

ऐरा/20010/एमवाईटीपी/जेआईएल/सीपी-III/2021-26

AERA/20010/MYTP/JIAL/CP-III/2021-26

आदेश संख्या 03/2024-25

Order No. 03/2024-25



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

जयपुर अंतरराष्ट्रीय हवाईअड्डा, जयपुर (जेआई) के संबंध में तृतीय नियंत्रण अवधि
(01.04.2022 -31.03.2027) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में।

IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
JAIPUR INTERNATIONAL AIRPORT, JAIPUR (JAI)
FOR THE THIRD CONTROL PERIOD
(01.04.2022 - 31.03.2027)

जारी करने की तारीख : 12.07.2024

Date of Issue: 12.07.2024

तृतीय तल /3rd Floor
उड़ान भवन / Udaan Bhawan
सफदरजंग हवाईअड्डा /Safdarjung Airport
नई दिल्ली /New Delhi – 110003



TABLE OF CONTENTS

1	BRIEF ON JAIPUR INTERNATIONAL AIRPORT (JIA)	17
1.1	Background.....	17
1.2	Profile of Jaipur International Airport.....	18
1.3	Development of JIA through PPP mode	18
1.4	Cargo Operations	19
1.5	Ground handling operations	20
1.6	Fuel Facility Operations	20
2	TARIFF DETERMINATION OF JAIPUR INTERNATIONAL AIRPORT	21
2.1	Introduction	21
2.2	Authority's orders applied in tariff proposals in this Tariff Order	22
2.3	Background to tariff determination process of Jaipur International Airport.....	22
2.4	Multi Year Tariff Proposal submission	23
2.5	Construct of this Tariff Order.....	28
2.6	Studies commissioned by the Authority	30
2.7	Issuance of Consultation Paper and Stakeholder Comments	30
3	FRAMEWORK FOR TARIFF DETERMINATION FOR JAIPUR INTERNATIONAL AIRPORT FOR THE THIRD CONTROL PERIOD	32
3.1	Methodology.....	32
3.2	Revenues from Air Navigation Services (ANS)	32
3.3	Stakeholders' comments on framework for tariff determination and revenues from Air Navigation Services (ANS).....	33
3.4	JIAL's comments on framework for tariff determination and revenues from Air Navigation Services (ANS).....	33
3.5	Authority's analysis of Stakeholders' comment on framework for tariff determination and revenues from Air Navigation Services (ANS).....	34
3.6	Review of Tariff Order	35
4	TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD	36
4.1	Background.....	36
4.2	AAI's submission of True up for SCP and period from 1 st Apr'21 to 10 th Oct'21	36
4.3	Authority's examination of True up submitted by AAI for Second Control Period and pre-COD period.....	37
4.4	True up of Traffic	40
4.5	True up of CAPEX	41



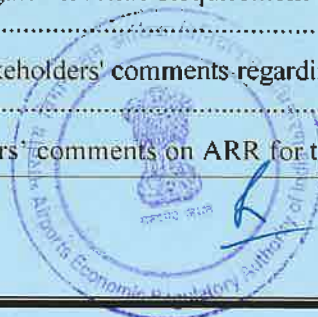
4.6	True up of Financing Allowance	54
4.7	True up of Depreciation.....	55
4.8	True up of RAB	57
4.9	True up of Fair Rate of Return	59
4.10	True up of Aeronautical Operation and Maintenance (O&M) expenses	61
4.11	True up of Non-aeronautical revenue.....	70
4.12	True up of Aeronautical Revenue.....	75
4.13	True up of Taxation	78
4.14	True up of Aggregate Revenue Requirement (ARR) for Second Control Period and the Pre-COD period.....	80
4.15	Adjusted Deemed Initial RAB.....	82
4.16	Authority's decisions regarding true up for SCP and pre-COD period (FY17 up to COD).....	84
5	TRUE UP OF JIAL FOR THE PERIOD FROM COD TILL MARCH 31, 2022....	86
5.1	Background.....	86
5.2	Airport Operator's submission of True up for the period from COD till March 31, 2022	86
5.3	Authority's examination of the true up submitted by JIAL for the period from COD till March 31, 2022	87
5.4	True up of Capital Expenditure (CAPEX)	87
5.5	True up of Financing Allowance	91
5.6	True up of Depreciation.....	92
5.7	True up of FRoR.....	94
5.8	True up of Aeronautical O&M expenses.....	96
5.9	True up of Non-aeronautical revenue (NAR).....	111
5.10	True up of Aeronautical Revenue.....	113
5.11	True up of Taxation	114
5.12	True up of ARR	115
5.13	Authority's decisions regarding True up for the period from COD till March 31, 2022	117
6	TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD.....	119
6.1	JIAL's submission regarding Traffic projections for the Third Control Period.....	119
6.2	Authority's examination regarding JIAL's submission of Traffic for the Third Control Period at Consultation stage.....	120
6.3	Stakeholders' comments on Traffic for the Third Control Period	128
6.4	JIAL's responses to Stakeholders' comments regarding Traffic for the Third Control Period ...	132
6.5	Authority's analysis of Stakeholders' comments on Traffic for the Third Control Period.....	133
6.6	Authority's decisions regarding Traffic for the Third Control Period	136
7	CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY	



	ASSET BASE (RAB) FOR THE THIRD CONTROL PERIOD.....	138
7.1	Background.....	138
7.2	JIAL's submission of Capital Expenditure proposed for the Third Control Period	140
7.3	Authority's examination of Capex, Depreciation and RAB for the Third Control Period	140
7.4	Capital addition for third control period.....	199
7.5	Depreciation for the Third Control Period	202
7.6	Regulatory Asset Base (RAB) for the Third Control Period.....	207
7.7	Stakeholder's comments on Capex, Depreciation and RAB for the Third Control Period.....	208
7.8	JIAL's responses to stakeholder's comments on Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for Third Control Period	234
7.9	Authority's Analysis on stakeholder's comments on Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for Third Control Period.....	235
7.10	Authority's decisions regarding CAPEX, Depreciation and RAB for Third Control Period	247
8	FAIR RATE OF RETURN (FROR) FOR THE THIRD CONTROL PERIOD	249
8.1	JIAL's submission of FRoR for the Third Control Period	249
8.2	Authority's Examination of FRoR for the Third Control Period at the Consultation stage.....	250
8.3	Stakeholders' comments on FRoR for the Third Control Period.....	251
8.4	JIAL's responses to Stakeholders' comments regarding FRoR for the Third Control Period.....	260
8.5	Authority's analysis of Stakeholders' comments on FRoR for the Third Control Period.....	260
8.6	Authority's decisions regarding FRoR for the Third Control Period.....	266
9	INFLATION FOR THE THIRD CONTROL PERIOD	267
9.1	JIAL's submission regarding Inflation for the Third Control Period	267
9.2	Authority's examination regarding Inflation for the Third Control Period.....	267
9.3	Stakeholders' comments on Inflation for the Third Control Period	267
9.4	JIAL's responses to Stakeholders' comments regarding Inflation for the Third Control Period .	268
9.5	Authority's analysis of Stakeholders' comments on Inflation for the Third Control Period	268
9.6	Authority's decisions relating to inflation for the Third Control Period.....	268
10	OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE THIRD CONTROL PERIOD	269
10.1	JIAL's submission of Operation and Maintenance (O&M) Expenses for the Third Control Period	269
10.2	Authority's examination of Operation and Maintenance (O&M) Expenses for the Third Control Period at Consultation stage	272
10.3	Stakeholders' comments on Operating Expenses for the Third Control Period.....	306
10.4	JIAL's responses to Stakeholders' comments regarding Operating Expenses for the Third Control Period.....	317
10.5	Authority's analysis of Stakeholders' comments on O&M expenses for the Third Control Period	



.....	318
10.6 Authority's decisions regarding Aeronautical O&M expenses for Third Control Period	323
11 NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD ..	324
11.1 JIAL's submission of Non-aeronautical revenue for the Third Control Period	324
11.2 Authority's examination regarding Non-aeronautical revenue for the Third Control Period at the Consultation Stage	325
11.3 Stakeholders' comments on Non-aeronautical revenue for the Third Control Period	332
11.4 JIAL's response to Stakeholders' comments on Non-aeronautical revenue for the Third Control Period	335
11.5 Authority's analysis of Stakeholders' comments on Non-aeronautical Revenue for Third Control Period	336
11.6 Authority's decisions relating to Non-aeronautical revenue for the Third Control Period	338
12 TAXATION FOR THE THIRD CONTROL PERIOD	339
12.1 JIAL's submission of Taxation for the Third Control Period	339
12.2 Authority's examination of Taxation for the Third Control Period at the Consultation Stage	339
12.3 Stakeholders' comments on Taxation for the Third Control Period	340
12.4 JIAL's response to Stakeholder's comments	342
12.5 Authority's analysis of Stakeholders' comments on Taxation for the Third Control Period	342
12.6 Authority's decisions regarding Taxation for the Third Control Period	343
13 QUALITY OF SERVICE FOR THE THIRD CONTROL PERIOD	344
13.1 JIAL's submission relating to Quality of Service	344
13.2 Authority's examination regarding Quality of Service for the Third Control Period at the Consultation Stage	344
13.3 Stakeholders' comments on Quality of Service for the Third Control Period	345
13.4 JIAL's response to Stakeholder's comments	345
13.5 Authority's analysis of stakeholders' comments on Quality of Service for the Third Control Period	346
13.6 Authority's decisions relating to Quality of Service for the Third Control Period	346
14 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD	347
14.1 JIAL's submission of ARR for the Third Control Period	347
14.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the Third Control Period at the Consultation Stage	347
14.3 Stakeholders' comments on Aggregate Revenue Requirement (ARR) for the Third Control Period	349
14.4 JIAL's and AAI's responses to Stakeholders' comments regarding ARR for the Third Control Period	356
14.5 Authority's analysis of Stakeholders' comments on ARR for the Third Control Period	360



14.6	Authority's decisions regarding Aggregate Revenue Requirement (ARR) for the Third Control Period.....	366
15	SUMMARY OF AUTHORITY'S DECISIONS.....	367
	Chapter 4: True up of AAI for the Second Control period from FY 2017 till COD	367
	Chapter 5: True up of JIAL for the period from COD till March 31, 2022	367
	Chapter 6: Traffic Projections for the Third Control Period.....	368
	Chapter 7: Capital Expenditure (Capex), Depreciation and RAB for the Third Control Period	368
	Chapter 8: Fair Rate of Return (FRoR) for the Third Control Period	368
	Chapter 9: Inflation for the Third Control Period	368
	Chapter 10: Operation and Maintenance Expenses for the Third Control Period	369
	Chapter 11: Non-aeronautical revenue for the Third Control Period	369
	Chapter 12: Taxation for the Third Control Period.....	369
	Chapter 13: Quality of Service for the Third Control Period	369
	Chapter 14: Aggregate Revenue Requirement (ARR) for the Third Control Period	369
16	TARIFF ORDER	370
17	ANNEXURES	371
17.1	Annexure 1: Tariff Card	371
17.2	Annexure 2 – Summary of study on allocation of assets between Aeronautical and Non-aeronautical assets.....	396
17.3	Annexure 3 - Summary of study on efficient Operation and Maintenance expenses	406
17.4	Annexure 4 – Clauses of the Concession Agreement entered between AAI and JIAL	412
17.5	Annexure 5 – List of Strategic Projects submitted by JIAL.....	433
18.	APPENDICES	434

भा.वि.आ.वि.प्रा.

AERA



LIST OF TABLES

Table 1: Shareholding pattern of JIAL	17
Table 2: Technical and Terminal Building details of JIA submitted by JIAL	18
Table 3: Chronology of AERA orders with regard to extension of tariff at JIA	23
Table 4: Sequence of events regarding true up submissions by AAI	24
Table 5: Sequence of events regarding true up and MYTP submissions by JIAL	24
Table 6: Services provided to JIAL by related parties	26
Table 7: Stakeholder who commented on each proposal/matter discussed during Consultation process of Jaipur International Airport	31
Table 8: Submission of True up by AAI for the SCP and Pre-COD period from FY' 17 to COD	37
Table 9: AAI's submission for True up of traffic for the Second Control Period for JIA	40
Table 10: Passenger traffic and ATM approved by the Authority for the Second Control Period.....	41
Table 11: RAB for Second Control Period as per AAI's Submission.....	41
Table 12: Allocation of assets as per AAI's submission	42
Table 13: Allocation ratios as per AAI's submission.....	43
Table 14: RAB as approved by Authority in the Tariff Order for Second Control Period (Table 31 of the Order)	44
Table 15: Allocation Ratios proposed by the Authority at Consultation Stage.....	45
Table 16: Opening RAB of Second Control Period approved by AERA in the Second Control Period Order.....	46
Table 17: Capital additions submitted by AAI for the SCP and Pre-COD Period for JIA	47
Table 18: Reconciliation of Additions considered in the Second Control Period Order and Actuals incurred by AAI.....	47
Table 19: Impact due to reclassification of AAI assets proposed by the Authority at Consultation Stage	51
Table 20: Reclassification of assets capitalized in the Second Control Period and Pre-COD Period proposed by the Authority at Consultation Stage.....	51
Table 21: Gross Block proposed by the Authority for Second Control Period and Pre COD period at Consultation Stage.....	54
Table 22: Impact on depreciation due to reclassification of AAI assets for the SCP and pre-COD period	56
Table 23: Depreciation considered by the Authority for True up of the SCP and Pre-COD Period at Consultation Stage.....	56
Table 24: Adjusted RAB submitted by AAI and proposed by the Authority post re-classification for SCP and pre-COD period at the Consultation Stage.....	57
Table 25: Joint Asset Reconciliation Statement of AAI and JIAL as on COD.....	58
Table 26: Determination of Deemed Initial RAB by the Authority at Consultation Stage.....	59
Table 27: Pro-rated FRoR for FY'22 considered by the Authority for true up of pre-COD period at Consultation Stage.....	60
Table 28: O&M expenses submitted by AAI for True up of the SCP and Pre-COD Period.....	62
Table 29: Aeronautical O&M expenses approved by the Authority for the Second Control Period at the Consultation Stage.....	62
Table 30: CHQ/ RHQ expenses proposed by the Authority as part of True up of O&M expenses for the Second Control Period and pre-COD period at Consultation Stage.....	67
Table 31: Adjusted R&M expenses proposed by the Authority for True up of the Second Control Period and Pre-COD period.....	68
Table 32: Impact of proposed reallocation of AAI's Aeronautical O&M expenses as per the independent study conducted by the Authority	69
Table 33: Aeronautical O&M expenses considered by the Authority for True up of the Second Control Period and Pre-COD period at the Consultation Stage.....	69
Table 34: Non-aeronautical revenue submitted by AAI for SCP and up to Pre-COD period.....	71
Table 35: Comparison of Actual NAR with Projections submitted by AAI for the Second Control Period and Pre-COD period.....	71
Table 36: Breakup of "Space rentals collected from Airlines" as shared by AAI.....	72
Table 37: Total Non-Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period.....	72



LIST OF TABLES

Table 38: Aeronautical revenue as per AAI for the Second Control Period and Pre-COD period	76
Table 39: Comparison of Actual Aeronautical revenue and Projections submitted by AAI for the Second Control Period and Pre-COD Period	76
Table 40: Total Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period...	77
Table 41: Taxation submitted by AAI for the Second Control Period and Pre-COD period	78
Table 42: Taxation proposed by the Authority for the Second Control Period and Pre-COD period	79
Table 43: ARR proposed by the Authority for Second Control Period and Pre-COD Period at Consultation Stage	80
Table 44: Determination of Adjusted Deemed Initial RAB as on COD by the Authority	82
Table 45: Determination of Adjusted Deemed Initial RAB as on Specified and Future Payment Dates.....	83
Table 46: True Up submitted by JIAL from COD till March 31, 2022.....	86
Table 47: Additional items included in RAB by JIAL from COD till March 31, 2022	87
Table 48: Revised Additional items included in RAB by JIAL from COD till March 31, 2022	87
Table 49: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022	89
Table 50: Impact on Depreciation post reclassification and revised useful life by the Authority	93
Table 51: Depreciation impact due to Reclassification of Asset Additions (Post-COD Period).....	93
Table 52: Average RAB considered by the Authority from COD till March 31, 2022 at Consultation Stage...	94
Table 53: FRoR proposed by the Authority from COD to March 31, 2022 at Consultation Stage.....	95
Table 54: O&M expenses submitted by JIAL for the period from COD till March 31, 2022	96
Table 55: Bank & Finance Charges considered by the Authority for Post COD Period at Consultation Stage.	96
Table 56: Pre-COD expenses proposed by the Authority for the Third Control Period at Consultation Stage .	98
Table 57: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses	106
Table 58: Reallocated Aeronautical O&M expenses of JIAL from COD to March 31, 2022	106
Table 59: R&M expenses of JIAL considered by the Authority for True up from COD till March 31, 2022 at Consultation Stage.....	107
Table 60: Aeronautical O&M expenses considered by the Authority for True up from COD till March 31, 2022 at Consultation Stage	107
Table 61: NAR submitted by JIAL for True up from COD till March 31, 2022	111
Table 62: NAR proposed by the Authority for True up from COD till March 31, 2022 at Consultation Stage	112
Table 63: Aeronautical Revenue submitted by JIAL for True up from COD till March 31, 2022	113
Table 64: Aeronautical Revenue proposed by the Authority for True up from COD till March 31, 2022 at Consultation Stage.....	113
Table 65: Taxation proposed by the Authority for true up (COD till 31st March 2022) at Consultation Stage	114
Table 66: Taxation decided by the Authority for true up (COD till 31st March 2022).....	115
Table 67: ARR and Shortfall proposed by the Authority (COD till March 31, 2022) at Consultation Stage...	115
Table 68: ARR decided by the Authority for True up of Second Control Period post-COD.....	116
Table 69: Historical passenger, ATM and Cargo traffic at Jaipur International Airport.....	119
Table 70: Traffic and growth (%) Y-o-Y proposed by JIAL.....	119
Table 71: Cargo volumes to be handled by JIAL out of the total cargo traffic during the Third Control Period	120
Table 72: Traffic growth rates (Y-o-Y) submitted by JIAL, after adjustment of exempt traffic.....	120
Table 73: Exempt traffic considered by the Authority for the Third Control Period at Consultation stage.....	121
Table 74: CAGR for passenger traffic, ATM, and Cargo	122
Table 75: Comparison of Passenger, ATM and Cargo traffic at JIA of FY2019-20 vs FY 2022-23.....	123
Table 76: Comparison of Actual and Forecasted Passenger, ATM, Cargo traffic submitted by JIAL for FY'23 and FY'24.....	123
Table 77: FY 24 Forecasts for Passenger, ATM, and Cargo proposed by Authority at Consultation stage	124
Table 78: FY 25 Forecasts for Passenger, ATM, and Cargo proposed by Authority at Consultation stage	124
Table 79: Traffic proposed to be considered by the Authority for the TCP at the Consultation Stage	125
Table 80: Traffic decided by the Authority for the Third Control Period	134
Table 81: Asset-wise Aero Capex submitted by JIAL for the Third Control Period	140
Table 82: Project wise Capital Expenditure submitted by JIAL for the Third Control Period	141



LIST OF TABLES

Table 83: Details of Total CAPEX as submitted by JIAL.....	145
Table 84: Inflation Adjusted normative rates for the Terminal Building at Consultation stage.....	148
Table 85: Inflation adjusted Normative Cost considered by the Authority at Consultation stage	148
Table 86: JIAL's submission on Elevated Departure and Arrival Road for new T-III	151
Table 87: Cost towards T-I modification submitted by JIAL.....	154
Table 88: Cost of Terminal-I works proposed by the Authority at Consultation stage.....	154
Table 89: Cost towards Terminal-II modification submitted by JIAL	155
Table 90: Cost for Terminal-II renovation and upgradation plan proposed by the Authority at Consultation stage.....	156
Table 91: Cost of Runways, Taxiways and Apron related works proposed by the Authority at Consultation stage.....	159
Table 92: Item-wise BOQ submitted by JIAL for the proposed Capex	163
Table 93: Revised cost of Interim Cargo Terminal proposed by the Authority	164
Table 94: Air Cargo demand projections, capacity of JIAL facility submitted by JIAL.....	165
Table 95: Cost proposed by JIAL towards ICC Facility	165
Table 96: Cost proposed by Authority towards ICC Facility	166
Table 97: Fuel Tank capacity Assessment submitted by JIAL.....	167
Table 98: Fuel storage days at JIAL for third control period	167
Table 99: Fuel farm cost proposed by Authority vis a vis JIAL.....	168
Table 100: Cost proposed toward Vehicles by the Authority for the Third Control Period at Consultation stage.....	169
Table 101 Details of landscape capex for third control period at Consultation stage	171
Table 102: Cost proposed toward Plant & Machinery by the Authority for the Third Control Period at Consultation stage	171
Table 103: Cost of administrative building as per JIAL and proposed by the Authority.....	174
Table 104: Capex proposed toward Other Buildings by the Authority for Third Control Period at Consultation stage.....	175
Table 105: Capex proposed toward IT equipment by the Authority for Third Control Period at Consultation stage.....	176
Table 106 Capital Expenditure proposed by the Authority for the Third Control Period at Consultation stage.....	179
Table 107: CWIP capitalization details submitted by JIAL	193
Table 108: The FA and IDC submitted by JIAL	194
Table 109: The IDC proposed by the Authority for the Third Control Period.....	196
Table 110: Summary of the CAPEX considered by the Authority for Third Control Period at Consultation stage.....	196
Table 111: The asset wise allocation for asset addition proposed in Third Control Period	199
Table 112: Capitalization schedule proposed by the Authority for the Third Control Period at Consultation stage.....	199
Table 113: Year wise details for Regulatory Asset Base proposed by the Authority for Third Control Period at Consultation stage	200
Table 114: Depreciation rates determined by JIAL for the Third Control Period.....	203
Table 115: Depreciation submitted by JIAL for the Third Control Period	203
Table 116: Useful Life proposed by the Authority for all the assets in the Third Control Period	206
Table 117: Aeronautical depreciation proposed by the Authority for the Third Control Period at Consultation stage.....	206
Table 118: Depreciation claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	207
Table 119: RAB proposed by JIAL for Jaipur International Airport for the Third Control Period	207
Table 120: RAB proposed by the Authority for JIA for the Third Control Period at Consultation stage	208
Table 121: Asset head wise analysis and observation regarding soft cost	238
Table 122 Aeronautical Capital Expenditure decided by the Authority for Third Control Period.....	244
Table 123 Aeronautical Depreciation decided by the Authority for Third Control Period.....	246
Table 124 RAB decided by the Authority for Third Control Period.....	247



Table 125: Cost of equity computation as per JIAL's submission.....	249
Table 126: Breakdown of all-in External Commercial Borrowing cost of Adani Airport Holdings Limited ..	249
Table 127: FRoR computation submitted by JIAL	250
Table 128: Computation of Cost of equity as per IIM Bangalore independent study reports	250
Table 129: Fair Rate of Return proposed by the Authority for the Third Control Period at Consultation Stage	251
Table 130: Weighted Average Yield computed based on the Debenture issued.....	264
Table 131: Weighted Average Yield based on corporate bond transactions in FY 2023-24	264
Table 132: CPI inflation rate submitted by JIAL	267
Table 133: WPI inflation rates as per RBI's annual forecast	267
Table 134: Inflation rates proposed by the Authority for Third Control Period.....	267
Table 135: Inflation rates decided by the Authority for Third Control Period.....	268
Table 136: Details of increase in the Terminal Building area projected by JIAL	269
Table 137: O&M expenses (category wise) claimed by JIAL for the Third Control Period.....	269
Table 138: Segregation of O&M expenses and basis of allocation as per JIAL's submission	270
Table 139: Total Aeronautical Operation and Maintenance expenses submitted by JIAL	270
Table 140: Growth rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period ..	271
Table 141: One-time Escalation rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period	272
Table 142: Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage	276
Table 143: One-time escalation claimed by JIAL and Increase % Proposed by the Authority at Consultation stage.....	277
Table 144: Department-wise Select employees of AAI deputed to JIA as submitted by JIAL at Consultation stage.....	278
Table 145: Manpower cost of AAI employees claimed by JIAL and proposed by the Authority at Consultation stage.....	279
Table 146: Dept. wise Head Count of Employees as per JIAL's submission for the Third Control Period	281
Table 147: Headcount of Aeronautical employees of JIA for the Period from FY'17 to FY'20	285
Table 148: Estimated Passenger and ATM traffic of Jaipur International Airport	285
Table 149: Employee Head Count of JIAL and revised EHCR proposed by the Authority for the Third Control Period at Consultation stage	287
Table 150: Manpower cost of Aero employees proposed by the Authority for the Third Control Period at Consultation stage	289
Table 151: Utility expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	290
Table 152: IT expense of JIAL as proposed by the Authority for the Third Control Period at Consultation stage.....	291
Table 153: Rates and Taxes of JIAL as proposed by the Authority for the Third Control Period	292
Table 154: Security expense of JIAL as proposed by the Authority for the Third Control Period.....	293
Table 155: Actual Corporate Cost incurred with allocation basis submitted by JIAL for FY'22	294
Table 156: Corporate Cost Allocation expenses claimed by JIAL and Proposed by the Authority at Consultation stage	295
Table 157: Admin expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	296
Table 158: Insurance expenses claimed by JIAL and proposed by the Authority for the Third Control Period	297
Table 159: R&M on Opening Net block of Assets claimed by JIAL and Proposed by the Authority for the Third Control Period at Consultation stage	298
Table 160: Other Opex claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	299
Table 161: Runway Recarpeting expenses claimed by JIAL and allowed by the Authority for the Third Control Period at Consultation stage	300
Table 162: Fuel O&M expenses claimed by JIAL for each FY for the Third Control Period.....	301



LIST OF TABLES

Table 163: Fuel Opex claimed by JIAL and allowed by the Authority for the Third Control Period at Consultation stage	301
Table 164: Cargo O&M expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	303
Table 165: Working Capital Interest, Annual Fees for PBG and Finance Charges claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage	305
Table 166: Total Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage	305
Table 167: Growth rates in Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage	306
Table 168: Total Aeronautical O&M expenses decided by the Authority for the Third Control Period	322
Table 169: Non-aeronautical revenue submitted by JIAL for the Third Control Period	325
Table 170: Year wise NAR earned by AAI and projected by JIAL	327
Table 171: Breakup of revenue from space rentals for FY 2022-23	329
Table 172: Adjustment to Revenue from Non-Aeronautical Services considered by the Authority for FY 2022-23	330
Table 173: Total Non-aeronautical revenues estimated by the Authority for Third Control Period at Consultation Stage	331
Table 174: Non-aeronautical revenues proposed by the Authority for the Third Control Period at Consultation Stage	331
Table 175: Non-Aeronautical Revenue decided by the Authority for the Third Control Period	338
Table 176: Taxation submitted by JIAL for the Third Control Period	339
Table 177: Taxation proposed by the Authority for the Third Control Period at Consultation Stage	340
Table 178: Taxation decided by the Authority for the Third Control Period	343
Table 179: ASQ rating for Jaipur International Airport for the years 2017-2023	344
Table 180: ARR submitted by JIAL for the Third Control Period	347
Table 181: ARR proposed by the Authority for the Third Control Period at Consultation stage	349
Table 182: ARR decided by the Authority for the Third Control Period	364
Table 183: Projected Aeronautical Revenue decided by the Authority for Third Control Period	365
Table 184: The ratio of Aeronautical to Non-aeronautical considered by the Study for the period from FY'17 to FY'22	397
Table 185: Impact due to reclassification of AAI assets as per Study	399
Table 186: Impact on depreciation due to reclassification of AAI assets	399
Table 187: Adjusted RAB derived by the Authority post reclassification	400
Table 188: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022	402
Table 189: Useful Life proposed by JIAL and the Authority	402
Table 190: Impact on Depreciation due to Reclassification of Asset Additions by JIAL and Revised Useful Life as per the Authority from COD till March 31, 2022	403
Table 191: Total Impact on Depreciation due to Reclassification of Asset Additions from COD till March 31, 2022	403
Table 192: Average RAB considered by the Authority from COD till March 31, 2022	404
Table 193: Revised Gross block of Assets up to COD as per the Study report	404
Table 194: Revised Gross block of Assets as on March 31, 2022 as per the Study	405
Table 195: Aeronautical O&M expenses of JIA for the Second Control Period - Approved vs. Actuals	406
Table 196: Segregation ratio for O&M expenses as per AAI's submission	408
Table 197: Revised segregation ratio for O&M expenses as per the study	408
Table 198: O&M expenses submitted by AAI and as per Study for the SCP and pre-COD Period	408
Table 199: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses	409
Table 200: Year-wise summary of reclassification and other adjustments to Aero O&M expenses	410



List of Figures

Figure 1: Ownership Structure	17
Figure 2: Proposed location of Terminal-III.....	149
Figure 3: Elevated Access and Egress Corridor	151
Figure 4: STP for Terminal-III	152
Figure 5: Details of North West Apron for NITB	153
Figure 6: Change in SBI MCLR during the period from FY 2021-22 to FY 2023-24.....	265
Figure 7: Year wise NAR earned by AAI and projected by JIAL.....	327
Figure 8: Year-wise NAR per passenger earned by AAI and projected by JIAL.....	328



भा.वि.आ.वि.प्रा.
AERA



GLOSSARY

Abbreviation	Full Form
A&G	Administrative & General
AAHL	Adani Airport Holdings Limited
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
ACI	Airports Council International
ADP	Automatic Data Processing
AERA / The Authority	Airports Economic Regulatory Authority of India
AERA Act	Airports Economic Regulatory Authority of India Act, 2008
AEL	Adani Enterprises Limited
AFS	Air Freight Station
AIC	Aeronautical Information Circulars
ANS	Air Navigation Services
AO	Airport Operator
AOCC	Airport Operations Control Centre
ARFF	Aircraft Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASQ	Airport Service Quality
Asset Allocation Study Report	Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport
ATC	Air Traffic Control
ATF	Aviation Turbine Fuel
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BDDS	Bomb Detection and Disposal Squad
BHS	Baggage Handling System
BIAL	Bangalore International Airport Limited
BOQ	Bill of Quantities
BPCL	Bharat Petroleum Corporation Limited
Cr.	Crores
CA	Concession Agreement
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAO	Chief Airport Officer
CAPEX	Capital Expenditure
CAR	Civil Aviation Regulations
CBR	California Bearing Ratio
CFT	Crash Fire Tender



Abbreviation	Full Form
CGF	Cargo Facility, Ground Handling and Supply of Fuel to Aircraft
CHQ	Corporate Headquarters
CIAL	Cochin International Airport Limited
CISF	Central Industrial Security Force
CNS	Communication, Navigation and Surveillance
COD	Commercial Operation Date
CP	Consultation Paper
CPWD	Central Public Works Department
CSR	Corporate Social Responsibility
CUSS	Common User Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Works in Progress
DG Sets	Diesel Generator Sets
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DSR	Delhi Schedule of Rates
DVOR	Doppler Very High Frequency Omni Range
EHCR	Employee Head Count Ratio
e-PoS	Electronic Point of Sale
ESS	Environmental Support Services
ETD	Explosive Trace Detectors
FA	Financing Allowance
FAR	Fixed Asset Register
FCP	First Control Period
FICCI	Federation of Indian Chambers of Commerce and Industry
FIDS	Flight Information Display System
FOD	Foreign Object Debris
FRoR	Fair Rate of Return
FTC	Fuel Throughput Charge
FY	Financial Year
GA	General Aviation
GBR	Gross Block Ratio
GDP	Gross Domestic Product
GHA	Ground Handling Agent
GHIAL	GMR Hyderabad International Airport Limited
Gol	Government of India
GSE	Ground Support Equipment
GST	Goods and Services Tax
HIAL	Hyderabad International Airport Limited



Abbreviation	Full Form
HPCL	Hindustan Petroleum Corporation Limited
HR	Human Resources
HVAC	Heat Ventilation and Air Conditioning
IAF	Indian Air Force
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICD	Inland Container Depot
ICT	Integrated Cargo Terminal
IDC	Interest During Construction
ILBS	Inline Baggage Screening
ILS	Instrument Landing System
IMG	Inter-Ministerial Group
INR	Indian Rupee
IOCL	Indian Oil Corporation Limited
IT	Information Technology
JIA	Jaipur International Airport
JIAL	Jaipur International Airport Limited
KL	Kilo Litres
KLD	Kilo Litres per day
LED	Light Emitting Diode
LIAL	Lucknow International Airport Limited
LOA	Letter of Award
MESS	Mechanized Environmental Support Services
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MPPA	Million Passengers per Annum
MYTP	Multi-Year Tariff Proposal
MIAL	Mumbai International Airport Limited
MT	Metric Tonne
NAR	Non-aeronautical revenue
NITB	New Integrated Terminal Building
O&M	Operation and Maintenance
O&M study report	Study on Efficient Operations & Maintenance expenses for Jaipur International Airport
OMCs	Oil Marketing Companies
OPEX	Operating Expenditure
ORAT	Operational Readiness and Airport Transfer
OVS	Oil Water Separator
PAX	Passenger



Abbreviation	Full Form
PBB	Passenger Boarding Bridge
PBG	Performance Bank Guarantee
PBT	Profit Before Tax
PCN	Pavement Classification Number
PHP	Peak Hour Passenger
PIDS	Perimeter Intrusion Detection System
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
PV	Present Value
QSD	Quality and Service Delivery
QTR	Quarters Ratio
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RBI	Reserve Bank of India
RCS	Regional Connectivity Scheme
RESA	Runway End Safety Area
RFP	Request for Proposal
RHQ	Regional Headquarters
Rs.	Rupees
Sq.m.	Square Metre
SCP	Second Control Period
SITC	Supply, Installation, Testing & Commissioning
SPV	Special Purpose Vehicle
STP	Sewage Treatment Plant
TB	Terminal Building
TB Ratio	Terminal Building Ratio
TCP	Third Control Period
UDF	User Development Fees
VDGS	Visual Docking Guidance System
WDV	Written Down Value
WIP	Work In Progress
WPI	Wholesale Price Index
XBIS	X-ray Baggage Inspection System
YPP	Yield per Passenger
Y-o-Y	Year on Year
YTD	Year to Date



1 BRIEF ON JAIPUR INTERNATIONAL AIRPORT (JIA)

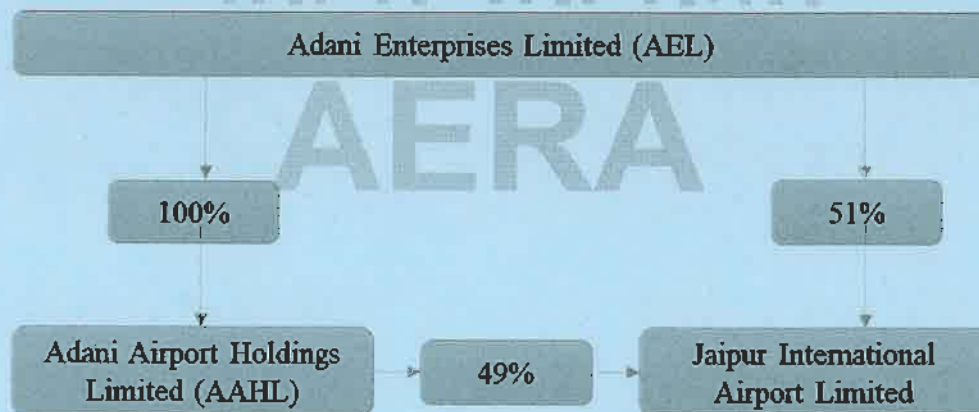
1.1 Background

- 1.1.1 Jaipur International Airport (IATA: JAI, ICAO: VIJP), situated about 13 km south of Jaipur City, is an International Airport serving the capital of Rajasthan. It is the only International Airport in Rajasthan and was granted the status of an international airport on December 29, 2005. It stood as the 11th busiest airport in India in terms of daily scheduled flight operations, in FY2022-23.
- 1.1.2 JIA has single runway with orientation 09-27 and is ILS CAT III-B compliant. It can accommodate aircraft up to Category 4E. JIA is connected by direct flights to major cities in the Middle East and South-East Asia, apart from multiple daily flights to all major cities in India.
- 1.1.3 JIA became the 11th busiest airport in India in FY23, with passenger traffic of 4.76 MPPA. It was the 13th busiest airport during FY 2019-20 (pre-COVID period) and 14th busiest airport during FY 2020-21¹. As per the passenger mix, the domestic passengers during FY 2022-23 were 4.36 MPPA (91% of total passenger traffic) and international passengers during FY 2022-23 were 0.40 MPPA (9% of total passenger traffic). During FY 2023-24 JIA handled total passenger traffic of 5.46 MPPA, comprised of 0.41 MPPA International passengers (7.5% of total passenger traffic) and 5.05 MPPA Domestic passengers (92.5% of total passenger traffic).
- 1.1.4 JIA is currently operated and managed by Jaipur International Airport Limited (JIAL) (Airport Operator), a Special Purpose Vehicle (SPV), promoted and incorporated by Adani Enterprises Limited (AEL). AEL has incorporated a 100% subsidiary named Adani Airport Holdings Limited (AAHL). As on date, AEL holds 100% shareholders equity in JIAL, directly or indirectly through AAHL. The current shareholding pattern of JIAL is shown in the table below:

Table 1: Shareholding pattern of JIAL

S.no.	Name of Shareholder	% Shareholding
1	Adani Enterprises Limited (AEL)	51%
2	Adani Airport Holdings Limited (AAHL)	49%
	TOTAL	100%

Figure 1: Ownership Structure



¹ As per data on top 50 busiest airports for FY 2019-20 and FY 2020-21, published by AAI



1.2 Profile of Jaipur International Airport

- 1.2.1 JIA is a Major Airport as per the definition of Major Airport under section 2(i) of the Airports Economic Regulatory Authority of India Act, 2008 (read with AERA Amendment Act 2019 and AERA Amendment Act 2021).
- 1.2.2 Technical and Terminal Building details of JIA submitted by JIAL are provided in the table below:

Table 2: Technical and Terminal Building details of JIA submitted by JIAL

Particulars	Details
Total airport area	776.19 acres Carved Out approx. 11.08 Acres Demised approx. 765.11 Acres
Total covered area of Terminal Building including other operational buildings	Existing area – Terminal I - 11,529 Sq.m. (non-operational) Terminal II - 29,246 Sq.m.
Designated Passenger Handling Capacity	Existing 5 MPPA (Terminal II)
Main Runway orientation and length (currently in use for all commercial flights)	Runway 09/27, dimension 3407m x 45m Category 4E
Apron	<ul style="list-style-type: none"> ➤ Apron C : 14 nos. bays (total) <ul style="list-style-type: none"> ○ Code E: 3 nos. bays (B747/A346) ○ Code D: 3 nos. bays (B767) ○ Code C: 4 nos. bays (A321/B737) + 4 nos. bays (ATR72/Q400) ➤ Apron D : 19 nos. bays <ul style="list-style-type: none"> ○ Code C: 19 nos. bays (A321/B737)
Boarding Bridges	2 Contact Boarding Bridges + 4 Remote Boarding Gates
Security Gates	Domestic - 5 and International - 2

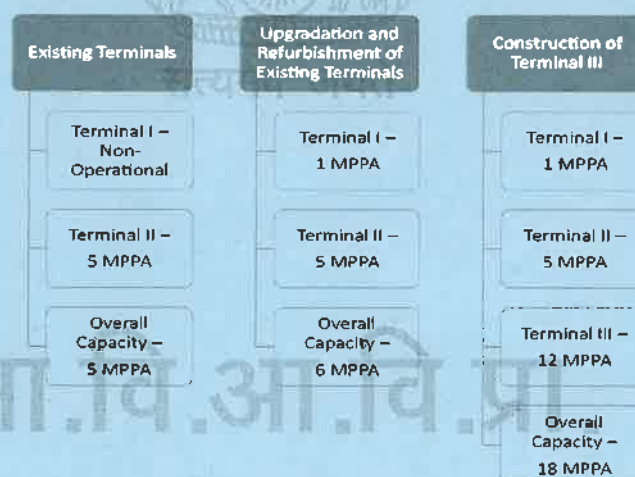
1.3 Development of JIA through PPP mode

- 1.3.1 JIA was operated by the Airports Authority of India (AAI) which had entered into a Concession Agreement with Jaipur International Airport Limited (Airport Operator) on January 19, 2021, for the Operation, Management and Development of JIA for a period of 50 years from the Commercial Operation Date (COD). The COD was achieved on October 11, 2021, in accordance with the terms and conditions mentioned in the Concession Agreement. In consideration for the grant of such concession, the Airport Operator shall pay the AAI a monthly concession fee during the concession period, namely, specified amount of 'Per Passenger' fee for both domestic and international passengers (refer to Para 2.b.iv of Annexure 4 in Chapter 17 for the relevant clause of the Concession Agreement).
- 1.3.2 However, as per the relevant provisions of the Concession Agreement and MoU dated August 25, 2021, only the AAI and other designated GoI agencies, shall be authorized to undertake the 'reserved services' at the airport, namely, CNS/ATM services, Security services, Meteorological services, Mandatory health services, Customs control, Immigration services, Quarantine services and any other services as may be notified by GoI (refer to Para 2.b.iv of Annexure 4 of Chapter 17 for the relevant clause of the Concession Agreement).



- 1.3.3 Jaipur International Airport has two terminals. Terminal I located at south side of the runway, currently is non-operational and Terminal II, located at north side of runway, handles all domestic and international passenger operations. The terminal I has an area of approximately 11,529 sqm and having passenger handling capacity of 400 Peak Hour Passengers (PHP). Refurbishment works for Terminal I was commissioned in 2019 by AAI and is expected to cater international traffic up to FY'27 with minor upgradation. Terminal II, with an area of approximately 29,246 sqm with handling capacity of around 900 passengers, is an integrated terminal and handles domestic & international passengers. Terminal I is proposed to cater international operations thus releasing load from Terminal II. The relevant portion of Schedule T (containing list of existing revenue contracts, capital works-in-progress of the ongoing projects) and Schedule U (detailing list of Construction works proposed to be implemented by AAI as on the date of signing of the Agreement) forming part of the terms of Concession Agreement, have been provided in Para 2.b.v of Annexure 4 of Chapter 17.
- 1.3.4 Refurbishment works are proposed by JIAL for Terminal II, to improve the user experience and operational efficiency. JIAL has submitted further plans for a new integrated Terminal III, near Terminal II so as to cater the traffic growth as per the forecasts discussed in Chapter 6 of this Tariff Order. The new Terminal III is proposed with a built-up area of approximately 1,50,000 sqm. The new terminal will be an integrated terminal having capacity of 12 MPPA. The pictorial representation of the phase wise terminal capacity of JIA (as proposed by JIAL) at the end of the Third Control Period (FY 2023 - FY 2027) is given as under:

Figure 2: Passenger Terminal Expansion Plan at JIA



1.4 Cargo Operations

- 1.4.1 Currently, the domestic and international air cargo is handled by AAI Cargo Logistics and Allied Services (AAICLAS) through a carved-out facility as per the Concession Agreement, hence, same is retained by AAI. Additionally, the international cargo is also handled by Rajasthan State Industrial Co. (RAJSICO) and Jaipur Gemstone Exchange (JGE). JGE as of date has vacated the facility and RAJSICO is expected to vacate in CY 2024. JIAL has undertaken a structural audit of the facility. As per the report, these are not fit for commercial use and accordingly, JIAL may be required to build a new structure synced with interim cargo facility.
- 1.4.2 In accordance with the terms of the Concession Agreement JIAL is required to upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of the Concession Agreement (refer to Para 2.b.vii of Annexure 4 of Chapter 17)



1.4.3 JIAL had commenced domestic cargo operations from an interim facility having an area of 550 sq. m with capacity of 2,750 MT p.a. In addition to domestic cargo facility, JIAL proposed to operate International Cargo Facility with an area of 852 sq. m. and annual handling capacity of 4,260 MT. Pursuant to the terms of the Concession Agreement and in order to cater to the growing demands at the Jaipur International Airport, JIAL has planned to develop a new Integrated Cargo Complex (ICC) of approx. 4,500 sq mtr with handling capacity of 22,500 MT p.a. and is proposed to be made operational in FY24-25.

1.5 Ground handling operations

1.5.1 The Clause 19.2 of the Concession Agreement mentions JIAL's obligations towards provision of infrastructure required for ground handling services at the Jaipur International Airport and the extract of the relevant Clause has been provided in Para 2.b.viii of Annexure 4 of Chapter 17.

1.5.2 Further, subject to the provisions of the Concession Agreement JIAL has the right to grant License to any entity for providing Ground Handling Services at Jaipur International Airport on such terms and conditions as mentioned in the License Agreement between JIAL and the potential service providers.

1.5.3 Pursuant to above terms of the Concession Agreement JIAL had engaged two ground handling agencies for providing ground handling services at the Airport. (1) GSEC Indo Thai Ground Handling Private Limited (valid till February 2027), (2) AI Airport Services Limited (AIASL) (valid till March 31, 2025).

The revenue share/royalty from both agencies had been set at 45% on gross revenue from ground handling services. Revenue shall mean and include all revenue, consideration, benefit, and amount earned and/or accrued at the Airport, whether invoiced or not.

1.6 Fuel Facility Operations

1.6.1 The Clause 19.3. of the Concession Agreement mentions the JIAL's obligations towards providing aircraft fueling services, which has been provided in Para 2.b.ix of Annexure 4 of Chapter 17.

1.6.2 At present, the fuel facilities are being managed by the Oil Marketing Companies (OMCs) such as, IOCL, RIL, BPCL and HPCL. These facilities namely IOCL, RIL, BPCL and HPCL have their own respective fuel tanks and refueling facilities with capacities 610KL, 220KL, 450KL and 30KL respectively. OMCs manage the operations on their own, and currently operating expenditure and other charges are embedded in Aviation Turbine Fuel (ATF) fuel price. Therefore, as on date there is no concept of open access facility at the Airport.

1.6.3 JIAL has proposed to initially purchase the existing assets of IOCL, RIL and BPCL having fuel storage capacity of 1280 KL, and subsequently convert it into Open Access facility by building a new facility of approx. 5,000 KL with hydrant system of approx. 4 kms.



2 TARIFF DETERMINATION OF JAIPUR INTERNATIONAL AIRPORT

2.1 Introduction

2.1.1 AERA was established by the Government of India vide notification No. GSR 317(E) dated May 12, 2009. The functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') read with AERA (Amendment) Act 2019 and 2021, which are as below:

- a) To determine the tariff for Aeronautical services taking into consideration –
 - i. the capital expenditure incurred and timely investment in the 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 purpose of the Act.
- b) To determine the amount of the development fees in respect of Major Airports.
- c) To determine the amount of the passengers' service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 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 authorized by it in this behalf.
- e) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and
- 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 the Act, 2008.

2.1.2 As per the AERA Act, 2008 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.

2.1.3 AAI shall be handling the Air Navigation Systems (ANS) at JIA. Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.



2.2 Authority's orders applied in tariff proposals in this Tariff Order

- 2.2.1 Detailed Guidelines laying down information requirements, periodicity and procedure for Tariff determination have been issued by the Authority. The details of Orders and Guidelines issued in this regard are as under:
- 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).

2.3 Background to tariff determination process of Jaipur International Airport

- 2.3.1 JIA is a Major Airport as per the definition of Major Airport under section 2(i) of the Airports Economic Regulatory Authority of India Act, 2008 (read with AERA Amendment Act 2019 and AERA Amendment Act 2021).
- 2.3.2 The Authority vide Order No. 13/2015-16 dated April 17, 2015, allowed JIA to continue ad hoc tariff for first control period and asked AAI to submit the MYTP for the 2nd Control Period well in time as per the guidelines by incorporating the actual financials of 2014-2015 along with the aggregate revenue requirements for the 1st control period.
- 2.3.3 With respect to the Second Control Period of JIA commencing from FY 2016-17 to FY 2020-21, the Authority had determined the Aeronautical tariff vide its Order No. 10/2017-18, dated August 4, 2017. Also, the Authority had issued Order No. 18/ 2020-21 dated July 1, 2020, with respect to provision of compensation in lieu of Fuel throughput charges at JIA.
- 2.3.4 AAI and JIAL entered into a Concession agreement on January 19, 2021 for exclusive right of Operation, Management and Development of JIA, for a period of 50 (fifty) years from the Commercial Operations Date (COD). JIAL achieved Commercial Operations Date (COD) on October 11, 2021.
- 2.3.5 JIAL has been provided an exclusive right to demand, collect and appropriate fees from COD onwards at the rates determined by AERA. As an interim measure, JIAL applied to AERA vide letter with reference no. AJIAL/CO/AERA-IT/2021/1 dated 27th August, 2021 to allow the existing rates at JIA from COD till March 31, 2022. Accordingly, AERA from time to time issued multiple orders extending



the existing rates:

Table 3: Chronology of AERA orders with regard to extension of tariff at JIA

JIAL application letter and Date	AERA Order and Date	Rates Extended up to
AJIAL/CO/AERA-IT/2021/1 dated 27 th August, 2021	22/2021-22 dated 6 th October 2021	31 st March 2022
JIAL/CO/AERA-IT/2022/1 dated 23 rd February 2022	42/2021-22 dated 14 th March 2022	30 th September 2022
JIAL/CO/AERA-IT/2022/3 dated 1 st September 2022	22/2022-23 dated 20 th September 2022	31 st March 2023
JIAL/CO/AERA-IT/2023/1 dated 2 nd March 2023	41/2022-23 dated 22 nd March 2023	30 th September 2023
JIAL/CO/AERA-IT/2023/4 dated 5 th September 2023	19/2023-24 dated 20 th September 2023	31 st March 2024
JIAL/CO/AERA-IT/2024/1 dated 28 th February 2024	40/2023-24 dated 15 th March 2024	30 th September 2024 or till determination of regular tariffs for the Control Period, whichever is earlier.

- 2.3.6 JIAL vide letter no. JIAL/CO/AERA-IT/2023/2 dated 10th March 2023 requested AERA for an ad-hoc approval of domestic cargo charges to be levied at JIA for cargo handling services in line with approved cargo charges for AAICLAS. AERA vide Order No. 03/2023-24 dated 20th April 2023 allowed JIAL to levy Ad Hoc Tariff for Domestic Cargo Handling Services till 30th September 2023. Further, AERA vide Order No. 20/2023-24 dated 27th September 2023 allowed JIAL to extend the existing tariffs for a further period of 06 (six) months w.e.f. 1.10.2023 to 31.03.2024. Subsequently, AERA vide Order No. 41/2023-24 dated 15th March 2024 allowed JIAL to extend the existing tariffs till 30th September 2024 or till the determination of regular tariffs for the Control Period, whichever is earlier.
- 2.3.7 It is to be noted that as per Order no. 10/2017-18 the second control period starts from 1st April 2016 and ends on 31st March 2021. AERA considering the transition phase had vide public notice no. 05/2022-23 dated 20th June 2022, decided to shift the third control period of Jaipur Airport from 1st April 2021 – 31st March 2026 to 1st April 2022 – 31st March 2027.

2.4 Multi Year Tariff Proposal submission

2.4.1 As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the Estimated Deemed Initial RAB as on March 31, 2018, was determined to be ₹ 253 Crores. Further, it is stated in the Concession Agreement that the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA. *The extract of the relevant clauses 28.11.3, 28.11.4 and 28.11.5 from the Concession Agreement have been provided in Para 2.b.x of Annexure 4 under Chapter 17.*

2.4.2 In compliance with the above terms in the Concession Agreement, AAI and JIAL had submitted MYTP to the Authority for the following period:

- Submission by AAI for true up of the period from FY 2016-17 up to COD.
- Submission by JIAL for true up of the period from COD up to March 31, 2022
- MYTP for the Third Control Period

Tariff determination for Pre- COD and Post-COD period



i. Pre-COD period

2.4.3 AAI had submitted initial true up for the Pre-COD period from FY 2016-17 up to COD vide letter dated May 17, 2023. The Authority based on its preliminary scrutiny of the true up figures submitted by AAI, observed various discrepancies and upon enquiry, AAI provided information from time to time till March 2024. A chronological timeline was established to represent the sequence of events leading up to the issue of this Tariff Order. The timeline captures key milestones such as the submission of the proposal, the preliminary scrutiny, the identification of discrepancies, the commencement of the inquiry, and the subsequent provision of information by AAI which has been presented in the table below:

Table 4: Sequence of events regarding true up submissions by AAI

S. No.	Event	Date
1	Submission of original true up proposal of AAI	May 17, 2023
2	Review of true-up submission and documentation provided by AAI	May 2023 to June 2023
3	Additional information on CAPEX and OPEX	July 2023
4	Additional information on Fixed Asset Register	August 2023
5	Additional information on left out assets	October 2023
6	Additional information on Capital Expenditure in FY22 till COD	October 2023
7	Additional clarification on under recovery and tax implications	February 2024
8	Additional clarification on space rentals from airlines	March 2024

ii. Post COD period

2.4.4 The tariff determination for the post-COD period had been considered for JIAL under the following categories:

- True up of the period from COD till March 31, 2022
- Tariff determination for the Third Control Period i.e. from April 1, 2022 to March 31, 2027.

