.2 per MT per hour                                    | Rs. 35.0 per MT per hour                                    | Rs. 36.0 per MT per hour                                    | Rs. 36.8 per MT per hour                                    | Rs. 31.4 per MT per hour                                    |
| Above 100 MT           | Rs. 3,270 plus Rs. 43.8 per MT per hour in excess of 100 MT | Rs. 3,420 plus Rs. 44.5 per MT per hour in excess of 100 MT | Rs. 3,500 plus Rs. 45.6 per MT per hour in excess of 100 MT | Rs. 3,600 plus Rs. 46.7 per MT per hour in excess of 100 MT | Rs. 3,680 plus Rs. 47.9 per MT per hour in excess of 100 MT | Rs. 3,140 plus Rs. 40.7 per MT per hour in excess of 100 MT |

- i. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
- ii. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- iii. Charges shall be calculated based on nearest MT.
- iv. Charges for each period parking shall be rounded off to nearest rupee.
- v. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- vi. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at NSCBIA, Kolkata if the State Government has brought the rate of tax (VAT) on ATF < 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of < 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
- vii. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
- viii. For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is to be payable.





**Aerobridge Charges:**

18.1.2. Aerobridge charges are payable for each usage as per the rates given below:

**Table 134: Aerobridge charges for Third Control Period decided by the Authority**

| Aircraft      | FY 2022          | FY 2023                     | FY 2024                     | FY 2025                     | FY 2026<br>(Q1 to Q3)       | FY 2026<br>(Q4)             |
|---------------|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|               | Existing<br>rate | Tariff w.e.f.<br>01.04.2022 | Tariff w.e.f.<br>01.04.2023 | Tariff w.e.f.<br>01.04.2024 | Tariff w.e.f.<br>01.04.2025 | Tariff w.e.f.<br>01.01.2026 |
| Domestic      | Rs. 2,315        | Rs. 2,373                   | Rs. 2,432                   | Rs. 2,493                   | Rs. 2,555                   | Rs. 2,172                   |
| International | Rs. 4,631        | Rs. 4,747                   | Rs. 4,865                   | Rs. 4,987                   | Rs. 5,112                   | Rs. 4,345                   |

- For calculating chargeable aerobridge usage time, any part of an hour shall be rounded off to the next hour.
- Charges for each usage shall be rounded off to the nearest Rupee.

**User Development Fees**

**Table 135: User Development Fees decided for the Third Control Period by the Authority**

| Aircraft      | FY 2022          | FY 2023                     | FY 2024                     | FY 2025                     | FY 2026<br>(Q1 to Q3)       | FY 2026<br>(Q4)             |
|---------------|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|               | Existing<br>rate | Tariff w.e.f.<br>01.04.2022 | Tariff w.e.f.<br>01.04.2023 | Tariff w.e.f.<br>01.04.2024 | Tariff w.e.f.<br>01.04.2025 | Tariff w.e.f.<br>01.01.2026 |
| Domestic      | Rs. 583.0        | Rs. 598                     | Rs. 613                     | Rs. 628                     | Rs. 644                     | Rs. 547                     |
| International | Rs. 1,401.7      | Rs. 1,437                   | Rs. 1,473                   | Rs. 1,509                   | Rs. 1,547                   | Rs. 1,315                   |

**Notes:****18.1.3. UDF Collection:**

- UDF Collection Charges:** If payment is made within 15 days from receipt of invoice, then collection charges per departing passenger shall be paid by AAI as per the policy pertaining to such charges between the Airport Operator and the airlines. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment.
- No collection charges are payable to casual operator/non-scheduled operators.
- For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2nd fortnight shall be adopted.
- No UDF will be levied for Transit Passengers.
- Revised UDF charges will be applicable on tickets issued on or after 01.04.2022

18.1.4. **Aviation Security Fee (ASF):** Will continue to be charged as per rate and exemptions as prescribed by MoCA from time to time.





**18.1.5. Exemption from levy and collection from UDF at the Airports:**

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF.

- a) Children (under the age of 2 years),
- b) Holders of Diplomatic Passport,
- c) Airlines crew on duty including sky marshals & airline crew on board for particular flight only (this would not include Dead Head Crew, or ground personnel),
- d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

**18.1.6. GENERAL CONDITION:**

- a) All the above Charges are excluding GST. GST at the applicable rates is payable in addition to above charges.
- b) Flights operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GOI.





## 18.2. Annexure II: Capital additions in the Second Control Period

### A. Capital Additions approved in the Second Control Period Order and commissioned in the Second Control Period

**Table 136: Capital additions approved by the Authority in Second Control Period and capitalised in Second Control Period**

| Project Name (in Rs. Cr.)                                 | Year    | As per SCP Order (in Rs. Cr.) | As per Actuals (in Rs. Cr.) | Difference (in Rs. Cr.) | Remarks  |
|---|---------|-------------------------------|-----------------------------|-------------------------|--|
| 15 MW Ground mounted solar power plant                    |         | 81.07                         | 81.84                       | 0.77                    | Minor deviation  |
| CAT IIIB: Lighting work for main runway                   | 2017-18 | 61.68                         | 52.78                       | 2.78                    | Minor deviation  |
| CAT IIIB: Runway resurfacing and RCC drain                |         |                               | 0.96                        |                         |  |
| CAT IIIB: Power supply for sub-station equipment (DG set) |         |                               | 5.16                        |                         |  |
| Construction of isolation bay                             | 2016-17 | 31.00                         | 32.96                       | 1.96                    | Increase in cost since there was a requirement to increase shoulder width.   |
| Re-construction of F-taxi track                           | 2016-17 | 5.00                          | 15.47                       | 10.47                   | Increase in scope of work due to development of 8 parking bays, extension of apron, construction of RETs, provision of fillets, provision of drainage system of the apron and connection to main storm water drains and culverts below the taxitrack/apron |
| 8 <sup>th</sup> departure conveyor system at NITB         | 2017-18 | 11.90                         | 10.11                       | -0.13                   | Minor deviation  |
| IN-MOTION WEIGHING SCALE @ S-LIFTER (BHS CONVEYOR)        |         |                               | 1.08                        |                         |  |
| REDUNDANCY BETWEEN DEPRT LINE 8 & 6 PRIOR TO X-RAY        |         |                               | 0.83                        |                         |  |
| RCC drain at northern side of operational area            | 2016-17 | 10.32                         | 9.85                        | -4.29                   | The deviation is due to some extra area of drainage in operational area being covered as per operational requirement.  |
| Upgradation of drainage system                            | 2019-20 |                               | 4.77                        |                         |  |
| Construction of sub-fire station                          | 2017-18 | 7.12                          | 6.83                        | -0.29                   | Minor deviation  |
| Diversion of perimeter road (ground mounted solar panels) | 2016-17 | 4.38                          | 4.81                        | (3.51)                  | The deviation is due to some extra area of drainage in operational area being covered as per operational requirement.  |
| Construction of underground sump, borewell                | 2016-17 |                               | 2.26                        |                         |  |





| Project Name (in Rs. Cr.)                                       | Year    | As per SCP Order (in Rs. Cr.) | As per Actuals (in Rs. Cr.) | Difference (in Rs. Cr.) | Remarks   |
|---|---------|-------------------------------|-----------------------------|-------------------------|---|
| Operational area development (ground mounted solar panels)      | 2017-18 |                               | 0.83                        |                         |   |
| Fillet in S-side at K-taxi track & main runway junction         | 2016-17 | 2.62                          | 2.9                         | 0.28                    | Minor deviation   |
| Restructure of broken slabs & bays for a/craft mov              | 2016-17 | 2.15                          | 2.17                        | 0.02                    | Minor deviation   |
| Alternate feeder for essential services of NITB                 | 2017-18 | 2                             | 2.08                        | 0.08                    | Minor deviation   |
| Energy conservation: led luminaries @ NITB departure            | 2018-19 | 2.31                          | 1.84                        | (0.47)                  | Minor deviation   |
| Improvement air-conditioning: @departure sha nitb               | 2017-18 | 9.25                          | 1.59                        | 2.47                    | Work executed as proposed for achieving better passenger facilitation. The incurred cost is as per lowest tender. |
| Automation of 12000 tr HVAC & integration of AHU                | 2019-20 |                               | 1.56                        |                         |   |
| Additional cooling tower for 12000tr HVAC plant                 | 2018-19 |                               | 1.5                         |                         |   |
| Window & split ACs at NITB server rooms                         | 2017-18 |                               | 1.25                        |                         |   |
| AIRCONDITIONING SYSTEM @ CCR HALL (i/c SPLIT UNIT)              | 2017-18 |                               | 0.88                        |                         |   |
| Walkway in roof trusses – NITB                                  | 2016-17 | 1.29                          | 1.5                         | 0.21                    | Increase in cost due to additional area covered   |
| Silencers acoustic lining ducting for exhaust fan               | 2018-19 | 1.02                          | 0.56                        | (0.75)                  | Increase in scope of work   |
| AUTOMATION OF SMOKE EXTRACTION FAN @ DEPARTURE                  | 2018-19 |                               | 0.09                        |                         |   |
| Air conditioning - dept, arrival additional area at NITB        | 2016-17 |                               | 1.12                        |                         |   |
| Approach road towards 19 R RESA                                 | 2016-17 | 1.05                          | 1.05                        | -                       | -   |
| Modification/ upgradation of ceremonial lounge @ old ITB        | 2016-17 | 0.8                           | 0.85                        | 0.05                    | Increase in cost due to additional area covered   |
| Construction and modification of toilet: NITB departure (civil) | 2019-20 | 0.28                          | 0.77                        | 0.49                    | Increase in scope of work - more toilets were constructed/modified  |
| Guidance signage for secondary runway                           | 2018-19 | 0.8                           | 0.72                        | (0.08)                  | Minor deviation   |
| Other Works (below Rs. 0.70 Cr.)                                |         | 7.69                          | 7.23                        | (0.46)                  | -   |
| <b>Total</b>  |         | <b>243.72</b>                 | <b>260.20</b>               | <b>16.48</b>            |   |





**B. Capital additions incurred in the Second Control Period but not approved in the Second Control Period Order**

**Table 137: Capital additions not approved in the Second Control Period Order but claimed by AAI in true-up**

| S No. | Project Name   | Year    | Submitted by AAI for SCP (in Rs. Cr.) | Reasons for incurring   |
|-------|--|---------|---------------------------------------|---|
| 1     | Supply, installation, testing and commissioning of Inline XBIS TSA/Standard 3 (EU) (7 units) | 2019-20 | 47.22                                 | As per BCAS Guidelines the inline XBS has been replaced for upgradation with CTX type. 7 new CTX inline Xray machine has been installed.                      |
| 2     | Pavement works for link taxi, apron, and shoulders   | 2018-19 | 30.01                                 |   |
| 3     | Purchase of 11,382 trolleys  | 2020-21 | 26.40                                 | Purchased to facilitate passengers  |
| 4     | Construction of two additional 4C parking bays   | 2018-19 | 14.73                                 | Due to the shortage of parking space, there was an operational requirement to construct additional parking bays.  |
| 5     | Fall protection and walkway system on NITB roof  | 2019-20 | 14.62                                 | Incurred because the slope of NITB roof is quite steep and it was very difficult to maintain the roof without taking up this work especially during cyclones. |
| 6     | Providing 8th departure conveyor line and additional departure conveyors at terminal T-2     | 2020-21 | 14.33                                 | Work executed due to operational requirement of catering the increased the passenger traffic.   |
| 7     | 08 Automatic Tray Retrieval System   | 2020-21 | 12.39                                 | In order to reduce passenger waiting time and improve operational efficiency.   |
| 8     | Construction of road parallel to main runway approaching overshoot/undershoot area by CFTs   | 2020-21 | 9.85                                  | Work taken up due to operational requirement and also to some extent, concerned with security.  |
| 9     | Supply of threat containment vessel  | 2018-19 | 8.69                                  | Purchase of Threat containment vessel. It is an additional requirement and is crucial for the safety of the passengers.                                       |
| 10    | Widening and strengthening of perimeter road   | 2018-19 | 8.54                                  | Operational requirement as per BCAS guidelines so that 2 CFTs can pass parallelly   |
| 11    | Wayfinding signages at T2  | 2020-21 | 8.54                                  | Way finding signages are to be made similar across all airports in India. This expenditure is regarding that.   |
| 12    | Biometric access control system - Kolkata  | 2019-20 | 6.98                                  | Required for Biometric AEP project as per Bureau of Civil Aviation (BCAS) guidelines.   |
| 13    | Network component (active) @ data centre   | 2020-21 | 6.98                                  | IT Network infrastructure upgradation required for passenger facilitation infrastructure maintenance in the terminal building.                                |
| 14    | SITC INLINE XBIS TSA/STANDARD 3 (EU) (1 unit)  | 2020-21 | 6.13                                  | As per BCAS Guidelines the inline XBS has been replaced for upgradation with CTX type. 1 new CTX inline Xray machine has been installed                       |





| S No. | Project Name  | Year    | Submitted by<br>AAI for SCP<br>(in Rs. Cr.) | Reasons for incurring   |
|-------|---|---------|---|---|
| 15    | 1000 NOS. three-seater chairs for terminal building   | 2019-20 | 6.1   | Purchased to facilitate passengers  |
| 16    | TAXIWAY "A" BETWEEN junction of C taxi to F taxi & G taxi   | 2017-18 | 5.72  | Condition of taxiway was very deteriorated and pot holes were frequent. Complains from the users were received and accordingly the work was taken up urgently.          |
| 17    | Modification of existing bus lounge i/c providing transit lounge at arrival level of NSCBI Airport, Kolkata                                       | 2020-21 | 5.59  | Due to increase the number of simultaneously operating flight movement, additional passenger boarding gate required to be provided and also to provide D to D facility. |
| 18    | Rubber Removal Machine (AR 346)   | 2019-20 | 5.29  | Additional requirement and replacement of rubber removal system at Airport runway. This is important for smooth take-off and landing operations.                        |
| 19    | DSITC of new carousels (for portal E & G)   | 2020-21 | 4.99  |   |
| 20    | Rosenbauer Panther 6X6 ACFT AR - 313  | 2017-18 | 4.25  | These are CFTs and are required to maintain safety measures and operational efficiencies at the airport.  |
| 21    | Rosenbauer Panther 6X6 ACFT AR - 314  | 2017-18 | 4.24  | These are CFTs and are required to maintain safety measures and operational efficiencies at the airport.  |
| 22    | C/o approach/ Exit Rd. at strategic location from both main & secondary rwy.  | 2020-21 | 3.71  | There was an operational requirement to construct a road using which quick exit/ approach from/to the runway can be made in case of any untoward incident.              |
| 23    | HT LT Network Rearrangement @ AAI Colony  | 2018-19 | 3.25  | Work executed to  |
| 24    | Storage Capacity Augmentation @ Data Centre   | 2018-19 | 3.17  | IT infrastructure upgradation required for data center Storage systems of SCCTV systems in the terminal building  |
| 25    | 02 Automatic Tray Return System with DV X-Ray   | 2019-20 | 3.15  | To reduce passenger waiting time  |
| 26    | Parking Space for GS Equipment Of Airlines  | 2019-20 | 3.1   | Demands were received from various airlines for more GSE parking area. Hence this work was taken up.  |
| 27    | Upgradation -Inline X-Bis NITB: International Side  | 2016-17 | 3   | As per BCAS Guidelines the inline XBS has been replaced for upgradation with CTX type   |
| 28    | Energy Conservation Measure<br>SH: Replacement of existing Conventional Luminaries with suitable LED Luminaries at NSCBIA Kolkata. (Elect. Work). | 2020-21 | 2.98  | Work executed for replacing light fittings as proposed for achieving energy conservation measures.  |
| 29    | Hyper Converged Infrastructure @ Data Centre  | 2018-19 | 2.89  | IT infrastructure upgradation required for data center Server for SCCTV and FIDS systems in the terminal building as old servers became obsolete and .                  |





| S No. | Project Name   | Year    | Submitted by<br>AAI for SCP<br>(in Rs. Cr.) | Reasons for incurring   |
|-------|--|---------|---|---|
| 30    | Shoulder/Ramp Area @ North Side of Cargo Bay C-5                       | 2017-18 | 2.65  | This work was taken up since there was a dearth of space to accommodate parking ground safety equipment   |
| 31    | Biometric Access Control System  | 2020-21 | 2.46  | Required for Biometric (Airport Entry Permit) AEP project as per Bureau of Civil Aviation (BCAS) guidelines.                                      |
| 32    | Interfaeing Work: 8 <sup>th</sup> departure conveyor with existing BHS | 2019-20 | 2.36  | Work executed due to operational requirement for bringing the complete BHS of two different makes in one SCADA system.                            |
| 33    | Car Park Infront CUDCT-ATC & Taxi Parking @ Old Dtb                    | 2018-19 | 2.18  | This work was urgent due to increased passenger. The original car park area was required to be reduced for the construction of the new ATC tower. |
| 34    | Differential Storage: Dell EMC 4000 GB NL SAS H/D                      | 2019-20 | 2.05  | IT infrastructure upgradation was required for data center storage systems of SCCTV units in the terminal building                                |
|       | <b>Other works (below Rs. 2.00 Cr.)</b>                                |         | 71.81                                       |   |
|       | <b>Total</b>   |         | 360.36                                      |   |





**C. Capital additions estimated for FY 2020-21 in MYTP but capitalised at different amounts as per actual financials of FY 2020-21**

**Table 138: Capital additions estimated for FY 2020-21 in MYTP but capitalised at different amounts as per actual financials of FY 2020-21**

| Project Name  | Capital additions as per MYTP (A) | Capital additions as per FY 21 Actuals (B) | Change in capital additions (C) = (A) - (B) |
|---|-----------------------------------|--|---|
| Purchase of Trolleys  | 26.40                             | 6.00                                       | 20.40                                       |
| Providing 8th Departure Conveyor line and additional Departure conveyors for common handling line to facilitate single point L-3/L-4 examination in the baggage make-up area at domestic and international portions of Terminal T-2 (Elect. Work): EUR 818851.61+INR 70171559.83 ** | 14.33                             | 0.60                                       | 13.73                                       |
| Modification of existing bus lounge i/c providing transit lounge at arrival level of NSCBI Airport, Kolkata   | 5.57                              | 4.21                                       | 1.39  |
| SH:Modification of Departure line CTX machine, Power supply Work. (Elect. Work)   | 1.57                              | 1.35                                       | 0.22  |
| Provision of fire rated cubicles interfacing for the BHS fire shutters in the basement for fire and smoke protection purpose.   | 1.42                              | 1.24                                       | 0.18  |
| SH:Provision of HVAC in ILBS rooms at lower basement at Kolkata Airport. (Elect. Work)  | 1.36                              | 1.36                                       | 0.01  |
| INTEGRATION OF SMITH ILBS WITH ULMA BHS (PORTAL A)  | 0.49                              | 0.49                                       | 0.01  |
| Provision of Window AC, Split Ac, and slim line AC at various locations and ancilliary bldg. SH: SITC of Split AC's.(Elect. Work)   | 0.19                              | 0.18                                       | 0.01  |
| Providing fire alarm system for main store of Mmdept.(Elect. Work)  | 0.05                              | 0.05                                       | 0.01  |
| DSITC OF NEW CAROUSELS (FOR PORTAL E)   | 4.99                              | 4.99                                       | 0.00  |
| 1 NO. 3-SEATER PARTO SOFA - GODREJ  | 0.00                              | 0.00                                       | 0.00  |
| 3 NOS. GODREJ REGENCY VISITOR WITH ARM  | 0.00                              | 0.00                                       | 0.00  |
| 1 NO. 2-SEATER PARTO SOFA - GODREJ  | 0.00                              | 0.00                                       | 0.00  |
| 1 GODREJ PREMIUM VERY HIGHBACK CHAIR  | 0.00                              | 0.00                                       | 0.00  |
| 06 AUTOMATIC TRAY RETURN SYSTEM WITH DV X-RAY   | 9.29                              | 9.29                                       | 0.00  |





| Project Name   | Capital additions as per MYTP (A) | Capital additions as per FY 21 Actuals (B) | Change in capital additions (C) = (A) - (B) |
|--|-----------------------------------|--|---|
| SITC INLINE XBIS TSA/STANDARD 3 (EU)   | 6.13                              | 6.13                                       | 0.00  |
| Replacement of old storage water cooler cum purifier with new RO+UV based integrated water cooler cum purifier at different locations of NSCBI Airport, Kolkata. | 0.44                              | 0.44                                       | -   |
| MOD.IN BHS TO FACILITATE D TO I TRANSIT BAGGAGE  | 0.28                              | 0.28                                       | -   |
| 100 SS TRIO (3 IN 1) DUSTBIN (WITHOUT WHEEL)   | 0.22                              | 0.22                                       | -   |
| 50 RECLYNER LOUNGE CHAIRS (BROWN UP-ORANGE DOWN)   | 0.21                              | 0.21                                       | -   |
| 75 GODREJ BEAT HIGHBACK CHAIR  | 0.08                              | 0.08                                       | -   |
| 100 NOS. GODREJ REGENCY VISITOR W/OUT ARM  | 0.06                              | 0.06                                       | -   |
| 30 AUTOMATIC WALL MOUNT SANITIZER DISPENSER  | 0.03                              | 0.03                                       | -   |
| VISUAL PRESENTER   | 0.02                              | 0.02                                       | -   |
| 01 MULTIFUNCTION PHOTOCOPIER (KYOCERA) CISF  | 0.01                              | 0.01                                       | -   |
| 02 AUTOMATIC TRAY RETURN SYSTEM WITH DV X-RAY  | 3.10                              | 3.10                                       | (0.00)                                      |
| NETWORK COMPONENT (ACTIVE) @ DATA CENTRE   | -                                 | 6.98                                       | (0.00)                                      |
| 18 MULTIFUNCTION PHOTOCOPIER MACHINE (KYOCERA)   | 0.13                              | 0.14                                       | (0.01)                                      |
| Modification of Existing Bus Lounge (HVAC works) (Elect. Work)   | 0.19                              | 0.27                                       | (0.08)                                      |
| Network monitoring system  | 0.52                              | 0.59                                       | (0.08)                                      |
| C/o approach/ Exit Rd. at strategic location from both main & secondary rwy.   | 3.69                              | 3.83                                       | (0.11)                                      |
| Upgradation of drainage system a) Civil Works  | 4.76                              | 5.07                                       | (0.31)                                      |
| Signage of T2, wayfinding Signages. (Elect. Work)  | 8.54                              | 7.42                                       | (0.48)                                      |
| Energy Conservation Measure. SH: Replacement of existing Conventional Lumaniries with suitable LED Luminaries at NSCBIA Kolkata. (Elect. Work).                  | 2.98                              | 3.00                                       | (0.57)                                      |
| C/o Road parallel to Main RWY approaching overshoot / undershoot area by CFT's (Emergency access road)   | 9.85                              | 17.66                                      | (7.81)                                      |
| <b>Total</b>   | <b>106.90</b>                     | <b>85.29</b>                               | <b>26.52</b>                                |






**D. Capital Additions estimated in MYTP by AAI but not capitalised as per actuals in FY 2020-21**

**Table 139: Capital additions estimated in MYTP by AAI but not capitalised as per actuals in FY 2020-21**

| <b>Project Name</b>   | <b>Capital additions as per MYTP (A)</b> | <b>Capital additions as per FY 21 Actuals (B)</b> |
|---|--|---|
| Biometric Access Control System   | 2.46                                     | -   |
| Supply, Installation, Commissioning Double units Bio Toilet at NSCBI Airport, Kolkata.                                    | 0.61                                     | -   |
| ILBS (Civil Work)   | 0.34                                     | -   |
| Modification in BHS to facilitate Domestic to Intl. baggage transit baggages at T2 at NSCBI Airport, Kolkata.             | 0.28                                     | -   |
| Provision of Standby sewerage pump. (Elect. Work)   | 0.21                                     | -   |
| SH: Supply & Fixing of draught curtains at ILXBIS at lower basement of NIPTB (T-2) at NSCBI Airport Kolkata.(Elect. Work) | 0.12                                     | -   |
| SITC of UPS power module to enhance UPS capacity in Data center in T2 at NSCBI Airport, Kolkata.                          | 0.10                                     | -   |
| SH: Providing FDAS in ILBS machine rooms at NSCBI Airport Kolkata. (Elect. Work)  | 0.04                                     | -   |
| <b>Total</b>  | <b>4.16</b>                              |   |





**18.3. Annexure III: Minutes of AUCC meeting****Minutes of the AUCC Meeting**


**भारतीय विमानपत्तन प्राधिकरण**  
**AIRPORTS AUTHORITY OF INDIA**

AAI/NSCBI/KOLKATA/TARIFF/2021 22.09.2021

The Executive Director (JVC/Tariff),  
Airports Authority Of India,  
Rajiv Gandhi Bhawan, Block-C,  
Sardarjung Airport,  
New Delhi-110003

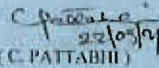
**Subject : Minutes of the Airport User Consultative Committee ( AUCC ) meeting held on 16.09.2021 at NSCBI Airport, Kolkata**

Madam,

Enclosed please find herewith the minutes of AUCC meeting held on 16<sup>th</sup> September,2021 at NSCBI Airport, Kolkata through Video Conference.

Thanking You,

Encls : as above.

  
(C. PATTABHI)  
AIRPORT DIRECTOR

Copy to :- 1. ED(Planning), CHQ  
2. ED(Engineering-IR),CHQ

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नेताजी सुभाष चन्द्र बोस अन्तरराष्ट्रीय विमानपत्तन, कोलकाता-700 052 फोन : 2511-8268 फोन : 2511-8787 वेबसाइट : www.nscbiairport.org  
NETAJI SUBHAS CHANDRA BOSE INTERNATIONAL AIRPORT, KOLKATA-700 052 FAX : 2511-8266 EPABX : 2511-8787 Website : www.nscbiairport.org





**Minutes of the Airport User Consultative Committee (AUCC) meeting  
held on 16.09.2021 at NSCB Airport, Kolkata**

The meeting was held at 11:30 hour(IST) through Video Conference with the AUCC members as per list of participants attached at Annexure-1.

Shri. C. Pantabhi, Airport Director, NSCB Airport, Kolkata, welcomed all the members and thanked all the members for sparing their valuable time.

As per the AERA guidelines, the AUCC to elect a Chairperson from among its Members and accordingly as per practice Shri, Rahul Wadhwa, Chairman, AOC was elected as Chairman for this AUCC meeting.

A presentation was made by Shri. H. Pulla, General Manager (OPS-TM), NSCB Airport, Kolkata on Airports overview covering operational statistics of NSCB Airport, Kolkata.

Thereafter, a detailed presentation was made by Shri. Anupam Verma, General Manager (Civil), NSCB Airport, Kolkata on the following Major Capital Projects considered proposed in the third control period (2021-22 to 2025-26). All the projects considered in the third Control period are proposed to be financed an approximate mix of internal accruals and debts.

| Sl. No. | Name of Major Project   | Estimated /Actual/ Awarded Cost (Rs. in crores) |
|---------|---|---|
| 01      | Metro connectivity to Terminal Bldg   | 95.00   |
| 02      | C/O CISF Complex on Narayanpur side   | 77.71   |
| 03      | Capacity Enhancement of Terminal Building   | 123.00  |
| 04      | Resurfacing of main RWY 19L/01R i/c provision of CAT-III B lighting system at 01R approach side of Main Runway. | 98.35   |
| 05      | Airside capacity enhancement  | 312.70  |

The presentation made by AAI, NSCB Airport, Kolkata were appreciated by AUCC Members.

Thereafter the forum was opened for seeking the views of the stakeholders through Question & Hour Session.

The salient points discussed have been compiled and tabulated as under: -

| Sl. No. | Stakeholders' views / concerns  | NSCB Airport's response  |
|---------|---|--|
| 1       | <p><b><u>Project considered in the third control period:</u></b></p> <p>a) Mr. G. P. Gupta, Chief Strategy Officer, Spice Jet has suggested to hold and/or defer all Capital projects not impacting to safety and security to</p> | <p>Airport Director, NSCB Airport, Kolkata has clarified that out of the five Major Projects considered in the</p> |

C.Pantabhi  
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 विमानचलन निदेशक / Airport Director  
 ना.वि.प्र. ३, लु.च.ब.अ. इवाई अड्डा कोलकाता  
 AAI, NSCB Airport, Kolkata





|   |   |
|---|---|
| <p>fourth Control period, such that there is least impact on the tariff due to downturn in the number of passengers due to pandemic.</p> <p>b) Mr. Dushyant Deep, Regulatory team, Indigo has requested AAI to review any Capital Project which is feasible to defer to Next Control period so as to reduce the tariff for the current Control period.</p> <p>c) Mr. Rahul Wadhwa, Chairman AOC &amp; AUCC has also requested for a review on completion status of ongoing projects, which were present in the last AUCC Meeting.</p> <p>d) Mr. Ujjwal Dey, Associate Director, FIA enquired about the urgency of construction of CISF Complex project.</p> | <p>3<sup>rd</sup> Control Period, two works are already in progress and almost going to complete. Remaining three works are essential projects, since as per Tariff projection of NSCBI Airport, Kolkata will reach 31 million passengers by the year 2025/26 as against the present capacity of Terminal Building is 26 million PAX. So as such, NSCBI Airport, Kolkata has pruned the projects and taken up only bare minimum essential project to accommodate the expected growth during third control period.</p> <p>GM(Engg-Civil), has also added that NSCBI Airport, Kolkata has already reviewed and dropped the planned project for construction of New Domestic Terminal Building at an estimated cost of about Rs.3600 crores during the third control period. GM(Engg-Civil) has further informed regarding ongoing projects that most of the projects considered in last AUCC meeting (2<sup>nd</sup> control period) is completed and two major projects are in progress.</p> <p>As regards urgency of construction of CISF Complex Projects, APD, Kolkata have clarified that parallel F-Taxi track is already going on due which some of the Barrack accommodation needs to be demolished and some are very old which have been survey reported, therefor the alternate accommodation is required for CISF personnel.</p> |
| <p>2 <b>Normative Cost :</b></p> <p>1) Mr. G. P. Gupta, Chief Strategy Officer, Spice Jet has requested AAI to adhere to the Normative Norms without any deviation.</p> <p>2) Mr. Dushyant Deep, Regulatory team, Indigo has requested AAI to clarify adherence to AERA Normative norms for the Capital Projects, and if there is any deviation reasons for the same.</p>   | <p>GM(Engg-Civil) clarified that NSCBI Airport, Kolkata has already considered the Normative cost as per AERA Guideline. As per AERA 2016 Normative cost for Terminal Building is Rs. 65,000/- per SQM and for pavement is Rs.4700/- per SQM. All the estimated cost given in the presentation meet the Normative Cost requirements. Hence there is no deviation.</p>   |

सी पट्टानी / C PATTANAI  
 विमानपत्तन निदेशक / Airport Director  
 वा. वि. प्र. - वे. प्र. च. ब. अ. इवाई अड्डा कोलकाता  
 AAI, NSCBI Airport, Kolkata





|   |   |  |
|---|---|--|
| 3 | <p><b><u>Tariff Impact:</u></b></p> <ol style="list-style-type: none"> <li>1) Mr. G. P. Gupta, Chief Strategy Officer, Spice Jet has requested AAI to inform the impact of the proposed projects in the PIF on the tariff.</li> <li>2) Mr. Ujjawal Dey, Associate Director, FIA enquired about Tariff impact of these project for the Airport.</li> </ol>   | <p>GM(F&amp;A), NSCBI Airport, Kolkata informed that the project cost considered in the PIF will be considered in RAB for the purpose of Tariff determination as per AERA guidelines.</p> <p>GM(F&amp;A)-JVC/ Tariff Cell, AAI, CHQ has further clarified that, this is very preliminary stage and Tariff will be decided by AERA based on discussion and meeting to be held by AERA.</p>  |
| 4 | <p><b><u>Other Points:</u></b></p> <ol style="list-style-type: none"> <li>a) Ms. Anushila Chaturvedi from Emirates has requested that some of the parking bays out of 08 nos parking bays planned by AAI may be reviewed to accommodate wider body Aircrafts. She also asked about future plan for fuelling hydrant in the Airside Capacity enhancement plan.</li> <li>b) Mr. Joseph of Blue Dart has made query on plan and development of New Cargo Domestic Terminal and Cargo Parking for code 'D' Aircrafts.</li> <li>c) Mr. Rahul Wadhwa, Chairman AOC &amp; AUCC and Mr. G. P. Gupta, Chief Strategy Officer, Spice Jet have requested to discontinue the Monopoly of Master Concessionaries for Food &amp; Beverage at NSCBI Airport, Kolkata so as to increase the service standard and create a sense of competition.</li> <li>d) Mr. Rahul Wadhwa, Chairman AOC &amp; AUCC has requested AAI to increase the capacity of the Bus lounge area to ease the passenger in convenience and</li> </ol> | <p>Airport Director, NSCBIA informed that the 1<sup>st</sup> point is well noted and put forward to Engineering Department for their examination and consideration.</p> <p>As regards point No.2, APD, Kolkata informed that provision of fuelling hydrant is in the Master Plan of NSCBI Airport, Kolkata and accordingly we are in talks with IOCL in this regard.</p> <p>GM(Engg-Civil), informed that New Cargo Terminal Building has already been planned and the proposal is with AAICLAS and the work is likely to commence in the next financial year. He further informed that separate Cargo apron is also planned and pavement of this Cargo apron will be able to take load of 'E' category Aircraft.</p> <p>APD, Kolkata informed that the point is well noted and shall be taken up with Corporate Head Quarters of AAI.</p> <p>GM(Engg-Civil), clarified that four more Bus Gates already taken in the Capacity enhancement plan of the</p> |


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 वा. वि. प्र. वे. सु. सं. म. प्र. इलाहाबाद  
 AAI, NSCBI Airport, Kolkata





|    |   |  |
|----|---|--|
|    | also to increase the security hold area right opposite to gate 101-103, by shifting Glass wall partition.   | Terminal building.<br>The point regarding extending SHA area is well noted and the same will be forwarded to AAI, Planning department for feasibility check.   |
| e) | Mr. Rahul Wadhwa, Chairman AOC & AUCC suggested to address the issue of waterlogging during rainy season in and around Airport premises by including local Civic Authorities and look for project like Rain water harvesting etc.   | GM (Egg. -Civil) informed that to address the waterlogging issues already lot of work has already been done in this regard. There are four outlets and four lagoons for water storage as per advice of Jadavpur university and pumping stations are also placed.<br>We are in continuous touch with Municipal Corporation / Civic Bodies for improvement in their system. He also added that water table at Kolkata is high. Hence, Rain Water harvesting may not be feasible, however as an alternative we have lagoons and more lagoons will be added in future. In addition, Water Storage Tank will be made for Rain water collection at new ATC complex also.<br>APD, Kolkata further informed that the matter has been taken up with State Civic authorities and the situation have improved in last two years. We are planning consultant for future plan to mitigate the issue.<br>Airport Director, Kolkata informed that the space rate is a policy matter and the same will be projected to AAI, CHQ. |
| f) | Tariff / charges related points – Mr. G. P. Gupta, Chief Strategy Officer, Spice Jet and Mr. Rahul Wadhwa, Chairman AOC & AUCC have requested AAI<br>(i) to discontinue charges which are not being charged by any other Airports, like Aero Bridge Charges<br>(ii) Hold and decrease space rental during pandemic period.<br>(iii) re-consider and reduce landing, parking charges to encourage International departure.<br>(iv) reduce UDF to attract more passenger.<br>(v) engage independent consultant in determination of passenger / traffic / cargo during third control period. | In respect of Aero bridge Charges, UDF, Landing & Parking Charges and the same may be discussed in the meeting to be convened by AERA on Tariff determination.   |

The meeting ended with vote of thanks to the chair.

  
**श्री पट्टाभी / C PATTABHI**  
 विमानपत्तन निदेशक / Airport Director  
 वा. वि. प्र. क्षेत्र ३, ई. आई. अड्डा कोलकाता  
 AAI, NSCB Airport, Kolkata





**Annexure - 'I'****The List of Members attended meeting****AUCC Members: -**

| SL No | Name (Mr./Ms)         | Designation                     | Organization      |
|-------|-----------------------|---------------------------------|-------------------|
| 01    | Rahul Wahwa           | Chairman, AOC / Airport Manager | Indigo            |
| 02    | H N Mishra            | Deputy Director (Air Safety)    | DGCA, ER          |
| 03    | Rupesh                | Regional Director, ER           | BCAS              |
| 04    | Manesh Sharma         |                                 | ASSOCHAM, Kolkata |
| 05    | Dushyant Deep         | Regulatory team                 | Indigo            |
| 06    | G P Gupta             | Chief Strategy Officer          | Spicejet          |
| 07    | Anushila Chaturvedi   | Airport Manager                 | Emirates          |
| 08    | Ujjawal Dey           | Associate Director              | FIA               |
| 09    | Vivek Verma           | Chief manager(Aviation)         | Indian Oil        |
| 10    | S S Bisht             | Regulatory Affairs              | Spicejet          |
| 11    | Chandra Shekhar Passi | Airport Manager                 | Spicejet          |
| 12    | Saif Khan             | Airport Manager                 | Vistara           |
| 13    | Debashish Dutta       | Airport Manager                 | Air Asia          |
| 14    | Bharti Das Gupta      | Representative                  | Air India         |
| 15    | Poonam Yadav          | Manager (Airport Services)      | Spicejet          |
| 16    | Shekhar               | Sub Inspector                   | CISF              |

**AAI Official: -**

| SL No | Name (Mr./Ms)    | Designation              | Organization |
|-------|------------------|--------------------------|--------------|
| 01    | C Pattabhi       | Airport Director         | AAI          |
| 02    | H Pulla          | GM (Ops-TM)              | AAI          |
| 03    | L Kuppulingam    | GM (Finance)             | AAI          |
| 04    | Anupam Verma     | GM (Engg-Civil)          | AAI          |
| 05    | G G Tharakan     | GM(Engg-Elect)           | AAI          |
| 06    | Manoj Kr. Behera | GM(Ops-ASM)              | AAI          |
| 07    | Deepak           | GM (Fin-Regulatory Cell) | AAI          |





#### 18.4. Annexure IV: Summary of O&M Study in the Second Control Period

##### Summary of study of Operation and Maintenance expenses of NSCBIA, Kolkata (Second Control Period 2016 to 2021)

#### 1. Background

- 1.1. AERA decided to conduct a study on efficient O&M expenses for true-up of the Second Control Period. A brief description and the summary of the study is provided in this section.
- 1.2. Establishing efficient Operation and Maintenance (O&M) expenses is important for the effective execution of tariff determination for aeronautical services. Across airports in India, the O&M expenditure has consistently been increasing, driven by investments in expansion and modernisation of the airports.
- 1.3. The objective of the study is to understand and analyse the O&M expenses of NSCBIA, Kolkata. The detailed analysis of O&M expenses is expected to help in establishing whether the existing expense levels are over or under the efficient expense levels. This will help in assisting the Authority in determining the efficient costs for O&M for the purpose of tariff determination at NSCBIA, Kolkata.

#### 2. Operation and Maintenance Expenses proposed by NSCBIA, Kolkata for the Second Control Period

- 2.1. A comparison of actual O&M expenses and approved O&M expenses shows that actual expenses are Rs. 403.77 Cr more than what was approved. Further analysis of the difference between approved and actual O&M expenses is detailed in the following chapters.
- 2.2. Further review of expense sub-heads shows that AAI's submission for pay roll costs, R&M expenses, utilities and outsourcing expenses was lower than what was approved by the Authority. AAI's submission on administrative and general expenses and other outflows is higher than what was approved by the Authority in the Second Control Period.
- 2.3. The biggest difference between approved and actual expenses can be attributed to administrative and general expenses – CHQ. While Rs. 98.60 Cr was approved by the Authority in the Second Control Period Order, AAI submitted actuals of Rs. 334.43 Cr for the Second Control Period.
- 2.4. Further, it is noted that while number of PAX and ATM fell significantly during FY 2020-21, O&M expenses submitted by AAI are higher in FY 2020-21 compared to FY 2019-20. The projections for FY2020-21 are discussed separately.