2.4.5 JIAL submitted its MYTP for true up of Post COD period and determination of aeronautical tariff for Third Control Period on April 22, 2023. The document is available on the AERA's website.

Table 5: Sequence of events regarding true up and MYTP submissions by JIAL

S. No.	Events	Date
1	Submission of MYTP by AO	April 22, 2023
2	Additional information on RAB, Operating Expenses, Traffic & FRoR	June 2023
3	Clarifications and details relating to Operating Expenditure	July 2023
4	Clarifications and details relating to CAPEX	August 2023
5	Additional information and Clarification on Capital Expenditure Projects	September 2023 to October 2023
6	Submission of financials for FY 2022-23	November 2023
7	Clarifications relating to Capital Expenditure and Operating Expenditure	November 2023
8	Additional information relating to Capital Expenditure and Operating Expenditure	December 2023
9	Clarifications relating to Traffic and OPEX	January 2024
10	Clarifications with respect to Actual Capital Expenditure in FY23	February 2024

2.4.6 As the Jaipur International Airport was taken over and operated by JIAL from the COD i.e. October 11, 2021, the Authority had considered to true up the necessary building blocks of JIAL for the six month period commencing from October 11, 2021 up to March 31, 2022.

2.4.7 The Authority had appointed an Independent Consultant, M/s Deloitte Touche Tohmatsu India LLP to assess the MYTP submitted by JIAL for the Third Control period. Accordingly, M/s Deloitte Touche



Tohmtsu India LLP had assisted the Authority in examining true up submission of AAI and JIAL for the pre and post COD period respectively, the MYTP of JIAL, including verifying the data from various supporting documents such as audited financials, Fixed Asset Register (FAR) submitted by JIAL, examining the building blocks in tariff determination, and ensuring that the treatment given to it is consistent with the Authority's methodology and approach.

- 2.4.8 Further to the presentation on MYTP made by JIAL, the Authority advised JIAL to re-evaluate the Capital Expenditure projects proposed by it as part of the MYTP submission, inter alia, considering the current passenger handling capacity at the Airport, traffic trends for present and future etc. together with the need to ensure modular construction of facilities as mandated by the Concession Agreement. Revised Capital Expenditure estimates have not been submitted by JIAL. Therefore, the Authority has, in this Tariff Order, assessed the Capital Expenditure requirements based on the assessment of current traffic scenario, available capacities, future traffic estimates, and the need to ensure modular development of infrastructure at the Airport, with a view to ensure determination of optimal Aeronautical charges to be levied on the airport users.
- 2.4.9 In carrying out the analysis of MYTP submitted by JIAL, the Authority, through its independent consultant, had carried out review of all details, break up of cost items etc. provided by JIAL together with considering the financials of FY 2022-23 and provisional financials of FY2023-24 and the status of projects as of March 2024. Wherever details were not provided/ not completely provided, the Authority had carried out appropriate rationalisation of such costs. The Authority also had, in its analysis, indicated certain activities where the costs are proposed to be considered on incurrence basis. These were elaborated in the relevant paragraphs.
- 2.4.10 The Authority noted that clause 5.7.1 of Direction 5/ 2010-11 pertaining to Terms and Conditions for determination of Tariff for Airport Operators Guidelines, 2011 states that " For any service provided by the Airport Operator for (i) ground handling services relating to aircraft, passengers and cargo at an airport; (ii) the cargo facility at an airport and (iii) supplying fuel to the aircraft at an airport, the Authority shall follow the regulatory approach and process for tariff determination as mentioned in the Direction No. 4/ 2010-11 on Terms and Conditions for determination of Tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to the Aircraft Guidelines, 2011".

Further, clause 1.2 of the Direction No.4/ 2010-11 states that "these Guidelines shall apply to Service Provider(s) for (i) the Cargo facility at a Major Airport, (ii) ground handling relating to aircraft, passengers and cargo at a major airport and for (iii) supplying fuel to the aircraft at a major airport: Provided that Airport Operator providing the Regulated Service(s) as defined herein shall be excluded from the application of these Guidelines.

Taking cognizance of the above provisions laid out under Direction 5/ 2010-11 and Direction 4/ 2010-11 and the fact that the Airport Operator was providing the services on cargo facility and supplying fuel to the aircraft, the Authority had examined the Assets, Expenses and Revenues pertaining to Cargo and Fuel farm of JIAL separately under the relevant chapters in this Tariff Order, for the purpose of determining Aggregate Revenue Requirement of JIAL.

Related Party Transactions

The Authority, through its Independent Consultant, got details regarding the tendering procedures implemented by JIAL and had examined the associated contract agreements concerning operating expenses and revenues entered into with related parties.



The Authority, on a sample review of contracts, noted that JIAL had involved certain Related Parties as detailed hereunder.

Table 6: Services provided to JIAL by related parties

S. No.	Nature of Services	Name of Related Party	Description of Relationship
1	Master Service Agreement to operate and manage Non-Aeronautical Facilities	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL
2	Corporate Support Service	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL
3	Corporate Support Service	Adani Enterprises Limited	Holding Company
4	Borrowing	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL

The Authority also noted the following from the Concession Agreement signed between JIAL and AAI:

“5.6.1 The Concessionaire agrees and undertakes that it shall procure contracts, goods and services for the operations, management and development of the airport in a fair, transparent and efficient manner and without any undue favour or discrimination in this behalf. In pursuance hereof, it shall, within six (6) months from the COD, frame policy specifying the principles and procedures that it shall follow in awarding for supply of goods and services, and shall place the policy on its website for the information of general public and all interested parties. The policy shall:

(a) include the principles and procedures followed for sub-leasing, sub-licensing or grant or allocation of any space, building, rights or privileges to private entities in the Airport

(b) be approved by the Board of Directors of the Concessionaire

5.6.2 For procurement of goods, works, services, sub-lease(s), sub-license(s) or any other rights or privileges where the consideration (including deposits in any form or respect thereof) exceeds Rs. 25,00,00,000/- (Rupees Twenty Five Crore) in any accounting year (collectively, the contracts) the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under clause 5.6.1

5.6.3 The Parties agree that the Concessionaire should pre-qualify and short-list the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm's length basis in a manner that is commercially prudent and protects interest of users.”

5.6.4 The Concessionaire hereby agrees not to have any subsidiary or joint venture or any other similar form of arrangement with any other party.

AERA expected that JIAL and the AAI, (Concession granting Authority) will ensure that the contracts with Related Parties are at arm's length and that the Related Party has relevant experience of providing similar service to ensure protection of interest of all stakeholders, as per the terms of the Concession Agreement detailed above, which may be followed in letter and spirit.

Stakeholders' comments on Related Party Transactions

2.4.11 During the Stakeholders' Consultation Process, the Authority had received comments/views from Stakeholders in response to the proposals of the Authority in Consultation Paper No. 26/2023-24 with respect to related party transactions. The comments by the Stakeholders are presented below.

FIA's comments regarding Related Party Transactions



2.4.12 FIA's comment regarding related party transactions is as follows:

With regard to award for provision of services by JIAL at Jaipur, four Related Party transactions have been disclosed in para 2.4.10, Table 6 of the CP. While we appreciate AERA conducting an independent analysis of the transactions, however it is to be noted that, AERA has:

- (a) only sought confirmation from JIAL on the RPT instead of a review of the same.*
- (b) sought compliance on the same which will be tried up during the next control period.*

FIA submits that in our view the above may not be a prudent approach and AERA should conduct the RPT Compliance Check including the following in this control period.

In this regard, we request AERA to kindly ensure that:

- (a) the provisions of Concession Agreement ('CA') have been complied with.*
- (b) tendering and awards for services must go through a competitive, transparent, and fair process.*
- (c) agreements with related parties shall not have any onerous terms.*

Aggressive cost escalation, restrictive covenants, unfair lock in period or cost escalations or any other terms that may arise from awards to Related Parties, which is not in favour of airport users/other stakeholders.

It is not in the interest of the stakeholders that related parties be awarded agreements for services (or otherwise) as there is fear of multi-layered transactions between / among airport operators or their Joint Ventures or their Holding / Subsidiary / Sister Subsidiary companies (or business associates by whatever name called), which is not efficient for the eco-system, and should be banned.

JIAL's responses to Stakeholders' comments regarding related party transactions

2.4.13 With respect to FIAs comment JIAL stated that – *"As per the Concession Agreement, JIAL is obliged to procure goods and services in a fair, transparent and efficient manner without any undue favour or discrimination. Also, JIAL has framed a procurement policy specifying the principles and processes to be followed to avoid the scope of subjectivity and improving objectivity and transparency in decision making as required under the Concession Agreement. We would also like to inform that JIAL has duly followed the process relating to Procurement of Goods and Services as mandated by the provisions of the Concession Agreement signed with AAI. In view of the above, we feel that there is no further need for any examination in this regard."*

Authority's analysis of Stakeholders' comments on related party transactions

2.4.14 The Authority has examined the comments made by FIA regarding related party transactions (RPTs) and JIAL's response to FIA's comments. The Authority's analysis is presented below:

- It is important to note that the Authority, through its consultant M/s Deloitte Touche Tohmatsu India LLP has assessed all components of the building blocks and its efficiency and reasonableness. Therefore, FIA's comment on the approach does not fully capture the depth of the Authority's evaluation.
- FIA's comments regarding compliance with respect to RPT falls under the Concession Agreement executed between JIAL and AAI. JIAL is responsible for ensuring adherence to the Concession



Agreement provisions as presented below and ensuring a competitive, transparent and fair tendering process.

- *“5.6.2 For procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privilege where the consideration (including deposits in any form in respect thereof) exceeds Rs. 25,00,00,000/- (Rupees Twenty Five Crore) in any Accounting Year (collectively, the "Contracts"), the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under Clause 5.6.1*
- *5.6.3 The Parties agree that the Concessionaire should pre-qualify and short-list the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm's length basis in a manner that is commercially prudent and protects the interests of the Users.*
- *5.6.4 The Concessionaire hereby agrees not to have any subsidiary or joint venture or any other similar form of arrangement with any other party.*
- It is further submitted that AERA expects that JIAL and the AAI, (Concession granting Authority) shall ensure that the contracts with Related Parties are at arm's length and that the Related Party has experience of providing similar service in other places to ensure protection of interest of all stakeholders, as per the terms of the Concession Agreement detailed above, and may be followed in letter and spirit.
- It is pertinent to highlight that AERA has taken cognizance of various related party transactions and recommends that the transactions with Related Parties at the Airport should be minimised so that the spirit of Public Private Partnerships in development of Airport Infrastructure is maintained.

In addition, it is strongly advised that JIAL ensures compliance with these transactions in a manner that is characterized by both fairness and transparency. Furthermore, the Authority directs JIAL and AAI, the concessioning authority, to ensure the following while entering Related Party Transactions:

- The requirements of the Concession Agreement are followed in both letter and spirit at all times.
- Related parties engaged for a particular service possess the requisite experience and expertise in carrying out similar services in other airports etc.
- The interests of all stakeholders are safeguarded to enable/ensure the optimization of aeronautical charges.

2.5 Construct of this Tariff Order

This Tariff Order has been developed in the order of the events as explained above. Chapter-wise details have been summarized as follows:

- i. The background of the Authority's tariff determination process is explained in this Chapter and in Chapter 3, the framework for determination of tariff is discussed.
- ii. Chapter 4 lists out the submissions of AAI for true up of the Pre- COD period which is from FY 2016-17 to October 10, 2021. This is followed by the Authority's examination and proposals on the specific issues regarding the true up for the Period FY 2016-17 till COD. This chapter also discusses the assessment and the outcome of the studies commissioned by the Authority regarding asset allocation ratios between aeronautical and non-aeronautical assets and efficient



cost segregation between aeronautical and non-aeronautical operating expenses. The summary of these reports is given under Annexures to this Tariff Order and the reports have been appended separately to the Tariff Order. This chapter also captures the comments from various stakeholders along with responses from AAI and JIAL. The Authority has also provided its analysis of the Stakeholders' comments and the final decision on the subject matter.

- iii. Chapter 5 lists out submission of JIAL for true up of the period from October 11, 2021 (COD) up to March 31, 2022. This is followed by the Authority's examination and proposals on the specific issues regarding the true up for the said post-COD period. This chapter also discusses the assessment and the outcome of the studies conducted by the Authority regarding asset allocation ratios between aeronautical and non-aeronautical assets and efficient cost segregation between aeronautical and non-aeronautical operating expenses. The summary of these reports is given under Annexures to this Tariff Order and the reports have been appended separately to this Tariff Order. This chapter also captures the comments from various stakeholders along with responses from AAI and JIAL. The Authority has also provided its analysis of the Stakeholders' comments and the final decision on the subject matter.
- iv. Chapter 6 presents the submissions of JIAL regarding Traffic Projections and the Authority's proposals on the same as set out in the Consultation Paper No. 26/2023-24 dated 11th March 2024. Thereafter, comments of AO and other stakeholders, responses of AO on other Stakeholders' comments, Authority's analysis and final decisions are set out.
- v. Chapter 7 includes the submissions of JIAL regarding Capital Expenditure (CAPEX), Depreciation and RAB for the Third Control Period along with the Authority's detailed examination, adjustments, rationalisation and proposals on the Aeronautical capital expenditure, depreciation, and RAB for the Third Control Period as set out in the Consultation Paper No. 26/2023-24 dated 11th March 2024. Thereafter, comments of AO and other stakeholders, responses of AO on other Stakeholders' comments, Authority's analysis and final decisions are set out.
- vi. Chapter 8-13 includes the submissions of JIAL regarding various building blocks pertaining to the Third Control Period including Fair Rate of Return, Inflation, Operating Expenses, Non-aeronautical Revenue, Taxation and Quality of Service along with Authority's examination and proposals on each matter as set out in the Consultation Paper No. 26/2023-24 dated 11th March 2024. Thereafter, comments of AO and other stakeholders, responses of AO on other Stakeholders' comments, Authority's analysis and final decisions are set out.
- vii. Chapter 14 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals of the Authority and adjustments considered by the Authority for the Third Control Period at the Consultation stage. This is followed by comments of JIAL and other stakeholders. Thereafter, the Authority's analysis and final decisions are set out.
- viii. Chapter 15 summarises the Authority's decisions on all the matters relating to the tariff computations and Chapter 16 is the Tariff Order issued by the Authority for the Third Control Period of JIA.
- ix. Chapter 17 contains Annexures.
 - Annexure 1 – Tariff Rate Card pertaining to JIA, Jaipur for the Third Control Period as approved by the Authority.
 - Annexure 2 – Summary of study on allocation of assets between Aeronautical and Non-



aeronautical assets

- Annexure 3 – Summary of study on efficient Operation and Maintenance expenses
- Annexure 4 – Clauses of the Concession Agreement entered between AAI and JIAL
- Annexure 5 – List of Strategic Projects

x. Chapter 18 contains the list of Appendices.

2.6 Studies commissioned by the Authority

2.6.1 The Authority commissioned the following studies through its Independent Consultant for the purpose of tariff determination and the resultant recommendations have been used in this Consultation paper:

- a) **Study on allocation of Assets between Aeronautical and Non-Aeronautical Assets:** The Study had carried out a detailed analysis of the Regulatory Asset Base (RAB) of both AAI and JIAL. The study has developed a rationale for classification of assets into Aeronautical, Non-aeronautical, Air Navigation Services (ANS) and Common. It then apportioned the Common assets based on appropriate ratios. Further, the Study has also examined the assets transferred from AAI to JIAL (as on COD) and determined the Deemed Initial RAB as on COD.
- b) **Study on efficient Operation and Maintenance Expenses:** The Study examined the historical trends in the O&M expenses of JIA and assessed how the Airport has been performing in comparison to the select peers in the industry. The Study verified the classification of the various expenses between Aeronautical, Non-aeronautical, ANS and Common and made revisions wherever necessary. The Common expenses were further apportioned based on appropriate ratios. Further, the Study ascertained the expenses that were unreasonably high and rationalized them based on suitable benchmarks.

2.6.2 The recommendations of these studies were considered by the Authority while finalising its proposals in the Consultation Paper No. 26/2023-24 dated March 11th, 2024. The summary of the Study on Allocation of Assets is given in Annexure 2 of this Tariff Order. The summary of the Study on Efficient Operation and Maintenance Expenses is given in Annexure 3 of this Tariff Order.

2.7 Issuance of Consultation Paper and Stakeholder Comments

2.7.1 The Authority through its Independent Consultant had examined the MYTP submitted by JIAL and verified the data and the projections for the Third Control Period including capital expenditure and obtained clarifications on the information provided by JIAL from time to time, while finalising the Consultation Paper No. dated 26/2023-24.

2.7.2 After examination of the True up proposal of AAI, the MYTP of JIAL and other details submitted by AAI and JIAL, the Authority issued Consultation Paper No. 26/2023-24 dated 11 March 2024 inviting comments from Stakeholders on various issues and proposals presented in the Consultation Paper with the following timelines:

- Date of Issue of Consultation Paper: 11th March 2024
- Date of Stakeholder Consultation Meeting: 26th March 2024
- Date of submission of written comments by Stakeholders: 10th April 2024
- Date of Submission of Responses of AAI and JIAL: 22nd April 2024

The Stakeholder meeting was held on 26th March, 2024, minutes of which are published on the AERA website.



2.7.3 The following stakeholders have provided their comments on the Consultation Paper No. 26/2023-24 which are available on AERA website:

- i. Jaipur International Airport Limited (JIAL)
- ii. Airports Authority of India (AAI)
- iii. Federation of Indian Airlines (FIA)
- iv. Delhi International Airport Limited (DIAL)
- v. International Air Transport Association (IATA)

Table 7: Stakeholder who commented on each proposal/matter discussed during Consultation process of Jaipur International Airport

Component impacting tariff determination of the Third Control Period	Name of the stakeholder who has provided comments
Tariff determination of Jaipur International Airport	FIA
True up of AAI for SCP from FY2017 till COD	AAI and FIA
True up of JIAL for SCP from COD till March 2022	JIAL
Traffic Projections for the Third Control Period	JIAL, DIAL, FIA, and IATA
CAPEX, Depreciation and RAB for the Third Control Period	JIAL, FIA, and IATA
Fair Rate of Return for the Third Control Period	JIAL, DIAL, FIA, and IATA
Inflation for the Third Control Period	JIAL and FIA
O&M expenses for the Third Control Period	JIAL and FIA
Non-Aeronautical Revenue for the Third Control Period	JIAL, DIAL, FIA, and IATA
Taxation for the Third Control Period	JIAL and FIA
Quality of Service for the Third Control Period	IATA
Aggregate Revenue Requirement for the Third Control Period	JIAL and FIA

2.7.4 No inputs were received from MoCA as part of the Consultation process.

2.7.5 The responses from JIAL and AAI on the comments from other Stakeholders were received on 22nd April 2024. Thus, the Stakeholder Consultation process concluded on the receipt of Stakeholders' comments and responses from both AAI and AO on 22nd April 2024. The Stakeholders' comments and counter comments are available on AERA 's website.

2.7.6 The Authority has examined the various comments and observations of stakeholders along with submissions made by JIAL and AAI to finalize its decisions pertaining to various regulatory building blocks, based on which this Tariff Order is being issued.

3 FRAMEWORK FOR TARIFF DETERMINATION FOR JAIPUR INTERNATIONAL AIRPORT FOR THE THIRD CONTROL PERIOD

3.1 Methodology

- 3.1.1 The Methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 read with AERA (Amendment) Act 2019 and 2021, the AERA (Terms and Conditions for determination of Tariff for Airport Operators) Guidelines, 2011 and further Guidelines issued by AERA from time to time.
- 3.1.2 As per the guidelines, the Authority has adopted the Hybrid-Till mechanism for tariff determination for the Third Control Period wherein, 30% of the Non-aeronautical revenues is to be used for cross-subsidizing the Aeronautical charges. The Authority has considered the same methodology in the analysis of true up submission for Second Control Period, pre-COD and post-COD Period.
- 3.1.3 The ARR under hybrid till for the Control Period (ARR) shall be expressed as under:

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - s \times NAR_t$$

Where,

- t is the tariff year in the control period, ranging from 1 to 5
 - ARR_t is the Aggregate Revenue Requirement for tariff year ' t '
 - $FRoR$ is the Fair Rate of Return for the Control Period
 - RAB_t is the Aeronautical Regulatory Asset Base for tariff year ' t '
 - D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year ' t '
 - O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year ' t '
 - T_t is the Aeronautical taxation expense for the tariff year ' t '
 - s is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority, $s = 30\%$.
 - NAR_t is the Non-aeronautical revenue in tariff year ' t '.
- 3.1.4 Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

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

- Where, $PV(ARR_t)$ is the Present Value of ARR for all the tariff years. 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 year ' t '.
- 3.1.5 All the figures presented in this Tariff Order have been rounded off up to two decimals.

3.2 Revenues from Air Navigation Services (ANS)

- 3.2.1 JIAL shall be performing Aeronautical services like landing, parking, ground handling, cargo and fuel farm supply services at Jaipur International Airport and has submitted revenue projections for the same for Third Control Period in its MYTP. However, AAI shall be handling the Air Navigation Systems



(ANS) at Jaipur International Airport and hence the MYTP submitted by JIAL does not consider revenues, expenditure, and assets on account of ANS.

3.2.2 Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.

3.3 Stakeholders' comments on framework for tariff determination and revenues from Air Navigation Services (ANS)

3.3.1 FIA's comment regarding framework for tariff determination is as follows:

It is observed that AERA have determined tariffs using the 30% Hybrid Till model including true ups, as applicable.

FIA has advocated the application of Single Till model across the airports in India and submits that AERA should adopt Single Till across all control periods, including by way of true up.

In a Shared/Hybrid till model, the airport operator has the incentive to skew the asset base towards aero-assets, thereby having a higher capital base for calculation of return offered by the regulator

3.3.2 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. 26/2023-24 with respect to revenue from Air Navigation Services (ANS). The comments by the Stakeholders are presented below.

3.3.3 FIA's comments in respect of on revenue from Air Navigation Services (ANS) are as follows:

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..."

It is submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services, should form part of aeronautical revenues and accordingly AERA should take into account of the corresponding revenue and revise the tariff card.

3.4 JIAL's comments on framework for tariff determination and revenues from Air Navigation Services (ANS)

3.4.1 JIAL's response to FIA's comment with respect to framework for determination of tariff for JIA is presented below.

We would like to submit that adoption of Hybrid-Till Model is considered in view of Provisions of NCAP, AERA order No. 14/2016-17 and JIAL's Concession agreement. Relevant provisions are indicated below:

A. *Relevant extract of National Civil Aviation Policy, 2016 is reproduced below: "To ensure 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-subsidize aeronautical charges."*

B. *Relevant extract of AERA Order No. 14/2016-17 issued on 23rd January 2017 is reproduced*



below:

The Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory Authority of India Act, 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that:

(i) The Authority will in future determine the tariffs 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.

C. *Relevant extract of the JIAL's Concession Agreement with AAI is reproduced below:*

28.3.2. The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval."

Further, we would like to bring to the Authority's attention that TDSAT vide order dated 23rd April 2018 (with respect to matters related to tariff determination of First Control Period of DIAL) has rejected contention of FIA with respect to adoption of single till as it is contrary to the provisions of the Concession agreement. Adoption of shared till by the Authority is correct because it creates a harmony between the contract (OMDA/SSA) and the statute. The Hon'ble Supreme Court vide order dated 11th July 2022 has also disposed off the appeal filed by FIA with respect to various issues related to tariff determination of First Control Period of MIAL (including issue of single till).

Though the matter is already settled by the Hon'ble Supreme Court, the reasons why FIA has again raised this issue with the Authority is not known. Accordingly, the Authority may suitably reply.

3.4.2 With respect to FIA's comment, JIAL stated that – *"JIAL submits that no capital and operational expenditure related to ANS services (except those mandated under Concession Agreement (CA)) has been included in the tariff proposal. As per CA, Schedule Q CNS/ATM Agreement, similar to other PPP Airports, the services of ANS are retained by AAI and are not under the purview of JIAL. Since the services are provided by AAI, the rate of ANS services cannot be made part of tariff card of JIAL."*

3.5 Authority's analysis of Stakeholders' comment on framework for tariff determination and revenues from Air Navigation Services (ANS)

3.5.1 The Authority notes FIA's comments regarding Methodology for tariff determination and JIAL's response to the same. The Authority's analysis is presented below:

- Determination of future tariff under Hybrid Till mechanism is as per the recommendation of the National Civil Aviation Policy 2016 (NCAP 2016) of GOI and the amended tariff guidelines vide AERA Order No. 14/2016-17 dated 12th January 2017. The excerpt from the same has been provided below:

"(i) The Authority will in future determine the tariff of major airports under "Hybrid Till" wherein 30% 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."

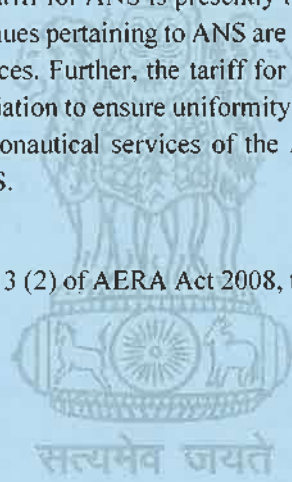
Therefore, Hybrid Till has been followed to determine the aeronautical tariff uniformly across all the major airports.

- It is also relevant to note that 30% Hybrid Till model, as currently implemented in the background of NCAP, ensures an appropriate balance between the interests of the airport operator and airport users. This provides a transparent framework for tariff determination that considers both aero and non-aero activities and ensuring fairness and competitiveness in the aviation sector.
- Also, the Authority notes that the Concession Agreement (Clause. No 28.3.2) specifies about the 30% shared till framework as the framework for Jaipur International Airport.

3.5.2 The Authority notes FIA's comments regarding the inclusion of revenue from Air Navigation Services (ANS) in Aeronautical revenues and JIAL's response that ANS services are not under the purview of JIAL. The Authority notes that tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.

3.6 Review of Tariff Order

3.6.1 As per the provisions of Section 13 (2) of AERA Act 2008, the tariff so determined can be revisited and reviewed.



भा.वि.आ.वि.प्रा.

AERA



4 TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

4.1 Background

4.1.1 AAI had entered into a Concession Agreement dated January 19, 2021, with Jaipur International Airport Limited (the 'Concessionaire') for the operations, management and development of Jaipur International Airport for a period of 50 years from the COD, i.e. October 11, 2021.

4.1.2 As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA.

4.1.3 Pursuant to the above Concession Agreement, AAI has submitted True up workings for the period April 1, 2016 up to October 10, 2021

4.1.4 The true up workings submitted by AAI covers the following building blocks:

- i. Traffic
- ii. Capital Expenditure
- iii. Aeronautical Depreciation
- iv. Regulatory Asset Base
- v. Fair Rate of Return
- vi. Aeronautical Operation and Maintenance Expenses
- vii. Non-aeronautical Revenue
- viii. Aeronautical Taxes
- ix. Aeronautical Revenue Requirement

4.1.5 The Authority has analyzed the AAI's true up submission in detail. Analysis of the Authority, has been organized as follows:

- i. Recorded AAI's submissions for true up under different Regulatory building blocks.
- ii. Recapped the decisions taken by the Authority in the Tariff Order for the Second Control Period (Order No. 10/ 2017-18 dated August 4, 2017)
- iii. Provided Authority's examination through its Independent Consultant on each regulatory building block and put forth its proposals.
- iv. Authority also examined Pre COD period (1st April'2021 to 10th Oct'2021) and considered amount against each regulatory building block in true up exercise.

4.1.6 The Authority has considered the following documents for determining true up for the Second Control Period and Pre-COD Period:

- i. Tariff Order for Jaipur International Airport (Order No. 10/2017-18) dated August 4, 2017.
- ii. Trial balance figures of AAI for the Second Control Period and Pre-COD Period.
- iii. AERA Guidelines and Orders.
- iv. Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.

4.2 AAI's submission of True up for SCP and period from 1st Apr'21 to 10th Oct'21

4.2.1 As mentioned in Para No. 2.4.3 of this Consultation Paper, AAI has submitted its True Up submission on May 17, 2023. The details of the same have been provided below:



Table 8: Submission of True up by AAI for the SCP and Pre-COD period from FY'17 to COD

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Opening RAB	141.27	253.52	255.03	261.21	318.50		328.94	
Closing RAB	253.52	255.03	261.21	318.50	328.94		516.94	
Average RAB	197.39	254.28	258.12	289.86	323.72	1,323.37	422.94	1,746.31
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%		14%	
Return on Average RAB	27.64	35.60	36.14	40.58	45.32	185.27	31.31	216.58
Depreciation	16.41	18.00	20.80	22.55	23.51	101.29	12.87	114.15
Operating Expenditure	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
Opening RAB - Financing Allowance	-	0.10	0.40	1.11	4.81		5.81	
Additions - Financing Allowance	0.11	0.31	0.78	3.79	1.32	6.31	11.59	17.90
Depreciation - Financing Allowance	0.002	0.01	0.07	0.10	0.32	0.49	0.22	0.72
Closing RAB - Financing Allowance	0.10	0.40	1.11	4.81	5.81		17.18	
Average RAB - Financing Allowance	0.05	0.25	0.76	2.96	5.31	9.33	11.50	20.83
Return on Average RAB - Financing Allowance	0.01	0.04	0.11	0.41	0.74	1.31	0.85	2.16
Interest on Working Capital	-	-	-	-	-		2.28	2.28
Corporate Tax	0.21	3.04	12.45	3.02	-	18.73	-	18.73
Corporate Tax on shortfall (under recovery) to be collected from Concessionaire							115.90	115.90
Shortfall in 1st Control Period as on 01.04.2016	123.90	-	-	-	-	123.90	-	123.90
Less: Deductions for Non-aeronautical Revenues	4.05	5.34	7.45	7.66	4.52	29.02	1.41	30.43
Total ARR	230.23	139.28	174.66	183.84	176.39	904.41	255.07	1,159.48
Revenue earned from Aeronautical Services	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
(Excess) / Shortfall	140.89	12.00	1.82	18.74	112.88	286.32	220.82	507.15
PV Factor	1.81	1.59	1.39	1.22	1.07		1.00	
PV of (Excess) / Shortfall on COD 11-Oct'2021	254.93	19.05	2.53	22.89	120.93	420.33	220.82	641.15

4.3 Authority's examination of True up submitted by AAI for Second Control Period and pre-COD period

The Authority had taken cognizance of the decisions taken at the time of determination of tariff for the Second Control Period and has then proceeded to examine the same as part of the tariff determination for the current Control Period.

The decisions taken at the time of determination of tariff for Aeronautical services for the Second Control Period vide Order No. 10/2017-18 dated August 4, 2017 have been reproduced below:



- **Decision No.2 – True Up for the 1st Control Period**

- 2.a. The Authority decides to true-up the 1st Control Period on the basis of Single Till
- 2.b. The Authority decides to adopt CHQ/ RHQ overheads apportionment on revenue basis.
- 2.c. The Authority decides to consider the revenues from Cargo facility, Ground Handling services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.
- 2.d. The Authority decides the following depreciation rates.
 - i. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.
 - ii. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.
- 2.e. The Authority decides to consider short fall of ₹ 123.9 crores in the 1st control period to be added to ARR for the 2nd Control Period.

- **Decision No. 3 – Traffic Forecast**

- 3.a. The Authority decides to consider the ATM and passenger traffic as per Table 19.
- 3.b. The Authority decides to true up the traffic volume (ATM and passengers) based on actual traffic in 2nd Control period while determining tariffs for the 3rd control period.

- **Decision No. 4 – Allocation of assets between Aeronautical and Non-Aeronautical services**

- 4.a. The Authority decides to allocate assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 23.

- **Decision No. 5 – Opening Regulatory Asset Base for the 2nd control period**

- 5.a. The Authority decides to consider the opening regulatory base for the 2nd control period under Hybrid Till as ₹ 136 crores.

- **Decision No. 6 – Capital Expenditure**

- 6.a. The Authority decides to consider allowable project cost of ₹ 256.4 crores and accordingly reckon the amount of ₹ 256.4 crores as additions to total assets during the 2nd 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 expects AAI to undertake capital works in the 2nd control period in accordance with Order No. 07/ 2016-17 dated 13 June, 2016 on normative approach.
- 6.d. The Authority decides to true up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalization of underlying assets in a given year.

- **Decision No. 7 – Treatment of Depreciation**

- 7.a. The Authority decides to adopt depreciation rates as per Table 28 and depreciation for the 2nd control period as per Table 29.
- 7.b. The Authority proposes to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary



adjustments in RAB and true up of depreciation while considering tariff determination in future.

- **Decision No. 8 – RAB for 2nd control period**

- 8.a. The Authority decides to consider RAB for 2nd control period as given in Table 31.
- 8.b. The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the Authority's decision on the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.

- **Decision No. 9 – FRoR**

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

- **Decision No. 10 – Non-Aeronautical Revenues**

- 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 and building rent from these activities as aeronautical revenue.
- 10.b. The Authority decides to consider the Non-Aeronautical revenue as per Table 35.
- 10.c. The Authority decides that Non-Aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues.

- **Decision No. 11 – Operation and Maintenance Expenditure**

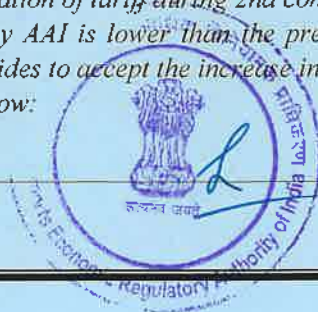
- 11.a. The Authority decides to consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.
- 11.b. The Authority expects AAI to reduce O&M expenditure over a period of time.
- 11.c. The Authority decides to true up the O&M expenditure for 2016-17 to 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.

- **Decision No. 12 – Taxation**

- 12.a. The Authority decides the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.
- 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.

- **Decision No. 13 – Tariff rate card**

- 13.a. The Authority decides to accept Annual Tariff Proposal for 2017-18 as given in Table 46 (and Annexure) for determination of tariff during 2nd control period as the present value of proposed revenues (yield) by AAI is lower than the present value of ARR (yield) as per Authority. The Authority decides to accept the increase in tariffs for subsequent years of the second control period as below:



- i. Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger
- ii. Yearly increase of 4% every subsequent year (FY 2018-19 onwards) on landing charges
- iii. Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

13.b. The Authority decides to continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001- AAI dated 9th Feb 2004 in order to encourage and promote intra-regional connectivity at JIA.

13.c. The Authority decides to provide waiver of landing and other charges in line with the Order No. 20/2016-17 dated 31.03.2017 of the Authority.

13.d. The Authority decides to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

13.e. The Authority decides to consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

4.4 True up of Traffic

Authority's examination for True up of traffic for the Second Control Period at the Consultation Stage

- 4.4.1 The actual passenger and ATM traffic of JIA for the Second Control Period submitted by AAI is as follows:

Table 9: AAI's submission for True up of traffic for the Second Control Period for JIA

(in Nos.)

Financial Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
FY'17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
FY'18	4,229,961	527,217	4,757,178	38,069	4,220	42,289
FY'19	4,866,742	604,481	5,471,223	42,019	4,166	46,185
FY'20	4,502,569	528,992	5,031,561	35,872	3,612	39,484
FY'21	1,719,937	130,250	1,850,187	17,753	1,180	18,933
Total	18,651,705	2,241,902	20,893,607	162,309	16,922	179,231
FY'22 (till COD)	896,769	40,109	936,878	8,674	356	9,030
Total (till COD)	19,548,474	2,282,011	21,830,485	170,983	17,278	188,261

- 4.4.2 The Authority verified the actual Passenger traffic and ATM (as per Table 9) for the Second Control Period based on the details available on AAI's website and noted no variances.

- 4.4.3 The Authority examined the actual passenger traffic and ATM of JIA with the traffic projections approved by the Authority in the Tariff Order No. 10/2017-18 for the Second Control Period, which is as follows:

Table 10: Passenger traffic and ATM approved by the Authority for the Second Control Period

(in Nos.)

Financial Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
FY'17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
FY'18	3,745,163	487,011	4,232,174	31,647	3,938	35,584
FY'19	4,208,931	525,943	4,734,873	35,023	4,141	39,164
FY'20	4,730,127	567,986	5,298,114	38,759	4,354	43,114
FY'21	5,315,865	613,390	5,929,255	42,894	4,579	47,473
Total	21,332,582	2,645,292	23,977,874	176,919	20,756	197,675

- 4.4.4 The Authority noted from the above table that the actual Passenger and ATM traffic for the first three tariff years of the Second Control Period (as per Table 9) is in excess of what was approved by the Authority in the Tariff Order for the Second Control Period.
- 4.4.5 The Authority noted that there has been a decrease in the Passenger and ATM traffic particularly in the FY 2019-20 (pre-COVID year), due to the closure of operations by Jet Airways with no replacement for those vacant slots and the impact of COVID pandemic in the last quarter of the FY 2019-20.
- 4.4.6 The actual traffic for the 5th tariff year viz., FY 2020-21 was significantly lower than the projections in Tariff order for the Second Control Period, due to the adverse impact of the ongoing COVID-19 pandemic.
- 4.4.7 Based on the above facts, the Authority proposed to consider the actual passenger and ATM traffic as submitted by AAI (Table 9) for true up of the Second Control Period (up to COD), in line with its decision no. 3.b. of the Tariff Order No. 10/ 2017-18 dated August 4, 2017, which states "The Authority decides to true up the traffic volume (ATM and passengers) based on actual traffic in 2nd Control period while determining tariffs for the 3rd control period."

Stakeholders' comments on true up of Traffic for the Second Control Period up to COD

- 4.4.8 There were no Stakeholder comments with respect to true up of traffic for the Second Control Period up to COD.

Authority's analysis of Stakeholders' comments on true up of Traffic for the Second Control Period

- 4.4.9 The Authority notes that there are no stakeholders' comments regarding True up of Traffic for the period from FY 2016-17 up to COD. Hence, it decides to consider the Traffic as per Table 9 for True up of the pre-COD period.

4.5 True up of CAPEX**Authority's examination of true up of RAB at the Consultation Stage:**

- 4.5.1 AAI had submitted the details of RAB during the Second Control Period and Pre-COD period as follows:

Table 11: RAB for Second Control Period as per AAI's Submission

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total till FY21	FY22 (till COD*)	Total till COD
Opening RAB	141.27	253.52	255.08	261.21	318.50		328.94	



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY 17 TILL COD

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total till FY21	FY22 (till COD*)	Total till COD
Additions to RAB during the year	129.34	19.52	26.98	79.84	33.96	289.64	200.86	490.49
Deletions from RAB during the year	0.67	-	-	-	-	0.67		0.67
Depreciation for the year	16.41	18.01	20.80	22.55	23.51	101.28	12.87	114.15
Closing RAB for the year	253.52	255.03	261.21	318.50	328.94		516.94	

* April 1, 2021 to October 10, 2021

^ includes left out assets and cost apportionment in First Control Period

4.5.2 AAI had classified the above capital additions into Aeronautical, Non-aeronautical and ANS as shown below:

Table 12: Allocation of assets as per AAI's submission

Asset Category	Asset Sub-Category / Description	Asset Classification
Boundary	Fencing of residential colony	Aeronautical
	Boundary in CPWD Quarters	Aeronautical
	Operational boundary walls	Aeronautical
	Boundary walls for land and drainage	Aeronautical
Building	Drainage construction in airside	Aeronautical
	Walking pathways for solar plant	Aeronautical
	Road construction for fuel farm	Aeronautical
	AOCC Civil Works	Aeronautical
	Security Watch Towers	Aeronautical
	Provision of PAPI, Wind Sock	Aeronautical
	Expansion and modification T2 and related works	Aeronautical
	RRR of T1 and related works	Aeronautical
	Construction of fire station and related works	Aeronautical
	Frangible Huts for Transformer Installations	Aeronautical
	Solar control rooms, underground borewells and tanks	Aeronautical
	Construction of CCR Hall	Aeronautical
	Solid waste store rooms	Aeronautical
	Construction of STPs	Aeronautical
	Construction of BCAS offices	Aeronautical
	CISF Barracks and related works including water harvesting systems	Aeronautical
	Toilet Block in City Side of T2	Aeronautical
ASR/MSSR Building	ANS	
Vehicle shed in T1	Non Aero	
Furniture & Fixtures	Furniture & Fixtures at administrative offices	Aeronautical
	Artwork at T2	Aeronautical
	RRR of T1	Aeronautical
	Hostel Bunk Beds	Aeronautical
Office appliances	Furniture and Fixtures for ANS use	ANS
	IT assets and other office equipment at the airport, BCAS and CISF offices	Aeronautical
	IT assets and other office equipment at ANS offices	ANS



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Asset Category	Asset Sub-Category / Description	Asset Classification
Plant & Equipment	Metal Detectors, threat containment and Disposal Systems and other safety and security related assets	Aeronautical
	OFC, power supply and other works for ASMGCS	Aeronautical
	CAT III lighting works	Aeronautical
	RRR of T1 Electric works	Aeronautical
	Equipment for T2 expansion and modification	Aeronautical
	BCAS office electric works	Aeronautical
	OFC for NAVAIDS	Aeronautical
	ALCMS for SMC unit at ATC tower	Aeronautical
	Passenger boarding bridges, AVDGS and baggage trolleys	Aeronautical
	Biometric access control systems and other electronic and electrical equipment in the Terminal Building	Aeronautical
	Lighting and Electrical Works on the Airside and perimeter	Aeronautical
	Check-In Information Display System (CIDS)	Aeronautical
	FIDS, CUTE, CUSS	Aeronautical
	Baggage Handling Systems	Aeronautical
	Assets related to sub-station, including earthing and wiring, generators, rainwater harvesting and water supply	Aeronautical
	CCTV	Aeronautical
	Signages	Aeronautical
	Water Handling Units	Aeronautical
	Air Conditioning at terminal building and other areas	Aeronautical
	Elevators and escalators	Aeronautical
	Firefighting and protection equipment	Aeronautical
	Solar grid systems	Aeronautical
	Equipment at CISF Barracks	Aeronautical
	Other equipment	Aeronautical
	Leased baggage screening equipment	Aeronautical
	SITC of e-PoS	Non-Aero
Equipment related to ANS/CNS facilities	ANS	
Runways, Taxiways and Apron	Construction and extension of Runways, Taxiways and Aprons	Aeronautical
Vehicles	Fire trucks, ambulance, SUVs and other vehicles for airside operations	Aeronautical
	Vehicles for ANS operations	ANS
Computer Software	Software for airport operations	Aeronautical
	Software for ANS/CNS activities	ANS

4.5.3 Further, AAI had submitted the following ratios:

Table 13: Allocation ratios as per AAI's submission

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 till COD
Employee Ratio (Aeronautical : Non-aeronautical)	96.27:3.73	97.08:2.92	97.41:2.59	97.31:2.69	96.95:3.05	97.41:2.59
Year-wise specific allocation ratio for CHQ & RHQ allocation of Admn.. Expenses	95:5	95:5	95:5	95:5	95:5	95:5



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 till COD
(Aeronautical : Non-aeronautical)						
Year-wise specific allocation ratio for CHQ allocation of Retirement Benefits (Aeronautical : Non-aeronautical)	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03
Terminal Building ratio (Aeronautical : Non-aeronautical)	90.59:9.41	90.43:9.57	90.28:9.72	93.44:6.56	95.02:4.98	95.02:4.98 (T2) 90:10 (T1 & T2)
Electricity ratio (Aeronautical : ANS : Non-aeronautical)	79.25:19.95:0.8	79.25:19.95:0.8	79.25:19.95:0.8	79.25:19.95:0.8	79.25:19.95:0.8	79.25:19.95:0.8
Staff Quarters ratio (Aeronautical : ANS)	82.41:17.59	80.36:19.64	86.32:13.68	89.47:10.53	91.58:8.42	91.58:8.42
Vehicle Ratio	97:3	97:3	97:3	97:3	97:3	97:3

Recap of decision taken by the Authority for RAB at the time of tariff determination for the Second Control Period

4.5.4 The Authority vide its decision no. 5, 6 and 8 of Order no. 10/2017-2018 dated August 4, 2017 decided the following with respect to Opening Aeronautical RAB, Additions and RAB for Second Control Period:

- Decision no. 5.a The Authority decides to consider the opening regulatory base for the 2nd Control Period under Hybrid Till as ₹ 136 crore.
- Decision no. 6.a. The Authority decides to consider allowable project cost of ₹ 256.4 crores and accordingly to reckon the amount of ₹ 256.4 crores as addition for total assets during the 2nd control period.
- Decision no. 6.d. The Authority decides to true up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalization of underlying assets in a given year.
- Decision no. 8.a. The Authority decides to consider RAB for 2nd Control Period as given in Table 31.

Table 14: RAB as approved by Authority in the Tariff Order for Second Control Period (Table 31 of the Order)

(₹ Crores)

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	Total
Opening RAB (A)	136.0	255.1	271.9	262.1	324.0	
Addition (B)	133.8	34.3	8.0	80.3	0.0	256.4
Sales/Disposals/Transfers (C)	-	-	-	-	-	-
Depreciation (D)	14.7	17.5	17.8	18.4	17.3	85.7
Closing RAB (E = A + B - C - D)	255.1	271.9	262.1	324.0	306.8	
Average RAB [(A + E) ÷ 2]	195.5	263.5	267.0	293.1	315.4	

- *Decision no. 8.b. The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the Authority's decision on the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.*

Reclassification of Assets transferred by AAI to the Airport Operator

4.5.5 The Authority had undertaken the "Study on Allocation of Assets between Aeronautical and Non-Aeronautical Assets" to carry out a detailed analysis of the Regulatory Assets, apportion the common assets based on appropriate ratios, and examine the assets transferred from AAI to JIAL.

4.5.6 Allocation Ratios

- a. **Revision of Terminal Building ratio:** It was observed that as per AAI's True up submission for the period up to October 10, 2021, Jaipur International Airport (JIA) had an average terminal building ratio of 92.47:7.53 based on actual utilization. The Authority in its order 10/2017-18 for SCP of JIA, had decided to adopt 90% as aeronautical area based on terminal area ratio calculations submitted by AAI for FY 2015-16.

This is also consistent with the IMG norms, which has recommended the Non-Aeronautical area within the terminal building for airports having passenger traffic less than 10 MPPA to be in the range of 8% to 12% of the total terminal area and for airports having passenger traffic greater than 10 MPPA to be up to 20%. The Authority in case of other similar airports, has considered 90:10 (Aero: Non-Aero) terminal building ratio to encourage Airport Operators to achieve full potential in non-aeronautical revenue. With an actual passenger traffic of ~5.5 MPPA in FY 2019-20 (pre-Covid year), JIA falls into the similar airport category.

The Authority had commissioned an independent study on the Allocation of Assets (summary of the study is given in Annexure 2 and the study is attached as Appendix 1 of this Consultation Paper). Based the outcome of the study, the Authority proposes to consider the Terminal Building ratio of 90:10 (Aeronautical: Non-Aeronautical) as was approved by the Authority in the Tariff Order for the Second Control Period. The same has been explained in para 4.5.1 of the Asset Allocation study report.

- b. **Changes in Employee Headcount ratio:** The Authority proposed to consider the five-year average Employee Head Count Ratio of AAI, i.e. 86.18:13.82 (Aeronautical: Non-aeronautical) for the purpose of allocation of assets during the period from FY 2016-17 up to COD, as the Authority considered the same to be a reasonable basis for allocation of assets. The same was explained in para 4.5.3 of the *Efficient Operation and Maintenance Expenses report* and the same is presented in the table below:

Table 15: Allocation Ratios proposed by the Authority at Consultation Stage

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	FY22 till COD
Employee Ratio (Aero : Non-Aero)	84.91:15.09	85.02:14.98	87.42:12.58	87.51:12.49	86.35:13.65	85.85:14.15
Terminal Building Ratio (Aero : Non-Aero)	90% : 10%					
Staff Quarters Ratio (Aeronautical : ANS)	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05

4.5.7 The Authority noted the following while comparing the RAB as submitted by AAI for true up (Table



11) and that approved in Second Control Period tariff order (Table 14):

- There was a difference between Opening RAB as on 1st April 2016 as submitted by AAI and that approved by AERA in the Second Control Period Order. This variation has been discussed in para 4.5.9.
- AAI had incurred excess CAPEX of ₹ 38.50 Crores for Second Control Period (FY16-21) and ₹ 200.86 Crores during FY22 till COD (10th October, 2022); which was not considered by the Authority in tariff order for Second Control Period. The same has been discussed in para 4.5.16.

4.5.8 The Authority noted that at the time of determination of tariff for the Second Control Period, in the Tariff Order, the Opening RAB for FY 2016-17 was determined to be ₹ 136.0 crores (Decision No. 5a, Tariff Order No. 10/2017-18 dated August 4, 2017). The details are as follows:

Table 16: Opening RAB of Second Control Period approved by AERA in the Second Control Period Order

(₹ Crores)		
Particulars	Ref.	Amount
Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	A	270.5
Aeronautical asset addition during the First Control Period	B	21.7
Cost of Aeronautical Assets as on 31.03.2016	C = A + B	292.2
Accumulated Depreciation as on 31.03.2016	D	156.2
Closing RAB as on 31.03.2016	E = C - D	136.0
Opening RAB as on 01.04.2016	F = E	136.0

4.5.9 For true-up, AAI had considered a slightly different value for Opening RAB for FY 2016-17 from what was approved by AERA in the Tariff Order for JIA for the Second Control Period. The opening RAB submitted by AAI as part of the true up proposal submission was ₹ 141.27 crores.

4.5.10 Based on the explanation provided by AAI and the comparison of the left-out assets and improvements (detailed in the Summary of the Asset Allocation Report given in Annexure II of this Tariff Order) with the fixed asset register, it was noted that these assets exclusively belong to JIA. Hence, the Authority proposed to include these assets as part of the Opening RAB for FY 2016-17 of the Second Control Period.

4.5.11 Further, the Authority noted that the classification of the left-out assets by AAI aligns with the allocation principles determined by the Authority in the Second Control Period for Opening RAB, as stated in para 8.3 of AERA Order No. 10/2017-18 dated August 4, 2017, pertaining to the determination of Aeronautical Tariff of Jaipur International Airport for the Second Control Period.

4.5.12 The Authority, based on the above facts, proposed to consider the opening RAB for true-up of the Second Control Period as submitted by AAI i.e., ₹ 141.27 Crores.

Capital additions submitted by AAI for Second Control Period and Pre-COD Period

4.5.13 The Authority noted differences between the approved figures in the Tariff Order for the Second Control Period and the actual capitalization of aeronautical assets. The Tariff Order for the Second Control period had projected a capitalization of aeronautical assets worth ₹ 256.4 crores by FY 2020-21, but as per AAI's submission, ₹ 490.49 crores worth of aeronautical assets have been capitalized until the COD (Commercial Operation Date).

4.5.14 The Authority reviewed the actual capital additions to RAB during the Second Control Period, which



is explained as follows:

Table 17: Capital additions submitted by AAI for the SCP and Pre-COD Period for JIA

(₹ Crores)

S. No	Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
1	Runways/Taxiway	102.35	0.41	0.00	1.38	14.25	118.40	135.50	253.90
3	Roads Bridges & Culverts	0.57	1.04	11.72	9.05	0.00	22.37	0.00	22.37
4	Terminal Building	1.46	3.90	0.25	34.07	5.53	45.21	41.68	86.90
5	Temp. Building	0.46	0.00	0.00	0.00	0.00	0.46	0.00	0.46
6	Residential Building	0.00	0.00	0.00	2.87	0.00	2.87	0.00	2.87
7	Temp. B/Wall	0.24	0.00	0.00	0.00	0.00	0.24	1.05	1.30
8	Operational B/Wall	1.61	0.00	0.00	0.03	0.00	1.65	0.00	1.65
9	Computers	0.25	0.02	0.09	0.00	0.01	0.37	0.00	0.37
10	Software	0.01	0.00	0.02	0.00	0.00	0.03	0.00	0.03
11	Machinery	22.30	12.63	3.38	29.63	12.95	80.90	22.04	102.94
12	Tools & Plant	0.00	0.96	11.50	0.83	0.64	13.92	0.00	13.92
13	Furniture-Office	0.04	0.01	0.00	0.00	0.57	0.62	0.59	1.21
14	Vehicles	0.03	0.53	0.01	0.00	0.00	0.57	0.00	0.57
15	Office Eqpt	0.01	0.00	0.01	0.03	0.00	0.06	0.00	0.06
16	X-Ray	0.00	0.00	0.00	1.96	0.00	1.96	0.00	1.96
	Total	129.34	19.52	26.98	79.84	33.96	289.63	200.86	490.49

4.5.15 The Authority compared the total capital additions provided by AAI with the capital additions approved in the Second Control Period order as detailed below:

Table 18: Reconciliation of Additions considered in the Second Control Period Order and Actuals incurred by AAI

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY22 till COD*	Total
Amount approved as per Tariff Order (A)	133.80	34.30	8.00	80.30	0.00	-	256.40
Actual additions to RAB (B)	129.34	19.52	26.98	79.84	33.96	200.86	490.49
Variance (B-A)	(4.46)	(14.78)	18.98	(0.46)	33.96	200.86	234.09

* up to October 10, 2021

4.5.16 Clarifications were sought from AAI on the excess CAPEX spend in FY22 till COD i.e., ₹ 200.86 crores. AAI vide its email dated July 20, 2023, has stated that "the unplanned CAPEX had to be done as per the operational requirement and direction of BCAS/ICAO/DGCA/MoCA". Further, AAI had submitted the Administrative Approvals and Expenditure Sanction (AA & ES) and other relevant documents for these capital projects.

Further, the Authority had examined the variances between the approved CAPEX and actual CAPEX incurred and observed that the CAPEX has been incurred due to operational requirements.

4.5.17 Based on the above analysis, the Authority noted that the justification for the difference between the capital additions as approved in the Tariff Order of the Second Control Period and the actual additions submitted by AAI as explained above appeared to be reasonable being incurred towards safety, security

and smooth conduct of airport operations. Thus, the Authority proposed to allow the actual capital expenditure submitted by AAI till COD for the purpose of true up.

Reclassification and Reallocation of assets submitted by AAI for the Second Control Period and Pre-COD Period

- 4.5.18 The Authority had commissioned an independent study through the Consultant appointed by AERA on allocation of assets between Aeronautical and Non-aeronautical services for JIA for the Second Control Period and FY 2021-22 (Pre and Post COD of AAI and JIAL respectively) (summary of the study is given in Annexure 2 and the Study is attached as Appendix 1) and used the recommendation of the study, while truing up the RAB till COD for AAI.
- 4.5.19 The Authority noted that the Independent Study had provided a broad framework for allocation of various classes of airport assets into Aeronautical, Non-aeronautical and Common. The process followed by the Study was as follows:
- The assets responsible for/ used exclusively for the provision of aeronautical (as defined in section 2 (a) of the AERA Act,2008) services have been classified as 'Aeronautical' for the purposes of Study. Additionally, the decisions of AERA on allocation of certain assets in the previous control periods and in the case of other airports have also been taken into consideration for this exercise.
 - Assets which are solely used for the provision of services other than aeronautical services are classified as 'Non-Aeronautical'.
 - If any asset is not exclusively used for the provision of either Aeronautical service or Non-Aeronautical service, it has been classified as 'Common'.
 - Apart from being an airport operator, AAI is also responsible for the provision of Air Navigation Services (ANS) over the Indian airspace. Therefore, certain ANS assets also form part of the books of AAI. However, since this service is managed separately by AAI and the tariff for the same are presently regulated by Ministry of Civil Aviation (MoCA), the assets related to the same are not considered under the RAB of AAI. Therefore, such assets have been excluded from the Aeronautical Cross Block of AAI.
 - However, certain ANS related assets were also transferred to JIAL as on COD. As per the terms of the Concession Agreement, AAI would continue to provide ANS services at JIA. As mentioned in Schedule Q of Clause 20.2.1 of the Concession Agreement, JIAL is required to make available all necessary civil infrastructure and necessary support to AAI for providing ANS services. Therefore, the ANS related assets, when transferred to the books of the JIAL, would be considered as aeronautical in nature considering that JIAL is not providing or charging for ANS services at JIA whereas it is required to provide the supporting infrastructure.
 - Aeronautical assets (e.g. aerobridges, among others) are directly added to RAB and assets identified to be Non-Aeronautical (e.g. commercial complex) are excluded from it. The assets that have been classified as Common assets need to be further bifurcated into aeronautical and non-aeronautical based on a suitable ratio. This ratio has been determined based on the underlying proportion of their expected utilization for Aeronautical and Non-aeronautical services and activities at the Airport.

Based on the examination of the submission made by AAI, the Authority considered the asset allocation methodology adopted in the submission made by AAI through its independent consultant. Further, assets were analysed on a case-to-case basis and in case of any discrepancies identified in allocation, appropriate reclassification was made for such assets.



4.5.20 Reclassification of assets transferred by AAI to JIAL

The Authority had conducted an independent study on allocation of assets for the period FY 2016-17 till COD and used the outcome of the study to true up the RAB as on COD for AAI.

The Authority had considered the opening RAB submitted by AAI, Capital additions and corresponding depreciation based on the results of the Asset Allocation report (refer Annexure 2 for the Summary of the report and Appendix 1 for the detailed report on *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport.*)

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common. Based on the same, the Authority had reclassified some portion of assets submitted by AAI for true up of the Pre-COD Period.

(i) Terminal building:

Details of Asset: Expansion and Modification of T2, Refurbishment, Retrofitting and Renovation of T1, Craftwork at T1

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of terminal building, craftwork of terminal buildings and other works had been considered as Aeronautical assets by AAI. However, as these assets are within / pertaining to the terminal building, wherein both Aeronautical and Non-aeronautical activities are carried out, the same was reclassified as Common asset and segregated in the Terminal Building ratio (90:10).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduced the Capital Additions to the extent of ₹ 7.59 Crores.

(ii) Temporary Boundary Wall:

Details of Asset: Chain link fencing in residential colony

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of boundary wall in residential colony had been considered as Aeronautical assets. However, as these assets are for the residential purposes of the staff, wherein both Aeronautical and ANS employees reside, the same was reclassified as Common asset and segregated in the Staff Quarters ratio (86.95:13.05).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduced the Capital Additions to the extent of ₹ 0.03 Crores.

(iii) Tools and Machinery:

Details of Asset: Fans, AC, Lights, CCTV, Escalator/Elevator, DG Sets, Solar Grid, Water Handling Unit, Biometric Access Control

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to the various equipment at several locations in the airport have been classified as Aeronautical assets by AAI. As these assets are used for servicing both Aeronautical and Non-aeronautical activities within the terminal building, these are reclassified as



Common assets and have been reallocated in the ratio of the Terminal Building (90:10).

Biometric Access Control System has been classified as Aeronautical asset by AAI. However, since these assets are for staff use, they have been reclassified as Common assets and have been reallocated in the ratio of the Employee Head Count.

Asset related to elevator for restaurant at T2 has been classified as Aeronautical asset by AAI. Since this asset pertains to Non-aeronautical activity within the terminal building, it is reclassified as Non-Aeronautical asset.

Asset related to Breath Analyzers at ATC Building has been classified as Aeronautical asset by AAI. However, since these assets are for ANS staff use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 3.72 Crores.

(iv) Furniture & Fixtures:

Details of Asset: Furniture at T1, Foldable ladders in CNS Section

Allocation proposed by AAI: Aeronautical

Observation: The furniture at the terminal building had been classified as Aeronautical assets by AAI. As these assets are used for both Aeronautical and Non-aeronautical activities, these assets were reclassified as Common assets and had been reallocated using the Terminal Building ratio (90:10).

Asset related to Foldable Ladders at CNS Section had been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they had been reclassified as ANS assets.

Allocation proposed by the Authority: Common / ANS

Impact: Reclassifying these assets reduced the Capital Additions to the extent of ₹ 0.1 Crores.

(v) Office Appliances:

Details of Asset: Biometric Attendance Machine, Laptop, Mobile

Allocation proposed by AAI: Aeronautical

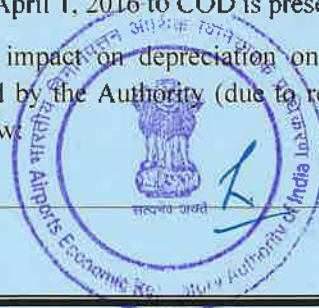
Observation: The biometric attendance machines at the cargo building and ATC had been classified as Aeronautical assets by AAI. As these assets are not used for Aeronautical purpose, these assets were reclassified as Non-Aeronautical and ANS assets.

Asset related to Laptop and Mobile phone at ATC Tower and CNS Section respectively had been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they had been reclassified as ANS assets.

Allocation proposed by the Authority: Non-Aeronautical / ANS

Impact: Reclassifying these assets reduced the Capital Additions to the extent of ₹ 0.001 Crores.

- a. The impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD is presented in Table 19.
- b. Accordingly, the year-wise impact on depreciation on asset additions as determined by the independent study conducted by the Authority (due to reclassification and other adjustments) is summarized in the table below.



- The following table presents the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD.

Table 19: Impact due to reclassification of AAI assets proposed by the Authority at Consultation Stage
(₹ Crores)

Additions - WIP Capitalization	Tariff Year 1 (2016-17)	Tariff Year 2 (2017-18)	Tariff Year 3 (2018-19)	Tariff Year 4 (2019-20)	Tariff Year 5 (2020-21)	Tariff Year 6 (2021-22) COD	Total
Terminal Building	-	-	-	-3.35	-0.07	-4.17	-7.59
Temporary Boundary Wall	-0.03	-	-	-	-	-	-0.03
Computers	-0.01	-	-	-	-0.01	-	-0.02
Machinery	-0.20	-1.18	-	-0.64	-0.33	-1.33	-3.67
Tools & Plant	-	-	-	-0.04	-0.01	-	-0.05
Furniture-Office	-0.002	-	-	-	-0.04	-0.06	-0.10
Office Equipment	-	-	-	-	-0.001	-	-0.001
Total Impact on Additions	-0.25	-1.18	-	-4.04	-0.46	-5.55	-11.47

Table 20: Reclassification of assets capitalized in the Second Control Period and Pre-COD Period proposed by the Authority at Consultation Stage

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
Building Freehold	50011372	EXP/MODI - T2: CIVIL WORK (SGB INFRA)	Aero	285,226,135	Common (TB)	256,703,522	-28,522,613
Building Freehold	50011373	EXP/MODI - T2: ASSOCIATED ELECT WORK (SGB & OTHER)	Aero	49,945,388	Common (TB)	44,950,849	-4,994,539
Building Freehold	50011377	RRR OF T1 CARFT WORK- EAST CARFT DESIGN	Aero	6,552,728	Common (TB)	5,897,455	-655,273
Building Freehold	50011738	RRR OF T1: CIVIL WORK INCL STAFF/VEHICLE SGB INFRA	Aero	416,811,539	Common (TB)	375,130,386	-41,681,153
Boundary-Freehold	70001474	Prov. of Chain link fencing in residential colony	Aero	2,432,387	Common (QR)	2,114,960	-317,427
Office Appliances-Fr	150011195	17 Nos. Bio-metric attendance machines (ATC Tower & Cargo Building)	Aero	167,399	Non-Aero	-	-167,399
Office Appliances-Fr	150016788	LAPTOP DELL 3410 CORE I7 FOR	Aero	60,508	ANS	-	-60,508

TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
		ATM_JINTECH SOLUTION					
Plant & Equipment-Fr	90035354	SITC of 100 kwp roof top grid connected solar	Aero	4,473,000	Common (TB)	4,025,700	-447,300
Plant & Equipment-Fr	90041179	2 NOS ONLINE UPS SYSTEM WITH 20 BATTERY	Aero	935,000	Common (TB)	841,500	-93,500
Plant & Equipment-Fr	90038386	SCCTV	Aero	14,344,179	Common (TB)	12,909,761	-1,434,418
Plant & Equipment-Fr	90038444	FAN/AC/Lights & oth. Elect. Installation for Intl.	Aero	843,833	Common (TB)	759,450	-84,383
Plant & Equipment-Fr	90038434	43 Nos. CCTV Camera	Aero	12,353,205	Common (TB)	11,117,884	-1,235,321
Plant & Equipment-Fr	90038417	8 Nos 4 TR & 1 No 3TR CHILLED WATER HANDLING UNIT	Aero	1,923,133	Common (TB)	1,730,820	-192,313
Plant & Equipment-Fr	90038398	SITC of 1800 KWp solar plant Jaipur - NIT cost	Aero	101,891,513	Common (TB)	91,702,362	-10,189,151
Plant & Equipment-Fr	90038383	2nos 30KVA ups and 2 no battery banks	Aero	653,532	Common (TB)	588,179	-65,353
Plant & Equipment-Fr	90044998	SITC THYSENKRUP 10PAX LIFT AT T2 RESTAURANT	Aero	3,249,500	Non Aero	-	-3,249,500
Plant & Equipment-Fr	90043101	Exp/Modi -T2 Escalator/Elevator in Departure Area	Aero	10,090,000	Common (TB)	9,081,000	-1,009,000
Plant & Equipment-Fr	90044875	EXP/MODI - T2: CENTRALIZED AC PLANT (HEMCOOL ENGG	Aero	18,870,119	Common (TB)	16,983,107	-1,887,012
Plant & Equipment-Fr	90045194	SITC OF 3 NO. 20HP AC OUTDOOR UNIT OF VOLTAS MAKE	Aero	1,414,316	Common (TB)	1,272,884	-141,432
Plant & Equipment-Fr	90045195	SITC OF 1 NO. 10HP AC OUTDOOR UNIT OF VOLTAS MAKE	Aero	444,835	Common (TB)	400,352	-44,483
Plant & Equipment-Fr	90045196	SITC OF 5 NOS CASSETTEE 4TR AC UNITS VOLTAS MAKE	Aero	250,761	Common (TB)	225,685	-25,076



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
Plant & Equipment-Fr	90045197	SITC OF 19 NOS CASSETTEE 2TR AC UNITS VOLTAS MAKE	Aero	214,565	Common (TB)	193,109	-21,456
Plant & Equipment-Fr	90045198	SITC OF 4 NOS SPLIT AC UNIT 1.5TR AC VOLTAS MAKE	Aero	299,343	Common (TB)	269,409	-29,934
Plant & Equipment-Fr	90048010	SITC of Biometric Access Control System at Jaipur	Aero	20,961,064	Common (ER)	18,064,245	-836,347
Plant & Equipment-Fr	90048614	RRR of TI Prov of Elevators (M/s Johnsons Lift)	Aero	4,196,165	Common (TB)	3,776,549	-419,616
Plant & Equipment-Fr	90048609	RRR OF T1 500 KVA DG SET - (PRAGYA ELECTRIC)	Aero	3,612,823	Common (TB)	3,251,541	-361,282
Plant & Equipment-Fr	90048612	RRR of T1 Electric work (SGB Infra)	Aero	128,941,596	Common (TB)	116,047,436	-12,894,160
Plant & Equipment-Fr	90044831	SITC SURVEILLIANCE CCTV SYSTEM (CORPORATE INFOTEC)	Aero	4,421,961	Common (TB)	3,979,765	-442,196
Plant & Equipment-Fr	90046977	BREATH ANALYZER_QTY 2 NOS_ WESTERN MARKETING	Aero	75,200	ANS	-	-75,200
Furniture & Fixtures	110013257	2 Nos. foldable ladders	Aero	21,810	ANS	-	-21,810
Furniture & Fixtures	110017781	ARTWORK AT TERMINAL 2 EAST CRAFT DESIGN PVT LTD	Aero	4,359,992	Common (TB)	3,923,993	-435,999
Furniture & Fixtures	110018703	RRR OF T-1 FURNITURE SAMRIDDHI ASSOCIATES	Aero	5,867,816	Common (TB)	5,281,034	-586,782
Office Appliances-Fr	150016784	MOBILE SAMSUNG M114/64_APD_QTY 1 NO_ SMART WORLD	Aero	8,475	ANS	-	-8,475
Total Impact							114,690,883

* As per the independent study conducted by the Authority

4.5.21 Further the Authority as part of its review noted the following with respect to the RAB submitted by AAI:

The RAB submitted by AAI as on October 10, 2021 is based on the extract of its audited trial balance.



Certain assets amounting to ₹ 0.01 crores related to ANS activities (such as ATC Tower) had been included in the RAB as per AAI's submission. Since AERA does not determine the regulatory tariff for ANS-related activities, the ANS related assets have been excluded from the RAB (as also explained in para 3.5.3 of the *Asset Allocation report*). Further, assets related to Cargo activities included in the RAB has been excluded by the Authority, as the Cargo activities of AAI performed by its subsidiary, AAICLAS for which tariff is determined separately. The total value of such assets excluded from RAB amounts to ₹ 0.02 crores.

- 4.5.22 Based on the revision of asset allocation methodology adopted for assets of Jaipur International Airport as discussed above, a revision in the Aeronautical Gross block was proposed. The year-wise revised value of assets from FY 2016-17 to FY 2020-21 has been summarized in the tables below:

Table 21: Gross Block proposed by the Authority for Second Control Period and Pre COD period at Consultation Stage

Particulars	₹ Crores					
	FY 17	FY 18	FY 19	FY 20	FY 21	FY22 (till COD)
As per AAI Submission						
Aeronautical Gross Block (A)	425.56	445.08	472.06	551.90	585.86	786.72
Non-Aeronautical Gross Block (B)	14.09	14.37	14.37	14.37	14.37	14.37
Total Gross Block (C = A + B)	439.65	459.45	486.43	566.27	600.23	801.09
Percentage Aeronautical (D = A ÷ C)	96.80%	96.87%	97.05%	97.46%	97.61%	98.21%
Proposed by the Authority as per the Independent Study						
Aeronautical Gross Block (E)	425.32	443.66	470.64	546.44	579.94	775.25
Non-Aeronautical Gross Block (F)	14.33	15.79	15.79	19.83	20.27	25.82
Total Gross Block (G = E + F)	439.65	459.45	486.43	566.27	600.21	801.07
Percentage Aeronautical (H = G ÷ E)	96.74%	96.56%	96.75%	96.50%	96.62%	96.78%
Variance (I = H - D)	-0.06%	-0.31%	-0.30%	-0.96%	-0.99%	-1.43%

*variance in aeronautical gross block as per AAI submission and proposed by Authority is mainly on account of allocation of assets

Stakeholder's comments regarding True up of Capital Expenditure (CAPEX) for the period from FY 2016-17 up to COD

- 4.5.23 No comments have been received from stakeholders regarding True up of Capital Expenditure (CAPEX) for the period from FY 2016-17 up to COD.

Authority's Analysis regarding True up of Capital Expenditure (CAPEX) for the period from FY 2016-17 up to COD

- 4.5.24 The Authority notes that there are no stakeholder's comments regarding True up of Capital Expenditure (CAPEX) for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of Capital Expenditure (CAPEX) as per Table 21.

4.6 True up of Financing Allowance

Authority's examination of true up of Financing Allowance at the Consultation Stage:

- i. The Authority noted that AAI had claimed financing allowance amounting to ₹ 2.16 crores as part of RAB. The Authority had the following views on the aspect of Financing Allowance:
 - a. 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 as the investment in the asset class will then be equated to risk free rate of return.

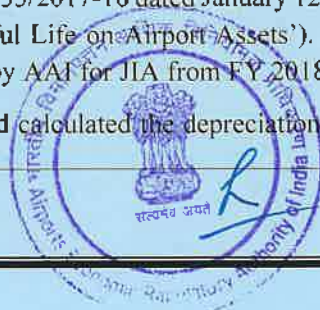
- b. Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, a return should be provided only when the assets are made available to the airport users except in the case of certain costs like IDC that will have to be incurred if debt is used for funding projects.
- c. Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. The airport operator is adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.
- d. Developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, financing allowance was provisioned in the initial stages to such airports. It may be further noted that financing allowance was never provided in the case of brownfield airports like MIAL, DIAL and other AAI airports. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.
- e. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional, and JIAL keeps on enjoying the charges from the users. In the case of JIA, the Airport ought to be considered as a brownfield airport, which would not be eligible for an allowance on the equity portion of newly funded capital projects.
- f. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.
- g. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that "*different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)*".

In view of above, the Authority proposed not to consider any expense related to financing allowance as a part of RAB.

4.7 True up of Depreciation

Authority's examination of true up of Depreciation at the Consultation Stage:

- 4.7.1 The Authority noted that while submitting the True up for the Pre-COD period for the Jaipur International Airport, AAI had taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (Order No. 35/2017-18 dated January 12, 2018 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'). Accordingly, the rates of depreciation approved by AERA were applied by AAI for JIA from FY 2018-19 onwards.
- 4.7.2 For the additions to RAB, AAI had calculated the depreciation during year of capitalization based on



number of days, the asset was put to use. The Authority had proposed to consider the same.

- 4.7.3 Accordingly, the year-wise impact on depreciation on asset additions as determined by the independent study conducted by the Authority (due to reclassification and other adjustments) is summarized in the table below:

Table 22: Impact on depreciation due to reclassification of AAI assets for the SCP and pre-COD period
(₹ Crores)

Depreciation on Additions during the Year	FY'17	FY'18	FY '19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-0.01	-0.11	-0.06	-0.1840
Temporary Boundary Wall	-0.01	-0.02	-	-	-	-	-0.0317
Computers	-0.001	-0.003	-0.005	-0.005	-0.002	-0.001	-0.0159
Machinery	-0.004	-0.03	-0.09	-0.1	-0.15	-0.09	-0.4636
Tools & Plant	-	-	-	-0.002	-0.003	-0.002	-0.0067
Furniture-Office	-	-0.0002	-0.0003	-0.0003	-0.005	-0.004	-0.0089
Office Equipment	-	-	-	-	-	-0.0001	-0.0001
Total Impact of Adjustments on Depreciation on Additions	-0.0183	-0.0519	-0.0969	-0.1196	-0.2697	-0.1547	-0.7110

- 4.7.4 The Authority had computed depreciation for the Second Control Period and Pre-COD period, after making necessary adjustments to the assets excluded from RAB and the same is presented as follow:

Table 23: Depreciation considered by the Authority for True up of the SCP and Pre-COD Period at Consultation Stage

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	(₹ Crores)		
						Total till FY'21	FY'22 till COD	Total till COD
Depreciation as per AAI (A)	16.41	18.00	20.80	22.55	23.51	101.27	12.87	114.15
Depreciation impact on reclassification (B)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.56	-0.15	-0.71
Depreciation as per the independent study conducted by the Authority (C=A-B)	16.39	17.95	20.71	22.44	23.24	100.73	12.71	113.44

Reference: Table 12 of the Study on Allocation of assets between Aeronautical and Non-aeronautical assets for JIA

The Authority, based on this examination and recommendation of the independent study on asset allocation proposed to consider depreciation as per Table 23 for true up of the pre-COD period at the Consultation Stage.

Stakeholder's comments regarding True up of Depreciation for the period from FY 2016-17 up to COD

- 4.7.5 No comments have been received from stakeholders regarding True up of Depreciation for the period from FY 2016-17 up to COD.



Authority's Analysis regarding True up of Depreciation for the period from FY 2016-17 up to COD

4.7.6 The Authority notes that there are no stakeholder's comments regarding True up of Depreciation for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of Depreciation as per Table 23.

4.8 True up of RAB**Authority's examination of true up of RAB at the Consultation Stage**

4.8.1 The Authority compared the year-wise additions to RAB submitted by AAI to the Aeronautical capital expenditure approved by it in the Tariff Order for the Second Control period.

4.8.2 Subsequent to the reclassifications and revisions in asset allocation ratios, the adjusted RAB had been derived by the Authority as under:

Table 24: Adjusted RAB submitted by AAI and proposed by the Authority post re-classification for SCP and pre-COD period at the Consultation Stage

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
As per AAI							
Opening RAB (A)	141.27*	253.52	255.03	261.21	318.50	328.94	
Additions to RAB during the year (B)	129.34 [†]	19.52	26.98	79.84	33.96	200.86	490.49
Deletions from RAB during the year (C)	0.67	-	-	-	-	-	0.67
Depreciation for the year (D)	16.41	18.01	20.80	22.55	23.51	12.87	114.15
Closing RAB for the year (E=A+B-C-D)	253.52	255.03	261.21	318.50	328.94	516.94	
As per Authority							
Opening RAB (F)	141.27*	253.29	253.68	259.96	313.32	323.58	-
Reclassification adjustments							
- Reclassification impact (other than depreciation) (G)	-0.25	-1.18	0.00	-4.04	-0.46	-5.55	-11.47
- Depreciation impact on reclassification (H)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.15	-0.71
Total reclassification impact (I=G+H)	-0.26	-1.23	-0.10	-4.16	-0.72	-5.71	-12.18
Additions as per Study [‡] (J=B+G)	129.09	18.34	26.98	75.80	33.50	195.31	479.03
Deletions as per Study (K=C)	0.67	-	-	-	-	-	0.67
Depreciation as per Study (L=D+H)	16.39	17.95	20.71	22.44	23.24	12.71	113.44
Closing RAB (M=F+J-K-L)	253.29	253.68	259.96	313.32	323.58	506.18	-
Average RAB (N=(F+M)/2)	197.28	253.49	256.82	286.64	318.45	414.88	-

* includes left out assets and Cost Apportionment in First Control Period

† excludes left out asset and cost apportionment as the same has been included in Opening RAB

‡ As per the independent asset allocation study conducted by the Authority

4.8.3 Deemed Initial RAB

a. The extract of the Concession Agreement with respect to determination of "Deemed Initial RAB" has been provided hereunder:

Clause 28.11.3 states that:

- i. "It is agreed by the Parties that the Concessionaire shall be liable to pay to the Authority an amount equivalent to the investments made by the Authority in the Aeronautical assets as of the COD and considered by the Regulator as part of the Regulatory Asset Base, subject to requisite reconciliation, true-up and final determination by the Regulator of the quantum of



such investment ("**Deemed Initial RAB**").

- ii. *The estimated depreciated value of investments made by the Authority in the Aeronautical assets at the Airport as on March 31, 2018, is ₹ 253,00,00,000 (Rupees Two Hundred and Fifty Three Crores) ("**Estimated Deemed Initial RAB**"). It is agreed by the Parties that the Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.*"

Clause 28.11.4 states that:

*"Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("**Adjusted Deemed Initial RAB**"):*

- (a) *reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period; or*
- (b) *increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.*

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB."

Clause 28.11.5 states that:

"Upon reimbursement of such amount by the Concessionaire to the Authority, the Deemed Initial RAB will, in addition to the investments made by the Concessionaire, be considered for the purpose of determination of Aeronautical Charges by the Regulator.

- (a) *The Authority undertakes to make any required supporting submissions to the Regulator towards such consideration and determination by the Regulator.*
- (b) *The Parties shall submit to and request the Regulator to separately identify the Deemed Initial RAB in future determinations of Aeronautical Charges with regard to consideration of depreciation, required returns, etc."*

b. Joint Asset Reconciliation Statement (JARS)

The Authority noted that in January 2023, both the AAI and JIAL had collaborated to conduct a physical verification of the assets. Following this verification, they jointly signed the joint asset reconciliation statement (JARS) to confirm the assets transferred as on COD. JIAL had accepted that the value of aeronautical assets transferred by AAI as on COD was ₹ 514.31 crores and that the value of ANS related assets transferred was ₹ 4.34 crores as detailed in Joint Asset Reconciliation Statement.

Table 25: Joint Asset Reconciliation Statement of AAI and JIAL as on COD

S. No.	Particulars	No. of Asset	Amount
			(₹ Crores)
AI	Aeronautical assets handed over to JIAL	760	514.31

S. No.	Particulars	No. of Asset	Amount
A2	Non-Aeronautical assets handed over to JIAL	144	0.06
A3	ANS assets handed over to JIAL	40	4.34
	Total (A1+A2+A3)	944	518.71

- c. Taking cognizance of the above clauses in the Concession Agreement and adjustments & reclassification proposed by the Authority based on the outcome of the independent study conducted by the Independent Consultant appointed by AERA on allocation of assets for JIA, including disallowance of Financing Allowance, exclusion of Financial lease assets, inclusion of IDC and the left out assets, reclassification of assets and the resulting change in depreciation, the Authority had determined the Deemed Initial RAB as on COD, as follows:

Table 26: Determination of Deemed Initial RAB by the Authority at Consultation Stage

(₹ Crores)

Particulars	Aeronautical assets (A)	Non-aeronautical assets (B)	ANS assets (C)	Total D = (A + B + C)
Total assets of AAI as on COD (Net block) as per submission (a)	516.92	0.31	30.99	548.22
Reclassification of RAB (b)	(10.75)	10.74	0.01	
Total assets of AAI as on COD (Net block), after reclassification and other adjustments (c = a+b)	506.17	11.05	31.00	548.22
Less Assets retained by AAI (d)	(1.56)	(0.25)	(26.65)	(28.46)
Net assets transferred by AAI to JIAL as on COD (e=c+d)*	504.61	10.80	4.35	519.76
Deemed Initial RAB as on COD for JIAL (includes value of Aero and ANS assets at 'e' above) (f)				508.96

* Refer Annexure III of Study on Allocation of assets between Aeronautical and Non-aeronautical assets for JIA

** includes Rs. 1.05 Cr. towards payment of vacation of quarters from CPWD taken into RAB as aeronautical asset as on COD

- d. The deemed initial RAB as on COD was thus subsequently determined by including only Net Aeronautical (₹ 504.61 Cr.) and ANS assets (₹ 4.35 Cr.) transferred by AAI to JIAL as on COD; and derived to be ₹ 508.96 Crores.

Stakeholders' comments on true-up of the Capital Expenditure, Depreciation and RAB for the Second Control Period and pre-COD period

- 4.8.4 No comments have been received from stakeholders regarding True up of Capital Expenditure (CAPEX), Depreciation and RAB for the period from FY 2016-17 up to COD.

Authority's analysis of Stakeholders' comments on true-up of the Capital Expenditure, Depreciation and RAB for the Second Control Period and pre-COD period

- 4.8.5 The Authority notes that there are no stakeholder's comments regarding True up of Capital Expenditure (CAPEX), Depreciation and RAB for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of RAB as per Table 26.

4.9 True up of Fair Rate of Return

Authority's examination of true up of FRoR at the Consultation Stage:

- 4.9.1 AAI had considered the FRoR at 14% in line with the decision taken by the Authority for Chennai, Kolkata, Guwahati and Lucknow airports for the First Control Period.



- 4.9.2 The Authority noted that AAI had not availed any debt during second control period till COD.
- 4.9.3 At the time of determination of tariff for the Second Control Period, the Authority had decided to consider FRoR for JIA as 14%. In line with its decision of second control period order no. 10/2017-18, the Authority proposes to consider the FRoR at 14% for true up of second control period till COD.
- 4.9.4 However, it was noted that AAI had operated the Airport in FY 2021-22 only till October 10, 2021. Therefore, AAI was eligible to claim return on RAB only till COD. Hence, for FY 2021-22, the Authority proposed to pro-rate the FRoR for 193 days during which AAI operated the Airport. The pro-rated FRoR for FY 2021-22 (till COD-193 days) was computed as follows:

$$\text{FRoR}_{\text{COD}} = \text{FRoR} * n / 365$$

Where, FRoR is the fair rate of return for entire FY 2021-22, FRoR_{COD} is the pro-rated FRoR for the period till COD and n is the number of days in operation in FY 2021-22.

Based on the above approach the pro-rated FRoR for FY 2021-22 was computed as follows:

Table 27: Pro-rated FRoR for FY'22 considered by the Authority for true up of pre-COD period at Consultation Stage

Particulars	Value (%)
FRoR for FY'22 (A)	14%
Number of days of operations in FY'22 (B)	193
Pro-rated FRoR for FY'22 (till COD) (A*B/365)	7.40%

- 4.9.5 Based on the above analysis, the Authority proposed to consider FRoR as 14% for the FYs 2016-17 to 2020-21 and as 7.40% for FY 2021-22 (up 10th Oct'2021) for true up of the pre-COD period.

Stakeholders' comments on True up of Fair Rate of Return for the Second Control Period till COD

- 4.9.6 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. 26/2023-24 with respect to True up of Fair Rate of Return (FRoR) for the Second Control Period. The comments by the Stakeholders are presented below.
- 4.9.7 FIA submitted that:

- a. *Fair Rate of Return (FRoR) to airport operators should be provided only at reasonable rates as any high value of fixed/ assured return favours the service provider/airport operators, 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 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.

AAI's response to Stakeholders' comment regarding True up of FRoR for Second Control Period

- 4.9.8 In response to the comment by FIA, AAI submitted that:
- a. *FRoR for an Airport depends on cost of debt and cost of equity.*

- b. In the first control period of Chennai Airport, AAI has submitted a study conducted by M/s KPMG in regard to calculation of cost of equity wherein Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98.
- c. AERA has been considering cost of equity as 14% as against 15.64% as per study report submitted by M/s KPMG.

JIAL's response to Stakeholders' comment regarding True up of FRoR for Second Control Period

- 4.9.9 In response to the comment by FIA, JIAL submitted the following response:

For TCP, Authority has allowed FRoR of 12.21%. However, JIAL is seeking FRoR of 14.76% based on cost of equity of 17.30% as determined by the independent study done for LIAL as per methodology prescribed in AERA Guidelines and cost of debt of 12% as per actuals. If Airport Operators are not given suitable returns on their investment, the development and upgradation of such infrastructure facilities will not be of the level as expected by the Governments, Aviation Industry and Users.

Further it is to be noted that proportion of airport charges to total operational cost of Airlines is insignificant i.e., in range of 6-8% (based on the study of annual reports/financials available in public domain of listed Indian airlines such as Indigo, SpiceJet etc.). Thus, its sensitivity towards the profitability of the airlines is minuscule. Also, with respect to the comment by FIA on huge losses suffered by airlines, please refer the comments provided under 1.19. (refer Para 10.4.5 of this Tariff Order).

As far as efficiency is concerned, Airport Operator has and will continue to sweat the assets and build in efficiency whenever possible.

Authority's analysis of Stakeholders' comments on True up of Fair Rate of Return for the Second Control Period till COD

- 4.9.10 The Authority has carefully examined FIA's comment and the response of both AAI and JIAL and is of the view that an airport infrastructure is a capital-intensive business and requires investment with a long-term perspective wherein investors desire a stable return on equity. Therefore, the Authority finds that it is not pragmatic or fair to reduce or not to provide any return on the assets of the Airport Operator.
- 4.9.11 Regarding AAI's comments on the study commissioned by AAI through M/S KPMG on Cost of Equity, it is to be noted that the study pertains to 2011, which is a very dated report.
- The Authority would also reiterate that the independent study conducted by AAI and JIAL for Cost of Equity has inherent conflicts and hence it would not be fair to consider the estimate for Cost of Equity as per the study of the Airport Operator.
- 4.9.12 Considering the above, the Authority has decided to consider FRoR @14% for the true-up for the period from FY 2016-17 up to COD for Jaipur Airport.

4.10 True up of Aeronautical Operation and Maintenance (O&M) expenses

Authority's examination of true up of Aeronautical O&M expenses at the Consultation Stage

- 4.10.1 The component wise break up of Aeronautical Operation and Maintenance expenses submitted by AAI for the Second Control Period and Pre-COD period is as follows:



Table 28: O&M expenses submitted by AAI for True up of the SCP and Pre-COD Period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Employee benefit expenses	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76
Administrative and other expenses	32.47	37.58	56.50	67.45	60.96	254.96	61.53	316.49
Repairs & Maintenance	8.35	12.75	13.86	14.74	16.34	66.05	9.27	75.32
Utilities (Operating) and other outsourcing expenses	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50

4.10.2 The Authority noted that in the Tariff Order of the Second Control Period vide Order No. 10/2017-18, it had approved the O&M expenses of ₹ 290.20 Crores for JIA, which is as follows:

Table 29: Aeronautical O&M expenses approved by the Authority for the Second Control Period at the Consultation Stage

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total
Employee Benefit Expenses	23.80	29.80	31.80	34.00	36.40	155.80
Administrative & General Expenses including CHQ/RHQ	10.10	10.70	11.40	12.10	12.80	57.10
Repairs & Maintenance expenses	8.60	9.50	10.40	11.50	12.60	52.60
Utility & Outsourcing expenses	4.00	4.00	4.00	4.00	4.00	20.00
Consumption of Stores and Spares	0.40	0.40	0.40	0.50	0.50	2.20
Other Outflows	0.30	0.40	0.40	0.50	0.50	2.10
Total	47.30	54.80	58.60	62.60	66.90	290.20

4.10.3 On comparing the actual expenses incurred by AAI for the second control period till FY2020-21, with the expenses approved in the Tariff Order for the Second Control Period, the Authority observed following:

- a. **Payroll Expenditure:** The Authority observed that the payroll expenditure increased by 48% in FY'18, and by 24% in FY'19, compared to 25% and 7% approved respectively in the tariff order for Second Control Period. The Authority further noted that the payroll expenditure is slightly higher than the approved amount in FY'19 and FY'20 of the Second Control Period. The Authority sought clarification from AAI in this regard, AAI clarified that the variance is due to pay revision as per 7th Pay Commission Report which was implemented from Jan 2017 and payment of arrears were paid to Executives in December 2017 (FY'18) and to Non-Executives in FY'19. The Authority also noted that the total Employee benefit expenses of ₹ 142.24 Crores incurred by AAI is lower than the approved amount of ₹ 155.8 Crores for the Second Control period. Based on the above factors, the Authority considered the payroll expenditure of JIA, as submitted by AAI for the Second Control Period to be reasonable.
- b. **Administrative and General Expenses:** The Authority noted that the Administrative and General expenses of ₹ 254.96 Crores claimed by AAI for Second Control Period was significantly higher than the amount approved by the Authority for the Second Control Period. The Authority on analysis observed that variance is mainly on account of the increase in CHQ & RHQ expenses. The

amount of CHQ & RHQ expenses as per the Tariff Order of Second Control Period was ₹ 39.10 Crores whereas the actual expenses allocated by AAI up to FY21 was ₹ 235.38 Crores (in FY22 it stood at ₹ 59.29 Crores totaling to ₹ 294.67 Crores till COD). Based on the above factors, the Authority was of the view that the CHQ/ RHQ expenses was rationalized and the same is explained in para 4.10.5 of this Tariff Order.

- c. **Repairs and Maintenance (R&M):** The Authority noted that the total Repairs & Maintenance expenses of ₹ 66.04 Crores (including amortisation of runway recarpeting expenses of ₹ 2.65 Crores) claimed by AAI for the Second Control Period (till FY21) was higher than the amount ₹ 52.60 Crores approved in the tariff order for the Second Control Period. It was also noted that as per the tariff order of the Second Control Period, the Authority had not allowed any cost for runway recarpeting expenditure. The Authority further observed that the R&M expenses had remained within 6% of Opening RAB for all tariff years and which seems to be reasonable. Accordingly, the Authority had proposed to consider the same at the consultation stage.
- d. **Utilities and Outsourcing Expenses:** The Authority noted that the Utility and Outsourcing expenses of ₹ 33.57 Crores claimed by AAI was higher than the approved expenses of ₹ 22.20 Crores as per the Tariff Order for the Second Control Period. The overall variation worked out to 51 % on the total Utility expenses. It was observed that the variation was mainly on account of ₹ 7.94 Crores, incurred by AAI up to FY21 under the head of 'Other Hire Charges'. The Authority sought clarification from AAI in this regard. AAI as part of its response submitted that Jaipur airport has limited ownership of vehicles and permanent drivers on its payrolls. In order to meet the operational requirement, vehicles and drivers are being hired from outsourcing agencies on monthly basis. These agencies are being hired by AAI as per defined SOPs. The provision of these expenses could not be envisaged in the Second Control Period order. Based on the operational requirements stated above, the Authority acknowledged AAI's submission with respect to this expenditure and proposed to allow this expense as part of true up exercise at the consultation stage.

Further, the Authority also noted that the electricity expense had increased by 16.5% as against the values approved in the Tariff Order for Second Control Period. The increase in electricity expenses in SCP as per AAI submission, was attributed to the load increase due to extension of arrival & departure area in Terminal-2 and apron with additional 19 bays. Additionally, there were further developments including new sub fire station, control room at ATC, CCR room, and installation of CAT-III lightning system.

In conclusion, it was evident that the utility expenses exceeded the projections, primarily due to hiring of vehicles through outsourcing agencies on a need basis, and the increase in electricity expenses due to increase in demand. Considering the same, the Authority proposed to consider the actual expense towards Utility and Outsourcing expenses for true up of the pre-COD period at the consultation stage.

- e. **Other Outflows:** Expenses related to Other Outflows comprised of collection charges on UDF, PSF(F), and charges paid to IATA. The Authority in its order for Second Control Period approved ₹ 2.10 Crores for other outflows mainly towards collection charges on UDF. AAI as part of its true up submission stated that the actual expense incurred was ₹ 5.63 Crores under this head. This comprised of ₹ 3.50 Crores towards collection charges on PSF(F) (till FY20), and UDF, and ₹ 2.13 Crores on account of collection charges paid to IATA (facilitating collection of airline charges on behalf of AAI). The Authority noted that prior to Second Control Period IATA Collection Charges were included as part of CHQ/RHQ expense allocation. However, Second Control Period onwards,

expenses related to IATA collection charges have been allocated as per actuals to JIA. Since these expenses were not included in "Other Outflows" prior to SCP, the same was not envisaged as part of Tariff Order for SCP and thus correspondingly the projections were lower. Accordingly, basis the aforementioned reasons the higher expense on account of "Other Outflows" was found in order and was considered by the Authority at the consultation stage.

4.10.4 Reallocation of Common O&M expenses by the Authority

The Authority had commissioned an independent study through the Consultant appointed by AERA to determine efficient Aeronautical Operation and Maintenance costs for the Second Control Period and for the period from April '21 up to COD). The Authority used the outcome of the study to true up the O&M expenses for the pre-COD period for AAI.

The common O&M expenses were segregated by AAI between Aeronautical and Non-aeronautical expenses based on a suitable ratio. This ratio was determined based on the underlying proportion of their expected utilisation for Aeronautical and Non-aeronautical services and activities at the Airport.

The Authority had analyzed the submission made by AAI on allocation of Common expenses into Aeronautical and Non-aeronautical on a case-to-case basis and applied appropriate re-classification and re-allocation of the expenses, wherever it noted any discrepancies in the allocation of expenses by AAI (refer Table 15 for Allocation of O&M expenses of AAI as per the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport). Accordingly, the following common expenses were re-allocated by the Authority by using appropriate ratios such as Employee Head Count ratio, Terminal Building ratio, Gross Fixed Assets ratio and Electricity ratio (Refer para 4.5 to of the Study report on Efficient Operation and Maintenance Expenses for Jaipur International Airport regarding the ratios used by the Authority for allocation of common expenses.)

- a) Employee benefit/Payroll expenses
- b) Administrative and General expenses
- c) Utility expenses
- d) Repairs and Maintenance expenses

The total impact on re-allocation of each of the above expenses and other adjustments have been summarised in the following paragraphs.

a) Employee Benefit expenses

Observation: The Authority noted that in the case of AAI, the costs directly pertaining to ANS employees have been excluded from the O&M expenses, but the cost for ANS employees involved in support services have not been excluded from Common expenses. Accordingly, the Authority had considered the common expenses allocated to ANS employees as deemed Non-aeronautical employees and has re-worked the Employee Head Count ratio. The Authority further noted that for non-aeronautical allocation of 'Retirement benefits of Jaipur Employees (Provisions made at CHQ)', AAI had used the ratio 5/165 (3.03%) for all tariff years. Also, for the year FY2021-22 up to COD, AAI had not segregated non-aeronautical portion and assumed full amount as aeronautical. This expense was eventually segregated into Aeronautical: Non-Aeronautical ratio of 95:5, as per clause 14.8 of Order No. 10/2017-18 in respect of JIA for Second Control Period, by the Authority.

Impact: The impact of the reallocation of Employee Benefit expenses based on revised Employee Headcount ratio and based on other adjustment described above, resulted in reduction of the



aforementioned expenses by ₹ 3.61 Crores for the Second Control Period till COD.

Reference: Para 4.6.1 and Table 23 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

b) Administrative and General expenses

Observation: The submissions by AAI had been analyzed and it was observed that the Administrative and General expenses included certain expenses such as tender, rent and rates and taxes, which directly relate to the Aeronautical activity and certain expenses such as insurance of vehicles, manpower hiring, printing & stationery, conveyance, employee training etc., which are linked to Common expense. Therefore, each component of the Administrative and General expenses was examined and subsequently allocated as per suitable ratio.

Impact: The impact of the reallocation resulted in reduction of Administrative and other expenses by ₹ 1.13 Crores for the Pre- COD period.

Reference: Para 4.6.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

c) Utility expenses

Observation: AAI's submission had been analyzed for expenses related to electricity and water charges. It was noted that AAI had made recoveries from concessionaires and the same had been netted off from the total expenses. Expenses under the head of 'Consumption of Stores and Spares' included petrol for vehicles and other usage, tyres, paper glass, m-fold papers, cuss roll papers, fire foam, PPE items, electrical spares, and other consumable items. Certain expenses among them directly relate to Aeronautical activities while some are linked to Common expense. Therefore, each component of these expenses had been examined and subsequently allocated as per suitable ratio.

Impact: The impact of the reallocation resulted in reduction of Utility expenses by ₹ 0.23 Crores for the Pre- COD period.

Reference: Para 4.6.3 and 4.6.4 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

d) Repairs and Maintenance expenses

Observation: AAI's true up submission was analyzed, and it was observed that certain Repair & Maintenance expenses such as repair of runway and maintenance of AOCC pertain only to Aeronautical activity, while some such as repair of furniture for terminal building and maintenance of IT hardware are related to the terminal building and airport employees respectively. Hence, a detailed scrutiny of all expenses was undertaken, and as per norms allocation of such expenses was done in the ratio of Gross Fixed Assets/ Terminal Building/ revised Employee ratio depending on the nature of each ledger.

The Authority also noted that Repairs & Maintenance expenses included the amortisation of runway recarpeting expenses of ₹ 3.32 Crores starting from FY 2017-18 till COD. The same was allowed by the Authority to be considered for Second Control Period.

Impact: The impact of the reallocation resulted in reduction of Repairs and Maintenance expenses by ₹ 0.81 Crores for the period FY 2016-17 till COD.

Reference: Para 4.6.5 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

4.10.5 Rationalization of Aeronautical O&M expenses

Based on the Internal benchmarking analysis performed for O&M expenses through the *Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport*, the Authority proposed to rationalize the following expenses for the period FY 2017 to COD.

- a. CHQ/ RHQ expense allocation (included under Administrative and General expenses)
- b. Repairs and Maintenance expenses

a. CHQ/ RHQ expense allocation (included under Administrative and General expenses)

The Authority reviewed the basis adopted by AAI for allocation of CHQ and RHQ expenses to Jaipur International Airport and other airports and noted the following:

All expenses incurred by CHQ and RHQ (like staff costs, Admin and Gen. expenses, Repairs and Maintenance, utilities, outsourcing expenses etc.) were allocated to all the AAI airports, in the ratio of revenues earned by each Airport.

Expenses such as legal costs, interest/ penalties were related to some specific airports. However, these were allocated to the common pool and apportioned to all the AAI airports.

The Authority was of the view that the above process followed by AAI for allocating the expenses was not correct and necessitated adoption of a scientific/ rational approach for justifiable allocation of expenses to the Airports. Towards this objective, the Authority had examined the major expense components of CHQ and RHQ for the FY'17 to FY'21 submitted by AAI and had proposed the following views on allocation of CHQ/ RHQ expenses:

i. Pay and Allowances of CHQ and RHQ:

AAI has considered pay and allowances of Commercial department at CHQ and RHQ as Aeronautical expenses, whereas such expenses are Non-aeronautical in nature.

AAI has excluded pay and allowances of employees involved in ATM, CNS and Cargo departments at CHQ and RHQ while working out the allocation to the airport. However, no exclusion has been done for support services of the departments relating to HR, Finance, Civil, Terminal Management (Housekeeping), etc.

Manpower of CHQ and RHQ also provide services to Non-aeronautical activities, ATC, and CNS cadres at respective airports. Hence, pay and allowances need to be adjusted accordingly.

Considering all the facts and figures as stated above, the Authority is of the view that 20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:

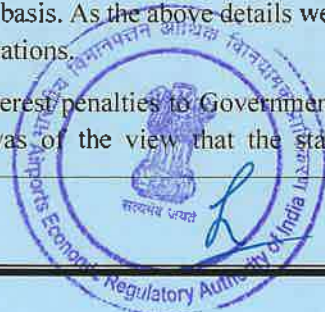
- Support services to ANS, Cargo and Commercial at CHQ, RHQ and Airports
- Officials of Directorate and Commercial

Balance 80% of pay and allowances of CHQ and RHQ can be allocated to Airports.

ii. Administration & General Expenses of CHQ and RHQ:

AAI had incurred Legal & Arbitration Expenses at both CHQ and RHQ level. The Authority was of the view that this expense should be analyzed and distributed to stations on a case-to-case basis. As the above details were not provided by AAI, the same was not allocated to the stations.

AAI had paid interest/penalties to Government of India at both CHQ and RHQ levels. The Authority was of the view that the stakeholders should not be burdened with



interest/penalties paid to Government of India, due to various lapses/delays on the part of the Airport Operator. Hence such expenses had not been allocated to the airports.

Additionally, it was observed that the CHQ/RHQ overhead expense for FY21-22 was determined through escalation of 5% over the previous year value and the same was considered for full year. The CHQ/RHQ overhead expense for FY21-22 up to COD was thus recomputed through suitable ratio determined as per the actual number of days.

Based on the above methodology, the Authority, at consultation stage, had derived the revised CHQ and RHQ expenses for the Second Control Period and Pre-COD period, which was proposed to be allocated to Jaipur International Airport, as part of True up of the Second Control Period and Pre-COD period.

Table 30: CHQ/ RHQ expenses proposed by the Authority as part of True up of O&M expenses for the Second Control Period and pre-COD period at Consultation Stage

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22*	Total till COD
(₹ Crores)								
As per AAI								
CHQ/RHQ Overhead expenses as per AAI (A)	30.90	36.11	54.77	66.55	59.44	247.77	62.41	310.18
Aeronautical component as per AAI (95%) (B)	29.36	34.30	52.03	63.22	56.47	235.38	59.29	294.67
As per the independent study conducted by the Authority								
Total CHQ/RHQ Overhead expenses after rationalisation as per the independent study conducted by the Authority (C)	23.77	27.82	42.53	53.91	49.55	197.59	27.51	225.10
Total Impact (D = C – B)	(5.59)	(6.48)	(9.50)	(9.32)	(6.91)	(37.79)	(31.78)	(69.57)

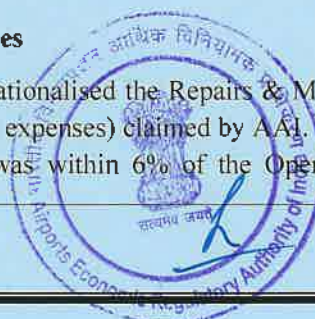
Reference: Para 4.6.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

The Authority was of the view that the users should pay only for the services availed by them. Further, in line with section 13 of the AERA Act, 2008 the Authority had a scope of determining tariff in respect of Aeronautical services provided/ capital expenditure incurred only by that particular airport. This view is also consistent with ICAO's principle of 'Cost-relatedness'. Based on the above principles, the Authority had tried to rationalize the CHQ/ RHQ expenses being allocated to Jaipur International Airport. The Authority felt that the allocation of CHQ & RHQ expenses by AAI on the basis of revenue is high, as it brings large variation in such expenses Year on Year, due to change in revenue and is against the basic principle of cost relatedness in tariff determination. Further, as the revenue from these airports goes up due to higher tariffs, it further leads to higher allocation of CHQ/RHQ expenses with chain of cascading effect. The Authority, therefore, expected AAI to examine these issues in detail and devise an effective and efficient method for allocation of CHQ & RHQ expenses on priority.

Further, the Authority felt that AAI should fully exploit the potential of its non-aeronautical revenues so that 30% of the same, by cross subsidisation, can be used to minimise burden of Aeronautical expenses in tariff.

b. Repairs and Maintenance expenses

The Authority had reviewed and rationalised the Repairs & Maintenance expense (excluding the amortisation of runway recarpeting expenses) claimed by AAI. The intent was to examine whether the Aeronautical R&M expense was within 6% of the Opening RAB for each tariff year as



determined in the study titled "Study on Allocation of Assets for Jaipur International Airport, (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)".