### 3. Historical benchmarking and trend analysis

- 3.1. The overall O&M expenses submitted by AAI are higher than those approved by Authority in the Second Control Period order. The key reasons for these are (a) growth rates applied by AAI in projecting O&M expenses for FY2020-21 (b) apportionment of CHQ expenses of AAI to NSCBIA, Kolkata. Further, it can also be observed that the O&M expenses per PAX has shown a consistently downward trend from FY 2016-17 to FY 2018-19. The increase in O&M expenses per PAX in FY 2019-20 may be attributed to lower passenger traffic in February and March 2020 due to the Covid-19 pandemic.
- 3.2. R&M expenses of NSCBIA, Kolkata range from 1.85% to 3.06% of the closing gross block. This is broadly in line with other airports and seems to be reasonable.
- 3.3. Estimating O&M expenses for FY2020-21 by taking a 7% growth rate for payroll costs and a 10% growth rate for other O&M expenses over the actuals of FY 2019-20 is not appropriate, considering that traffic in FY 2020-21 was significantly lower due to the Covid 19 pandemic. The Authority may consider a 0% growth over FY 2019-20 expenses to estimate expenses of FY 2020-21.

### 4. Analysis of AAI's CHQ expenses to NSCBIA, Kolkata

#### 4.1. Following are the conclusions regarding staff costs at CHQ expenses:

- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority may consider a percentage share of expenses and apply it on total outflow of pay and allowances.
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. The Authority may take a view to exclude 20% of the payroll costs at CHQ as expenses related to support services such as ANS, cargo and expenses related to the Directorate of Commercial. The Authority may consider 80% of the payroll costs as aeronautical expenses.

#### 4.2. Following are the conclusions regarding admin and general costs at CHQ expenses:

- AAI's legal & arbitration expenses at CHQ level may need to be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority may consider excluding the same from the amount allocated to stations.
- The Authority may consider disallowing interest/penalties to Government of India at CHQ level, as stakeholders should not be burdened with interest/penalties paid





to the Government of India, due to various lapses/delays on part of the airport operator.

- 4.3. AAI has stated that the actual CHQ expenses for FY 2020-21 are not available, and that the CHQ expenses for FY 2020-21 have been estimated by taking a 10% growth rate over the actual CHQ expenses of FY 2019-20. Since airports were not fully operational during the Covid-19 pandemic in FY 2020-21, this may not be appropriate. To estimate the CHQ expenses of FY 2020-21, the Authority may consider the FY 2020-21 CHQ expenses to be 95% of the actual CHQ expenses of FY 2019-20.

## 5. Allocation of O&M expenses across aero and non-aero

- 5.1. It may be noted that the TBLR as per AAI submission is higher than that approved by the Authority in the Second Control Period Order. Thus, the Authority may consider using the approved allocation ratios to segregate common expenses.

## 6. Conclusion

- 6.1. After the above adjustments and reallocations discussed in the previous sections, the efficient O&M expenses for the Second Control Period have been considered as per the table below:

**Table 140: Efficient O&M expenses for the Second Control Period as per the study**

| <b>FY ending March 31 (in Rs. Cr.)</b>          | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>Total</b>    |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll costs – CHQ                             | 4.34          | 19.89         | 41.34         | 28.85         | 28.85         | 123.26          |
| Payroll costs – non CHQ                         | 112.34        | 128.33        | 143.13        | 160.18        | 160.18        | 704.15          |
| <b>Payroll costs (A)</b>                        | <b>116.68</b> | <b>148.21</b> | <b>184.47</b> | <b>189.02</b> | <b>189.03</b> | <b>827.41</b>   |
| <b>Repair and maintenance (B)</b>               | <b>95.20</b>  | <b>61.22</b>  | <b>69.21</b>  | <b>73.18</b>  | <b>75.56</b>  | <b>374.37</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>67.71</b>  | <b>63.84</b>  | <b>61.22</b>  | <b>63.61</b>  | <b>63.61</b>  | <b>320.00</b>   |
| Admin and general expenses – non CHQ            | 21.53         | 23.21         | 20.98         | 29.89         | 27.58         | 123.20          |
| Admin and general expenses for CHQ              | 39.04         | 29.15         | 1.66          | 68.71         | 65.28         | 203.84          |
| <b>Admin &amp; Other expenses (D)</b>           | <b>60.57</b>  | <b>52.36</b>  | <b>22.64</b>  | <b>98.6</b>   | <b>92.86</b>  | <b>327.04</b>   |
| <b>Other Outflows (E)</b>                       | <b>0.97</b>   | <b>1.12</b>   | <b>1.98</b>   | <b>2.17</b>   | <b>2.17</b>   | <b>8.41</b>     |
| <b>Total O&amp;M Expenses (A to E)</b>          | <b>341.13</b> | <b>326.75</b> | <b>339.52</b> | <b>426.58</b> | <b>423.23</b> | <b>1,857.23</b> |

- 6.2. AAI had proposed a total O&M expenditure (aeronautical) of Rs. 2,110.47 Cr. for the Second Control Period. Based on this study, the proposed O&M expenditure is Rs. 1,857.23 Cr. for the Second Control Period, thus resulting in a reduction of **Rs. 253.24 Cr.** for the Second Control Period. After making the abovementioned changes to the O&M expenses of the Second Control Period submitted by AAI, it is observed that the 4-year CAGR from FY 2015-16 to FY 2019-20 has reduced from 11.26% to 9.31%. This is primarily on account of:

- Reduction in admin and general expenses - CHQ by Rs. 130.59 Cr.
- Considering O&M expenses (other than admin and general expenses – CHQ) of FY 2020-21 to be the same as O&M expenses of FY 2019-20





## 19. APPENDICES

Appendix I: AAI's letter dated 18 August 2021

**Sub: SpiceJet Letter dated 19.02.2021 'Landing Charges in respect of aircraft with a maximum certified capacity of less than 80 seats being operated by domestic schedule operator'**



भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA

F.No. AAI/740/2021-JVC

18<sup>th</sup> August, 2021

Mr. Ram Kishan,  
Director (P&S)  
Airports Economic Regulatory Authority of India,  
New Delhi.

**Sub: SpiceJet Letter dated 19.02.2021 "Landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator".**

Sir,

This is with reference to AERA letter dated 30<sup>th</sup> April 2020 on the subject.

2. In this regard the submission of AAI is as follows:
  - a) The MoCA Order dated 09.02.2004, inter alia, states that no landing charges shall be payable in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operators.
  - b) The tariffs for the said airports were determined after extensive stakeholders' consultations and landing exemption as per 2(a) above was not considered by AERA in the first control period. However it was considered in the 2<sup>nd</sup> control period although there was no change in the policy of MOCA from 1<sup>st</sup> control period to 2<sup>nd</sup> control period.
  - c) AAI has been levying Landing charges on International flights operated by less than 80 seater aircrafts in the 1<sup>st</sup> and 2<sup>nd</sup> Control Periods as per MoCA and AERA order. The issue of the applicability of the exemption of the landing charges in respect of International flights raised by the airlines is a matter of interpretation and AERA may take suitable decision.
  - d) The revision of any tariff order is AERA's discretion. However, if AERA is to consider the Airlines' request and allow the exemption from landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats in 1<sup>st</sup> Control Period, then it will be incumbent upon AERA to compensate AAI in the 3<sup>rd</sup> Control Period for revenue loss including interest through adjustment of the ARR of the first control period.
3. This issues with the approval of Competent authority

Best regards,

Yours sincerely,

(V. Vijay) 18/08/21  
Executive Director (JVC)

राजीव गांधी भवन  
Rajiv Gandhi Bhawan

सफ़दरजुंग हवाई अड्डा नई दिल्ली-110003  
Safdarjung Airport, New Delhi-110003

दूरभाष : 24632950  
Phone : 24632950





## Appendix II - SpiceJet's Letter dated 19 February 2021

**Sub: Landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator**



**SpiceJet Limited**  
319 Udyog Vihar, Phase-IV,  
Gurgaon 122016, Haryana, India.  
Tel: + 91 124 3913339  
Fax: + 91 124 3913844

February 19, 2021

The Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi - 110003

**Subject: Landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator.**

Dear Sir,

With reference to the captioned subject, we wish to submit as follows:

1. SpiceJet Limited, is a scheduled air operator in India and hold a valid Air Operator Certificate bearing No. S-16 issued by the Director General of Civil Aviation. We are authorised to perform commercial air operations in accordance with Rule 134 of the Aircraft Rules, 1937. It is pertinent to mention here that amongst other aircraft we also operate Q400 aircraft with certified capacity of 78 seats.
2. We wish to bring to your attention that the Government of India (vide order F.No.AV.13011/02/2003-DT dated 21.7.2003) constituted Naresh Chandra Committee (the "Committee") to chart a road map for rapidly rationalising and reforming the aviation sector in India. The Committee submitted its report, suggesting dramatic changes to revitalize the Indian civil aviation sector focusing on privatization, encouraging foreign investment, affordability, viability and safety.

Please note that the Committee *inter-alia* recommended that airport charges should be substantially brought down to levels comparable with neighbouring South East Asian and Gulf countries. Based on this recommendation of the Committee, the Ministry of Civil Aviation, Government of India ("MOCA"), vide its order dated February 9, 2004 ("MOCA Tariff Order") directed the Airport Authority of India ("AAI") regarding reduction in airport charges and complete exemption from landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator. Consequently, AAI vide its letter dated February 11, 2004 bearing no. Av.11014/22/2002-Rev/ ("AAI Tariff Order") communicated to all airports about the implementation of MOCA Tariff Order. The relevant extract of the MOCA Tariff Order and AAI are reproduced herein below for ease of reference:

"(iii) No landing charges shall be payable in respect of:-

(a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators; and

(b) Helicopters of all types."

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Registered Office: Indira Gandhi International Airport, Terminal 1D, New Delhi - 110037, India. Website: [www.spicejet.com](http://www.spicejet.com)  
CIN: L51909DL1994PLC288239







**SpiceJet Limited**  
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The copies of MOCA Tariff Order and AAI Tariff Order are attached herewith for your ready reference and marked as **Annexure - 1** and **Annexure - 2**, respectively.

3. The Government of India promulgated the Airports Economic Regulatory Authority of India Act, 2008 (the "AERA Act") on January 1, 2009 for establishment of Airports Economic Regulatory Authority ("AERA") to regulate tariff and other charges for the aeronautical services rendered at airports. Effective establishment of the AERA under Section 3 of the AERA Act on May 12, 2009, the airports under AAI have been classified as "major airports" and "non-major airports". The tariffs for aeronautical services at "major airports" are determined by the AERA under Section 13(1)(a) of the AERA Act and for all other airports, the tariffs for aeronautical services are determined and approved by MOCA.
4. Please note that in terms of Section 3 of the AERA Act, AERA has issued orders bearing (i) No. 35/2012-13 on January 24, 2013 in the matter of determination of aeronautical tariff in respect of Netaji Subhash Chandra Bose International Airport, Kolkata for first Control Period (01.04.2011 – 31.03.2016); and (ii) No. 38/2012-13 on February 4, 2013 in the matter of determination of aeronautical tariff in respect of Chennai International Airport, Chennai for first Control Period (01.04.2011 – 31.03.2016) (collectively referred as "First Control Period Orders").

While issuing the First Control Period Orders, AERA did not provide the exemption of landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, as recommended by the Committee and further approved by MOCA Tariff Order and AAI Tariff Order. It is pertinent to mention here that First Control Period Orders were issued on the basis of Multi Year Tariff Proposal (MYTP) for first control period as submitted by AAI. You will appreciate that while submitting MYTP for first control period to AERA, AAI did not submit the proposal for exemption of landing charges available in respect of aircraft with a maximum certified capacity of less than 80 seats in violation of the MOCA Tariff Order read with Section 22 of the Airports Authority of India Act, 1994 (the "AAI Act").

Therefore, First Control Period Orders are based on wrong MYTP as submitted by AAI. This has defeated the very intent of recommendation of the Committee as well as violated the MOCA Tariff Order and Section 22 of the AAI Act and has caused irreparable loss to domestic schedule operator (like SpiceJet) vis-à-vis landing charges at Kolkata and Chennai Airport in respect of aircraft with a maximum certified capacity of less than 80 seats (like Q400 aircraft). Further, it also defeats the whole purpose of rationalising and reforming the aviation sector and especially promoting operations of smaller aircraft, wherein such exemption from landing charges was key to the decision making of the airline (including SpiceJet) to induct such small aircraft. Hence AAI is estopped from levy of such landing charges on this basis itself.

In other words, effective First Control Period Orders based on wrong MYTP of AAI, the AAI has wrongfully charged landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator.

Please note that AAI has wrongfully charged us an amount of Rs.32,29,99,437 during First Control Period Orders towards landing charges of Q400 aircraft (78 seat) at Kolkata and

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Chennai Airport in the guise of the First Control Period Orders which was issued on erroneous MYTP of AAI and are in contradiction of recommendation of the Committee as well as MoCA Tariff Order. Summary of such wrongful charges are as follows and detailed calculation sheet is attached as **Annexure – 3**:

| S. No.       | Name of the Airport  | Period                             | Amount (in Rs.)     |
|--------------|--|------------------------------------|---------------------|
| 1.           | Netaji Subhash Chandra Bose International Airport, Kolkata | April 1, 2011 to November 30, 2017 | 2,79,82,821         |
| 2.           | Chennai International Airport, Chennai                     | March 1, 2013 to April 30, 2018    | 29,50,16,616        |
| <b>Total</b> |  |                                    | <b>32,29,99,437</b> |

5. Following the First Control Period Orders, AERA recognised the recommendation of the Committee and the MOCA Tariff Order and passed following orders under Section 13(1)(a) of the AERA Act allowing the complete exemption from landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operator ("Second Control Period Orders"):

| S. No. | Order No.                          | Control Period          | Name of "major airport"                                    |
|--------|------------------------------------|-------------------------|--|
| 1.     | 23/2017-18 dated November 27, 2017 | 01.04.2016 – 31.03.2021 | Netaji Subhash Chandra Bose International Airport, Kolkata |
| 2.     | 03/2018-19 dated April 16, 2018    | 01.04.2016 – 31.03.2021 | Chennai International Airport, Chennai                     |

While AERA recognised the exemption to be allowed for landing charges in respect of aircraft with a maximum certified capacity of less than 80 seats, it did not rectify the wrongful charging of landing charges as mentioned in the First Control Period Orders.

#### **Landing Charges on International Flights**

6. We further wish to submit that even after the Second Control Period Orders, AAI continued to levy landing charges in respect Q400 aircraft (78 seat) at Kolkata and Chennai Airport particularly on the landing of international flights and is still continuing to levy the landing charges against the Second Control Period Orders and MOCA Tariff Order.

Please appreciate that we being a domestic schedule operator of Q400 aircraft with certified capacity of 78 seats are entitled to exemption from landing charges in respect of these aircraft in terms of Second Control Period Orders (for major airport) and MOCA Tariff Order (for non-major airport) irrespective of the fact whether we are operating international flight or domestic flight through these aircraft. However, AAI continued to levy landing charges in respect of such aircraft operated by us particularly on the landing of international flights at Kolkata, Chennai, Madurai, Guwahati and Trivandrum Airport and is still continuing to levy the landing charges against the Second Control Period Order (for major airport) and MOCA Tariff Order (for non-major airport).

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Gurgaon 122016, Haryana, India  
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7. It is humbly submitted that the action of AAI in levying charges on landing of Q400 aircraft (78 seat) being an exempt category of aircraft is illegal and in violation of the Second Control Period Orders (for major airport) and MoCA Tariff Order (for non-major airport) and Section 22 of the AAI Act. The landing charges were wrongfully levied by AAI despite the same being exempt. Admittedly, SpiceJet is a domestic schedule operator and operated Q400 aircraft which are less than 80-seater and is therefore eligible to claim exemption from the payment of landing charges.

A bare perusal of the Second Control Period Orders and MOCA Tariff Order in respect of landing charges would show that following twin conditions are required to be satisfied for claiming exemption from payment of landing charges:

- (a) aircraft with a maximum certified capacity of less than 80 seats; and
- (b) being operated by domestic scheduled operators

None of the said orders makes a distinction between the domestic flights or international flights and therefore the levy of landing charges on international operations by AAI is arbitrary and illegal and against the said tariff orders.

8. It may be pointed out that until January 31, 2021 an amount of Rs.5,03,91,798 towards alleged landing charges on international operations was charged by AAI and the same was paid also by SpiceJet under a mistaken belief that the said amount was payable, whereas no amount was payable in respect of the exempted aircraft. Detailed calculation sheet is attached herewith and marked as **Annexure - 4**. It is submitted that AAI being State Instrumentality ought to have been fair and transparent in its dealings and could not have allowed itself to unjustly enrich at the expense of SpiceJet.
9. Needless to say that the act of AAI to levy landing charges as mentioned in above paragraphs is in violation of the orders of AERA and MOCA and is also a punishable offence under Section 38 read with Section 41 of AERA Act.

In the view of the facts and circumstances as mentioned above, you are requested to kindly enquire, investigate and order under Section 14 of the AERA Act regarding wrongful charging of landing charges and consider our claims for following:

- (a) Landing charges of Rs.32,29,99,437 in respect of Q400 aircraft (78 seat) at Kolkata and Chennai Airport during the period of First Control Period Orders of AERA. Accordingly direct AAI to make immediate refund said amount of Rs.32,29,99,437 along with interest @ 18% p.a. (i.e. Rs.Rs.29,27,20,067) upto Jan 31, 2021. Detailed sheet is annexed herewith as Annexure - 3.
- (b) Landing charges of Rs.5,03,91,798 on international flights on Q400 aircraft (78 seat) operated by domestic scheduled operator (i.e. SpiceJet) at Kolkata, Chennai, Madurai, Chawahati and Trivandrum Airport. Accordingly, direct AAI to make immediate refund of said amount of Rs.5,03,91,798 along with interest @ 18% p.a. (i.e. Rs.2,83,66,742) upto Jan 31, 2021. Detailed sheet is annexed herewith as Annexure - 4.

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We also request you to immediately direct AAI not to levy any landing charges on the landing of international flights operated by Q400 aircraft (78 seat) being operated by SpiceJet (which is a scheduled domestic operator) according to the orders of AERA and AAI Tariff Order.

We thank you in advance for your kind consideration in the matter and look forward to favourable disposal of the matter.

Thanking you,

Yours truly,  
 For SpiceJet Limited

Chandan Sand  
 Sr. VP (Legal) & Company Secretary



- CC: (i) The Secretary,  
 The Ministry of Civil Aviation,  
 Rajiv Gandhi Bhawan, Block B,  
 Safdarjung Airport, New Delhi – 110003
- (ii) The Chairman,  
 Airports Authority of India,  
 Rajiv Gandhi Bhawan,  
 Safdarjung Airport,  
 New Delhi – 110003

Encl.: As above.

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 CIN: L51909DL1984PLC268239





## Normative approach to compare the cost of "Airside Capacity Enhancement Work"

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II).

Calculating and bringing the normative cost of 2016 till April 2023 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.33375 i.e

$$= 4700 \times (1 + 4.2\%)^7 = 4700 \times 1.33375 = 6268.625/-$$

The quoted amount of Airside Capacity Enhancement work is Rs. 264.99 crore(Annex-I), which include pavement works, RCC drains, RCC culverts, Cable trench, Hume Pipe for cable trench, soil improvement and electrical works etc. The total actual Normative amount for pavement work is calculated Rs. 151.97 Cr. (Annex-V) as against Normative amount of Rs. 170.11 Cr. based on Calculating and bringing the normative cost of 2016 till April 2023 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.33375 i.e  $4700 \times (1 + 4.2\%)^7 = 4700 \times 1.33375 = 6268.625/-$  (Annex-V). The total cost of work other than pavement work is Rs. 113.02 Cr. (Annex-III).

| Sl.No. | Description                                | Amount<br>Rs. | Area<br>Sqm | Rate<br>per Sqm |
|--------|--|---------------|-------------|-----------------|
| 1      | Cost of Pavement work                      | Annex-V       | Annex-V     |                 |
|        |  | 1519699250.00 | 271369.00   | 5600.1          |
| 2      | Normative Cost for pavement till year 2023 |               |             | 6268.6          |

| Sl.No. | Description  | Amount        | Remarks   |
|--------|--|---------------|-----------|
| 1      | Normative cost of Pavement work based on ceiling     | 1701110497.63 | Annex-V   |
| 2      | Normative cost of Pavement work based on quoted rate | 1519699250.00 | Annex-V   |
| 3      | Amount other than Pavement work                      | 1130204148.80 | Annex-III |
| 4      | Quoted amount of complete work (Award Value)         | 2649903398.80 | Annex-I   |

Since Rate of Pavement work Per Sqm is less than the Normative Cost in the year 2023 (Completion year), Rate at Kolkata is justified.

*Satyabrata*  
20/09/2021  
20/09/21

*Sumit*  
30/09/21  
30/09/21

*[Signature]*  
30/09/21  
30/09/21

*[Signature]*  
30.09.2021  
30.09.2021





### Abstract of Pavment Area AND COMPARISON WITH NORMATIVE COST

| Sl.No | Item No | Description            | Unit                | Quantity  | Quoted Rate | Amount        | Remarks                | Amount   | Remarks       |
|-------|---------|------------------------|---------------------|-----------|-------------|---------------|------------------------|----------|---------------|
| 1     | 8       | GSBC                   | Cum                 | 125377.00 | 3000.00     | 376131000.00  |                        |          |               |
| 2     | 9       | WMM                    | Cum                 | 62689.00  | 4150.00     | 260159350.00  |                        |          |               |
| 3     | 10      | DRLC                   | Cum                 | 33074.00  | 4850.00     | 160408900.00  |                        |          |               |
| 4     | 14      | PQC                    | Cum                 | 120500.00 | 6000.00     | 723000000.00  |                        |          |               |
| 6     | 11      | TOTAL AREA OF PAVEMENT | Sqm                 | 271369.00 | 4700.00     |               | 1.33375                | 6268.625 | 1701110497.63 |
| 7     |         | COMPARISON             | TOTAL QUOTED AMOUNT |           |             | 1519699250.00 | TOTAL NORMATIVE AMOUNT |          | 1701110497.63 |

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II).

Calculating and bringing the normative cost of 2016 till April 2023 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.33375 i.e  
 $= 4700 \times (1 + 4.2\%)^7 = 4700 \times 1.33375 = 6268.625/-$

Hence rate is Justified.



*Satyabrat*  
 30/09/2021  
*mgrey*

*Soumitra*  
 30/09/21  
*Asm*

*[Signature]*  
 30/09/21  
*Asm*

Annex-II



### Area of Pavement

| Sl. No. | Description of items  | No | No | Length | Breath | Area/ Vol | Height | Area<br>Sqm |
|---------|---|----|----|--------|--------|-----------|--------|-------------|
|         | From proposed Apron for bay no C14 & 13 to 19R                                  | 1  | 1  |        |        | 51260.00  |        | 51260.00    |
|         | From 19R to 19L including   | 1  | 1  |        |        | 50820.00  |        | 50820.00    |
|         | 03 nos RET's  | 1  | 3  |        |        | 16961.00  |        | 50883.00    |
|         | For Apron of proposed bay no C2 to C6:  |    |    |        |        |           |        |             |
|         | Area (i) $((0+20+27+30+10.06+0)/6 = 14.51$                                      | 1  | 1  | 42.00  | 15.00  |           |        | 630.00      |
|         | say 15  |    |    |        |        |           |        |             |
|         | Area (ii)   | 1  | 1  | 47.00  | 31.00  |           |        | 1457.00     |
|         | Area (iii)  | 1  | 1  | 33.00  | 18.00  |           |        | 594.00      |
|         | Area (iv) (a)   | 1  | 1  | 106.00 | 90.00  |           |        | 9540.00     |
|         | Area (iv) (b)   | 1  | 1  | 159.00 | 95.00  |           |        | 15105.00    |
|         | Area (v)  | 1  | 1  | 60.00  | 37.00  |           |        | 2220.00     |
|         | GSE Area near Apron for proposed bay no C13&C14                                 | 1  | 1  |        |        | 2828.00   |        | 2828.00     |
|         | Area between Fire station & Cargo bldg.   | 1  | 1  | 56.00  | 47.00  |           |        | 2632.00     |
|         | Connecting to fire station  | 1  | 1  | 29.00  | 9.50   |           |        | 275.50      |
|         | Pavement for Fire Station .   | 1  | 1  | 140.00 | 50.00  |           |        | 7000.00     |
|         | Connecting to A-Taxi  | 1  | 1  | 37.00  | 7.00   |           |        | 259.00      |
|         | Area behing CMD Stores  | 1  | 1  | 109.00 | 45.00  |           |        | 4905.00     |
|         | Area in front of Cargo.   | 1  | 1  | 164.00 | 44.00  |           |        | 7216.00     |
|         | Apron for proposed Bay no C15 & C16 (Old Intr. Cargo) (Apron + Vehicular lane ) | 1  | 1  |        |        | 19288.00  |        | 19288.00    |
|         | Adjasent GSE Area   | 1  | 1  | 154.00 | 25.00  |           |        | 3850.00     |
|         | Apron for proposed Bay no C13 & C14   | 1  | 1  |        |        | 12807.00  |        | 12807.00    |
|         | F-Taxi connection from proposed bay no C8 to Apron near proposed C6             | 1  | 1  |        |        | 4702.00   |        | 4702.00     |
|         | Proposed parking bay in front of Int. Terminal Bldg.                            | 1  | 1  |        |        | 23098.00  |        | 23098.00    |
|         |   |    |    |        |        |           |        | 271369.50   |
|         |   |    |    |        |        |           | Say    | 271369.00   |





Annex IV

Name Of Work : Airside Capacity Enhancement of NSCBI Airport, Kolkata. SH :- Extension of F- Taxi track from proposed Bay No. C-13 to 19R & from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCBI Airport, Kolkata (Civil & Electrical Works).

| Sl. No. | Item No | Amount in Rupees    |   |
|---------|---------|---------------------|---|
| 1       | 1       | 5034600.00          |   |
| 2       | 2       | 6649650.00          |   |
| 3       | 3       | 1778000.00          |   |
| 4       | 4       | 41667360.00         |   |
| 5       | 5       | 5357250.00          |   |
| 6       | 6       | 1142912.00          |   |
| 7       | 7       | 336948375.00        |   |
| 8       | 8       | 127601625.00        |   |
| 9       | 9       | 376131000.00        |   |
| 10      | 10      | 260159350.00        |   |
| 11      | 11      | 160408900.00        |   |
| 12      | 12      | 7598332.00          |   |
| 13      | 13      | 4396370.00          |   |
| 14      | 14      | 9893496.80          |   |
| 15      | 15      | 723000000.00        |   |
| 16      | 16      | 7926720.00          |   |
| 17      | 17      | 129196800.00        |   |
| 18      | 18      | 1413090.00          |   |
| 19      | 19      | 162444789.00        |   |
| 20      | 20      | 868800.00           |   |
| 21      | 21      | 11581600.00         |   |
| 22      | 22      | 3603250.00          |   |
| 23      | 23      | 2298375.00          |   |
| 24      | 24      | 1338000.00          |   |
| 25      | 25      | 1668000.00          |   |
| 26      | 26      | 3175200.00          |   |
| 27      | 27      | 121122000.00        |   |
| 28      | 28      | 15625200.00         |   |
| 29      | 29      | 7071186.00          |   |
| 30      | 30      | 1525200.00          |   |
| 31      | 31      | 5202400.00          |   |
| 32      | 32      | 720000.00           |   |
| 33      | 33      | 1967260.00          |   |
|         |         | ₹ 2,54,65,15,090.80 | A |





**Cost for Electrical Work as per Agreement**

| Sl. No                  | Item No | Amount in Rupees  |   |
|-------------------------|---------|-------------------|---|
| 1                       | 34      | 10114000          |   |
| 2                       | 35      | 1575000           |   |
| 3                       | 36      | 910260            |   |
| 4                       | 37      | 455130            |   |
| 5                       | 38      | 1126320           |   |
| 6                       | 39      | 2937120           |   |
| 7                       | 40      | 771780            |   |
| 8                       | 41      | 4985700           |   |
| 9                       | 42      | 15344820          |   |
| 10                      | 43      | 753000            |   |
| 11                      | 44      | 301200            |   |
| 12                      | 45      | 3070305           |   |
| 13                      | 46      | 28275             |   |
| 14                      | 47      | 84000             |   |
| 15                      | 48      | 215000            |   |
| 16                      | 49      | 2810295           |   |
| 17                      | 50      | 2227440           |   |
| 18                      | 51      | 2207340           |   |
| 19                      | 52      | 9320625           |   |
| 20                      | 53      | 0                 |   |
| 21                      | 54      | 0                 |   |
| 22                      | 55      | 1850000           |   |
| 23                      | 56      | 1086750           |   |
| 24                      | 57      | 722400            |   |
| 25                      | 58      | 1209600           |   |
| 26                      | 59      | 189000            |   |
| 27                      | 60      | 40950             |   |
| 28                      | 61      | 47250             |   |
| 29                      | 62      | 53550             |   |
| 30                      | 63      | 3012480           |   |
| 31                      | 64      | 192768            |   |
| 32                      | 65      | 4242000           |   |
| 33                      | 66      | 636300            |   |
| 34                      | 67      | 267750            |   |
| 35                      | 68      | 159000            |   |
| 36                      | 69      | 1850000           |   |
| 37                      | 70      | 9676100           |   |
| 38                      | 71      | 8000              |   |
| 39                      | 72      | 1050000           |   |
| 40                      | 73      | 30020             |   |
| 41                      | 74      | 1050000           |   |
| 42                      | 75      | 2625000           |   |
| 43                      | 76      | 1080000           |   |
| 44                      | 77      | 270000            |   |
| 45                      | 78      | 367500            |   |
| 46                      | 79      | 3132480           |   |
| 47                      | 80      | 3253800           |   |
| 48                      | 81      | 5544000           |   |
| 49                      | 82      | 504000            |   |
| Total of Electrical Ite |         | ₹ 10,33,88,308.00 | B |

Total of A + B = ₹ 2,12,99,99,999.99





Name Of Work : Airside Capacity Enhancement of NSCBI Airport, Kolkata. SI :- Extension of F- Taxi track from proposed Bay No. C-13 to 19R & from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCBI Airport, Kolkata (Civil & Electrical Works).

Annex III

| Sl. No. | Item No | Amount in Rupees    |   |
|---------|---------|---------------------|---|
| 1       | 1       | 5034600.00          |   |
| 2       | 2       | 6649650.00          |   |
| 3       | 3       | 1778000.00          |   |
| 4       | 4       | 41667360.00         |   |
| 5       | 5       | 5357250.00          |   |
| 6       | 6       | 1142912.00          |   |
| 7       | 7       | 336948375.00        |   |
| 8       | 8       | 127601625.00        |   |
| 9       | 9       | 0.00                |   |
| 10      | 10      | 0.00                |   |
| 11      | 11      | 0.00                |   |
| 12      | 12      | 7598332.00          |   |
| 13      | 13      | 4396370.00          |   |
| 14      | 14      | 9893496.80          |   |
| 15      | 15      | 0.00                |   |
| 16      | 16      | 7926720.00          |   |
| 17      | 17      | 129196800.00        |   |
| 18      | 18      | 1413090.00          |   |
| 19      | 19      | 162444789.00        |   |
| 20      | 20      | 868800.00           |   |
| 21      | 21      | 11581600.00         |   |
| 22      | 22      | 3603250.00          |   |
| 23      | 23      | 2298375.00          |   |
| 24      | 24      | 1338000.00          |   |
| 25      | 25      | 1668000.00          |   |
| 26      | 26      | 3175200.00          |   |
| 27      | 27      | 121122000.00        |   |
| 28      | 28      | 15625200.00         |   |
| 29      | 29      | 7071186.00          |   |
| 30      | 30      | 1525200.00          |   |
| 31      | 31      | 5202400.00          |   |
| 32      | 32      | 720000.00           |   |
| 33      | 33      | 1967260.00          |   |
|         |         | ₹ 1,02,68,15,840.80 | A |





**Cost for Electrical Work as per Agreement**

| Sl. No                  | Item No | Amount in Rupees  |   |
|-------------------------|---------|-------------------|---|
| 1                       | 34      | 10114000          |   |
| 2                       | 35      | 1575000           |   |
| 3                       | 36      | 910260            |   |
| 4                       | 37      | 455130            |   |
| 5                       | 38      | 1126320           |   |
| 6                       | 39      | 2937120           |   |
| 7                       | 40      | 771780            |   |
| 8                       | 41      | 4985700           |   |
| 9                       | 42      | 15344820          |   |
| 10                      | 43      | 753000            |   |
| 11                      | 44      | 301200            |   |
| 12                      | 45      | 3070305           |   |
| 13                      | 46      | 28275             |   |
| 14                      | 47      | 84000             |   |
| 15                      | 48      | 215000            |   |
| 16                      | 49      | 2810295           |   |
| 17                      | 50      | 2227440           |   |
| 18                      | 51      | 2207340           |   |
| 19                      | 52      | 9320625           |   |
| 20                      | 53      | 0                 |   |
| 21                      | 54      | 0                 |   |
| 22                      | 55      | 1850000           |   |
| 23                      | 56      | 1086750           |   |
| 24                      | 57      | 722400            |   |
| 25                      | 58      | 1209600           |   |
| 26                      | 59      | 189000            |   |
| 27                      | 60      | 40950             |   |
| 28                      | 61      | 47250             |   |
| 29                      | 62      | 53550             |   |
| 30                      | 63      | 3012480           |   |
| 31                      | 64      | 192768            |   |
| 32                      | 65      | 4242000           |   |
| 33                      | 66      | 636300            |   |
| 34                      | 67      | 267750            |   |
| 35                      | 68      | 159000            |   |
| 36                      | 69      | 1850000           |   |
| 37                      | 70      | 9676100           |   |
| 38                      | 71      | 8000              |   |
| 39                      | 72      | 1050000           |   |
| 40                      | 73      | 30020             |   |
| 41                      | 74      | 1050000           |   |
| 42                      | 75      | 2625000           |   |
| 43                      | 76      | 1080000           |   |
| 44                      | 77      | 270000            |   |
| 45                      | 78      | 367500            |   |
| 46                      | 79      | 3132480           |   |
| 47                      | 80      | 3253800           |   |
| 48                      | 81      | 5544000           |   |
| 49                      | 82      | 504000            |   |
| Total of Electrical Ite |         | ₹ 10,33,88,308.00 | B |

Total of A + B = ₹ 1,13,92,31,118.00







Speed Post

भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIAसंख्या: भा.वि.प्र./नि.मु./पू.क्ष./अभि.(सि.)/केप-एन्हा/कोल/2019. 353  
No.: AAI/CHQ/ER/Engg.(C)/Cap-Enh./Kol/2019

दिनांक: 22.04.2019

Date: 22.04.2019

सेवा में,

मेसर्स विशाल - एम. वी. आर. कॉन्सोर्टियम  
#52 आर. वी. रोड, बसवानागुडी,  
बेंगलुरु- 560 004, इंडिया

To,

M/s Vishal - M V R Consortium,  
#52, R.V. Road, Basavanagudi,  
Bengaluru- 560 004, India

विषय : एन एस सी बी आई हवाई अड्डे, कोलकाता की एयरसाइड क्षमता वृद्धि।

उप शीर्ष : एन एस सी बी आई हवाई अड्डे, कोलकाता के विभिन्न स्थानों पर प्रस्तावित बे संख्या सी - 13 से 19 आर और 19 आर से 19 एल तक एफ-टैंकरी ट्रैक का विस्तार, 03 संख्या आर ई टी, 04 संख्या एप्रन, शोल्डर एवं बॉक्स कल्वर्ट (सिविल और इलेक्ट्रिकल वर्क्स)।

Subject : Airside Capacity Enhancement of NSCBI Airport, Kolkata.

SH - : Extension of F-Taxi Track from proposed Bay No. C - 13 to 19R &amp; from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCBI Airport, Kolkata (Civil &amp; Electrical works).

संदर्भ : आपकी खोली गई ई-निविदा (वित्तीय) दिनांक 16.01.2019 (Open TENDER ID: 2018\_AAI\_16733\_1)  
Ref: Your e-bid (Financial) opened on 16.01.2019 (Open TENDER ID: 2018\_AAI\_16733\_1).

महोदय,

Dear Sir (S),

- उल्लेखित कार्य हेतु आपकी ई-निविदा के अनुसार आपके द्वारा उद्धृत कुल रु. 264,99,03,398.80 (रुपये दो सौ चौसठ करोड़ नित्यानवे लाख तीन हजार तीन सौ अठानवे एवं अस्सी पैसा मात्र) जी.एस.टी. को छोड़कर, नियत मद दर पर अध्यक्ष, भारतीय विमानपत्तन प्राधिकरण की ओर से एतद् द्वारा स्वीकृत की जाती है, जो कि निविदा की अनुमानित लागत रु 311,298 करोड़ (जी.एस.टी. को छोड़कर) से 14.88% कम है।

Your e-tender for the work mentioned above is hereby accepted on behalf of Chairman, Airports Authority of India, at the item rates quoted by you totaling to Rs. 264,99,03,398.80 (Rupees Two Hundred Sixty Four Crore Ninety Nine Lakh Three Thousand Three Hundred Ninety Eight and Paise Eighty Only) Excluding GST which is 14.88% below the estimated cost put to tender of Rs. 311,298 Crore (Excluding GST).

- उप. महाप्रबंधक (अभि.-सिविल)/संयुक्त महाप्रबंधक (अभि.-सिविल), भारतीय विमानपत्तन प्राधिकरण एन ए सी बी आई, एयरपोर्ट, कोलकाता इस कार्य के इंजीनियर प्रभारी होंगे। आपसे अनुरोध है कि आप निविदा करार पर हस्ताक्षर करने एवं उसे पूरा करने हेतु इस पत्र के जारी होने की तिथि से 15 दिनों के भीतर संयुक्त महाप्रबंधक (अभि.-सिविल)-पू.क्ष., भारतीय विमानपत्तन प्राधिकरण, पुरानी आर

For VISHAL

राजीव गान्धी भवन  
Rajiv Gandhi BhawanAnnex-1  
22.4.19

Page 1 of 3

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दूरभाष : 24632950  
Phone: 2463295



डी. बिल्डिंग, सफदरजग हवाई अड्डा, नई दिल्ली-110003 के कार्यालय में उपस्थित हों। संविदा करार Rs. 100/- (रुपये सौ मात्र) के गैर अदातती (नॉन-जूडिशियल) स्टांप पेपर पर बनाया जाएगा तथा स्टांप पेपर की लागत आपके द्वारा वहन की जाएगी।

D.G.M. (Engg.-Civil)/ Jt. G.M. (Engg.-Civil), Airports Authority of India, NSCBI Airport, Kolkata, shall be the Engineer-in-charge of the work. You are requested to attend the office of the Jt. G.M. (Engg.-Civil)-ER, AAI, CHQ, Old R.D. Building, Safdarjung Airport, New Delhi-110003 within 15 days from the date of issue of this letter to sign and complete the contract agreement. The contract agreement shall be executed on a non-judicial stamp paper of value of Rs.100/- (Rupees one hundred only) and the cost of the stamp paper shall be borne by you.