Table 31: Adjusted R&M expenses proposed by the Authority for True up of the Second Control Period and Pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Total Aeronautical Repairs & Maintenance expenses (post reclassification in Chapter 4 of O&M study report) including Amortisation of runway recarpeting expenses - (A)	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Amortisation of Runway recarpeting expenses (B)		0.66	0.66	0.66	0.66	2.65	0.66	3.32
Net Aeronautical Repairs & Maintenance expenses (post reclassification in Chapter 4) excluding Amortisation of runway recarpeting expenses (C)	8.23	11.94	13.18	13.94	15.46	62.75	8.45	71.19
Opening RAB (as per Table 12 of Asset Allocation Report) (D)	141.27	253.29	253.68	259.96	313.32	-	323.58	-
Repairs & Maintenance expenses calculated at 6% on Opening RAB (E)	8.48	15.20	15.22	15.60	18.80	73.30	19.41	92.71
Amount proposed to be allowed as per the independent study conducted by the Authority (F = C or E whichever is lower)	8.23	11.94	13.18	13.94	15.46	62.75	8.45	71.19
Amount proposed <i>not</i> to be allowed as per the independent study conducted by the Authority (G) = (C – F)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Aeronautical Repairs & Maintenance	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
expenses – post rationalization (H = A – G)								

The Authority from the above table noted that Repairs and Maintenance expenses submitted by AAI for True up of the Second Control Period and Pre-COD period was within the range of 6% for each tariff year. Accordingly, the Authority, at the consultation stage, proposed to consider the Repairs and Maintenance expenses for the Second Control Period and Pre-COD Period as per AAI true up submission. (Refer Para 4.7 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport).

4.10.6 The total year-wise adjustment of AAI's Aeronautical O&M expenses as a result of the adjustments and reallocations proposed by the Authority in previous sections have been summarized below:

Table 32: Impact of proposed reallocation of AAI's Aeronautical O&M expenses as per the independent study conducted by the Authority

(₹ Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY 2021-22*	Total till COD
Employee benefit / Payroll	(0.65)	(0.70)	(0.30)	(0.62)	(0.79)	(3.05)	(0.56)	(3.61)
Administrative and General	(5.79)	(6.64)	(9.68)	(9.52)	(7.15)	(38.79)	(31.91)	(70.70)
Repairs & Maintenance	(0.12)	(0.15)	(0.03)	(0.14)	(0.21)	(0.65)	(0.16)	(0.81)
Utilities & Outsourcing	(0.11)	(0.03)	(0.03)	(0.04)	(0.04)	(0.24)	0.01	(0.23)
Other Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

* Up to COD (October 10, 2021)

4.10.7 Based on the recommendations, with respect to reclassification and changes in allocation ratio, of the independent study commissioned by the Authority, the Aeronautical O&M expenses derived by the Authority at the consultation stage for the period FY 2016-17 up to COD are summarized in the table below:

Table 33: Aeronautical O&M expenses considered by the Authority for True up of the Second Control Period and Pre-COD period at the Consultation Stage

(₹ Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
O&M Expenses as per AAI								
Employee benefit / Payroll	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76
Administrative and General excluding CHQ/RHQ overheads	3.11	3.28	4.47	4.23	4.49	19.58	2.24	21.82
Apportionment Of Admn. Expenses CHQ/RHQ (Overhead Expenses)	29.36	34.33	52.03	63.22	56.47	235.38	59.29	294.67



O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Repairs & Maintenance	8.35	12.75	13.86	14.74	16.34	66.05	9.27	75.32
Utilities & Outsourcing	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
<u>O&M Expenses as per Independent Study commissioned by the Authority</u>								
Employee benefit / Payroll	18.15	27.17	34.36	33.73	25.78	139.18	15.97	155.15
Administrative and General	26.69	30.94	46.82	57.92	53.81	216.17	29.62	245.80
Repairs & Maintenance	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Utilities & Outsourcing	5.13	8.30	6.22	6.76	6.91	33.32	5.63	38.95
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Impact	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

Stakeholders' comments on true-up of O&M Expenses for the Second Control Period and pre-COD period

- 4.10.8 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. 26/2023-24 with respect to True up of O&M Expenses for the Second Control Period and Pre-COD period. The comments by Stakeholders are presented below.

AAI' comments on true-up of O&M Expenses for the Second Control Period and pre-COD period

AERA has reduced the O&M Expenses to Rs.520.14 Crore against Rs.595.50 Crore submitted by AAI by applying the Gross Block Ratio (GBR) and Terminal Building Ratio (TBR).

Since AERA has considered revenue from Space allotted to airlines as Aeronautical, AERA is requested to consider the space allotted to airlines also as Aeronautical and revise the Terminal Building Ratio (TBR) and Gross Block Ratio (GBR) for allocation of expenses into Aero and Non-Aero.

Accordingly, all the common expenses where Gross Block Ratio (GBR) and Terminal Building Ratio (TBR) are applied to by AERA to bifurcate expenses into Aero and Non-Aero and the revised cost may be considered for arriving ARR and shortfall, especially in respect of PPP airports because it is a final and one-time settlement.

In view of the above AAI requested the Authority to revise the Allocation.

Authority's analysis of Stakeholders' comments on true-up of O&M Expenses for the Second Control Period and pre-COD period

- 4.10.9 The comment is related to revision of allocation ratio in view of the consideration of revenue from space allotted to airlines as non-aeronautical. In this regard the Authority's comment may be referred to Para no. 4.11.10 of this Tariff Order.
- 4.10.10 Based on the above, the Authority decides to consider the O&M expenses as per Table 33 for the true-up for the period from FY 2016-17 up to COD.

4.11 True up of Non-aeronautical revenue

Authority's examination of true up of NAR at the Consultation Stage



4.11.1 AAI as part of true up submission vide letter dated 17th May'2023 had submitted actual Non-aeronautical revenue earned by JIA for the Second Control Period and Pre-COD period. The details of head wise Non-Aeronautical Revenue achieved are as follows:

Table 34: Non-aeronautical revenue submitted by AAI for SCP and up to Pre-COD period

(₹ Crores)

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Trading Concession	6.55	9.16	14.26	15.42	3.35	48.75	2.43	51.18
Restaurant/Snack Bar	0.57	1.49	4.44	4.56	0.64	11.70	0.14	11.84
TR Stall/others	3.43	3.33	4.97	5.56	1.22	18.50	1.61	20.11
Hoarding & Displays	2.55	4.34	4.85	5.30	1.50	18.54	0.68	19.22
Rent & Services	1.94	2.87	3.12	3.02	6.26	17.22	0.37	17.59
Land Lease	0.00	0.28	-0.10	0.00	0.01	0.19	0.01	0.20
Building Residential	0.02	0.04	0.03	0.03	0.02	0.14	0.01	0.15
Building Non-Residential	1.92	2.44	3.20	2.99	6.23	16.77	0.36	17.13
Hanger Rent	0.00	0.11	0.00	0.00	0.00	0.11	0.00	0.11
Miscellaneous	5.02	5.78	7.46	7.08	5.43	30.77	1.90	32.68
Duty Free	1.06	1.39	2.08	2.23	0.63	7.39	0.58	7.97
Car rental	0.58	0.11	0.11	0.63	0.00	1.44	0.00	1.44
Car parking	2.00	2.50	2.44	1.36	0.58	8.87	0.39	9.26
Admission ticket	0.27	0.27	0.29	0.20	0.11	1.12	0.04	1.16
Other	1.11	1.52	2.54	2.66	4.12	11.95	0.90	12.85
Total	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44

4.11.2 The Authority compared the actual Non-aeronautical revenue submitted by AAI as per Table 34 with the projections given in the Tariff Order for the Second Control Period and the same is as follows:

Table 35: Comparison of Actual NAR with Projections submitted by AAI for the Second Control Period and Pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
NAR Projections as per Tariff Order for the Second Control Period (A)	19.70	21.60	23.70	26.00	29.50	120.50	-	120.50
Actual NAR as per AAI's submission (B)	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44
Variance (B-A)	(6.19)	(3.79)	1.14	(0.48)	(14.45)	(23.76)	-	-

4.11.3 The Authority noted that the Non-Aero Revenue in Second Control Period is 20% short against the Non-Aero Revenue approved by the Authority as part of Second Control Period Order. Authority observed that the significant variance between the actual and approved NAR is in FY 2020-21 which is attributable to the adverse impact of the COVID-19 pandemic. In this respect, the Authority recalls its decision no. 10.c vide Tariff No. 10/ 2017-18 which states as follows: "The Authority decides that Non-Aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues"

- 4.11.4 Authority verified the Non-aeronautical revenue submitted by AAI with the audited figures and found that the numbers in AAI submission are matching with the audited numbers.
- 4.11.5 The Authority was of the view that the variance between the projected and actual NAR for FY 2020-21 is due to adverse impact of COVID-19 pandemic which was beyond AAI's control.
- 4.11.6 The Authority vide email dated March 2, 2024, requested AAI to share the details regarding "Space rentals collected from Airlines". AAI, vide email dated March 6, 2024, responded with the following table:

Table 36: Breakup of "Space rentals collected from Airlines" as shared by AAI

(₹ Crores)

Particulars	FY17	FY18	FY19	FY20	FY21	SCP Total (A)	Pre-COD (B)	Total (A+B)
AI Airport Services Limited	-	-	-	0.49	-	0.49	-	0.49
Air Arabia PJSC	-	0.03	0.04	0.04	0.04	0.15	0.02	0.17
Air India Limited	-	0.08	0.06	0.06	-	0.2	0.02	0.22
AIX Connect Private Limited	0.04	0.07	0.45	0.12	0.07	0.75	0.04	0.79
Etihad Airways	-	0.10	-	-	-	0.1	-	0.1
Go Airlines (India) Limited	0.08	0.06	0.05	0.06	0.06	0.31	0.03	0.34
InterGlobe Aviation Limited	0.60	0.38	0.43	0.41	0.47	2.29	0.24	2.53
Jet Airways India Limited	0.42	0.14	0.23	0.01	-	0.8	-	0.8
Oman Air S A O C	-	0.10	0.12	0.13	0.13	0.48	0.07	0.55
Spice Jet Limited	0.19	0.51	0.26	0.16	0.15	1.27	0.07	1.34
Supreme Transport Organization Pvt	-	0.01	0.01	0.01	-	0.03	-	0.03
Total	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38

- 4.11.7 The Authority was of the view that space rentals from agencies providing aeronautical services should be treated as Aeronautical Revenue. Hence, the Authority at consultation stage, proposed to consider "Space rentals collected from Airlines" amounting to ₹ 7.38 Crores as Aeronautical Revenue.
- 4.11.8 Based on its analysis, the Authority at consultation stage, proposed to consider the actual Non-aeronautical Revenue as given in the table below for true up of AAI for the Second Control Period and Pre-COD period.

Table 37: Total Non-Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period

(₹ Crores)

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Trading Concession	6.55	9.16	14.26	15.42	3.35	48.75	2.43	51.18
Restaurant/Snack Bar	0.57	1.49	4.44	4.56	0.64	11.70	0.14	11.84
TR Stall/others	3.43	3.33	4.97	5.56	1.22	18.50	1.61	20.11
Hoarding & Displays	2.55	4.34	4.85	5.30	1.50	18.54	0.68	19.22
Rent & Services	1.94	2.87	3.12	3.02	6.26	17.22	0.37	17.59
Land Lease	0.00	0.28	-0.10	0.00	0.01	0.19	0.01	0.20
Building Residential	0.02	0.04	0.03	0.03	0.02	0.14	0.01	0.15
Building Non-Residential	1.92	2.44	3.20	2.99	6.23	16.77	0.36	17.13
Hanger Rent	0.00	0.11	0.00	0.00	0.00	0.11	0.00	0.11
Miscellaneous	5.02	5.78	7.46	7.08	5.43	30.77	1.90	32.68



Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Duty Free	1.06	1.39	2.08	2.23	0.63	7.39	0.58	7.97
Car rental	0.58	0.11	0.11	0.63	0.00	1.44	0.00	1.44
Car parking	2.00	2.50	2.44	1.36	0.58	8.87	0.39	9.26
Admission ticket	0.27	0.27	0.29	0.20	0.11	1.12	0.04	1.16
Other	1.11	1.52	2.54	2.66	4.12	11.95	0.90	12.85
Total (A)	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44
Less: Space rentals collected from Airlines (B) (refer para 4.11.7)	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38
Total Non-Aero Revenue (A-B)	12.18	16.32	23.19	24.03	14.13	89.86	4.21	94.06

Stakeholders' comments on true-up of NAR for the Second Control Period till COD

4.11.9 During the stakeholder consultation process, the Authority received comments from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 26/2023 -24 with respect to true up of NAR for the Second Control Period. The comments by the stakeholders are presented below.

AAI Comments on True up of NAR for the Second Control Period till COD

Airlines have been allotted space for its offices & Backup offices at airports and AAI charges space rent for these areas. AAI had proposed these revenues as Non-Aero in MYTP proposal and the same has been considered/ approved by AERA in the tariff order of Kolkata, Chennai, Goa, Srinagar, Calicut, Indore, Coimbatore, Amritsar, Varanasi, Trichy, Raipur, Lucknow, and Mangalore airports.

Revenue from space rent from the airlines of Rs.7.37 Crores has been changed from Non-Aero to Aero by AERA in the consultation paper of Jaipur airport.

In this regard, the following points are submitted:

- Airlines are allotted these spaces for offices at the airports and AAI is getting only space rent and not the royalty per pax. Hence AERA may be requested to consider the revenue from space allotted to airlines as non-aero in line with the earlier orders issued by AERA right from the beginning of all AAI airports.
- Airlines are not bound to take space at airports and they are occupying offices normally for their administrative offices only. Since it is optional for airlines to take office on rent inside the terminal building. It is therefore, revenue from airlines to be considered as Non-Aero revenue.
- However, if AERA is treating as Aeronautical revenue, similar treatment should be given to the area allotted to airlines while calculating the Terminal building area into Aero: Non-aero. As these areas have been considered as non-aero for calculating the Non-aero % to total area.
- Accordingly, all the common expenses where Terminal Building ratio is applied to by AERA to bifurcate expenses into Aero: Non-aero may be revised taking into account of the fact that space rent is being treated as Aero while working out ARR and shortfall, especially in respect of PPP airports because it is a final and one-time settlement.
- To illustrate the above, details of space allotted to airlines, total area of Terminal Building and total Non-Aero area of Jaipur airport is given below:

Terminal Building Ratio as approved by AERA for SCP (Table 23 of Order No. 10/2017-18)



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	Ratio
Terminal Building Ratio	95.50%

True up of Terminal Building Ratio for SCP submitted by AAI:

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (up to COD)
Space Rented	T2	1695	1722	1749	1636	1243	1243
Capacity	T2	18000	18000	18000	24954	24954	24954
Non-Aero %	T2	9.40%	9.57%	9.72%	6.56%	4.98%	4.98%
Aero %	T2	90.60%	90.43%	90.28%	93.44%	95.02%	95.02%

Terminal Building Ratio as per Consultation paper issued by AERA for SCP (Table 14 of CP 26/2023-24 Page 40)

Particulars	Ratio
Terminal Building Ratio	90.10

Since AERA has considered revenue from space allotted to airlines as Aeronautical accordingly the revised Terminal Building ratio as per the actual utilization is as under:

Revised Terminal Building Ratio (Space Allotted to Airlines considered as Aero instead of Non-Aero as per AERA Decision.)

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Space Rented (A)	TB	1694.57	1722.41	1749.24	1635.93	1243.12	1243.12
Space to Airlines (B) (included in space rent)	Considered as Aero	574.22	675.32	573.72	583.72	512.00	512.00
Capacity (D)	TB (sqm)	18000	18000	18000	18000	18000	18000
Airlines space (%) on total Area		3.19%	3.75%	3.19%	3.24%	2.84%	2.84%
Airlines space (%) on Non-Aero		33.89%	39.21%	32.80%	35.68%	41.19%	41.19%
C= A - B	TB (sqm) - Excluding airlines space	1120.35	1047.09	1175.52	1052.21	731.12	731.12
Non-Aero (%) Revised	TB (sqm)	6.22%	5.82%	6.53%	5.85%	4.06%	4.06%
Aero (%) Revised	TB (sqm)	93.78%	94.18%	93.47%	94.15%	95.94%	95.94%

It can be seen from the above table that airlines are using 30% area of total Non-Aero area. Since AERA has considered revenue from space allotted to airlines as Aeronautical, AERA is requested to



consider the space allotted to airlines also as aeronautical and revise the Terminal Building Ratio for allocation of expenses.

- f. AERA has bifurcated assets into Aeronautical: Non-Aeronautical into 90:10 (Non-Aero) based on the optimum Non-Aeronautical proportion of 8%-12% approved for similar airports while apportioning the common assets within the Terminal Building.

AERA is requested to revise the optimum Non-Aeronautical proportion 93:7 (Non-Aero) as against 90:10 as Non-Aero, the area allotted to airlines as office space which is 30% of total Non-Aero area now considered by AERA as Aero in the recent tariff orders. Besides this, the optimum ratio may not be achieved at non-metro airports considering the passenger earning/buying behavior of the non-metro passenger cannot be matched with metro airports passenger.

Basis of the above, AERA is requested to revise the allocation of assets into Aero: Non-Aero on the actual utilization of Non-Aero area of the total Terminal Building area.

Authority's analysis of Stakeholders' comments on true up of NAR for the Second Control Period till COD

- 4.11.10 The Authority has noted the comments of AAI on Terminal Building ratio. It is to be noted that the Terminal Building ratio of 90:10 is after considering the impact of space rental from airlines as aeronautical. Further in the case of many AAI airports, for example Pune, Bhubaneswar, Patna, Trivandrum etc. space rental from airlines has been considered as aeronautical. As per the Authority, there should be continued efforts by AAI to increase the efficiency in Airport operation by generating Non-Aeronautical revenue. The Authority, therefore, decides to consider the ratio of Terminal building as 90:10 (Aeronautical: Non-aeronautical) as approved in the Tariff Order for the Second Control Period. The Authority also notes that merely accepting the ratios provided by the Airport Operator would not bring in efficiencies in the airport operations. Further, AERA is mandated to consider factors such as IMG recommendations, IATA norms and that followed in other similar airports.

The Authority had considered Terminal Building ratio as 90:10 considering the need to drive efficiency and hence, decides to consider the same for the purpose of True up of Second Control Period.

- 4.11.11 AAI should bring in efficiencies in its Non-Aero Revenue by allocating more area/space for Non-Aero services in line with other similar PPP airports where the allocation was in the range of 8% to 12% of the total terminal area. By adopting this approach AO should harness more Non-Aero revenue to have good cashflow and use sufficient Non-Aero revenue for cross subsidization for the benefit of the passengers. Even AO should optimize passenger handling capacity by adopting latest technology to get the following benefits:

- i. Decongest the airport, and
- ii. Allocate more space for non-aero services to generate more revenue.

The space rental from airline is taken as Aeronautical even in PPP airports such as BIAL & HIAL and has been followed uniformly.

- 4.11.12 Based on the above, the Authority decides to consider the Non-Aeronautical Revenue as per Table 37 for the true-up of the period from FY 2016-17 up to COD.

4.12 True up of Aeronautical Revenue

Authority's examination of True up of Aeronautical Revenue at the Consultation Stage

- 4.12.1 AAI as part of true up submission vide letter dated 17th May'2023 submitted actual Aeronautical revenue earned by JIA for Second Control Period and the Pre-COD period, following are the details of actual Aeronautical Revenue as per AAI for true up period:

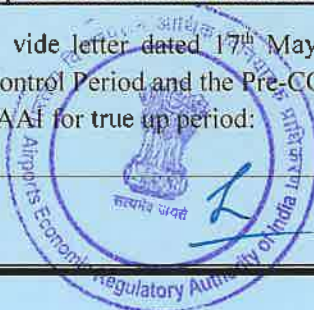


Table 38: Aeronautical revenue as per AAI for the Second Control Period and Pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Landing Charges								
Landing Charges -Domestic	15.98	22.38	28.26	27.49	15.84	109.96	9.56	119.52
Landing Charges- Intl.	5.41	6.79	9.26	8.51	2.36	32.34	1.14	33.48
Total Landing Charges	21.40	29.18	37.53	36.00	18.20	142.30	10.70	153.00
Housing & Parking Charges								
Housing & Parking Charges	0.13	0.38	0.68	1.40	4.11	6.69	0.72	7.41
PSF(Facilitation)								
PSF-Domestic	12.40	7.19	0.00	0.00	0.00	19.58	0.00	19.58
PSF-Intl.	2.56	1.01	0.00	0.00	0.00	3.57	0.00	3.57
Total PSF	14.95	8.19	0.00	0.00	0.00	23.15	0.00	23.15
UDF								
UDF-Domestic	21.65	65.06	88.42	112.21	35.26	322.61	20.45	343.05
UDF-Intl.	20.15	14.75	33.67	3.87	1.11	73.55	0.10	73.65
Total UDF	41.80	79.81	122.09	116.08	36.37	396.16	20.54	416.70
Throughput Charges								
Throughput Charges	1.05	1.16	1.59	1.24	0.05	5.10	0.01	5.11
Ground Handling Services								
Ground Handling Services	2.91	3.54	3.98	3.80	1.04	15.26	0.27	15.53
Cute Charges								
Cute Charges	2.54	1.99	4.76	4.36	1.53	15.19	0.76	15.95
Cargo Revenue								
Cargo Revenue	2.22	0.00	0.00	0.00	0.00	2.22	0.00	2.22
Revenue from AAICLAS								
Revenue from AAICLAS	0.00	0.73	0.97	1.02	1.41	4.13	1.17	5.30
Land Lease Revenue								
from Oil Companies	2.35	2.56	2.21	2.21	2.22	11.54	1.25	12.79
from GHA	0.00	0.48	0.00	0.00	0.00	0.48	0.00	0.48
Total Land Lease Revenue	2.35	3.04	2.21	2.21	2.22	12.02	1.25	13.27
Total Revenue	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34

4.12.2 Table 38 was compared by the Authority, with the Aeronautical revenue considered in the Tariff Order for the Second Control Period and the same is as follows:

Table 39: Comparison of Actual Aeronautical revenue and Projections submitted by AAI for the Second Control Period and Pre-COD Period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Aeronautical revenue Projections as per Tariff Order for the Second Control Period (A)	115.10	134.10	156.30	182.20	212.40	800.00	-	-



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Actual Aeronautical revenue (B)	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
Variance (B-A)	(25.76)	(6.82)	16.54	(17.10)	(148.88)	(181.92)	-	-

- 4.12.3 The Authority noted that there is a minor variance between Projected and Actual Aeronautical revenue till FY 2019-20 and a significant variance in FY 2020-21, which was attributable to lower passenger traffic and ATM due to the adverse impact of the COVID-19 pandemic on the Aviation sector.
- 4.12.4 Further, the Authority referred to its decision no. 13.e in the Tariff Order No. 10/ 2017-18, which states that *"The Authority decides to consider shortfall/ excess in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period."*
- 4.12.5 The Authority reviewed the Aeronautical revenue submitted by AAI with the Audited figures for the Financial Years (FY 2017 up to COD) and found the same to be in line with the Audited figures. Considering the reason of lower Aeronautical Revenue is attributable to COVID pandemic, which was beyond control of AAI.
- 4.12.6 As observed in para 4.11.7, the Authority proposed to make certain adjustments to the aeronautical revenue by reclassifying "Space rentals collected from Airlines" as aeronautical revenue. Hence, the Authority, at consultation stage, proposed to recompute and consider the Aeronautical Revenue for true up of AAI for the Second Control Period and Pre COD period as shown in the following table.

Table 40: Total Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period

सत्यमेव जयते

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Landing Charges								
Landing Charges -Domestic	15.98	22.38	28.26	27.49	15.84	109.96	9.56	119.52
Landing Charges- Intl.	5.41	6.79	9.26	8.51	2.36	32.34	1.14	33.48
Total Landing Charges	21.40	29.18	37.53	36.00	18.20	142.30	10.70	153.00
Housing & Parking Charges								
Housing & Parking Charges	0.13	0.38	0.68	1.40	4.11	6.69	0.72	7.41
PSF(Facilitation)								
PSF-Domestic	12.40	7.19	0.00	0.00	0.00	19.58	0.00	19.58
PSF-Intl.	2.56	1.01	0.00	0.00	0.00	3.57	0.00	3.57
Total PSF	14.95	8.19	0.00	0.00	0.00	23.15	0.00	23.15
UDF								
UDF-Domestic	21.65	65.06	88.42	112.21	35.26	322.61	20.45	343.05
UDF-Intl.	20.15	14.75	33.67	3.87	1.11	73.55	0.10	73.65
Total UDF	41.80	79.81	122.09	116.08	36.37	396.16	20.54	416.70
Throughput Charges								
Throughput Charges	1.05	1.16	1.59	1.24	0.05	5.10	0.01	5.11
Ground Handling Services								
Ground Handling Services	2.91	3.54	3.98	3.80	1.04	15.26	0.27	15.53



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Cute Charges	2.54	1.99	4.76	4.36	1.53	15.19	0.76	15.95
Cargo Revenue	2.22	0.00	0.00	0.00	0.00	2.22	0.00	2.22
Revenue from AAICLAS	0.00	0.73	0.97	1.02	1.41	4.13	1.17	5.30
Land Lease Revenue								
from Oil Companies	2.35	2.56	2.21	2.21	2.22	11.54	1.25	12.79
from GHA	0.00	0.48	0.00	0.00	0.00	0.48	0.00	0.48
Total Land Lease Revenue	2.35	3.04	2.21	2.21	2.22	12.02	1.25	13.27
Total Revenue	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
Add: Space Rentals collected from Airlines (B)	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38
Total Aeronautical revenue (A+B)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72

Stakeholders' comments on true-up of Aeronautical Revenue for the Second Control Period till COD

4.12.7 There were no Stakeholder comments with respect to true up of Aeronautical Revenue for the Second Control Period.

Authority's analysis of Stakeholders' comments on true up of Aeronautical Revenue for the Second Control Period till COD

4.12.8 The Authority notes that there are no stakeholder's comments regarding True up of Aeronautical revenue for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of Aeronautical revenue as per Table 40.

4.13 True up of Taxation**Authority's examination of True up of Taxation at the Consultation Stage**

4.13.1 AAI as part of true up submission had submitted details of aeronautical taxation for the Second Control Period and Pre-COD period, same is as follows:

Table 41: Taxation submitted by AAI for the Second Control Period and Pre-COD period

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Aeronautical Revenues	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.33
O&M	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.49
Interest on Working Capital	-	-	-	-	-	-	2.28	2.28
Depreciation as per IT Act	22.62	30.55	24.66	28.27	31.67	137.78	40.44	178.22
PBT	0.60	8.79	35.64	12.00	-79.17	-22.14	-101.53	-123.67
Tax for Aeronautical Services	0.21	3.04	12.45	3.02	0.00	18.73	0.00	18.73
Corporate Tax on shortfall (under recovery) to be collected from Concessionaire	-	-	-	-	-	-	115.89	115.89
Total Tax								134.62

- a. The Authority noted that AAI claimed tax of ₹ 115.89 crores on the shortfall amount of ₹ 641.15 crores which is the present value of difference between Target Revenue and Actual Aeronautical revenue i.e., under recovery for Second Control Period and Pre-COD period (refer Table 8). Authority in this regard sought clarification from AAI over the basis consideration of such tax liability, AAI had provided following clarification in this regard:
- b. Under recovery of ARR till COD approved by AERA and thereafter recoverable from Concessionaire will be treated as Revenue receipts and will be liable to income tax.
- c. Jaipur Airport is one of the unit/station of AAI (Airports across India). Since AAI is dealt with single PAN no., The tax liability of the Jaipur Airport will be merged in common pool of AAI as whole and thereafter tax liability will be paid by AAI as whole considering Income and expenses of Airports across India including Jaipur Airport. Tax liability / tax paid computed for AAI as a whole are not allocated to Airports.

4.13.2 In view of the above, Authority observed that the AAI will be liable to pay income tax over the under recovery reimbursed by JIAL. Since, the recovery will be of aeronautical nature, Authority, at consultation stage, considered the same as part of ARR calculation for the true up exercise undertaken for Second Control Period and Pre-Control Period. In corollary, the Authority also proposed to consider the reimbursement of under recovery by the JIAL as revenue expenditure while calculating tax liability for JIAL for the Third Control Period. The Authority vide order no. 10/2017-18 dated August 4, 2017 decided the following for taxation in second control period:

Decision no 12.a. The Authority decides to consider the corporate tax for aeronautical activities as per Table 43 for the 2nd Control Period.

Decision no 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.

4.13.3 In view of above, Authority considered the tax calculation submitted by AAI. However, the Authority noted that AAI should set off its prior period losses incurred while calculating profit before tax and consideration of the outcomes of the true up exercise undertaken by the Authority for Second Control Period and Pre-Control Period. Accordingly, Authority, at consultation stage, re-computed taxation amount and the same is presented in the table below:

Table 42: Taxation proposed by the Authority for the Second Control Period and Pre-COD period
(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Revenue (A)								
Aeronautical Revenue (refer Table 38)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72
Total (A)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72
Shortfall (B)								
Shortfall/ under recovery proposed to be collected as on COD (B) - (refer Table 43)							538.55	538.55
Expenses (C)								
O&M expenses (refer Table 33)	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15

TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Depreciation (as per Income Tax Act, 1961)	22.60	30.43	24.47	27.89	31.09	136.48	39.60	176.07
Total (C)	82.06	110.84	126.98	142.40	133.90	596.19	100.04	696.23
Profit /Loss D= (A+B-C)	8.61	17.93	47.51	24.19	-69.46	28.77	473.26	502.03
Carry forward of prior period loss (E)							-69.46	-69.46
Net loss/profit after setting off prior period losses* (D+E)	8.61	17.93	47.51	24.19	-69.46	28.77	403.80	432.57
Tax Rates	34.61%	34.61%	34.94%	25.17%	25.17%		25.17%	
Tax	2.98	6.20	16.60	6.09	0.00	31.87	101.64	133.51

* The set off of prior period loss has been computed only for the purpose of determining taxes.

4.13.4 As per table above the unadjusted losses of FY'21 was adjusted while arriving taxable profit for FY'22. The Authority at consultation stage, proposed to consider tax as per Table 42 for True up of Second Control Period and Pre-COD period.

Stakeholders' comments on true-up of Taxation for the Second Control Period till COD

4.13.5 There were no Stakeholder comments with respect to true up of Taxation for the Second Control Period. **Authority's analysis of Stakeholders' comments on true up of Taxation for the Second Control Period till COD**

4.13.6 The Authority notes that there are no stakeholder's comments regarding True up of Taxation for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of Taxation as per Table 42.

4.14 True up of Aggregate Revenue Requirement (ARR) for Second Control Period and the Pre-COD period

Authority's examination of true up of ARR at the Consultation Stage:

4.14.1 Based on its analysis of the various building blocks, the Authority had revised the Aggregate Revenue Requirement (ARR) of JIA for Second Control Period and Pre-Control Period and eventually arrived at under recovery/over recovery for JIA for the same period. The detailed ARR calculation is presented in the table below:

Table 43: ARR proposed by the Authority for Second Control Period and Pre-COD Period at Consultation Stage

(₹ Crores)

Particulars	Ref	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Average RAB (Refer Table 24)		197.28	253.49	256.82	286.64	318.45		414.88	
Fair Rate of Return (FRoR)		14%	14%	14%	14%	14%		7.40%#	
Return on Average RAB @14%	A	27.62	35.49	35.95	40.13	44.58	183.78	30.71	214.49
Depreciation (refer Table 24)	B	16.39	17.95	20.71	22.44	23.24	100.73	12.71	113.44
Operating Expenditure (Table 33)	C	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Taxation (Refer Table 42)	D	2.98	6.20	16.60	6.09	-	31.87	101.64	133.51



TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

Particulars	Ref	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Carry forward of shortfall of First Control Period**	E	123.90					123.90		123.90
ARR (Sum A: E)	F	230.35	140.06	175.77	183.17	170.63	899.99	205.50	1,105.49
Non-aeronautical revenue (NAR) (Refer Table 37)	G	12.18	16.32	23.19	24.03	14.13	89.85	4.21	94.06
Less: 30% of NAR	H	3.65	4.90	6.96	7.21	4.24	26.96	1.26	28.22
Net ARR (F-H)	I	226.70	135.17	168.81	175.96	166.40	873.03	204.24	1,077.27
Revenue earned from Aeronautical Services (refer Table 40)	J	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.71
(Over recovery) / Under recovery (I-J)	K	136.03	6.40	(5.68)	9.37	101.96	248.07	169.49	417.56
Discount factor (@ 14%) as on October 11, 2021	L	1.81	1.59	1.39	1.22	1.07		1	
PV of (Over recovery) / Under recovery as on October 11, 2021 (K*L)	M	246.14	10.15	(7.90)	11.44	109.23	369.06	169.49	538.55
Discount factor @ 14% as on March 31, 2022	N								1.066
PV of (Over recovery) / Under recovery as on March 31, 2022 (M*N)	O								574.08
Discount factor @ 12.21% as on March 31, 2023*	P								1.12
PV of (Over recovery) / Under recovery as on March 31, 2023 (O*P)	Q								644.17

* PV factor has been derived for the FYs from FY 2016-17 till COD, by assuming the discount factor as 1 on COD

* FRR for FY 2021-22 has been computed as 7.40% for the period up to COD

** Shortfall obtained from Tariff Order of the Second Control Period.

4.14.2 The ARR proposed by the Authority at Consultation Stage was ₹ 1,077.27 Crores (refer Table 43), as against Rs. 1,159.48 crores submitted by AAI. The variance was on account of the following:

- Re-classification of assets, due to which there is reduction in the Return on RAB and Depreciation derived by the Authority.
- Rationalization of O&M expenses claimed by AAI, based on O&M Study report.
- Non-consideration of financing allowance in RAB and depreciation on financing allowance
- Reduction in Corporate taxes on account of setting off of prior period losses.

Stakeholders' comments on true-up of ARR for the Second Control Period till COD

4.14.3 There were no Stakeholder comments with respect to true up of ARR for the Second Control Period till COD.

Authority's analysis of ARR for the Second Control Period till COD post Stakeholder Consultation

4.14.4 The Authority notes that there are no stakeholder's comments regarding True up of ARR for the period from FY 2016-17 up to COD. Hence, the Authority decides to consider True up of ARR as per Table 43.



4.15 Adjusted Deemed Initial RAB

4.15.1 Clause 28.11.4 of the CA states the following with respect to Adjusted Deemed Initial RAB:

"Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("Adjusted Deemed Initial RAB"):

- (a) reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period; or
- (b) increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB."

Accordingly, the Authority had derived the Adjusted Deemed Initial RAB as on COD which is as follows:

Table 44: Determination of Adjusted Deemed Initial RAB as on COD by the Authority

Particulars	Ref.	Amount	
		₹ Crores)	
A. Deemed Initial RAB as on COD	Table 26	508.96	
B. Estimated Deemed Initial RAB	Clause 28.11.3 (b) of CA	(253.00)	
C. Difference (C=A-B)		255.96	
D. PV of Under-recovery of AAI as on COD	Table 43	538.55	
E. Adjusted Deemed Initial RAB as on COD E= (C+D)		794.51	

COD - 11th Oct' 2021

4.15.2 In accordance with the provisions of clause 28.11.4 of the CA, AERA had computed the Adjusted Deemed Initial RAB as on COD i.e. ₹ 794.51 crores (shown in Table 44) and derived the future value of such Adjusted Deemed Initial RAB by applying the compounding factor of FRoR and assuming a future expected date of payment by the Concessionaire (JIAL) to the Airports Authority of India as follows:

- i. The Authority had assumed future expected date of payment of Adjusted Deemed Initial RAB as July 31, 2024, based on the assumption that the Tariff Order for Jaipur International Airport (wherein the Deemed Initial RAB is finally determined by the Regulator) is issued around July 15, 2024.
- ii. The Authority had applied a compounding factor to determine future value of the Under-recovery as on COD by applying:

FRoR @ 14% from COD up to March 31, 2022; and



FRoR @ 12.21% from April 1, 2022 up to July 31, 2024 (based on the FRoR determined by AERA for the Third Control Period for Jaipur International Airport, as discussed under Chapter 8 of this Consultation Paper).

- iii. The Adjusted Deemed Initial RAB computed as on COD, March 31, 2022, March 31, 2023, March 31, 2024 and July 31, 2024 has been presented in the table below:

Table 45: Determination of Adjusted Deemed Initial RAB as on Specified and Future Payment Dates
(₹ Crores)

Particulars	As on COD	Mar 31, 2022*	Mar 31, 2023#	Mar 31, 2024#	July 31, 2024#
Adjusted Deemed Initial RAB	794.51	846.93	950.34	1066.37	1109.89

* Compounding for the period from COD up to March 31, 2022 has been done using FRoR of 14%.

Compounding for period beyond March 31, 2022 has been done using FRoR of 12.21%, determined by AERA for JIA for the First Control Period.

- 4.15.3 It is likely that the actual date of payment is different from July 31, 2024 as presented in the above table. In that scenario, following formula may be used for determining the Adjusted Deemed Initial RAB on a particular payment date:

$$\text{Adjusted Deemed Initial RAB} = A \times \left(1 + r \times \frac{t}{365}\right)$$

where, A = Adjusted Deemed Initial RAB computed as on March 31, 2024

r = FRoR for First Control Period, computed as 12.21% (refer Chapter 8).

t = Number of days elapsed between actual date of payment and March 31, 2024

The projection of Adjusted Deemed Initial RAB on a particular payment date is illustrated through the following example:

Assuming that the actual date of payment is August 10, 2024, then

A = ₹ 1066.37 crores

r = 12.21% or 0.1221

t = 132 days (Number of days between March 31, 2024 and August 10, 2024)

The Adjusted Deemed Initial RAB based on the above example is:

₹ 1066.37 x (1+0.1221^{132/365}) = ₹ 1113.46 Crores.

- 4.15.4 The Authority had proposed the Adjusted Deemed Initial RAB as explained above and requested the Stakeholders to provide their comments on the same.

Stakeholders' comments on Adjusted Deemed Initial RAB

- 4.15.5 During the stakeholders' consultation process, the Authority has received comments/views from the stakeholders in response to the proposals of the Authority in the Consultation Paper 26/2023-24 regarding Adjusted Deemed Initial RAB for the period from FY 2016-17 up to COD. The comments of the stakeholders are presented below.

- 4.15.6 FIA stated the following with respect to Adjusted Deemed Initial RAB for the SCP and pre-COD period: *FIA recommends that no adjustment of RAB should be provided in favour of AAI for a period after the COD i.e. 11th October, 2021, post which the operational control of the Jaipur Airport is transferred to JIAL.*

Further, FIA wishes to draw AERA's attention that any delay in submitting the Multi Year Tariff Plan



by the airport operator should be taken into account, as delay in tariff determination process will lead to increase in adjusted deemed initial RAB.

Responses to Stakeholders' comments regarding Adjusted Deemed Initial RAB

AAI's response to Stakeholders' comment regarding Adjusted Deemed Initial RAB

4.15.7 With respect to FIA's comments AAI has stated that:

As per Concession Agreement Sl. No. 28.11.3

(a) the concessionaire shall be liable to pay AAI an amount equivalent to the investment made by AAI in the Aeronautical Assets as on the COD and considered by the regulator as part of the RAB, subject to requisite reconciliation, true up and final determination by AERA of the quantum of such investment.

In view of the above, it is clear that no adjustment of RAB is provided in favor of AAI after COD. Also, the delay in the tariff determination process will not affect the adjusted deemed initial RAB.

JIAL's response to Stakeholders' comment regarding Adjusted Deemed Initial RAB

4.15.8 With respect to FIA's comments JIAL has stated that:

There is no adjustment of RAB after the COD. Calculations done by the Authority in para 4.15 are in order to give effect to provisions of the Concession agreement which mandates the present value of the "Adjusted Deemed Initial RAB" to be paid by AO to AAI. Relevant clause of the Concession agreement is reproduced below:

"The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB."

Authority's analysis on Stakeholders' comments regarding Adjusted Deemed Initial RAB

4.15.9 The Authority has noted the comments of FIA and the response of AAI and JIAL on the future value of under recovery. The Authority is of the view that there is no adjustment of RAB after the COD. The present value of the "Adjusted Deemed Initial RAB" has been derived by the Authority in accordance with the provision of the Concession Agreement (Clause 28.11.4). The Authority decides to consider the same in the Tariff Order for the Third Control Period of Jaipur International Airport.

With respect to FIA's comments on the delay in submitting MYTP by the AO and its resultant increase in the Adjusted Deemed Initial RAB, the Authority has given its detailed views in para 4.15 and the same may be referred to.

Regarding FRoR, Authority's analysis as per para 4.9.10 may be referred to.

4.15.10 Based on the above, the Authority decides to consider the Deemed Initial RAB as per Table 44.

4.16 Authority's decisions regarding true up for SCP and pre-COD period (FY17 up to COD)

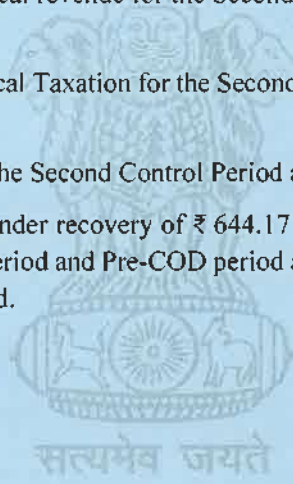
Based on the material before it and its examination, the Authority decides the following with respect to True up of the Pre-COD period for Jaipur International Airport:

4.16.1 To consider the Passenger traffic and ATM as detailed in para 4.4.1 (Table 9) for true up of the Second Control Period and Pre-COD Period.

4.16.2 To consider capital additions and aeronautical allocation of assets as detailed in Table 21.

4.16.3 To recompute Depreciation considering the revised allocation of assets as detailed in para 4.7.4 (Table 23) for true up of AAI for the Second Control Period and Pre-COD Period.

- 4.16.4 To consider RAB for AAI as detailed in para 4.8.2 (Table 24) for true up of the Second Control Period and Pre-COD Period.
- 4.16.5 To consider Deemed Initial RAB for Jaipur as per Para 4.8.5 (Table 26).
- 4.16.6 To consider true up of FRoR for the pre-COD period as per para 4.9.12 for true up of the Second Control Period and Pre-COD Period.
- 4.16.7 To consider true up of Aeronautical O&M expenses for the Second Control Period and pre-COD period as per Table 33
- 4.16.8 To consider true up of Non-aeronautical revenue for the Second Control Period and pre-COD period as per Table 37.
- 4.16.9 To consider true up of Aeronautical revenue for the Second Control Period and pre-COD period as per Table 40.
- 4.16.10 To consider true up of Aeronautical Taxation for the Second Control Period and pre-COD period as per Table 42.
- 4.16.11 To consider true up of ARR for the Second Control Period and pre-COD period as per Table 43.
- 4.16.12 To consider the present value of under recovery of ₹ 644.17 crores (as on 31 March, 2023) for True up of AAI for the Second Control Period and Pre-COD period as per Table 43 and readjust the same in the ARR for the Third Control Period.



भा.वि.आ.वि.प्रा.

AERA



5 TRUE UP OF JIAL FOR THE PERIOD FROM COD TILL MARCH 31, 2022**5.1 Background**

- 5.1.1 AAI had entered into a Concession Agreement dated January 19, 2021, with Jaipur International Airport Limited (the 'Concessionaire') for the Operations, Management and Development of Jaipur International Airport for a period of 50 years from the COD, i.e. October 10, 2021. As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA.
- 5.1.2 Pursuant to the above Concession Agreement, JIAL had submitted True up workings for the period from COD up to March 31, 2022.
- 5.1.3 The true up workings submitted by JIAL covers the following building blocks:
- Traffic
 - Capital Expenditure
 - Aeronautical Depreciation
 - Regulatory Asset Base
 - Fair Rate of Return
 - Aeronautical Operation and Maintenance Expenses
 - Non-aeronautical Revenue
 - Aeronautical Taxes
 - Aeronautical Revenue Requirement
- 5.1.4 The Authority had examined JIAL's true up submission in detail and had performed the following analysis:
- Recorded JIAL's submissions for True up under different Regulatory building blocks.
 - Provided the Authority's examination and proposals regarding the True up calculation of each building block of JIAL.

5.2 Airport Operator's submission of True up for the period from COD till March 31, 2022

- 5.2.1 JIAL had submitted true up for the period from COD till March 31, 2022 as follows:

Table 46: True Up submitted by JIAL from COD till March 31, 2022

Particulars	Amount
Opening RAB	518.71
Addition During the year	3.65
Financing Allowance	1.10
Depreciation during the year	(29.98)
Closing RAB	493.49
Average RAB	506.10
FRoR on Average RAB (@ 14% for 6 months) (A)	33.39
Operating expenses (B)	46.64
Depreciation (C)	29.98
Bank and Finance Charges (D)	0.24
Working Capital Loan Interest (E)	0.35
Independent Engineer Fee (F)	1.80
Pre-COD Expenses (G)	7.24
Tax (H)	0.00

Particulars	Amount
Gross ARR (Sum A:H) = (I)	119.64
Non-aeronautical Revenue	9.42
Less: 30% of Non-aeronautical revenue (J)	(2.83)
Net ARR (I-J) = K	116.81
Actual Aero Revenues earned (L)	63.00
Shortfall/ under-recovery (K-L) = M	53.81
PV of Under-recovery	61.76

5.3 Authority's examination of the true up submitted by JIAL for the period from COD till March 31, 2022

The Authority had examined in detail the true up submitted by JIAL for the period from COD till 31 March 2022.

5.4 True up of Capital Expenditure (CAPEX)

Authority's examination of True up of CAPEX at Consultation Stage

5.4.1 As part of the Concession Agreement the Regulatory Asset Base held by AAI as on COD were transferred to JIAL. The Authority proposed to consider the value of RAB in the hands of AAI as on COD as Opening RAB for JIAL as per the outcome of the asset allocation study undertaken by the Authority for Second Control Period and Pre-COD period.

5.4.2 Based on the adjusted RAB of AAI for the Pre-COD period, the Authority had derived the adjusted RAB of JIAL as on COD as ₹ 508.96 crores (refer Table 26).

5.4.3 The Authority noted that JIAL had added following additional items in RAB amounting to ₹ 3.65 crores during the period COD till March 31, 2022:

Table 47: Additional items included in RAB by JIAL from COD till March 31, 2022

Details	Amount
Software	0.08
IT equipment	1.68
Plant and Machinery	0.42
Furniture & fixtures	0.60
Vehicles	0.11
Office Equipment	0.76
Total	3.65

5.4.4 The Authority noted that the addition towards Plant & Machinery had been considered as ₹ 0.42 crore whereas as per audited financials as well as the FAR submitted by JIAL the addition towards Plant and Machinery was ₹ 0.22 Crore. A clarification was sought in this regard from JIAL, JIAL in its response requested to consider addition towards Plant and Machinery as ₹ 0.22 Crore instead of ₹ 0.42 Crore. Authority had accordingly revised the asset addition for the post COD period.

Table 48: Revised Additional items included in RAB by JIAL from COD till March 31, 2022

Details	Amount
Software	0.08
IT equipment	1.68
Plant and Machinery	0.22
Furniture & fixtures	0.60

Details	Amount
Vehicles	0.11
Office Equipment	0.76
Total	3.45

5.4.5 Reclassification of assets of JIAL

The Authority had conducted an independent study on allocation of assets for the Second Control Period and FY2022, and used the outcome of the study to true up the RAB for the post COD period i.e. as on March 31, 2022 for JIAL.

The Authority had considered the adjusted RAB of JIAL as on COD (which is ₹ 508.96 crores), Capital additions and corresponding depreciation based on the results of the Asset Allocation Study report (refer Appendix 1 for *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport*).

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common assets. Authority noted that JIAL also procured employee related asset which needs to be allocated as per Employee Ratio. The Authority considers the employee ratio derived as part of the *Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport*. As per para 5.3.3. of the said study the Employee Head Count Ratio for JIAL is 90.91:9.09 (Aeronautical: Non-aeronautical).

The Authority had reclassified assets addition made by JIAL for the period from COD till March 31, 2022, based on applicable allocation ratio. The allocation basis is detailed hereunder:

i. Software

Details of Asset: Software

Allocation proposed by JIAL: Aeronautical

Observation: The assets pertaining to Software had been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same had been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09).

Allocation proposed by the Authority: Employee Head Count Ratio

Impact: Reclassifying these assets from Aeronautical to Common led to decrease in the RAB to the extent of ₹ 0.01 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*.

ii. Furniture

Details of Asset: Furniture, Sofa, Tables, Queue Management System.

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as furniture, table, racks, etc. had been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same had been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, Queue Management System which was classified as Aeronautical by JIAL was allowed to be considered as Aeronautical asset.

Allocation proposed by the Authority: Employee Head Count Ratio / Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common led to a decrease in the RAB to the extent of ₹ 0.05 Crores.



Reference: Para 4.10 of the *Asset Allocation Study report*

iii. IT Equipment

Details of Asset: Laptop, Desktop, Display, e-PoS Implementation, and other IT equipment

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as laptops, desktops, display screens had been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same had been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, e-PoS Implementation which was classified as Aeronautical by JIAL had been reallocated as Non-Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common led to a decrease in the RAB to the extent of ₹ 0.17 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*

iv. Office Equipment

Details of Asset: Telephone, Megaphone, Security and Safety Equipment, Projector, CCTV Technology, Queue Management System, and other Office equipment

Allocation proposed by JIAL: Aeronautical

Observation: All office equipment had been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same had been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). Further, CCTV Technology for Terminal 2 had been re-allocated as per Terminal Building Ratio (90:10). In addition, Queue Management System which was classified as Aeronautical by JIAL had been retained as Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Terminal Building Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common led to a decrease in the RAB to the extent of ₹ 0.07 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*

The following table illustrates the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of JIAL between COD and March 31, 2022.

Table 49: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022
(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.05)
IT equipment	(0.17)
Office equipment	(0.07)
Software	(0.01)
Grand Total	(0.29)

Stakeholders' comments on true-up of CAPEX for the Second Control Period post-COD

5.4.6 During the stakeholders' consultation process, the Authority has received comments/views from the



stakeholders in response to the proposals of the Authority in the Consultation Paper 26/2023-24 with respect to the True up of CAPEX for the period from COD till 31st March 2022. The comments of the stakeholders are presented below.

5.4.7 On reclassification of assets, JIAL has submitted the following:

"The Authority, in addition to the cross subsidy of 30% of Non-AERO revenue, has reduced the RAB and O&M expenses by allocating the same to AERO & Non-AERO which is neither provided in the NCAP nor provided in the AERA guidelines.

Therefore, we request AERA to kindly revise all the calculations provided in the consultation paper without allocating building blocks into Aeronautical and Non-Aeronautical, which are not required either in AERA Guidelines or in NCAP."

5.4.8 On the Authority applying various allocation ratios for individual CAPEX and assets, JIAL submitted that:

AERA Act or AERA Guidelines do not provide allocation

In respect to Terminal Building Ratio, It is observed that as per The AERA Guidelines, 5.2.1 (vi) all the assets which are part of the terminal building shall be considered as part of RAB. Therefore, terminal building as a whole should be considered as RAB / Aeronautical asset and not to be allocated into Aero and Non-Aero. For quick reference the relevant clause from the guidelines is reproduced as follows as "Notwithstanding the principles mentioned under points (i) to (v) above, assets with fixed locations inside terminal buildings shall be considered within the scope of RAB."

Further, in respect to allocation of various capex and Operation & Maintenance expenses, we would like to submit that: -

Under the Shared-Till (or Hybrid Till) model as proposed in National Civil Aviation Policy, 2016, 30% of Non-Aeronautical Revenues are accounted for cross subsidizing the ARR. There is no mention of allocation of RAB, allocation of Operation and Maintenance etc. Therefore, there is no need to apply the allocation ratio whereby capital and operating expenditure is reduced, which acts as a dual burden for the Airport Operator. Also, the AERA Guidelines do not provide for applying the allocation ratio.

Relevant extract of National Civil Aviation Policy, 2016 is reproduced below: "To ensure 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-subsidize aeronautical charges." For ease of reference, the relevant clause regarding the 'Shared Till' approach from the Concession Agreement is reproduced hereunder:

28.3.2.

The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval."

As per AERA Order No. 14/2016-17 issued on 23rd January 2017, the Authority has adopted the Hybrid Till whereas 30% of non-aeronautical revenues are used to cross-subsidize aeronautical charges. However, it does not mention that capital and operating expenditure need to be allocated into Aeronautical and Non-Aeronautical which tantamount to cross subsidization of aeronautical charges to the extent non-aeronautical allocation is eliminated. The order only provides for cross subsidization of 30% from non-aeronautical revenues. The relevant extract of the order is as: - The Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory Authority of India Act, 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that The Authority will in future determine the tariffs 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.