3. आपकी निविदा के साथ प्राप्त रु. 3,36,30,000/- (रुपये तीन करोड़ छत्तीस लाख तीस हजार मात्र) की अग्रिम धन राशि को संविदा दस्तावेज के पृष्ठ संख्या जी सी सी 17 के खण्ड-1A के अनुसार प्रतिभूति जमा के रूप में प्रयुक्त तथा संचरिवर्तित किया जाएगा। कृपया इस पत्र के जारी होने की तिथि से 10 दिनों के अंदर शेष प्रतिभूति जमा के रूप में रु. 9,88,65,170/- (रुपये नौ करोड़ अठ्ठासी लाख पैंसठ हजार एक सौ सत्तर मात्र) जमा करें, अन्यथा इस राशि की कटौती संविदा दस्तावेज के पृष्ठ संख्या जी सी सी-17 के खण्ड-1A की शर्तों के अनुसार कर ली जाएगी।

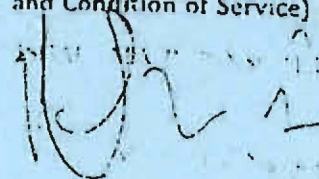
The earnest money (bank guarantee against EMD) amount of Rs. 3,36,30,000/- (Rupees Three Crore Thirty Six Lakh Thirty Thousand Only) received along with your tender will be treated and converted as part of security deposit as per Clause no. 1A on GCC page no. 17 of contract document. Please deposit Rs. 9,88,65,170/- (Rupees Nine Crore Eighty Eight Lakhs Sixty Five Thousand One Hundred Seventy only) towards security deposit within 10 days from the date of issue of this letter failing which, the same will be deducted as per condition of Clause no. 1A at GCC page no. 17 of contract document.

4. निविदा दस्तावेज के जी.सी.सी. पृष्ठ संख्या 16 खंड 1 और जी सी सी पृष्ठ संख्या 133 के शिड्यूल-ई के अनुसार आपको इस पत्र के जारी होने के 30 दिनों के अंदर रु. 13,24,95,170/- (रुपये तेरह करोड़ चौबीस लाख पंचानवे हजार एक सौ सत्तर मात्र) राशि की कार्य निष्पादन गारंटी, भा.वि.प्रा. के समक्ष, संविदा दस्तावेज के पृष्ठ संख्या जी.सी.सी.-111 पर परिशिष्ट-11 में संलग्नित बैंक गारंटी प्रारूप में प्रस्तुत करनी होगी (जो कि किसी राष्ट्रीयकृत/अनुसूचित भारतीय बैंक किन्तु सहकारी या ग्रामीण बैंक नहीं, द्वारा जारी होगी)।

Within 30 days of issue of this letter, you shall also submit to AAI, a Performance Guarantee as per Clause 1 on GCC page no. 16 of tender document and schedule E of GCC page no. 133 for an amount of Rs. 13,24,95,170/- (Rupees Thirteen Crore Twenty Four Lakh Ninety Five Thousand One Hundred Seventy Only) in the form of a Bank Guarantee (from a Nationalized/Scheduled Indian bank but not from any Co-operative or Gramin Bank) on the proforma appended at Appendix-XI on GCC page no. 111 of contract document.

5. आप से अनुरोध है कि आप संविदा श्रम (विनियम एवं उन्मूलन) अधिनियम 1970 तथा संविदा श्रम (विनियम एवं उन्मूलन) केन्द्रीय नियम 1971, बाल श्रम (निषेध और विनियम) अधिनियम 1986, निर्माण श्रमिकों (रोजगार और सेवा की शर्त का विनियमन) अधिनियम 1996, भवन और अन्य निर्माण श्रमिक कल्याण उपकरण अधिनियम 1996 जैसा की निविदा दस्तावेज के खण्ड 19 जी सी सी पृष्ठ संख्या 51 में निर्दिष्ट है एवं केन्द्रीय व राज्य सरकारों के तदसंबंधी नियमों का अनुपालन करें।

You are requested to comply with the provision of contract labour (Regulation & Abolition) Act 1970 and contract labour (Regulation & Abolition) Central Rules 1971, Child Labour (Prohibition and Regulation) Act 1986, Construction Workers (Regulation of Employment and Condition of Service) Act 1996, Building and other Construction Workers Welfare Cess



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AGM/CE-6





Act 1996 as specified in Clause 19 on GCC page no. 51 of Tender and rules of Central and State Government.

6. आपको उप महाप्रबंधक (अभि.-सिविल) / संयुक्त महाप्रबंधक (अभि.-सिविल), भारतीय विमानपत्तन प्राधिकरण, एन. एस. सी. बी. आई. एयरपोर्ट, कोलकाता से तत्काल संपर्क करने के लिए निर्देशित किया जाता है, जो कि आपको कार्यस्थल (साइट) सौंपने की व्यवस्था करेंगे।

You are also directed to contact D.G.M.(Engg.-Civil)/ Jt. G.M. (Engg.-Civil), Airports Authority of India, NSCBI Airport, Kolkata, immediately who will arrange to hand over the site to you.

7. कृपया नोट करें कि कार्य पूरा करने के लिए आपको 30 (तीस) महीने (मानसून के 02 सत्र के लिए वर्षा के 08 माह मानते हुए) का समय प्रदान किया जाता है जो कि इस पत्र के जारी होने की तिथि के बाद से 10वें दिन से प्रारम्भ माना जाएगा।

Please note that the time allowed for carrying out the work shall be 30 (Thirty) Months [including 08 month(s) considered for rain of 02 monsoon season(s)] and same shall be reckoned from the 10th day after the date of issue of this letter.

8. ई-निविदा प्रक्रिया के दौरान उठाए गए सभी प्रश्नों, स्पष्टीकरणों इत्यादि तथा उनका दिया गया उत्तर व सभी शुद्धिपत्र भी अनुबंध का भाग होगा।

All queries, clarifications etc. raised during e-tendering process and replies there of including all Corrigendum issued shall also form part of the agreement.

9. संविदा के संबंध में भविष्य में किसी भी प्रकार का पत्र व्यवहार सामान्य रूप से इंजीनियर प्रभारी के नाम से किया जाएगा।

Any further correspondence in connection with the contract should normally be addressed to the Engineer-in-charge.

10. कृपया पत्र की पावती भेजें तथा साथ में संलग्न इस पत्र की दूसरी प्रति पर स्वीकारोक्ति के रूप विधिवत् हस्ताक्षर करके, अधोहस्ताक्षरी को वापस भेजें।

Please acknowledge the receipt and return the duplicate copy of this letter enclosed herewith after signing it to the undersigned as a token of acceptance.

11. यदि कोई विसंगति पाई जाती है तो अंग्रेजी भाषा ही मान्य होगी।

In case of any discrepancy, English version will be taken as correct.

भवदीय  
Yours faithfully

  
22.04.20

(ए. एस. त्रिपाठी)

(A. S. Tripathi)

सहायक महाप्रबंधक (अभि.-सिविल)

AGM (Engg.-Civil)

के लिए एवं तरफ से अध्यक्ष

For and on behalf of the Chairman

भारतीय विमानपत्तन प्राधिकरण

Airports Authority of India

For VISUAL, M.V.E. CONSORTIUM

  
Authorised Signatory

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Validate

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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the work: Airside Capacity Enhancement of NSCB Airport, Kolkata.

SH:- Extension of F-Taxi Track from proposed Bay No. C-13 to 19R &amp; from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata (Civil &amp; Electrical works)

Contract No: AA/CHQ/ENGG/ER/KOL/F-Taxi

Bidder Name: MISHAL - M V R CONSTRUCTION

| NUMBER  |  | TEXT #                                    |             | PRICE SCHEDULE |   | NUMBER # |  | NUMBER #     |  | TEXT #  |  |
|---------|--|---|-------------|----------------|---|----------|--|--------------|--|---|--|
| Sl. No. |  | Item Description                          | Quantity    | Units          | BASIC RATE In Figures Excluding GST To be entered by the Bidder Rs. P |          |  | TOTAL AMOUNT |  | TOTAL AMOUNT In Words   |  |
| 1       |  | 2   | 3           | 4              | 5   |          |  | 6            |  | 7   |  |
| 1       |  | Item description same as SOQ Item No. 1a) | 11188.00    | cum ✓          | 450.00  |          |  | 5034600.00   |  | INR Fifty Lakh Thirty Four Thousand Six Hundred Only  |  |
| 2       |  | Item description same as SOQ Item No. 1b) | 14777.00    | cum ✓          | 450.00  |          |  | 6649650.00   |  | INR Sixty Six Lakh Forty Nine Thousand Six Hundred & Fifty Only                               |  |
| 3       |  | Item description same as SOQ Item No. 2   | 25400.00    | sqm ✓          | 70.00   |          |  | 1778000.00   |  | INR Seventeen Lakh Seventy Eight Thousand Only  |  |
| 4       |  | Item description same as SOQ Item No. 3   | 595248.00   | cum ✓          | 70.00   |          |  | 41667360.00  |  | INR Four Crore Sixteen Lakh Sixty Seven Thousand Three Hundred & Sixty Only                   |  |
| 5       |  | Item description same as SOQ Item No. 4   | 119050.00   | cum ✓          | 45.00   |          |  | 5357250.00   |  | INR Fifty Three Lakh Fifty Seven Thousand Two Hundred & Fifty Only                            |  |
| 6       |  | Item description same as SOQ Item No. 5   | 285728.00   | sqm ✓          | 4.00  |          |  | 1142912.00   |  | INR Eleven Lakh Forty Two Thousand Nine Hundred & Twelve Only                                 |  |
| 7       |  | Item description same as SOQ Item No. 6   | 236455.00   | cum ✓          | 1425.00   |          |  | 336948375.00 |  | INR Thirty Three Crore Sixty Nine Lakh Forty Eight Thousand Three Hundred & Seventy Five Only |  |
| 8       |  | Item description same as SOQ Item No. 7   | 89545.00    | cum ✓          | 1425.00   |          |  | 127601625.00 |  | INR Twelve Crore Seventy Six Lakh One Thousand Six Hundred & Twenty Five Only                 |  |
| 9       |  | Item description same as SOQ Item No. 8   | 125377.00   | cum ✓          | 3000.00   |          |  | 376131000.00 |  | INR Thirty Seven Crore Sixty One Lakh Thirty One Thousand Only                                |  |
| 10      |  | Item description same as SOQ Item No. 9   | 67687.00    | cum ✓          | 4150.00   |          |  | 280159350.00 |  | INR Twenty Six Crore One Lakh Fifty Nine Thousand Three Hundred & Fifty Only                  |  |
| 11      |  | Item description same as SOQ Item No. 10  | 33074.00    | cum            | 4850.00   |          |  | 160408900.00 |  | INR Sixteen Crore Four Lakh Eight Thousand Nine Hundred Only                                  |  |
| 12      |  | Item description same as SOQ Item No. 11  | 11309.00    | sqm            | 28.00   |          |  | 7598332.00   |  | INR Seventy Five Lakh Ninety Eight Thousand Three Hundred & Thirty Two Only                   |  |
| 13      |  | Item description same as SOQ Item No. 12  | 4707.00     | sqm            | 935.00  |          |  | 4398370.00   |  | INR Forty Three Lakh Ninety Six Thousand Three Hundred & Seventy Only                         |  |
| 14      |  | Item description same as SOQ Item No. 13  | 12366871.00 | cum ✓          | 0.80  |          |  | 9893496.80   |  | INR Ninety Eight Lakh Ninety Three Thousand Four Hundred & Ninety Six and Paise Eighty Only   |  |
| 15      |  | Item description same as SOQ Item No. 14  | 170500.00   | cum ✓          | 6000.00   |          |  | 723000000.00 |  | INR Seventy Two Crore Thirty Lakh Only  |  |





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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the work: Airside Capacity Enhancement of NSCB Airport, Kolkata.

SM: Extension of F-Taxi Track from proposed Bay No. C-13 to 19R &amp; from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata (Civil &amp; Electrical works)

Contract No: AA/CHQ/ENGG/ER/KOL/F-Taxi

Bidder Name: VISHAL - M V R CONSORTIUM

| PRICE SCHEDULE |  |            |         |   |              |   |
|----------------|--|------------|---------|---|--------------|---|
| NUMBER #       | TEXT #                                     | NUMBER #   | TEXT #  | NUMBER #  | NUMBER #     | TEXT #  |
| Sl. No.        | Item Description                           | Quantity   | Units   | BASIC RATE In Figures Excluding GST To be entered by the Bidder Rs. P | TOTAL AMOUNT | TOTAL AMOUNT in Words   |
| 1              | 2  | 3          | 4       | 5   | 6            | 7   |
| 16             | Item description same as SOQ Item No. 15   | 24771.00   | sqm ✓   | 320.00  | 7926720.00   | INR Seventy Nine Lakh Twenty Six Thousand Seven Hundred & Twenty Only                   |
| 17             | Item description same as SOQ Item No. 16   | 70187.00   | cum ✓   | 6400.00   | 129196800.00 | INR Twelve Crore Ninety One Lakh Ninety Six Thousand Eight Hundred Only                 |
| 18             | Item description same as SOQ Item No. 17   | 20187.00   | cum     | 70.00   | 1413090.00   | INR Fourteen Lakh Thirteen Thousand & Ninety Only                                       |
| 19             | Item description same as SOQ Item No. 18a) | 2624310.00 | kg ✓    | 61.90   | 162444789.00 | INR Sixteen Crore Twenty Four Lakh Forty Four Thousand Seven Hundred & Eighty Nine Only |
| 20             | Item description same as SOQ Item No. 19a) | 2896.00    | sqm ✓   | 300.00  | 868800.00    | INR Eight Lakh Sixty Eight Thousand Eight Hundred Only                                  |
| 21             | Item description same as SOQ Item No. 19b) | 28954.00   | sqm ✓   | 400.00  | 11581600.00  | INR One Crore Fifteen Lakh Eighty One Thousand Six Hundred Only                         |
| 22             | Item description same as SOQ Item No. 19c) | 10295.00   | sqm ✓   | 350.00  | 3603250.00   | INR Thirty Six Lakh Three Thousand Two Hundred & Fifty Only                             |
| 23             | Item description same as SOQ Item No. 20a) | 18387.00   | sqm ✓   | 125.00  | 2298375.00   | INR Twenty Two Lakh Ninety Eight Thousand Three Hundred & Seventy Five Only             |
| 24             | Item description same as SOQ Item No. 21a) | 600.00     | metre ✓ | 2230.00   | 1338000.00   | INR Thirteen Lakh Thirty Eight Thousand Only  |
| 25             | Item description same as SOQ Item No. 21b) | 600.00     | metre ✓ | 2710.00   | 1626000.00   | INR Sixteen Lakh Sixty Eight Thousand Only  |
| 26             | Item description same as SOQ Item No. 22a) | 441.00     | cum ✓   | 7200.00   | 3175200.00   | INR Thirty One Lakh Seventy Five Thousand Two Hundred Only                              |
| 27             | Item description same as SOQ Item No. 22b) | 22430.00   | cum ✓   | 5400.00   | 121122000.00 | INR Twelve Crore Eleven Lakh Twenty Two Thousand Only                                   |
| 28             | Item description same as SOQ Item No. 22c) | 2694.00    | cum ✓   | 5800.00   | 15625200.00  | INR One Crore Fifty Six Lakh Twenty Five Thousand Two Hundred Only                      |
| 29             | Item description same as SOQ Item No. 23   | 81278.00   | kg ✓    | 87.00   | 7071186.00   | INR Seventy Lakh Seventy One Thousand One Hundred & Eighty Six Only                     |





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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the Work: Airside Capacity Enhancement of NSCB Airport, Kolkata.

SR: Extension of F-Taxi Track from proposed Bay No. C-12 to 19R &amp; from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata (Civil &amp; Electrical works)

Contract No.: AA/CHQ/ENGQ/ER/KOL/F-Taxi

Bidder Name: JISHAL - MVR CONSORTIUM

Bid No.:

Sl. No.

Quantity

Units

BASIC RATE In

Figures Excluding

GST To be entered

by the Bidder

Rs. P

TOTAL AMOUNT

TOTAL AMOUNT In Words

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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the work: Airside Capacity Enhancement of NSCB Airport, Kolkata

SH: Extension of F-Taxi Track from proposed Bay No. C-13 to 19R &amp; from 19R to 19L. Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata (Civil &amp; Electrical works)

Contract No: AA/CHQ/ENG/IER/KOL/F-Taxi

Bidder Name: VISHAL - M.V.R. CONSORTIUM

| NUMBER  |  | TEXT #   |       | PRICE SCHEDULE  |              | NUMBER #   |  | NUMBER # |  | TEXT # |  |
|---------|--|----------|-------|---|--------------|--|--|----------|--|--------|--|
| Sl. No. | Item Description                           | Quantity | Units | BASIC RATE In Figures Excluding GST To be entered by the Bidder Rs. P | TOTAL AMOUNT | TOTAL AMOUNT In Words  |  |          |  |        |  |
| 1       | 2  | 3        | 4     | 5   | 6            | 7  |  |          |  |        |  |
| 46      | Item description same as SOQ Item No. 40a) | 5.00     | each  | 5655.00   | 28275.00     | INR Twenty Eight Thousand Two Hundred 5                              |  |          |  |        |  |
| 47      | Item description same as SOQ item No. 40b) | 10.00    | each  | 8400.00   | 84000.00     | INR Eighty Four Thousand Only  |  |          |  |        |  |
| 48      | Item description same as SOQ Item No. 40c) | 25.00    | each  | 8600.00   | 215000.00    | INR Two Lakh Fifteen Thousand Only                                   |  |          |  |        |  |
| 49      | Item description same as SOQ Item No. 41a) | 3.00     | each  | 936755.00   | 2810295.00   | INR Twenty Eight Lakh Ten Thousand Two Hundred & Ninety Five Only    |  |          |  |        |  |
| 50      | Item description same as SOQ Item No. 41b) | 3.00     | each  | 742480.00   | 2227440.00   | INR Twenty Two Lakh Twenty Seven Thousand Four Hundred & Forty Only  |  |          |  |        |  |
| 51      | Item description same as SOQ Item No. 41c) | 3.00     | each  | 735780.00   | 2207340.00   | INR Twenty Two Lakh Seven Thousand Three Hundred & Forty Only        |  |          |  |        |  |
| 52      | Item description same as SOQ Item No. 41d) | 15.00    | each  | 821375.00   | 9320625.00   | INR Ninety Three Lakh Twenty Thousand Six Hundred & Twenty Five Only |  |          |  |        |  |
| 53      | Item description same as SOQ Item No. 42   | 543.00   | each  | 0.00  | 0.00         | INR Zero Only  |  |          |  |        |  |
| 54      | Item description same as SOQ Item No. 43   | 24.00    | each  | 0.00  | 0.00         | INR Zero Only  |  |          |  |        |  |
| 55      | Item description same as SOQ Item No. 44a) | 1000.00  | set   | 1850.00   | 1850000.00   | INR Eighteen Lakh Fifty Thousand Only                                |  |          |  |        |  |
| 56      | Item description same as SOQ Item No. 45a) | 115.00   | job   | 8450.00   | 971750.00    | INR Ten Lakh Eighty Six Thousand Seven Hundred & Fifty Only          |  |          |  |        |  |
| 57      | Item description same as SOQ Item No. 45b) | 86.00    | job   | 8408.00   | 722408.00    | INR Seven Lakh Twenty Two Thousand Four Hundred Only                 |  |          |  |        |  |
| 58      | Item description same as SOQ Item No. 46a) | 64.00    | job   | 18900.00  | 1209600.00   | INR Twelve Lakh Nine Thousand Six Hundred Only                       |  |          |  |        |  |
| 59      | Item description same as SOQ Item No. 47a) | 15.00    | each  | 12600.00  | 189000.00    | INR One Lakh Eighty Nine Thousand Only                               |  |          |  |        |  |
| 60      | Item description same as SOQ Item No. 47b) | 3.00     | each  | 13650.00  | 40950.00     | INR Forty Thousand Nine Hundred & Fifty Only                         |  |          |  |        |  |
| 61      | Item description same as SOQ Item No. 47c) | 1.00     | each  | 15750.00  | 47250.00     | INR Forty Seven Thousand Two Hundred & Fifty Only                    |  |          |  |        |  |
| 62      | Item description same as SOQ item No. 47d) | 3.00     | each  | 17850.00  | 53550.00     | INR Fifty Three Thousand Five Hundred & Fifty Only                   |  |          |  |        |  |
| 63      | Item description same as SOQ Item No. 48   | 94140.00 | mtr   | 32.00   | 3012480.00   | INR Thirty Lakh Twelve Thousand Four Hundred & Eighty Only           |  |          |  |        |  |



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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the Work: Airside Capacity Enhancement of NSCB Airport, Kolkata.

Site: Extension of F-Taxi Track from proposed Bay No. C-13 to 19R & from 19R to 19L, Construction of 03 nos. RET's, 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata  
(Civil & Electrical works)

Contract No.: AAU/HQ/ENG/ER/KOL/F-Taxi

Bidder Name: VISUAL - MVR CONSORTIUM

| PRICE SCHEDULE |  |          |        |   |              |  |
|----------------|--|----------|--------|---|--------------|--|
| Sl. No.        | TEXT #                                     | NUMBER # | TEXT # | NUMBER #  | NUMBER #     | TEXT #   |
| Sl. No.        | Item Description                           | Quantity | Units  | BASIC RATE in Figures Excluding GST To be entered by the Bidder Rs. P | TOTAL AMOUNT | TOTAL AMOUNT In Words  |
| 1              | 2  | 3        | 4      | 5   | 6            | 7  |
| 64             | Item description same as SOQ Item No. 49   | 6074.00  | mtr    | 32.00   | 192768.00    | INR One Lakh Ninety Two Thousand Seven Hundred & Sixty Eight Only  |
| 65             | Item description same as SOQ Item No. 50a) | 505.00   | each   | 8400.00   | 4242000.00   | INR Forty Two Lakh Forty Two Thousand Only                         |
| 66             | Item description same as SOQ Item No. 51   | 1010.00  | each   | 630.00  | 636300.00    | INR Six Lakh Thirty Six Thousand Three Hundred Only                |
| 67             | Item description same as SOQ Item No. 52   | 30.00    | each   | 8925.00   | 267750.00    | INR Two Lakh Sixty Seven Thousand Seven Hundred & Fifty Only       |
| 68             | Item description same as SOQ Item No. 53   | 600.00   | mtr    | 265.00  | 159000.00    | INR One Lakh Fifty Nine Thousand Only                              |
| 69             | Item description same as SOQ Item No. 54a) | 5000.00  | mtr    | 370.00  | 1850000.00   | INR Eighteen Lakh Fifty Thousand Only                              |
| 70             | Item description same as SOQ Item No. 55a) | 47070.00 | mtr    | 230.00  | 9676100.00   | INR Ninety Six Lakh Seventy Six Thousand One Hundred Only          |
| 71             | Item description same as SOQ Item No. 56   | 50.00    | each   | 160.00  | 8000.00      | INR Eight Thousand Only  |
| 72             | Item description same as SOQ Item No. 57   | 40.00    | each   | 26250.00  | 1050000.00   | INR Ten Lakh Fifty Thousand Only                                   |
| 73             | Item description same as SOQ Item No. 58   | 38.00    | job    | 790.00  | 30020.00     | INR Thirty Thousand & Twenty Only                                  |
| 74             | Item description same as SOQ Item No. 59   | 5000.00  | mtr    | 210.00  | 1050000.00   | INR Ten Lakh Fifty Thousand Only                                   |
| 75             | Item description same as SOQ Item No. 60   | 5000.00  | mtr    | 525.00  | 2625000.00   | INR Twenty Six Lakh Twenty Five Thousand Only                      |
| 76             | Item description same as SOQ Item No. 61   | 45.00    | job    | 24000.00  | 1080000.00   | INR Ten Lakh Eighty Thousand Only                                  |
| 77             | Item description same as SOQ Item No. 62   | 30.00    | cm     | 9000.00   | 270000.00    | INR Two Lakh Seventy Thousand Only                                 |
| 78             | Item description same as SOQ Item No. 63   | 1.00     | job    | 367500.00   | 367500.00    | INR Three Lakh Sixty Seven Thousand Five Hundred Only              |
| 79             | Item description same as SOQ Item No. 64a) | 6074.00  | mtr    | 520.00  | 3132480.00   | INR Thirty One Lakh Thirty Two Thousand Four Hundred & Eighty Only |
| 80             | Item description same as SOQ Item No. 65a) | 4785.00  | mtr    | 680.00  | 3253800.00   | INR Thirty Two Lakh Fifty Three Thousand Eight Hundred Only        |
| 81             | Item description same as SOQ Item No. 66   | 176.00   | job    | 31500.00  | 5544000.00   | INR Fifty Five Lakh Forty Four Thousand Only                       |
| 82             | Item description same as SOQ Item No. 67   | 16.00    | job    | 31500.00  | 504000.00    | INR Five Lakh Four Thousand Only                                   |





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## Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of the work: Airside Capacity Enhancement of NSCB Airport, Kolkata.

SH: Extension of F-Taxi Track from proposed Bay No. C-13 to 19R &amp; from 19R to 19L, Construction of 03 nos. RET's 04 nos. Apron, Shoulders and Box Culvert at different locations of NSCB Airport, Kolkata (Civil &amp; Electrical works)

Contract No: AAJCHQ/ENGG/ER-KOL/F-Taxi

Bidder: MSHAL - M V R CONSORTIUM

Name:

## PRICE SCHEDULE

| NUMBER #             | TEXT #           | NUMBER #  | TEXT # | NUMBER #   | NUMBER #      | TEXT #  |
|----------------------|------------------|---|--------|--|---------------|---|
| Sl. No.              | Item Description | Quantity  | Units  | BASIC RATE in Figures Excluding GST To be entered by the Bidder<br>Rs. P | TOTAL AMOUNT  | TOTAL AMOUNT in Words   |
| 2                    |                  | 3   | 4      | 5  | 6             | 7   |
| Total in Figures     |                  |   |        |  | 2649903398.80 | INR Two Hundred Sixty Four Crore Ninety Nine Lakh Three Thousand Three Hundred & Ninety Eight and Paise Eighty Only |
| Billed Rate in Words |                  | INR Two Hundred Sixty Four Crore Ninety Nine Lakh Three Thousand Three Hundred & Ninety Eight |        |  |               |   |

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M. V. R. CONSORTIUM  
AIRPORT AUTHORITY OF INDIA  
KOLKATA



| Sl No | Particulars of Items   | Quantity  | unit |         |
|-------|--|-----------|------|---------|
| 8     | Construction of granular sub-base by providing close graded Material conforming to specifications, mixing in a mechanical mix plant at OMC, carriage of mixed material by tippers to work site, for all leads & lifts, spreading in uniform layers of specified thickness with motor grader on prepared surface and compacting with vibratory power roller to achieve the desired density, complete as per specifications and directions of Engineer-in-Charge.<br>(a) With material conforming to Grade-I (size range 75 mm to 0.075 mm) having CBR Value-30.   | 125377.00 | cum  | 3,000.0 |
| 9     | Providing, laying, spreading and compacting graded stone aggregate (size range 33 mm to 0.075 mm ) to wet mix macadam (WMM) specification including premixing the material with water at OMC in for all leads & lifts, laying in uniform layers with mechanical paverfinisher in sub- base / base course on well prepared surface and compacting with vibratory roller of 8 to 10 tonne capacity to achieve the desired density, complete as per specifications and directions of Engineer-in-Charge.  | 62689.00  | cum  | 4,150.0 |
| 10    | Construction of dry lean cement concrete sub base over a prepared sub-grade with coarse and fine aggregate conforming to IS:383 the size of coarse aggregate not exceeding 25 mm, aggregate cement ratio not to exceed 15:1, aggregate gradation after blending to be as per specifications, cement content not to be less than 150 Kg/cum, optimum moisture content to be determined during trial length construction, concrete strength not to be less than 10 Mpa at 7 days, mixed in a batching plant, transported to site, for all leads & lifts, laid with a mechanical paver, compacting with 8-10 tonne vibratory roller, finishing and curing etc. complete as per direction of Engineer-in-Charge. | 33074.00  | cum  | 4,850.0 |
| 11    | Providing and laying (1st quality) polythene sheet (separation membrane) 200 microns thick on the base course with overlaps of not less than 50mm longitudinally and 75mm transversely complete as per directions and satisfaction of Engineer-in-Charge.  | 271369.00 | sqm  | 28.00   |
| 12    | Providing and laying in position for expansion joint, 25mm thick pre-cut synthetic joint filler board of approved make conforming to IS: 1838 (part 3)-2011, 45 mm from top (to be removed at the time of filling of polysulphide sealant), complete as per particular specifications and directions of Engineer-in-Charge. (Note: Mode of measurement shall be length of joint multiplied by depth of filler board including pre-cut portion).  | 4702.00   | sqm  | 935.00  |

For VISUAL M V R CONSORTIUM

Authorised Signatory

337

C-NIL...J-NIL...O-MH

BOQ 2





| SI No | Particulars of Items   | Quantity    | unit |
|-------|--|-------------|------|
| 13    | Providing and laying in position polysulphide sealant of approved make conforming to BS-5212-1990 or IS : 11433-1995, in expansion / construction / dummy joints including rounding off edges, applying 2 coats of approved primer compatible with the brand of polysulphide and preparing the surface and applying masking tape along the edge of joint to prevent accidental spillage of sealant on top surface and to give neat finish to the sealant and removing the masking tape after application of sealant etc. complete as per direction of Engineer-in-Charge & particular specifications. [Note : for purpose of payment, quantity (Length X Width X Depth) of Polysulphide sealant only will be measured].  | 12366871.00 | cum  |
|       | i) Expansion joints of size 25 mm wide and 10 mm deep over 30mm dia closed-cell Polyethylene foam back-up rod, as per manufacturer's specifications and sketch at Appendix-'A'.  |             |      |
|       | ii) Construction joints of size 10 mm wide and 10 mm deep over 12 mm dia closed-cell Polyethylene foam back-up rod, as per manufacturer's specifications and sketch at Appendix-'A'.   |             |      |
|       | iii) Dummy joints of size 10 mm wide and 10 mm deep over 12 mm dia closed-cell Polyethylene foam back-up rod, as per manufacturer's specifications and sketch at Appendix-'A'.   |             |      |
| 14    | Providing and laying Pavement Quality Concrete(PQC) produced in a batching plant having a Characteristic Flexural Strength i.e. minimum flexural strength of 4.1 Mpa at 28 days using 350 Kg of Portland Pozzolana Cement, fine aggregate, graded stone aggregates of 40 mm nominal size in appropriate proportion as per specification and job mix formula, laid in panels as per drawing / design as approved by the Engineer-In-Charge, mechanically vibrated, using needle and surface vibrators, including steel form work with sturdy M.S. channel sections using manual method including making necessary provision for expansion joint, curing, etc. complete as per direction of Engineer -in-Charge and particular specifications. The item for execution shall also include the following operations:<br>i) Mechanically cutting dummy joints 3 mm wide X 1/3rd thickness of slab which is subsequently widened to 10 mm for the top 25 mm depth and construction joints 10 mm wide X 25 mm deep as per specification.<br>ii) Filling polysulphide sealant in dummy, construction and expansion joints including providing close-cell Polyethylene foam back-up rod, and painting side of joints with polysulphide primer, etc. complete (to be paid separately under relevant item). | 120500.00   | cum  |

0.80

6,000.00

*[Signature]*  
Authorised Signatory

*[Signature]*  
Authorised Signatory

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C-NIL...I-NIL...O-NIL



80Q3



**Normative approach to compare the cost of  
" Resurfacing of Secondary Runway 19R/O1L at NSCBI Airport Kolkata"**

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II).

Calculating and bringing the normative cost of 2016 till 2021 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.228 i.e

$$= 4700 \times (1 + 4.2\%)^5 = 4700 \times 1.228 = 5771.60$$


The awarded amount of Resurfacing of Secondary Runway 19R/O1L at NSCBI Airport Kolkata Work is Rs. 37,33,95,171.00 ( Annexure I ) which include pavement works, cold milling of bituminous pavement and Electrical works, etc. The total pavement area is 170509 Sqm. (Annexure-III).


| Sl.No. | Description                                | Amount<br>Rs. | Area<br>Sqm | Rate<br>per Sqm |
|--------|--|---------------|-------------|-----------------|
| 1      | Cost of Pavement work excluding GST        | 286588897.46  | 170509.00   | 1680.78         |
| 2      | Normative Cost for pavement till year 2021 |               |             | 5771.60         |


Since Rate of Pavement work per sqm is less than the normative cost in the year 2021 ( Completion year), Rate at Kolkata is justified.

**Total abstract of cost of the project**

| Sl.no. | Description   | Amount       | Remarks     |
|--------|---|--------------|-------------|
| 1      | Pavement work excluding GST   | 286588897.46 | Annexure IV |
|        | Pavement work including GST   | 338174899.00 |             |
| 2      | Amount of civil works other than Pavement work (cold milling of bituminous pavement and Electrical works etc.)= Rs. 35220272.00 | 35220272.00  |             |
|        | Total cost of project = Rs.   | 373395171.00 |             |

  
30.09.21  
Mys (E-C)

  
30.09.21  
AGM (E-C)

  
30.09.21  
AGM (E-C)





## Annexure-IV

N/W:- Resurfacing of Secondary Runway 19R/O1L at NSCBI Airport Kolkata.

Calculation of Rate

| Sl.No | Descriptions   | Quoted Amount (Rs.) |
|-------|--|---------------------|
| 1     | Total cost of pavement area                          |                     |
|       | Item no: 02- Tack coat- 0.5 kg/sqm                   | 14787709.00         |
|       | Item no: 03- DBM                                     | 183002085.00        |
|       | Item no: 04- SDAC                                    | 81074475.00         |
|       | Item no: 05- DAC                                     | 59310630.00         |
|       | Total including GST @18% (Rs.) =                     | 338174899.00        |
|       | Total excluding GST @18% (Rs.) = (A)                 | 286588897.46        |
| 2     | Total area of pavement (Taxiway area) = (B)          | 170509.00           |
|       | TOTAL Cost of pavement per sqm excluding GST = (A/B) | 1680.78             |

30/09/21  
MGR(E-C)

30/9/21  
AGM(E-1)

30/09/21  
AGM(E-1)



|   |                         |         |        |           | Annexure-III |
|---|-------------------------|---------|--------|-----------|--------------|
| N/W:- Resurfacing of Secondary Runway 19R/01L at NSCBI<br>Airport Kolkata |                         |         |        |           |              |
|   | <u>Area calculation</u> |         |        |           |              |
| S/no.   | Location                | Length  | Width  | Area      | Unit         |
| 1   | Secondary Runway        | 2393.50 | 60.00  | 143610.00 | sqm          |
| 2   | A-Taxi RHS              | 137.00  | 50.78  | 6956.86   | sqm          |
| 3   | A-Taxi LHS              | 147.00  | 42.31  | 6219.57   | sqm          |
| 4   | B-Taxi                  | 116.00  | 44.00  | 5104.00   | sqm          |
| 5   | C-Taxi LHS              | 54.00   | 41.21  | 2225.34   | sqm          |
| 6   | C-Taxi RHS              | 135.00  | 33.94  | 4581.90   | sqm          |
| 7   | D-Taxi                  | 27.00   | 67.07  | 1810.89   | sqm          |
|   |                         |         | Total= | 170509.00 | Sqm          |

30.09.21  
mgd (E-C)

24/9/21  
Agm (E-C)

30/09/21  
Agm (E-C)







Annexure - 1

भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA

Speed Post

No.: AAI/CHQ/Engg(C)/ER/Kol/Sec-Rwy/2018/263

Date: 07.05.2018

To,  
M/s SBG Infracon Pvt. Ltd.,  
WZ-3, Kailash Park,  
(Opp. Kirti Nagar, Punjab National Bank)  
New Delhi-110015.

Sub: Resurfacing of Secondary Runway 19R/01L at NSCBI Airport Kolkata.

Ref: Your e-bid opened on 27.03.2018.  
(OPEN TENDER ID: 2018\_AAI\_7584\_1)

Dear Sir (S),

1. Your tender for the work mentioned above is hereby accepted on behalf of Chairman, Airports Authority of India, at the item rates quoted by you totaling to Rs. 37,33,95,171.00 (Rupees Thirty Seven Crore Thirty Three Lakh Ninety Five Thousand One Hundred Seventy One Only) inclusive of all taxes and GST which is 3.61 % above the estimated cost put to tender of Rs. 3603.96 Lacs.
2. D.G.M. / Jt. G.M. (Engg.-C), Airports Authority of India, NSCBI Airport, Kolkata, shall be the Engineer-in-charge of the work. You are requested to attend the office of the Jt. G.M. (Engg.-C), AAI, Old R.D. Building, Safdarjung Airport, New Delhi by 18.05.2018 to sign and complete the contract agreement. The contract agreement shall be executed on a non-judicial stamp paper of value of Rs.100/- (Rupees one hundred only) and the cost of the stamp paper shall be borne by you.
3. The earnest money (bank guarantee against EMD) amounting Rs. 61,03,970/- (Rupees Sixty One Lakh Three Thousand Nine Hundred Seventy Only) received along with your tender will be treated and converted as part of security deposit as per GCC clause no. 1A on page no.16 of contract document. Please deposit Rs. 1,25,65,790/- (Rupees One Crores Twenty Five Lakhs Sixty Five Thousand Seven Hundred Ninety only) towards security deposit within 10 days from the date of issue of this letter failing which, the same will be deducted as per condition of Clause no. 1A at page no.16 of the contract document.
4. Within 30 days of issue of acceptance letter, you shall submit to AAI, a performance Guarantee as per GCC Clause 1 on page. 15 of tender document and schedule E of GCC Page. 130 for an amount of Rs. 1,86,69,760/- (Rupees One Crores Eighty Six Lakhs Sixty Nine Thousand Seven Hundred Sixty Only) in the form of a Bank Guarantee (from a Nationalized/Scheduled Indian bank but not from any Co-operative or Gramin Bank) on the proforma appended at Appendix-XI on GCC page. 108 of contract document.

आदर्श कुमार / ADARSH KUMAR

सेक्टर १, नया बजार (दोरी ब्रिज) / Jt. General Manager (Engg.-C)  
भारतीय विमानपत्तन प्राधिकरण / Airports Authority of India  
राजीव गांधी भवन / Rajiv Gandhi Bhawan  
सफ़दरजंग हवाई अड्डा / Safdarjung Airport  
नई दिल्ली-110003 / New Delhi-110003

For: SBG INFRACON PRIVATE LIMITED

Jai Kishan

राजीव गांधी भवन  
Rajiv Gandhi Bhawan

सफ़दरजंग हवाई अड्डा नई दिल्ली-110003  
Safdarjung Airport, New Delhi-110003

दूरभाष : 24632950  
Phone: 24632950





5. You are requested to comply with the provision of contract labour (Regulation & Abolition) Act of 1970 and contract labour (Regulation & Abolition) Central Rules 1971 Child Labour (Prohibition & Regulation) Act 1986, Construction Workers (Regulation of Employment and Condition of Service) Act 1996, Building and other construction Workers Welfare Cess Act 1996 as specified in Clause 19 on page no. 49 of GCC of tender and rules of Central and State Government.
6. You are also directed to contact DGM/ JGM (Engg.-C), AAI, Kolkata immediately who will arrange to hand over the site to you.
7. Please note that the time allowed for carrying out the work shall be 14 (Fourteen Months) including 4 (Four) months considered for rains and same shall be reckoned from the 10<sup>th</sup> day after issue of this letter.
8. This award letter shall form part of Agreement.
9. Any further correspondence in connection with the contract should normally be addressed to the Engineer-in-Charge.
10. Please acknowledge the receipt and return the duplicate copy of this letter enclosed herewith after signing it to the undersigned as a token of acceptance.

Yours faithfully

  
(Adarsh Kumar)  
Jt. G.M. Engg (C)

For and on behalf of Chairman,  
Airports Authority of India

आदर्श कुमार / ADARSH KUMAR  
जुनियर इंजीनियर (सिविल डिप्ट) / Jr. General Manager (Engg.-Civil)  
भारतीय वायुसेवा प्राधिकरण / Airports Authority of India  
राजीव गांधी अंतर्राष्ट्रीय / Rajiv Gandhi Shwari  
समूह (सीएन) आईएआई / Sindurjung Airport  
नई दिल्ली-110001 / New Delhi-110001



For SEG INFRACON PRIVATE LIMITED

  
Sai Kiran  
Director



# Item Rate BoQ

Tender Inviting Authority: AIRPORT AUTHORITY OF INDIA

Name of Work: Resurfacing of Secondary Runway 19R/01L at NSCB Airport Kolkata.

Contract No: AA/JHQ/Engg/ER/Kol/Sac-Rwy

Bidder Name: M/s. SBG Infracon Pvt. Ltd.

## PRICE SCHEDULE

| NUMBER # | TEXT #   | NUMBER #  | TEXT # | NUMBER #  | NUMBER #     | TEXT #  |
|----------|--|-----------|--------|---|--------------|---|
| Sl. No.  | Item Description   | Quantity  | Units  | BASIC RATE In Figures To be entered by the Bidder Rs. P | TOTAL AMOUNT | TOTAL AMOUNT In Words   |
| 1        | 2  | 3         | 4      | 5   | 6            | 7   |
| 1        | Cutting the existing bituminous pavement concrete of runway/taxiways upto required depth by milling machine and tipper with conveyor belt attachment including disposal of loading in materials (mechanically) upto a lead of 4 (four) km including cleaning and dressing of surface etc as directed by the engineer-in-charge. (Excluding cost of general cleaning which is taken in tack coat item)  | 6650.00   | Cum    | 880.00  | 5852000.00   | INR Fifty Eight Lakh Fifty Two Thousand Only                                    |
| 2        | Providing and applying tack coat using hot straight run bitumen of Viscosity grade VG 30 including heating the bitumen, spraying the bitumen with mechanically operated spray unit fitted on bitumen boiler, cleaning and preparing the existing road surface as per specifications. For tendering purpose Viscosity grade bitumen content shall be taken as 0.50 Kg/sqm.  | 509821.00 | sqm    | 29.00   | 14787709.00  | INR One Crore Forty Seven Lakh Eighty Seven Thousand Seven Hundred & Nine Only  |
| 3        | Providing and laying of Hot Mix Dense Bituminous Macadam (DBM) using crushed stone aggregate of quality, size and grading as specified and 2% cement by weight of aggregates as filler of quality as specified and Viscosity Grade Bitumen (supplied in bulk) in proportions as per job mix formula and laid to specified levels, grade and camber as per specification, drawings and as directed by the Engineer-in-Charge including compacting with 8-10 tonne, preferably vibratory road roller of adequate capacity to achieve the specified values of compaction, strength, surface accuracy complete (for tendering purpose bitumen of grade (VG-30) shall be taken as 95 kg/m3 of mix supplied in bulk produced by Govt. Refineries and 2% cement by weight of aggregates as filler material).                | 21617.00  | cum    | 8505.00   | 183002085.00 | INR Eighteen Crore Thirty Lakh Two Thousand & Eighty Five Only                  |
| 4        | Providing and laying of Hot Mix Semi Dense Asphaltic Concrete (SDAC) using crushed stone aggregate of quality, size and grading as specified and 2% cement by weight of aggregates as filler of quality as specified and Viscosity Grade Bitumen (supplied in bulk) in proportions as per job mix formula and laid to specified levels, grade and camber as per specification, drawings and as directed by the Engineer-in-Charge including compacting with 8-10 tonne, preferably vibratory road roller of adequate capacity to achieve the specified values of compaction, strength, surface accuracy complete (for tendering purpose bitumen of grade (VG-30) content shall be taken as 114 kg/m3 of mix supplied in bulk produced by Govt. Refineries and 2% cement by weight of aggregates as filler material). | 8885.00   | cum    | 9335.00   | 81074475.00  | INR Eight Crore Ten Lakh Seventy Four Thousand Four Hundred & Seventy Five Only |

आदर्श कुमार / ADARSH KUMAR

अधीन निदेशक (ई. ई. ई.) / J. General Manager (Engg./Civil)  
 एअरपोर्ट निदेशक / Airport Authority of India  
 राजीव गांधी भवन / Rajiv Gandhi Bhawan

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For SBG INFRACON PRIVATE LIMITED



|    |   |          |     |         |             |   |
|----|---|----------|-----|---------|-------------|---|
| 5  | Processing and laying of Hot Mix Dense Asphaltic Concrete (DAC) using crushed stone aggregate of quality, size and grading as specified and 2% cement by weight of aggregates as filler of quality as specified and Viscosity Grade Bitumen (supplied in bulk) in proportions as per job mix formula and laid to specified levels, grade and camber as per specification, drawings and as directed by the Engineer-in-Charge including compacting with 8 to 10 tonne, preferably vibratory road roller of adequate capacity to achieve the specified values of compaction, strength, surface accuracy complete (for tendering purpose bitumen of grade (VG-30) content shall be taken as 135 kg/m <sup>3</sup> of mix supplied in bulk produced by Govt. Refineries and 2% cement by weight of aggregates as filler material).<br>Note for item no. 3, 4 & 5:- Prior to start of work the job mix for Dense Bituminous macadam, Semidense Asphaltic Concrete, Dense Asphaltic Concrete etc. shall be got designed by the agency from the laboratory approved by AAJ and the cost of mix design shall be borne by the agency and nothing extra is payable on this account. | 5937.00  | cum | 9990.00 | 59310630.00 | INR Five Crore Ninety Three Lakh Ten Thousand Six Hundred & Thirty Only |
| 6  | Painting runway/taxi track/apron marking with adequate number of coats to give uniform finish with runway/road marking paint of superior make as approved by the engineer in charge, i/c cleaning of surface of all dirt, scales, oil, grease and other foreign materials etc and lining out complete.  | 38108.00 | sqm | 120.00  | 4333080.00  | INR Forty Three Lakh Thirty Three Thousand & Eighty Only                |
| 7  | Excavation in soil with hydraulic excavator including cutting and loading in tippers, trimming bottom and sides slopes, in accordance with requirements of lines, grades and cross section and transporting and unloading the surplus soil within all lifts and load upto 1 km.   | 12907.00 | Cum | 115.00  | 1484305.00  | INR Fourteen Lakh Eighty Four Thousand Three Hundred & Five Only        |
| 8  | Consolidation of subgrade with power road roller of 8 to 10 tonne capacity including making good the undulations etc with earth or quarry spalls etc and re-rolling the subgrade.   | 21612.00 | Sqm | 12.00   | 258144.00   | INR Two Lakh Fifty Eight Thousand One Hundred & Forty Four Only         |
| 9  | Preparation of granular sub-base by providing close graded material, conforming to specifications mixing in a mechanical mix plant at OMC, carriage of mixed material by mechanical transport to work site, for all loads and lifts, spreading in uniform layers of specified thickness with mechanical means including neatly leveling & dressing on prepared surface and compacting with vibratory power roller to achieve the desired density complete and as per direction of Engineer-in-charge. With material conforming to Grade-I (size range 75 mm to 0.075 mm) having CBR Value 30  | 3227.00  | Cum | 2940.00 | 9487380.00  | INR Ninety Four Lakh Eighty Seven Thousand Three Hundred & Eighty Only  |
| 10 | Providing, laying, spreading and compacting graded stone aggregate (size range 53 mm to 0.075 mm) to wet mix macadam (WMM) specification including premixing the material with water at OMC in mechanical mix plant, carriage of mixed material by mechanical transport to site, for all loads & lifts, laying in uniform layers with mechanical paver/finisher in sub-base/base course on well prepared surface and compacting with vibratory roller of 8 to 10 tonne capacity to achieve the desired density complete as per specifications and directions of Engineer-in-Charge.   | 2151.00  | Cum | 3150.00 | 6775650.00  | INR Sixty Seven Lakh Seventy Five Thousand Six Hundred & Fifty Only     |
| 11 | Laying/spreading and compacting the available dismantled bituminous concrete upto required depth in layers of not exceeding 20 cm per each layer with 3 wheeled road/vibratory roller of 8 to 10 tonnes capacity including breaking of clods/ bituminous lumps etc if any in stages to proper grade and camber and levelling with existing surface of road before rolling of topmost layers all complete as per directions of engineer-in-charge. (Dismantled bituminous materials will be supplied at free of costs by the department).  | 8318.00  | Cum | 385.00  | 2432430.00  | INR Twenty Four Lakh Thirty Two Thousand Four Hundred & Thirty Only     |
| 12 | Supply of 2C x 4 sq mm, 600V grade flexible copper conductor, EPR insulated & CPE (Chlorinated Polyethylene, cross-linked heavy duty) outer sheath (Black colour) secondary cable for Airport lighting circuits etc. complete as required.  | 2772.00  | M   | 46.00   | 127512.00   | INR One Lakh Twenty Seven Thousand Five Hundred & Twelve Only           |
| 13 | Providing and fixing of yellow-green 4 Sqmm copper conductor single core PVC insulated earth cable along with Secondary Cable in the existing pipe including connections as required.   | 2772.00  | M   | 28.00   | 77616.00    | INR Seventy Seven Thousand Six Hundred & Sixteen Only                   |
| 14 | Dismantling of cable laid in existing pipe/duct of size up to 25 Sq-MM and returning to AAJ store.  | 1000.00  | M   | 40.00   | 40000.00    | INR Forty Thousand Only   |

भारतीय विमानपत्तन प्राधिकरण / Airport Authority of India  
राजीव गांधी अंतर्राष्ट्रीय - Gandhiji Bhawan  
सफाई एवं स्वच्छता / Safdarjung Airport  
नई दिल्ली-110003 / New Delhi-110003

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For SBC INFRACON PRIVATE LIMITED

*S. Kishore*

Director



|                      |  |         |  |            |              |  |
|----------------------|--|---------|--|------------|--------------|--|
| 15.                  | Dismantling of existing Elevated Runway Edge / taxiway edge light fittings along with isolating transformer etc., complete as required and preserved at store and then re-installation, testing and commissioning of the same including providing consumables and spares whatever required to hand over system in operational condition etc. complete as required.   | 259.00  | EA   | 385.00     | 99716.00     | INR Ninety Nine Thousand Seven Hundred & Fifteen Only  |
| 16.                  | Dismantling of existing in pavement Runway Edge / taxiway edge / Taxiway Centre line / Stop Bar light fittings along with shallow base etc. complete as required and preserved at store and then re-installation, testing and commissioning of the same including core cutting, sealing with epoxy quick setting grout and do-bell, aligning, sign writing, providing consumables and spares whatever required to hand over system in operational condition etc. complete as required. | 84.00   | EA   | 950.00     | 79800.00     | INR Seventy Nine Thousand Eight Hundred Only   |
| 17.                  | Making temporary arrangement for all the circuits disturbed during resurfacing to make the secondary runway working while handing over for operation day to day basis including all materials, tools, spares, consumables, co-ordination as required till completion of the job.   | 1.00    | Job  | 1000000.00 | 1000000.00   | INR Ten Lakh Only  |
| 18.                  | Providing & laying earth connections from earth electrode with 6 SWG dia G.I. wire in 15mm dia G.I. pipe from earth electrode as required.   | 300.00  | M  | 180.00     | 54000.00     | INR Fifty Four Thousand Only   |
| 19.                  | Supply & Laying of 50 mm dia (OD) double wall corrugated high density polyethylene (DWC HDPE) pipe, as specified in the technical specifications complete with accessories like couplers, bends, tee etc. by excavation in concrete/bituminous area of minimum 150 mm depth i/c back filling & making good the same by concreting/bitumen finish as per the site requirement.  | 2772.00 | M  | 295.00     | 817740.00    | INR Eight Lakh Seventeen Thousand Seven Hundred & Forty Only                                 |
| 20.                  | Providing and laying in position cement concrete 1:2:4 (1 cement: 2 coarse sand: 4 graded stone aggregate 20mm nominal size) including any form of work etc. as required.  | 25.00   | CUM  | 5450.00    | 136250.00    | INR One Lakh Thirty Six Thousand Two Hundred & Fifty Only                                    |
| 21.                  | Supplying and making end termination of Secondary lead with secondary connector etc. complete as required.   | 343.00  | EA   | 200.00     | 68600.00     | INR Sixty Eight Thousand Six Hundred Only  |
| 22.                  | Increasing the height of the existing isolating transformer housing box / shallow base by providing 50mm / 75mm high MS collar with suitable design for holding the Runway Edge / taxiway edge lights on top and bottom bolted to the existing box / base including cement concreting, painting, sign writing etc. complete as required.   | 259.00  | EA   | 950.00     | 246050.00    | INR Two Lakh Forty Six Thousand & Fifty Only   |
| 23.                  | Supply and Replacement of existing 50 mm GI pipe including machine cutting of runway/taxiway/shoulder surface of suitable width and upto 150 mm deep, refilling & making good the same by concreting/cold bitumen finish by rolling compacting as per the site requirement.  | 500.00  | M  | 415.00     | 207500.00    | INR Two Lakh Seven Thousand Five Hundred Only  |
| 24.                  | Dismantling of the Taxi Edge Light fittings and fixing the cover plate in place of them and filling of the same with bitumen / concrete as required.   | 180.00  | Job  | 950.00     | 142500.00    | INR One Lakh Forty Two Thousand Five Hundred Only  |
| 25.                  | Taking GPS based co-ordinates by using total station and identifying the locations of light fixtures, route of cable etc based on GPS co-ordinates and marking, submission of reports / drawings as required and as per directions of the Engineer in charge.  | 1.00    | Job  | 1500000.00 | 1500000.00   | INR Fifteen Lakh Only  |
| Total In Figures     |  |         |  |            | 373395171.00 | INR Thirty Seven Crore Thirty Three Lakh Ninety Five Thousand One Hundred & Seventy One Only |
| Quoted Rate In Words |  |         | INR Thirty Seven Crore Thirty Three Lakh Ninety Five Thousand One Hundred & Seventy One Only |            |              |  |

आदर्श कुमार / ADARSH KUMAR  
 मुख्य अभियंता (सि. ई. विभाग) / Jt. General Manager (Engg. Civil)  
 भारतीय विमानपत्तन प्राधिकरण / Airports Authority of India  
 राजीव गांधी अंतर्राष्ट्रीय विमानतट / Rajiv Gandhi Bhawan  
 सादरजुंग एअरपोर्ट / Sairajjung Airport  
 नया दिल्ली - 110003

For SEG INFRACON PRIVATE LIMITED  
 दि. 10/05/2023  
 Director



**Normative approach to compare the cost of  
" Reconstruction of B taxi and E taxi at NSCBI Airport kolkata"**

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II).  
Calculating and bringing the normative cost of 2016 till 2022 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.2799 i.e  
 $= 4700 \times (1 + 4.2\%)^6 = 4700 \times 1.2799 = 6015.53$


The awarded amount of Reconstruction of B taxi and E taxi at NSCBI Airport kolkata work is Rs. 5,55,74,180.00 ( Annexure I ) which include pavement works, joint filling and Electrical works, etc. The total pavement area is 12330 Sqm. (Annexure-III).


| Sl.No. | Description                                | Amount<br>Rs. | Area<br>Sqm | Rate<br>per Sqm |
|--------|--|---------------|-------------|-----------------|
| 1      | Cost of Pavement work                      | 42137500.00   | 12330.00    | 3417.48         |
| 2      | Normative Cost for pavement till year 2022 |               |             | 6015.53         |


Since Rate of Pavement work per sqm is less than the normative cost in the year 2022 ( Completion year), Rate at Kolkata is justified.

Total abstract of cost of the project

| Sl.no. | Description  | Amount      | Remarks     |
|--------|--|-------------|-------------|
| 1      | Pavement work  | 42137500.00 | Annexure IV |
| 2      | Amount of civil works other than Pavement work ( RCC drains and Joint filling etc.)= Rs. 13436680.00 | 13436680.00 |             |
|        | Total cost of project = Rs.  | 55574180.00 |             |

  
30.09.21  
Ngr(E-C)

  
30/05/24  
ASM(B)

  
30.09.2021  
St. CM (E)






Annexure-IV

**N/W:- Reconstruction of B taxi and E taxi at NSCBI Airport kolkata**  
**Calculation of Rate**

| Sl.No | Descriptions   | Quoted Amount (Rs.) |
|-------|--|---------------------|
| 1     | Total cost of pavement area                          |                     |
|       | Item no: 07 - Sand Filling                           | 3334500.00          |
|       | Item no: 08 - CC 1:3:6                               | 10803000.00         |
|       | Item no: 09 - DRLC                                   | 5928000.00          |
|       | Item no: 11 - PQC                                    | 22072000.00         |
|       | Total (Rs.) = (A)                                    | 42137500.00         |
| 2     | Total area of pavement (Taxiway area) = (B)          | 12330.00            |
|       | TOTAL Cost of pavement per sqm excluding GST = (A/B) | 3417.48             |

  
30.09.21  
M. J. (E-C)

  
30/09/21  
AGM (E-C)





Name of Work :- Reconstruction of B taxi and E taxi at NSCBI Airport kolkata

Area calculation**B taxi**

|           |      |        |       |         |     |
|-----------|------|--------|-------|---------|-----|
| Main taxi | 1.00 | 95.00  | 23.00 | 2185.00 | sqm |
| Fillet    | 3.00 | 15.00  | 15.00 | 675.00  |     |
|           | 0.50 | 70.00  | 30.00 | 1050.00 |     |
|           | 2.00 | 210.00 | 10.50 | 4410.00 |     |
|           |      |        |       | 8320.00 |     |

**E taxi**

|           |      |       |       |         |     |
|-----------|------|-------|-------|---------|-----|
| Main taxi | 1.00 | 70.00 | 18.00 | 1260.00 | sqm |
| Fillet    | 2.00 | 25.00 | 25.00 | 1250.00 |     |
|           | 2.00 | 75.00 | 10.00 | 1500.00 |     |
|           |      |       |       | 4010.00 |     |

Total area of Main taxi B &amp; E

12330.00 sqm

88  
30.09.21  
mgc(E-C)







भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA  
विमानपत्तन अनुरक्षण मण्डल (सि०) -I  
AIRPORT MAINTENANCE DIVISION-I  
ने सु च बोस अ विमानपत्तन, कोलकाता-52  
N.S.C.B.I AIRPORT, KOL-52

No. AAI/Kol/Engg(C)/B & E Taxi/ 427

Date : 28/12/2018

To,  
M/s. PABSCON,  
P-209, Block - B,  
Lake Town,  
Kolkata - 700089

कार्य का नाम: - एनएससीबीआई हवाई अड्डे, कोलकाता में बी-टैक्सी और ई-टैक्सी का पुनर्निर्माण

Name of Work:- Reconstruction of B-taxi and E-taxi at NSCBI Airport, Kolkata

Ref. :- Your e-tender no. 2018\_AAI\_14143 opened on dated 19/09/2018

Dear Sir(s),

1. ऊपर उल्लिखित कार्य के लिए आपका टेंडर, एअरपोर्ट अथॉरिटी ऑफ़ इंडिया की ओर से स्वीकार किया जाता है, आपके द्वारा रु। कुल रु। 5,55,74,180/- (रुपए पांच करोड़ पचपन लाख चौहतर हजार एक सौ अस्सी केवल) जीएसटी को छोड़कर, जो अनुमानित लागत रु। से 37.61 % कम है 8,90,74,000/- जीएसटी को छोड़कर
1. Your tender for the work mentioned above is hereby accepted on behalf of Chairman, Airports Authority of India, at the item rate quoted by you totaling to Rs. 5,55,74,180/- (Rupees Five Crore Fifty Five Lakh Seventy Four Thousand One Hundred Eighty only) excluding GST which is 37.61% below the Estimated cost put to tender of Rs. 8,90,74,000/- excluding GST.
2. संयुक्त महाप्रबंधक इंजीनियरिंग (सी), एएआई, नेताजी सुभाष चंद्र बोस अंतर्राष्ट्रीय हवाई अड्डे, काम के अभियंता प्रभारी होंगे। आपको अनुरोध है कि वे सहायक कार्यालय के कार्यालय में भाग लें। संयुक्त महाप्रबंधक इंजीनियरिंग (सी), एएआई, परिचालनात्मक कार्यालय, एनएससीबीआई हवाई अड्डा, कोलकाता प्रोजेक्ट, कोलकाता - 700052 अनुबंध के समझौते पर हस्ताक्षर करने और पूरा करने के लिए काम की शुरुआत की निर्धारित तारीख से 10 (दस) दिनों के भीतर। अनुबंध समझौता एक 100/- रुपए गैर-न्यायिक स्टैप पेपर पर (केवल एक सौ रुपये) के लिए निष्पादित किया जाएगा और स्टैप पेपर की लागत आपके द्वारा वहन की जाएगी।
2. Jt. Gen. Mgr. Engg (C), AAI, Netaji Subhash Chandra Bose International Airport, shall be the Engineer-in-charge of the work. You are requested to attend the office of Jt. General Manager Engg.(C) AAI, Operational Office, NSCBI Airport, Kolkata Project, Kolkata - 700052 within 10 (Ten) days from the stipulated date of start of the work, to sign and complete the contract agreement. The contract agreement shall be executed on a non-judicial stamp paper of value Rs.100/- (Rupees One hundred only) and the cost of the stamp paper shall be borne by you.
3. रुपये की बयाना राशि अनुबंध निविदा के पृष्ठ 33 पर धारा नंबर 1 ए की शर्त के अनुसार आपके निविदा के साथ प्राप्त की गई 17,81,480/- (सत्रह लाख इक्कासी हजार चार सौ अस्सी रुपये) का इलाज किया जाएगा और सुरक्षा जमा के एक भाग के रूप में परिवर्तित किया जाएगा। कृपया इस पत्र जारी करने की तारीख से 10 दिनों के भीतर केवल 9,97,229/- (रुपये नौ लाख सत्तावन हजार दो सौ उन्तीस) जमा करें, यह असफल रहने के साथ ही, कलम की शर्त के अनुसार कटौती की जाएगी पृष्ठ 33 पर क्लॉज नंबर 1 ए की शर्त के अनुसार।
3. The earnest money amount of Rs. 17,81,480/- (Rupees Seventeen Lakh Eighty One Thousand Four Hundred Eighty only) received along with your tender will be treated and converted as part of Security Deposit as per condition of Clause No.1A on page 33

Received  
PABSCON  
for PABSCON  
28/12/2018




Contd. P/2.....  
Contractor



of contract document. Please deposit Rs. 9,97,229/- (Rupees Nine Lakh Ninety Seven Thousand Two Hundred Twenty Nine only) towards Security Deposit within 10 days from the date of issue of this letter, failing which, the same will be deducted as per condition of Clause no 1A on page 33 of the contract document.

4. स्वीकृति पत्र जारी होने के 30 दिनों के भीतर, आप AAI, एक निष्पादन गारंटी को पृष्ठ संख्या 1 पर खंड 32 की शर्त के अनुसार जमा करेंगे। रुपये की राशि के लिए 27,78,709/- (रुपय सत्ताईस लाख अठहत्तर हजार सात सौ सत्तर नौ) केवल बैंक गारंटी के रूप में प्रोफार्मा पर अनुबंध अनुबंध के ग्यारहवें पर परिशिष्ट में जोड़ा गया।
4. Within 30 days of issue of acceptance letter, you shall submit to AAI, a Performance Guarantee as per condition of clause 1 on page no. 32 for an amount of Rs. 27,78,709/- (Rupees Twenty Seven Lakh Seventy Eight Thousand Seven Hundred Nine only) in the form of Bank Guarantee on the Proforma appended at Appendix on XI of Contract Document.
5. आपको अधिनियम 1970 अनुबंध श्रम (विनियमन और उन्मूलन) के प्रावधान का अनुपालन करने का अनुरोध किया जाता है और अनुबंध श्रम (विनियमन और उन्मूलन) केंद्रीय नियम 1971 बाल श्रम (निषेध और नियमन) अधिनियम 1986, निर्माण श्रमिकों (रोजगार नियमन और सेवा की स्थिति) अधिनियम 1996, भवन और अन्य निर्माण श्रमिक कल्याण उपकर अधिनियम 1996, केंद्र और राज्य सरकार के निविदा और नियमों का जीसीसी 19 खंड के अनुसार पृष्ठ नंबर 72 पर जैसा बताया गया।
5. You are requested to comply with the provision of Contract labour (Regulation and Abolition) Act 1970 and contract labour (Regulation and Abolition) Central rules 1971 Child Labour (Prohibition & Regulation) Act 1986, Construction Workers (Regulation of Employment and Condition of Service) Act 1996, Building and other construction Workers Welfare Cess Act 1996 as specified in Clause 19 on page no 72 of GCC of tender and rules of Central and State Government.
6. आपको प्रबंधक इंजिनियर (सिविल) से संपर्क करने का भी निर्देश दिया जाता है, तत्काल वह साइट को आपके हाथ में लेने का प्रबंध करेगा।
6. You are also directed to contact AGM(Engg. - Civil), immediately who will arrange to hand over the site to you.
7. कृपया ध्यान दें कि काम करने के लिए अनुमत समय 240 (दो सौ चालीस) दिन होगा और इसी पत्र के जारी होने के बाद 10 वें दिन से गणना की जाएगी।
7. Please note that the time allowed for carrying out the work shall be 240 (Two Hundred Forty) Days and same shall be reckoned from the 10th day after the issue of this letter.
8. अनुबंध के संबंध में कोई और पत्राचार आम तौर पर अभियंता प्रभारी को संबोधित किया जाना चाहिए।
8. Any further correspondence in connection with the contract should normally be addressed to the Engineer-in-Charge.

  
General Manager (Civil)

  
Contractor



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9. कृपया रसीद को स्वीकार करें और स्वीकृति के एक टोकन के रूप में अधोहस्ताक्षरी पर हस्ताक्षर करने के बाद इसके साथ संलग्न इस पत्र की डुप्लिकेट प्रतिलिपि वापस करें।
9. Please acknowledge the receipt and return the duplicate copy of this letter enclosed herewith after signing it to the undersigned as a token of acceptance.

आपको धन्यवाद।

Thanking you.

भवदीय

Encl : i) Bill of Quantities  
ii) Form III

संयुक्त महाप्रबंधक (अभि - सिविल)

N.O.O. copy forwarded for kind information to :

- vii. Airport Director, AAI, NSCB Airport, Kolkata
- viii. GM (E-C), AAI, NSCB Airport, Kolkata
- ix. GM (F & A), AAI, NSCB Airport, Kolkata
- x. JE. GM(E-E), AAI, NSCB Airport, Kolkata
- xi. AGME(C), AAI, NSCB Airport, Kolkata
- xii. The Assistant Labour Commissioner (C) - II, 2nd M S Building, 5th Floor, Nizam Palace, 234/4, A.J.C Bose Road, Kolkata - 700 020.
- xiii. PF Commissioner, DK Block, Sector-II, Salt Lake City, Karunamoyee, Kolkata, West Bengal 700091

31.12.18  
(सिविल सैन)

संयुक्त महाप्रबंधक (अभि - सिविल)

भा. वि. प्रा. ने. सु. च. व. अ. विमानपत्तन, कोलकाता-52

J. General Manager (Civil)

Contractor

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Tender Inviting Authority: AGM (Engg-Civil), Airports Authority of India, NSCB Airport, Kolkata - 700052

Name of Work: Reconstruction of B-taxi and E-taxi at NSCB Airport, Kolkata

Contract No: AAI/KOL/ENG/CYBE/2018\_AAI\_14143

SCHEDULE OF WORK / ITEM(S)

| Sl.No | Description of Work / Item(s)  | No. of Qty | Units | PABSCON |             |
|-------|--|------------|-------|---------|-------------|
|       |  |            |       | Rate    | Amount      |
| 1.00  | Dismantling of flexible pavement (bituminous courses) by mechanical means and disposal of dismantled material within airport premises, as per direction of Engineer-in-charge.   | 1850.00    | cum   | 250.00  | 462500.00   |
| 2.00  | Demolishing cement concrete manually/ by mechanical means including disposal of material within airport premises as per direction of Engineer - in - charge. (a) Nominal concrete 1:3:6 or richer mix (i/c equivalent design mix)  | 3700.00    | cum   | 675.00  | 2497500.00  |
| 3.00  | Demolishing cement concrete manually/ by mechanical means including disposal of material within airport premises as per direction of Engineer - in - charge. (b) Nominal concrete 1:4:8 or leaner mix (i/c equivalent design mix)  | 1240.00    | cum   | 800.00  | 992000.00   |
| 4.00  | Demolishing dry brick pitching in floors, drains etc. including stacking of serviceable material and disposal of unserviceable material within airport premises.   | 1850.00    | cum   | 250.00  | 462500.00   |
| 5.00  | Excavation in soil with hydraulic excavator i/c cutting and loading in tipper, trimming bottom and side slope in accordance with requirements of lines, grades and cross-section and transporting and unloading the surplus soil within all lifts and lead within airport premises. a) All kinds of soil.  | 11780.00   | cum   | 120.00  | 1413600.00  |
| 6.00  | Consolidation of subgrade by power road roller of minimum 8 to 10 tonnes capacity for grade/excavated/dressed surface i/c making good the undulations and re-rolling the subgrade as per direction of E.I.C.   | 12330.00   | sqm   | 4.00    | 49320.00    |
| 7.00  | Supplying and filling with fine sand (yellow) under sub-base including watering, ramming consolidating and dressing complete.  | 2470.00    | cum   | 1350.00 | 3334500.00  |
| 8.00  | Providing and laying in position cement concrete of specified grade excluding the cost of centring and shuttering - All work upto planth level. a) 1:3:6 (1 cement : 3 coarse sand : 6 graded stone aggregate 40 mm nominal size)  | 2770.00    | cum   | 3900.00 | 10803000.00 |
| 9.00  | Construction of dry lean cement concrete sub-base over a prepared sub-grade with coarse and fine aggregate conforming to IS : 383, the size of coarse aggregate not exceeding 25 mm, aggregate cement ratio not to exceed 15:1, aggregate gradation after blending to be as per specifications, cement content not to be less than 150 Kg/cum, optimum moisture content to be determined during trial length construction, concrete strength not to be less than 10 Mpa at 7 days, mixed in a batch plant, transported to site, for all leads & lifts, laid with a mechanical paver, compacting with 8-10 tone vibratory roller, finishing and curing etc. complete as per direction of engineer in-charge.  | 1560.00    | cum   | 3800.00 | 5928000.00  |
| 10.00 | Providing and laying transparent (1st quality) polythene sheet (separation membrane) 200 microns thick on the base course with overlaps of not less than 50mm longitudinally and 75mm transversely complete as per directions and satisfaction of Engineer-in-charge.  | 24860.00   | sqm   | 30.00   | 745800.00   |
| 11.00 | Providing and laying Pavement Quality Concrete (PQC) produced in a batching plant having a Characteristic Flexural Strength i.e. minimum flexural strength of 4.1 Mpa at 28 days using 350 Kg of ( Portland Pozzolana Cement ) ; fine aggregate, grade stone aggregates of 40 mm nominal size in appropriate proportion as per specification and job mix formula, laid in panels as per drawing / design as approved by the Engineer-in-Charge using manual method including making necessary provision for expansion joint, curing, etc. complete as per direction of Engineer-in-Charge and particular specifications. The item for execution shall also include the following operations:<br>i) Mechanically cutting dummy joints 3 mm wide X 1/3rd thickness of slab which is subsequently widened to 10 mm for the top 25 mm depth and construction joints 10 mm wide X 25 mm deep as per specification.<br>ii) Filling sealant in dummy, construction and expansion joints including providing close-cell Polyethylene foam back-up rod, and painting side of joints with primer, etc. complete (to be paid separately under item 13 & 14.)<br>(Note: cement content considered in this item is @ 350 kg/cum. Excess/less cement used as per design mix is payable /recoverable separately).<br>Note: - ii) Prior to start of work the job mix for PQC shall be got designed by the agency from the laboratory approved by AAI and the cost of mix design shall be borne by the agency and nothing extra is payable on this account. | 4450.00    | cum   | 4960.00 | 22072000.00 |

General Manager (Civil)



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28-12-18

Contractor



|       |  |           |      |         |            |
|-------|--|-----------|------|---------|------------|
| 12.00 | Providing and laying in position polysulphide sealant of approved make conforming to BS-5212-1990 or IS: 11433-1995. In expansion / construction/dummy joints including rounding off edges, applying 2 coats of approved primer primer compatible with the brand of polysulphide and preparing the surface and applying masking tape along the edge of joint to prevent accidental spillage of sealant on top surface and to give neat finish to the sealant and removing the masking tape after application of sealant etc. Complete as per direction of Engineer-in-Charge & particular specification. [Note : For purpose of payment, quantity (Length X Width X Depth) of Polysulphide sealant only will be, measured.]<br>a) Expansion Joints of size 25 mm wide and 10 mm deep over 30 mm dia closed-cell Polyethylene foam back-up rod, as per manufacturers specification and sketch at Appendix-A'  | 616500.00 | cum  | 1.60    | 986400.00  |
| 13.00 | Providing and laying in position polysulphide sealant of approved make conforming to BS-5212-1990 or IS: 11433-1995. In expansion / construction/dummy joints including rounding off edges, applying 2 coats of approved primer primer compatible with the brand of polysulphide and preparing the surface and applying masking tape along the edge of joint to prevent accidental spillage of sealant on top surface and to give neat finish to the sealant and removing the masking tape after application of sealant etc. Complete as per direction of Engineer-in-Charge & particular specification. [Note : For purpose of payment, quantity (Length X Width X Depth) of Polysulphide sealant only will be, measured.]<br>a) Construction Joints / dummy joints / contraction joints of size 10 mm wide and 10 mm deep over 12 mm dia closed-cell Polyethylene foam back-up rod, as per manufacturers specification and sketch at Appendix-A' | 246500.00 | cum  | 1.60    | 394560.00  |
| 14.00 | Providing and laying in position for expansion joints, 25mm thick pre-cut synthetic joint filler board of approved make conforming to IS : 1838 (Part 3) - 2011, 45 mm from top (to be removed at the time of filling of polysulphide sealant), complete as per particular specifications and direction of Engineer in Charge. (Note: Mode of  | 2470.00   | Sqm  | 900.00  | 2223000.00 |
| 15.00 | Supply of 5 KV grade, copper conductor, XLPE Insulated, Polyethylene sheathed, single core, and with inner and outer semi conductor, screened underground cable for airfield lighting generally as specified in particular specification of the following sizes as required.<br>a) 6 sq mm.  | 960.00    | Mtrs | 160.00  | 153600.00  |
| 16.00 | Supply of following sizes 5 KV grade, 25 A field mounted & resin filled Plug and Receptacle suitable for 5 KV grade, single core copper conductor screened cable etc as required<br>a) 6 sq. mm.<br>(10 nos of GSB +30 nos of TXE, TXC) for B Taxi.<br>(06 nos of GSB +30 nos of TXE, TXC) for E Taxi.   | 81.20     | Set  | 800.00  | 72960.00   |
| 17.00 | Dismantling of cable laid in existing pipe/ Duct of size up to 25 Sq MM, upto 5 KV grade and returning to AAJ store  | 860.00    | Mtrs | 55.00   | 52800.00   |
| 18.00 | Dismantling of existing Elevated Runway Edge / taxiway edge light fittings along with isolating transformer etc. complete as required and preserve at AAJ store.   | 36.00     | Set  | 550.00  | 19800.00   |
| 19.00 | Installation, testing and commissioning of the Elevated taxiway edge light fittings on the existing MS housing. Box etc modification of the top cover if required along with bolting transformer etc. complete as whatever required to hand over system in operational condition etc. complete as required.  | 36.00     | Each | 415.00  | 14940.00   |
| 20.00 | Supply of the CI Boxes for taxiway edge light fittings of dimensions 330 mm x 330 mm x 400 mm (H) made out 6 mm thick MS sheet and top cover 10 mm thick MS sheet and as per the technical specifications. (For TXE, GSB and TXC)  | 91.20     | Each | 4500.00 | 410400.00  |

28/12/18

General Manager (Civil)

Contractor





|       |   |         |      |          |           |
|-------|---|---------|------|----------|-----------|
| 21.00 | Installation of the MS Transformer housing box of size 330 mm x 330 mm x 400 mm (H) made out 6 mm thick MS sheet and top cover 10 mm thick MS sheet using cement concrete 1:2:4, 100 mm all around the box and as per the technical specifications i/c painting, lettering, numbering etc. as required. For (TXE,GSB,TCX)   | 91.20   | Each | 2000.00  | 182400.00 |
| 22.00 | Supply & Laying of 50/40 mm double wall corrugated high density polyethylene (DWC HDPE) pipe, complete with accessories like couplers, bends, tee etc. in Concrete/bituminous area of minimum 150 mm depth by saw cutting, back filling & making good the same by concreting/bitumen finish as per the site requirement.  | 980.00  | Mtrs | 800.00   | 784000.00 |
| 23.00 | Supply and laying of 50 mm/ 40 mm double wall corrugated high density polyethylene (DWC HDPE) pipe, complete with accessories like couplers, bends, tee etc. in the soil for GLF work upto 750 mm deep with excavation, back filling & making good the same as per site requirement.  | 980.00  | Mtrs | 290.00   | 274200.00 |
| 24.00 | Laying of one number PVC insulated & PVC sheathed armoured aluminium / copper conductor power cable of grade exceeding 1.1 KV but not exceeding 11 KV of size not exceeding 25 sq. mm. in the existing cable duct / masonry trench / RCC/HUME/METAL/HDPE pipes etc. as required.  | 2304.00 | Mtrs | 55.00    | 126720.00 |
| 25.00 | Making connection of 5 KV grade, 8 Sq mm Copper conductor cable with resin filled plug & receptacle etc. complete as required   | 91.20   | Job  | 550.00   | 50160.00  |
| 26.00 | Providing and fixing of 6 SWG G.I. wire on surface or in recess for loop earthing as required   | 1920.00 | Mtrs | 60.00    | 115200.00 |
| 27.00 | Dismantling of existing guidance signage boards by disconnecting from the circuit, i/c dismantling isolating transformers and carrying & stacking at AAJ store (within 07 KM range) as per the instruction of engineer-in-charge.   | 16.00   | Job  | 1500.00  | 24000.00  |
| 28.00 | Installation, Testing & Commissioning of the dismantled guidance sign boards of various sizes (As per item no: 14) at different locations inside operational area i/c grooving of foundation bolts, connection & inter-connection with isolating transformers (Primary & Secondary side) etc. as per existing site condition and as per the technical specifications as required. | 16.00   | Job  | 4500.00  | 72000.00  |
| 29.00 | Providing and laying in position cement concrete 1:2:4 (1 cement : 2 coarse sand : 4 graded stone aggregate 20 mm nominal size) for foundation of Guidance Signage Boards all around 150 mm thick 1:2:4 PCC including form work etc. as required as per the site condition.   | 10.00   | CUM  | 7000.00  | 70000.00  |
| 30.00 | Taking GPS based co-ordinates by using total station and identifying the locations of light fixtures, route of cable etc based on GPS co-ordinates and marking submission of reports / drawings as required and as per directions of the Engineer In charge.  | 1.00    | Job  | 55000.00 | 55000.00  |

Total in Figures

55574180.00

Lowest Amount Quoted BY: PABSCON(55574180.00)

21/12  
28-12-18

J. General Manager (Civil)

Contractor





**Normative approach to compare the cost of  
" Special repair and Rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata"**

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II). Calculating and bringing the normative cost of 2016 till 2022 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.2799 i.e

$$= 4700 \times (1 + 4.2\%)^6 = 4700 \times 1.2799 = 6015.53$$


The awarded amount of Special repair and Rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata Work is Rs. 9,26,33,800.00 ( Annexure I ) which include pavement works, laying of compogrid( CG-100) and Electrical works, etc. The total pavement area is 81000 Sqm. (Annexure-III).

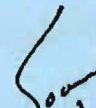
| Sl.No. | Description                                | Amount<br>Rs. | Area<br>Sqm | Rate<br>per Sqm |
|--------|--|---------------|-------------|-----------------|
| 1      | Cost of Pavement work                      | 76129500.00   | 81000.00    | 939.87          |
| 2      | Normative Cost for pavement till year 2022 |               |             | 6015.53         |


Since Rate of Pavement work per sqm is less than the normative cost in the year 2022 ( Completion year), Rate at Kolkata is justified.