IMG Norms are not applicable to PPP Airports

Notwithstanding the above, it is submitted that norms of IMG report are not applicable to PPP airports, as per clause no. G of IMG Report. reproduced below: "In case of airports developed through Public Private Partnerships the project authorities may adopt a case-by-case approach with respect to norms relating to unit area and unit costs. Based on the judicious consideration of international best practices and financial viability, the norms may be specified in each case prior to inviting bids for private participation."

No norms with respect to unit area and costs were mentioned in the bidding documents and Concession Agreement of Jaipur Airport. The Concession Agreement does not mention regarding the applicability of the IMG Norms. Therefore, we request AERA not to apply IMG norms in the case of Jaipur Airport. **In view of the foregoing, we request the Authority to apply the Terminal Building Ratio, wherever it is factored in CP, as 100% Aeronautical which is in line with the Guidelines of 2011.**

Without prejudice to the above and in the alternate, terminal building is built with certain length, breadth and height considering the passenger throughput and service level requirements. The structure of the terminal includes façade, ceiling, columns etc. which have no relation with leasable floor area. The commercial activities like retail, food and beverage, etc. require limited works where the cost is much lower than the cost required to build the terminal building. JIAL submits that terminal building allocation ratio should, at best, be based on cost of floor plate of commercial leased area in the terminal vis-à-vis total cost of the terminal building, instead of allocating entire terminal cost based on leasable area.

Without prejudice to the above, it is submitted that the terminal building allocation ratio cannot be a notional number as has been done in the Consultation Paper. The Authority has applied the actual capital expenditure and Operating Expenditure for FY22-23 while projecting the expenses for the control period, and it is logical that it should have used the actual terminal building ratio. The terminal building allocation ratio should not be different than actual.

Therefore, we request AERA to kindly revise all the calculations provided in the consultation paper without allocating building blocks into Aeronautical and Non-Aeronautical, which are not required per se either in AERA Guidelines or NCAP.

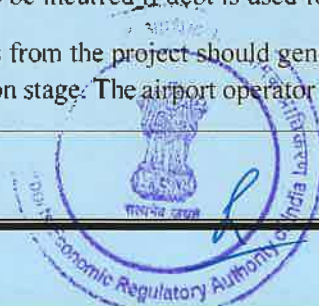
Authority's analysis of Stakeholders' comments on true up of CAPEX for the Second Control Period post-COD

- 5.4.9 The Authority has noted JIAL's comments regarding reclassification of assets and the application of various allocation ratios. In this regard the Authority's view as per para 5.8.13 and para 7.9.8 may be referred to.

5.5 True up of Financing Allowance

Authority's examination of True up of Financing Allowance at Consultation Stage

- 5.5.1 The Authority noted that JIAL had claimed financing allowance amounting to ₹ 1.10 crores as part of RAB. The Authority had the following views on the aspect of Financing Allowance:
- 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 as the investment in the asset class will then be equated to risk free rate of return.
 - Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, 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 if debt is used for funding projects.
 - Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. The airport operator is adequately compensated for the risks



associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.

- d. Developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, financing allowance was provisioned in the initial stages to such airports. It may be further noted that financing allowance was never provided in the case of brownfield airports like MIAL, DIAL and other AAI airports. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.
- e. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional, and JIAL keeps on enjoying the charges from the users. In the case of JIA, the Airport ought to be considered as a brownfield airport, which would not be eligible for an allowance on the equity portion of newly funded capital projects.
- f. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.
- g. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that "different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)".

In view of above, the Authority at consultation stage, proposed not to consider any expense related to financing allowance as a part of ARR.

Stakeholders' comments on true-up of Financing Allowance for the Second Control Period post-COD

- 5.5.2 There were no stakeholder comments with respect to true up of Financing Allowance for the period from COD till 31st March 2022.

Authority's analysis of Stakeholders' comments on true up of Financing Allowance for the Second Control Period post-COD

- 5.5.3 The Authority notes that there were no stakeholder comments received regarding true up of Financing Allowance for the period from COD till 31st March 2022. In this regard, the Authority decides not to consider any expense related to financing allowance as a part of ARR as given in para 5.5.1 above.

5.6 True up of Depreciation

Authority's examination of True up of Depreciation at Consultation Stage



- 5.6.1 For the purposes of True up submission, JIAL had calculated depreciation for the period from COD up to March 31, 2022, based on their determination of remaining useful life.
- 5.6.2 The Authority had proposed to consider the same rates of depreciation as applied by AAI for the period up to COD, on the assets transferred by AAI to JIAL for the period from COD to March 31, 2022. Further, the assets added by JIAL have been depreciated based on the useful life prescribed under Order No. 35/ 2017-18 dated January 12, 2018, of AERA. The Authority had proposed the useful life for all the assets of Jaipur International Airport post COD as per Table 116
- 5.6.3 Depreciation had not been computed on the Intangible asset and Notional Lease Asset as the same is excluded from the RAB.
- 5.6.4 Accordingly, the depreciation on Aeronautical assets of ₹ 0.412 Crores as submitted by JIAL had been revised (post reclassification) to ₹ 0.381 Crores, thereby resulting a reduction in depreciation of ₹ 0.032 Crores. The following table illustrates the impact on depreciation due to reclassification adjustments in Asset Addition/WIP Capitalization values of JIAL between COD and March 31, 2022.

Table 50: Impact on Depreciation post reclassification and revised useful life by the Authority

Asset Category as per MYTP	Reclassification Impact (Period: COD till March 31, 2022)
Furniture & fixtures	(0.00)
IT equipment	(0.021)
Office equipment	(0.00)
Plant and Machinery	(0.007)
Software	(0.00)
Vehicles	(0.004)
Grand Total	(0.032)

- 5.6.5 Adjustments were also made in the depreciation of the assets handed over to JIAL by AAI for the post COD period, as per the asset reclassification carried out in the independent study conducted by the Authority and the revised useful life as per Table 116. The total impact on depreciation in post COD period due to reclassification of assets has been summarized in the table below.

Table 51: Depreciation impact due to Reclassification of Asset Additions (Post-COD Period)

Particulars	Values	Impact
Depreciation on pre-COD assets as per JIAL	29.57	
Depreciation on pre-COD assets after reclassification and revised useful life as per the independent study conducted by the Authority	16.21	
Impact on Depreciation for pre-COD Assets due to reclassification		(13.36)
Depreciation on post-COD assets as per JIAL	0.41	
Depreciation on post-COD assets after reclassification	0.38	
Impact on Depreciation for post-COD Assets due to reclassification and revised useful life as per the independent study conducted by the Authority		(0.03)
Total Impact on Depreciation for all Assets in post-COD period		(13.39)

- 5.6.6 The Adjusted RAB and Depreciation determined by the Authority for the period from COD till March



31, 2022, post reclassifications and other adjustments are as follows:

Table 52: Average RAB considered by the Authority from COD till March 31, 2022 at Consultation Stage

Particulars	(₹ Crores) Amount
Adjusted RAB as on COD, transferred to Jaipur International Airport Limited (A) (refer Table 26)	508.96
Additions to RAB from COD to March 31, 2022, proposed by JIAL (Refer Table 48)	3.45
Sub-total (C = A + B)	512.41
Reclassifications on asset additions	
Furniture & fixtures (D)	-0.05
IT equipment (E)	-0.17
Office equipment (F)	-0.07
Software (G)	-0.01
Total reclassifications (H) Sum (D : G)	-0.29
Adjusted RAB (I = C + H)	512.12
Depreciation on Initial RAB from COD to March 31, 2022, proposed by JIAL (J)	29.98
Adjustment in Depreciation for the period from COD to March 31, 2022 (K)	-13.39
Total Adjusted Depreciation for the period from COD to March 31, 2022 (L=J+K)	16.59
Opening RAB as on 1st April'2022 for Third Control Period M=I –L	495.53
Average RAB M=(A+M)/2	502.24

Based on its analysis, the Authority, at consultation stage, proposed to consider CAPEX, depreciation, and RAB as per Table 52 for true up of the period from COD till March 31, 2022.

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

- 5.6.7 There were no Stakeholder comments with respect to true-up of depreciation for the Second Control Period post-COD.

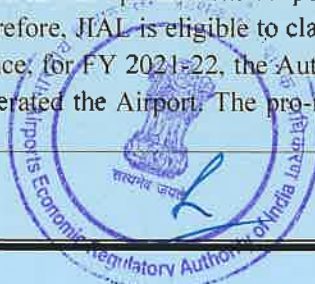
Authority's analysis of Stakeholders' comments on true up of Depreciation for the Second Control Period post-COD

- 5.6.8 The Authority notes that there were no stakeholder comments received regarding Depreciation and RAB for the period from COD till 31st March. The Authority decides to consider the Depreciation and RAB consistent with its proposal made in this regard in the Consultation Paper No. 26/2023-24. The Depreciation and RAB considered by the Authority for true up of the period from COD till 31st March 2022 is as given in Table 52.

5.7 True up of FRoR

Authority's examination of True up of FRoR at Consultation Stage

- 5.7.1 JIAL had submitted FRoR as 14.0% for true up of the period from COD till March 31, 2022. The Authority proposed to consider the same, in line with the Authority's proposal for true up of AAI from FY 2017 to FY 2022 (up to COD) and also as approved for other similar airports. From the next Control Period for JIAL, AERA will consider FRoR, in line with other PPP airports.
- 5.7.2 However, the Authority noted that JIAL has operated the Airport in FY 2021-22 only for the period from COD till March 31, 2022. Therefore, JIAL is eligible to claim return on RAB only for the period from COD till March 31, 2022. Hence, for FY 2021-22, the Authority proposed to pro-rate the FRoR for 172 days during which JIAL operated the Airport. The pro-rated FRoR for FY 2021-22 has been



computed as follows:

$$\text{FRoR}_{\text{post COD}} = \text{FRoR} * n / 365$$

Where, FRoR is the fair rate of return for the entire FY 2021-22, $\text{FRoR}_{\text{post COD}}$ is the pro-rated FRoR for the period from COD till March 31, 2022 and n is the number of days in operation in FY 2021-22.

Based on the above approach the pro-rated FRoR for FY 2021-22 has been computed as follows:

Table 53: FRoR proposed by the Authority from COD to March 31, 2022 at Consultation Stage

Particulars	Value (%)
FRoR for FY'22 (A)	14%
Number of days of operations in FY'22 (B)	172
Pro-rated FRoR for FY'22 (from COD till March 31, 2022) (A*B/365)	6.60%

5.7.3 The Authority, at consultation stage, proposed to consider FRoR for true up of the period from COD till March 31, 2022 as 6.60%, as shown in Table 53.

Stakeholders' comments on true-up of FRoR for the Second Control Period post-COD

5.7.4 During the stakeholders' consultation process, the Authority has received comments/views from the stakeholders in response to the proposals of the Authority in the Consultation Paper 26/2023-24 with respect to the True up of Fair Rate of Return (FRoR) for the period from COD till 31st March 2022. The comments of the stakeholders are presented below.

5.7.5 FIA submitted that:

- Fair Rate of Return (FRoR) to airport operators should be provided only at reasonable rates as any high value of fixed/ assured return favours the service provider/airport operators, 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 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.

JIAL's response to Stakeholders' comment regarding True up of FRoR for Second Control Period post-COD

5.7.6 In response to the comment by FIA, JIAL submitted the following response:

For TCP, Authority has allowed FRoR of 12.21%. However, JIAL is seeking FRoR of 14.76% based on cost of equity of 17.30% as determined by the independent study done for LIAL as per methodology prescribed in AERA Guidelines and cost of debt of 12% as per actuals. If Airport Operators are not given suitable returns on their investment, the development and upgradation of such infrastructure facilities will not be of the level as expected by the Governments, Aviation Industry and Users.

Further it is to be noted that proportion of airport charges to total operational cost of Airlines is insignificant i.e., in range of 6-8% (based on the study of annual reports/financials available in public domain of listed Indian airlines such as Indigo, SpiceJet etc.). Thus, its sensitivity towards the profitability of the airlines is minuscule. Also, with respect to the comment by FIA on huge losses suffered by airlines, please refer the comments provided under 1.19. (refer Para 10.4.5 of this Tariff Order).

As far as efficiency is concerned, Airport Operator has and will continue to sweat the assets and build in efficiency whenever possible.



Authority's analysis of Stakeholders' comments on true up of FRoR for the Second Control Period post-COD

- 5.7.7 The Authority has noted FIA's comments regarding Fair Rate of Return and JIAL's response on the same. In this regards the Authority's view as per para 4.9.10, para 8.5.1, and para 8.5.2 may be referred to.
- 5.7.8 Based on the above factors, the Authority decides to consider the FRoR as per para 5.7.3 (Table 53) for the true-up of the period from COD till 31st March 2022.

5.8 True up of Aeronautical O&M expenses**Authority's examination of True up of Aeronautical O&M expenses at Consultation Stage**

- 5.8.1 The component-wise break up of Aeronautical Operation and Maintenance expenses submitted by JIAL for the period from COD till March 31, 2022 is as follows:

Table 54: O&M expenses submitted by JIAL for the period from COD till March 31, 2022
(₹ Crores)

Expense Category	Amount
Manpower expenses - AAI employees	15.19
Manpower expenses - JIAL employees	4.53
Utility expenses	2.72
IT expenses	0.67
Rates & taxes	0.06
Security expenses	2.68
Corporate Allocation	5.18
Administrative Expenses - Collection Charges on UDF	0.23
Administrative Expenses - Others	2.99
Insurance	0.58
R&M	7.05
Others	2.96
Independent Engineer Fees	1.80
Total	46.64

5.8.2 Authority's examination of True up of Bank and Finance Charges at Consultation Stage

It was observed that JIAL has considered Bank charges as entirely Aeronautical. However, the Authority had proposed to consider the same as Common and reallocate it on Gross Fixed Assets ratio of 97.88:2.12 (Table 24 of Asset Allocation Study Report) based on the nature of expense and in line with other similar airports. The impact of such difference is downward adjustment of ₹ 0.01 Crores.

Table 55: Bank & Finance Charges considered by the Authority for Post COD Period at Consultation Stage

Particular	Aero Expense
Bank and Finance Charges considered by JIAL (A)	0.24
Bank and Finance Charges considered by Authority (B)	0.23
Impact (B-A)	(0.01)

5.8.3 Authority's examination of True up of Working Capital Loan Interest at Consultation Stage

It was observed that JIAL has included Working Capital Loan Interest amount of ₹ 0.35 Crores for ARR computation as Aeronautical. The Authority had sought clarification from JIAL for providing basis and



terms of the working capital loan. As per JIAL, the working capital interest has been calculated on best estimation basis since the ICD loan is a mix of working capital and other debt. Since, there is no exclusive working capital facility availed by JIAL and the terms of working capital loan is not clear, Authority was unable to relate with working capital loan vis a vis actual requirement. Accordingly, the Authority, at Consultation Stage, proposed that cost towards that cannot be considered as pass through in tariff.

JIAL's Comments on True up of Working Capital Loan Interest for the post-COD period till March 31, 2022

With respect to Working Capital Loan Interest, JIAL stated that: "JIAL has tied up with AAHL for arranging funds through Inter Corporate Deposits for short term as well as long term requirements. The Inter Corporate Deposit are used for various purposes including but not limited to regular working capital requirement".

In respect to the Authority's comment that there is no evidence of working capital loan interest being incurred, JIAL has submitted that –

The interest cost incurred is included in the Interest Expense on Inter Corporate Deposit (refer schedule 27 of the financial statement).

As per the Inter Corporate Deposit agreement, the loan amount from AAHL shall be utilized solely for purposes of activities in relation to the Airport. The overall Inter Corporate Deposit amount received is fungible, and it is not possible to separately bifurcate the amount for respective usage. Hence, on a best estimation basis a calculation of interest is done in the financial model shared along with MYTP.

The methodology and calculation of interest on working capital can vary based on opinions from different experts, however there is no denial of the fact that JIAL has utilized the funds for various purposes in relation to Airport including but not limited to working capital requirement. Therefore, we request the Authority to kindly allow interest on working capital as JIAL has actually incurred costs.

Authority's analysis of JIAL's comments on True up of Working Capital Loan Interest for post-COD period from COD till March 31, 2022

The Authority notes JIAL's submission regarding Interest on Working Capital. The Authority notes from the workings submitted in the MYTP that JIAL has computed a part of the interest cost as being towards Working Capital.

The Authority has reviewed the Financial Statement for FY 2021-22 and FY 2022-23 and the actual financial information for FY 2023-24 provided by JIAL. The Authority notes that the Interest Expense as per the Financial Statements also includes the interest accrued on account of the working capital loan. Accordingly, the Authority decides to consider the interest on working capital based on actuals for the true-up period from COD till 31st March 2022 and also FY 2022-23 and FY 2023-24. For the remaining three (3) tariff years of the Third Control Period, the Authority has calculated the interest at the maximum cost of debt (9%) on the working capital requirement recomputed based on the revised revenue and expense.

5.8.4 Authority's examination of True up of pre-COD Expenses at Consultation Stage

The Authority noted that JIAL had submitted pre-COD expenses amounting to ₹ 7.16 Crores for true-up of the post-COD period. This expense included ₹ 0.68 Crores related to manpower cost including corporate cost allocation.

The Authority took cognizance of the fact that AAJ deputed its staff and management personnel to the Airport during the transition period, including prior to the COD to ensure that the relevant knowledge



and experience of the operation and management of JIA is transferred to JIAL. Therefore, the deputation of such staff is relevant towards the objective of smooth transition of the airport from AAI to AO, and fulfilment of the terms of the CA.

Furthermore, the Authority also noted that as per Clause 15.1.2 of the Concession Agreement, the Concessionaire is mandated to achieve COD within 180 days from the date of the Concession Agreement.

Based on the above factors, the Authority noted that the cost of such personnel was paid by the Airport Operator. Additionally, Adani Group also deputed its own manpower from other group entities. The Authority has accordingly decided to consider salary expenses pertaining to such Adani Group entities for the period of six months prior to COD, i.e., from 11th April 2021 to 10th October 2021, for the purpose of tariff determination.

The Authority proposed to consider only this manpower cost for true-up based on the following:

The Authority, after making a detailed study on the provisions of the Concession Agreement, decided that there is no provision in the Concession Agreement to include in the true up, the remaining costs incurred by JIAL prior to COD.

The Authority proposed that the bid expenses incurred prior to the date of Letter of Award of JIAL, and expenses incurred between the date of Concession Agreement and COD (other than as specifically considered above), as submitted by JIAL are not considered for tariff determination.

Based on the above considerations, the total costs pertaining to manpower cost prior to COD, as allowed for the purpose of true-up of JIA is as follows:

Table 56: Pre-COD expenses proposed by the Authority for the Third Control Period at Consultation Stage

(₹ Crores)				
Particular	Nature of expense	Total	% Allowable	Proposed Pre-COD Expense
Expense till Letter of Award-setting up Airport business	Corporate Cost Allocation	1.72	NIL	-
Project Cost for setup for Airport Business - Allocation by parent companies	Corporate Cost Allocation	2.38	NIL	-
Other Preliminary expense prior to COD	Incurred by JIAL	2.38	NIL	-
Pre-COD Payroll Cost	On roll employee cost	0.68	100%	0.68
Total		7.16		0.68

JIAL's Comments on True up of Pre-COD expenses for the post-COD period till March 31, 2022

With respect to pre-COD expenses, JIAL has submitted that: "The overall claim included salaries, professional consultancies, and other administrative expenses. However, the Authority has only considered the salaries and has not provided any reason for disallowing the professional consultancies and other administrative expenses".

Adani Enterprises Limited (AEL) was announced the successful bidder for Jaipur Airport in Feb-2019. As the Concession agreement was a part of the Bid, AEL was aware of its obligations and responsibilities under the Concession Agreement and activities that were required to be done to achieve the successful Commercial Operations Date (COD). This process was akin to Operational Readiness and Airport Transfer (ORAT) activity which is done when green field facility is commissioned at the Airport. When an



old asset is taken over by a new owner with a responsibility to maintain superior service standards which were not supported by the existing infrastructure and bottlenecks, it is akin to a greenfield asset from the operations perspective.

The Authority in case of Bengaluru International Airport Limited (BIAL) has approved cost of Rs. 46 Crs for ORAT during tariff determination of third control period (refer page no. 252 of Order No. 11/2021-22 for BIAL Third Control Period).

We had earlier submitted to the Authority that various clauses in the Concession agreement mandated certain activities/obligations to be performed by the Airport Operator prior to COD so that the transition from AAI to AO is smooth. These activities covered many areas like operational readiness, familiarization & training, Trial programs, Airport facility assessment, Capability building & human resource management, observation period, financial closure etc. Being an operating Airport, these were important from the perspective of Airport users and passengers as well. It appears from the CP that the same has not been taken cognizance of by the Authority. Hence, we are reproducing the relevant provisions of the CA for your ready reference:-

Extract of relevant clauses from the Concession Agreement:

Clause 16.5 Observation Period prior to COD: - There was a requirement to have 60 days of observation period before COD whereby Concessionaire's team was to work along with AAI's team to understand the Airport operations. In order to have a dedicated Airport team to be ready for participation in the Observation period Concessionaire is required to hire personnel well before that time.

Further As per Clause 5.8 of the CA, Concessionaire is obligated to have trained personnel employed all the time. Before taking over the Airport, the AO is required to hire people who are trained to take care of safe operations of the Airport.

As per Clause 4.1.3 of the CA, as a condition precedent, Concessionaire needs to fulfill the following activities:

Particular	Details
Submission of PBG within 120 days of signing of CA.	Submission of PBG requires engagement with various Banks, lenders and financial institutions. This also requires a dedicated finance team to work with various financial institutions.
Procure all the applicable permits.	All the necessary applicable permits need to be obtained which encompass all the functions of the Airport: - Operational like CTO, Fire NOCs, Clearance of BoD Financial – GST / PAN / TAN Engineering & Maintenance – Travelators, Weights & Measures, Single Line, HR Compliances – Shops & Establishment / ESI / PSF / CLRA Security – Clearance of Aviation Security Program In order to process and obtain the necessary applicable permits adequate manpower had to be onboarded well before the COD so that necessary applications are made timely, and approvals are obtained.
List of construction works to be undertaken in the first seven concession years.	In order to provide a list of construction works, Master planning needed to be undertaken which required engagement of master planner, designer, architects, town planners etc.

	<i>Further under clause 5.12 of the CA Obligations relating to aesthetic quality of the Airport it is stated that "The Concessionaire shall engage professional architects and town planners of repute for ensuring that the design of the Airport meets the aforesaid aesthetic standards".</i>
<i>Execution of the escrow agreement as per Schedule M.</i>	<i>This requires engagement with banks, lenders, financial institutions to perform the necessary documentation.</i>

Clause 6.4.5 Works in Progress: - Concessionaire is obligated to pay CWIP amounts to AAI. "The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works, and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress."

In order to assess the works in progress both physical and financial, necessary teams were engaged from master planning, designing, asset health check, vendor management and financial experts.

Clause 10.2 Lease, Access, and Right of Way: - Concessionaire is allowed to take necessary surveys, investigations etc. of the property prior to COD to assess various risks associated with the site.

This activity required the engagement of various experts and agencies.

Clause 10.3 Procurement of the Site: - Both AAI and Concessionaire need to undertake joint inspection of site, inventory of buildings, structures, roads works etc.

This required dedicated finance, operations, and engineering & maintenance teams in place to do the joint inspection and asset health check.

Clause 15.1 / 26.1 Commercial Operation Date / Financial Close: - In order to achieve COD, financial close is a mandatory requirement.

To make financial projections necessary studies were required to be undertaken like traffic study, revenue potential study, capex planning based on master planning, estimation of capex, operating cost estimation, engagement of financial consultant, financial modelling etc. This required the engagement of consultants and also an in-house corporate finance team.

Clause 18.17 Maintenance Programme :- On or before COD, Concessionaire needs to submit detailed Maintenance Programme which shall include:

- preventive maintenance schedule;
- arrangements and procedures for carrying out urgent repairs.
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Airport;
- intervals at which the Concessionaire shall carry out periodic maintenance;
- arrangements and procedures for carrying out safety related measures; and
- intervals for major maintenance works and the scope thereof.

In order to prepare the Maintenance Programme a dedicated Engineer's team involvement was required. Further this required investigation and detailed health study of the existing assets. The detailed study was conducted by engagement of both in-house team and expert consultants.

Clause 28.1 Collection of Fees by the Concessionaire: - On and from COD and till the Transfer Date, the Concessionaire has the sole and exclusive right to demand, collect and appropriate Fees from the Users for the provision of the Aeronautical Services and Non-Aeronautical Services, including the airlines and passengers, in accordance with the provisions of the Regulatory Framework.

In order to collect the fees from COD onwards, the necessary IT infrastructure was required to be set



up which included SAP, AODB, AOCC, Billing Systems, and Passenger Data Collection System. In addition, it required Engagement of Finance team, assessment of existing IT Infrastructure, engagement of IT experts and experts who understood the regulatory framework.

Clause 28.8 Display of Aeronautical Charges: - Website was required to be ready and necessary aeronautical charges needed to be provided on the website. This required the creation of websites, domains, engaging IT experts, domain experts, experts from regulatory framework etc.

Clause 30.3 Insurances: - No later than 30 (thirty) days prior to commencement of the Concession Period, the Concessionaire shall by notice furnish to the Authority, in reasonable detail, information in respect of the insurances that it proposes to take.

This required engagement of insurance agents, risk measurement, assessment of asset value, risk mitigation plan etc.

Various other requirements under the CA which entailed onboarding of personnel/consultants:

- a. Operational SOPs
- b. Clause 23 – Readiness of Performance Measurement Plan
- c. Schedule H – to obtain ACI Membership
- d. Schedule I – Submission of Aerodrome Emergency Plan
- e. 18.15.4 Establishing Airport Safety Management Unit (ASMU)
- f. Formation of various committees – JCC for CNS ATM, MoU, Capex, Right of Way
- g. Aeronautical Information Services
- h. Apron Management Unit

Further, we had provided the details of various professional consultancies and expenses incurred as part of Pre-COD expenses as below:

Particulars	Amount (Rs. Cr.)	Remarks and Comments
Category 1: Expenses till letter of award	1.72	
Project cost for Setup for Airport Business (Expenses upto Sep'20) - Allocation by parent companies	1.72	
Category 2: Expenses from letter of award to COD	5.44	
Project cost for setup for Airport Business (Munich Airport Service) - Allocation by parent companies	1.88	This was consultancy provided for organization set up, master plan review, Staff Capacity Building & Training Need Analysis, Transition Management.
Consultancy for Traffic Study	1.34	The report was used to make master plan which is mandatory requirement under CA
Pre-COD Payroll Cost (salary cost incurred by JIAL)	0.68	Allowed by the Authority
Project cost for Setup for Airport Business - Allocation by parent companies	0.50	Allocation by parent companies for providing group resources. The similar cost was approved in Ahmedabad, Lucknow and Mangaluru Airport
IT Assessment & Transition - M/s Wipro	0.30	The consultant was engaged to assess the AAI existing IT infrastructure and what are the gaps.
Bank Charges for PBG	0.21	These are charges paid to Bank for arranging Performance Bank Guarantee which is to be provided to AAI at least 2 months before the COD as required under CA
Consultancy for verification of CWIP from AAI - M/s Ernst & Young		The report is used to verify the CWIP works transferred by AAI to

Particulars	Amount (Rs. Cr.)	Remarks and Comments
		JIAL as mandated under clause 4.6.5 of the CA
Franking Charges, ROC Filing and Others	0.08	Various charges paid on execution of concession agreement, financing documents etc.
Cargo Terminal Design Brief - M's Realog	0.05	The study conducted to understand the most optimum cargo design for the airport.
MERCER Rewards and workplace policies re-alignment	0.05	The report was used to analyse AAI HR policies which was to be used to integrate with Adani group of policy for seamless transition of manpower from AAI to PPP.
Misc Exp (incl. beautification of terminals, one-time expenses for handover, Printing Stationery, Vehicle Hiring etc)	0.25	Miscellaneous Expenses incurred as a run-up to achieve COD.
Total Pre-COD Exp	7.16	

As can be seen in the above table, payment for professional consultancy during Pre-COD period included payment for various services including Master Plan review, IT assessment, Traffic Study, Design brief, Verification of CWIP from AAI, Rewards and workplace policies from HR perspective, to name a few. All these services were essential to achieve the successful transition of the airport from AAI to AO. Further, the pre-COD expenses also included the bank charges and commission paid to Yes Bank for Issuance of Performance Bank Guarantee as required under CA.

From the foregoing submissions, the Authority would appreciate that without having proper manpower and professional support, it would not have been possible to achieve transition of airport from AAI to AO as mandated under the CA. These activities were required to be performed prior to COD. Hence, the expenditure incurred by the AO to achieve successful COD are essential, genuine, and legitimate. Hence, allowing salary expenses for a part period only ignoring the other legitimate expenses on professional fees etc. is not logical.

In view of the above, we request the Authority to at least take into account the actual expenditure incurred post issue of LOA by AAI till COD i.e. Rs. 5.44 crores against Rs. 7.16 crores claimed.

Authority's analysis of JIAL's comments on True up of Pre-COD expenses for post-COD period from COD till March 31, 2022

The Authority has examined the comments raised by JIAL regarding the inclusion of pre-COD expenses for the purpose of tariff determination and has provided its views as given hereunder:

The authority has studied the provisions of the Concession Agreement and its decisions in this Tariff Order are based on merit in this Tariff Order.

There is no provision in the Concession Agreement to consider these costs incurred by JIAL prior to COD. It would not be appropriate to draw a comparison with Operational Readiness and Airport Transfer (ORAT) activity which is a widely accepted practice for operationalizing greenfield airports and for which specific provisions and scope of inclusion is defined in the respective airport's Concession Agreement.

The authority took cognizance of the fact that the purpose of AAI deputing its senior personnel prior to COD and their continuation at the airport for the period of three months after COD is primarily to ensure that the relevant knowledge and experience of the operation and management of Jaipur International Airport is transferred to JIAL. Therefore, the deputation of such staff is relevant towards the objective of smooth transition of the airport from AAI to JIAL, and fulfillment of the terms of the Concession Agreement.



Furthermore, the Authority also notes that as per clause 15.1.2 of the Concession Agreement, the concessionaire is mandated to achieve COD within 180 days from the date of the Concession Agreement.

The Authority noted during the consultation stage that AAI had deputed its staff and management personnel to the airport during the transition period, including prior to the COD. The cost of such personnel was paid by the Airport Operator. Additionally, Adani group also had to depute its own manpower from other group entities. Therefore, the Authority has accordingly considered salary expenses pertaining to such Adani group entities for the period of six months prior to COD, i.e., from 11th April 2021 to 10th October 2021 included in pre-COD expenses, for the purpose of tariff determination.

Also, as stated in the consultation stage, the Authority has considered an on-roll employee cost of ₹ 0.68 Crores incurred by JIAL as the salary expenses were incurred during the observation period of 60 days (August 2021 to September 2021) as per clause 16.5 of the Concession Agreement, where in the new Concessionaire's team had to work along with AAI's team to understand the Airport operations. Therefore, the aforementioned costs have been considered by the Authority for determining the pre-COD expenses.

The Authority notes that ₹ 0.50 Crores relating to project cost for setting up the airport business was incurred for the provision of group-based resources to JIAL by its parent company. The Authority decides to consider the same for determining the pre-COD expenses.

Further authority notes that ₹ 0.21 Crores relate to BG commission and Facility Charges paid to the bank for arranging Performance Bank Guarantee which was to be provided to AAI at least two (2) months before the COD as required under CA. Therefore, the aforementioned costs have been considered by the authority in tariff determination process.

The Authority notes that AAI had been successfully running Jaipur International Airport in compliance with the requirements of BCAS and DGCA. Jaipur International Airport is a brownfield airport which is already in operation and cannot be considered akin to a greenfield airport. The various activities mentioned by JIAL are part of routine regular activities performed by the Airport Operator and are small in nature and all the relevant SOPs are already in place.

The manpower deployed by AAI in the airport earlier has efficiently taken care of the activities mentioned by JIAL. Hence the Authority is not convinced that there is a need for additional Manpower primarily on account of the activities mentioned by JIAL.

Based on the consideration of the above factors, the Authority decides to allow Rs. 1.39 crores of Pre-COD expenses as part of the aeronautical O&M expenses for true up of the post-COD period from COD till 31st March 2022.

5.8.5 Reallocation of O&M expenses

The Authority had conducted an independent study to determine efficient Aeronautical Operation and Maintenance costs for the period FY 2016-17 till FY 2021-22 and used the outcome of the study to true up the O&M expenses for the period from COD till March 31, 2022 for JIAL.

All O&M expenses have been allocated as Aeronautical by JIAL. The Authority had analyzed the submission made by JIAL on a case-to-case basis and applied appropriate re-classification and re-allocation of the expenses, wherever it noted any discrepancies in the allocation of expenses by JIAL (refer Table 46 for Allocation of O&M expenses of Airport Operator as per the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport). Accordingly, the following expenses have been re-allocated by the Authority by using appropriate ratios such as Terminal Building

ratio, Gross Fixed Assets ratio, Employee Head Count ratio and Electricity ratio (*Refer para 5.3 of the Study report on Efficient Operation and Maintenance Expenses for Jaipur International Airport regarding the ratios used by the Authority for allocation of common expenses.*)

i. **Manpower expenses**

Manpower expenses – AAI employees

Observation: The Authority noted that pursuant to Clause 6.5 of the Concession Agreement read with Clause 28.4.3 entered into between AAI and Jaipur International Airport Limited, the cost of AAI employees deputed at the Jaipur International Airport shall be eligible for pass-through in the determination of Aeronautical charges. The Authority noted that JIAL has considered the Manpower expenses as 100% Aeronautical. However, the Authority proposed to re-allocate the same in the ratio of Employee Head Count of AAI employees (99.19:0.81), resulting in a downward adjustment of ₹ 0.12 Crores.

Impact: The impact of the re-allocation resulted in reduction of Manpower expenses by ₹ 0.12 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.1 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

Manpower expenses – JIAL employees

Observation: It was observed that the total manpower expenses of the employees of JIAL have been considered as 100% Aeronautical. However, the Authority proposed to allocate the total manpower expenses of JIAL based on JIAL's Employee Ratio of 90.91:9.09. The impact of such difference is downward adjustment of ₹ 0.41 Crores.

Impact: The impact of the re-allocation resulted in reduction of Manpower expenses by ₹ 0.41 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.1 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

ii. **Corporate Allocation Cost**

Observation: It was observed that the Aeronautical Corporate Allocation Cost of ₹ 5.18 Crores has been incurred by JIAL towards Corporate Support Services received from the Holding Companies, namely, Adani Enterprises Limited (AEL) and Adani Airports Holding Limited (AAHL) for the period from Post-COD till March 31, 2022. This cost includes ₹ 3.06 Crores from AAHL and ₹ 2.12 Crores from AEL.

However, as the services provided by AAHL & AEL are mainly in the nature of provided specialised resources and knowledge and this also benefits the whole airport ecosystem, the cost needed to be allocated in the same ratio as the employee cost of JIAL manpower cost has been allocated. The impact of such difference is a decrease of ₹ 0.05 Crores

Further, it was noted that the Corporate Allocation Cost claimed by JIAL includes an amount of ₹ 0.05 Crores allocated towards In-house Legal department, which is in addition to the cost of one (01) employee of Legal department, already considered under the manpower expenses of JIAL and is not justified. Hence, the Study proposed to exclude ₹ 0.47 Crores from the Corporate Allocation cost submitted by JIAL.

Impact: The impact of the reallocation resulted in reduction of Corporate Allocation expenses by ₹ 0.52 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

iii. **Administrative Expenses - Others**

Observation: JIAL had submitted administrative expenses of ₹ 2.99 Crores incurred towards Professional & Consultancy, Travelling & Conveyance, Auditing and Miscellaneous expenses and has considered these expenses as 100% Aeronautical. The Authority proposed to reallocate these expenses based on Gross Fixed Asset ratio (97.88:2.12) / revised Employee Head Count Ratio (90.91:9.09) / revised Terminal Building ratio (90:10) depending upon the nature of expenses and also consider AOCC services as Aeronautical, in line with the ratio allocation followed for AAI up to COD.

Impact: The impact of such reallocation was a decrease of ₹ 0.11 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.3 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

iv. **Repair and Maintenance Expenses**

Observation: JIAL had incurred an amount of ₹ 7.05 Crores towards Repairs & Maintenance which includes maintenance of various assets and has considered these expenses as 100% Aeronautical. The Authority proposed to reallocate these expenses based on Gross Fixed Asset ratio (97.88:2.12) / revised Employee Head Count Ratio (90.91:9.09) / revised Terminal Building ratio (90:10) depending upon the nature of expenses.

Impact: The impact of such reallocation was a decrease of ₹ 0.36 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.4 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

v. **Other Operating Expenses such as IT, Rates & Taxes, Insurance etc.**

Observation: It was observed that the Other Operating expenses totalling to ₹ 7.42 Crores includes amount incurred towards IT expenses, Rates & Taxes, Security expenses, Collection Charges, Insurance, Outsource manpower, Housekeeping, Bank & Finance Charges. JIAL had considered Other Operating expense as 100% Aeronautical. The Authority proposed these expenses to be allocated as per applicable allocation ratio.

Impact: The impact of the reallocation resulted in reduction of Other Operating Expenses by ₹ 0.37 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.5 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

vi. The impact on the Aeronautical O&M expenses of JIAL on account of the proposed reallocation of expenses is as follows:



Table 57: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses
(₹ Crores)

Particular	Net Impact
Manpower expenses - AAI employees	-0.12
Manpower expenses - JIAL employees	-0.41
Corporate Allocation	-0.52
Administrative Expenses - Others	-0.11
R&M	-0.36
Other Operating Expenses	-0.37
Total	(1.89)

5.8.6 Based on the above adjustments and reclassification, the revised Aeronautical O&M expenses for the period from COD to March 31, 2022 as summarized in the table below:

Table 58: Reallocated Aeronautical O&M expenses of JIAL from COD to March 31, 2022
(₹ Crores)

Particular	Aero Expense
Manpower expenses - AAI employees	15.07
Manpower expenses - JIAL employees	4.12
Utility expenses	2.72
IT expenses	0.61
Rates & taxes	0.06
Security expenses	2.68
Corporate Allocation	4.66
Administrative Expenses - Collection Charges on UDF	0.23
Administrative Expenses - Others	2.89
Insurance	0.57
R&M	6.69
Others	2.66
Independent Engineer Fees	1.80
Total	44.76

5.8.7 Rationalization of O&M expenses

Based on the Internal benchmarking analysis performed for O&M expenses through *the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport Limited*, the Authority proposed to rationalise the following expenses for the period from COD till March 31, 2022.

Repairs and Maintenance

In respect of Repairs & Maintenance expenses, it was observed that JIAL had submitted an amount of ₹ 7.05 Crores for the period from COD to March 31, 2022. However, the same had already been adjusted due to reclassification done in above section and post reclassification the revised amount of ₹ 6.69 Crores was compared with 6% of Opening RAB to arrive at the amount proposed by the Authority for JIAL.

The post reclassification amount of Repairs & Maintenance expenses and its comparison with 6% of Opening RAB is summarized below:

Table 59: R&M expenses of JIAL considered by the Authority for True up from COD till March 31, 2022 at Consultation Stage

Particulars	(₹ Crores)	
		COD to March 31, 2022
Aeronautical Repairs & Maintenance expenses submitted by JIAL	A	7.05
Aeronautical Repairs & Maintenance expenses post-reclassification as per the independent study conducted by the Authority	B	6.69
Proportionate Repairs & Maintenance expenses for entire year, i.e., 12 months (B *365/172)	C	14.19
Opening RAB as on COD as per Authority	D	508.10
Proportionate Repairs & Maintenance as % of RAB (E= (C/D*100)	E	2.79%
Proportionate amount of 6% of Opening RAB for 172 days (D* 6%*(172/365))	F	14.36
Repairs & Maintenance expenses proposed by Authority for JIAL	G	6.69
Amount proposed not to be considered (H = B – G)	H	0.00

5.8.8 Based on the above analysis, the Authority had derived the O&M expenses that it proposed to consider for True up for JIAL from COD till March 31, 2022 and the same is as follows:

Table 60: Aeronautical O&M expenses considered by the Authority for True up from COD till March 31, 2022 at Consultation Stage

Particulars	(₹ Crores)	
		Aero Expense
Manpower expenses - AAI employees		15.07
Manpower expenses - JIAL employees		4.12
Utility expenses		2.72
IT expenses		0.61
Rates & taxes		0.06
Security expenses		2.68
Corporate Allocation		4.66
Administrative Expenses - Collection Charges on UDF		0.23
Administrative Expenses - Others		2.89
Insurance		0.57
R&M		6.69
Others		2.66
Independent Engineer Fees		1.80
Total		44.76

Stakeholders' comments on True up of O&M Expenses for post-COD period from COD till March 31, 2022

5.8.9 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. 26/2023-24 with respect to the true up of O&M Expenses for the post-COD period till 31st March 2022. The comments by the Stakeholders are presented below.

JIAL's Comments on True up of O&M Expenses for the post-COD period till March 31, 2022

5.8.10 With respect to Allocation of O&M expenses, JIAL submitted that:

Under the Shared-Till (or Hybrid Till) model as proposed in National Civil Aviation Policy, 2016, 30% of Non-Aeronautical Revenues are accounted for cross subsidizing the ARR. There is no mention of



allocation of RAB, allocation of Operation and Maintenance etc. Therefore, there is no need to apply the allocation ratio whereby capital and operating expenditure is reduced, which acts as a dual burden for the Airport Operator. Also, the AERA Guidelines do not provide for applying the allocation ratio.

Relevant extract of National Civil Aviation Policy, 2016 is reproduced below: "To ensure 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-subsidize aeronautical charges.

For ease of reference, the relevant clause regarding the 'Shared Till' approach from the Concession Agreement is reproduced hereunder:

"28.3.2. The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval."

Further as per AERA Order No. 14/2016-17 issued on 23rd January 2017, the Authority has adopted the Hybrid Till whereas 30% of non-aeronautical revenues are used to cross-subsidize aeronautical charges. The order only provides for cross subsidization of 30% from non-aeronautical revenues. The relevant extract of the order is as:

The Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory Authority of India Act, 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that:

- (i) The Authority will in future determine the tariffs 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. **(emphasized)**

The Authority, however, in addition to the cross subsidy of 30% of Non-Aero revenue, has reduced the RAB and O&M expenses by allocating the same to Aero & Non-Aero which is neither provided in the NCAP nor provided in the AERA guidelines.

Therefore, we request AERA to kindly revise all the calculations provided in the consultation paper without allocating building blocks into Aeronautical and Non-Aeronautical, which are not required either in AERA Guidelines or in NCAP.

5.8.11 With regard to the Authority's proposal to exclude cost of legal employees from Corporate Support Services cost, JIAL submitted that:

As the Authority has allowed corporate cost allocation for other departments like Operations, Finance, etc. it is logical that corporate cost allocation for legal department should also be allowed.

AERA has mentioned in the CP, example of distinct roles and responsibilities of other functions like Finance, IT etc. at Airport Company and at Corporate Level. Likewise Legal department also has



different roles and responsibilities at Airport company and Corporate Level

Roles and Responsibilities at Corporate Level

Providing business and legal perspective and advice on a wide range of strategic, tactical, and operational issues to all Airports teams

Determination of legal interests and options and counsel to top leadership on legal matters

Coordinating and giving directions with external counsels

Participating in the formulation of general management policy as a member of the executive management team

Developing and leading internal audit and corporate compliance programs

Roles and Responsibilities at Airport Level

Transaction support, including in relation to contracting and compliance.

Drafting and vetting of RFP/RFQs

Applicability and compliances of local laws applicable to the Airport and maintaining proper corporate interactions with the relevant local, state and federal governmental bodies, legislatures

We would like to take reference from Consultation Paper No. 15/2020-21 for Delhi Airport where Corporate Cost Allocation without any deduction of legal corporate cost is allowed by AERA in tariff order. It is to be noted that DIAL has Legal team employed at Airport Company also and there is no redundancy between the Corporate legal team and Airport Legal team. The extract from DIAL Consultation Paper No. 15/2020-21 is provided as follows:

DIAL Corporate Level Structure

13.6.1 GMR AIRPORTS LIMITED

Table 30: Cost Object allocated from GAI to DIAL

S.NO	DEPARTMENT COST CHARGED	COST TYPE	BASIS OF APPORTIONMENT
1.	DCM Office	Fully Chargeable	Weighted Average Ratio of Assets*
2.	BCM Office	Fully Chargeable	Weighted Average Ratio of Assets
3.	CLO Office	Fully Chargeable	Weighted Average Ratio of Assets
4.	Stakeholder Management	Fully Chargeable	Weighted Average Ratio of Assets

R. Subramanian and Company LLP

Page | 125

AERA RFP 02/2018-19

Study on Efficient Operation and Maintenance Costs

S.NO	DEPARTMENT COST CHARGED	COST TYPE	BASIS OF APPORTIONMENT
5.	Commercial and HR	Semi-Chargeable*	Weighted Average Ratio of Assets
6.	Legal	Fully Chargeable	Weighted Average Ratio of Assets
7.	Sector IIR	Semi-Chargeable*	Weighted Average Ratio of Assets
8.	Sector II	Semi-Chargeable*	Weighted Average Ratio of Assets
9.	Strategic Planning Group	Fully Chargeable	Weighted Average Ratio of Assets
10.	Finance and Accounts	Semi-Chargeable*	Weighted Average Ratio of Assets
11.	Regulatory	Fully Chargeable	Weighted Average Ratio of Assets

DIAL Airport Company Structure



Table 42: Manpower Count for DIAL during Second Control Period

S.No	Department	Functions	FY15	FY16	FY17	FY18
1	Operations (DIAL)	Airport Operations	465	497	471	570
2	BCM/CEO Office	Senior Management	12	12	32	60
3	Commercial (Aeronautical & Non-Aeronautical)	Support Functions	88	52	81	59
4	Corporate Communication	Support Functions	12	11	10	14
5	Corporate Relations	Support Functions	24	21	20	21
6	SPC/Business Integration & Planning	Support Functions	20	20	20	20
7	Ethics & Intelligence & GMRVF	Support Functions	26	27	33	37
8	Finance & Accounts	Support Functions	62	69	73	107
9	Human Resources & FMS	Support Functions	34	35	31	73
10	Guest Relations	Support Functions	25	24	23	21
11	IT	Support Functions	13	12	7	6
12	Legal	Support Functions	15	13	13	21
13	ILAG	Support Functions	5	5	7	16
14	Project & Engineering	Airport Operations	27	23	21	13
16	Quality Service & Delivery	Airport Operations	15	14	11	13
17	Baggage Screeners	Airport Operations	438	422	316	319
18	Security	Airport Operations	85	87	91	106
19	Trolley retriever	Airport Operations	215	204	220	226
Total Manpower (Excluding CPD)			1,588	1,518	1,480	1,737

It is relevant to note that these services are not being provided by a third party and are the employees of JIAL's parent company.

Based on the above facts, we request the Authority to allow the corporate cost allocation, the amount which has been actually incurred and paid, during the period from COD till 31st March 2022 without any downward adjustment for legal department cost.

Authority's analysis of Stakeholders' comments on True up of O&M Expenses for post-COD period from COD till March 31, 2022

- 5.8.12 The Authority examined the comment of the AO on the allocation of RAB and O&M expenses and would like to state that the allocation of building blocks into Aeronautical and Non-Aeronautical as a practice is being followed uniformly at all the airports.
- 5.8.13 The tariff methodology adopted by the Authority segregates O&M expenses into Aeronautical, Non-Aeronautical and Common considering the nature and purpose of the services for which these expenses are incurred. However, in the absence of any specific information regarding segregation of expenses, due clarifications were sought from JIAL regarding calculation of various allocation ratios such as terminal area. JIAL has maintained that as per the AERA guidelines, airside assets are to be considered as Aeronautical and the Terminal Building is considered as Aeronautical as per the AERA Act.
- 5.8.14 In view of the JIAL response, the Authority proposed that in case JIAL so desires, they may adopt Single Till methodology wherein all assets and operating expenses are considered as Aeronautical. However, JIAL has not opted for the same during the consultation process. Hence, the Authority has decided to allocate O&M expenses and CAPEX in line with the proposal at consultation stage.
- 5.8.15 Further, as per the established principle of inclusion or exclusion of asset from RAB as per tariff guidelines, the Authority must ensure segregation of costs and revenues associated with the assets and

audit of regulated airport accounts. This is primarily required to enable cost-relatedness for airport charges in line with established ICAO principles and policies on Charges for Airports and Air Navigation Services. Since, there are no separate regulatory accounts maintained by the Airport Operators the Authority has followed accepted allocation methodology to allocate asset and operating expenditure into Aeronautical and Non-Aeronautical.

As per clause 5.4.2 (a) of the tariff guidelines, the operation and maintenance expenditure to be assessed for tariff determination will be limited to only those expenditure that relates to assets and services taken into consideration for determination of Aggregate Revenue Requirement. Since, the ARR considers building block related to Aeronautical Services the cost needs to be considered only with respect to Aeronautical Services. As there are no separate regulatory accounts maintained by the Airport Operator, the Authority has to undertake allocation exercise based on internationally accepted principle to ensure compliance of tariff guidelines and cost relatedness.

- 5.8.16 Further, the NCAP has introduced 30% hybrid till to ensure uniformity and level playing field across various operators. In this regard, it is to be noted that the hybrid till mechanism was followed in case of Delhi and Mumbai Airport. As per the State Support Agreement of Delhi and Mumbai Airport the RAB and Opex need to be considered only with respect to Aeronautical Services. Also, as per para 2.2. of the order no. 14/2016-17, the Authority noted that the ministry had considered Delhi and Mumbai tariff determination formula while deciding on adoption of hybrid till.
- 5.8.17 The Authority reviewed the comments of JIAL with respect to the allocated cost towards in-house legal team under corporate support service cost. As mentioned in the Independent Study on O&M expenses for JIA (Refer para 5.3.3 and 5.4.2 of this Study), the Authority has already allowed the employee expenses towards the inhouse legal team of JIAL and therefore, is of the view that providing additional expenses towards legal department at the Corporate Level would result in redundancy.
- 5.8.18 In view of the above, the Authority sees no reason to change its decision as taken at the Consultation stage (Refer para 5.8.5 of this Tariff Order).

5.9 True up of Non-aeronautical revenue (NAR)

- 5.9.1 JIAL had submitted the following components of NAR for the period from COD till March 31, 2022, which the Authority had verified with the Books of Account of JIAL.

Table 61: NAR submitted by JIAL for True up from COD till March 31, 2022

Particulars	Revenue (₹ Crores)
Car parking	0.12
Lounge	-
Building rent	3.26
Other Income	1.05
Revenue from other than master concessionaire	-
Master Concessioner	5.00
Total Non-aero revenue	9.42

- 5.9.2 The Authority, on verification of the NAR of JIAL, noted that ₹ 0.28 crores relate to space rentals from airlines. The Authority was of the view that space rentals from agencies providing aeronautical services should be treated as aeronautical revenue. The authority, therefore, proposed to exclude Space Rentals



from airlines providing aeronautical services from the NAR for the post-COD period.

- 5.9.3 The Authority, at consultation stage, proposed to consider NAR for the period from COD till March 31, 2022 as per table below:

Table 62: NAR proposed by the Authority for True up from COD till March 31, 2022 at Consultation Stage

(₹ Crores)	
Particulars	Amount
Actual Non-Aeronautical Revenue as submitted by JIAL (A)	9.42
Less: Revenue from space rentals from airlines (B)	0.28
Non-Aeronautical Revenue as per the Authority (A-B)	9.14

Stakeholders' comments on true-up of NAR for the Second Control Period post-COD

- 5.9.4 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. 26/2023-24 with respect to the true up of O&M Expenses for the post-COD period till 31st March 2022. The comments by the Stakeholders are presented below.

- 5.9.5 JIAL has submitted the following regarding the consideration of space rental income from airlines as Aeronautical Revenue.

1. *In respect to the consideration of space rental income from airlines, we would like to submit that The AERA Act, 2008 and the AERA Guidelines do not categorize airline space rental as aeronautical revenue. As per AERA Act (a) "aeronautical service" means any service provided*
 - (i) *for navigation, surveillance and supportive communication thereto for air traffic management.*
 - (ii) *for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;*
 - (iii) *for ground safety services at an airport;*
 - (iv) *for ground handling services relating to aircraft, passengers and cargo at an airport;*
 - (v) *for the cargo facility at an airport;*
 - (vi) *for supplying fuel to the aircraft at an airport; and*
 - (vii) *for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority;*

2. *We would also like to draw reference to the definition of Revenues from Nonaeronautical sources read with Clause 4.23 of the International Civil Aviation Organization ("ICAO") Doc 9562 as below:*

"Revenues from non-aeronautical sources: Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and freezone operations, even though such arrangements may in fact apply to activities that may themselves be considered to be of an aeronautical character (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to aircraft operators). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself."

4.23 Rentals. Rentals payable by commercial enterprises and other entities for the use of airport-owned building space, land or equipment. Such rentals should include those payable by aircraft



operators for airport-owned premises and facilities (e.g. check-in counters, sales counters and administrative offices) other than those already covered under "air traffic operations"

In view of the above, it is clear that the space rental income is not an Aeronautical Service as per AERA Act, and also it is specified as Non-Aeronautical Service as per ICAO. Hence, we request the Authority to kindly consider revenues from space rentals as Non-Aeronautical.

Authority's analysis of Stakeholders' comments on true up of NAR for the Second Control Period post-COD

5.9.6 The Authority examined the comment by JIAL on space rental income form airlines and notes the following.

The space rental from airline is taken as Aeronautical Revenue even in PPP airports such as BIAL & HIAL and has been followed uniformly by the Authority.

5.9.7 Hence, based on the reasoning listed at the Consultation Stage (refer Para 5.9.2), the Authority decides to consider the Non-Aeronautical Revenue as per Table 62 for the true-up of the period from COD till 31st March 2022.

5.10 True up of Aeronautical Revenue

5.10.1 JIAL had submitted the following components of Aeronautical Revenue for the period from COD till March 31, 2022, which the Authority through its independent consultant had verified with the Books of Account of JIAL and noted the same to be in order. The same is presented in the Table below:

Table 63: Aeronautical Revenue submitted by JIAL for True up from COD till March 31, 2022
(₹ Crores)

Particulars	Revenue
Landing revenue	16.69
Parking & housing revenue	0.59
Ground handling charges	0.42
Passenger UDF revenue	43.46
CUTE Revenue	1.76
CGF rentals	0.08
Cargo/Fuel/Other	-
Total Aero revenues	63.00

5.10.2 The Authority proposed to include aeronautical revenue of ₹ 0.28 crores that was submitted as part of the NAR by JIAL but was not included as part of NAR proposed by the Authority (refer para 5.9.2).

5.10.3 The Authority, at consultation stage, proposed to consider revised Aeronautical Revenue for the period from COD till 31st March 2022 as per table given below.

Table 64: Aeronautical Revenue proposed by the Authority for True up from COD till March 31, 2022 at Consultation Stage

Particulars	Amount
Actual Aeronautical Revenue as submitted by JIAL (A)	63.00
Add: Revenue from space rentals from airlines (B)	0.28
Aeronautical Revenue as per the Authority (A+B)	63.28



Stakeholders' comments on true-up of Aeronautical Revenue for the Second Control Period post-COD

5.10.4 There were no Stakeholder comments with respect to true-up of Aeronautical revenue for the Second Control Period post-COD.

Authority's analysis of Stakeholders' comments on true up of Aeronautical Revenue for the Second Control Period post-COD

5.10.5 No Stakeholder comments were received regarding Aeronautical Revenue for the period from COD till 31st March. In this regard, the Authority has decided to consider the Aeronautical Revenue consistent with its proposal made in this regard in the Consultation Paper No. 26/2023-24. The Aeronautical Revenue considered by the Authority for true up of the period from COD till 31st March 2022 is as given in Table 64.

5.11 True up of Taxation

5.11.1 JIAL had submitted 'Nil' tax for the period from COD till March 31, 2022. The Authority noted that the actual Aeronautical revenue earned by JIAL for the above period was lesser than the Operating expenses and Depreciation incurred by JIAL, thereby resulting in losses and 'Nil' Aeronautical Taxation. The same is presented in the table below:

Table 65: Taxation proposed by the Authority for true up (COD till 31st March 2022) at Consultation Stage

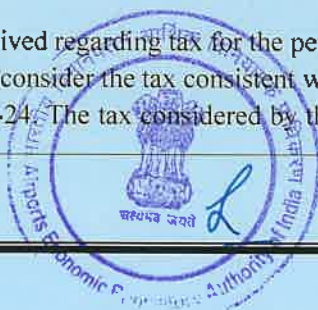
Particulars	Ref.	Amount
Aero Revenues (refer Table 64)	A	63.28
Aero O&M Expenses (refer Table 60)	B	44.76
Bank & Finance Charges (refer Table 55)	C	0.23
Interest Expense	D	11.47
Depreciation as per IT Act	E	28.39
Aero Profit Before Tax	G=A-(B+C+D+E)	(21.57)
Previous loss adjustment	H	-
Taxable Profit	I=MAX (0, (G-H))	0
Tax rate (%)	J	25.17%
Aeronautical Tax	K=I*J	0
Opening Losses	L	-
Current period (loss)/profit	M=G	(21.57)
Closing Losses	N=L+M	(21.57)

Stakeholders' comments on true-up of Taxation for the Second Control Period post-COD

5.11.2 There were no Stakeholder comments with respect to true up of tax for the Second Control Period post-COD.

Authority's analysis of Stakeholders' comments on true up of Taxation for the Second Control Period post-COD

5.11.3 No Stakeholder comments were received regarding tax for the period from COD till 31st March. In this regard, the Authority had decided to consider the tax consistent with its proposal made in this regard in the Consultation Paper No. 25/2023-24. The tax considered by the Authority for true up of the period



from COD till 31st March 2022 was as given in Table 66 below.

Table 66: Taxation decided by the Authority for true up (COD till 31st March 2022)

			(₹ Crores)
Particulars	Ref.		Amount
Aero Revenues (refer Table 64)	A		63.28
Aero O&M Expenses (refer Table 60)	B		44.76
Bank & Finance Charges (refer Table 55)	C		0.23
Working Capital Loan Interest (refer Para 5.8.3)	D		0.35
Interest Expense	E		11.47
Depreciation as per IT Act	F		28.39
Aero Profit Before Tax	$G=A-(B+C+D+E+F)$		(21.92)
Previous loss adjustment	H		-
Taxable Profit	$I=MAX(0, (G-H))$		0
Tax rate (%)	J		25.17%
Aeronautical Tax	$K=I*J$		0
Opening Losses	L		-
Current period (loss)/profit	$M=G$		(21.92)
Closing Losses	$N=L+M$		(21.92)

5.12 True up of ARR

5.12.1 Based on its analysis of the various building blocks, the Authority had determined the ARR and Shortfall (Under recovery) for True up of the Pre-COD period and same is presented in the table below:

Table 67: ARR and Shortfall proposed by the Authority (COD till March 31, 2022) at Consultation Stage

			(₹ Crores)
Particulars	Ref.		Amount
Average RAB (refer Table 52)			502.24
FRoR on Average RAB (@ 14% for 172 days)	A		33.15
Operating expenses (Refer Table 60)	B		44.76
Bank and Finance Charges (refer Table 55)	C		0.23
Pre-COD Expenses	D		0.68
Depreciation (refer Table 52)	E		16.59
Tax	F		0
ARR (Sum (A:F))	G		95.41
Non-aeronautical revenue (refer Table 62)	H		9.14
Less: 30% of Non-aeronautical revenue	I		2.74
Net ARR (G-I)			92.67
Actual Aeronautical Revenue (refer Table 64)	K		63.28
Shortfall/ under-recovery (J-K)			29.39

Particulars	Ref.	Amount
Discount factor as on March 31, 2022	M	1
PV of Under-recovery as on March 31, 2022 (L*M)	N	29.39
Discount factor (@ 12.21%) as on March 31, 2023	O	1.122
PV of Under-recovery as on March 31, 2023= O*N	P	32.97

- 5.12.2 The Authority at the consultation stage proposed to consider Under recovery of ₹ 32.97 crores for the post-COD period. Authority also proposed to consider the same as a post-COD true up while calculating ARR of JIA for the Third Control Period.
- 5.12.3 The ARR proposed by the Authority at the consultation stage was ₹ 92.58 crores, as against ₹ 116.81 crores submitted by JIAL. The variance was on account of the following:
- Re-classification of assets, due to which there was reduction in the Return on RAB and Depreciation derived by the Authority.
 - Revision in Useful Life of Assets considered by the Authority,
 - Rationalization of O&M expenses claimed by JIAL,
 - Exclusion of certain expenses such as working capital loan interest and Pre-COD expenses

Stakeholders' comments on true-up of ARR for the Second Control Period post-COD

- 5.12.4 There were no Stakeholder comments with respect to true up of ARR for the Second Control Period post-COD.

Authority's analysis of ARR for the Second Control Period post-COD post Stakeholder Consultation

- 5.12.5 The Authority, after careful analysis and examination of the Stakeholders' comments across various building blocks pertaining to true up of Second Control Period post COD, recomputed the true up of Second Control Period post-COD.
- 5.12.6 The adjustments that were made over and above the true up considered at the time of issuance of Consultation Paper No. 10/202 2-23 are as below:
- Inclusion of Interest on Working Capital Loan of ₹ 0.35 Cr. (Refer Para 5.8.3)
 - Inclusion of pre-COD expenses of ₹ 1.39 Cr. related to Bank and Finance charges for obtaining PBG and Project cost for setup of airport business (Refer Para 5.8.4)
- 5.12.7 Based on the above, the revised ARR considered by the Authority for true up of Second Control Period post-COD is given below in Table 68.

Table 68: ARR decided by the Authority for True up of Second Control Period post-COD
(₹ Crores)

Particulars	Ref.	Amount
Average RAB (refer Table 52)		502.24
FRoR on Average RAB (@ 14% for 172 days)	A	33.15
Operating expenses (Refer Table 60)	B	44.76
Bank and Finance Charges (refer Table 55)	C	0.23




Particulars	Ref.	Amount
Working Capital Loan Interest (refer Para 5.8.3)	D	0.35
Pre-COD Expenses	E	1.39
Depreciation (refer Table 52)	F	16.59
Tax	G	0
ARR (Sum (A:G))	H	96.47
Non-aeronautical revenue (refer Table 62)	I	9.14
Less: 30% of Non-aeronautical revenue	J	2.74
Net ARR (H-J)	K	93.73
Actual Aeronautical Revenue (refer Table 64)	L	63.28
Shortfall/ under-recovery (K-L)	M	30.45
Discount factor as on March 31, 2022	N	1
PV of Under-recovery as on March 31, 2022 (M*N)	O	30.45
Discount factor (@ 12.21%) as on March 31, 2023	P	1.122
PV of Under-recovery as on March 31, 2023= P*O	Q	34.16

5.13 Authority's decisions regarding True up for the period from COD till March 31, 2022

Based on the material before it and its examination, the Authority decides the following with respect to True up of the period from COD till March 31, 2022 for Jaipur International Airport:

- 5.13.1 To consider true up of CAPEX, depreciation and RAB for the period from COD till March 31, 2022 as per Table 52.
- 5.13.2 To consider true up of FRoR for the period from COD till March 31, 2022 as per Table 53.
- 5.13.3 To consider true up of Bank and Finance Charges for the period from COD till March 31, 2022 as per para 5.8.2
- 5.13.4 To consider true up of Working Capital Loan Interest for the period from COD till March 31, 2022 as per Para 5.8.3
- 5.13.5 To consider true up of pre-COD expenses from COD till March 31, 2022 as per para 5.8.4
- 5.13.6 To consider true up of Aeronautical O&M expenses for the period from COD till March 31, 2022 as per Table 60.
- 5.13.7 To consider true up of Non-aeronautical revenue for the period from COD till March 31, 2022 as per Table 62.
- 5.13.8 To consider true up of Aeronautical revenue for the period from COD till March 31, 2022 as per Table 64
- 5.13.9 To consider true up of Taxation for the period from COD till March 31, 2022 as per Table 66.
- 5.13.10 To consider Under recovery of ₹ 34.16 crores as per Table 68 for Post-COD period to be considered while calculating the ARR for the Third Control Period.





EVALUATION OF MYTP FOR THE THIRD CONTROL PERIOD

भा.वि.आ.वि.प्रा.

AERA



6 TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

6.1 JIAL's submission regarding Traffic projections for the Third Control Period

6.1.1 The historical passenger traffic² and ATM at the Airport has been shown in the table below:

Table 69: Historical passenger, ATM and Cargo traffic at Jaipur International Airport

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Traffic									
2010-11	1,407,838	247,374	1,655,212	12,716	2,273	14,989	8,177	398	8,575
2011-12	1,595,655	232,649	1,828,304	16,733	1,870	18,603	6,475	235	6,710
2012-13	1,574,801	227,678	1,802,479	16,460	1,800	18,260	6,488	189	6,677
2013-14	1,723,240	258,696	1,981,936	17,772	2,037	19,809	6,460	245	6,705
2014-15	1,863,493	334,503	2,197,996	17,110	2,742	19,852	2,544	715	3,259
2015-16	2,523,824	363,371	2,887,195	21,111	2,923	24,034	7,912	1,458	9,370
2016-17	3,332,496	450,962	3,783,458	28,596	3,744	32,340	13,503	2,623	16,126
2017-18	4,229,961	527,217	4,757,178	38,069	4,220	42,289	12,822	3,482	16,304
2018-19	4,866,742	604,481	5,471,223	42,019	4,166	46,185	14,918	3,595	18,513
2019-20	4,502,569	528,992	5,031,561	35,872	3,612	39,484	15,186	2,313	17,499
2020-21	1,719,937	130,250	1,850,187	17,753	1,180	18,933	11,784	420	12,204
2021-22	2,768,167	175,004	2,943,171	25,790	1,367	27,157	13,982	198	14,180
2022-23	4,358,994	405,388	4,764,382	38,211	2,945	41,156	15,425	1,016	16,441

6.1.2 The passenger traffic, ATM and cargo traffic along with their expected annual growth rates, as submitted by JIAL for the Third Control Period are as given in the table below:

Table 70: Traffic and growth (%) Y-o-Y proposed by JIAL

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Traffic									
2022-23	4,442,927	413,883	4,856,810	40,647	2,942	43,589	16,472	1,916	18,388
2023-24	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
2024-25	7,569,363	659,835	8,229,198	64,889	4,759	69,648	27,481	2,862	30,343
2025-26	8,259,979	713,221	8,973,200	70,520	5,119	75,639	30,238	3,104	33,342
2026-27	8,984,088	769,387	9,753,475	76,395	5,498	81,893	33,158	3,360	36,519
Total	35,753,608	3,165,609	38,919,216	307,607	22,660	330,267	131,048	13,875	144,924
Growth rates									
2022-23	60.50%	136.50%	65.02%	57.61%	115.22%	60.51%	17.81%	867.62%	29.67%
2023-24	46.24%	47.21%	46.32%	35.70%	47.59%	36.50%	43.88%	37.44%	43.20%
2024-25	16.50%	8.30%	15.80%	17.65%	9.60%	17.06%	15.96%	8.68%	15.23%
2025-26	9.12%	8.09%	9.04%	8.68%	7.56%	8.60%	10.03%	8.46%	9.88%
2026-27	8.77%	7.87%	8.70%	8.33%	7.40%	8.27%	9.66%	8.26%	9.53%

6.1.3 JIAL had also submitted that it expected to process certain cargo volumes out of the total volume at its own cargo facility. The following table summarizes the total cargo volumes proposed to be handled by JIAL out of the total cargo traffic at JIA during the Third Control Period.

² Source: Traffic News from AAI website



Table 71: Cargo volumes to be handled by JIAL out of the total cargo traffic during the Third Control Period

Particulars (in MT)	FY 23	FY 24	FY 25	FY 26	FY 27
Domestic - Interim Facility		2,750	2,750		
International – Interim Facility		4,260	4,260		
Integrated Cargo Complex				22,500	22,500
Total by JIAL (A)		7,010	7,010	22,500	22,500
Total Cargo Traffic at JIA (B)		26,332	30,343	33,342	36,519
% Share (B/A)	-	27%	23%	68%	62%

- 6.1.4 JIA had engaged an independent agency – M/s Mott Macdonald for assessing passenger traffic, aircraft movement and cargo traffic for Jaipur Airport. Based on its analysis, Mott Macdonald had provided high, base, and low estimate scenarios of projected traffic for the Third Control Period. The traffic projections submitted by JIAL in Table 70 is adopted from Mott Macdonald's 'base case scenario'.
- 6.1.5 The Passenger traffic and ATM projected above had been adjusted by JIAL to account for billable passenger traffic (excluding certain categories of passengers such as Transit/transfer passengers, Children below 2 years, Diplomatic passport holders, Airline Crew etc. for whom UDF charges are not leviable) and billable domestic ATMs (other than ATMs pertaining to less than 80-seater capacity flights, and flights operating under Regional Connectivity Scheme (RCS); that are exempted from landing charges). Based on the historical trends, the exempt traffic had been submitted by JIAL as 3% of the total passengers, and 20% of total ATMs for the Third Control Period, as shown in the table below.

Table 72: Traffic growth rates (Y-o-Y) submitted by JIAL, after adjustment of exempt traffic

Year	Passenger (in Nos.)			ATM (in Nos.)		
	Domestic	International	Combined	Domestic	International	Combined
Traffic						
2022-23	4,309,639	409,744	4,719,383	32,518	2,942	35,460
2023-24	6,302,333	603,190	6,905,523	44,125	4,342	48,467
2024-25	7,342,282	653,237	7,995,519	51,911	4,759	56,670
2025-26	8,012,180	706,089	8,718,269	56,416	5,119	61,535
2026-27	8,714,566	761,693	9,476,259	61,116	5,498	66,614
Total	34,681,000	3,133,953	37,814,953	246,086	22,660	268,746
Growth rates						
2022-23	-	-	-	-	-	-
2023-24	46.24%	47.21%	46.32%	35.70%	47.59%	36.68%
2024-25	16.50%	8.30%	15.78%	17.65%	9.60%	16.93%
2025-26	9.12%	8.09%	9.04%	8.68%	7.56%	8.58%
2026-27	8.77%	7.87%	8.69%	8.33%	7.40%	8.25%

6.2 Authority's examination regarding JIAL's submission of Traffic for the Third Control Period at Consultation stage

6.2.1 The Authority noted that JIAL appointed Mott Macdonald as its Consultant who had derived traffic forecast based on Regression forecast methodology, developed through econometric analysis of historical data combined with projections of key demand drivers as given below:

- Passenger forecasts were derived basis Gross Domestic Product (GDP) growth forecasts from the International Monetary Fund (IMF) World Economic Outlook April 2021, as well as the US Department of Agriculture (USDA) and the Organization for Economic Co-Operation and



Development (OECD).

- The aircraft movement forecasts for the Airport were derived based on the historical development of both domestic and international average passengers per ATM.
- For cargo forecasts, the historical development of both domestic and international average cargo per ATM metrics, along with the potential cargo-carrying capacity of aircraft using the airports were considered.

6.2.2 The Authority noted that JIAL had assumed the ‘base case scenario’ estimates of traffic forecasts submitted by Mott Macdonald for forecasting passenger traffic, ATM and cargo (both domestic and international).

6.2.3 The Authority noted that JIAL had considered only billable ATM, after excluding ATM traffic that are exempted from landing charges. However, the Authority is of the view that RCS scheme is promoted by the GoI with the objective of making regional air connectivity affordable by supporting airline operators through concessions offered by Central Government, State Government and the Airport Operators. The Authority noted that, as per JIAL’s submission, there was only one RCS flight which ran thrice a week. This translated to less than ~0.5% of overall traffic volume. Based on the above fact, the Authority had estimated traffic projections after excluding ATMs that pertain to less than 80-seater capacity flights which fall under non-RCS category and being exempted from landing charges. The Authority further noted JIAL’s submission that, Jaipur being the capital city airport, acts as a hub to destinations like Varanasi, Agra, Dehradun, Jodhpur, Jaisalmer, Udaipur, Pantnagar etc. in the regional connectivity model where, some of these destinations have restrictions to operate larger aircraft. Limited seat loads on these routes do not permit airlines to operate larger aircraft as demand from smaller cities are generally inadequate. In addition, Jaipur besides being a tourist hotspot, is also a destination for weddings, MICE, corporate business travel (gems/ handicraft/ textile etc.), and part of high-end golden triangle circuit. These events lead to substantial movement through corporate jets/ general aviation.

6.2.4 The Authority, after rationalization had derived the exempted traffic as 19% for each tariff year and had considered the same for determining the billable domestic ATM. Based on the above factors, the exempt traffic considered by the Authority (after excluding ATMs that pertain to less than 80-seater capacity flights which fall under non-RCS category) for determining billable domestic ATM for the Third Control Period for JIA was as follows:

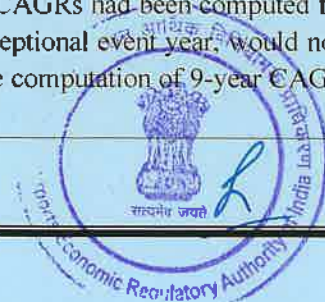
Table 73: Exempt traffic considered by the Authority for the Third Control Period at Consultation stage

Particulars	FY’23	FY’24	FY’25	FY’26	FY’27
Exempt Domestic ATM considered by the Authority	19%	19%	19%	19%	19%

At Tariff Order stage, it is very difficult to visualize the quantum of exempted passengers. Such exemptions shall automatically be taken care of at the time of true up of actual passenger traffic and its resultant impact on the aeronautical revenue.

6.2.5 As part of its examination of traffic forecast submitted by JIAL, the Authority had calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic, ATM, and Cargo from, FY 2017-18 to FY 2019-20 (3-year CAGR), FY 2015-16 to FY 2019-20 (5-year CAGR), FY 2010-11 to FY 2018-19 (9-year CAGR), and FY 2010-11 to FY 2019-20 (10-year CAGR).

6.2.6 The 3-year, 5-year and 10-year CAGRs had been computed for the respective periods up to FY 2019-20, as FY 2020-21 being an exceptional event year, would not have provided an appropriate basis for arriving at CAGR. However, the computation of 9-year CAGR was based on the periods FY 2010-11



to FY 2018-19, in order to remove certain extraneous events of FY 2019-20 as detailed in para 6.2.8 below. The table below provided the details of the CAGR for passenger traffic, ATM, and Cargo:

Table 74: CAGR for passenger traffic, ATM, and Cargo

Year	Passenger			ATM			Cargo		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
3 year CAGR	3.17%	0.17%	2.84%	-2.93%	-7.48%	-3.37%	8.83%	-18.50%	3.60%
5 year CAGR	15.57%	9.84%	14.90%	14.17%	5.43%	13.21%	17.70%	12.23%	16.90%
9 year* CAGR	16.77%	11.82%	16.12%	16.11%	7.87%	15.10%	7.81%	31.67%	10.10%
10 year CAGR	13.79%	8.81%	13.15%	12.21%	5.28%	11.36%	7.12%	21.60%	8.25%

* For the period FY 2010-11 to FY 2018-19

- 6.2.7 The Authority had noted that there was a variation in traffic and volatility in data, which caused the CAGR for 5-year and 3-year period to be inappropriate for future traffic projections.
- 6.2.8 The Authority noted that there had been a decrease in the Passenger and ATM traffic particularly in the FY 2019-20, which was a pre-COVID year, mainly due to the closure of operations by Jet Airways with no replacement for those vacant slots and the impact of COVID pandemic towards the end of the FY 2019-20.
- 6.2.9 It was observed that there was a de-growth of 61.80% and 75.38% in domestic passenger traffic and international passenger traffic respectively for FY 2020-21 (compared to FY 2019-20), due to the adverse impact of COVID-19 pandemic on the domestic and international travels (Refer Table 69). Similarly, it was observed that there was a de-growth of 50.51% and 67.33%, respectively in domestic ATM and international ATM for FY 2020-21 (compared to FY 2019-20) as well as a de-growth of 22.40% and 81.84% respectively in domestic Cargo and international Cargo for FY 2020-21 (compared to FY 2019-20). (Refer Table 69)

Computation of traffic forecasts by the Authority, considering the impact of COVID-19 pandemic

The traffic forecasts had been computed by the Authority, after taking into account the analysis by the following agencies regarding the impact of COVID-19 pandemic on the Aviation sector, apart from the study report provided by Mott Macdonald for Jaipur International Airport.

6.2.10 Airports Council International (ACI)

ACI in its latest report available had projected the following air passenger traffic outlook:

- Prior to the COVID-19 pandemic, the global passenger volume was estimated to reach 10.5 billion passengers in 2023. However, the current projection of global passenger volume in 2023 is approximately 8.6 billion passengers, which is 94.2% of the 2019 level.
- The year 2024 is expected to be a milestone for global passenger traffic recovery as it reaches 9.4 billion passengers, surpassing the year 2019 that welcomed 9.2 billion passengers (102.5% of the 2019 level). Compared to the pre-COVID forecast that predicted 10.9 billion passengers in 2024, the effects of the pandemic represent a potential loss of 13.9%.
- While the Asia-Pacific region is expected to have a substantial jump in passenger traffic in the first half of 2023 along with the ongoing opening of the Chinese market, its recovery is predicted to slow down significantly in the second half of the year due to challenges in overseas tourism and looming economic concerns. By the end of the year, the region is expected to reach 2.9 billion passengers,



or 87.3% of the 2019 level. With the uncertainty from both upside and downside factors, the region is expected to reach approximately 3.4 billion passengers, or 99.5% of the 2019 level, in 2024.

6.2.11 International Air Transport Association (IATA)

IATA in its latest market analysis report had reported the following:

- Industry-wide revenue passenger-kilometers (RPKs) increased 29.7% year-on-year (YoY) in November and closed the gap to 2019 levels to within 1%.
- Available seat-kilometers (ASKs) rose by 28.6% YoY, recovering to 98.2% of pre-pandemic capacity. Global passenger load factor increased over the year and compared to 2019, now standing at 81.8%.
- Domestic RPKs grew 6.7% over pre-pandemic levels with an annual growth rate of 34.8%. International RPKs 94.5% of pre-pandemic levels and increased 26.4% YoY.
- Air passenger traffic, measured in revenue passenger-kilometers (RPKs), continued to grow in November with a 29.7% increase over the year. Global RPKs are now just 0.9% lower than pre-pandemic levels. In seasonally adjusted terms, growth continued although at a slightly slower pace compared to the previous months with 0.6% month-on-month (MoM) growth.

Conclusion on traffic forecasts based on the above assumptions

6.2.12 Considering the extraordinary adverse impact of COVID-19 pandemic on domestic and international air travel, the Authority had taken into consideration the forecasted data published by ACI and IATA cited in para 6.2.10 and 6.2.11 for arriving at the revised traffic projections.

6.2.13 The Authority had reviewed the actual Passenger traffic, ATM and Cargo traffic data for FY 2022-23 (from AAI website) and had considered the same for estimating traffic for the Third Control Period:

Table 75: Comparison of Passenger, ATM and Cargo traffic at JIA of FY2019-20 vs FY 2022-23

Traffic	FY'20			FY'23			Traffic of FY'23 as a % of FY'20 traffic		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Passenger (in Nos.)	4,502,569	528,992	5,031,561	4,358,994	405,388	4,764,382	96.81%	76.63%	94.69%
ATM (in Nos.)	35,872	3,612	39,484	38,211	2,945	41,156	106.52%	81.53%	104.23%
Cargo (in MT)	15,186	2,313	17,499	15,425	1,016	16,441	101.57%	43.93%	93.95%

6.2.14 The Authority had noted the actual passenger traffic and ATM data for FY 2022-23 from AAI’s website (as shown in the table above) and had compared with the forecasted traffic submitted by JIAL. The Authority also compared the actual traffic achieved during YTD January 2024 (i.e., April 2023 to January 2024) with that of the forecasted traffic submitted by JIAL. It was noted that the actual Passenger and ATM traffic of YTD January 2024 was ~63% with that of forecasted traffic of JIAL. The details of the same are as follows:

Table 76: Comparison of Actual and Forecasted Passenger, ATM, Cargo traffic submitted by JIAL for FY'23 and FY'24

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY23									



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Forecasted by JIAL (A)	4,442,927	413,883	4,856,810	40,647	2,942	43,589	16,472	1,916	18,388
Actuals (B)	4,358,994	405,388	4,764,382	38,211	2,945	41,156	15,425	1,016	16,441
% achieved C=(B/A)*100%	98%	98%	98%	94%	100%	94%	94%	53%	89%
FY24									
Forecasted by JIAL till Mar '24 (D)	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
Actuals till Jan '24 (E)	4,144,593	346,612	4,491,205	34,574	2,469	37,043	15,167	1,074	16,241
% achieved till Jan '24 F=(E/D)*100%	63.79%	56.89%	63.20%	62.68%	56.86%	62.26%	64.00%	40.79%	61.68%

6.2.15 The Authority upon review of actual traffic presented in Table 76 proposed to revise the traffic forecasts for FY24, in light of the low YTD achieved till January 2024 and just two months remaining in the financial year. The Authority proposed to extrapolate the traffic attained till January 2024 for the entirety of FY24 and proposed traffic for FY24 as follows:

Table 77: FY 24 Forecasts for Passenger, ATM, and Cargo proposed by Authority at Consultation stage

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY24									
Forecasted by JIAL till Mar '24 (A)	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
Actuals till Jan '24 (B)	4,144,593	346,612	4,491,205	34,574	2,469	37,043	15,167	1,074	16,241
Derived till Mar '24 (C)	4,973,512	415,934	5,389,446	41,489	2,963	44,452	18,200	1,289	19,489
% assumed to achieve till Mar '24 (D=C/A)	76.55%	68.27%	75.84%	75.22%	68.24%	74.71%	76.80%	48.95%	74.01%

6.2.16 The Authority on the basis of the traffic forecasts derived for FY24 in Table 77, thus proposed to rationalize the traffic forecasts submitted by JIAL for FY25. The Authority proposed to apply the percentage of achieved traffic forecasts from FY24 to JIAL's FY25 forecasts.

Table 78: FY 25 Forecasts for Passenger, ATM, and Cargo proposed by Authority at Consultation stage

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY25									
Forecasted by JIAL for FY25 (A)	7,569,363	659,835	8,229,198	64,889	4,759	69,648	27,481	2,862	30,343
% of forecasts in FY24 (refer Table 77) (B)	76.55%	68.27%	75.84%	75.22%	68.24%	74.71%	76.80%	48.95%	74.01%



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Forecasted by Authority for FY25 C=(A*B)	5,794,192	450,444	6,240,852	48,810	3,247	52,035	21,105	1,401	22,458

6.2.17 The Authority reviewed the CAGR (3-year, 5-year, 9-year and 10-year) derived by it as per Table 74, and considering the positive outlook provided by the Expert Agencies, the Authority proposed to consider the passenger, ATM, and cargo traffic proposed by JIAL for the last two (2) tariff years (FY 2025-26 till FY 2026-27).

6.2.18 The Authority was of the view there is a significant potential for traffic growth at JIA, but the same is restricted due to space constraints. The Authority further noted that operationalization of T-I is scheduled in Q4 of FY2023-24, and the refurbishment of T-II is scheduled in FY 2024-25 thereby increasing the terminal building area by 53.4% (42% at T-I and 11.4% for T-II) from the existing terminal area. Due to increase in area it is expected that traffic would pick up from FY2024-25 onwards and in FY2025-26 and FY2026-27, JIAL would be able to achieve the forecasted traffic.

6.2.19 Based on the above analysis, the Authority thus proposed to consider actual passenger traffic, ATMs, and cargo for FY2022-23; derived traffic for FY24 and FY25 as per Table 77 and Table 78; and JIAL's submission with respect to the traffic in each category, for the remaining two tariff years of the Third Control Period. The ratio of domestic exempted and billable ATMs considered by the Authority was as per Table 73.

6.2.20 The Authority also noted that, as per the MYTP submission, JIAL was expected to begin the international cargo operation from 1st April 2023. However, JIAL in its response dated December 5, 2023, had informed that the international cargo operation was expected to begin post March 2024. Considering the revised start date, the Authority proposed to not consider any international cargo volume being handled by JIAL in FY 2023-24. JIAL had further stated in its response that development of Integrated Cargo Complex (ICC) is currently in design stage and is likely to be completed only by February 2026. The Authority thus proposed to consider cargo volumes for ICC from FY2026-27 onwards. The Authority also proposed to consider volume for FY 2024-25 as submitted by JIAL.

The Authority had assumed the same volumes for FY2025-26 due to cargo being handled from interim facility in absence of ICC. The Authority further proposed to consider 50% of the total cargo volumes forecasted for Jaipur Airport in FY 2026-27.

6.2.21 The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the Third Control Period at Consultation stage are given in the table below:

Table 79: Traffic proposed to be considered by the Authority for the TCP at the Consultation Stage

Domestic Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic PAX submitted by JIAL	45.03	44.43	64.97	75.69	82.60	89.84	357.54
Domestic PAX proposed by the Authority		43.59	49.74	57.94	82.60	89.84	323.71
JIAL's submission as a % of FY 2019-20 traffic		98.68%	144.30%	168.11%	183.45%	199.53%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic		96.81%	110.46%	128.69%	183.45%	199.53%	
International Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

International PAX submitted by JIAL	5.29	4.14	6.09	6.60	7.13	7.69	31.66
International PAX proposed by the Authority		4.05	4.16	4.50	7.13	7.69	27.54
JIAL's submission as a % of FY 2019-20 traffic		78.24%	115.18%	124.73%	134.83%	145.44%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic		76.63%	78.63%	85.15%	134.83%	145.44%	
Total passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total PAX as per JIAL's submission	50.32	48.57	71.07	82.29	89.73	97.53	389.19
Total PAX (Domestic and International) proposed by the Authority		47.64	53.89	62.45	89.73	97.53	351.25
Proposed total PAX as per JIAL's submission as a % of FY 2019-20 traffic		96.53%	141.24%	163.55%	178.34%	193.85%	
Proposed total PAX as per Authority as a % of FY 2019-20 traffic		94.69%	107.11%	124.11%	178.34%	193.85%	
Domestic ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic ATM submitted by JIAL	35.87	40.65	55.16	64.89	70.52	76.40	307.61
Domestic ATM proposed by the Authority (A)		38.21	41.49	48.81	70.52	76.40	275.42
AO's submission as a % of FY 2019-20 total ATM		113.31%	153.76%	180.89%	196.59%	212.97%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		106.52%	115.66%	136.07%	196.59%	212.97%	
Domestic exempted ATM %	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL		20%	20%	20%	20%	20%	
As per the Authority (B)		19%	19%	19%	19%	19%	
Domestic Billable ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL		32.52	44.13	51.91	56.42	61.12	246.10
As per the Authority C = A*(1-B)		30.95	33.61	39.54	57.12	61.88	223.09
International ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International ATM submitted by JIAL	3.61	2.94	4.34	4.76	5.12	5.50	22.66
International ATM proposed by the Authority		2.95	2.96	3.25	5.12	5.50	19.77
JIAL's submission as a % of FY 2019-20 ATM		81.45%	120.21%	131.76%	141.72%	152.21%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		81.53%	82.03%	89.90%	141.72%	152.21%	
Total ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total ATM (Domestic and International) as per JIAL's submission	39.48	43.59	59.50	69.65	75.64	81.89	330.27



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Total ATM (Domestic and International) proposed by the Authority		41.16	44.45	52.06	75.64	81.89	295.20
AO's submission as a % of FY 2019-20 total ATM		110.40%	150.69%	176.40%	191.57%	207.41%	
Proposed total ATM as per Authority as a % of FY 2019-20 ATM		104.23%	112.58%	131.84%	191.57%	207.41%	
Domestic Cargo traffic (in MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic cargo submitted by JIAL	15.19	16.47	23.70	27.48	30.24	33.16	131.05
Domestic cargo proposed by the Authority		15.43	18.20	21.10	30.24	33.16	118.13
JIAL's submission as a % of FY 2019-20 total Domestic Cargo		108.47%	156.06%	180.96%	199.12%	218.35%	
Proposed total ATM as per Authority as a % of FY 2019-20 Domestic Cargo		101.57%	119.85%	138.98%	199.12%	218.35%	
International Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International cargo submitted by JIAL	2.31	1.92	2.63	2.86	3.10	3.36	13.88
International cargo proposed by the Authority		1.02	1.29	1.40	3.10	3.36	10.17
JIAL's submission as a % of FY 2019-20 Cargo		82.84%	113.83%	123.74%	134.20%	145.27%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		43.93%	55.72%	60.57%	134.20%	145.27%	
Total Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total cargo submitted by JIAL	17.50	18.39	26.33	30.34	33.34	36.52	144.92
Total cargo proposed by the Authority		16.44	19.49	22.51	33.34	36.52	128.30
JIAL's submission as a % of FY 2019-20 total Cargo		105.08%	150.48%	173.40%	190.54%	208.69%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		93.95%	111.37%	128.61%	190.54%	208.69%	
JIAL's share of Cargo Traffic (MT in '000)		FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Domestic cargo			2.75	2.75			5.50
International cargo			4.26	4.26			8.52
Integrated Cargo Complex					22.50	22.50	45.00
Total cargo handled			7.01	7.01	22.50	22.50	59.02
JIAL Market Share			27%	23%	68%	50%	
As per the Authority							
Domestic			2.75	2.75	2.75		8.25
International				4.26	4.26		8.52
Integrated Cargo Complex						22.50	22.50
Total cargo handled			2.75	7.01	7.01	18.26	35.03
JIAL Market Share			10%	23%	21%	50%	

6.2.22 The Authority had considered the traffic proposed in Table 79 above, to assess the need for the Capital



expenditure proposed by JIAL for the Third Control Period and accordingly, the Authority had rationalized the CAPEX submitted by JIAL for the Third Control Period for JIA.

6.3 Stakeholders' comments on Traffic for the Third Control Period

6.3.1 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. 26/2023-24 with respect to Traffic for the Third Control Period. The comments by Stakeholders are presented below.

JIAL's comments on Traffic for the Third Control Period:

6.3.2 With respect to AERA's proposal as per Para 6.2.3 and 6.2.4 page 92 of CP relating to Exempted Traffic, JIAL's comment is as follows:

With respect to RCS flights, we would like to submit that there are no RCS flights currently operating from JAI. In case any RCS flights gets scheduled at JAI in TCP, we humbly request the Authority to consider those flights as exempt as these flights will not be charged any landing charges by JIAL as per notification from Government of India.

In respect to exempted passengers, we would like to draw the attention of Authority on the Tariff order for Bangalore Airport for Third Control Period order no. 11/2021-22 dated para 4.5.9 onwards.

Transfer passengers at Bangalore Airport

4.5.9 The Authority noted BIAL's submission related to transit/ transfer passengers at Bengaluru airport. The Authority noted from the Second Control Period order for BIAL that the transit/transfer passengers transiting upto 24 hours are exempted from levy of UDF. The relevant extract is produced below:

"Transit/transfer passengers (this exemption may be granted to all the passengers transiting upto 24 hours. A passenger is treated in transit only if onward travel journey is within 24 hours 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")

4.5.10 The Authority noted that BIAL has revised its projections of the share of the transit/ transfer passenger in the total passenger based on the actual transit/ transfer passenger share of FY21. The same are produced below:

Table 67: Forecast of share of transit/ transfer passenger in total passenger as per BIAL's MYTP for the Third Control Period

% of Exempt passengers	FY2022	FY2023	FY2024	FY2025	FY2026
Domestic Pax	13%	13%	13%	13%	13%
International Pax	5%	5%	5%	5%	5%



Order No. 11/2021-22 for the Third Control Period JIA, Bengaluru

Table 68: Forecast of share of transit/ transfer passenger in total passenger as per BIAL's ATP for the Third Control Period

% of Exempt passengers	FY2022	FY2023	FY2024	FY2025	FY2026
Domestic Pax	25.75%	17.45%	17.45%	17.45%	17.45%
International Pax	16.07%	11.11%	11.11%	11.11%	11.11%

4.5.11 The Authority examined the submissions made by BIAL related to the transit passengers in its ATP. The Authority is of the view that the increase in the transit passengers during FY21 is on account of the COVID-19 pandemic and thus, it is a short term trend and not likely to sustain in the future. Further, the Authority will be trueing up the aeronautical revenues for the TCP based on actuals which will take into the actual transit passengers at BIAL. Therefore, the Authority decides that the share of transit passengers proposed by BIAL as part of its MYTP seem reasonable for the Third Control Period.

4.6 Authority's decisions regarding traffic projections for the Third Control Period

Based on the material before it and based on its analysis, the Authority has decided the following with regards to traffic projections for the Third Control Period:

4.6.1 To consider the passenger traffic, ATM traffic and cargo traffic as per Table 66 respectively which shall be trueed up based on actuals.

4.6.2 To consider the share of transit passengers as per Table 67 for the Third Control Period.



In the Bangalore Tariff order, AERA has accepted the contention that transit passengers are exempted from UDF, and the percentage share of transit passenger assume by Bangalore seems reasonable.

In AERA Order No. 46/2015-16, in respect of Metro Development Fees approval determination of Metro Connectivity Project for Mumbai Airport, AERA has suitably adjusted the billable passengers after deducting the exempted Passengers. The relevant extract from Order is provided as follows: -

Decision 5.b - To estimate the future billable passengers for both domestic and international passengers, as considered in Table 5.

Table 5: Estimated Billable Embarking Passengers for FY 2015-16 to FY 2023-24

Particulars (in millions)	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total domestic passengers (A)	27.15	29.25	31.51	33.95	36.57	36.57	36.57	36.57	36.57
Total international passengers (B)	12.20	13.03	13.91	14.86	15.86	15.86	15.86	15.86	15.86

Order. No. 46/2015-16

Page 51 of 76

Embarking Domestic Passengers (C) = (50% of A)	13.58	14.63	15.76	16.98	18.29	18.29	18.29	18.29	18.29
Embarking International Passengers (D) = (50% of B)	6.10	6.52	6.96	7.43	7.93	7.93	7.93	7.93	7.93
Billable domestic passengers (E) = (80% of C)	10.86	11.70	12.60	13.58	14.63	14.63	14.63	14.63	14.63
Billable international passengers (F) = (80% of D)	4.88	5.21	5.57	5.94	6.35	6.35	6.35	6.35	6.35

As can be seen from above, the Authority has been consistently recognizing the exempted traffic and its impact in collection.

It is to be noted that AO has made adjustment in ATMs and Passengers to calculate only the billable traffic. The adjustment is necessitated to project the correct Aeronautical revenues.

Recent ATM data indicate that approx. 28% of Domestic Flights are operated through less than 80-seater aircraft which is exempt from landing charges. Refer the data provided below:



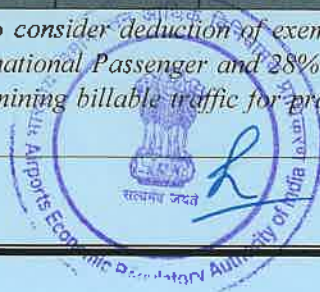
TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Month & Year	ATM Upto 80-seater aircraft	Total ATM	Exempt ATM %
1. April 22	978	3135	
2. May 22	990	3202	
3. Jun 22	846	2917	
4. Jul 22	780	2818	
5. Aug 22	882	2841	
6. Sep 22	766	2690	
7. Oct 22	794	3131	
8. Nov 22	770	3265	
9. Dec 22	858	3705	
10. Jan 23	806	3691	
11. Feb 23	672	3292	
12. Mar 23	808	3524	
2022-23 Total	9950	38211	26%
1. Apr 23	982	3237	
2. May 23	1020	3378	
3. Jun 23	1028	3285	
4. Jul 23	914	3198	
5. Aug 23	878	3258	
6. Sep 23	874	3218	
7. Oct 23	944	3344	
8. Nov 23	1214	4063	
9. Dec 23	1306	3852	
2023-24 Total (Upto Dec 23)	9160	30833	30%
Grand Total	19110	69044	28%

Similarly, the recent data for Pax indicate that approx. 8% of Domestic Pax and 1% of International Pax pertains to exempt category (transfer, transit and infants), not liable for UDF charges. Refer the data provided below:

Month & Year	Transit	Infant	Transfer	Other Pax	Total Pax	Exempt Pax%
1. Apr 23	3,532	2,090	14,961	172,178	192,761	11%
2. May 23	4,953	2,673	29,481	178,300	215,407	17%
3. Jun 23	3,393	2,532	20,965	173,829	200,719	13%
4. Jul 23	1,551	1,960	12,309	172,541	188,361	8%
5. Aug 23	918	2,007	8,362	179,089	190,376	6%
6. Sep 23	3,374	2,284	8,865	177,322	191,845	8%
7. Oct 23	2,505	1,998	7,649	173,907	186,059	7%
8. Nov 23	3,599	2,617	11,286	200,342	217,844	8%
9. Dec 23	7,994	2,806	10,449	235,784	257,033	8%
10. Jan 24	5,773	2,265	8,703	219,496	236,237	7%
Domestic Total	37,592	23,232	133,030	1,882,788	2,076,642	9%
1. Apr 23	-	146	-	19,020	19,166	1%
2. May 23	-	141	1	23,659	23,801	1%
3. Jun 23	166	120	-	18,155	18,441	2%
4. Jul 23	-	145	-	19,217	19,362	1%
5. Aug 23	170	164	3	21,351	21,688	2%
6. Sep 23	-	140	-	20,818	20,958	1%
7. Oct 23	6	116	-	15,837	15,959	1%
8. Nov 23	-	121	-	14,970	15,091	1%
9. Dec 23	-	141	-	19,529	19,670	1%
10. Jan 24	12	150	7	19,480	19,649	1%
International Total	354	1,384	11	192,036	193,785	1%

We, therefore, request the Authority to consider deduction of exempted Passenger traffic of 8% for Domestic Passenger and 1% for International Passenger and 28% of Domestic Flights as exempted ATM, as per latest trends, while determining billable traffic for projection of aeronautical revenues.



Accordingly, JIAL has prepared its ATP after considering only billable traffic. If we do not reduce the traffic which is not billable, the same will result in a known under-recovery since inception as projected ARR will not match with correct projected revenue.

Other Stakeholders' comments on Traffic for the Third Control Period:

- 6.3.3 FIA stated the following with respect to exempted traffic, "It is hereby submitted, that FIA is not in agreement with the proposal of AERA to consider the billable ATM traffic after excluding the ATMs that pertain to less than 80-seater capacity for non-RCS flights that are exempted from landing charges as the same is without any basis. It may be noted that it will not be a true indicator of the traffic projections at the Jaipur airport and any deductions from billable traffic will adversely impact the computation of non-aeronautical revenue. FIA request AERA to reconsider the same, in line with the AERA's consistent approach with all Major Airports. In view of the above, FIA proposes that the exempted billable ATM/passenger traffic as proposed by AERA in their tariff card should not be accepted."
- 6.3.4 FIA additionally stated the following with regards to traffic forecasts, "While FIA appreciates that AERA has considered the traffic report issued, ACI and IATA (refer para 6.2.9). FIA requests AERA to kindly conduct their own independent study, which may also include demand drivers that may not have been part of the report issued by ACI and IATA, as deemed fit, including factors such as the traffic that would be generated due to the forthcoming general elections. We would also like to draw the attention of the Authority, that the trends in the recent post pandemic times may not be a reasonable benchmark, whether be it of passengers or traffic, as economic factors such as inflation or market demand / prices may not continue in the same rate or trend in the future, since the recent post pandemic trends are due to unusual factors such as the COVID-19, revenge tourism, Geo-political causes, recent financial meltdown of banks in the USA, etc. Authority may kindly take the same into consideration (and appoint independent consultants to evaluate the same if deemed fit) while finalising the projected ATM and passengers."
- 6.3.5 IATA stated the following, "IATA notes that the Authority has determined exempted traffic as 19% for each tariff year to arrive at the billable domestic ATM. IATA reiterates the position that all users must pay their fair share for the use of facilities and provision of services rendered. Any exemptions (such as for under 80-seater aircraft) driven by State policies should rightfully be funded by the government in line with ICAO's non-discrimination and cost relatedness principles."
- 6.3.6 DIAL's comment is as follows:

Exempt passengers for billing purposes: As per notification of MoCA Certain categories of passengers are exempted from UDF and other airport charges which Airport Operators are required to follow. AERA should consider the impact of these exempt passenger while framing the tariff card, else it will lead to known shortfall in the recovery.

We would like to draw the attention of the Authority on the tariff order for Chaudhary Charan Singh International Airport, Lucknow for the Third Control Period, Order No. 10/2023-24. (Clause 6.5.4 and Clause 6.5.5). The Airport Operator had adjusted the total traffic to account for billable passenger traffic. The Airport Operator had requested for 3% of the traffic to be considered as exempt, which AERA had accepted citing that it had taken similar decisions in BIAL Traffic Order No. 11/2021-22 and Order No. 46/2015-16 in respect of Metro Development Fees approval determination of Metro Connectivity Project for Mumbai Airport. The relevant extract has been attached below.



6.3.4. The Authority notes the comments of the AO on exempted passengers (claimed by AO as 3% of the total passenger traffic). Taking cognizance of the decisions of the Authority given in BIAL Tariff Order No.11/2021-22 for the Third Control Period and Order No. 46/2015-16, in respect of Metro

Order No. 19/ 2023-24 for CCSIA, Lucknow

Page 148 of 448



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Development Fees approval/determination of Metro Connectivity Project for Mumbai Airport, the Authority decides to consider in merit, the exempt passenger traffic as 3% of total passenger traffic and adjust the same while determining the billable passenger traffic for Lucknow Airport for the Third Control Period.

6.3.5. Based on the above factors, the Authority has determined the traffic forecasts, which it decides to consider for determination of tariff for the Third Control Period for CCSIA, which is as follows:

Table 6.1: Traffic Data of Domestic Airports for the Third Control Period

Domestic Passengers (Lacs)	FY	FY	FY	FY	FY	FY	Total
	2019-20	2021-22	2022-23	2023-24	2024-25	2025-26	
Domestic PAX submitted by AO	36.92	31.00	33.40	34.12	63.40	77.93	272.54
Domestic PAX decided by the Authority (A)		27.11	45.47	34.12	65.61	77.93	268.13
AO's submission as a % of FY 2019-20 traffic		73%	123%	111%	180%	100%	
Traffic as per Authority as a % of FY 2019-20 traffic		73%	123%	111%	180%	100%	
Domestic exempted PAX %	FY	FY	FY	FY	FY	FY	Average
Submitted by AO	2019-20	2021-22	2022-23	2023-24	2024-25	2025-26	3%
As per the Authority (B)							3%
Domestic billable PAX (in Lacs)	FY	FY	FY	FY	FY	FY	Total
	2019-20	2021-22	2022-23	2023-24	2024-25	2025-26	

Hence, we request AERA to allow consideration of only billable passengers while framing the tariff card.

6.4 JIAL's responses to Stakeholders' comments regarding Traffic for the Third Control Period

6.4.1 JIAL's response to the various Stakeholders' comments with respect to Traffic for the Third Control Period is presented below.

6.4.2 With respect to FIA's comment on exempted traffic, JIAL has stated that – "It is submitted that as per current and likely future mix of ATMs, out of the total exempted traffic submitted by the Airport Operator, 28% of the total domestic ATMs pertaining to non-RCS flights (i.e. less than 80-seater aircrafts) are exempted from landing charges as per GoI/MoCA guidelines. The details of which are already submitted as part of our comments to CP. Similarly, there are certain categories of passengers who are exempt from payment of UDF charges. It is to be noted that AO has made the adjustment in ATMs/Passengers to calculate only the billable ATMs/Passengers as the same is necessitated to project the correct aeronautical revenues. The Authority has reduced the ATMs, however has not reduced the passengers. We would like to highlight that this approach of the Authority, of not reducing RCS ATMs and exempted Passengers, is not in line with expected principle of regulatory framework which ensures timely and complete recovery of approved ARR by matching the expected revenue with ARR. If the exempted revenues are not taken into account by the Authority, the same will result in lower recovery from landing charges and UDF and consequently lead to mismatch of ARR and revenue from day one. This would lead to questioning of calculation by Authority. Kindly refer to the detailed response in point



2.1 (refer para 6.3.2 of this Tariff Order) in the stakeholders' comments submitted by JIAL".

- 6.4.3 With respect to FIA's comment relating to traffic forecasts, JIAL has stated that – "JIAL's submission of traffic projection was based on independent study conducted by expert consultant which has used various variables, permutations, combinations and generally accepted principles while performing regression analysis for deriving long term traffic scenarios. Similarly, the Authority through its independent consultant has also done a detailed analysis of various factor affecting traffic projections and accordingly adjusted the traffic forecast as required. The outcome of both studies in long term corroborates with each other. In view of the above, we feel that there is no requirement for conducting any further study on traffic projections."
- 6.4.4 With respect to IATA's comment relating to exempted traffic, JIAL has stated that – "In order to avoid repetitions on this matter, please refer to our remarks in point 1.6 above as counter on FIA's comments and also refer to comments in point 2.1 of JIAL's response to the CP." (Refer para 6.3.2 of this Tariff Order)
- 6.4.5 With respect to DIAL's comment relating to exempted traffic, JIAL has stated that – "Airport Operators (such as DIAL, AAI) have supported JIAL's submissions and comments on certain key matters relating to estimation of Tariff and various Regulatory Principles etc. JIAL has also submitted its detailed explanations and justifications on all the above matters as part of its response to the Consultation Paper. JIAL requests the Authority to consider the well-reasoned comments provided by JIAL which are duly supported by the aforementioned stakeholders."