**Total abstract of cost of the project**

| Sl.no. | Description  | Amount             | Remarks     |
|--------|--|--------------------|-------------|
| 1      | Pavement work  | 76129500.00        | Annexure IV |
| 2      | Amount of civil works other than Pavement work (laying of compogrid( CG-100) and Electrical works etc.)= Rs. 16504300.00 | 16504300.00        |             |
|        | <b>Total cost of project = Rs.</b>   | <b>92633800.00</b> |             |

  
30.09.21  
vgd(E-1)

  
30/09/21  
ASm(E-1)

  
30.09.2021  
St. AMCE-D





## Annexure-IV

**N/W:- Special repair and Rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata**  
**Calculation of Rate**

| Sl.No | Descriptions   | Quoted Amount (Rs.) |
|-------|--|---------------------|
| 1     | Total cost of pavement area                          |                     |
|       | Item no: 01- Tack coat- 0.45 kg/sqm                  | 848000.00           |
|       | Item no: 01- Tack coat- 0.35 kg/sqm                  | 1800000.00          |
|       | Item no: 04 - Stone Matrix Asphalt                   | 400000.00           |
|       | Item no: 05- SDAC                                    | 46221500.00         |
|       | Item no: 06- DAC                                     | 26860000.00         |
|       | Total (Rs.) = (A)                                    | 76129500.00         |
| 2     | Total area of pavement (Taxiway area) = (B)          | 81000.00            |
|       | TOTAL Cost of pavement per sqm excluding GST = (A/B) | 939.87              |

30.09.21  
 Ngd (E-C)


30/09/21  
 AGM (E-C)



**AREA CALCULATION**

**Name of work: Special repair and Rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata.**

| Sl. No. | Description of Item  | Nos. | No. | Length | Breadth | Area            | Unit        |
|---------|--|------|-----|--------|---------|-----------------|-------------|
|         | <b>Total Runway &amp; Taxi area</b>  |      |     |        |         |                 |             |
| 1       | 1) 19R-Kilo junction to 19L-Kilo junction  |      |     |        |         |                 |             |
|         | Straight portion   | 1    | 1   | 233    | 27.00   | 6291.00         |             |
|         | Fillet1  | 1    | 0.5 | 165    | 11.00   | 907.50          |             |
|         | Fillet2  | 1    | 0.5 | 140    | 28.00   | 1960.00         |             |
|         | Fillet3  | 1    | 0.5 | 110    | 26.00   | 1430.00         |             |
|         | Fillet4  | 1    | 0.5 | 55     | 60.00   | 1650.00         |             |
|         | K-Taxi east side   | 1    | 1   | 290    | 7.50    | 2175.00         |             |
|         | K-Taxi west side   | 1    | 1   | 280    | 7.50    | 2100.00         |             |
| 2       | 2) Secondary Runway  |      |     |        |         |                 |             |
|         | Secondary Runway ( From displaced threshold to Alpha-Secondary junction            | 1    | 1   | 680    | 45.00   | 30600.00        |             |
|         | Turn Pad(a) rectangular area   | 1    | 1   | 115    | 61.00   | 7015.00         |             |
|         | Turn Pad(b) triangular area  | 1    | 0.5 | 110    | 61.00   | 3355.00         |             |
|         | Sec. Rwy east side   | 1    | 1   | 305    | 7.50    | 2287.50         |             |
|         |  | 1    | 1   | 120    | 7.50    | 900.00          |             |
|         | Sec. Rwy west side   | 1    | 1   | 637    | 7.50    | 4777.50         |             |
|         |  | 1    | 1   | 20     | 7.50    | 150.00          |             |
| 3       | 3) Alpha-Secondary junction to bend portion(beyond threshold marking on A-taxiway) | 1    | 1   | 218    | 23.00   | 5014.00         |             |
| 4       | 4) Alpha Taxiway( from bend to Alpha-Bravo junction)                               | 1    | 1   | 217    | 23.00   | 4991.00         |             |
|         | Alpha taxiway west side  | 1    | 1   | 340    | 7.50    | 2550.00         |             |
|         | Alpha taxiway east side  | 1    | 1   | 380    | 7.50    | 2850.00         |             |
|         | <b>Total Rwy &amp; Taxi area</b>   |      |     |        |         | <b>81000.00</b> | <b>sqm.</b> |

  
 30.09.21  
 MGO(E-C)







*Signature*

भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA  
विमानपत्तन अनुरक्षण मण्डल(सि०)  
AIRPORT MAINTENANCE DIVISION-I  
ने सु च बोस अ विमानपत्तन, कोलकाता-52  
N.S.C.B.I AIRPORT, KOL-52

No. ए. ए. आई/ कोल/ इंजीनियरिंग (सी) /Spl. Repair / 697

दिनांक : 15/01/2021

To,  
मेसर्स एल. के. बिल्डर्स  
L. K. Builders  
24/2A, Jessore Road,  
Kolkata - 700028

कार्य का नाम: - एनएससीबीआई एयरपोर्ट, कोलकाता में एयरफील्ड फुटपाथों की विशेष मरम्मत और पुनर्वास

Name of Work:- Special repair and rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata

Ref. :- Your e-tender no. 2020\_AAI\_57350 opened on dated 20/10/2020

Dear Sir(s),

- ऊपर उल्लिखित कार्य के लिए आपका टेडर, एअरपोर्ट अथॉरिटी ऑफ इंडिया की ओर से स्वीकार किया जाता है, आपके द्वारा कुल रु. 9,26,33,800/- (रुपए नौ करोड़ छब्बीस लाख तैंतीस हजार आठ सौ केवल) जीएसटी को छोड़कर, जो उचित लागत रु. 10,34,24,409 /- से 10.43% कम है, जीएसटी को छोड़कर
1. Your e-tender for the work mentioned above is hereby accepted on behalf of Chairman, Airports Authority of India, at the item rates quoted by you totaling to Rs. 9,26,33,800/- (Rupees Nine Crore Twenty Six Lakh Thirty Three Thousand Eight Hundred Only) excluding GST which is 10.43% below the Justified cost of Rs. 10,34,24,409/- excluding GST.
2. संयुक्त महाप्रबंधक इंजीनियरिंग (सिविल), एएआई, नेताजी सुभाष चंद्र बोस अंतर्राष्ट्रीय हवाई अड्डे, कार्य के अभियंता प्रभारी होंगे। आपसे अनुबंध पर हस्ताक्षर करने और उसे पूरा करने के लिए संयुक्त महाप्रबंधक इंजीनियरिंग (सिविल), एएआई, परिचालन कार्यालय, एनएससीबीआई एयरपोर्ट, कोलकाता - 700052 के कार्यालय में 25/01/2021 तक उपस्थित होने का अनुरोध किया जाता है। अनुबंध समझौते को मूल्य 100/- (रुपए एक सौ केवल) के गैर-न्यायिक स्टॉप पेपर पर निष्पादित किया जाएगा और स्टॉप पेपर की लागत आपके द्वारा वहन की जाएगी।
2. Jt. Gen.Mgr. Engg (C), AAI, Netaji Subhash Chandra Bose International Airport, shall be the Engineer-in-charge of the work. You are requested to attend the office of Jt. General Manager Engg.(C) AAI, Operational Office, NSCBI Airport, Kolkata - 700052 by 25/01/2021 to sign and complete the contract agreement. The contract agreement shall be executed on a non-judicial stamp paper of value Rs.100/- (Rupees One hundred only) and the cost of the stamp paper shall be borne by you.
3. आपकी निविदा के साथ रुपये 20,68,410/- की बयाना राशि का उपयोग किया जाएगा और अनुबंध दस्तावेज़ के खंड संख्या 1 पृष्ठ 34 पर की शर्त के अनुसार सुरक्षा जमा के हिस्से के रूप में परिवर्तित किया जाएगा। कृपया इस पत्र के जारी होने की तारीख से 10 दिनों के भीतर रुपये 25,63,280/- जमा करें, जो कि ऐसा न करने पर, उसी को अनुबंध दस्तावेज़ के खंड संख्या 1 ए पृष्ठ 35 पर की शर्त के अनुसार काटा जाएगा।

JT. GM (E-C)

Contd. P/2.....





3. The earnest money amount of Rs. 20,68,410/- (Rupees Twenty Lakh Sixty Eight Thousand Four Hundred Ten only) received along with your tender will be treated and converted as part of Security Deposit as per condition of Clause No.1A on page 35 of contract document. Please deposit Rs. 25,63,280/- (Rupees Twenty Five Lakh Sixty Three Thousand Two Hundred Eighty only) towards Security Deposit within 10 days from the date of issue of this letter, failing which, the same will be deducted as per condition of Clause no 1A on page 35 of the contract document.
4. स्वीकृति पत्र जारी होने के 30 दिनों के भीतर, आप AAI, एक निष्पादन गारंटी को पृष्ठ संख्या 1 पर खंड 34 की शर्त के अनुसार जमा करेंगे। रुपये 46,31,690/- की राशि के लिए (रुपये छियातीस लाख इकत्तीस हजार छह सौ नब्बे) केवल बैंक गारंटी के रूप में अनुबंध -XI के प्रोफार्मा में जोड़ा गया।
4. Within 30 days of issue of acceptance letter, you shall submit to AAI, a Performance Guarantee as per condition of clause 1 on page 34 for an amount of Rs. 46,31,690/- (Rupees Fourty Six Lakhs Thirty One Thousand Six Hundred Ninety only) in the form of Bank Guarantee on the Proforma appended at APPENDIX -XI on page no. 141 of Contract Document.
5. आपको अधिनियम 1970 अनुबंध श्रम (विनियमन और उन्मूलन) के प्रावधान का अनुपालन करने का अनुरोध किया जाता है और अनुबंध श्रम (विनियमन और उन्मूलन) केंद्रीय नियम 1971 बाल श्रम (निषेध और नियमन) अधिनियम 1986, निर्माण श्रमिकों (रोजगार नियमन और सेवा की स्थिति) अधिनियम 1996, भवन और अन्य निर्माण श्रमिक कल्याण उपकर अधिनियम 1996, केंद्र और राज्य सरकार के निविदा और नियमों का जीसीसी 19 खंड के अनुसार पृष्ठ नंबर 73 पर जैसा बताया गया।
5. You are requested to comply with the provision of Contract labour (Regulation and Abolition) Act 1970 and contract labour (Regulation and Abolition) Central rules 1971 Child Labour (Prohibition & Regulation) Act 1986, Construction Workers (Regulation of Employment and Condition of Service) Act 1996, Building and other construction Workers Welfare Cess Act 1996 as specified in Clause 19 on page no 73 of GCC of tender and rules of Central and State Government.
6. आपको सहायक प्रबंधक इंजिनियर (सिविल) एएआई, परिचालन कार्यालय, एनएससीबीआई एयरपोर्ट, कोलकाता - 700052 से संपर्क करने का भी निर्देश दिया जाता है, तत्काल वह साइट को आपके हाथ में लेने का प्रबंध करेगा।
6. You are also directed to contact AGM (Engg. - Civil), Airports Authority of India, Operational Office, NSCBI Airport, Kolkata - 700052 immediately who will arrange to hand over the site to you.
7. कृपया ध्यान दें कि काम करने के लिए अनुमत समय 105 (एक सौ पाँच) दिन होगा और इसी पत्र के जारी होने के बाद 10 वें दिन से गणना की जाएगी।
7. Please note that the time allowed for carrying out the work shall be 105 (One Hundred Five) Days and same shall be reckoned from the 10th day after the issue of this letter.

JT. GM (E-C)



CONTRACTOR

Contd. P/3.....



8. अनुबंध के संबंध में कोई और पत्राचार आम तौर पर अभियंता प्रभारी को संबोधित किया जाना चाहिए।
8. Any further correspondence in connection with the contract should normally be addressed to the Engineer-in-Charge.
9. कृपया रसीद को स्वीकार करें और स्वीकृति के एक टोकन के रूप में अधोहस्ताक्षरी पर हस्ताक्षर करने के बाद इसके साथ संलग्न इस पत्र की डुप्लिकेट प्रतिलिपि वापस करें।
9. Please acknowledge the receipt and return the duplicate copy of this letter enclosed herewith after signing it to the undersigned as a token of acceptance.
10. यदि अंग्रेजी और हिंदी के बीच कोई विसंगति है तो अंग्रेजी में निकाले गए अर्थ को बरीयता दी जाएगी।
10. If there is any discrepancy between English and Hindi, then meaning derived in English will be given precedence.

आपको धन्यवाद।  
Thanking you.

भवदीय

संयुक्त महाप्रबंधक (अभि - सिविल)

संलग्न -

- i. फर्म - III
- ii. बिल अनुसूची

N.O.O. copy forwarded for kind information to :

- i. Airport Director, AAI, NSCBI Airport, Kolkata
- ii. GM (E-C), AAI, NSCBI Airport, Kolkata
- iii. GM (F & A), AAI, NSCBI Airport, Kolkata
- iv. A GM (E-C) AAI, NSCBI Airport, Kolkata
- v. The Assistant Labour Commissioner (C) - II, 2nd M S O Building, 5th Floor, Nizam Palace, 234/4, A.J.C Bose Road, Kolkata - 700 020.
- vi. PF Commissioner, DK Block, Sector-II, Salt Lake City, Karunamoyee, Kolkata, West Bengal 700091.

JT. GM (E-C)



भा. वि. प्रा., ने. सु. च. ब. अ. विमानपत्तन, कोलकाता-52

(सिब्रत सैन)

संयुक्त महाप्रबंधक (अभि - सिविल)

CONTRACTOR



Validate

Print

Help

## Item Rate BoQ

Tender Inviting Authority: AGM (Engg-Civil), Airports Authority of India, NSCBI Airport, Kolkata - 700052

Name of Work: Special repair and Rehabilitation of Airfield Pavements at NSCBI Airport, Kolkata.

Contract No: AAI/Kol/Engg.(C)/Spl Repair/2020\_AAI\_57350

Name of the  
Bidder/ Bidding  
Firm / Company  
:

L K BUILDERS

## PRICE SCHEDULE

(This BOQ template must not be modified/replaced by the bidder and the same should be uploaded after filling the relevant columns, else the bidder is liable to be rejected for this tender. Bidders are allowed to enter the Bidder Name and Values only )

| NUMBER #   | TEXT #   | TEXT #                 | NUMBER # | TEXT # | NUMBER #  | NUMBER #                    | NUMBER #                                       | TEXT #                   |
|------------|--|------------------------|----------|--------|---|-----------------------------|--|--------------------------|
| Sl.<br>No. | Item Description   | Item<br>Code /<br>Make | Quantity | Units  | RATE In Figures To<br>be entered by the<br>Bidder (Inclusive of<br>all Taxes if any<br>except GST)<br>Rs. P | TOTAL AMOUNT<br>in<br>Rs. P | TOTAL AMOUNT                                   | TOTAL AMOUNT In<br>Words |
| 2          | 3  | 4                      | 5        | 7      | 8   | 9                           | 10   |                          |
|            | item1  | 42400.00               | Sqm      | 20.00  | 848000.00   | 848000.00                   | INR Eight Lakh Forty<br>Eight Thousand<br>Only |                          |
|            | Providing and applying tack coat using hot straight run bitumen of VG-30 including heating the bitumen, spraying the bitumen with mechanically operated spray unit fitted on bitumen boiler, cleaning and preparing the existing Runways/Road surface as per specifications, complete in all respects as per the direction of E-I-C.<br>On existing Concrete surface @ 0.45 kg/sqm |                        |          |        |   |                             |  |                          |

CONTRACTOR

J.T. GM (E-C)



|   |  |       |           |     |         |             |             |   |
|---|--|-------|-----------|-----|---------|-------------|-------------|---|
| 2 | Providing and applying tack coat using hot straight run bitumen of VG-30 including heating the bitumen, spraying the bitumen with mechanically operated spray unit fitted on bitumen boiler, cleaning and preparing the existing Runways/Road surface as per specifications, complete in all respects as per the direction of E-I-C.<br>On existing bituminous surface @ 0.35 kg/sqm   | item2 | 120000.00 | Sqm | 15.00   | 1800000.00  | 1800000.00  | INR Eighteen Lakh Only                                  |
| 3 | Providing and Laying in position Compogrid 100(CG-100) on Runways and Taxiways over cleaned bituminous surface Immediately after application of tack coat with overlaps at end to end roll joints of 150 mm and overlap in longitudinal joints of 100 mm as required as per direction of Engineer-in-Charge.   | item3 | 81200.00  | Sqm | 160.00  | 12992000.00 | 12992000.00 | INR One Crore Twenty Nine Lakh Ninety Two Thousand Only |
| 4 | Providing and laying Stone Matrix Asphalt (SMA) with Hot Mix Plant meeting the requirement as per MoRT&H Specification using coarse aggregates, fine aggregates, mineral filler, pelletized cellulose fiber and bituminous binder of required specification including screening, cleaning of chips and preparing a uniform and homogenous mix and transporting the hot mix to work side laying with a hydrostatic paver finisher with sensor control / manual to the required grade, level and alignment, rolling with smooth wheeled, vibratory and tandem rollers to achieve the desired compaction as per MoRT&H Specifications for road and bridge work complete in all respect.<br>13 mm SMA with layer thickness 25-50 mm. | item4 | 50.00     | Cum | 8000.00 | 400000.00   | 400000.00   | INR Four Lakh Only                                      |

J.T. G.M.



CONTRACTOR





|   |   |       |         |     |         |             |             |   |
|---|---|-------|---------|-----|---------|-------------|-------------|---|
| 5 | <p>Providing and laying of Hot Mix Semi Dense Asphaltic Concrete (SDAC) using crushed stone aggregate of quality, size and grading as specified and 2% cement by weight of aggregates as filler and Viscosity Grade Bitumen (supplied in bulk) in proportions as per job mix formula and laid to specified levels, grade and camber as per specification, drawings and as directed by the Engineer-in-Charge including compacting with 8-10 tonne, preferably vibratory road roller of adequate capacity to achieve the specified values of compaction, strength, surface accuracy complete [for tendering purpose VG bitumen of grade VG-30 content shall be taken as 120 kg/m<sup>3</sup> of mix supplied in bulk produced by Govt. Refineries and 2% cement by weight of aggregates as filler material].</p>                   | item5 | 5470.00 | Cum | 8450.00 | 46221500.00 | 46221500.00 | INR Four Crore Sixty Two Lakh Twenty One Thousand Five Hundred Only |
| 6 | <p>Providing and laying of Hot Mix Dense Asphaltic Concrete (DAC) using crushed stone aggregate of quality, size and grading as specified and 2% cement by weight of aggregates as filler of quality as specified and Viscosity Grade Bitumen (supplied in bulk) in proportions as per job mix formula and laid to specified levels, grade and camber as per specification, drawings and as directed by the Engineer-in-Charge including compacting with 8-10 tonne, preferably vibratory road roller of adequate capacity to achieve the specified values of compaction, strength, surface accuracy complete [for tendering purpose VG bitumen of grade VG-30 content shall be taken as 135 kg/m<sup>3</sup> of mix supplied in bulk produced by Govt. Refineries and 2% cement by weight of aggregates as filler material].</p> | item6 | 3160.00 | Cum | 8500.00 | 26860000.00 | 26860000.00 | INR Two Crore Sixty Eight Lakh Sixty Thousand Only                  |

CONTRACTOR



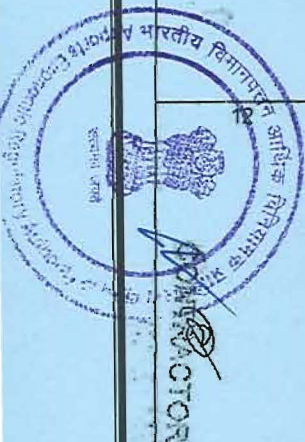
|    |   |        |         |     |        |           |           |  |
|----|---|--------|---------|-----|--------|-----------|-----------|--|
| 7  | Demolishing cement concrete manually/ by mechanical means including disposal of material within 50 metres lead as per direction of Engineer - in - charge. Nominal concrete 1:3:6 or richer mix (i/c equivalent design mix)   | item7  | 50.00   | Cum | 50.00  | 40000.00  | 40000.00  | INR Forty Thousand Only                |
| 8  | Dismantling manually/ by mechanical means including stacking of serviceable material and disposal of unserviceable material within 50 metres lead as per direction of Engineer-in-charge. bituminous road   | item8  | 50.00   | sqm | 50.00  | 2500.00   | 2500.00   | INR Two Thousand Five Hundred Only     |
| 9  | Disposal of building rubbish / malba / similar unserviceable, dismantled or waste materials by mechanical means, including loading, transporting, unloading and spreading within airport boundary beyond the 50 m initial lead, including all lifts as per direction of Engineer-in-charge.                                 | item9  | 2630.00 | Cum | 100.00 | 263000.00 | 263000.00 | INR Two Lakh Sixty Three Thousand Only |
| 10 | Painting runway/taxi track/apron marking with adequate nos of coats to give uniform finish with road marking paint of superior make as approved by the Engineer-in-charge, i/c cleaning the surface of all dirt, scales, oil, grease and other foreign material etc. and lining out complete. New work (One or more coats). | item10 | 4060.00 | Sqm | 100.00 | 406000.00 | 406000.00 | INR Four Lakh Six Thousand Only        |

JT.GM(E-C)

CONTRACTOR



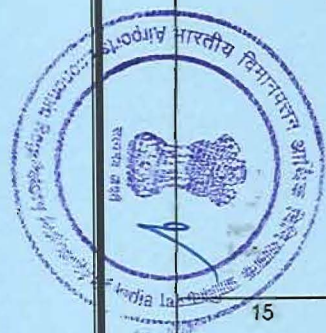
J.T.GM (E.C)



|    |   |        |         |      |        |            |            |  |
|----|---|--------|---------|------|--------|------------|------------|--|
| 11 | Laying of 40mm GI pipe (medium class) complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in bituminous area of width 110mm and upto 150mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC. | item11 | 3260.00 | mtrs | 400.00 | 1304000.00 | 1304000.00 | INR Thirteen Lakh Four Thousand Only       |
| 12 | Laying of 40mm GI pipe (medium class) complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in concrete area of width 110mm and upto 150mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC.   | item12 | 4350.00 | mtrs | 10.00  | 43500.00   | 43500.00   | INR Forty Three Thousand Five Hundred Only |



JT.GM (E-C)



CONTRACTOR

|    |  |        |         |      |        |           |           |   |
|----|--|--------|---------|------|--------|-----------|-----------|---|
| 13 | Laying of 50/40 mm double wall corrugated high density polyethylene DWC pipe complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in bituminous area of width 110mm and upto 150mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC. | item13 | 2300.00 | mtrs | 400.00 | 920000.00 | 920000.00 | INR Nine Lakh Twenty Thousand Only      |
| 14 | Laying of 50/40 mm double wall corrugated high density polyethylene DWC pipe complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in concrete area of width 110mm and upto 150mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC.   | item14 | 1850.00 | mtrs | 10.00  | 18500.00  | 18500.00  | INR Eighteen Thousand Five Hundred Only |
| 15 | Laying of 65 mm GI pipe (medium class) complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in bituminous area of width 140mm and upto 200mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC.                                       | item15 | 720.00  | mtrs | 400.00 | 288000.00 | 288000.00 | INR Two Lakh Eighty Eight Thousand Only |



|    |  |        |         |      |        |           |           |   |
|----|--|--------|---------|------|--------|-----------|-----------|---|
| 16 | Laying of 65 mm GI pipe (medium class) complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in concrete area of width 140mm and upto 200mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC.   | item16 | 2480.00 | mtrs | 10.00  | 24800.00  | 24800.00  | INR Twenty Four Thousand Eight Hundred Only |
| 17 | Laying of 90 mm OD double wall corrugated high density polyethylene DWC pipe complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in bituminous area of width 140mm and upto 200mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC. | item17 | 200.00  | mtrs | 500.00 | 100000.00 | 100000.00 | INR One Lakh Only                           |
| 18 | Laying of 90 mm OD double wall corrugated high density polyethylene DWC pipe complete with accessories like couplers, bends ,tee etc. complete as required. for GLF work including machine cutting of shoulders / runway /taxiway surface in concrete area of width 140mm and upto 200mm deep ,by saw cutting, taking the excavated material out of the area within a lead of 2 kms.and after cleaning pipe channel by air compressor machine applying tack coat of grade VG-30 and refilling with Semi Dense Asphaltic Concrete ( Bituminous mix as per the technical Specifications of Semi Dense Asphaltic Concrete (SDAC) agreement item ) as per the site requirement and as per directions of the EIC.   | item18 | 200.00  | mtrs | 10.00  | 2000.00   | 2000.00   | INR Two Thousand Only                       |



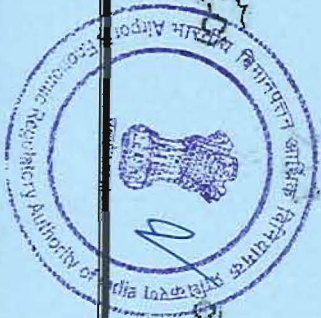
CONTRACTOR



|                      |   |      |     |        |             |             |   |
|----------------------|---|------|-----|--------|-------------|-------------|---|
| 19                   | Taking GPS based co-ordinates by using total station and identifying the locations of light fixtures, route of cable etc based on GPS co-ordinates and marking, submission of reports and design of runway light (such as REH, TXE, TXC, RCL STB, etc) as per ICAO Specification as required and as per directions of the Engineer In charge. | 1.00 | JOB | 100.00 | 100000.00   | 100000.00   | INR One Lakh Only                           |
| Total in Figures     |   |      |     |        | 92633800.00 | 92633800.00 | INR Nine Crore Twenty Six Lakh Thirty Three |
| Quoted Rate in Words | INR Nine Crore Twenty Six Lakh Thirty Three Thousand Eight Hundred Only   |      |     |        |             |             |   |

J. GM (E-3)

CONTRACTOR





**Normative approach to compare the cost of  
" Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCBI Airport, Kolkata"**

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 4700/ Sqm. (Annex-II).  
Calculating and bringing the normative cost of 2016 till 2022 (completion of work) @ 4.20% per annum compounding rate, hence multiplying factor is 1.2799 i.e

$$= 4700 \times (1 + 4.2\%)^6 = 4700 \times 1.2799 = 6015.53$$


The awarded amount of Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCBI Airport, Kolkata work is Rs. 5,94,25,575.00 (Annexure I) which include pavement works, RCC drains, joint filling etc. The total pavement area is 10650 Sqm. (Annexure-III).


| Sl.No. | Description                                | Amount<br>Rs. | Area<br>Sqm | Rate<br>per Sqm |
|--------|--|---------------|-------------|-----------------|
| 1      | Cost of Pavement work                      | 43844125.00   | 10650.00    | 4116.82         |
| 2      | Normative Cost for pavement till year 2022 |               |             | 6015.53         |


Since Rate of Pavement work per sqm is less than the normative cost in the year 2022 ( Completion year), Rate at Kolkata is justified.

**Total abstract of cost of the project**

| Sl.no. | Description   | Amount      | Remarks     |
|--------|---|-------------|-------------|
| 1      | Pavement work   | 43844125.00 | Annexure IV |
| 2      | Amount of civil works other than Pavement work ( RCC drains and joint filling etc. )= Rs. 15581450.00 | 15581450.00 |             |
|        | Total cost of project = Rs.   | 59425575.00 |             |

  
30.09.21  
NGS(F-C)

  
30/09/21  
ASM/er

  
30.09.2021  
St. AM (E-C)

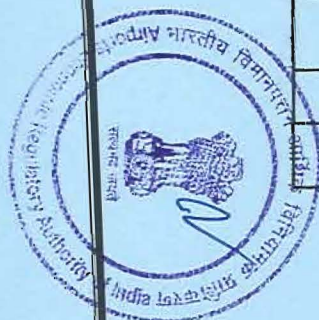




**N/W:- Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCBI Airport, Kolkata.**

**Calculation of Rate**

| Sl.No | Descriptions   | Quoted Amount (Rs.) |
|-------|--|---------------------|
| 1     | Total cost of pavement area                          |                     |
|       | Item no: 08 - GSBC                                   | 6341000.00          |
|       | Item no: 09 - WMM                                    | 5592300.00          |
|       | Item no: 10 - DRLC                                   | 5600000.00          |
|       | Item no: 12 - PQC                                    | 26310825.00         |
|       | Total (Rs.) = (A)                                    | 43844125.00         |
| 2     | Total area of pavement (Apron area) = (B)            | 10650               |
|       | TOTAL Cost of pavement per sqm excluding GST = (A/B) | 4116.82             |




30.09.21  
NGR(E-C)

30/9/21  
AGM(RV)



**Annexure-III****Name of Work :- Reconstruction of broken slab bay no. 3 & 4 at NSCBI Airport.****Area calculation**

|                         |      |        |       |          |     |
|-------------------------|------|--------|-------|----------|-----|
| Apron                   | 1.00 | 140.00 | 52.00 | 7280.00  |     |
|                         | 1.00 | 100.00 | 32.00 | 3200.00  |     |
|                         | 1.00 | 90.00  | 5.00  | 450.00   |     |
| Less Cable trench       | 1.00 | 80.00  | 1.60  | -128.00  |     |
| Less Drain              | 1.00 | 95.00  | 1.60  | -152.00  |     |
|                         |      |        |       | 10650.00 | sqm |
| Drain length =95.00 mtr |      |        |       |          |     |

  
30.09.21  
Wgt (E-O).







Annexure I

भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA  
विमानपत्तन अनुरक्षण मण्डल (सि०) - I  
AIRPORT MAINTENANCE DIVISION-I  
ने सु च बोस अ विमानपत्तन, कोलकाता-52  
N.S.C.B.I AIRPORT, KOL-52

No. AAI/Kol/Engg(C)/Bay 3 & 4/430

Date : 07/01/2019

To,  
L. K. Builders  
24/2A, Jessore Road,  
Kolkata - 700028

कार्य का नाम: - कोलकाता के एनएससीबीआई हवाई अड्डे पर बे नं 3 और 4 के टूटे हुए स्लैब का पुनर्निर्माण

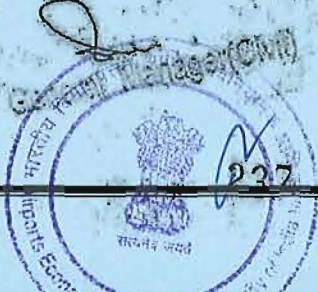
Name of Work:- Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCBI Airport, Kolkata

Ref. :- Your e-tender no. 2018\_AAI\_14239 opened on dated 28/09/2018

Dear Sir(s),

1. ऊपर उल्लिखित कार्य के लिए आपका टेंडर, एअरपोर्ट अथॉरिटी ऑफ इंडिया की ओर से स्वीकार किया जाता है, आपके द्वारा रु। कुल रु। 5,94,25,575/- (रुपए पांच करोड़ चौरानवे लाख पच्चीस हजार पांच सौ पचहत्तर केवल) जीएसटी को छोड़कर, जो अनुमानित लागत रु। से 37.18% कम है, रु। 9,46,00,000/- जीएसटी को छोड़कर।
1. Your tender for the work mentioned above is hereby accepted on behalf of Chairman, Airports Authority of India, at the item rate quoted by you totaling to Rs. 5,94,25,575/- (Rupees Five Crore Ninty Four Lakh Twenty Five Thousand Five Hundred Seventy Five only) excluding GST which is 37.18 % below the Estimated cost put to tender of Rs. 9,46,00,000/- excluding GST.
2. संयुक्त महाप्रबंधक इंजीनियरिंग (सी), एएआई, नेताजी सुभाष चंद्र बोस अंतरराष्ट्रीय हवाई अड्डे, काम के अभियंता प्रभारी होंगे। आपको अनुरोध है कि वे सहायक कार्यालय के कार्यालय में भाग लें। संयुक्त महाप्रबंधक इंजीनियरिंग (सी), एएआई, परिचालनात्मक कार्यालय, एनएससीबीआई हवाई अड्डा, कोलकाता प्रोजेक्ट, कोलकाता - 700052 अनुबंध के समझौते पर हस्ताक्षर करने और पूरा करने के लिए काम की शुरुआत की निर्धारित तारीख से 10 (दस) दिनों के भीतर। अनुबंध समझौता एक 100/- रुपए गैर-न्यायिक स्टैप पेपर पर (केवल एक सौ रुपये) के लिए निष्पादित किया जाएगा और स्टैप पेपर की लागत आपके द्वारा वहन की जाएगी।
2. Jt.Gen.Mgr. Engg (C), AAI, Netaji Subhash Chandra Bose International Airport, shall be the Engineer-in-charge of the work. You are requested to attend the office of Jt. General Manager Engg.(C) AAI, Operational Office, NSCBI Airport, Kolkata Project, Kolkata - 700052 within 10 (Ten) days from the stipulated date of start of the work, to sign and complete the contract agreement. The contract agreement shall be executed on a non-judicial stamp paper of value Rs.100/- (Rupees One hundred only) and the cost of the stamp paper shall be borne by you.
3. रुपये की बराबत राशि अनुबंध निविदा के पृष्ठ 33 पर धारा नंबर 1 ए की शर्त के अनुसार आपके निविदा के साथ प्राप्ति की गई 18,92,000/- (अठारह लाख ब्यान्वे हजार रुपये केवल) का इलाज किया जाएगा और सुरक्षा जमा के एक भाग के रूप में परिवर्तित किया जाएगा। कृपया इस पत्र जारी करने की तारीख से 10 दिनों के भीतर केवल 10,79,279/- (रुपये दस लाख उन्यासी हजार दो सौ उन्यासी केवल) जमा करें, यह असफल रहने के साथ ही, कलम की शर्त के अनुसार कटौती की जाएगी पृष्ठ 33 पर क्लॉज नंबर 1 ए की शर्त के अनुसार।

*[Handwritten signature and date 7/1/19]*



Contd. P/2  
Contractor



3. The earnest money amount of Rs. 18,92,000/- (Rupees Eighteen Lakh Ninety Two Thousand only) received along with your tender will be treated and converted as part of Security Deposit as per condition of Clause No.1A on page 33 of contract document. Please deposit Rs. 10,79,279/- (Rupees Ten Lakh Seventy Nine Thousand Two Hundred Seventy Nine only) towards Security Deposit within 10 days from the date of issue of this letter, failing which, the same will be deducted as per condition of Clause no 1A on page 33 of the contract document.
4. स्वीकृति पत्र जारी होने के 30 दिनों के भीतर, आप AAI, एक निष्पादन गारंटी को पृष्ठ संख्या 1 पर खंड 32 की शर्त के अनुसार जमा करेंगे। रुपये की राशि के लिए 29,71,279/- (रुपए उन्तीस लाख इकहत्तर हजार दो सौ उन्तीस) केवल बैंक गारंटी के रूप में प्रोफार्मा पर अनुबंध अनुबंध के ग्यारहवें पर परिशिष्ट में जोड़ा गया।
4. Within 30 days of issue of acceptance letter, you shall submit to AAI, a Performance Guarantee as per condition of clause 1 on page no. 32 for an amount of Rs. 29,71,279/- (Rupees Twenty Nine Lakh Seventy One Thousand Two Hundred Seventy Nine only) in the form of Bank Guarantee on the Proforma appended at Appendix on XI of Contract Document.
5. आपको अधिनियम 1970 अनुबंध श्रम (विनियमन और उन्मूलन) के प्रावधान का अनुपालन करने का अनुरोध किया जाता है और अनुबंध श्रम (विनियमन और उन्मूलन) केंद्रीय नियम 1971 बाल श्रम (निषेध और नियमन) अधिनियम 1986, निर्माण श्रमिकों (रोजगार नियमन और सेवा की स्थिति) अधिनियम 1996, भवन और अन्य निर्माण श्रमिक कल्याण उपकरण अधिनियम 1996, केंद्र और राज्य सरकार के निविदा और नियमों का जीसीसी 19 खंड के अनुसार पृष्ठ नंबर 72 पर जैसा बताया गया।
5. You are requested to comply with the provision of Contract labour (Regulation and Abolition) Act 1970 and contract labour (Regulation and Abolition) Central rules 1971 Child Labour (Prohibition & Regulation) Act 1986, Construction Workers (Regulation of Employment and Condition of Service) Act 1996, Building and other construction Workers Welfare Cess Act 1996 as specified in Clause 19 on page no 72 of GCC of tender and rules of Central and State Government.
6. आपको प्रबंधक इंजिनियर (सिविल) से संपर्क करने का भी निर्देश दिया जाता है, तत्काल वह साइट को आपके हाथ में लेने का प्रबंध करेगा।
6. You are also directed to contact AGM(Engg. - Civil), immediately who will arrange to hand over the site to you.
7. कृपया ध्यान दें कि काम करने के लिए अनुमत समय 240 (दो सौ चालीस) दिन होगा और इसी पत्र के जारी होने के बाद 10 वें दिन से गणना की जाएगी।
7. Please note that the time allowed for carrying out the work shall be 240 (Two Hundred Forty) Days and same shall be reckoned from the 10th day after the issue of this letter.
8. अनुबंध के संबंध में कोई और पत्राचार आम तौर पर अभियंता प्रभारी को संबोधित किया जाना चाहिए।
8. Any further correspondence in connection with the contract should normally be addressed to the Engineer-in-Charge.

Contd. P/3.....



Contractor



9. कृपया रसीद को स्वीकार करें और स्वीकृति के एक टोकन के रूप में अधोहस्ताक्षरी पर हस्ताक्षर करने के बाद इसके साथ संलग्न इस पत्र की डुप्लिकेट प्रतिलिपि वापस करें।
9. Please acknowledge the receipt and return the duplicate copy of this letter enclosed herewith after signing it to the undersigned as a token of acceptance.

आपको धन्यवाद।

Thanking you.