6.5 Authority's analysis of Stakeholders' comments on Traffic for the Third Control Period

- 6.5.1 The Authority has carefully noted the comments of AO and DIAL and responses of AO and has the following views:

Exempted ATMs: At the MYTP stage, JIAL had informed that approximately 19% non-RCS flights are less than 80-seater, which are exempt from landing charges. The same was proposed by the Authority in the Consultation Paper. Subsequently during consultation stage JIAL has submitted that non-RCS flights which are less than 80-seater constituted 26% of ATMs in FY2022-23 and 30% in FY2023-24 (upto Dec '23). On a total average basis 28% of the ATMs have fallen under this exempted category in TCP till Dec '23. Accordingly, the Authority has decided to consider 26% and 30% as exempted flights for FY2022-23 and FY2023-24 respectively. Further, the Authority has decided to consider 28% exempted ATMs for the remaining tariff years.

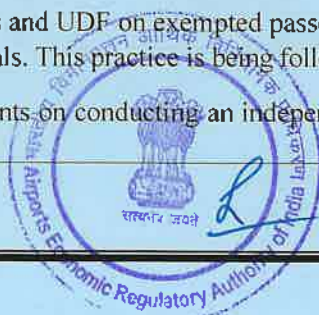
Exempted Passengers: At Tariff Order stage, it is very difficult to visualize the quantum of exempted passengers. Hence, such exemptions shall automatically take care at the time of true up of actual passenger traffic and its resultant impact in the actual revenue earned.

- 6.5.2 The Authority has examined FIA's comment regarding exempted traffic and the response of JIAL, and would like to state that it would not be fair to project aeronautical revenue based on total traffic at the airport as it would not reflect the true revenue potential of the airport. Further, the Authority would like to clarify that the consideration of billable traffic is only for the computation of aeronautical revenue and not for the projection of non-aeronautical revenue. The Authority had finalized its projections of NAR based on the total traffic at the airport.

Further, the Authority, through its independent consultant, had carried out detailed review of traffic projections. Accordingly, the Authority has calculated billable ATMs to calculate landing charges.

For landing charges on RCS flights and UDF on exempted passengers, the same will be adjusted at the time of true up on the basis of actuals. This practice is being followed by the Authority on regular basis.

- 6.5.3 The Authority notes FIA's comments on conducting an independent study to include demand drivers,



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

which may not be covered in the report issued by the agencies ACI and IATA. In this regard, the Authority has examined the response of the AO and is also of the opinion that one-time events such as the forthcoming general elections may not be a correct representation of the traffic projections carried out for the Third Control Period.

The Authority is also of the view that the requirement for an independent study on traffic projections depends upon the size, scale and complexity of operations at the Airport.

Also, the Authority notes that JIAL has commissioned an Independent Study on Traffic which was conducted by Mott Macdonald based on which the traffic estimates were included in the MYTP as submitted by the AO. The Authority has reviewed the results of the study conducted by JIAL. Further, M/s Deloitte Touche Tohmatsu India LLP, independent consultants appointed by AERA, have also evaluated the traffic projections submitted by JIAL. The Authority has also taken cognizance of the actual traffic for the period and updated the traffic estimates for FY 2022-23 and FY 2023-24 (refer Table 80 of this Tariff Order).

Further, the traffic estimates will be trued up at the time of determination of Aeronautical Charges for the next control period.

- 6.5.4 The Authority has noted IATA's comments on funding of exemptions and state that it is beyond the purview of AERA.
- 6.5.5 The Authority has considered actual traffic for FY2023-24.
- 6.5.6 Based on the revision in exempt domestic ATM as discussed above and consideration of actual traffic for FY2023-24, the recomputed traffic estimates decided by the Authority for tariff determination for the Third Control Period is shown in the table below. Further, the Authority has revised the forecasts for FY2024-25 based on the actual traffic for FY2023-24; by applying the percentage of achieved traffic forecasts from FY24 to JIAL's forecasts for FY25.

Table 80: Traffic decided by the Authority for the Third Control Period

Domestic Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic PAX submitted by JIAL	45.03	44.43	64.97	75.69	82.60	89.84	357.54
Domestic PAX proposed by the Authority		43.59	50.53	58.86	82.60	89.84	325.42
JIAL's submission as a % of FY 2019-20 traffic		98.68%	144.30%	168.11%	183.45%	199.53%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic		96.81%	112.22%	130.73%	183.45%	199.53%	
International Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International PAX submitted by JIAL	5.29	4.14	6.09	6.60	7.13	7.69	31.66
International PAX proposed by the Authority		4.05	4.14	4.48	7.13	7.69	27.50
JIAL's submission as a % of FY 2019-20 traffic		78.24%	115.18%	124.73%	134.83%	145.44%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic		76.63%	78.24%	84.73%	134.83%	145.44%	
Total passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total PAX as per JIAL's submission	50.32	48.57	71.07	82.29	89.73	97.53	389.19



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Total PAX (Domestic and International) proposed by the Authority		47.64	54.67	63.35	89.73	97.53	352.92
YoY Growth in Total PAX proposed by the Authority			14.76%	15.88%	41.64%	8.69%	
Proposed total PAX as per JIAL's submission as a % of FY 2019-20 traffic		96.53%	141.24%	163.55%	178.34%	193.85%	
Proposed total PAX as per Authority as a % of FY 2019-20 traffic		94.69%	108.65%	125.90%	178.34%	193.85%	
Domestic ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic ATM submitted by JIAL	35.87	40.65	55.16	64.89	70.52	76.40	307.61
Domestic ATM proposed by the Authority (A)		38.21	41.93	49.32	70.52	76.40	276.37
AO's submission as a % of FY 2019-20 total ATM		113.31%	153.76%	180.89%	196.59%	212.97%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		106.52%	116.87%	137.50%	196.59%	212.97%	
Domestic exempted ATM %	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL at Consultation stage		26%	30%	28%	28%	28%	
As per the Authority (B)		26%	30%	28%	28%	28%	
Domestic Billable ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL		32.52	44.13	51.91	56.42	61.12	246.10
As per the Authority C = A*(1-B)		28.28	29.35	35.51	50.77	55.00	198.92
International ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International ATM submitted by JIAL	3.61	2.94	4.34	4.76	5.12	5.50	22.66
International ATM proposed by the Authority		2.95	2.94	3.22	5.12	5.50	19.72
JIAL's submission as a % of FY 2019-20 ATM		81.45%	120.21%	131.76%	141.72%	152.21%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		81.53%	81.34%	89.15%	141.72%	152.21%	
Total ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total ATM (Domestic and International) as per JIAL's submission	39.48	43.59	59.50	69.65	75.64	81.89	330.27
Total ATM (Domestic and International) proposed by the Authority		41.16	44.86	52.54	75.64	81.89	296.09
YoY Growth in Total ATM proposed by the Authority		8.99%	17.12%	43.97%	8.26%	8.99%	
AO's submission as a % of FY 2019-20 total ATM		110.40%	150.69%	176.40%	191.57%	207.41%	
Proposed total ATM as per Authority as a % of FY 2019-20 ATM		104.23%	113.62%	133.08%	191.57%	207.41%	



TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

Domestic Cargo traffic (in MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic cargo submitted by JIAL	15.19	16.47	23.70	27.48	30.24	33.16	131.05
Domestic cargo proposed by the Authority		15.43	18.09	20.98	30.24	33.16	117.89
JIAL's submission as a % of FY 2019-20 total Domestic Cargo		108.47%	156.06%	180.96%	199.12%	218.35%	
Proposed total ATM as per Authority as a % of FY 2019-20 Domestic Cargo		101.57%	119.14%	138.15%	199.12%	218.35%	
International Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International cargo submitted by JIAL	2.31	1.92	2.63	2.86	3.10	3.36	13.88
International cargo proposed by the Authority		1.02	1.33	1.44	3.10	3.36	10.25
JIAL's submission as a % of FY 2019-20 Cargo		82.84%	113.83%	123.74%	134.20%	145.27%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		43.93%	57.41%	62.41%	134.20%	145.27%	
Total Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total cargo submitted by JIAL	17.50	18.39	26.33	30.34	33.34	36.52	144.92
Total cargo proposed by the Authority		16.44	19.42	22.42	33.34	36.52	128.14
JIAL's submission as a % of FY 2019-20 total Cargo		105.08%	150.48%	173.40%	190.54%	208.69%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		93.95%	110.98%	128.14%	190.54%	208.69%	
JIAL's share of Cargo Traffic (MT in '000)	FY'23	FY'24	FY'25	FY'26	FY'27	Total	
As per JIAL							
Domestic cargo			2.75	2.75			5.50
International cargo			4.26	4.26			8.52
Integrated Cargo Complex					22.50	22.50	45.00
Total cargo handled			7.01	7.01	22.50	22.50	59.02
JIAL Market Share			27%	23%	68%	62%	
As per the Authority							
Domestic			9.07	2.75	2.75		8.25
International				4.26	4.26		8.52
Integrated Cargo Complex						18.26	22.50
Total cargo handled			9.07	7.01	7.01	18.26	35.03
JIAL Market Share			46.68%	23%	21%	50%	

Actual traffic considered for FY2022-23 and FY2023-24

6.6 Authority's decisions regarding Traffic for the Third Control Period

Based on the available facts and analysis thereupon, the Authority decides the following with regard to traffic forecast for the Third Control Period:

6.6.1 To consider the ATM, Passenger traffic and Cargo traffic for the Third Control Period for Jaipur



International Airport as per Table 80.

- 6.6.2 To true up the traffic volume (ATM, Passengers and Cargo) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.



भा.वि.आ.वि.प्रा.
AERA



7 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE THIRD CONTROL PERIOD

7.1 Background

7.1.1 RAB is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.

7.1.2 The Authority noted that as part of the Concession Agreement (CA), JIAL had proposed to plan and develop JIA in a phased manner during the Concession period, as well as cater to the annual passenger throughput capacity (domestic and international) and annual cargo handling capacity, along with ancillary facilities as per its demand projections. Further, development of the airport includes construction and procurement of various assets as described in the Concession Agreement such as:

- Runways, taxiways, apron, aircraft parking bays, air traffic control tower, Cargo facilities, Parking, flight kitchens, MRO facilities, warehousing facilities, airline offices, administrative offices and associated facilities.
- Construction and procurement of Terminal Building and facilities and
- Construction of required approach roads.

7.1.3 The Authority noted that JIAL is mandated to develop an integrated terminal building which is efficiently planned, flexible for phase-wise development, sustainable and economical, as stipulated in Schedule B of Annex I of the CA. Further, as per Clause 23.7.1 of the CA - "The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council international ("ACI") or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 (four point five) out of 5.0 (five) and/ or shall appear within top 20 (twenty) percentile of all airports, in its category in the world in such survey within 5 (five) years from the COD and maintain the same throughout the rest of the Concession Period."

7.1.4 The Authority understood that as part of the Concession Agreement (CA), JIAL shall be liable to pay to AAI amounts incurred by AAI as on the COD in respect of works-in-progress as set forth in Schedule T of the CA. As per section 3.5 of the MYTP submitted by JIAL the AAI has raised an invoice of ₹15.56 Crore (excluding GST). As per JIAL these assets are capitalized in the books of account as and when completed. Accordingly, Authority noted that these assets are captured on Fixed Asset Register and forms part of Regulatory Asset Base.

7.1.5 The Independent Consultant appointed by the Authority had performed an in-depth analysis of the submissions made by JIAL towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant had performed the following functions:

- i. Sought various technical and study reports of the Consultant appointed by JIAL, Drawings and Plans, BOQs, Cost estimates and break-up, detailed justification and explanation, Demand vs Requirement statement, Copies of Letter of Intent (LOI), Letter of Award (LOA), Purchase Orders and Work Orders, etc., provided by JIAL and
- ii. Sought documentary evidence and the process of approval of capital addition projects including competitive bidding process for award of various work orders to the contractors, if applicable.
- iii. The consultants also visited Jaipur International Airport for a site visit on 24th November 2023.



Focusing specifically on review of current airport operation and proposed airport development plans.

Based on the review of documents as stated above and the essentiality and necessity for Airport operations, the Authority had rationalized the CAPEX projects submitted by JIAL, by shifting the capitalization date of some of the projects within the Third Control Period and deferring certain others to the next Control Period.

- 7.1.6 In the background of the facts stated above, the Authority had examined the capital expenditure proposed by JIAL, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Third Control Period. This was done with a view to encourage the investment and maintain a balanced approach between sustainable operations of the JIAL and the interest of the airport users. Further, the Authority took cognizance of the fact that, if any excessive capex is allowed in this Control Period, it would be against the regularity framework, as tariff would have no link to the services/facilities created at the Airport and the resultant high aeronautical charges would be unfair to the end users.

Hence, the Authority had examined the entire CAPEX plan in detail including CWIP projects and the New CAPEX for Jaipur Airport, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Third Control Period with a view to encourage the investors and maintain a balanced approach between the sustainable operations of JIAL and the interest of the airport users.

- 7.1.7 Based on the above, the Authority had rationalized the capital expenditure for all the projects and accordingly proposed capital additions for the Third Control Period. Further, the Authority had not considered some of the projects on account of the expected completion of the proposed project may occur either just at the end of control period or in next control period.

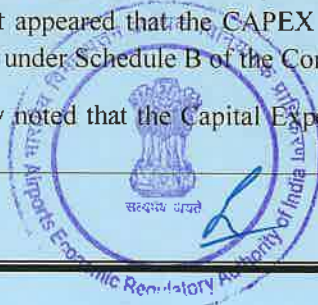
- 7.1.8 Towards this objective, the Authority had examined in detail the Aeronautical Capital Expenditure, Depreciation and RAB submitted by JIAL and had presented its views in the following order:

- i. Capital expenditure proposed by JIAL for the Third Control Period
- ii. Capital Additions initiated by AAI during the pre-COD period and transferred to JIAL as part of the Concession Agreement.
- iii. Interest during Construction/financing allowance
- iv. Aeronautical allocation of capital expenditure for the Third Control Period
- v. Aeronautical Depreciation for the Third Control Period
- vi. Regulatory Asset Base for the Third Control Period

- 7.1.9 The Authority's Independent Consultant, interacted with the technical team of JIAL on the aspects of airport planning, traffic estimation and its short, mid, and long-term impact on Airport Economics as provided in the Concession Agreement.

Based on the response provided by JIAL, the Authority observed that prima facie, JIAL had not demonstrated desired understanding of optimal planning and execution of capex projects related to airport. This was evident from the fact that the proposed CAPEX had not been linked with expected outturn of traffic and was multifold as compared to other airports which handle similar traffic levels. JIAL had projected a capex to the tune of ₹ 5998.15 Crores for handling traffic of 9.7 Mn in FY'27, which had no rational justification. This approach of the Airport Operator was not in the overall interest of the stakeholders of the airport. It appeared that the CAPEX had been projected by JIAL without linking it with the mandate provided under Schedule B of the Concession Agreement.

In view of these facts, the Authority noted that the Capital Expenditure estimates submitted by JIAL



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

were not reasonable / their need was not justifiable. Therefore, the Authority had considered various applicable factors such as current capacity, traffic estimates, normative cost benchmarks, need assessment etc. together with the need for modular development of facilities as mandated by the Concession Agreement and had rationalized the Capital Expenditure proposed as detailed below.

7.2 JIAL's submission of Capital Expenditure proposed for the Third Control Period

7.2.1. Jaipur International Airport submitted Aeronautical Capital Expenditure of ₹ 5998.15 Crores in the MYTP submitted for the Third Control period as given below:

Table 81: Asset-wise Aero Capex submitted by JIAL for the Third Control Period

(₹ Crores)

Asset Category	FY 23	FY 24	FY 25	FY 26	FY 27	Total
Terminal Building	4.67	912.53	972.24	1,028.64	907.53	3,825.60
Runway, Taxiway & Apron	0.00	152.93	168.84	36.83	0.00	358.60
Boundary walls	0.00	2.09	13.38	42.24	0.00	57.71
Roads	0.00	81.63	120.43	145.63	114.50	462.20
Cargo	7.49	42.04	69.49	0.00	0.00	119.02
Fuel Far	0.00	170.21	184.62	3.33	0.00	358.15
Vehicles	2.46	0.00	23.77	25.67	42.09	94.00
Plant & Machinery	18.49	62.67	93.66	70.37	68.70	313.90
Other Buildings	1.00	21.16	58.42	30.44	2.73	113.75
Information Technology	13.62	24.60	49.96	49.74	55.29	193.21
Furniture and Fixtures	0.25	0.36	2.34	1.43	1.16	5.54
Security Equipment	0.00	0.00	0.43	0.26	0.00	0.69
Total (A)	47.98	1,470.23	1,757.56	1,434.58	1,192.01	5,902.36
Add: Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes (B)	0.00	0.00	23.12	72.66	0.00	95.79
Grand Total (A+B)	47.98	1,470.23	1780.68	1507.24	1192.01	5998.15

7.3 Authority's examination of Capex, Depreciation and RAB for the Third Control Period

The Authority as part of its examination of the Aeronautical Capital Expenditure submitted by JIAL for the Third Control Period, had raised various queries and sought clarification on the essentiality of the capital expenditure and enquired for necessary documents such as project cost estimates, Technical Consultant's report and inspection report issued by various authorities etc., substantiating the capital expenditure proposed by JIAL in the MYTP. The aforementioned documents and clarifications were provided in a phased manner by JIAL. The Consultation Process is an exhaustive exercise which involves analysis of significant data and facilitates, in reaching conclusions and recording the resultant proposals keeping in mind the interest of all stakeholders. Accordingly, the Authority had relied on the information made available by JIAL and made appropriate analysis and made changes wherever necessary.

7.3.1 The Authority had noted that out of total Aeronautical CAPEX submitted by JIAL as on April 22, 2023, 0.29% pertains to CWIP projects taken over from AAI and the balance 99.71% pertains to the new CAPEX proposed by JIAL for the Third Control Period. While analyzing the MYTP of JIA regarding Capital Expenditure for the Third Control Period, the Authority had taken into consideration the traffic as per Table 79. Capex had been rationalized based on various factors including post COVID 19 developments.

7.3.2 The capital additions as stated in para 7.2 above are further explained as project wise in the table below



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

and evaluated by the Authority in the same sequence.

Table 82: Project wise Capital Expenditure submitted by JIAL for the Third Control Period

(₹ Crores)

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
Passenger Terminal and Associated Works				
A.1	New Integrated Terminal-III (NITB)	2027	2191.18	2476.19
A.2	Elevated Departure and Arrival Road for new T-III	2027	276.46	312.42
A.3	New electrical substation for proposed new infrastructure	2027	104.00	117.53
A.4	STP for proposed new T-III	2027	5.80	6.55
A.5	Extension of North-West Apron for NITB	2026	30.78	33.38
	Total		2,608.22	2946.07
A.6	Existing Terminal 1 upgradation and associated works	2025	2.86	3.01
A.7	Operational capex for commencement of Terminal 1	2023-2027	4.02	4.02
A.8	Terminal 2 upgradation and associated works	2025	262.9	278.98
	Total		269.78	286.01
Runways, Taxiway & Aprons				
B.1	Airside Drainage Works	2026	44.7	49.57
	Apron and Taxiway related works			
	Construction of Apron near Cargo Terminal	2025	5.35	5.74
	Construction of associated Taxiways for North-West Apron	2025	92.01	98.75
B.2	Construction of Code E Taxiway for Terminal I Apron	2025	13.04	13.99
	Construction of New Link Taxiways	2025	11.68	12.53
	Construction of New Rapid Exit Taxiway	2025	15.46	16.59
	Construction of T1 Apron	2025	29.47	31.63
B.3	GSE Staging - (Rigid Pavement)	2026	4.89	5.31
B.4	Refurbishment of RESA 09 & 27	2025	4.03	4.27
B.5	Improvement of CBR value of basic strip	2026	11.8	13.33
	Total		232.42	251.71
Construction of Boundary Wall				
C.1	Airport Boundary Wall (New Construction)	2026	4.4	4.94
C.2	Airside Perimeter & Service Road including streetlights	2026	4.82	5.26
C.3	Perimeter Intrusion Detection System (PIDS)	2026	31.6	36.33
	Total		40.82	46.53
Access Road				
D	Fire access road on south of Runway & perimeter road repair	2023-2027	17.7	20.16
	Total – Access Roads		17.7	20.16
Cargo Complex				
E.1	Interim Cargo Facility	2024	79.27	9.26
E.2	Integrated Cargo Terminal	2026	9.11	85.81
	Total – Cargo Complex		88.38	95.07
F	Fuel Farm Infrastructure			



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
F.1	Fuel Farm facility	2026	118.05	127.41
F.2	Hydrant Line	2026	95.17	102.72
F.3	Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	2024	29.5	30.97
	Equipment (Dispenser and Bowsers)	2026	18.15	19.59
	Total – Fuel		260.87	280.69
	Vehicles			
G.1	Ambulance (4 Nos) for ARFF & Recovery Vehicle	2023-2027	1.24	1.37
G.2	CFTs(4Nos.) for ARFF	2023-2027	61.36	71.96
G.3	Conversion of vehicles to EVs	2023-2027	6.49	7.06
G.4	Modified Vehicle for BDDS equipment	2023-2027	0.3	0.33
G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2023-2027	0.3	0.33
	Total – Vehicles		69.68	81.03
	Plant and Machinery			
H.1	Oil Water Separators (OWS)	2026	12.54	13.6
H.2	Triturator	2025	2.96	3.17
H.3	Hazardous Waste Storage	2026	0.37	0.41
H.4	Reticulation of utilities to new facilities	2027	5.6	6.33
H.5	HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2023	0.59	0.59
H.6	Terminal 1 -Immigration counters, glass partition and water proofing	2023	0.13	0.13
H.7	Augmentation of water supply from PHED , Govt. of Rajasthan at Jaipur Airport.	2023	1.77	1.77
H.8	SITC of CAT-IIIB lights and associated works for Parallel taxiway phase II	2024	8.26	8.58
H.9	Construction of view cutter for Tango Apron area	2025	4.47	4.93
H.10	Modification in PAPI, Runway centerline circuits, separate guard light circuits and provision of interleaving AGL circuits.	2024	2.6	2.7
H.11	Gas suppression system -NAV-AIDs site	2024	0.8	0.83
H.12	Special repair/modernization of Thyssenkrupp make lifts in ATC Tower.	2023	0.09	0.09
H.13	Modernization of existing hydro pneumatic system &water storage/distribution in airport from T2 to operation area and T1	2023	0.3	0.3
H.14	33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2024	6.61	6.67
H.15	Power factor improvement at 33 KV Substation	2024	0.59	0.62
H.16	Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	0.3	0.31
H.17	Enhancing solar plant capacity by 500 KW	2024	2.95	3.1



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
H.18	Replacement of all type of AGL halogen lights with LED lights	2027	21.24	24.81
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2023-2027	1.24	1.25
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2023-2027	0.01	0.01
H.21	Organic waste converter (OWC)	2025	0.18	0.2
H.22	Night Vision Device (NVD)	2023-2027	3.29	3.71
H.23	BP Jackets	2023-2027	1.09	1.17
H.24	BP Helmet	2023-2027	0.45	0.49
H.25	Bullet Proof Shield	2023-2027	0.64	0.71
H.26	Bullet Proof Morcha	2023-2027	1.27	1.41
H.27	Binocular Device	2023-2027	0.2	0.22
H.28	Hands Free Communication RT	2023-2027	0.01	0.01
H.29	Convex Mirror (Blind Curve)	2023-2027	0.03	0.03
H.30	Printer with photocopy	2023-2027	0.11	0.11
H.31	Body Scanner	2023-2027	11.33	12.89
H.32	BDDS Equipment's (Set)	2023-2027	2.32	2.64
H.33	CISF Mess Equipment	2023-2027	0.41	0.46
H.34	CISF Barrack Lodging Material	2023-2027	0.71	0.82
H.35	CISF - Gym equipment	2023-2027	0.15	0.16
H.36	Ghunti/ security cabin	2023-2027	0.06	0.07
H.37	CTSR (Containerized Tubular Shooting Range)	2023-2027	2.36	2.6
H.38	Miscellaneous	2023-2027	1.36	1.53
H.39	Bollards	2023-2027	2	2.03
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2023-2027	1.12	1.29
H.41	Signage - New procurement for emergency route identification etc. - T1	2023-2027	0.2	0.23
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2023-2027	0.07	0.08
H.43	Cones, Barricades	2023-2027	0.05	0.05
H.44	WHM Equipment	2023-2027	0.35	0.39
H.45	Separate Storage of Fire Crackers for Bird scaring	2023-2027	0.07	0.07
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	0.14	0.15
H.47	ASMA for Safety use by Safety officers	2024	0.02	0.02
H.48	FOD MAT for collection FODs	2023-2027	0.52	0.57
H.49	Gym Equipment / Table Tennis	2023-2027	0.06	0.07
H.50	Green walls at terminal-1/2 (1000 sq.)	2023-2027	0.98	1.1
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)	2023-2027	4.29	4.81
H.52	Polyhouse 500Sqm.	2023-2027	0.57	0.64
H.53	Planters and pots for terminal 1 & 2	2023-2027	1.39	1.55
H.54	Purchase indoor and outdoor Plants T1/2	2023-2027	2.26	2.51



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
H.55	Irrigation Development	2024	0.35	0.37
	Total – Plant and Machinery		113.82	125.36
	Other Buildings			
I.1	Bomb Cooling Pit (New Construction)	2025	0.8	0.85
I.2	CCR Room East & West	2026	7.57	8.21
I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	4.13	4.5
I.4	New Airside Gates - I	2026	0.56	0.62
I.5	Relocation of MSSR	2026	5.41	5.9
I.6	Relocation of SMR	2025	0.66	0.71
I.7	Construction of Administration Building	2026	45.26	50.34
I.8	Police Station (New Construction)	2025	3.7	3.99
I.9	Solid Waste Facility	2026	1.85	2.05
I.10	Installation of EV charging stations	2023-2027	0.14	0.14
I.11	Solid waste management yard	2025	0.41	0.46
I.12	Unified Security Control Room for CISF	2026	0.59	0.67
I.13	Upgradation of RLCC Control Rooms infra	2023-2027	0.3	0.34
I.14	Additional/ Relocation & Refurbishment of Watch towers	2023-2027	0.68	0.76
I.15	Upgradation/ Refurbishment of Antihijack Control Room	2023-2027	0.58	0.58
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2023-2027	1.44	1.63
I.17	Setup of Apron Office, Fire Station Movement	2023-2027	0.35	0.39
	Total – Other Buildings		74.43	82.15
	IT equipment			
J.1	Card Printer for Biometric AEP	2023-2027	0.16	0.18
J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network Switches and passive cabling)	2023-2027	5.12	5.29
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2023-2027	1.45	1.6
J.4	CCTV workstation and display	2023-2027	0.05	0.06
J.5	Access control system	2023-2027	0.54	0.58
J.6	Biometric Access control system for CISF	2023-2027	0.12	0.13
J.7	Desktop and monitors for CISF & AEP Section	2023-2027	0.39	0.42
J.8	Guard Tour System	2023-2027	0.02	0.03
J.9	Readers for Biometric AEP	2023-2027	0.47	0.51
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2023-2027	1.16	1.29
J.11	Mobile phone for CISF outer duty post	2023-2027	0.02	0.02
J.12	Automation of AEP Section/ security process	2023-2027	0.35	0.41
J.13	POC and New Tech evaluation	2023-2027	1.11	1.19
J.14	NEW AOS-SITA	2023-2027	0.97	1.03



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
J.15	AOS - INFRA @ MS Azure	2023-2027	3.26	3.62
J.16	INTEGRATION	2023-2027	0.82	0.89
J.17	IT Infra & DC	2023-2027	3.84	4.07
J.18	Cyber	2023-2027	1.41	1.48
J.19	Strategic Projects - (Refer Annexure – 4)	2023-2027	111.14	126.84
J.20	BU Growth & Sustainable	2023-2027	1.11	1.19
J.21	Asset level Technology Refresh	2023-2027	12.93	14.87
J.22	Software for ADP/AVP through HQ, Ahmedabad	2023-2027	0.26	0.27
J.23	GPS Satellite watches	2023-2027	0.02	0.03
J.24	Software for Aerodrome Safeguarding & AIS	2023-2027	0.24	0.26
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report (SOR) etc. for use by Apron Control	2023-2027	0.04	0.05
J.26	Software for maintaining Safety Data and retrieval of reports	2023-2027	0.24	0.26
	Total – IT equipment		147.26	166.56
	Furniture & fixtures			
K.1	Furniture & Fixtures (Chairs, Stool, Tables, etc)	2023-2027	1.3	1.45
K.2	Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	2023-2027	1.36	1.53
K.3	Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	2023-2027	1.57	1.79
	Total – Furniture & fixtures		4.23	4.77
	Security equipment			
L	Security equipment for Gates	2026	0.5	0.56
	Total – Security equipment		0.5	0.56
	Runway Recarpeting and other related work			
M	Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes#		70.80	80.97
	Total Project Cost of New Capital Expenditure Projects			
	Total		3998.92	4467.64

#The capex towards Runway Recarpeting work has not been considered as part of RAB. It has been considered as OPEX.

Apart from the base cost, JIAL had considered soft cost, IDC and Financing allowance as part of total capex, details of total capex are as follows:

Table 83: Details of Total CAPEX as submitted by JIAL

S. No.	Project Name	Cost
I	Basic cost (Including indexation) as tabled above	4467.64
II	Soft Cost	714.83
III	Interest During Construction	530.16
IV	Financing Allowance	285.47
	Grand Total	5998.15

(₹ Crore)



7.3.3 Airport User Consultation Committee (AUCC)

- i. The Authority noted that JIAL conducted its Airport User Consultation Committee (AUCC) Meeting on March 27, 2023 with all the stakeholders and discussed about Capital Expenditure proposed to be undertaken during the Third Control Period of FY 2022-23 to FY 2026- 27. The meeting was attended by various airport stakeholders including but not limited to International Airport Transport Association (IATA), Federation of Indian Airlines (FIA), Federation of Indian Chambers of Commerce and Industry (FICCI), Indigo, Spicejet, Air India, AirAsia, Go First, ISPs, AAI, Immigration, Local Trade Bodies among others. As per the minutes of the meeting, the Authority observed that the JIAL had broadly discussed the following with the stakeholders:
 - a. Background of the project and JIAL future strategy
 - b. Traffic forecast
 - c. Existing infrastructure and proposed master plan.
 - d. Capex project including new terminal, existing terminal improvement works, airside improvement work and other minor projects.
- ii. From the perusal of the minutes it turned out that the stakeholders made important observations in relation to the aspects of normative costing, cost estimates for the capex projects, sources of funding, option for design of RESA, requirement of Terminal-III, issues relating to cargo processes, tariff impact due to ongoing and newly planned projects, ATM facility which has been withdrawn and early operationalization of T1 so that the existing congestion at the Airport can be taken care.
- iii. Some of the key observations made by the stakeholders are as below:
 - a. FIA insisted on adoption of AERA normative norms for capital projects and mentioned to increase non aero revenue to minimize airport charges.
 - b. IATA suggested to evaluate overall capacity of the Jaipur Airport vis a vis projected traffic while planning for new terminal. IATA also mentioned that T1 and T2 should be utilized efficiently with technology upgradation and capex toward new terminal may be prudently deferred.
 - c. Industry association such as Chamber of Commerce urged to operationalize T1 as soon as possible to reduce congestion.
 - d. Indigo Airline appreciated master plan and proposed project, also agreed to provide necessary support.
- iv. The Authority noted from the Minutes of the AUCC meeting that, stakeholders had emphasized to carry out only the necessary and essential projects during the Third Control Period, after fully utilizing the existing infrastructure. The Authority also noted that certain observations were made by some of the stakeholders relating to the aspects of normative costing, cost estimates projected for the capex projects, improvement of existing facilities, etc.
- v. The Authority also noted JIAL response to the stakeholder comments, some of the responses to the key observations raised by the stakeholders are as below:
 - a. The cost for the proposed expansion is within the normative cost with indexation.
 - b. There is a limitation to increase non-aero revenue due to limited space availability with the current infrastructure and increasing passenger flow. However, necessary provision will be made in new infrastructure.
 - c. The existing terminal facility will not be able to meet the demand along with the desired SLAs, thus T-III is proposed which is in line with AAI's plan.



- vi. The Authority had examined the capital expenditure projects submitted by JIAL and had rationalized it based on present and future designated capacity of the Airport to handle the forecasted traffic and with the perspective of keeping the tariff rates at a reasonable level.

7.3.4 Inflation-adjusted normative cost for capital projects

- i. The Authority vide its Order No. 07 / 2016-17 dated June 6, 2016 (Normative Order), had considered normative cost of ₹ 65,000/- per Sqm. for Terminal Building. The normative cost specification provided as Annexure-1 of Normative Order. This mainly includes cost toward structural works of the terminal building, air conditioning, fire-fighting system, water supply, sanitary, substation equipment for power supply including stand by system, passenger facilities viz FIDS, Furniture, Signages and Security surveillance, airlines related services viz Check-in, CUTE, CUSS and Baggage Reconciliation System, In-line X ray screening, Standalone screening , BHS for arrival and departure, Escalators, Elevators, Travelators and PBB are included. The cost of other items required for terminal building such as elevated connection to the terminal building etc. is not covered in the aforementioned list, the cost of such items will be derived separately and added to the overall cost of the project.
- ii. In this respect, the Authority notes that it has considered a normative cost of ₹ 1,00,000 per sqm for FY 2020-21 in some of the recent tariff orders of Ahmedabad, Lucknow, Patna, etc, based on the superior specifications, processes and the architectural features of modern Terminal Buildings. In view of the same, the Authority in case of JIAL, Proposed to consider ₹ 100,000 per sqm in the base year FY'2021 for terminal building works.
- iii. The proposed capital expenditure for third control period is spread across the control period. JIAL had applied the inflation index of 5% over the base cost to capture inflationary impact. As per JIAL the 5% YoY growth has been considered based on RBI forecaster survey Dec 2022. Authority had reviewed the same and observed that same needs to be aligned as per latest inflation index data issued by RBI Forecaster Survey.
- iv. The Authority at Consultation stage derived the inflation adjusted normative rates for the proposed capex in the current Control Period by considering the rate of inflation as follows:
 - FY 2021-22 –The Authority observed that FY 2021-22 was an exceptional year due to COVID -19 pandemic, wherein the inflation rate was 12.97%. However, during the period FY 2016-17 to FY 2020-21, the rate of inflation was in the range of 1.31% to 4.26%. Considering this extraordinary situation, the Authority feels that the inflation rate of FY 2021-22 needs to be rationalized. Hence, instead of considering the inflation rate of 12.97% for FY 2021-22 (as per press release dated April 18'2022, by Dept. for Promotion of Industry and Internal Trade, Government of India), the Authority has considered the average rate of inflation of FY 2020-21 (1.29%) and of FY 2021-22 (12.97%), which works out to 7.14%. The Authority had considered this average rate of inflation for FY 2021-22, in order to smoothen out the volatility in commodity price caused by COVID-19 pandemic and the supply side disruptions.
 - FY 2022-23 – 9.42% (considered as per the data published by the Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade) and
 - FY 2023-24 to FY 2026-27 – 0.20% in FY 2023-24 and 3.80% thereafter (considered as per 86th Round of Survey of Professional Forecasters on macroeconomic indicators).

In the Order No.07/2016-17 dated 13th June 2016 on "In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports – Capital costs Regarding" the ceiling cost mentioned is inclusive of taxes applicable at that time i.e. 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Hence, the inflation adjusted normative cost is worked out below by considering the additional 6% resulting in a total GST rate of 18%. The Authority, in this regard notes that the proposed normative cost of ₹ 1,00,000



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

per sqm is inclusive of GST, Accordingly, the Authority first arrived normative cost excluding of GST and then applied 18% GST which comes to ₹ 1,05,357 per sqm, the amount so arrived is indexed with inflation to arrive normative rates for following years.

The inflation adjusted normative costs, thus derived is presented in the below table:

Table 84: Inflation Adjusted normative rates for the Terminal Building at Consultation stage

Financial Year	Inflation rate	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
FY'21	-	100000	1,05,357
FY'22	7.14%	107140	1,12,880
FY'23	9.42%	117233	1,23,513
FY'24	0.20%	117467	1,23,760
FY'25	3.80%	121931	1,28,463
FY'26	3.80%	126565	1,33,444
FY'27	3.80%	131374	1,38,411

*Note

Inflation adjusted base amount (inclusive of 12% GST) (A)	= Rs. 1,00,000 per sqm
Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112)	= Rs. 89,286 per sqm
Add GST @ 18% (C=B*18%)	= Rs. 16,071 per sqm
Normative cost including GST (D = B+C)	= Rs. 1,05,357 per sqm

The Authority had considered normative cost for the terminal expansion projects considered in this control period. In view of the above, the Authority had considered the applicable normative cost as per the project schedule submitted by JIAL.

Further, the Normative Order also provide normative cost for pavement related works for Apron, taxiway, runway. The normative cost for the Runway/taxiway/Apron (excluding earthwork up to sub grade level) was ₹ 4700/- per sqm based on the project executed in FY 2015-16. The Authority has adjusted the normative cost on account of additional tax impact of 6% on account of GST in line with the adjustment made in arriving normative cost for terminal cost across all Airports uniformly. The inflation adjusted normative rate for Runway/taxiway/Apron excluding earthwork up to sub grade level proposed to be as follows:

Table 85: Inflation adjusted Normative Cost considered by the Authority at Consultation stage

Financial Year	Inflation rate	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
FY'16-Base Year		4700	4952
FY'17	1.73%	4781	5038
FY'18	2.96%	4923	5187
FY'19	4.26%	5133	5408
FY'20	1.67%	5218	5498
FY'21	1.31%	5287	5570
FY'22	7.14%	5664	5968
FY'23	9.42%	6198	6530



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Financial Year	Inflation rate	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
FY'24	0.20%	6210	6543
FY'25	3.80%	6453	6799
FY'26	3.80%	6718	7077
FY'27	3.80%	6993	7368

*Note

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 4700 per sqm

Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112) = Rs. 4196 per sqm

Add GST @ 18% (C=B*18%) = Rs. 756 per sqm

Normative cost including GST (D = B+C) = Rs. 4952 per sqm

7.3.5 The Authority noted that there are capital projects initiated by AAI during the Pre-COD period and subsequently handed over to JIAL as part of the Concession Agreement (Schedule T and U of the Concession Agreement). Authority considered the capital additions as capitalized by JIAL during the year.

7.3.6 The Authority's examination of the Capital Expenditure projected for the Third Control Period at Consultation stage explained in detail in the ensuing paragraphs:

A. Passenger Terminal and Associated works

A.1 New Integrated Terminal-III (NITB) (₹ 2476.19 Crores)

i. As part of the capital expenditure for the Third Control Period, JIAL had proposed the commissioning of New Integrated Terminal Building, Phase I of the NITB was proposed to be commission in January 2027 at an estimated cost of ₹ 2191.8 Cr. (without indexation and soft costs) with a planned capacity of 12 MPPA. The area for Terminal-III is 1,50,000 SQM. The project was presented to the stakeholders at the AUCC meeting held on 27 March 2023. The terminal would be connected on the landside with elevated departure road and at-grade road network at arrival level. The location of Phase I of the proposed NITB is shown below.

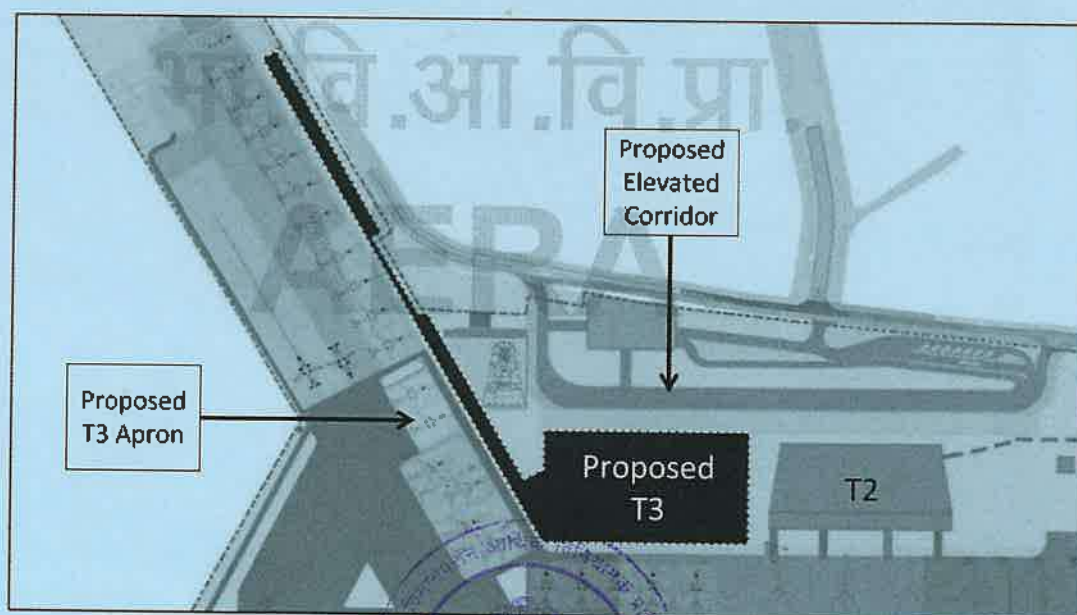


Figure 2 Proposed location of Terminal-III



- ii. As per JIAL, the present terminals have a combined capacity of 6 MPPA (T-II - 5 MPPA and T-I- 1 MPPA). JIAL proposed the modification refurbishment, and expansion of the existing terminals, in addition to constructing NITB to augment the capacity to 18 MPPA (T-I – 1.0 MPPA and T-II – 5.0 MPPA and NITB – 12 MPPA) by end of FY' 27.
- iii. Jaipur Airport had handled 5.4 Mn pax in FY'19 i.e. pre-Covid year and was expected to handle 5.39 Mn pax in FY'24 based on the actual traffic achieved from Apr'24 to Jan'24 4.49 Mn passenger. JIAL is expected to handle 9.75 Mn Pax in FY'27.
- iv. In Second Control Period, previously AAI had proposed the expansion of T-II for 1,45,000 sqm which was approved by AERA on incurrence basis. However, due to COVID-19 AAI did not incur that capex. JIAL after re-assessing the master planning had proposed a New Integrated Terminal-III of 1,50,000 sqm (against AAI proposal of 1,45,000 sqm) alongside Terminal-II. As per JIAL, in order to meet the Service Quality requirements of the CA, additional passenger boarding bridges as well as additional processors are required to cater the passenger growth as per the forecast.
- v. Further, construction of New Integrated Terminal Building-III is part of list of works proposed to be executed by the JIAL as per the Schedule-U of the Concession Agreement.
- vi. In line with the MYTP, subsequent clarification and discussions with JIAL, through its Independent Consultant, Authority noted that the procurement process and design for New Integrated Terminal Building-III was currently at very preliminary stage. As per MYTP, the construction of New Terminal Building-III was expected to start in Jun'23 and expected to complete by Jan'27. Based on the site visit made by the Independent Consultant on 24th November'2023, it was understood that neither design has been finalized nor work awarded. Therefore, no construction activity had taken place at the site. Thereby, it appeared that due to above delays, NITB may get commissioned during next control period only. Accordingly, New Terminal Building-III was not considered as part of RAB within this control period.
- vii. Further, The Authority had drawn inference from Schedule B of the Concession Agreement and had analyzed the CAPEX proposed by JIAL for NITB -III, keeping in view the need to maintain a balanced approach between the investors and the Airport Users. It is pertinent to note here that, Schedule B (para 2 relating to 'Description of Terminal Building') clearly mentioned about modular and phase-wise development of Terminal Building thereby allowing flexibility and ease of expansion. The relevant portion of the Concession Agreement relating to Schedule B para 2 is reproduced below:
2 Description of Terminal Building
The guiding principles for planning and design of the Terminal Building are provided below. The Concessionaire shall develop an integrated terminal building, which is efficiently planned, flexible for phase-wise development, sustainable and economical.
The organization of the spaces and structural design of the terminal should be modular thereby allowing flexibility and ease of expansion. The terminal processor should allow for phase-wise development of key functions such as baggage claim halls and processing areas.
- viii. The Authority, thereby directed the Airport Operator to suitably examine the sizing and process requirements of the New Terminal preferably in modular fashion as prescribed in Concession Agreement in line with IMGTATA norms, Airports being developed in the

vicinity of the Jaipur Airport, latest BCAS guidelines, Concession Agreement requirements before commencing the construction.

A.2 Elevated Departure and Arrival Road for new T-III (₹ 312.42 Crores)

- i. Along with the construction of the NITB Phase I, JIAL had also proposed the construction of multilevel roadway system of elevated and at-grade roads connecting to the terminal's kerbs. All the terminal roadway system (3 lanes in each direction) - elevated and at-grade shall be unidirectional near the terminal to avoid conflict of vehicle flows and provide direct guidance to incoming and out-going traffic of NITB Phase I. The elevated departure road to the proposed new Terminal T-III is a uni-directional roadway for direct vehicular connectivity to T-III departure level at +11.3m level. The arrival road is located at ground level.
- ii. The proposed infrastructure will be constructed in coordination with Jaipur Development Authority (JDA), as the up ramp and down ramp including elevated portion of the access road falls outside the airport land which is with Jaipur Development Authority.

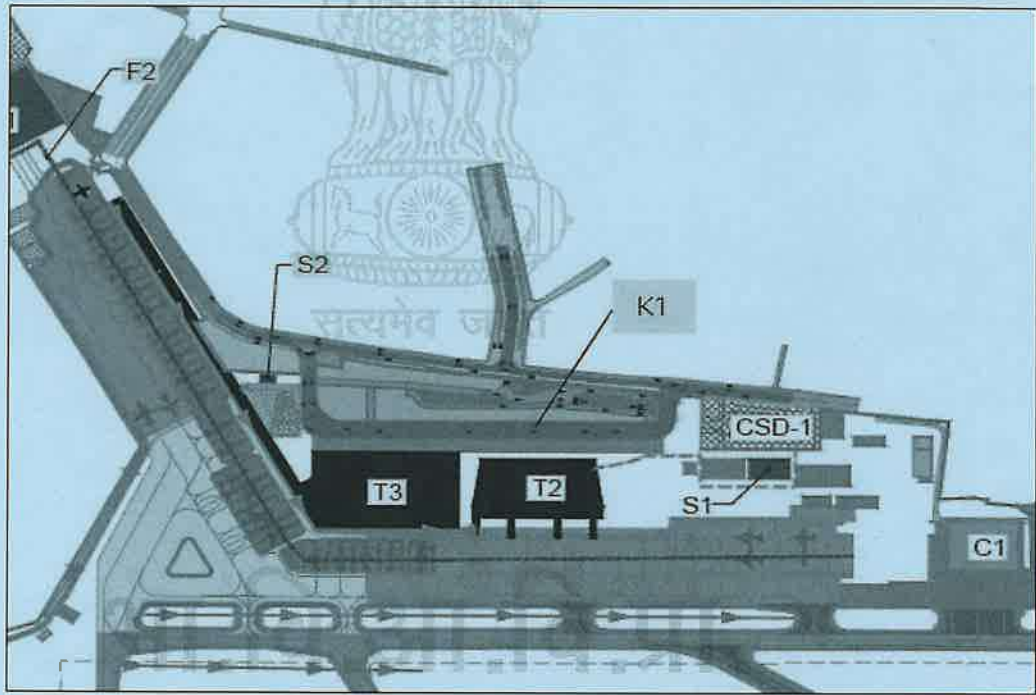


Figure 3 Elevated Access and Egress Corridor

- iii. JIAL had estimated construction of elevated road to Terminal III, the submission considers construction of road within and outside airport boundary. Following are the details of construction area within and outside airport boundary:

Table 86: JIAL's submission on Elevated Departure and Arrival Road for new T-III

New Pavement	Area (Sqm)	Inside Boundary Area (Sqm)	Outside Boundary Area (Sqm) subject to approval from JDA
At grade (flexible pavement)	58,000	47,750	10,250
Elevated Road	6,000		6,000
Elevated Departure Corridor	20,000	20,000	



New Pavement	Area (Sqm)	Inside Boundary Area (Sqm)	Outside Boundary Area (Sqm) subject to approval from JDA
Ramps	8,250		8,250
Total	92,250	67,750	24,500

- iv. As per the tariff determination guidelines the Regulatory Asset Base considers assets within airport boundary only. Accordingly, any development outside airport boundary cannot be considered as part of Regulatory Asset Base. JIAL should take this into account while planning the proposed connection for Terminal III.
- v. Based on the Authority's analysis, the project relating to elevated departure and arrival road is required to provide the access to NITB-III. Accordingly, the phasing should be aligned to Terminal III project and thus not considered in the RAB for third control period.

A.3 New electrical substation for proposed new infrastructure (₹ 117.53 Crores)

- i. JIAL had proposed the commissioning of a new Substation building in FY 2027 at an estimated base cost of ₹ 104.00 Cr (excluding indexation and soft cost). The Authority notes that the proposed sub-station is to cater to the increased power demand of the airport.
- ii. New 132 KV/11 KV, 2x20 MVA substation is proposed for Terminal-III, administration office, police station, and other infrastructure proposed in third control period. The proposed works include reticulation of the power supply to these new infrastructures.
- iii. The requirement for the substation is mainly for Terminal-III. Since this project is directly linked with Terminal-III, the phasing should be aligned to Terminal-III project. Accordingly, Authority proposed not to consider this project for the purpose of RAB calculation for third control period.

A.4 STP for proposed new T-III (₹ 6.55 Crores)

- i. JIAL in its submission had stated the following: "Existing STP is of 100 KLD capacity and will not be able to take additional load. STP used for recycling of sewage is proposed to cater for the increased sewage generated from the new T-III. This facility shall be compact, odor free and consume low power. Wastewater after treatment shall be utilized for air conditioning cooling tower make-up, irrigation system and flushing."



Figure 4 STP for Terminal-III



- ii. Based on Authority's analysis, this project was required for NITB-III. Accordingly, the phasing should be aligned to Terminal-III project. Thus, the Authority proposed not to consider this project in third control period.

A.5 Extension of North-West Apron for NITB (₹ 33.38 Crores)

- i. JIAL had proposed "to convert part of existing taxiway T from flexible pavement to rigid pavement and thus use this area for aircraft parking stands. This project involves construction of approx. 26,700 sqm of apron works including HOS road of 3,900 sqm. The North-West Apron currently has 19 code C stand with one taxi lane only. This brings in inefficient stand occupancy time, as the taxi lane will be a bottleneck. After the modifications of taxiway works, and converting part of the apron into a taxiway, and providing the proposed additional stands, the total number of code C stands will be 17. Please refer to the below figure for the proposed project."

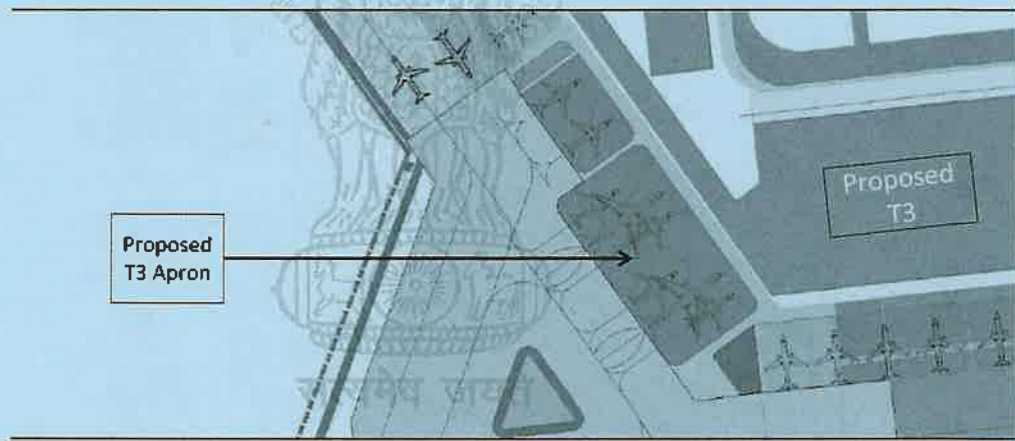


Figure 5 - Details of North West Apron for NITB

- ii. As per Authority's assessment through its Independent Consultant, the progress on the development of NITB-III was at preliminary stage as neither design has been finalized nor any work has been awarded. The NITB-III was not expected to get commissioned in this control period. Since, this project was required to support NITB-III, the phasing of extension of north-west apron should be aligned to NITB-III project. Accordingly, the Authority proposed not to consider the same for the purpose of RAB for third control period.