भवदीय

Encl : i) Bill of Quantities  
ii) Form III

संयुक्त महाप्रबंधक (अभि - सिविल)

**N.O.O. copy forwarded for kind information to :**

- i. Airport Director, AAI, NSCB Airport, Kolkata
- ii. GM (E-C), AAI, NSCB Airport, Kolkata
- iii. GM (F & A), AAI, NSCB Airport, Kolkata
- iv. Jt. GM(E-E), AAI, NSCB Airport, Kolkata
- v. AGME(C), AAI, NSCB Airport, Kolkata
- vi. The Assistant Labour Commissioner (C) - II, 2nd M S Building, 5th Floor, Nizam Palace, 234/4, A.J.C Bose Road, Kolkata - 700 020.
- vii. PF Commissioner, DK Block, Sector-II, Salt Lake City, Karunamoyee, Kolkata, West Bengal 700091

28.04.19  
(सिबब्रत सेन)

संयुक्त महाप्रबंधक (अभि - सिविल)

भा. वि. प्रा., नै. सु. च. ब. अ. विमानपत्तन, कोलकाता-52



Contractor



Government eProcurement System  
 Created By: SUBIR KUMAR BATABYAL  
 Created Date/Time: 28-Sep-2018 05:43 PM  
 Tender Title: Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCB Airport, Kolkata  
 Tender Id: 2018\_AAI\_14239\_1

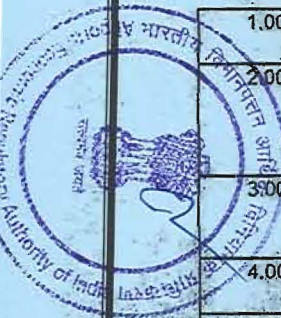
Tender Inviting Authority: AGM (Engg-Civil), Airports Authority of India, NSCB Airport, Kolkata - 700052

Name of Work: Reconstruction of Broken Slab of Bay No. 3 and 4 at NSCB Airport, Kolkata

Contract No: AAI/KOL/ENGG(C)/CMD-I/Bay 3 & 4/2018\_AAI\_14239

SCHEDULE OF WORK / ITEM(S)

| Sl. No | Description of Work / Item(s)  | No. of Qty | Units | L1 BIDDERS |            |
|--------|--|------------|-------|------------|------------|
|        |  |            |       | Rate       | Amount     |
| 1.00   | Dismantling of flexible pavement (bituminous courses) by mechanical means and disposal of dismantled material within airport premises, as per direction of Engineer-in-charge.   | 533.00     | cum   | 100.00     | 53300.00   |
| 2.00   | Demolishing cement concrete manually/ by mechanical means including disposal of material within airport premises as per direction of Engineer - in - charge. (a) Nominal concrete 1:3:6 or richer mix (i/c equivalent design mix)  | 3195.00    | cum   | 850.00     | 2715750.00 |
| 3.00   | Demolishing cement concrete manually/ by mechanical means including disposal of material within airport premises as per direction of Engineer - in - charge. (b) Nominal concrete 1:4:8 or leaner mix (i/c equivalent design mix)  | 1600.00    | cum   | 50.00      | 80000.00   |
| 4.00   | Demolishing dry brick pitching in floors, drains etc. including stacking of serviceable material and disposal of unserviceable material within airport premises.   | 1600.00    | cum   | 50.00      | 80000.00   |
| 5.00   | Excavation in soil with hydraulic excavator i/c cutting and loading in tippers, trimming bottom and side slope in accordance with requirements of lines, grades and cross-section and transporting and unloading the surplus soil within all lifts and lead within airport premises. a) All kinds of soil. | 8880.00    | cum   | 120.00     | 1065600.00 |
| 6.00   | consolidation of subgrade by power road roller of minimum 8 to 10 tonnes capacity for graded/excavated/dressed surface i/c making good the undulations and re-rolling the subgrade as per direction of E-I-C.  | 10650.00   | sqm.  | 5.00       | 53250.00   |
| 7.00   | Supplying and filling in plinth with fine sand (YELLOW) under floors, foundation trench etc. including watering, ramming, consolidating and dressing complete. (Note: Nothing extra shall be payable for filling sands in subgrade and foundation trenches)  | 2130.00    | cum   | 1400.00    | 2982000.00 |



*[Signature]*  
 AGM (Engg-Civil)

27/09/18

Contract



|       |  |          |     |         |             |
|-------|--|----------|-----|---------|-------------|
| 8.00  | Construction of Granular sub-base by providing close graded Material conforming to specifications, mixing in a mechanical mix plant at OMC, carriage of mixed material by tippers to work site, for all leads & lifts, spreading in uniform layers of specified thickness with motor grader on prepared surface and compacting with vibratory power roller to achieve the desired density, complete as per particular specification and as directed by Engineer-in-Charge. With material conforming to Grade-I (size range 75 mm to 0.075 mm) having CBR Value-30  | 3730.00  | cum | 1700:00 | 6341000:00  |
| 9.00  | Providing and laying spreading and compacting graded stone aggregate (Size range 53 mm to 0.075 mm) to wet Mix Macadam(WMM) specification including premixing the material with water at OMC in mechanical mix plant, carriage of mixed material by tipper to site, for all leads & lifts, laying in uniform layers with mechanical paver finisher in sub-base / base course on well prepared surface and compacting with vibratory roller of 8 to 10 tonne capacity to achieve the desired density, complete as per specifications and direction of Engineer-in-Charge.   | 2663.00  | cum | 2100:00 | 5592300:00  |
| 10.00 | Construction of dry lean cement concrete sub base over a prepared sub-grade with coarse and fine aggregate conforming to IS : 383, the size of coarse aggregate not exceeding 25 mm, aggregate cement ratio not to exceed 15:1, aggregate gradation after blending to be as per specifications, cement content not to be less than 150 Kg/cum, optimum moisture content to be determined during trial length construction, concrete strength not to be less than 10 Mpa at 7 days, mixed in a batch plant, transported to site, for all leads & lifts, laid with a mechanical paver, compacting with 8-10 tone vibratory roller, finishing and curing etc. complete as per direction of engineer-in - charge.  | 1600.00  | cum | 3500:00 | 5600000:00  |
| 11.00 | Providing and laying transparent (1st quality) polythene sheet (separation membrane) 200 microns thick on the base course with overlaps of not less than 50mm longitudinally and 75mm transversely complete as per directions and satisfaction of Engineer-in-charge.  | 10650.00 | sqm | 35:00   | 372750:00   |
| 12.00 | Providing and laying Pavement Quality Concrete (PQC) produced in a batching plant having a Characteristic Flexural Strength i.e. minimum flexural strength of 4.1 Mpa at 28 days using 350 Kg of ( Portland-Pozzolana Cement ), fine aggregate, grade stone aggregates of 40 mm nominal size in appropriate proportion as per specification and job mix formula, laid in panels as per drawing / design as approved by the Engineer-In-Charge using manual method including making necessary provision for expansion joint, curing, etc. complete as per direction of Engineer-in-Charge and particular specifications. The item for execution shall also include the following operations:<br>i) Mechanically cutting dummy joints 3 mm wide X 1/3rd thickness of slab which is subsequently widened to 10 mm for the top 25 mm depth and construction joints 10 mm wide X 25 mm deep as per specification.<br>ii) Filling sealant in dummy, construction and expansion joints including providing close-cell Polyethylene foam back-up rod, and painting side of joints with primer, etc. complete (to be paid separately under item 13 & 14.)<br>(Note: cement content considered in this item is @ 350 kg/cum. Excess/less cement used as per design mix is payable /recoverable separately).<br>Note:- ii) Prior to start of work the job mix for PQC shall be got designed by the agency from the laboratory approved by AAI and the cost of mix design shall be borne by the agency and nothing extra is payable on this account. | 4792.50  | cum | 5490:00 | 26310825:00 |





|       |   |           |     |         |            |
|-------|---|-----------|-----|---------|------------|
| 13.00 | Providing and laying in position polysulphide sealant of approved make conforming to BS-5212-1990 or IS: 11433-1995. In expansion / construction/dummy joints including rounding off edges, applying 2 coats of approved primer primer compatible with the brand of polysulphide and preparing the surface and applying masking tape along the edge of joint to prevent accidental spillage of sealant on top surface and to give neat finish to the sealant and removing the masking tape after application of sealant etc. Complete as per direction of Engineer-In-Charge & particular specification. [Note : For purpose of payment, quantity (Length X Width X Depth) of Polysulphide sealant only will be measured.] unit cum<br>a) Expansion Joints of size 25 mm wide and 10 mm deep over 30 mm dia closed-cell Polyethylene foam back-up rod, as per manufacturers specification and sketch at Appendix-'A'  | 192500.00 | cum | 1.00    | 192600.00  |
| 14.00 | Providing and laying in position polysulphide sealant of approved make conforming to BS-5212-1990 or IS: 11433-1995. In expansion / construction/dummy joints including rounding off edges, applying 2 coats of approved primer primer compatible with the brand of polysulphide and preparing the surface and applying masking tape along the edge of joint to prevent accidental spillage of sealant on top surface and to give neat finish to the sealant and removing the masking tape after application of sealant etc. Complete as per direction of Engineer-In-Charge & particular specification. [Note : For purpose of payment, quantity (Length X Width X Depth) of Polysulphide sealant only will be measured.] unit cum<br>a) Construction Joints / dummy joints / contraction joints of size 10 mm wide and 10 mm deep over 12 mm dia closed cell Polyethylene foam back-up rod, as per manufacturers specification and sketch at Appendix-'A' | 459200.00 | cum | 1.00    | 459200.00  |
| 15.00 | Providing and laying in position for expansion joints, 25mm thick pre-cut synthetic joint filler board of approved make conforming to IS : 1838 (Part 3) - 2011, 45 mm from top (to be removed at the time of filling of polysulphide sealant), complete as per particular specifications and direction of Engineer In Charge. (Note: Mode of measurement shall be length of joint multiplied by depth of filler board including precut portion.)- unit m2  | 350.00    | sqm | 1250.00 | 437500.00  |
| 16.00 | Centering and shuttering including strutting, propping etc. and removal of form for all heights : Walls (any thickness) including attached pilasters, buttresses, plinth and string courses etc.  | 632.00    | sqm | 300.00  | 189600.00  |
| 17.00 | Centering and shuttering including strutting, propping etc. and removal of form for all heights : Suspended floors, roofs, landings, balconies and access platform  | 152.00    | sqm | 300.00  | 45600.00   |
| 18.00 | Steel reinforcement for R.C.C. work including straightening, cutting, bending, placing in position and binding all complete upto plinth level. Thermo-Mechanically Treated bars of grade Fe-500D or more.   | 70800.00  | Kg  | 58.00   | 4106400.00 |
| 19.00 | Steel work welded in built up sections/ framed work, including cutting, hoisting, fixing in position and applying a priming coat of approved steel primer using structural steel etc. as required. In gratings, frames, guard bar, ladder, railings, brackets, gates and similar works  | 200.00    | Kg  | 100.00  | 20000.00   |
| 20.00 | Providing and laying in position cement concrete of specified grade excluding the cost of centering and shuttering - All work up to plinth level : 1:5:10 (1 cement : 5 fine sand : 10 graded stone aggregate 40 mm nominal size).  | 76.00     | Cum | 3600.00 | 273600.00  |

J. General Manager (OM)

242

Contractor



|       |   |        |     |         |            |
|-------|---|--------|-----|---------|------------|
| 21.00 | Providing and laying in position machine batched and machine mixed design mix M-25 grade cement concrete for reinforced cement concrete work, using cement content as per approved design mix, including pumping of concrete to site of laying but excluding the cost of centering, shuttering, finishing and reinforcement, including admixtures in recommended proportions as per IS: 9103 to accelerate, retard setting of concrete, improve workability without impairing strength and durability as per direction of Engineer-in-charge. (Note :- Cement content considered in this item is @ 330 kg/cum. Excess/less cement used as per design mix is payable/recoverable separately) All works upto plinth level | 472.00 | Cum | 5200.00 | 2454400.00 |
|-------|---|--------|-----|---------|------------|

Total in Figures

59425575.00

Lowest Amount Quoted BY: L.K.BUILDERS(59425575.00)

मेन  
07.04.19



J. K. Builders (Civil)

243

Contractor



### Normative approach to compare the cost of Terminal Building:

The ceiling of per sqm expenditure in the matter of normative approach in 2016 was Rs 65000/ sqm (mark it A) as per AERA guidelines (Annexure A).

Total cost of extension of Terminal building with Apron and Cut-Outs filling which includes Operational Charge, GST, Corporate Environment Responsibility, Contingency is **123 crores** as per Annexure B.

Total cost of extension of Terminal building without Apron and Cut-Outs filling and excluding Operational Charge, GST, CER, Contingency is 77.42(extension of Terminal Building) +3.48 (Consultancy Charge) = **80.9 crores** as per **Annexure C**. Cost of cut out filling and roadworks are modification works that's why those works are excluded here.

Area of extension is 4281(extension in International side) + 4281(two level Basement extension in International side) +1606 (extension in domestic side) +1606 ( two level basement extension in domestic side)= **11774 sqm** as per Annexure D. So per square meter cost is (809000000/11774) = **Rs 68711** (mark it B) as per **January 2026** which is proposed date of completion as per the Project Information File. Enhancing the ceiling of normative approach in 2016 to bring it as per 2026 (i.e 10 years advance) by increasing it @4.2% p.a x 10 i.e 42% , the value comes out to 65000\*1.42= **Rs. 92,300 /-** (mark it C).

#### **Extra specification over specifications as per AERA Guidelines**

| Sl no | Extra specification over Normative approach | Cost/sqm     | Remarks |
|-------|---|--------------|---------|
| 1     | Pile foundation having 30 mtr deep          | 10371        | Table 1 |
|       | Total                                       | <b>10371</b> |         |

**Note: Table 1 is on the next page**

These cost per square meter have been taken from previous projects and reference has been enclosed. After deducting per square meter cost for all extra specifications, per square meter cost comes as 68711- 10371 =**Rs 58340**. **Cost per square meter as per 2026 comes as Rs 58340** which is less than C i.e less than the maximum ceiling of **Rs. 92300/- in normative approach as per 2026**, hence it is justified.

*File*  
*Jr Exe*  
*(E-2)*

*AGM(E-1)*





| Table 1 (Pilling work)   |                          | Reference                 |
|--|--------------------------|---------------------------|
| Award cost in 2008   | 129.06 cr                | point no 12 of Annexure F |
| adding 4.2% compound escalation the equivalent cost in 2026( multiply the award cost with $(1+.042)^{18}$ i.e 2.097) | 270.65 cr                | "Z"                       |
| after deducting taxes for pre GST era cost comes( divide Z by 1.12)  | 241.65 cr for 233000 sqm |                           |
| cost /sqm  | 0.001037138 cr           |                           |





## Annexure - A

Annexure-41

| Overall cost of Terminal and Pavement (Apron, Taxiway, Runway) considered by the Authority |  |                       |
|--|--|-----------------------|
| Sr.no  | Item and its scope   | Ceiling Cost per Sq.M |
| 1  | <p>Construction of Terminal Building: Terminal Building, fully Air-conditioned and meeting the building code for fire alarm, firefighting, water supply and sanitary.</p> <p>Substance Equipment for Power supply including Standby generating units and related system.</p> <p>Passenger facilitation including flight information display and security surveillances, directional and information signage etc.</p> <p>Airlines related services of check-in, CUTE, CUSS, Baggage reconciliation system.</p> <p>Equipment namely in-line X-ray screening, standalone screening, required numbers of Baggage conveyors both for arrival and departure, Escalators, Travellators and Elevators and passenger Boarding Bridges. Any other passenger services, Aircraft operational services as part of Terminal process facilities.</p> <p>The cost indicated is exclusive of Land cost, diversion of facilities and site development namely earth filling cost, EB deposit for their line and demand but inclusive of IDC, taxes for finished Terminal.</p> | Rs 65000              |
| 2  | Construction of Pavement (Apron Taxiway, Runway): construction of pavement for Code E Aircraft excluding earth filling as part of site development and soil stabilization. For Code F Aircraft or any other design load the Airport operator shall justify with the cost of additional volume of concrete  | Rs. 4700              |

## Notes

- Finishes (floor & ceiling) and the shape of the building selected may vary from one Airport to another. As the Public Project - Airport is managed by its Board of Directors the management is free to select the design finishes & specification. Authority expects the JV Company to evaluate various alternatives finished and its corresponding cost benefits that accrue to users in adoption of higher finishes. Selection of finishes, specifications shall be driven by "Value for money principles." The rationalized cost indicated above has taken into account various type of flooring, ceiling cost, other variables.
- Consultation with the concessionaire and users to be ensured as per AERA Direction and policy.
- The Airport operator is expected to determine the cost as per publicly available standard like CPWD norms for scheduled items and market rate analysis for non-schedule items.
- The Authority has considered the above bench mark cost as prudent and "value for money" cost as of April 2016. The cost index for Civil and Electro- mechanical works published by Government can be considered for future construction as appropriate.
- The aeronautical element of above cost will be applied for aeronautical service tariff determination and the above cost is applicable for all major airports.





| New International Terminal Building Salient features ,Scope, Finish and its cost break up- Cochin Airport |  |  |                         |  |
|---|--|--|-------------------------|--|
| Sl.no   | Approved Scope   | Type or specification                  | Cost break up INR Crore | Remarks / Comments                             |
| 1   | Site Development (earth filling)   | Yes                                    |                         | Inclusive in terminal cost                     |
| 2   | Terminal building 1,50,000 SQ. M   | 3 level (0 to +2 level)                | 460.99                  | Separate utility building of 4000 Sq.M         |
| 2A  | Civil Works RCC + Steelframe   | Column free check in and security hold |                         | RCC Framed Column span 12 to 25 M              |
| 2B  | False ceiling Type   |  |                         |  |
| i   | General Public area  | Special shape and finish All area      |                         | Inclusive                                      |
| ii  | Toilets area   | All area                               |                         | Inclusive                                      |
| iii   | Office area  | All area                               |                         | Inclusive                                      |
| 2C  | Floors Finishes -Type  |  |                         |  |
| i   | General Public Floors  | 12mm specially made vitrified Johnson  |                         | inclusive                                      |
| ii  | Toilets Floors   | 12mm Johnson                           |                         | Inclusive                                      |
| iii   | Office area Floors   | 10 mm standard Johnson                 |                         | Inclusive                                      |
| 2D  | Water supply system  | Yes                                    |                         | Inclusive                                      |
| 2E  | Sewerage treatment   | Yes connected with existing system     |                         | 0.65 MLD STB, 60 Lakhs litre UG tank Inclusive |
| 3   | Technical Features of Terminal Building  |  | 150.26                  |  |
| 3A  | Internal electrification system  | Yes                                    |                         | Inclusive                                      |
| 3B  | Fire alarm & detection system  | Yes                                    |                         | Inclusive                                      |
| 3C  | Firefighting system, system  | Yes                                    |                         | Inclusive                                      |
| 3D  | Signage, Flight Information Display  | Yes                                    |                         | Inclusive                                      |
| 3E  | Air-conditioning and heating or Air-conditioning   | 3000TR                                 |                         | Inclusive                                      |
| 3F  | Substation, AC Plants, other utility Building – SQ.M and part of Terminal or separate  | 4 DG Total 9MVA + Transformers         |                         | Inclusive                                      |
| 3G  | Security surveillance system   | Yes                                    |                         | Inclusive                                      |
| 3H  | Furniture  | Yes                                    |                         | Inclusive                                      |
| 3I  | Trolley, Wheel Chairs  | Yes                                    |                         | Inclusive                                      |
| 4   | Other Equipment  |  | 142.44                  |  |
| 4(A)  | Aerobridge (10 nos) +VGDS  | TIANDA                                 |                         |  |
| 4(B)  | Escalators (5 nos)   | THYSSAN                                |                         | inclusive                                      |
| 4(C)  | Elevators (16 nos)   | THYSSAN                                |                         | Inclusive                                      |
| 4(D)  | Walkalators (total-meters in 3 sections)   | THYSSAN for arrival and departure      |                         | Inclusive                                      |
| 4(E)  | Baggage conveyors, carousal for arrival (90 M loop length, 5 nos expandable to 6 nos) and departure systems (3 island) 56 Check-in system) |  |                         | Inclusive                                      |
| 4(G)  | Other equipment – specify  |  |                         |  |
| 5   | Airlines related interface and services  |  | 74.66                   |  |
| 5A  | CUTE CUPPS CUSS BRS service  |  |                         | Inclusive                                      |





|     |  |  |                   |  |
|-----|--|--|-------------------|--|
| 5B  | Boarding Control service   |  |                   | Inclusive                                      |
| 5C  | Passengers data interface with custom and immigration is part of Airlines IT or Airport CUTE |  |                   | Inclusive                                      |
| 5D  | In line screening of baggage   | 100%   |                   |  |
| 5E  | Standalone X-ray and its screening   | Provisioned  |                   | Inclusive                                      |
| 6   | Car parking and approach road  |  | 108.58            |  |
| 6A  | Car park (multi-level or ground level)   | Ground level   | 31.09             | Inclusive                                      |
| 6B  | Approach road including lighting   | 4 lane road  | 66.16             | Length - 2.5 KM                                |
| 6C  | Railway over bridge  |  | 11.33             |  |
| 7   | Elevated Fly over  | In front of terminal   | 34.57             |  |
| 8   | Apron and pavement -2.5 Lakhs Sq. meters   | Code E + Dedicated Apron taxiway code F                                | 165.10            |  |
| 8A  | Pavement Code E+F  |  | 108.39            |  |
| 8B  | Rubble ,soil stabilization road Highmast Apron lighting and AGLighting                       |  | 56.71             |  |
| 9   | Other services   |  | 13.00             |  |
| 10  | Horticulures, Landscape  | Not extensive -Minimum   |                   | Inclusive                                      |
| 11  | Boundary (Compound) wall (operational & others)  | Partly enveloped terminal  |                   | Inclusive                                      |
| 12  | Total likely project cost  | As of August 2016  | 1149.6            | 12A+12B+12D                                    |
| 12A | Terminal total including equipment   |  | 828.35            | Total of 2,3,4&5                               |
| 12B | Apron and pavement including filling   |  | 165.1             | Sl.no 8  |
| 12C | Apron taxiway -only pavement   |  | 108.39            | Sl.no8A  |
| 12D | Carpark, elevated Fly over and other works   |  | 156.15            | Sl.no 6,7 & 9                                  |
| 13  | Abstract cost per Sq.m   |  |                   |  |
| 13A | Terminal including all E&M equipment   | Total Terminal floor area 150000 +utility floor area 4000= 154000 Sq.M | Rs 53789 per Sq.m |  |
| 13B | Apron and taxiway for code E +Partly for Code F  |  | Rs 4336 per Sq.m  | Excluding earth filling and soil stabilization |





Annexure B

| AIRPORTS AUTHORITY OF INDIA   |  |                       |
|---|--|-----------------------|
| NSCBI AIRPORT, KOLKATA - 700 052  |  |                       |
| Abstract of Cost  |  |                       |
| Name of Work: Capacity Enhancement at Integrated Passenger Terminal of NSCBI Airport, Kolkata |  |                       |
|   | Particulars  | Amount                |
| 1   | Subtotal of Civil Works including of Operational Charge, Consultancy Fee, 18% GST, 1% CER, 3% Contingency and PF, ESI      | Rs. 1,16,00,00,000.00 |
| 2   | Subtotal of Electrical Works excluding of Operational Charge, Consultancy Fee, 18% GST, 1% CER, 3% Contingency and PF, ESI | Rs. 5,31,55,395.00    |
|   | 18% GST on Electrical Works  | Rs. 95,67,971.10      |
|   | 1% CER on Electrical Works   | Rs. 5,31,553.95       |
|   | 3% Contingency on Electrical Works   | Rs. 15,94,661.85      |
|   | Grand Total  | Rs. 1,22,48,49,581.90 |
|   | Say  | Rs. 1,23,00,00,000.00 |

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Jr Exe (E-C)





**AIRPORTS AUTHORITY OF INDIA**  
**NSCBI AIRPORT, KOLKATA - 700 052**  
**Civil Estimate**

Annexure C

| Item no | Description  | Amount (Rs)         |   |
|---------|--|---------------------|---|
| 1       | Part I- Filling of Cut Outs of 1200 sqm (Civil parts)  | ₹ 6,87,92,856.08    |   |
|         | Part I- Filling of Cut Outs of 1200 sqm (Electrical parts)   | ₹ 5,31,55,395.00    |   |
| 2       | Part II- (A)- Construction of international immigration and Security Check of 4281 sqm<br>Part II-(B) Construction of new SHA with 4 no bus boarding gates of 1606 sqm   | ₹ 77,42,22,224.00   |   |
| 3       | Part III- Construction of airside vehicular lane. Width of each lane 3.75 mtr so total width of road 3.75x5=18.75 mtr. Length of new construction is 150 meter. So area of new road construction 18.75x145=2718.75sqm say 2800 sqm | ₹ 2,80,37,163.75    |   |
|         | Total amount for 3 parts   | ₹ 92,42,07,638.83   | C |
|         | Add consultancy fee as 4% of estimated cost i.e C.   | ₹ 3,48,42,089.75    | D |
|         | Subtotal-I(C+D)  | ₹ 95,90,49,728.58   | E |
|         | Add Operational Charge as 5% on total cost of work i.e C   | ₹ 4,35,52,612.19    | F |
|         | Subtotal-II(E+F)   | ₹ 1,00,26,02,340.77 | G |
|         | Add GST 18% on Subtotal-II   | ₹ 18,04,68,421.34   | H |
|         | SubTotal-III (SubTotal I + 18%GST)   | ₹ 1,18,30,70,762.11 | I |
|         | Add Component of CER @ 1% mentioned in TI 12/2019 on estimated cost without GST on 'G'   | ₹ 1,00,26,023.41    | J |
|         | Sub Total IV(I+J)  | ₹ 1,19,30,96,785.52 | K |
|         | Add Contingency@ 3% on 'I'   | ₹ 3,57,92,903.57    |   |
|         | Sub Total-IV (Sub Total - III + 3% Contingency)  | ₹ 1,22,88,89,689.09 |   |
|         | Grand Total  | ₹ 1,22,88,89,689.09 |   |
| Say     |  | ₹ 1,23,00,00,000.00 |   |

*[Signature]*  
 Jt. Executive (E-C)

*[Signature]*  
 Dy. GM (E-C)

Dy. GM (E-C)



769415/2021/O/o APD(K)

## ABSTRACT OF COST

Name of Work: Capacity Enhancement at Integrated Passenger Terminal of NSCB Airport, Kolkata

| Sl. No. | Item Description                  | Amount        | Remarks  |
|---------|-----------------------------------|---------------|--|
| SH-I    | Internal Electrical Installations | 20,104,995.00 | as per ACRs  |
| SH-II   | HVAC Works                        | 20,467,868.00 | in this part of estimate is for the modification works such as covering, cut-outs, providing of new non-ferrous, covering of the walkways etc. |
| SH-III  | Escalators                        | 9,577,626.45  |  |
| SH-IV   | Fire Fighting and FDAS            | 2,678,613.78  |  |
|         | Sub Total                         | 52,829,103.23 |  |
|         | Add: Labour Cost @ 1%             | 528,291.03    |  |
|         | Total                             | 53,357,394.26 |  |

*[Signature]*

05/03/2021.

DGM (EE) III.





701444/2020/O/O APD(K)



भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA

Annexure D

योजना/519/1.6/NSCBI/2016

08 फरवरी 2019

विमानपत्तन निदेशक,  
भारतीय विमानपत्तन प्राधिकरण,  
कोलकाता विमानपत्तन,  
कोलकाता

महा प्रबन्धक (अभियांत्रिकी-सिविल),  
भारतीय विमानपत्तन प्राधिकरण,  
कोलकाता विमानपत्तन,  
कोलकाता,

विषय: नेताजी सुभाष चंद्र बोस अंतरराष्ट्रीय विमानपत्तन, कोलकाता में एकीकृत यात्री टर्मिनल पर क्षमता  
वृद्धि से संबंधित स्कोप ऑफ वर्क (Scope of Work)।

नेताजी सुभाष चंद्र बोस अंतरराष्ट्रीय विमानपत्तन, कोलकाता में एकीकृत यात्री टर्मिनल पर क्षमता  
वृद्धि से संबंधित स्कोप ऑफ वर्क (Scope of Work) की अनुमोदित प्रति, इस पत्र के साथ आवश्यक  
कार्यवाही हेतु संलग्न है।

*(Signature)*  
(शंतनु फलनिकर) 8/3/19  
उप महाप्रबन्धक (वास्तु)

संलग्न:- SOW की अनुमोदित प्रति

GFM (B14C1444)

आंतरिक प्रतिलिपि

1. का. निदेशक (अभि.) पूर्वी क्षेत्र/ का. निदेशक (योजना)/का. निदेशक (प्रचालन)
2. महाप्रबन्धक (योजना)/ महाप्रबन्धक (वास्तु)
3. सदस्य (योजना) के व्यक्तिगत सहायक



राजीव गांधी भवन  
Rajiv Gandhi Bhawan

सफ़दरजंग हवाई अड्डा नई दिल्ली-110003  
Safdarjung Airport, New Delhi-110003

दूरभाष 24632950  
Phone 24632950





**AIRPORTS AUTHORITY OF INDIA  
(DIRECTORATE OF PLANNING)**

**SCOPE OF WORK FOR CAPACITY ENHANCEMENT AT INTEGRATED PASSENGER  
TERMINAL OF NSCB AIRPORT, KOLKATA**

**1. BACK GROUND**

Kolkata is the 5th busiest Airport in the country after Delhi, Mumbai, Bangalore and Chennai. Traffic handled by the Airport in 2017-18 was 19.72 million at growth rate of over 25 %. The existing Terminal Building is capable of handling 26 MPPA and is likely to saturate by 2019-20. Construction of New Terminal Building will be taken up after the finalization of Master plan by M/s L&B.

**2. PROPOSAL**

Due to phenomenal increase in passenger and Aircraft traffic the existing terminal gets heavily congested during the peak hours. To provide relief to the passengers till the new Terminal building is constructed, to increase SHA area and boarding gates, expansions and modification of the existing Terminal Building is proposed. The proposal was discussed with APD Kolkata during the L&B presentation held on 16.11.2018.

Hence, the following scope of work is prepared for obtaining in-principle approval from the Competent Authority for the preparation of estimates to obtain AA & ES.

**3. PROPOSED SCOPE OF WORK**

Following modifications are proposed to maximize efficiency of existing Integrated Passenger Terminal:

1. Provision of additional 1 number departure entry gate and construction of connecting bridge to check in area.
2. Construction of new SHA with 4 number bus boarding gates, Airside Kerb, and road connecting to existing road network as per attached layout having total SHA area of 1606 sqm.
3. Construction of Swing gates and partitions as per layout plan to Increase the availability of aerobridge in dual use configuration for international portion of integrated terminal building to maximize usability for domestic flight operations to total 14 aerobridge where 6 aerobridges will be used based on demand.
4. Increase in departure security hold capacity by constructing additional metal deck construction of 781.91 sqm, removal of existing travelator D2, D3, & D4 as the same is not used by majority passengers, it is also proposed to provide escalator to access departure upper floor at grid 36 as per layout as existing access is from one corner of terminal building. The corresponding increased availability in area for domestic operation as per new layout will be for aerobridge no 9-10, 11-12, 13-14 will be 1422.66 sqm, 1898.44 sqm and 942.39 sqm respectively.
5. Construction of International Emigration and security check along with security hold area as per attached layout having area of 4281 sqm.

**CIVIL WORKS**

- I. Construction of 1606 sqm SHA along with toilets, and all other civil work as per drawing.
- II. Construction of all civil works related to elevators as per manufacturer's specification.
- III. Construction of Airside Kerb along with 5 lane road for proposed Bus Lounge.
- IV. Integration of new SHA Block with the existing terminal Building.
- V. All Specifications shall be the same as of the existing domestic bus lounge.
- VI. All area of proposed expansion in terminal building shall be accessible to differentially abled persons.





701444/20/O/o APD(K)

A. Electrical Works

- I. Provision of internal lighting matching with specifications of existing domestic bus lounge.
- II. Provision of additional pictographs and modification of associated pictographs.
- III. Augmentation of power supply, if any

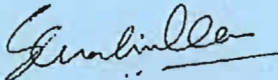
B. Miscellaneous works

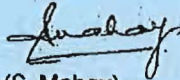
- I. Demolition of portion of old domestic terminal building.
- II. Diversion of services, if any, like waterline, electrical and other cables etc.
- III. Provision of intercom services, IT integration.
- IV. Provision of HVAC and firefighting systems in the proposed structure.
- V. Concept level and execution level safety assessment, if any required, shall be done simultaneously before commencement of work.
- VI. Any other work not listed above but necessary for operationalization of the facility.

**All the works are to be carried out as per DGCA CAR / ICAO / NBC documents**

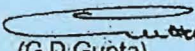
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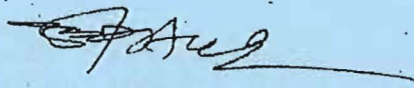
1. Departure level and Lower level floor plan showing proposed Layout plan.

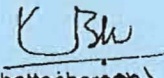
  
(Shantanu Phalnikar)  
DGM (Arch.)

  
(S. Mahay)  
GM (Arch)

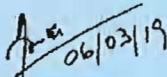
  
(V.S.P. Chinson)  
GM (Plg)

  
(G.D. Gupta)  
ED (Plg)

  
J P Alex  
ED (Ops)

  
(K. Bhattacharjee)  
ED (Engg) ER

APPROVED

  
06/03/19  
(A K Phathak)  
Member (Plg)





705916/2020/O/o APD(K)

## STATUS OF TENDER PACKAGES

| SR. NO | NAME PACKAGES   | AWARDED COST<br>(Rs. In crores) | PRESENT STATUS    | REMARKS   |
|--------|---|---------------------------------|-------------------|---|
| 1      | 2   | 3                               | 4                 | 5   |
|        | Work awarded to ITD-ITD Cem JV  | 1,602.60                        | Work in progress  | Present progress is 73%. PDC Dec 11 (excluding Zone-1)  |
|        | M/s. Parsons Brinckerhoff - CSC   | 21.00                           |                   | Work in progress  |
|        | Runway works  | 104.00                          |                   | Work completed on 31.12.2010.   |
|        | CESC Deposits   | 7.29                            |                   | Work in progress PDC 31.10.2011.  |
|        | Design Consultancy including Service Tax                                  | 77.76                           |                   | Work in progress  |
|        | Misc. Electrical Work   | 0.68                            |                   | Completed.  |
|        | Contingencies   | 59.48                           |                   |   |
|        | Interest  | 70.00                           |                   |   |
|        |   | 1,942.81                        |                   | Against the total A/A & E/S of 1943 crores  |
|        | OTHER PACKAGES  |                                 |                   |   |
| i)     | Façade and Skylight Glazing   | 39.69                           | Awarded           | Skylight Glazing and Work of Aluminium framing and glass fixing for fascade started. All the glass and Aluminum for envelope closure expected by June end. Present Progress 12%. PDC Dec 11 |
| ii)    | Water Treatment Plant   | 2.94                            | Awarded           | Agency is mobilising the resources. PDC Dec 11  |
| iii)   | Sewage Treatment Plant  | 3.56                            | Awarded           |   |
| iv)    | Baggage Handling System   | 51.94                           | Awarded           | Shop Drgs are submitted by the agency for approval of AAI. Present Progress 10%. PDC Dec 11   |
| v)     | Building Automation Systems   | 26.91                           | Awarded           | Work recently awarded. PDC Feb 12   |
| vi)    | External Lighting Works   | 3.04                            | Awarded           | Work recently awarded. PDC Dec 11   |
| vii)   | Interior Glazing & Cladding Works   | 54.00                           | Award Process     | Tender processed for award. PDC Feb 12  |
| viii)  | Check in, Custom & Immigration counters, Interior furnishing, SS Railings | 65.00                           | NIT Action        | NIT stage. Award by June 11. PDC Feb 12.  |
| ix)    | Chairs / XBIS / Security Equipments.                                      | 50.00                           | NIT Action        | Action being taken up at CHQ PDC Feb 12   |
| x)     | Signages  | 4.97                            | NIT Action        | NIT called. Award by June 11. PDC Dec 11  |
| xi)    | Aerobridges & VDGS  | 45.00                           | NIT Action        | Action being taken up at CHQ PDC Feb 12   |
| xii)   | Furnishing Works / Art Work etc   | 5.64                            | Drawings / Design | NIT by July 11. PDC Feb 12.   |
| xiii)  | Special Light (Internal)  | 20.94                           | Drawings / Design | Tender stage Award by June 11. PDC Dec 11   |
| xiv)   | Site development & Horticulture   | 5.00                            | Estimate          | Package being submitted by the consultants as per the modified layout. Award by Aug 11. PDC Feb 12.   |

2,324.44

17.5.11





✓ Fax - (011) 2469 4574

Date: 09.11.2011

COST PER SQM. OF INTEGRATED TERMINAL BUILDING  
AT NSCBI AIRPORT - KOLKATA.

(Rs. in crores)

A. Revised Estimated Cost of Project : 2325.00

Less :

- Extension of Secondary Runway : (-) 104.00

- VIP Road Flyover : (-) 12.50

- Car Park &amp; Land scaping (43,000 sqm) : (-) 127.00

B. Cost of Integrated Terminal Building : 2081.50

C. Area of Integrated Terminal Building : 2,33,000 sqm (excluding Car Park)

D. Cost per sqm. of ITB : Rs.89,335.00

K Bh  
09/11/11fish  
Jr. Exe (E-6)  
01/05/2011Dhany  
mr (E-1)  
01/05/2011AGM (E-6)  
01/09/2011

→ E D (Arch)





# Annexure - F

| NAME OF WORK:- "Construction of Integrated Passenger Terminal Building at NSCBI Airport, Kolkata" |                             |                      |                                |
|---|-----------------------------|----------------------|--------------------------------|
| S.NO.   | SUB-HEAD                    | Amt. For Civil       |                                |
| 1   | EARTH WORK.                 | Rs. 31,35,10,380.00  | I, I <sub>2</sub>              |
| 2   | CONCRETE WORK.              | Rs. 24,78,62,650.00  | I <sub>3</sub>                 |
| 3   | R.C.C. WORK.                | Rs. 494,60,40,751.00 | I <sub>4</sub>                 |
| 4   | BRICK WORK.                 | Rs. 10,24,43,700.00  | I <sub>5</sub>                 |
| 5   | MARBLE WORK                 | Rs. 56,00,57,608.00  | I <sub>6</sub> ON <sub>1</sub> |
| 6   | WOOD WORK                   | Rs. 5,07,22,550.00   | I <sub>7</sub>                 |
| 7   | STEEL WORK                  | Rs. 224,89,99,520.00 | I <sub>8</sub>                 |
| 8   | FLOORING.                   | Rs. 18,00,83,670.00  | I <sub>9</sub>                 |
| 9   | ROOFING.                    | Rs. 161,76,79,700.00 | I <sub>10</sub>                |
| 10  | WATERPROOFING WORK          | Rs. 13,22,42,480.00  | I <sub>11</sub>                |
| 11  | FINISHING.                  | Rs. 5,96,35,950.00   | I <sub>12</sub>                |
| 12  | PILE WORK                   | Rs. 129,05,56,200.00 | I <sub>13</sub>                |
| 13  | MISCELLANEOUS WORK          | Rs. 3,31,99,330.00   | I <sub>14</sub>                |
| 14  | ROAD WORK                   | Rs. 14,47,59,680.00  | I <sub>15</sub>                |
| 15  | DISMENTLING AND DEMOLISHING | Rs. (2,00,000.00)    | I <sub>16</sub>                |
| 16  | ALUMINIUM WORK              | Rs. 167,12,07,790.00 | I <sub>17</sub>                |
| 17  | SANITARY FIXTURE            | Rs. 7,47,97,580.00   | I <sub>18</sub>                |
| 18  | INTERNAL DRAINAGE SYSTEM    | Rs. 12,35,18,790.00  | I <sub>19</sub>                |
| 19  | RAIN WATER PIPING           | Rs. 16,20,00,500.00  | I <sub>20</sub>                |
| 20  | INTERNAL WATER SUPPLY       | Rs. 3,64,81,050.00   | I <sub>21</sub>                |
| 21  | SEWERAGE TREATMENT PLANT    | Rs. 16,17,31,680.00  | I <sub>22</sub>                |
| 22  | EFFLUENT TREATMENT PLANT    | Rs. 12,91,93,920.00  | I <sub>23</sub>                |
| 23  | WATER TREATMENT PLANT       | Rs. 3,00,16,470.00   | I <sub>24</sub>                |
| TOTAL:  |                             | 143,62,51,949.00     | I <sub>25</sub>                |

Rupees One thousand four hundred thirty one Crores ~~forty~~ Sixty five Lacs  
fifty one thousand nine hundred forty nine only. *Adm*

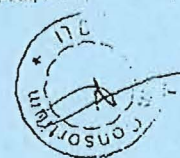
2/4  
C - nil  
I - Twenty five  
O - one  
SW - one

Summary (c)-1

G. M. ENUG (KUL. PROJ) / CONTRACTOR



CI-NIL, I-NIL, O-NIL





Appendix - IV

*Study of Operations and Maintenance  
Expenses*

of

Netaji Subhash Chandra Bose  
International Airport, Kolkata  
(Second Control Period: 2016-21)

December 2021





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## 1. OBJECTIVE OF THIS STUDY

### 1.1. Introduction

Netaji Subhash Chandra Bose International Airport (NSCBIA), Kolkata is owned and operated by the Airports Authority of India (AAI), a *Miniratna* Category-I Public Sector Enterprise. AAI was constituted by an Act of Parliament and was established in 1995 through the merger of erstwhile National Airports Authority and International Airports Authority of India. The merged entity—AAI was entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure in India, both on ground and in air space.

NSCBIA, Kolkata is one of the 'major airports' notified by Airports Economic Regulatory Authority of India under the provisions of the AERA Act 2008. Pursuant to the AERA Act 2008, AERA issued guidelines for the purpose of determination of aeronautical tariffs for major airports. NSCBIA, Kolkata had submitted Multi Year Tariff Proposal (MYTP) for the Second Control Period from FY 2016-17 to FY 2020-21. AERA issued the order for the Second Control Period on 27 November 2017.

AERA has adopted the hybrid till approach for determination of tariff of NSCBIA, Kolkata. As per the hybrid till approach, 30% of the non-aeronautical revenues are to be used to cross-subsidize the aeronautical revenues, i.e., the Aggregate Revenue Requirement. Tariffs for aeronautical services under the hybrid till approach are based on the various building blocks, i.e. aeronautical Regulatory Asset Base (RAB), aeronautical depreciation, aeronautical operational expenses and aeronautical tax.

Establishing efficient Operation and Maintenance (O&M) expenses is important for the effective execution of tariff determination for aeronautical services. Across airports in India, the O&M expenditure has consistently been increasing, driven by investments in expansion and modernisation of the airports.

The objective of the study is to understand and analyse the O&M expenses of NSCBIA, Kolkata. The detailed analysis of O&M expenses is expected to help in establishing whether the existing expense levels are over or under the efficient expense levels. This will help in assisting the Authority in determining the efficient costs for O&M for the purpose of tariff determination at NSCBIA, Kolkata.

Accordingly, AERA decided to conduct a study on efficient O&M expenses for true-up of the Second Control Period. The analysis of various components of O&M expenses from FY 2016-17 to FY 2019-20 has been done based on the trial balances. For FY 2020-21, the projections submitted by AAI were examined.

As part of this study, the following have been examined/ referred:

- i. The AERA Act, 2008 with its amendment in 2019
- ii. Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 dated 28 February 2011
- iii. AERA Order No. 23 / 2017-18, dated 27 November 2017 [In the matter of





determination of aeronautical tariffs in respect of Netaji Subhash Chandra Bose International Airport (NSCBIA), Kolkata, for the Second Control Period (01.04.2016 to 31.03.2021)]

- iv. Previous tariff orders of other airports
- v. Trial Balances, clarifications, and details received from NSCBIA, Kolkata





## 2. WORK PERFORMED

### 2.1. Terms of Reference

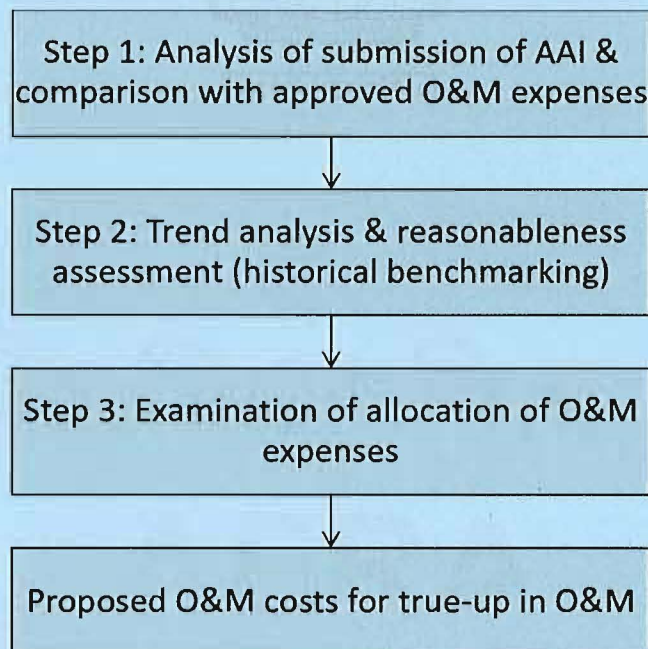
AERA has outlined the scope of work for a study on efficient O&M expenses and segregation of O&M expenses between aeronautical and non-aeronautical in clauses 3.1 (v) and 3.1 (vi) of Schedule 1 of its RFP No. 02/2020-21 for engagement of consultants to assist AERA in determination of tariffs for aeronautical services at NSCBIA, Kolkata, which state:

- “3.1 (v) – Asset / OPEX segregation between Aero and Non-Aero”
- “3.1 (vi) – Examine and recommend efficient costs for O&M as part of tariff determination process.”

### 2.2. Methodology

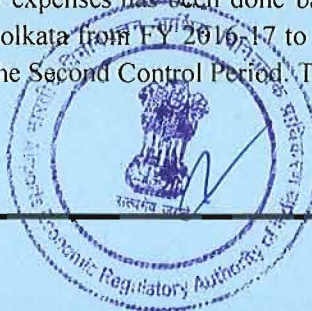
The steps elaborated below have been followed for determining the efficient O&M expenses at NSCBIA, Kolkata in this study.

**Figure 1: Approach for this study**



#### **Step 1: Analysis of submission of NSCBIA, Kolkata**

As a first step, assessment of the O&M expenses has been done based on the inputs shared by AAI. The trial balances of NSCBIA, Kolkata from FY 2016-17 to FY 2019-20 were examined to verify the expenses incurred during the Second Control Period. The expenses for FY 2020-21





are as per the projections submitted by the AAI. The reasonableness of the operational expense projections for FY 2020-21 has been assessed based on these projections itself. The operator has submitted O&M expenses under the following heads:

- **Payroll costs:** Includes the following expenses:
  - Salaries and wages (basic pay, dearness allowance, and house rent allowance)
  - Overtime expenses
  - Other staff benefits (employee perks, EL encashment etc.)
  - Medical expenditure
  - Provident fund contributions
  - Apportionment of CHQ expenses
- **Administrative and general expenses:** Includes the following expenses:
  - Rent, rates, and taxes (rent on office building, import license, and taxes on vehicles)
  - Insurance (vehicle, and plant & machinery insurance)
  - Advertising and publicity
  - Office expenses
  - Telephone charges
  - Printing and stationery
  - Legal expenses
  - Travelling expenses
  - Watch and ward expenses
  - Municipal tax
  - Hiring of manpower
  - Financing charges (apportionment of interest on loan taken at CHQ level)
  - Collection charges on UDF
  - Consultancy charges
  - Apportionment of admin (non-employee related overhead expenses) for CHQ
- **Repair and maintenance (R&M) expenses:** Includes the following expenses:
  - R&M for civil works
  - R&M for electrical works
  - R&M for vehicles
  - R&M for furniture and fixtures
  - R&M for computers, IT, and hardware
  - Annual maintenance contract (AMC) charges
- **Utilities and outsourcing expenses:** Include the following expenses:
  - Power charges (net of recovery)
  - Horticulture expenses
  - Upkeep expenses
  - Hire charges (cars, jeeps, etc.)
- **Other outflows:** Includes the following expenses:
  - Consumption of stores and spares
  - POL expenses

## Step 2: Trend analysis & reasonableness assessment (historical benchmarking)

In order to understand the change / variation of the various elements of the O&M expenses, a trend analysis has been done for the First Control Period as well as the Second Control Period for the aeronautical portion of O&M expenses, as per AAI's submission.





The objective of the same is to understand the long term growth rates in these expenses and also the correlation between the year-on-year change in these expenses vis-à-vis the passenger traffic data. The study attempts to analyse the reasons for variance in the level and growth of O&M expenses as submitted by AAI for the Second Control Period in its MYTP vis-a-vis what was approved in the previous tariff orders for NSCBIA, Kolkata. The study attempts to understand whether AAI has been prudent in managing these expenses in line with the increase in passenger and ATM traffic. The major expenses submitted by AAI were studied in detail to assess the reasonableness of the same.

### **Step 3: Examination of allocation of O&M expenses**

As the final step for establishment of the efficient O&M expenses for NSCBIA, Kolkata, the allocation of common expenses across aeronautical and non-aeronautical components by AAI has been analysed. Subsequently, wherever necessary, an alternate allocation principle has been suggested.





### 3. OPERATION AND MAINTENANCE EXPENSES PROPOSED BY NSCBIA, KOLKATA FOR THE SECOND CONTROL PERIOD

#### 3.1. Analysis of approved O&M expenses and O&M expenses submitted by AAI

3.1.1. The Authority had approved O&M expenses of Rs. 1,706.7 Cr for the Second Control Period as shown in the table below:

**Table 1: O&M expenses approved by the Authority in the Second Control Period**

| FY ending March 31 (Rs. Cr)                     | 2017         | 2018         | 2019         | 2020         | 2021         | Total          |
|---|--------------|--------------|--------------|--------------|--------------|----------------|
| Payroll costs – CHQ                             | 23.0         | 26.5         | 28.4         | 30.3         | 32.5         | 140.7          |
| Payroll costs – non CHQ                         | 127.9        | 147.5        | 157.1        | 167.4        | 178.3        | 778.2          |
| <b>Pay roll costs (A)</b>                       | <b>150.6</b> | <b>172.5</b> | <b>183.9</b> | <b>196.1</b> | <b>209.0</b> | <b>912.1</b>   |
| <b>Repair &amp; maintenance (B)</b>             | <b>87.9</b>  | <b>82.4</b>  | <b>89.7</b>  | <b>97.0</b>  | <b>105.3</b> | <b>462.3</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>74.5</b>  | <b>63.8</b>  | <b>62.0</b>  | <b>63.6</b>  | <b>65.2</b>  | <b>329.1</b>   |
| Admin and general expenses - CHQ                | 18.8         | 18.5         | 19.5         | 20.4         | 21.4         | 98.6           |
| Admin and general expenses - non CHQ            | 10.4         | 11.0         | 12.1         | 13.2         | 14.5         | 61.2           |
| <b>Admin. &amp; other expenses (D)</b>          | <b>29.2</b>  | <b>29.5</b>  | <b>31.5</b>  | <b>33.6</b>  | <b>35.9</b>  | <b>159.7</b>   |
| <b>Other outflows (E)</b>                       | <b>1.1</b>   | <b>1.1</b>   | <b>1.2</b>   | <b>1.3</b>   | <b>1.5</b>   | <b>6.2</b>     |
| <b>Total operating expenditure (A to E)</b>     | <b>333.7</b> | <b>318.1</b> | <b>330.0</b> | <b>351.1</b> | <b>373.8</b> | <b>1,706.7</b> |

3.1.2. NSCBIA, Kolkata submitted O&M expenses of Rs. 2,110.47 Cr for the Second Control Period as shown in the table below:

**Table 2: O&M expenses submitted by AAI in the Second Control Period**

| FY ending March 31 (Rs. Cr)                     | 2017          | 2018          | 2019          | 2020          | 2021          | Total           |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll costs – CHQ                             | 4.49          | 20.57         | 42.76         | 29.84         | 31.93         | 129.60          |
| Payroll costs – non CHQ                         | 120.75        | 128.33        | 143.13        | 160.18        | 171.39        | 723.76          |
| <b>Pay roll costs (A)</b>                       | <b>125.24</b> | <b>148.90</b> | <b>185.89</b> | <b>190.01</b> | <b>203.32</b> | <b>853.36</b>   |
| <b>Repair &amp; maintenance (B)</b>             | <b>96.18</b>  | <b>62.20</b>  | <b>70.28</b>  | <b>74.26</b>  | <b>84.07</b>  | <b>386.99</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>68.33</b>  | <b>64.56</b>  | <b>62.15</b>  | <b>64.62</b>  | <b>68.21</b>  | <b>327.86</b>   |
| Admin and general expenses –CHQ                 | 57.10         | 53.59         | 32.78         | 93.15         | 97.80         | 334.43          |
| Admin and general expenses – non CHQ            | 71.21         | 46.68         | 20.98         | 29.90         | 30.27         | 199.04          |
| <b>Admin. &amp; other expenses (D)</b>          | <b>128.31</b> | <b>100.27</b> | <b>53.76</b>  | <b>123.04</b> | <b>128.07</b> | <b>533.47</b>   |
| <b>Other outflows (E)</b>                       | <b>1.04</b>   | <b>1.13</b>   | <b>1.99</b>   | <b>2.21</b>   | <b>2.43</b>   | <b>8.79</b>     |
| <b>Total operating expenditure (A to E)</b>     | <b>419.10</b> | <b>377.06</b> | <b>374.07</b> | <b>454.14</b> | <b>486.09</b> | <b>2,110.47</b> |





### 3.2. Analysis

- 3.2.1. A comparison of actual O&M expenses in Table 2 and approved O&M expenses in Table 1 shows that actual expenses are Rs. 403.77 Cr more than what was approved. Further analysis of the difference between approved and actual O&M expenses is detailed in the following chapters.
- 3.2.2. Further review of expense sub-heads shows that AAI's submission for pay roll costs, R&M expenses, utilities and outsourcing expenses was lower than what was approved by the Authority. AAI's submission on administrative and general expenses and other outflows is higher than what was approved by the Authority in the Second Control Period.
- 3.2.3. The biggest difference between approved and actual expenses can be attributed to administrative and general expenses – CHQ. While Rs. 98.60 Cr was approved by the Authority in the Second Control Period Order, AAI submitted actuals of Rs. 334.43 Cr for the Second Control Period.
- 3.2.4. Further, it is noted that while number of PAX and ATM fell significantly during FY 2020-21, O&M expenses submitted by AAI are higher in FY 2020-21 compared to FY 2019-20. The projections for FY2020-21 are discussed separately.





## 4. HISTORICAL BENCHMARKING AND TREND ANALYSIS

### 4.1. Trend Analysis of O&M Expenses of First and Second Control Period

4.1.1. In order to understand the change in various O&M expense heads over a longer period of time, the trend of O&M expenses has been analysed over the First and Second Control Period up to FY 2019-20 (as FY 2020-21 was impacted by the Covid-19 pandemics) against the change in traffic.

4.1.2. The following table provides a detailed summary comparing the trends between the First Control Period and Second Control Period in O&M expenses and in air traffic:

**Table 3: Comparison between CAGR of First and Second Control Period**

|  | First Control Period |               |               |               |               |               | Second Control Period |               |               |               |                     |               |
|--|----------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|---------------|---------------|---------------------|---------------|
| FY ending March 31                                 | 2012                 | 2013          | 2014          | 2015          | 2016          | CAGR          | 2017                  | 2018          | 2019          | 2020          | CAGR (FY16 to FY20) | 2021          |
| PAX traffic (MPPA)                                 | 10.30                | 10.20         | 10.10         | 10.90         | 12.40         | 4.75%         | 15.82                 | 19.89         | 21.88         | 22.02         | 15.44%              | 7.73          |
| ATM (000's)  | 99.84                | 93.33         | 92.87         | 97.13         | 102.49        | 0.66%         | 124.15                | 148.80        | 162.03        | 165.76        | 12.77%              | 72.17         |
| <b>Operation and Maintenance Expenses (Rs. Cr)</b> |                      |               |               |               |               |               |                       |               |               |               |                     |               |
| Payroll costs - non CHQ                            | 91.30                | 100.00        | 116.10        | 123.30        | 125.90        | 8.36%         | 120.75                | 128.33        | 143.13        | 160.18        | 6.21%               | 171.39        |
| Payroll costs - CHQ                                | 17.70                | 39.30         | 20.50         | 35.30         | 22.50         | 6.18%         | 4.49                  | 20.57         | 42.76         | 29.84         | 7.31%               | 31.93         |
| <b>Payroll costs (A)</b>                           | <b>109.00</b>        | <b>139.30</b> | <b>136.60</b> | <b>158.60</b> | <b>148.40</b> | <b>8.02%</b>  | <b>125.24</b>         | <b>148.90</b> | <b>185.89</b> | <b>190.02</b> | <b>6.38%</b>        | <b>203.32</b> |
| Admin and general expenses - non CHQ               | 6.30                 | 5.50          | 3.90          | 7.20          | 9.60          | 11.10%        | 71.21                 | 46.68         | 20.98         | 29.90         | 32.85%              | 30.27         |
| Admin and general expenses - CHQ                   | 15.20                | 14.00         | 13.10         | 17.80         | 19.80         | 6.83%         | 57.10                 | 53.59         | 32.78         | 93.15         | 47.28%              | 97.80         |
| <b>Admin and general expenses (B)</b>              | <b>21.50</b>         | <b>19.50</b>  | <b>17.00</b>  | <b>25.00</b>  | <b>29.40</b>  | <b>8.14%</b>  | <b>128.31</b>         | <b>100.27</b> | <b>53.76</b>  | <b>123.05</b> | <b>43.03%</b>       | <b>128.07</b> |
| <b>R&amp;M expenses (C)</b>                        | <b>29.40</b>         | <b>24.10</b>  | <b>25.70</b>  | <b>41.00</b>  | <b>43.30</b>  | <b>10.16%</b> | <b>96.18</b>          | <b>62.20</b>  | <b>70.28</b>  | <b>74.26</b>  | <b>14.44%</b>       | <b>84.07</b>  |
| Utilities and outsourcing expenses (D)             | 15.60                | 30.70         | 49.30         | 61.80         | 74.30         | 47.73%        | 68.33                 | 64.56         | 62.15         | 64.62         | -3.43%              | 68.21         |
| Other outflows (E)                                 | 0.80                 | 1.00          | 0.80          | 0.80          | 1.00          | 5.74%         | 1.04                  | 1.13          | 1.99          | 2.21          | 21.93%              | 2.43          |
| <b>Total O&amp;M expenses (A to E)</b>             | <b>176.30</b>        | <b>214.60</b> | <b>229.40</b> | <b>287.20</b> | <b>296.40</b> | <b>13.87%</b> | <b>419.10</b>         | <b>377.06</b> | <b>374.07</b> | <b>454.16</b> | <b>11.26%</b>       | <b>486.10</b> |

### 4.2. Summary

4.2.1. The CAGR of total operating expenses in the First Control Period and the Second Control Period is 13.87% and 11.26% respectively. Thus, there was a deceleration in O&M expenses growth in the Second Control Period. It may be noted that there is a steep increase in admin and general expenses – non CHQ from Rs. 9.60 Cr. in FY 2015-16 to Rs. 71.21 Cr. in FY 2016-17. The difference is attributable to the inclusion of financing charges of Rs. 49.51 Cr. (interest on bond) as part of the admin and general expenses – non-CHQ in FY 2016-17 by AAI. Moreover, Admin. & General Expenses of CHQ has increased in the Second Control Period as compared to First Control Period. This is because AAI allocates CHQ expenses across its airports based on revenue earned at



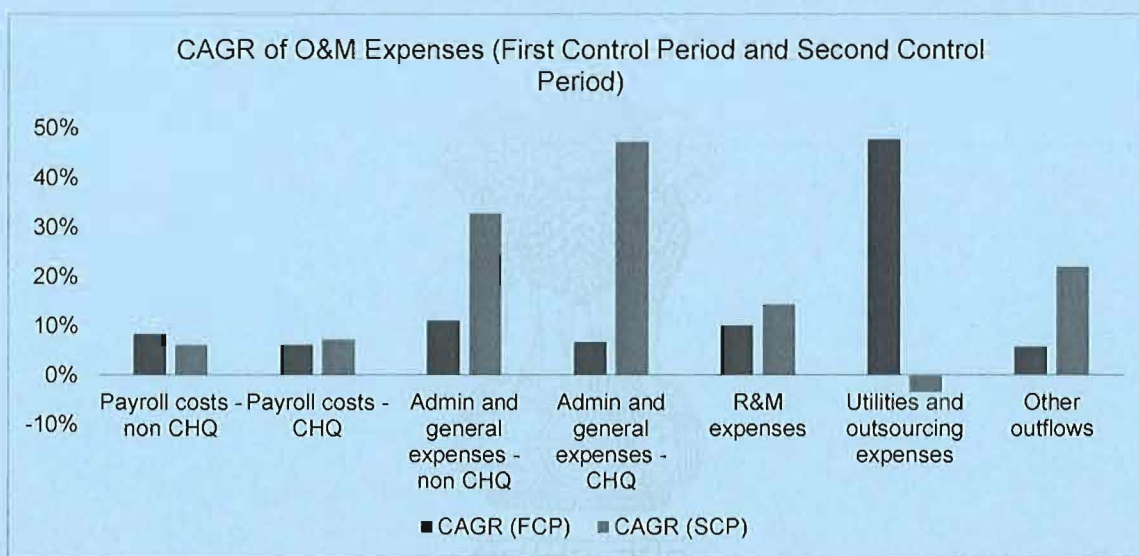


different airports. Since revenue of NSCBIA, Kolkata is high, allocation of the CHQ expenses has also been high.

4.2.2. In the First Control Period, CAGR of total O&M expenses has been higher than the CAGR in passenger and ATM traffic. However, in the Second Control Period, the O&M expense CAGR has been lower than CAGR of PAX and ATM traffic.

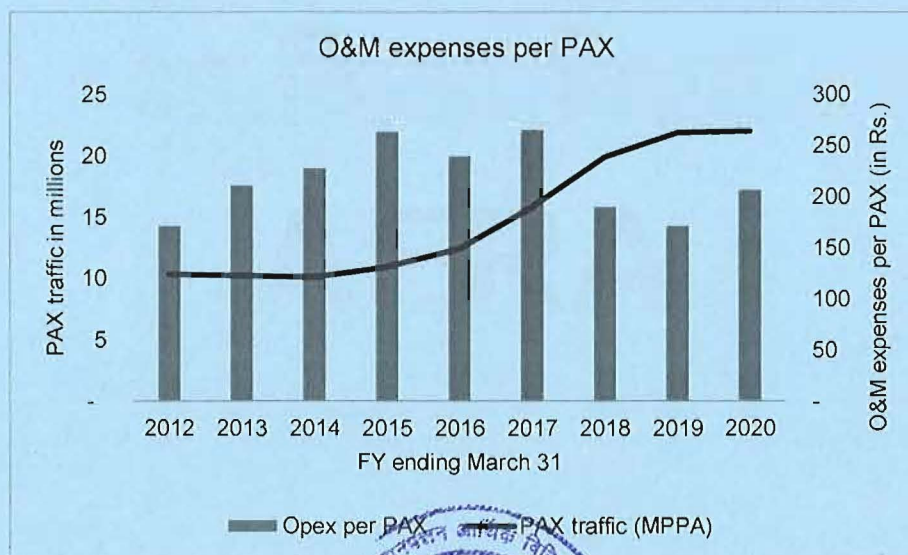
4.2.3. The following graph illustrates the difference between the CAGR during both these periods across various expense heads:

**Figure 2: CAGR of O&M expenses (FCP and SCP)**



4.2.4. The following graph compares the O&M expenses per PAX in the First Control Period and the Second Control Period with the passenger traffic:

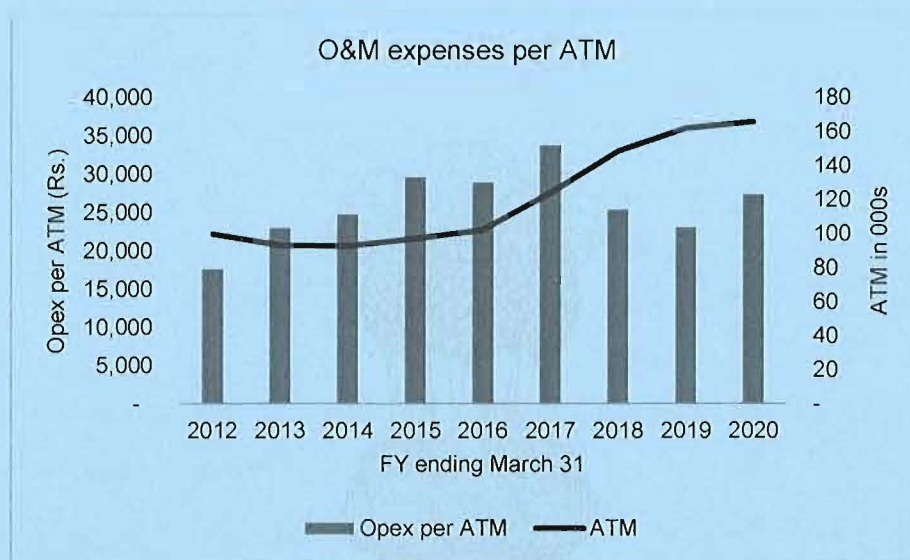
**Figure 3: O&M expenses per PAX**





- 4.2.5. It can be seen from the figure that the O&M per PAX is consistently decreasing in the Second Control Period, except in FY 2019-20, when it marginally increased due to the fall in PAX numbers due to the Covid-19 impact towards the end of the year.
- 4.2.6. The following graph compares the O&M expenses per ATM in the First Control Period and Second Control Period with the passenger traffic:

**Figure 4: O&M expenses per ATM**



- 4.2.7. It can be seen from the figure that the O&M expenses per ATM is decreasing in the Second Control Period, except in FY 2019-20 where the O&M expenses per ATM increased due to a fall in ATM traffic.

#### 4.3. Analysis of O&M expenses in the Second Control Period

- 4.3.1. All O&M expenses other than utility and outsourcing expenses have seen a positive growth in the Second Control Period. Administrative and general expenses – CHQ and administrative and general expenses – non CHQ saw CAGR growth of 47.28% and 32.85% respectively
- 4.3.2. The following table compares the per PAX and per ATM O&M expenses in FY 2016-17 to those in FY 2019-20. Both the O&M expenses per PAX and O&M expenses per ATM have reduced between FY 2016-17 and FY 2019-20.

**Table 4: Comparison of O&M per PAX and per ATM between FY 2016-17 and FY 2019-20**

| Parameter                     | 2016-17   | 2019-20   | Increase % |
|-------------------------------|-----------|-----------|------------|
| O&M expenses (Rs. Cr)         | 419.10    | 454.16    | 8.37%      |
| PAX traffic MPPA              | 15.82     | 22.02     | 39.19%     |
| O&M expenses per PAX (Rs/PAX) | 264.92    | 206.25    | (22.15%)   |
| ATM ('000s)                   | 124.15    | 165.76    | 33.52%     |
| O&M expenses per ATM (Rs/ATM) | 33,757.55 | 27,398.65 | (18.84%)   |

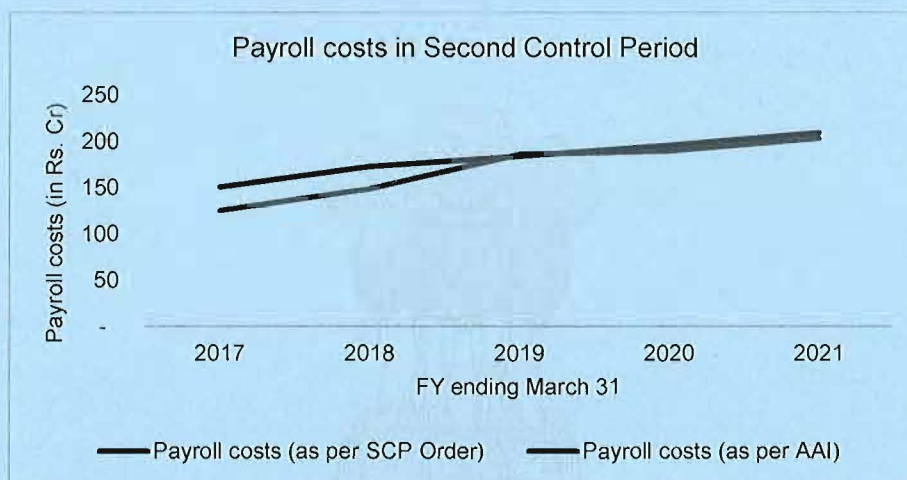




### Payroll Costs

4.3.3. The following figure compares the approved payroll costs as per the Second Control Period Order and the payroll costs submitted by AAI. The payroll costs submitted by AAI are lower than that approved by the Authority in the Second Control Period Order, for all years other than FY 2018-19.

**Figure 5: Payroll costs in the Second Control Period**



4.3.4. Payroll costs consist of the following sub-expenses:

- Salaries and wages (basic pay, dearness allowance, and house rent allowance)
- Overtime expenses
- Other staff benefits (employee perks, EL encashment etc.)
- Medical expenditure
- Provident fund contributions
- Apportionment of CHQ expenses

4.3.5. The following table examines the break-up of payroll costs approved by the Authority, and those submitted by AAI:

**Table 5: Comparison between payroll costs approved by the Authority and submitted by AAI**

| FY ending March 31                  | Approved in SCP Order |        |        |        |        |        | Submission by AAI |        |        |        |        |        |
|-------------------------------------|-----------------------|--------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|--------|
|                                     | 2017                  | 2018   | 2019   | 2020   | 2021   | Total  | 2017              | 2018   | 2019   | 2020   | 2021   | Total  |
| Salaries and wages                  | 77.81                 | 89.72  | 96.00  | 102.72 | 109.91 | 476.15 | 72.42             | 68.25  | 82.38  | 87.11  | 93.21  | 403.37 |
| Overtime expenses                   | 6.34                  | 7.31   | 7.67   | 8.06   | 8.46   | 37.83  | 5.55              | 4.30   | 4.02   | 8.90   | 9.52   | 32.29  |
| Other staff benefits                | 23.32                 | 26.88  | 28.23  | 29.64  | 31.12  | 139.18 | 22.69             | 35.20  | 35.41  | 39.53  | 42.29  | 175.12 |
| Medical expenditure                 | 12.49                 | 14.40  | 15.41  | 16.49  | 17.64  | 76.42  | 12.35             | 13.19  | 13.37  | 15.38  | 16.46  | 70.75  |
| Provident fund contributions        | 7.94                  | 9.16   | 9.80   | 10.49  | 11.22  | 48.61  | 7.88              | 7.55   | 8.22   | 9.56   | 10.23  | 43.44  |
| Less: Common expenses for Cargo and | (0.23)                | (1.45) | (1.54) | (1.65) | (1.75) | (6.62) | (0.14)            | (0.16) | (0.28) | (0.30) | (0.32) | (1.20) |



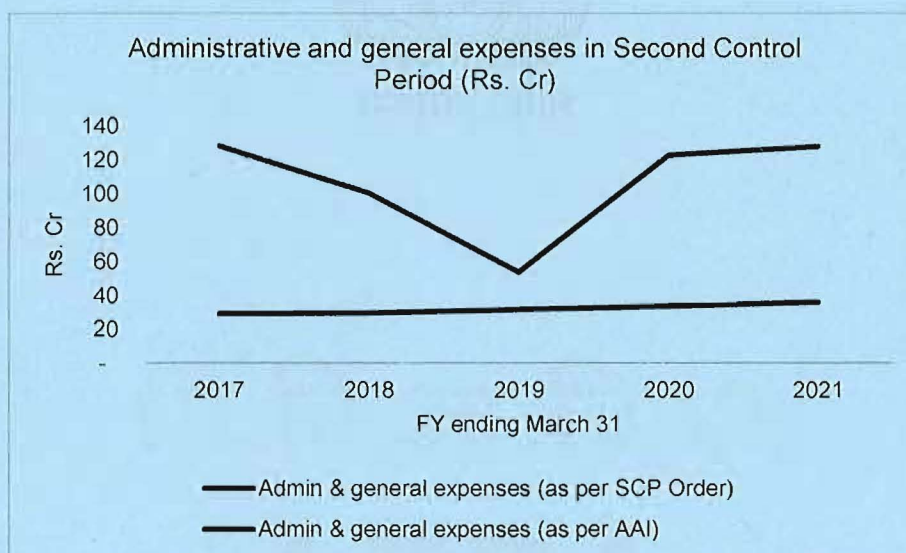
|                         | Approved in SCP Order |        |        |        |        |        | Submission by AAI |        |        |        |        |        |
|-------------------------|-----------------------|--------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|--------|
| FY ending March 31      | 2017                  | 2018   | 2019   | 2020   | 2021   | Total  | 2017              | 2018   | 2019   | 2020   | 2021   | Total  |
| ANS employees           |                       |        |        |        |        |        |                   |        |        |        |        |        |
| Payroll costs - non CHQ | 127.67                | 146.02 | 155.56 | 165.74 | 176.59 | 771.57 | 120.75            | 128.33 | 143.13 | 160.18 | 171.39 | 723.76 |
| Payroll costs - CHQ     | 22.98                 | 26.50  | 28.35  | 30.34  | 32.46  | 140.62 | 4.49              | 20.57  | 42.76  | 29.84  | 31.93  | 129.60 |
| Total payroll costs     | 150.65                | 172.51 | 183.91 | 196.07 | 209.05 | 912.19 | 125.24            | 148.90 | 185.89 | 190.01 | 203.32 | 853.36 |

4.3.6. AAI's submission of payroll costs – non-CHQ and payroll costs – CHQ are lower than what was approved by the Authority. This is primarily because of the difference between approved salaries and wages and that submitted by AAI. Payroll costs – CHQ has been discussed later in the study.

#### Administrative and General Expenses

4.3.7. Figure 2 compares the approved administrative and general expenses as per the Second Control Period Order and that submitted by AAI. The expenses submitted by AAI are higher than the approved amounts for all tariff years. It may be noted that the actual expenses submitted by AAI reduced year by year till FY 2018-19, after which they increased. The difference between actuals and approved can largely be attributed to admin and general expenses – CHQ/RHQ, which is discussed later.

**Figure 6: Administrative and general expenses in the Second Control Period**



4.3.8. Administrative and general expenses comprise the following sub-expenses:

- Rent, rates, and taxes (rent on office building, import license, and taxes on vehicles)
- Insurance (vehicle, and plant & machinery insurance)
- Advertising and publicity
- Office expenses
- Telephone charges
- Printing and stationery
- Legal expenses
- Travelling expenses
- Watch and ward expenses





- Municipal tax
- Hiring of manpower
- Financing charges (apportionment of interest on loan taken at CHQ level)
- Collection charges on UDF
- Consultancy charges
- Apportionment of admin (non-employee related overhead expenses) for CHQ

4.3.9. The following table examines the break-up of administrative and general expenses approved by the Authority, and those submitted by AAI:

**Table 6: Comparison between administrative and general expenses approved by the Authority and submitted by AAI**

|   | Approved in SCP Order |       |       |       |       |        | Submission by AAI |        |       |        |        |        |
|---|-----------------------|-------|-------|-------|-------|--------|-------------------|--------|-------|--------|--------|--------|
| FY ending March 31                            | 2017                  | 2018  | 2019  | 2020  | 2021  | Total  | 2017              | 2018   | 2019  | 2020   | 2021   | Total  |
| Rent and taxes                                | 0.02                  | 0.02  | 0.03  | 0.03  | 0.03  | 0.13   | 2.46              | 0.01   | 0.00  | 4.10   | 4.51   | 11.07  |
| Insurance                                     | 0.03                  | 0.02  | 0.02  | 0.02  | 0.03  | 0.13   | 0.11              | 0.06   | 0.07  | 0.08   | 0.09   | 0.41   |
| Advertising and publicity                     | 1.00                  | 1.04  | 1.15  | 1.26  | 1.39  | 5.85   | 0.64              | 0.37   | 0.16  | 0.09   | 0.10   | 1.35   |
| Office expenses                               | 1.53                  | 1.56  | 1.72  | 1.89  | 2.08  | 8.78   | 11.75             | 13.47  | 10.59 | 13.44  | 14.78  | 64.02  |
| Telephone charges                             | 0.43                  | 0.44  | 0.48  | 0.53  | 0.58  | 2.46   | 0.48              | 0.25   | 0.38  | 0.30   | 0.33   | 1.75   |
| Printing and stationery                       | 0.25                  | 0.26  | 0.28  | 0.31  | 0.34  | 1.44   | 0.19              | 0.16   | 0.19  | 0.51   | 0.56   | 1.62   |
| Legal expenses                                | 0.10                  | 0.11  | 0.12  | 0.13  | 0.14  | 0.59   | 0.15              | 0.13   | 0.18  | 0.34   | 0.37   | 1.17   |
| Travelling expenses                           | 1.76                  | 1.90  | 2.09  | 2.29  | 2.52  | 10.57  | 1.33              | 1.44   | 1.62  | 2.76   | 3.03   | 10.18  |
| Watch and ward expenses                       | 1.06                  | 1.17  | 1.29  | 1.42  | 1.56  | 6.49   | 1.17              | 2.50   | 2.57  | 3.10   | 3.41   | 12.76  |
| Municipal tax                                 | 0.57                  | 0.57  | 0.57  | 0.57  | 0.57  | 2.85   | 1.35              | 0.74   | 0.98  | 0.98   | 1.08   | 5.13   |
| Hiring of manpower                            | 0.32                  | 0.36  | 0.39  | 0.43  | 0.47  | 1.98   | -                 | -      | 1.11  | 0.68   | 0.75   | 2.55   |
| Financing charges                             | -                     | -     | -     | -     | -     | -      | 49.51             | 23.47  | -     | -      | -      | 72.98  |
| Collection charges on UDF                     | 3.14                  | 3.45  | 3.79  | 4.17  | 4.59  | 19.14  | 1.98              | 3.99   | 2.96  | 3.44   | 1.16   | 13.53  |
| Consultancy charges                           | 0.13                  | 0.13  | 0.14  | 0.15  | 0.16  | 0.70   | 0.09              | 0.10   | 0.18  | 0.08   | 0.09   | 0.54   |
| Administrative and general expenses – non CHQ | 10.36                 | 11.02 | 12.06 | 13.21 | 14.46 | 61.11  | 71.21             | 46.68  | 20.98 | 29.90  | 30.27  | 199.04 |
| Administrative and general expenses – CHQ     | 18.82                 | 18.53 | 19.45 | 20.43 | 21.45 | 98.67  | 57.10             | 53.59  | 32.78 | 93.15  | 97.80  | 334.43 |
| Total Administrative and general expenses     | 29.18                 | 29.55 | 31.51 | 33.63 | 35.91 | 159.78 | 128.31            | 100.27 | 53.76 | 123.04 | 128.07 | 533.47 |

4.3.10. While AAI's submission of administrative and general expenses – non CHQ are higher than what was approved by the Authority, the key differences are on account of inclusion of financing charges and increase in rent and taxes. Financing charges comprise of interest on loans that AAI has taken, which has been discussed in the next paragraph. The largest difference between and approved rents and taxes, and those submitted by AAI are in FY 2019-20 and FY 2020-21. This is due to an increase in administration fees for





enhancement and finance at the ATC. Since AAI has estimated FY 2020-21 expenses by applying a 10% growth over the FY 2019-20 expenses, this is reflected in FY 2020-21 as well. Administrative and general expenses – CHQ/RHQ has been discussed later in the study.

- 4.3.11. Para 14.13 of the Second Control Period tariff order proposed not to include financing charges in administration and general expenses as the expense consists of interest payments on long term debt. Therefore, the Authority may decide to exclude these expenses from O&M expenses for the Second Control Period.

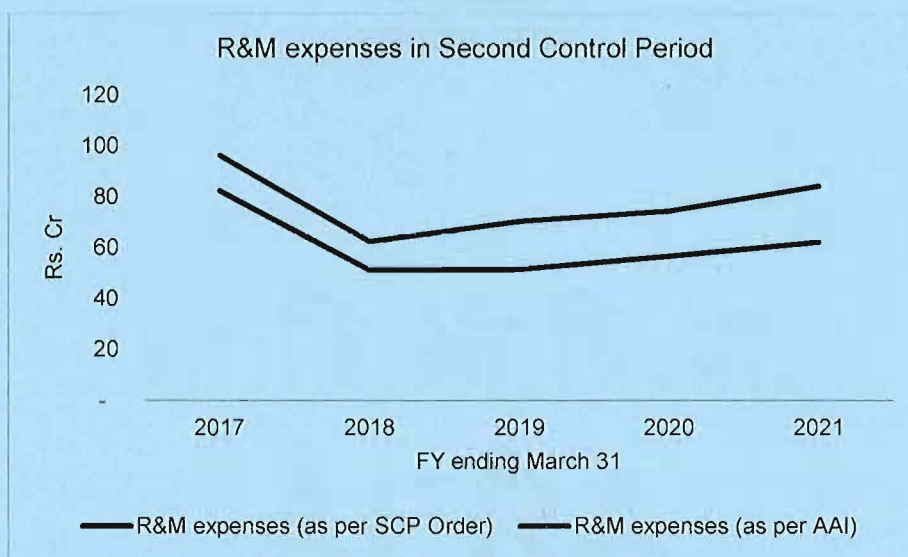
#### Repair and maintenance expenses

- 4.3.12. Repair and maintenance expenses consists of the following sub-expenses:

- R&M for civil works
- R&M for electrical works
- R&M for vehicles
- R&M for furniture and fixtures
- R&M for computers, IT, and hardware
- Annual maintenance contract (AMC) charges

- 4.3.13. The following figure compares the approved R&M expenses as per the Second Control Period Order and the R&M expenses submitted by AAI. The figure shows that the actual expenses submitted by AAI are higher than the approved amounts in the Second Control Period.

**Figure 7: R&M expenses in the Second Control Period**



- 4.3.14. The following table examines the break-up of R&M expenses approved by the Authority and those submitted by AAI:

**Table 7: Comparison between repair and maintenance expenses approved by the Authority and submitted by AAI**

| FY ending March 31 | Approved in SCP Order |      |      |      |      | Total | Submission by AAI |      |      |      |      | Total |
|--------------------|-----------------------|------|------|------|------|-------|-------------------|------|------|------|------|-------|
|                    | 2017                  | 2018 | 2019 | 2020 | 2021 |       | 2017              | 2018 | 2019 | 2020 | 2021 |       |



Study of Operations and Maintenance Expenses of NSCBIA, Kolkata (2016-21)

|                                      | Approved in SCP Order |       |       |       |       |        | Submission by AAI |       |       |       |       |        |
|--------------------------------------|-----------------------|-------|-------|-------|-------|--------|-------------------|-------|-------|-------|-------|--------|
| FY ending March 31                   | 2017                  | 2018  | 2019  | 2020  | 2021  | Total  | 2017              | 2018  | 2019  | 2020  | 2021  | Total  |
| Civil works                          | 50.09                 | 19.56 | 16.69 | 18.35 | 20.19 | 124.88 | 56.68             | 19.11 | 15.10 | 21.65 | 23.81 | 136.34 |
| Plant and Machinery / Vehicle        | 1.02                  | 1.00  | 1.10  | 1.21  | 1.33  | 5.65   | 1.13              | 1.74  | 1.20  | 1.62  | 1.79  | 7.47   |
| Electrical Installations             | 27.12                 | 27.04 | 29.74 | 32.72 | 35.99 | 152.61 | 29.12             | 32.12 | 45.14 | 40.62 | 44.68 | 191.68 |
| Furniture, fittings, and electronics | 4.09                  | 3.47  | 3.81  | 4.2   | 4.62  | 20.21  | 9.26              | 9.24  | 8.84  | 6.72  | 7.40  | 41.45  |
| AMC expenses                         | -                     | -     | -     | -     | -     | -      | -                 | -     | -     | 3.65  | 6.39  | 10.04  |
| Total R&M Expenses                   | 82.33                 | 51.07 | 51.34 | 56.48 | 62.13 | 303.34 | 96.18             | 62.20 | 70.28 | 74.26 | 84.07 | 386.99 |

4.3.15. AAI's submission is higher than that approved amounts across all sub-expenses within R&M expenses. The difference is highest in R&M expenses for electrical installations and R&M expenses for furniture, fittings, and electronics.

4.3.16. The overall level of R&M expenses was analysed vis-à-vis the closing gross block of NSCBIA, Kolkata. The following table summarises R&M expenses as a percentage of the opening gross block in the Second Control Period:

**Table 8: R&M analysis vis-à-vis opening gross block**

| Parameter (Rs. Cr)                       | 2016-17  | 2017-18  | 2018-19  | 2019-20  | 2020-21  |
|--|----------|----------|----------|----------|----------|
| R&M expenses                             | 96.18    | 62.20    | 70.28    | 74.26    | 84.07    |
| Closing gross block                      | 3,145.48 | 3,358.38 | 3,502.01 | 3,627.72 | 3,748.55 |
| R&AM expenses (% of closing gross block) | 3.06%    | 1.85%    | 2.01%    | 2.05%    | 2.24%    |

4.3.17. R&M expenses of NSCBIA, Kolkata range from 1.85% to 3.06% of the closing gross block. This is broadly in line with other major airports and seems to be reasonable.

**Utility and Outsourcing Expenses:**

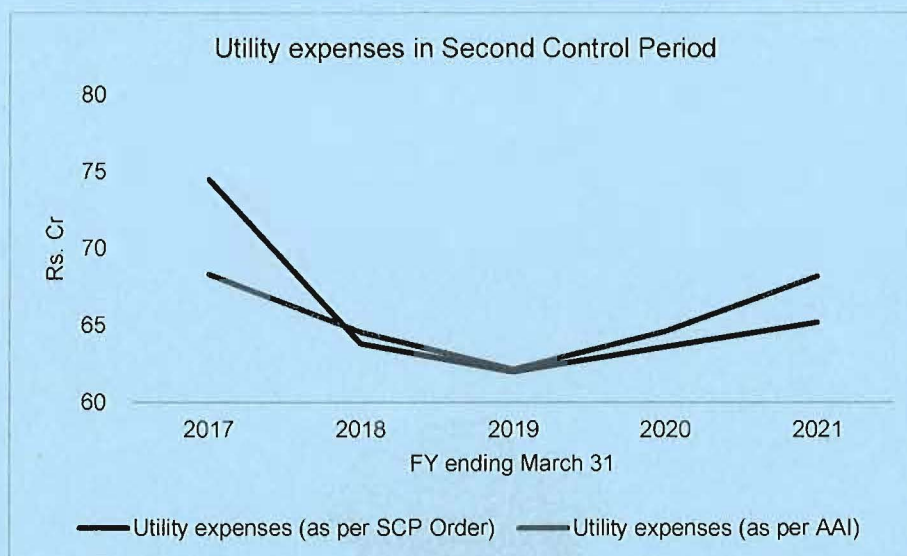
4.3.18. Repair and maintenance expenses consists of the following sub-expenses:

- Power charges (net of recovery)
- Horticulture expenses
- Upkeep expenses
- Hire charges (cars, jeeps, etc.)

4.3.19. The following figure compares the approved utility expenses as per the Second Control Period Order and the utility expenses submitted by AAI. The actual expenses submitted by AAI are higher than the approved amounts for all tariff years of the Second Control Period other than FY 2016-17.





**Figure 8: Utility expenses in the Second Control Period**

4.3.20. The following table examines the break-up of utilities and outsourcing expenses approved by the Authority, and those submitted by AAI:

**Table 9: Comparison between utilities and outsourcing expenses approved by the Authority and submitted by AAI**

| FY ending March 31              | Approved in SCP Order |       |       |       |       |        | Submission by AAI |       |       |       |       |        |
|---------------------------------|-----------------------|-------|-------|-------|-------|--------|-------------------|-------|-------|-------|-------|--------|
|                                 | 2017                  | 2018  | 2019  | 2020  | 2021  | Total  | 2017              | 2018  | 2019  | 2020  | 2021  | Total  |
| Power charges                   | 61.74                 | 49.93 | 46.73 | 46.73 | 46.73 | 251.86 | 53.33             | 47.50 | 40.43 | 40.99 | 42.22 | 224.48 |
| Horticulture expenses           | 0.32                  | 0.27  | 0.29  | 0.32  | 0.36  | 1.56   | 0.36              | 0.30  | 0.53  | 1.08  | 1.18  | 3.46   |
| Upkeep expenses                 | 10.31                 | 11.34 | 12.48 | 13.73 | 15.10 | 62.95  | 13.37             | 16.29 | 20.85 | 22.31 | 24.54 | 97.35  |
| Hire charges                    | 2.14                  | 2.30  | 2.53  | 2.79  | 3.07  | 12.83  | 1.27              | 0.46  | 0.33  | 0.25  | 0.27  | 2.58   |
| Total Utilities and Outsourcing | 74.51                 | 63.84 | 62.03 | 63.56 | 65.25 | 329.20 | 68.33             | 64.56 | 62.15 | 64.62 | 68.21 | 327.86 |

4.3.21. Within utilities and outsourcing expenses, there are significant differences between the approved and actuals for upkeep expenses. Upon analysis, it was found that the upkeep expenses increased because of the Environmental Support Services (ESS) and Mechanised Environmental Support Services (MESS) at NSCBIA, Kolkata.

#### Other Outflows:

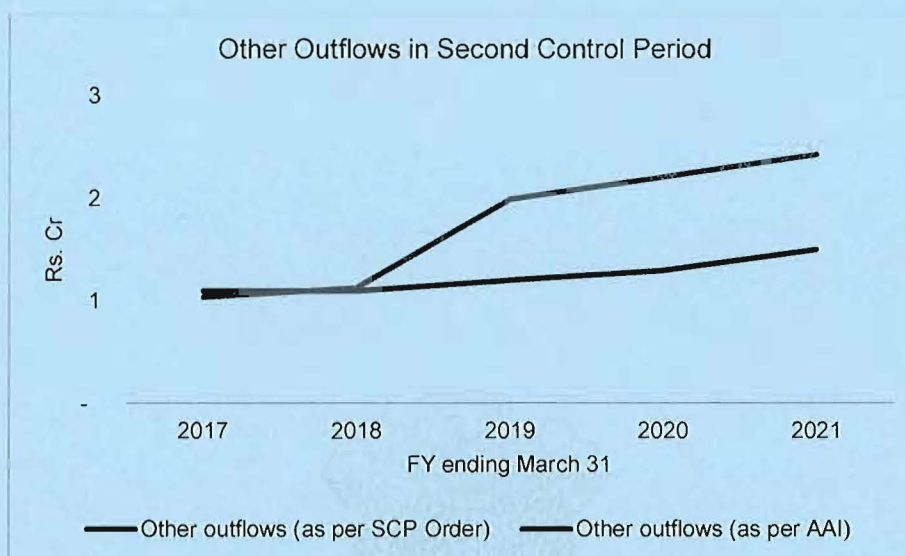
4.3.22. Other outflows have further been examined. The expense consists of the following sub-expenses:

- Consumption of stores and spares
- POL expenses

4.3.23. The following figure compares the approved other outflows as per the Second Control Period Order and the other outflows submitted by AAI. The figure shows that the actual expenses submitted by AAI are higher than the approved amounts for all tariff years of the Second Control Period other than FY 2016-17.





**Figure 9: Other Outflows in the Second Control Period**

4.3.24. The following table examines the break-up of utilities and outsourcing expenses approved by the Authority, and those submitted by AAI:

**Table 10: Comparison between other outflows approved by the Authority and submitted by AAI**

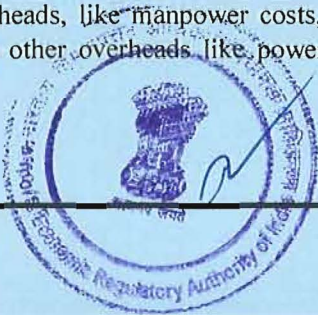
| FY ending March 31               | Approved in SCP Order |      |      |      |      |       | Submission by AAI |      |      |      |      |       |
|----------------------------------|-----------------------|------|------|------|------|-------|-------------------|------|------|------|------|-------|
|                                  | 2017                  | 2018 | 2019 | 2020 | 2021 | Total | 2017              | 2018 | 2019 | 2020 | 2021 | Total |
| POL                              | 0.47                  | 0.56 | 0.51 | 0.56 | 0.62 | 0.68  | 0.55              | 0.53 | 0.85 | 0.88 | 0.97 | 3.78  |
| Consumption of stores and spares | 0.60                  | 0.56 | 0.71 | 0.78 | 0.86 | 5.55  | 0.48              | 0.60 | 1.15 | 1.32 | 1.46 | 5.01  |
| Total other outflows             | 1.07                  | 1.11 | 1.22 | 1.34 | 1.48 | 6.23  | 1.04              | 1.13 | 1.99 | 2.21 | 2.43 | 8.79  |

4.3.25. The primary difference between the approved outflows and outflows submitted by AAI is in POL expenses.

#### 4.4. AAI's estimation of O&M expenses for FY 2020-21

4.4.1. AAI has estimated FY 2020-21 expenses by applying a growth rate over the FY 2019-20 expenses. In the case of payroll costs, AAI applied a growth rate of 7% over FY 2019-20 levels to estimate FY 2020-21 payroll costs. For other O&M expenses, AAI applied a growth rate of 10% on FY 2019-20 levels to estimate FY 2020-21 expenses.

4.4.2. FY 2020-21 was severely impacted by Covid-19 pandemic. The PAX numbers declined by 65% in FY 2020-21, from 22.02 million PAX in FY2019-20 to 7.73 million PAX in FY 2020-21. The ATM numbers declined by 56.46% in that year, from 1,65,760 in FY 2019-20 to 72,170 in FY 2020-21. This would imply that for a major part of this year, the airport facilities would have been shut or have remained under-utilized. While it is understood that fixed overheads, like manpower costs, would not have been impacted, there would be savings in other overheads like power costs, water charges, overtime,





repairs & maintenance.

- 4.4.3. Further, it is also noted that the overall O&M expenses growth in the Second Control Period (up to FY2019-20) is at a CAGR of 11.26%. However, considering the impact of the Covid-19 pandemic on the O&M expenses of airport operators, the growth rate used by AAI to estimate FY 2020-21 expenses may be reconsidered by the Authority.

#### **4.5. Summary of conclusions**

- 4.5.1. The overall O&M expenses submitted by AAI are higher than those approved by Authority in the Second Control Period order. The key reasons for these are (a) growth rates applied by AAI in projecting O&M expenses for FY2020-21 (b) apportionment of CHQ expenses of AAI to NSCBIA, Kolkata. Further, it can also be observed that the O&M expenses per PAX has shown a consistently downward trend from FY 2016-17 to FY 2018-19. The increase in O&M expenses per PAX in FY 2019-20 may be attributed to lower passenger traffic in February and March 2020 due to the Covid-19 pandemic.
- 4.5.2. R&M expenses of NSCBIA, Kolkata range from 1.85% to 3.06% of the closing gross block. This is broadly in line with other airports and seems to be reasonable.
- 4.5.3. Estimating O&M expenses for FY2020-21 by taking a 7% growth rate for payroll costs and a 10% growth rate for other O&M expenses over the actuals of FY 2019-20 is not appropriate, considering that traffic in FY 2020-21 was significantly lower due to the Covid 19 pandemic. The Authority may consider a 0% growth over FY 2019-20 expenses to estimate expenses of FY 2020-21.





## 5. ANALYSIS OF AAI'S CHQ EXPENSES TO NSCBIA, KOLKATA

### 5.1. Trend Analysis of CHQ Expenses in the Second Control Period

5.1.1. AAI manages 137 airports, of which 24 are international airports, 10 are Custom airport, and 103 are domestic airports.<sup>1</sup> AAI apportions its CHQ expenses to the various airports managed by it. The Authority sought additional details on CHQ expenses of AAI and its apportionment across AAI profit centres from AAI. Subsequently AAI submitted details regarding the same vide e-mail dated 17.11.2021 ("Revised CHQ & RHQ Allocation for the F.Y 16-17 to 19-20").

5.1.2. The following table compares the approved payroll costs – CHQ for NSCBIA, Kolkata with the submitted amounts:

**Table 11: Analysis of payroll costs - CHQ**

| FY ending March 31 (Rs. Cr)                             | 2017  | 2018  | 2019  | 2020  | 2021  | Total  |
|---|-------|-------|-------|-------|-------|--------|
| Payroll costs - CHQ submitted by AAI                    | 4.49  | 20.57 | 42.76 | 29.84 | 31.93 | 129.60 |
| Payroll costs - CHQ approved in SCP                     | 22.98 | 26.50 | 28.35 | 30.34 | 32.46 | 140.62 |
| Payroll costs – CHQ submitted by AAI (as % of approved) | 20%   | 78%   | 151%  | 98%   | 98%   | 92%    |

**Table 12: Analysis of admin and general expenses - CHQ**

| FY ending March 31 (Rs. Cr)                                 | 2017  | 2018  | 2019  | 2020  | 2021  | Total  |
|---|-------|-------|-------|-------|-------|--------|
| Admin and general costs - CHQ submitted by AAI              | 57.10 | 53.59 | 32.78 | 93.15 | 97.80 | 334.43 |
| Admin and general - CHQ approved in SCP                     | 18.82 | 18.53 | 19.45 | 20.43 | 21.45 | 98.67  |
| Admin and general – CHQ submitted by AAI (as % of approved) | 303%  | 289%  | 169%  | 456%  | 456%  | 339%   |

5.1.3. While payroll costs – CHQ submitted by AAI are 92% of what was approved in the Second Control Period, admin and general expenses – CHQ submitted by AAI are 339% of what was approved in the Second Control Period, with a significant year on year variation.

5.1.4. AAI has allocated payroll costs – CHQ, and admin and general expenses – CHQ between aeronautical and non-aeronautical costs using an allocation ratio of 95%:5%. However, it may be noted that as per para 14.8. of the Second Control Period Order, the Authority has decided to use an allocation ratio of 90%:10% for admin and general expenses – CHQ. It is recommended that the Authority adopts a methodology to allocate CHQ expenses into expenses that are related to airports and non-airport activities, and then allocate the CHQ expenses related to airports across AAI's profit centres on the basis of their respective revenues. The same is discussed in the subsequent sections.

<sup>1</sup> As per AAI website, accessed on 31 August 2022





## 5.2. Analysis of Admin and General Expenses - CHQ submitted by AAI

5.2.1. AAI submitted that the CHQ expenses after netting off revenue is apportioned across all AAI major airports based on their respective revenues. The following table analyses the Admin and General Expenses – CHQ submitted by AAI:

**Table 13: Break-up of CHQ expenses submitted by AAI**

| FY ending March 31 (Rs. Cr)                         | 2017   | 2018   | 2019   | 2020   | Total    |
|---|--------|--------|--------|--------|----------|
| Staff Cost (CHQ employees) [A]                      | 501.86 | 535.38 | 475.15 | 542.09 | 2,054.47 |
| Admin and Gen Expenses [B]                          | 45.63  | 52.23  | 80.77  | 61.19  | 239.82   |
| Repair and Maintenance [C]                          | 14.60  | 21.00  | 21.77  | 28.77  | 86.15    |
| Utilities and Outsourcing [D]                       | 35.66  | 23.98  | 31.29  | 35.23  | 126.17   |
| Others [E]  | 47.09  | 23.89  | 11.03  | 27.64  | 109.65   |
| Total Expenses [F = A to E]                         | 644.84 | 656.48 | 620.01 | 694.93 | 2,616.26 |
| Total Revenue [G]                                   | 353.48 | 411.63 | 484.22 | 304.20 | 1,553.53 |
| Net Off (as taken tariff determination) [H = F – G] | 291.36 | 244.85 | 135.79 | 390.73 | 1,062.73 |

5.2.2. From the above table it may be observed that staff costs comprise approximately 80% of the total CHQ expenses. The highest growth within CHQ expenses can be seen in repairs and maintenance expenses.

### Staff Costs (CHQ)

5.2.3. The following table provides summarises the staff costs at CHQ submitted by AAI:

**Table 14: Break-up of staff costs at CHQ submitted by AAI**

| FY ending March 31 (Rs. Cr)          | 2017          | 2018          | 2019          | 2020          | Total           |
|--------------------------------------|---------------|---------------|---------------|---------------|-----------------|
| Salary and wages                     | 135.80        | 147.08        | 171.10        | 185.15        | 639.13          |
| Overtime                             | 0.99          | 0.82          | 0.84          | 1.32          | 3.97            |
| Other staff benefits                 | 312.57        | 302.94        | 173.23        | 248.61        | 1,037.34        |
| Medical expenditure                  | 23.39         | 22.02         | 22.80         | 27.95         | 96.15           |
| Retirement benefit & PF contribution | 29.11         | 62.52         | 107.18        | 79.06         | 277.88          |
| <b>Total</b>                         | <b>501.86</b> | <b>535.38</b> | <b>475.15</b> | <b>542.09</b> | <b>2,054.47</b> |

5.2.4. With respect to the apportionment of pay and allowance costs incurred at the CHQ, the Authority has the following observations:

- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority may consider a percentage share of expenses and apply it on total outflow of pay and allowances.
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports.





Considering the above facts and analysis, the Authority may take a view to exclude 20% of the payroll costs at CHQ as expenses related to support services such as ANS, and cargo, and expenses related to the Directorate of Commercial. The Authority may consider 80% of the payroll costs as aeronautical expenses.

#### Admin and General Expenses (CHQ)

5.2.5. The following table provides summarises the admin and general expenses at CHQ submitted by AAI:

**Table 15: Break-up of admin and general expenses at CHQ submitted by AAI**

| FY ending March 31 (Rs. Cr)            | 2017         | 2018         | 2019         | 2020         | Total         |
|--|--------------|--------------|--------------|--------------|---------------|
| Insurance                              | 3.15         | 5.33         | 4.76         | 16.45        | 29.68         |
| Advt. and publicity                    | 3.51         | 3.18         | 4.88         | 3.34         | 14.91         |
| Office exp.                            | 0.00         | -            | 0.89         | 11.50        | 12.40         |
| Telephone charges                      | 0.30         | 0.33         | 0.31         | 0.20         | 1.14          |
| Printing and stationary                | 0.66         | 1.05         | 1.13         | 0.96         | 3.82          |
| Legal exp.                             | 1.68         | 8.72         | 11.74        | 3.79         | 25.94         |
| Travelling exp.                        | 9.23         | 11.76        | 10.76        | 13.05        | 44.79         |
| Upkeep exp.                            | 0.50         | 0.63         | 0.20         | 0.13         | 1.46          |
| Municipal exp, rent rate and taxes     | 0.32         | 0.36         | 0.33         | 0.34         | 1.36          |
| Watch & ward exp.                      | 0.40         | 0.93         | 1.09         | 1.45         | 3.87          |
| Hiring of manpower                     | 1.47         | 1.56         | 2.04         | 2.29         | 7.36          |
| ATC admin fee and airport license fees | -            | -            | 1.40         | 6.36         | 7.76          |
| Import license, etc                    | 1.25         | 2.42         | 0.09         | 0.03         | 3.79          |
| Admission fee                          | -            | -2.24        | 4.62         | -            | 2.38          |
| Interest & borrowing cost              | 15.78        | 9.11         | 4.35         | -3.41        | 25.83         |
| AOCC exp.                              | -            | -            | -0.00        | 0.00         | 0.00          |
| Prior period exp.                      | -2.17        | -0.09        | -            | -            | -2.26         |
| Other exp.                             | 9.55         | 9.18         | 32.17        | 4.69         | 55.59         |
| <b>Total</b>                           | <b>45.63</b> | <b>52.23</b> | <b>80.77</b> | <b>61.19</b> | <b>239.82</b> |

5.2.6. With respect to the apportionment of admin and general expenses incurred at the CHQ, the Authority has the following observations:

- AAI's legal & arbitration expenses at CHQ level may need to be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority may consider excluding the same from the amount allocated to stations.
- The Authority may consider disallowing interest/penalties to Government of India at CHQ level, as stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator.

#### Repair and Maintenance (CHQ)

5.2.7. The following table provides summarises the repair and maintenance expenses at CHQ submitted by AAI:





**Table 16: Break-up of repair and maintenance expenses at CHQ submitted by AAI**

| FY ending March 31 (Rs. Cr) | 2017         | 2018         | 2019         | 2020         | Total        |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Civil                       | 2.68         | 3.89         | 4.29         | 6.16         | 17.02        |
| Electrical                  | 1.54         | 1.90         | 2.75         | 2.83         | 9.02         |
| Vehicles                    | 0.49         | 0.19         | 0.65         | 0.36         | 1.69         |
| Furniture & fixtures        | 0.20         | 0.62         | 0.01         | 0.02         | 0.84         |
| Electronics                 | 9.69         | 14.40        | 14.08        | 19.40        | 57.58        |
| <b>Total</b>                | <b>14.60</b> | <b>21.00</b> | <b>21.77</b> | <b>28.77</b> | <b>86.15</b> |

**Utilities and Outsourcing Expenses (CHQ)**

5.2.8. The following table provides summarises the utilities and outsourcing expenses at CHQ submitted by AAI:

**Table 17: Break-up of utilities and outsourcing expenses at CHQ submitted by AAI**

| FY ending March 31 (Rs. Cr)                | 2017         | 2018         | 2019         | 2020         | Total         |
|--|--------------|--------------|--------------|--------------|---------------|
| Electricity expenses                       | 2.51         | 2.73         | 3.23         | 3.16         | 11.63         |
| Consumption of stores and spares           | 0.36         | 0.38         | 2.55         | 2.34         | 5.63          |
| POL  | 0.63         | 0.58         | -            | 0.67         | 1.87          |
| Fees paid to outsiders/consultancy charges | 30.34        | 18.72        | 23.58        | 28.84        | 101.49        |
| Hire charges car/jeep & others             | 1.82         | 1.57         | 1.92         | 0.24         | 5.55          |
| <b>Total</b>                               | <b>35.66</b> | <b>23.98</b> | <b>31.29</b> | <b>35.23</b> | <b>126.17</b> |

**Other Expenses (CHQ)**

5.2.9. The following table provides summarises other expenses at CHQ submitted by AAI:

**Table 18: Break-up of other expenses at CHQ submitted by AAI**

| FY ending March 31 (Rs. Cr) | 2017        | 2018         | 2019         | 2020         | Total         |
|-----------------------------|-------------|--------------|--------------|--------------|---------------|
| Depreciation                | 7.77        | 9.61         | 11.01        | 14.01        | 42.40         |
| CSR                         | 32.91       | 14.28        | 0.02         | 13.62        | 60.83         |
| Research & Development      | 6.42        | -            | -            | -            | 6.42          |
| <b>Total</b>                | <b>47.1</b> | <b>23.89</b> | <b>11.03</b> | <b>27.63</b> | <b>109.65</b> |

**CHQ Expenses for FY 2020-21**

5.2.10. AAI has stated that the actual CHQ expenses for FY 2020-21 are not available, and that the CHQ expenses for FY 2020-21 have been estimated by taking a 10% growth rate over that of FY 2019-20. This may not be appropriate considering that airports were not fully operating due to the Covid-19 pandemic in FY 2020-21. Due to the absence of actual CHQ expenses in FY 2020-21, the Authority may consider the FY 2020-21 CHQ expenses to be 95% of the actual CHQ expenses of FY 2019-20.

**5.3. Summary of conclusions**

5.3.1. Following are the conclusions regarding staff costs at CHQ expenses:





- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority may consider a percentage share of expenses and apply it on total outflow of pay and allowances.
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. The Authority may take a view to exclude 20% of the payroll costs at CHQ as expenses related to support services such as ANS, cargo and expenses related to the Directorate of Commercial. The Authority may consider 80% of the payroll costs as aeronautical expenses.

5.3.2. Following are the conclusions regarding admin and general costs at CHQ expenses:

- AAI's legal & arbitration expenses at CHQ level may need to be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority may consider excluding the same from the amount allocated to stations.
- The Authority may consider disallowing interest/penalties to Government of India at CHQ level, as stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator.

5.3.3. AAI has stated that the actual CHQ expenses for FY 2020-21 are not available, and that the CHQ expenses for FY 2020-21 have been estimated by taking a 10% growth rate over the actual CHQ expenses of FY 2019-20. Since airports were not fully operational during the Covid-19 pandemic in FY 2020-21, this may not be appropriate. To estimate the CHQ expenses of FY 2020-21, the Authority may consider the FY 2020-21 CHQ expenses to be 95% of the actual CHQ expenses of FY 2019-20.





## 6. ALLOCATION OF O&M EXPENSES ACROSS AERO AND NON-AERO

### 6.1. Introduction to segregation of expenses

6.1.1. The following table summarizes the general principles for O&M expense categorization:

**Table 19: General principles of O&M expense categorization**

| Expense Category  | Expense Sub-Category / Description  | Expense Classification |
|-------------------|---|------------------------|
| Manpower expenses | Salary, wages & bonus; Contribution to provident fund; Staff welfare expenses; New employee expenses  | Common                 |
| A&G Expenses      | Flood related expenses; Flood mitigation expenses   | Aeronautical           |
|                   | Rent; Rates and Taxes; Communication Expense; Travelling and Conveyance; Advertisement; Office Maintenance; Printing and Stationary                               | Common                 |
|                   | Auditor's Fees; Professional Charges  |                        |
|                   | Insurance Costs; Bank Charges; Miscellaneous Expenses<br>Scrap of assets; Foreign exchange loss; General charges<br>Directors Sitting Fees; Rights Issue Expenses |                        |
| R&M Expenses      | R&M costs for buildings, Plant & Machinery and Roads, Runways and culverts  | Common                 |
| Other Expenses    | Safety & Security expenses  | Common                 |
|                   | Vehicle Running & Maintenance expenses  |                        |
|                   | House Keeping expenses  |                        |

### 6.2. Examination of segregation and allocation by AAI

6.2.1. The classification of O&M expenses by AAI was found to be in line with the general principles discussed above. However, the basis for allocation of certain common costs needs to be analysed. The principles of classification followed by the airport operator are provided in the table below.

**Table 20: Principles of classification and allocation used by AAI**

| Expense Category | Expense Sub-Category / Description   | Expense Classification   |
|------------------|--|--|
| Payroll costs    | <ul style="list-style-type: none"> <li>- Salaries and wages (basic pay, dearness allowance, and house rent allowance)</li> <li>- Overtime expenses</li> <li>- Other staff benefits (employee perks, EL encashment etc.)</li> <li>- Medical expenditure</li> <li>- Provident fund contributions</li> <li>- Staff recoveries</li> <li>- Apportionment of CHQ/RHO expenses</li> </ul> | Common. Employee head count ratio was used to allocate between aeronautical and non-aeronautical |





| Expense Category                   | Expense Sub-Category / Description   | Expense Classification  |
|------------------------------------|--|---|
| Admin & General Expenses           | <ul style="list-style-type: none"> <li>- Rent, rates, and taxes (rent on office building, import license, and taxes on vehicles)</li> <li>- Insurance (vehicle, and plant &amp; machinery insurance)</li> <li>- Advertising and publicity</li> <li>- Office expenses</li> <li>- Telephone charges</li> <li>- Printing and stationery</li> <li>- Travelling expenses</li> <li>- Financing charges (apportionment of interest on loan taken at central level)</li> <li>- Consultancy charges</li> <li>- Apportionment of admin (non-employee related overhead expenses) for CHQ/RHQ</li> </ul> | Common: <ul style="list-style-type: none"> <li>- TBLR was used for advertising</li> <li>- VEHR was used for insurance</li> <li>- EHCR was used for other expenses</li> <li>- 95% of CHQ/RHQ expenses was deemed aeronautical</li> </ul> |
|                                    | <ul style="list-style-type: none"> <li>- Legal expenses</li> </ul>   | Aeronautical  |
| R&M Expenses                       | <ul style="list-style-type: none"> <li>- R&amp;M for civil works</li> <li>- R&amp;M for electrical works</li> <li>- R&amp;M for vehicles</li> <li>- R&amp;M for furniture and fixtures</li> <li>- R&amp;M for computers, IT, and hardware</li> </ul>   | Common: <ul style="list-style-type: none"> <li>- TBLR was used for electrical works</li> <li>- VEHR was used for R&amp;M for vehicles</li> <li>- EHCR and EQTR was used for other R&amp;M expenses</li> </ul>                           |
| Utilities and outsourcing expenses | <ul style="list-style-type: none"> <li>- Power charges</li> <li>- Water charges</li> <li>- Upkeep expenses</li> </ul>  | Common: <ul style="list-style-type: none"> <li>- TBLR was used for upkeep expenses</li> <li>- Electricity ratio was used for power and water charges</li> </ul>   |
|                                    | <ul style="list-style-type: none"> <li>- Watch and ward expenses</li> </ul>  | Aeronautical  |
| Other Outflows                     | <ul style="list-style-type: none"> <li>- Consumption of stores and spares</li> <li>- POL expenses</li> <li>- Other miscellaneous expenses</li> </ul>   | Common: <ul style="list-style-type: none"> <li>- EHCR, and TBLR were used to allocate common expenses</li> </ul>  |
|                                    | <ul style="list-style-type: none"> <li>- Collection charges on UDF and PSF</li> <li>- Municipal taxes</li> <li>- Hire charges</li> </ul>   | Aeronautical  |

6.2.2. The segregation of expenses carried out by AAI seems reasonable and is in line with the principles of segregation used by other AAI airports.

6.2.3. It may be noted that AAI has allocated various sub-expenses within O&M expenses based on the following ratios:





**Table 21: Allocation ratios of common expenses as submitted by AAI**

| Particular                         | Ratios                 |
|------------------------------------|------------------------|
| Payroll Expenses                   | EHCR, 1EHCR (P&A)      |
| Admin. And General Expenses        | EHCR, TBLR, VEHR       |
| Repair and Maintenance             | EQTR, TBLR, VEHR, EHCR |
| Utilities and Outsourcing Expenses | Electricity            |
| Other Outflows                     | EHCR and TBLR          |

Where:

- EHCR – Employee Head Count Ratio
- 1EHCR (P&A) – Employee Headcount Ratio excl. the security department
- TBLR – Terminal Building Ratio
- VEHR – Vehicle Ratio
- Electricity - Electricity ratio is based on the no. of units consumed by aero and non-aero departments.

6.2.4. A summary of the allocation ratios considered to be aeronautical based on the aforementioned ratios in AAI's submission is given below:

**Table 22: Summary of allocation ratios submitted by AAI for the Second Control Period**

| Ratio (in %) | Aeronautical % |
|--------------|----------------|
| TBLR         | 94.35          |
| EHCR         | 90.90          |
| EQTR         | 93.07          |
| VEHR         | 100            |

6.2.5. A summary of the allocation ratios considered to be aeronautical based on the aforementioned ratios in AAI's submission is given below:

**Table 23: Allocation ratios approved by the Authority for the Second Control Period**

| Particulars  | % Aeronautical Expense (excl. Cargo) |
|--|--------------------------------------|
| Apportionment of Admin CHQ expenses  | 90                                   |
| Retirement benefits provided at CHQ in respect of employees at NSCBIA, Kolkata | 95                                   |
| TBLR   | 92.5                                 |
| EQTR   | 96.7                                 |

### 6.3. Conclusion

6.3.1. It may be noted that the TBLR as per AAI submission is higher than that approved by the Authority in the Second Control Period Order. Thus, the Authority may consider using the approved allocation ratios to segregate common expenses.





## 7. OVERALL SUMMARY OF THE STUDY

### 7.1. Operation and Maintenance Expenses proposed by NSCBIA, Kolkata for the Second Control Period

- 7.1.1. A comparison of actual O&M expenses in Table 2 and approved O&M expenses in Table 1 shows that actual expenses are Rs. 403.77 Cr more than what was approved.
- 7.1.2. Further review of expense sub-heads shows that AAI's submission for pay roll costs, R&M expenses, utilities and outsourcing expenses was lower than what was approved by the Authority. AAI's submission on administrative and general expenses and other outflows is higher than what was approved by the Authority in the Second Control Period.
- 7.1.3. The biggest difference between approved and actual expenses can be attributed to administrative and general expenses – CHQ. While Rs. 98.60 Cr was approved by the Authority in the Second Control Period Order, AAI submitted actuals of Rs. 334.43 Cr for the Second Control Period.
- 7.1.4. Further, it is noted that while number of PAX and ATM fell significantly during FY 2020-21, O&M expenses submitted by AAI are higher in FY 2020-21 compared to FY 2019-20. The projections for FY2020-21 are discussed separately.

### 7.2. Historical benchmarking and trend analysis

- 7.2.1. The overall O&M expenses submitted by AAI are higher than those approved by Authority in the Second Control Period order. The key reasons for these are (a) growth rates applied by AAI in projecting O&M expenses for FY2020-21 (b) apportionment of CHQ expenses of AAI to NSCBIA, Kolkata. However, O&M expenses per PAX and per ATM are lower in FY2019-20 than in FY2016-17.
- 7.2.2. R&M expenses of NSCBIA, Kolkata range from 1.85% to 3.06% of the closing gross block. This is broadly in line with other airports and seems to be reasonable.
- 7.2.3. Estimating O&M expenses for FY2020-21 by taking a 7% growth rate for payroll costs and a 10% growth rate for other O&M expenses over the actuals of FY 2019-20 is not appropriate, considering that traffic in FY 2020-21 was significantly lower due to the Covid 19 pandemic. The Authority may consider a 0% growth over FY 2019-20 expenses to estimate expenses of FY 2020-21.





### 7.3. Analysis of Apportionment of AAI's CHQ Expenses to NSCBIA, Kolkata

#### 7.3.1. Following are the conclusions regarding staff costs at CHQ expenses:

- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority may consider a percentage share of expenses and apply it on total outflow of pay and allowances.
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. Hence, the Authority may consider adjusting the pay and allowances accordingly.

#### 7.3.2. Following are the conclusions regarding admin and general costs at CHQ expenses:

- AAI's legal & arbitration expenses at CHQ level may need to be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority may consider excluding the same from the amount allocated to stations.
- The Authority may consider disallowing interest/penalties to Government of India at CHQ level, as stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator.

#### 7.3.3. AAI has stated that the actual CHQ expenses for FY 2020-21 are not available, and that the CHQ expenses for FY 2020-21 have been estimated by taking a 10% growth rate over the actual CHQ expenses of FY 2019-20. Since airports were not fully operational during the Covid-19 pandemic in FY 2020-21, this may not be appropriate. To estimate the CHQ expenses of FY 2020-21, the Authority may consider the FY 2020-21 CHQ expenses to be 95% of the actual CHQ expenses of FY 2019-20.

### 7.4. Allocation of O&M expenses across aero and non-aero

#### 7.4.1. It may be noted that the TBLR as per AAI submission is higher than that approved by the Authority in the Second Control Period Order. Thus, the Authority may consider using the approved allocation ratios to segregate common expenses.

### 7.5. Conclusion

#### 7.5.1. After the above adjustments and reallocations discussed in the previous sections, the efficient O&M expenses for the Second Control Period have been considered as per the table below:

**Table 24: Efficient O&M expenses for the Second Control Period as per the study**

| FY ending March 31 (in Rs. Cr.) | 2017 | 2018  | 2019  | 2020  | 2021  | Total  |
|---------------------------------|------|-------|-------|-------|-------|--------|
| Payroll costs – CHQ             | 4.34 | 19.89 | 41.34 | 28.85 | 28.85 | 123.26 |



Study of Operations and Maintenance Expenses of NSCBIA, Kolkata (2016-21)

| FY ending March 31 (in Rs. Cr.)                 | 2017          | 2018          | 2019          | 2020          | 2021          | Total           |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Payroll costs – non CHQ                         | 112.34        | 128.33        | 143.13        | 160.18        | 160.18        | 704.15          |
| <b>Payroll costs (A)</b>                        | <b>116.68</b> | <b>148.21</b> | <b>184.47</b> | <b>189.02</b> | <b>189.03</b> | <b>827.41</b>   |
| <b>Repair and maintenance (B)</b>               | <b>95.20</b>  | <b>61.22</b>  | <b>69.21</b>  | <b>73.18</b>  | <b>75.56</b>  | <b>374.37</b>   |
| <b>Utilities &amp; outsourcing expenses (C)</b> | <b>67.71</b>  | <b>63.84</b>  | <b>61.22</b>  | <b>63.61</b>  | <b>63.61</b>  | <b>320.00</b>   |
| Admin and general expenses – non CHQ            | 21.53         | 23.21         | 20.98         | 29.89         | 27.58         | 123.20          |
| Admin and general expenses for CHQ              | 39.04         | 29.15         | 1.66          | 68.71         | 65.28         | 203.84          |
| <b>Admin &amp; Other expenses (D)</b>           | <b>60.57</b>  | <b>52.36</b>  | <b>22.64</b>  | <b>98.6</b>   | <b>92.86</b>  | <b>327.04</b>   |
| <b>Other Outflows (E)</b>                       | <b>0.97</b>   | <b>1.12</b>   | <b>1.98</b>   | <b>2.17</b>   | <b>2.17</b>   | <b>8.41</b>     |
| <b>Total O&amp;M Expenses (A to E)</b>          | <b>341.13</b> | <b>326.75</b> | <b>339.52</b> | <b>426.58</b> | <b>423.23</b> | <b>1,857.23</b> |

7.5.2. AAI had proposed a total O&M expenditure (aeronautical) of Rs. 2,110.47 Cr. for the Second Control Period. Based on this study, the proposed O&M expenditure is Rs. 1,857.23 Cr. for the Second Control Period, thus resulting in a reduction of **Rs. 253.24 Cr.** for the Second Control Period. After making the abovementioned changes to the O&M expenses of the Second Control Period submitted by AAI, it is observed that the 4-year CAGR from FY 2015-16 to FY 2019-20 has reduced from 11.26% to 9.31%. This is primarily on account of:

- Reduction in admin and general expenses - CHQ by Rs. 130.59 Cr.
- Considering O&M expenses (other than admin and general expenses – CHQ) of FY 2020-21 to be the same as O&M expenses of FY 2019-20