A.6 Existing Terminal I upgradation and associated works (₹ 3.01 Crores)

- i. Terminal-I located at south side of the runway, currently is non-operational due to non-compliant apron area. The Terminal-I has an area of approximately 11,529 sqm and having peak hour capacity (PHP) of 400 passengers. Terminal-I was commissioned in 1985 and the refurbishment process initiated by AAI in 2019. Considering the ongoing demand, it is necessary to commission Terminal-I. As per JIAL submission, the current PHP capacity of Terminal 2 is 900 whereas the expected requirement for FY'24 is 2839 PHP. Accordingly, to release some load from Terminal-II, JIAL had proposed to use Terminal-I to handle international passengers till the commissioning of Terminal-III.
- ii. The Authority further noted that there is no change in the existing terminal footprint area. However, to effectively utilize the existing terminal footprint, and to enhance terminal capacity, changes in the layouts are proposed to achieve the desired passenger experience.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

These include relocation of emigration, international security lanes, re-aligning duty free areas, improvements in custom red & green channel area, statutory offices, provision of custom hand baggage screening area at the arrival, departure & arrival kerbs etc.

- iii. Considering that the Terminal-I will be used as interim terminal for international operations till the commissioning of new terminal, the Authority proposed to consider this capex as part of Regulatory Asset Base for third control period.
- iv. JIAL had proposed following cost towards the proposed refurbishment work at Terminal-I:

Table 87: Cost towards T-I modification submitted by JIAL

(In ₹)

Particulars	Unit	Rate	Quantities	Amount
Demolition Works				
Demolition of Existing Structure	Sqm	3,300	300	990,000
Demolition of garbage huts, miscellaneous structures	Sqm	3,300	150	495,000
Structure				
Terminal Amenities	Sqm	54,300	500	27,150,000
Total				28,635,000

- v. The Authority had reviewed JIAL submission with respect to this project, The Terminal amenities work mainly include civil and MEP works along with operational requirement such as CCTV, signages and furniture works. Authority has observed that while estimating terminal amenities, JIAL considered 10% overhead due to working constraints in airside area. As per the MYTP as well as site visit it was observed that currently Terminal-I is non-operational due to airside non-compliance and have sufficient access at both airside and landside. Also, majority of the proposed work is to be undertaken inside the terminal which is non-operational. Accordingly, Authority proposed to not consider the 10% overhead as considered by JIAL in its BoQ. The per sqm rate for terminal amenities is thus revised to ₹ 49417.30 against ₹ 54,300.00 proposed.
- vi. The Authority observed that at many airports the demolition of Terminal Building and other buildings are being carried out through auctioning, which results in earning of some revenue. Similarly, for JIAL, In Authority viewed the demolition of Terminal Building, T-I may result in earning some revenue by the way of auction sale. Based on the same, the Authority proposed not to allow any cost toward demolition works of the buildings.
- vii. The Authority also observed that JIAL had applied 5% inflation index while accounting inflation impact. In view of above analysis, the same was revised.
- viii. A comparison of base cost for Terminal-I upgradation and associated works between JIAL and the Authority is as follows:

Table 88: Cost of Terminal-I works proposed by the Authority at Consultation stage

(₹ Crores)

Particular	As per JIAL	As per Authority
Demolition works	0.15	0.00
Terminal Amenity works	2.72	2.47
Total	2.86	2.47
Inflation adjusted cost	3.01	2.47

In view of the above, Authority proposed to consider ₹ 2.47 Crores for Terminal-I upgradation and associated works planned in FY 24.



A.7 Operational capex for commencement of Terminal-I – (₹ 4.02 Crores)

- i. JIAL had considered ₹ 4.02 crore operational capex toward commencement of Terminal-I. Authority had sought clarification against this capex along with purchase order in case the projects have been awarded.
- ii. JIAL had shared the purchase orders which have been awarded for the commencement of Terminal-I. The Authority noted that the list of PO comprises procurement of QRT vehicle, X-Ray, ETDs, DFMD, HHMD, CCTV and conveyor belt.
- iii. The total cost of the purchase order comes to ₹ 3.44 Crores. In view of the operational and security requirement, Authority proposed to consider the actual award cost for this project i.e. ₹ 3.44 Crores at Consultation stage.

A.8 Terminal-II upgradation and associated works (₹ 278.98 Crores)

- i. The Terminal-II at Jaipur Airport is the single terminal handling both domestic and international traffic. It spans over 29,246 sqm area with current peak hour passenger handling capacity of 900. As per JIAL the passenger demand has touched over 2000 PHP in FY'23 which is double the capacity of Terminal 2.
- ii. As per the master plan, until the commissioning of new integrated terminal the international passenger will be handled at Terminal-I and Terminal-II is upgraded as Domestic Terminal.
- iii. JIAL had submitted that the existing terminals are in need of extensive refurbishment since there are multiple issues such as deteriorating ceiling, sections of cracked flooring in many places, inadequate seating, suboptimal passenger flows etc. Hence, JIAL had proposed the following:
 - Straightening Check-in Hall, realigning and reconfiguring Check-in counters to accommodate Self-bag drops (SBDs)
 - Relocating all Domestic Security Check lanes in one location and enhancing Security lanes by adding Automated Tray Retrieval System (ATRS)
 - Provision of additional contact gates on First Floor & Second Floor
 - BHS Improvement
 - Curbside Improvement
- iv. JIAL had submitted following cost for Terminal-II upgradation and associated works:

Table 89: Cost towards Terminal-II modification submitted by JIAL

						(₹ Crores)
S.No	Particular	Unit	Rate	Qty	Amount	
1	Demolition of Rigid Pavement	Sqm	1440	8585		1.24
2	Removal and relocation of existing high mast towers	Each	1050000	5		0.52
3	Terminal Amenities					
A	Terminal Refurbishment				25.14	
B	Landside Works				31.91	
C	Forecourt Works				19.70	
D	BHS Civil Works				6.48	
E	BHS Equipment				23.83	
F	Terminal Interior Works				21.47	
G	PBB Works				10.81	
H	SBD				7.45	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S.no	Particular	Unit	Rate	Qty	Amount
1	Other Security Equipment's				37.41
	Total- Terminal Amenities				184.20
4	Terminal Expansion	Sqm	146000	5269.8	76.94
	Total (1+2+3+4)				262.90

- v. As per JIAL, currently Terminal-II had capacity to handle 900 Peak Hour Passenger against the demand of 2000 Peak Hour Passenger. In this regard, the Authority mentioned that PHP is not the only criteria to assess the capacity. The Terminal Capacity can still be increased with automation like CUTE & CUSS, Automatic Baggage drop and improvisation in passenger flow. Accordingly, JIAL should strive to achieve maximum out of existing terminal by using IT system and better planning.
- vi. JIAL planned to expand total area of 5270 sqm for Terminal-II along with terminal amenities, demolition, and relocation of existing assets. This would increase Terminal-II area from 29246 sqm to 34516 sqm which will increase passenger handling capacity as well. Considering the brownfield airport conditions it was proposed to consider normative cost only to the extent of additional area developed in Terminal-II and the capex towards terminal amenities work will be considered based on the proposal submitted by JIAL. However, same will be subject to true up based on efficiency test in next control period.
- vii. In case of area expansion, Authority had noted that JIAL had considered Rs 146000 per sqm rate to estimate cost. The normative cost for the Terminal expansion works for the financial year 2023 ₹ 123513 inclusive of GST as explained at 7.3.4 above. Authority proposed to consider the same for the expansion of additional area at Terminal-II instead of ₹146000 per sqm proposed by JIAL. The Authority proposed following as base cost for Terminal-II:

Table 90: Cost for Terminal-II renovation and upgradation plan proposed by the Authority at Consultation stage

S. No.	Particular	Unit	Rate	Qty	Amount
1	Demolition of Rigid Pavement	Sqm	1440	8585	1.24
2	Removal and relocation of existing high mast towers	Each	1050000	5	0.52
3	Terminal Amenities				184.20
4	Terminal Expansion		123513	5270	65.09
	Total				251.05

- viii. The Authority also observed that JIAL has applied 5% inflation index while accounting inflation impact for third control period. The same need to be revised as per the inflation index considered at para 7.3.4 above.

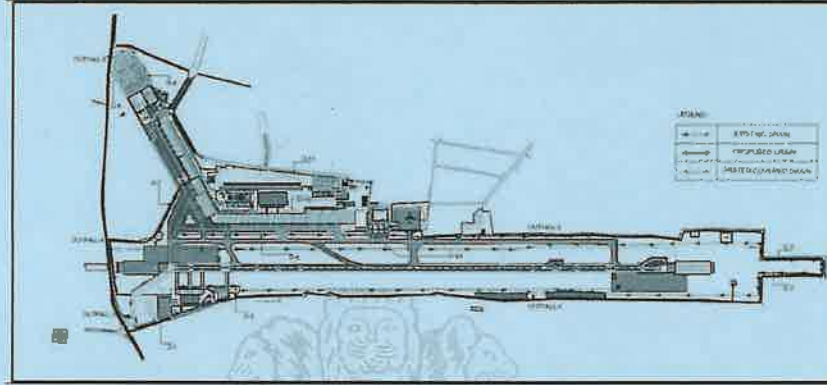
The inflation adjusted cost for Terminal-II renovation and upgradation proposed to be ₹ 253.58 crores against ₹ 278.98 considered by JIAL. The Authority at Consultation stage proposed to consider the same for this project.

B. Runways, Taxiways & Aprons: The work towards Runway, Taxiway and Apron along with its status of completion is as follows:

B.1 Airside Drainage Works (₹ 49.57 Crores)



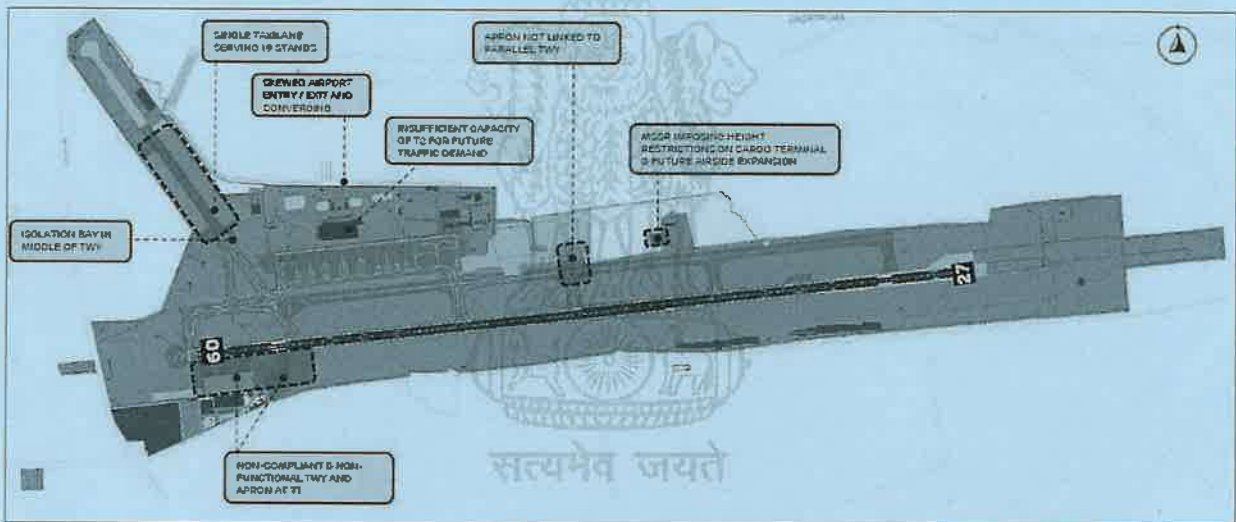
- i. The proposed airside expansion will result into an increase in storm water run-off in the existing drainage network so there is a need to enhancement of existing airside and landside storm water drainage system. JIAL had submitted following indicative layout of the proposed drainage system:



- ii. The total length of drainage network is 13,868 m out of which 10,376 m is existing and the new proposed network is about 3,492 m.
- iii. Authority had noted the requirement of new drainage system due to proposed expansion work and accordingly proposed to consider this project as part of Regulatory Asset Base for third control period. Authority had however, evaluated the cost of proposed work and observed following:
- Authority noted that the airside drainage system is much larger and required trenching & other activities which may not be part of normal drainage work accordingly, CPWD PAR 21 norms may not be relatable. Accordingly, Authority had compared the proposed cost with the similar works at other airports.
 - The Authority had compared the estimated cost of similar airside drainage works for Lucknow airport and noted that the material cost of Airside drain awarded is in the same range.
 - The Authority also noted that JIAL had considered 10% additional cost towards working in operational areas, in certain BOQ line items. However, the Authority was of the view that the provision made by JIAL towards additional cost for working in operational area is quite high and therefore proposed to consider the allowance for extra cost over applicable rates for working in operational areas to the maximum allowable level, i.e. 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL had claimed 10% additional cost.
 - In view of above, the Authority had revised the base cost of drainage works to ₹ 42.60 crores against ₹ 44.70 crores submitted by JIAL.
 - Authority further noted that JIAL while accounting inflationary impact had applied 5% inflation index, however, the same was revised as per the inflation index considered at para 7.3.4 above.
 - The inflation adjusted cost for airside drainage works comes to ₹ 44.50 crores against ₹ 49.57 considered by JIAL. The Authority proposed to consider the same for this project at the Consultation stage.

B.2 Apron and Taxiways related works (₹ 179.23 Crores)

- i. The work had been projected by JIAL for an amount of ₹ 167 Crores based on the detailed cost estimate submitted by JIAL. The cost of this project had been claimed in one FYs, namely, FY 2024-25.
- ii. The Authority observed that the following works have been proposed under this head –
 - Construction of Apron near cargo terminal
 - Construction of associated Taxiways for North-West Apron
 - Construction of Code E Taxiway for Terminal-I Apron
 - Construction of New Link Taxiways
 - Construction of New Rapid Exit Taxiway
 - Construction of TI Apron
- iii. The locations of above projects are depicted in the pictures below:



- iv. JIAL had submitted the layout plan and cost estimates towards the proposed projects. The Authority noted that these works are necessary to meet the operational requirements for the upcoming facilities in JIA.
- v. Authority had reviewed the cost submitted by JIAL in this regard and observed that the JIAL had considered 10% airside operational constraints. Same had been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL had claimed 10% additional cost.
- vi. The Authority also noted that as per JIAL submission the cost of new construction comprises site development works.
- vii. The Authority considered normative rates to assess Apron and Taxiways related works as provided under order no. 07/2016-17 dated 13.06.2016 (Normative Order), the normative cost related to Runway/taxiway/Apron provided under the Normative Order excludes cost towards site development activities. Accordingly, Authority compared the proposed construction cost excluding site development works with normative rates and observed that the proposed cost by JIAL is within range.
- viii. In view of above Authority proposed to consider the base cost as submitted by JIAL. However, while accounting inflationary impact JIAL had applied 5% inflation index every year, the same was revised as per the para 7.3.4 above.
- ix. The inflation adjusted cost for Apron and Taxiways estimated to be ₹ 162.82 crores against JIAL's submission of ₹ 179.23 crores. Authority proposed to consider the same for the third control period. Following is the project wise summary of the proposed work under Runways, Taxiways and Apron section:

Table 91: Cost of Runways, Taxiways and Apron related works proposed by the Authority at Consultation stage

(₹ Crores)

Particular	JIAL submission		Authority's Proposal	
	Base Cost	Cost with indexation	Base Cost	Cost with indexation
Construction of Apron near Cargo Terminal	5.35	5.74	5.11	5.21
Construction of associated Taxiways for North-West Apron	92.01	98.75	87.99	89.65
Construction of Code E Taxiway for Terminal-I Apron	13.04	13.99	12.46	12.69
Construction of New Link Taxiways	11.68	12.53	11.16	11.37
Construction of New Rapid Exit Taxiway	15.46	16.59	14.77	15.05
Construction of T1 Apron	29.47	31.63	28.31	28.85
Total	167.01	179.23	159.80	162.82

B.3 GSE Staging - (Rigid Pavement) – (₹ 5.31 Crores)

- i. As per JIAL the existing Ground Support Equipment (GSE) staging area near Terminal 2 apron came in the footprint of new airside development and hence a portion of it will be demolished for airside infrastructure improvement works. GSE area of 5,320 sqm is proposed at different locations indicated in the figure below. The proposed relocation will be undertaken in phase wise manner over three-year period between FY'24 to FY'26.



- ii. JIAL had proposed ₹ 4.89 Crores for this work as base cost and ₹ 5.31 Crores as inflation adjusted cost.
- iii. Authority had reviewed the cost submitted by JIAL in this regard and observed that the JIAL had considered 10% airside operational constraints same had been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL had claimed 10% additional cost.
- iv. Considering the operational requirement Authority proposed to consider the proposed work, however the cost had been corrected on account of adjustment towards airside constraints and inflation adjustment in line with para 7.3.4 above.

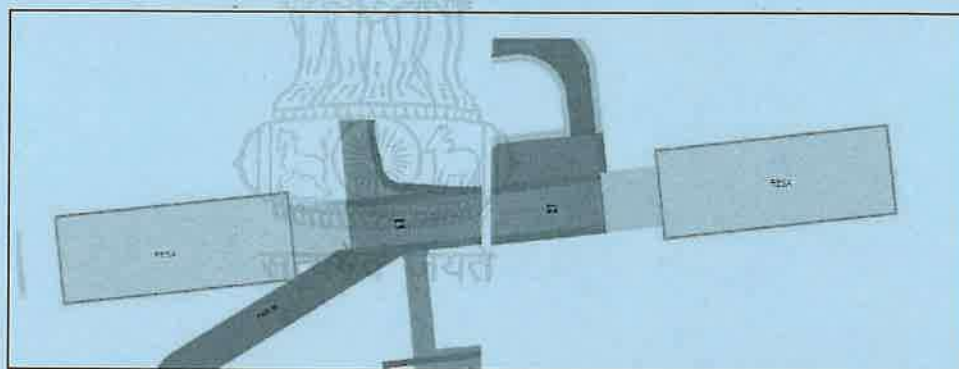
- v. In view of the above, Authority proposed to consider base cost of this project as ₹ 4.68 Crores and ₹ 4.81 Crores as inflation adjusted cost for GSE staging project.

B.4 Refurbishment of RESA 09 and RESA 27: (₹ 4.27 Crores)

- i. As per the ICAO standard there is a requirement to maintain Runway End Safety Area (RESA) to reduce the risk of damage to an airplane undershooting or overrunning the runway, enhance deceleration and facilitate the movement of rescue and firefighting vehicle. In case of JIAL as part of pre licensing inspection, DGCA in Aug'2022 raised an observation on refurbishment of RESA. JIAL had submitted following observation made by DGCA with respect to RESA:

“DGCA has given observations on refurbishment of RESA during pre-licensing inspection in the month of August 2022. In line with the requirements and guidance, this project is proposed to refurbish both the RESA, that is, RESA 09 and RESA 27. The current dimensions (240 m X 90 m) of both RESA are as per the recommendations of ICAO Annex 14 and shall be maintained as part of the refurbishment process.”

The following picture provides the location of proposed construction works for RESA:



- ii. JIAL had proposed ₹ 4.03 Crores as base cost for this work and inflation adjusted cost to be ₹ 4.27 Crores.
- iii. Authority had reviewed the cost submitted by JIAL in this regard and observed that the JIAL had considered 10% airside operational constraints. The same had been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL had claimed 10% additional cost.
- iv. Considering the operational and compliance with DGCA observation, Authority proposed to consider this capex under third control period. However, the cost had been corrected on account of adjustment towards airside constraints and inflation adjustment in line with para 7.3.4 above.
- v. In view of the above, the Authority proposed to consider ₹ 3.85 Crores as base cost and ₹ 3.88 Crores as inflation adjusted cost.

B.5 Improvement of CBR Value of Basic Strip: The proposal from JIAL stressed the essential need to either increase or maintain the load-bearing capacity of the airstrip. The Authority further noted following submissions made by JIAL:

- As per clause 5.3.25 of ICAO aerodrome design manual 9157, to ensure Aircraft safety, it is recommended that the soil at a depth of 15 CM below the finished strip surface be prepared to have a bearing strength of California Bearing Ratio (CBR) value of 15 to 20.

- JIAL also submitted the CBR test report wherein the CBR value ranges between 8 to 11 at various runway locations.

JIAL had proposed base cost of ₹ 11.80 Crores and ₹ 13.33 Crores inflation adjusted cost. The Authority recognized the importance of this project not just for operational reasons but also for ensuring the safety of passengers and compliance with regulations. Simultaneously, Authority also noted that detailed estimate had not been provided by JIAL for the project. Hence, Authority proposed to allow this project on incurrence basis.

C. Construction of Boundary walls

C.1 Airport Boundary Wall (₹ 4.94 Crores):

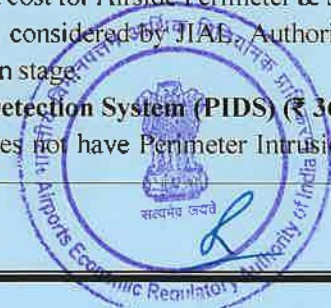
- As part of MYTP, JIAL had submitted that in line with the proposed airside developments and terminal expansion, the existing airside boundary wall needed to be re-constructed. Similarly, some of the existing airport site area which were not utilized earlier but now needed to be included within airside area. Thus, new airside boundary wall needed to be built at these locations. A total of 2,393 m of airside boundary wall was proposed by JIAL.
- JIAL had proposed for ₹ 4.40 Crores as base cost for this project.
- The Authority compared the rates from CPWD PAR 21 and found that the rate considered by JIAL were not aligned. CPWD PAR 21 envisaged boundary wall cost at ₹ 11,662/Sqm for FY 23 against which JIAL had considered ₹ 18,400/Sqm.
- As the proposed capex was necessary for airport operation, expansion, safety and security of the airside operational area, the Authority proposed to consider the updated capex during this Control Period. However, the Authority revised the rate as per FY'23 rates available in CPWD PAR 21. Accordingly, the base cost of the project was revised to ₹ 2.79 Crores.
- Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.
- The inflation adjusted cost for Airport boundary wall estimated to be ₹ 2.94 Crores against ₹ 4.94 Crores considered by JIAL. Authority proposed to consider the same for this project at Consultation stage.

C.2 Airside Perimeter & Service Road including streetlights (₹ 5.26 Crores):

- As part of Airport improvement works, JIAL had considered ₹ 4.82 Crores towards airside perimeter & service road including streetlights. Authority in view of safety and security of the airport proposed to consider this project. However, the Authority had sought detailed BoQ for this project. JIAL vide E-mail dated 09th Aug'23 shared a detailed BOQs for this project.
- The Authority had reviewed the BoQ submitted by JIAL and observed that the JIAL had considered 10% airside operational constraints. The same had been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL had claimed 10% additional cost.
- The base cost of the project was accordingly revised to ₹ 4.69 Crores against ₹ 4.82 Crores submitted by JIAL.
- Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.
- The inflation adjusted cost for Airside Perimeter & Service Road estimated to be ₹ 4.84 Crores against ₹ 5.26 Crores considered by JIAL. Authority proposed to consider the same for this project at Consultation stage.

C.3 Perimeter Intrusion Detection System (PIDS) (₹ 36.33 Crores):

- The Jaipur airport does not have Perimeter Intrusion Detection System (PIDS) at its airside



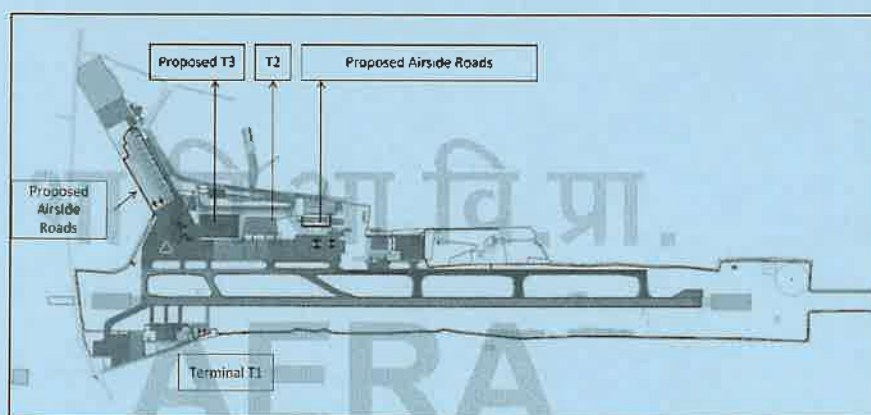
boundary wall. Due to security considerations, the airport required PIDS as part of its airport security infrastructure. Therefore, installation of PIDS was proposed for approximately 14,430 m on the boundary wall.

- ii. The Authority further noted that as per BCAS the Jaipur Airport had been categorized as Hypersensitive Airport. Accordingly, considering security requirement Authority proposed to consider this project.
- iii. In terms of the project cost, Authority compared the rates submitted by JIAL with the quotations received for PIDS at Lucknow and Ahmedabad Airport. JIAL proposed ₹ 10,700 per running meter which is higher than the rates considered at abovementioned airports Authority had corrected the unit cost considered by JIAL in line with these airports. The base cost of the project was accordingly revised to ₹ 15.44 Crores vis a vis ₹ 31.60 Crores proposed by JIAL.
- iv. Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.
- v. The inflation adjusted cost for Airport Perimeter Intrusion Detection System estimated to be ₹ 16.58 Crores against ₹ 36.33 Crores considered by JIAL. Authority proposed to consider the same for this project at Consultation stage.

D. Access Roads (₹ 20.16 Crores)

- i. **Fire access road on south of Runway & perimeter road repair:** As part of operational requirements JIAL had proposed new airside roads to connect the airside areas to airside infrastructures for emergency and operational needs. The project includes construction of fire access road parallel to the Runway, DVOR, Radar and other Nav-Aids. It also includes perimeter road repair/widening and additional perimeter road due to development under master planning. As per MYTP, JIAL has submitted ₹ 20.16

Crores inflation adjusted cost over base cost of ₹ 17.70 Crores. The figure below indicates the airside road connectivity.



Authority had sought further details on the proposed capex. JIAL vide email dated 11th Aug'2023 had shared break-up of the proposed cost. As per the BoQ, the total cost this project estimated to be ₹ 17.10 Crores against initial submission of ₹ 17.70 Crores. Authority had also compared the rate with CPWD PAR 21 (5.2.2) and opined that the rates considered by JIAL in the BoQ shared are in line. However, the Authority noted that JIAL had considered an additional 10% on account of airside working constraints. The Authority had revised the same to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

The above has resulted into revision of base cost of this project to ₹ 16.66 Crores against JIAL revised submission of ₹ 17.10 Crores.

Considering operational requirement Authority proposed to consider this capex based on revised submission by JIAL. However, the cost had been corrected on account of inflationary adjustment as provided under para 7.3.4.

The inflation adjusted cost for this work proposed by Authority is ₹ 17.76 Crores against ₹ 20.16 Crores submitted by JIAL at Consultation stage.

E. Cargo

Jaipur International Airport handled around 17,500 MT in 2019 (Pre-Covid) level. This comprised of 15,200 MT domestic volume and 2300 MT international volume. Prior to the COD, the domestic and international air cargo was handled by AAICLAS (carved out facility) at Jaipur International Airport. Additionally, some of the international cargo was also handled by RAJSICO and Jaipur Gemstone Exchange (JGE). As informed by JIAL, the JGE facility already been vacated.

Further, the Authority noted that as per clause 19.4.1 (a) of the Concession Agreement, the JIAL requires to develop new cargo facility. Following is relevant clause:

The Concessionaire shall upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of this Agreement, Applicable Laws, Applicable Permits, relevant ICAO Documents and Annexes and Good Industry Practice.

JIAL as part of the MYTP has proposed following capex phasing with respect to cargo operations:

E.1 Interim Cargo Facility (₹ 9.26 Crores)

As per MYTP submitted by JIAL, it was understood that JIAL was planning to operate air cargo terminal at Jaipur International Airport and in this regard, they had already commissioned an interim domestic cargo facility with capacity of 2750 MT and also planned to process international cargo through refurbishment of RAJSICO and JSE facility with an annual handling capacity of 4260 tonnes. The cost of basic investment including the domestic facility and the interim facility will be approx. ₹ 9.26 Crores (soft cost, interest during construction and financing allowance will be separate) largely in building refurbishment and equipment.

Authority in this regard has sought the stability report of existing structure to assess the feasibility of the refurbishment. JIAL had conducted a structural audit of existing cargo facility owned by RAJSICO & JGE and shared structural audit report with the Authority. The study report highlighted that any destruction to building will cause further distress to the building and accordingly recommended to discontinue these buildings. Authority had sought a detailed BoQ for the proposed capex. JIAL as part of their response had submitted a detailed BoQ having following details:

Table 92: Item-wise BOQ submitted by JIAL for the proposed Capex

Particular	Amount
Civil work for Domestic Cargo Terminal	5.08
Equipment for Domestic Terminal	1.57
Equipment for International import Cargo	2.46
Total	9.11

Authority had analyzed the BoQ and observed that in case of Civil work, JIAL had considered 593 sqm area at the rate of ₹ 85,600 per sqm for Interim Cargo Terminal. The Authority through its Independent Consultant identified that the cost considered by the Authority for the cargo infrastructure at the similar airport was ₹ 60,300 per Sqm for cargo terminal. The cost of ₹ 60,300 per Sqm was estimated in 2021 which can be indexed to arrive cost for 2023. The inflation adjusted cost for 2023 comes to ₹ 64,521 per Sqm. The Authority proposed to consider ₹ 64,521 per Sqm instead of ₹ 85,600 per Sqm cost proposed by JIAL for cargo civil works. On the basis of above, the Authority had revised the cost of interim facility and proposed following as base cost for interim cargo terminal at consultation stage:

Table 93: Revised cost of Interim Cargo Terminal proposed by the Authority

Particular	Amount
Civil work for Domestic Cargo Terminal	3.83
Equipment for Domestic Terminal	1.57
Equipment for International import Cargo	2.46
Total	7.86

JIAL proposed to incur this capex during 2023 and 2024. Authority adjusted the proposed cost as per inflation index considered at para 7.3.4 above. The Authority proposed to consider inflation adjusted cost of ₹ 7.87 Crores against ₹ 9.26 Crores submitted by JIAL.

E.2 Integrated Cargo Terminal (₹ 85.81 Crores)

JIAL had planned a new Integrated Cargo Complex (ICC) of approx. 4500 sq. mtr. with handling capacity of 22500 MT p.a. The planned facility is proposed to be made operational in FY'24-25. The ICC facility at JIA will have office and warehouse space dedicated for cargo operations. The equipment of ICC shall be meeting the needs of the cargo operations and regulations. It will include battery operated forklifts, tractors, temperature-controlled facilities for perishable cargo, cargo dedicated dollies, weighing scales (that are integrated with Warehouse Management System, build/break workstations, etc. The security systems will include regulatory compliant dual view X-ray machines in both international and domestic terminals, ETDs, CCTV, etc. The facility will be well equipped with the required firefighting equipment and systems that will be fully integrated with the airport systems:

As per JIAL, the proposed cost for new cargo terminal is ₹ 86 Crores excluding soft cost, interest during construction and financing allowance.

As per JIAL, the capacity planned is correlated with the market demand. As part of MYTP, JIAL proposed to commission this facility in FY'26. However, as per clarification submitted by JIAL, the ICC facility is currently at the design stage. In view of the JIAL submission, Authority shifted the cargo capex to the next financial year i.e. FY'27. The Authority noted that there is an existing cargo facility operated by AAICLAS at Jaipur Airport. However, in view of the Concession requirement and encouraging market competition, Authority proposed to consider second cargo terminal at Jaipur Airport. JIAL had estimated 75% market share in first year. However, considering the AAICLAS facility, Authority had considered 50% market share. At 50% market share, JIAL was able to utilize 81% of its facility. Considering the long-term horizon, Authority proposed to allow 22,500 MT cargo facility to JIAL. Following is the market share and corresponding capacity submitted by JIAL and



proposed by the Authority:

Table 94: Air Cargo demand projections, capacity of JIAL facility submitted by JIAL

Particular	2020	2021	2022	2023	2024	2025	2026	2027
Volume in MT	17,500	12,204	14,180	22,160	26,332	30,343	33,342	36,519
Market share					25.52%	23.10%	75.00%	75.00%
JIAL expected Volume (In MT)					6,721	7,010	25,006	27,389
JIAL capacity (In MT)								
Domestic-Interim					2,750	2,750		
International-Interim					4,260	4,260		
Integrated Cargo Complex					-	-	22,500	22,500
Total					7,010	7,010	22,500	22,500
As per Authority								
JIAL Market Share					10.44%	23.10%	21.02%	50.00%
JIAL expected volume (In MT)					2,750	7,010	7,010	18,260
JIAL Capacity (In MT)					2,750	7,010	7,010	22,500

JIAL, as part of MYTP had submitted project cost for New ICC as ₹ 85.81 Crores. Authority as part of clarification had sought further details on cost estimated by JIAL. JIAL as part of their response had submitted details of base cost amounting to ₹ 79.29 Crores which with inflationary adjustment comes to ₹ 85.81 Crores. Following is the break-up of the base cost proposed by new ICC facility:

Table 95: Cost proposed by JIAL towards ICC Facility

Particular	Amount
Demolition works	1.36
New pavement	4.71
Structural cost	48.93
MHE equipment	21.00
Drainage	3.29
Total	79.29

Authority had reviewed the cost proposed by JIAL and had following observations:

- In case of new pavement works, JIAL planned to construct 6825 sqm of landside road, for this purpose JIAL had assumed a rate of ₹ 6900 per sqm. Authority had verified these rates with CPWD. As per para 5.2.2. of CPWD PAR 2021 the construction cost for landside road is ₹ 1850 per sqm. Authority had updated this rate in the BoQ proposed by JIAL and revised the proposed project cost. This had resulted into reduction of new pavement cost to ₹ 1.26 Crores against ₹ 4.71 Crores estimated by JIAL.
- The structure cost submitted by JIAL comprised of site circulation of ₹ 1.76 Crores, Cargo



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

complex ₹ 38.52 Crores, Annex building ₹ 8.34 Crores and streetlight ₹ 0.32 Crores. Authority had sought detailed BoQ of the cost proposed. As per JIAL submission the Cargo complex structure cost had been arrived considering ₹ 85600 per sqm rate for the structural work on the basis of Ahmedabad ICT complex.

- iii. Authority had reviewed the structure cost and observed that the proposed structure cost is very high compared to the cost already approved by the Authority in case of similar Airports. Authority in its previous order for third control period of Lucknow Airport had allowed ₹ 60,300/- per Sqm cost for cargo terminal and ₹ 8,300 per Sqm cost for parking and trucking area. A total cost of ₹ 68,600 per Sqm was estimated in 2021 which can be indexed to arrive cost for 2023. The inflation adjusted cost came to ₹ 73,402 per Sqm. Authority proposed to consider the same to arrive the base cost for cargo structural works. The revised based cost considered for cargo structure was ₹ 43.44 Crores against JIAL submission of ₹ 48.93 Crores.
- iv. Following are the revise cost estimates considered by the Authority as base cost for the newly proposed Cargo Terminal.

Table 96: Cost proposed by Authority towards ICC Facility

Particular	Amount
Demolition works	1.36
New pavement-landside road	1.26
Structural cost	43.44
MHE equipment	21.00
Drainage	3.29
Total	70.36

- v. Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the inflation index considered at para 7.3.4 above.
- vi. The inflation adjusted cost for new ICC facilities proposed to be rationalized at ₹ 73.58 Crores against ₹ 85.81 Crores considered by JIAL. The Authority proposed to consider the same for the purpose of capex in third control period of JIAL at Consultation stage.

F. Fuel Farm Infrastructure

F.1 Fuel Farm Facility (₹ 127.41 Crores)

JIA currently doesn't have an open access facility at the Airport for fuel. All OMCs viz. IOCL, RIL, BPCL and HPCL have their own refueling and fuel storage facility of 610KL, 220KL, 450KL and 30KL respectively. In terms of the Concession Agreement, JIAL is required to provide open access facility for fuel farm. Following is the relevant extract of the Concession Agreement:

"19.3 The Concessionaire shall provide or cause to be provided the infrastructure required for operation of fueling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."

JIAL in this regard proposed to end current arrangement and planned to introduce open access facility with fuel hydrants. As a short-term measure JIAL planned to buy existing facilities from the current operator to convert it to open access facility. As a long-term plan JIAL is proposing to build a new facility of approx. 5,000 KL with hydrant system of approx. 4 Kms, this will have 8 days storage capacity. As per JIAL the new facility will be operational during FY25-26.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

JIAL as part of MYTP submitted project cost of ₹ 230 Crores (excluding soft costs, interest during construction and financing allowance) which included four storage tanks, admin facilities, refilling / offloading area, Fuel Hydrant System, Pit Flushers, dead stock. However, there was no breakup provided for this cost. Authority had sought further details on the proposed capex. As per JIAL the base cost of the proposed fuel farm infrastructure was ₹ 213.87 Crores which comprised of ₹ 118.05 Crores towards Fuel Farm Facility and ₹ 95.17 Crores towards Hydrant line, this cost had been adjusted with inflation which resulted into an estimated cost of ₹ 230 Crores.

Authority had reviewed the capacity requirement of the proposed fuel farm facility for next 10 years as submitted by JIAL. JIAL had estimated the reasonable storage days required to meet the fuel throughput demand at the Airport considering all eventuality like disruption of global crude oil supply, disruption in fuel logistics facilities, any breakdown at refinery level etc. Authority noted that considering various scenario, an airport should have a reasonable storage capacity for the Fuel to avoid any disruption in airport operations. JIAL as part of MYTP had submitted following estimation for the storage requirement based on IATA guidance on Airport Fuel Storage capacity, which seemed to be in line with the industry standards.

Table 97: Fuel Tank capacity Assessment submitted by JIAL

S. No.	Fuel Supply Chain Parameter –(A)	Avg. lead time –(B)	Avg. lead time in worst case scenario (C)	Difference between Average & Max (D)
1	Product readiness, storage	2	2	0
2	Product storage & settling	1	2	1
3	Product receipt, logistic contingency, OMC's issue	0	4	4
4	Total (Average) (B1+B2+B3)	3		
5	Total (difference) (D1+D2+D3)			5
6	85% of total difference (D5*85%)			4.3
7	Overall Total (B4+D6)			7.3
	Recommended ATF storage days			7.3 (say 8 days)

In view of above storage demand, JIAL had submitted the storage requirement which had been updated by the Authority with respect to actual fuel uptake in FY'23. Based on the actual fuel uptake for FY'23, following are the fuel storage days based on planned capacity:

Table 98: Fuel storage days at JIAL for third control period

Particular		FY'23*	FY'24	FY'25	FY'26	FY'27
Domestic ATM	'000	38.21	41.49	48.81	70.52	76.40
International ATM	'000	2.95	2.96	3.25	5.12	5.50
Total ATM -A	'000	41.16	44.45	52.06	75.64	81.89
Fuel throughput per ATM - B	KL	2.4	2.4	2.4	2.4	2.4
Annual Fuel Throughput Volume- (C=A*B*1000)	KL	98784	106680	124944	181536	196536
Daily Fuel Throughput Volume-D=(C/365)	KL	270	292	342	497	538
Available Capacity –(E)	KL	1280	1280	1280	5000	5000



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Particular		FY'23*	FY'24	FY'25	FY'26	FY'27
Storage days (F=E/D)	No	5	4	4	10	9

*Actual data

Considering above, Authority noted that the JIAL submission to create tank capacity of 5000 KL will suffice the fuel storage requirement by end of third control period.

Further, with respect to cost of the fuel farm, JIAL vide email dated 9th Aug'23 had submitted detailed bill of quantities with CPWD rates with respect to fuel facility. Authority had verified the rates with relevant standards and observed that in case of fuel tank facility JIAL had considered ₹ 180000 per KL rate on the basis of cost related to underground RCC, steel frame structure, fuel resistance coating etc. Authority noted that in case of prefabricated steel tanks JIAL had considered ₹ 134.34 per Kg rate based on CPWD DSR 2021, whereas as per the standard the rate should be ₹ 78.20 per KG. Authority had updated the rates and the revised effective rate came to ₹ 161,900 per KL instead of ₹ 180,000 proposed by JIAL. Authority had considered the same for the purpose of cost estimation and revised the cost of fuel tanks. Following is the comparison of the base cost submitted by JIAL and proposed by the Authority:

Table 99: Fuel farm cost proposed by Authority vis a vis JIAL

(₹ Crores)

Particular	Amount as proposed by JIAL	Amount as proposed by Authority
Demolition works	0.28	0.28
Fuel Tanks	90	80.95
Admin & Support	14.32	14.32
Refilling & uploading area	13.44	13.45
Total	118.05	109.00

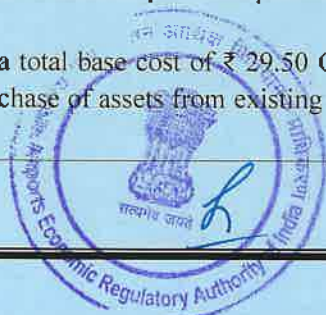
Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above. The inflation adjusted cost for the proposed fuel farm facilities proposed to be rationalized at ₹ 111.54 Crores against ₹ 127.41 Crores considered by JIAL. The Authority proposed to consider the same for the purpose of capex planned in third control period of JIAL at Consultation stage.

F.2 Hydrant line (₹ 102.72 Crores)

JIAL intends to lay down 4 KM hydrant line with inflation adjusted cost of ₹ 102.72 Crores in FY 2025-26. While noting the need for laying the fuel hydrant line as submitted by JIAL, the Authority observed that no detailed estimate had been provided by JIAL. Further, if work is carried out during this Control Period, cost will be allowed by the Authority on incurrence basis at the time of true up exercise during next Control Period, subject to reasonability and efficiency.

F.3 Acquisition of existing assets (BPCL, IOCL, RIL), Dead Stock and equipment (₹ 30.97 Crores)

- i. The Authority noted that JIAL has planned to acquire the facilities of the existing Oil Marketing Companies in order to provide open access facility as required under Concession Agreement.
- ii. JIAL had submitted a total base cost of ₹ 29.50 Crores under this head which includes the estimated cost of purchase of assets from existing OMCs (for ₹ 13.50 Crores) and estimated



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

value of deadstock material (for ₹ 16.00 Crores).

The cost submitted by JIAL appeared reasonable in view of similar cost considered in Ahmedabad. The same will be subject to actual MoU or agreement signed between JIAL and existing Oil Marketing Companies. The estimated cost was corrected on account of indexation. The inflation adjusted acquisition cost of existing fuel farm facilities proposed to be ₹ 29.55 Crores against ₹ 30.97 Crores considered by JIAL. Authority proposed to consider the same for the purpose of capex in third control period of JIAL.

- iii. Apart from the existing asset procurement from OMCs, JIAL will also require fuel equipment (12 Nos. bowsers) for which JIAL had submitted a cost of ₹ 18.15 Crores. The Authority noted that the Cost estimate for the same was considered based on actual purchase cost at Ahmedabad Airport and hence seems reasonable. The Authority had considered the same subject to correction on account of indexation.

The inflation adjusted acquisition cost proposed for fuel equipment was ₹ 18.57 Crores against ₹ 19.59 Crores considered by JIAL. The Authority proposed to consider the same for the purpose of capex in third control period of JIAL at Consultation stage.

G. Vehicles (₹ 81.03 Crores)

As part of MYTP, JIAL had proposed to procure various vehicles during third control period for operational requirement. Authority had reviewed the list of vehicles provided by JIAL and had following observations:

- i. In case of Crash Fire Tenders (CFT), JIAL estimated a cost of ₹ 61.36 Crores for four CFTs. Authority had reviewed the cost submitted by JIAL along with similar Airports. Authority noted that in case of Lucknow Airport the Airport Operator has received quotation of ₹ 9.00 Crores per CFT. As part of clarification, JIAL had provided Trivandrum PO which did not seem to be a formal proposal/document. Accordingly, the quotation received in case of Lucknow airport had been considered for JIAL. Other vehicles proposed by the JIAL were also operationally required.
- ii. Authority further observed that JIAL had applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.
- iii. In view of the above, Authority proposed ₹ 47.93 Crores cost toward vehicles proposed to be procured during third control period against the cost of ₹ 81.03 Crores estimated by JIAL. Following is the asset wise comparison of JIAL proposal vis a vis cost proposed by the Authority:

Table 100: Cost proposed toward Vehicles by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

S. No.	Particular	Year of capitalization	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
G.1	Ambulance (4 Nos) for ARFF & Recovery Vehicle	2025	1.24	1.37	1.24	1.29
G.2	CFTs (4 Nos.) for ARFF	2025-2027	61.36	71.96	36.00	39.25
G.3	Conversion of vehicles to EVs	2023-2027	6.49	7.06	6.49	6.78
G.4	Modified Vehicle for		0.30	0.33	0.30	0.31

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of capitalization	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
	BDDS equipment	2025				
G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2025	0.30	0.33	0.30	0.31
	Total		69.69	81.03	44.33	47.93

H. Plant & Machinery (₹ 125.36 Crores)

JIAL had proposed procurement of various equipment for operational requirements. The Authority noted that JIAL had planned for the procurement of machinery and equipment towards achievement of green initiatives and norms and to ensure safety and security of operations and the fulfilment of regulatory requirements mandated by agencies like BCAS. Following are the key capital items proposed in third control period:

Oil Water Separator – As part of environment compliance, JIAL had proposed to install oil water separator at select locations on the airside. It separates oil from the wastewater from aprons, hangar, cargo facility, GA & GSE workshop etc.

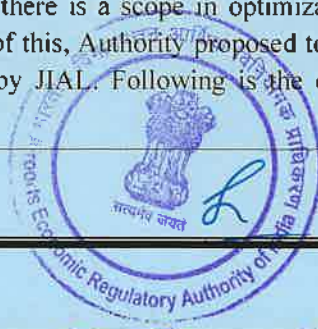
Triturator- As per JIAL, this facility is required for safe and hygienic disposal of waste from aircraft toilets to ensure compliance with safety and environment regulations. Liquid waste from aircraft shall be treated at Triturator as a primary treatment & further will be pumped to STP for secondary treatment. This facility is proposed on the northeast side of T2.

Construction of view cutter- At Jaipur Airport some of the airside sections are close to residential and commercial area which pose threat to airside operational area, accordingly, in view of the airside safety and security JIAL has proposed to install view cutter at certain locations.

Airside improvement work – JIAL had proposed capex towards installation of CAT-IIIB lights at parallel taxiways and conversion of AGL halogen lights with LED lights. Authority in view of airside facility improvement and energy conservation propose to consider the same for third control period.

Safety and Security related capex- JIAL had envisaged to incur some of the capex to meet the airport safety and security requirement during third control period. These include procurement of body scanner, night vision devices (NVDs), Bullet proof equipment, bollards, cones, barricades, CISF related equipment, BDDS equipment, Security staff establishment related capex etc. Authority noted that this capex is generally mandated by designated security agency and required to ensure safety and security of the Airport. In view of this, Authority proposed to consider the same however JIAL needed to procure these assets in consultation with the designated security agency and ensure the efficiency and reasonableness of the capital expenditure.

Landscape related capex- JIAL had proposed capital expenditure towards various landscape development work during third control period. The Authority, in view of the JIAL MYTP as well as the site visit was of the view that JIAL needed to prioritise terminal space towards passenger facility and convenience over terminal landscaping works. Also, Authority noted that landscaping is a discretionary expenditure and there is a scope in optimization in landside and airside softscape development as well. In view of this, Authority proposed to allow 50% of the proposed landscape capital expenditure proposed by JIAL. Following is the comparison of capex proposed by the



Authority vis a vis JIAL:

Table 101 Details of landscape capex for third control period at Consultation stage

(₹ Crores)

Particular	Year of capitalization	JIAL		Authority	
		Base cost	Indexed Cost	Base cost	Indexed Cost
Green walls at terminal-1/2 (1000 sq.ft)	2023-2027	0.98	1.10	0.49	0.52
Land side & airside Garden (Softscape) developments (2 Ha.)	2023-2027	4.29	4.81	2.15	2.28
Polyhouse 500 sqm	2023-2027	0.57	0.64	0.29	0.30
Planters and pots for terminal 1 & 2	2023-2027	1.39	1.55	0.70	0.74
Purchase of indoor and outdoor plants T1/2	2023-2027	2.26	2.51	1.13	1.20
Irrigation development	2023-2027	0.35	0.37	0.18	0.18
Total		9.84	10.98	4.94	5.22

JIAL had proposed other minor capex which Authority observed was required for safe and sustainable operation. In view of this Authority proposed to consider the same. The Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.

In view of the above, Authority proposed ₹ 113.63 Crores cost toward plant and machinery proposed to be procured during third control period against the cost of ₹ 125.36 Crores estimated by JIAL. Following is the asset wise comparison of JIAL proposal vis a vis cost proposed by the Authority:

Table 102: Cost proposed toward Plant & Machinery by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

S. No.	Particular	Year of Capitalisation	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
H.1	Oil Water Separators (OWS)	2026	12.54	13.6	12.54	12.88
H.2	Triturator	2025	2.96	3.17	2.96	3.01
H.3	Hazardous Waste Storage	2026	0.37	0.41	0.37	0.39
H.4	Reticulation of utilities to new facilities	2027	5.6	6.33	5.6	5.93
H.5	HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2024	0.59	0.59	0.59	0.59
H.6	Terminal-I -Immigration counters, glass partition and water proofing	2024	0.13	0.13	0.13	0.13
H.7	Augmentation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport	2024	1.77	1.77	1.77	1.77
H.8	SITC of CAT-IIIB lights and associated works for Parallel taxiway phase II	2024	8.26	8.58	8.26	8.28
H.9	Construction of view cutter for Tango Apron area	2025	4.47	4.93	4.47	4.65

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalisation	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
H.10	Modification in PAPI, Runway centreline circuits, separate guard light circuits and provision of interleaving AGL circuits.	2024	2.60	2.70	2.60	2.60
H.11	Gas suppression system -NAV-AIDs site	2024	0.80	0.83	0.80	0.80
H.12	Special repair/modernization of THYSSANKRUPP make lifts in ATC Tower.	2024	0.09	0.09	0.09	0.09
H.13	Modernization of existing hydro pneumatic system & water storage/distribution in airport from T2 to operation area and T1	2024	0.30	0.30	0.30	0.30
H.14	33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2023,2024	6.61	6.67	6.61	6.62
H.15	Power factor improvement at 33 KV Substation	2024	0.59	0.62	0.59	0.59
H.16	Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	0.30	0.31	0.30	0.30
H.17	Enhancing solar plant capacity by 500 KW	2024	2.95	3.10	2.95	2.96
H.18	Replacement of all type of AGL halogen lights with LED lights	2025, 2026, 2027	21.24	24.81	21.24	23.08
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2023, 2024	1.24	1.25	1.24	1.24
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2024	0.01	0.01	0.01	0.01
H.21	Organic waste converter (OWC)	2025	0.18	0.20	0.18	0.18
H.22	Night Vision Device (NVD)	2024, 2025, 2026, 2027	3.29	3.71	3.29	3.48
H.23	BP Jackets	2024, 2025, 2026, 2027	1.09	1.17	1.09	1.13
H.24	BP Helmet	2024, 2025, 2026, 2027	0.45	0.49	0.45	0.47
H.25	Bullet Proof Shield	2024, 2025	0.64	0.71	0.64	0.67
H.26	Bullet Proof Morcha	2024, 2025, 2026	1.27	1.41	1.27	1.33
H.27	Binocular Device	2024, 2025, 2026, 2027	0.2	0.22	0.2	0.21
H.28	Hands Free Communication RT	2025	0.01	0.01	0.01	0.01
H.29	Convex Mirror (Blind Curve)	2025,2027	0.03	0.03	0.03	0.03
H.30	Printer with photocopy	2024, 2025,2027	0.11	0.11	0.11	0.11
H.31	Body Scanner	2025, 2026, 2027	11.33	12.89	11.33	12.07



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalisation	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
H.32	Bomb Detection and Disposal System (BDDS) Equipment's (Set)	2024, 2025, 2026, 2027	2.32	2.64	2.32	2.47
H.33	CISF Mess Equipment	2024, 2025, 2027	0.41	0.46	0.41	0.43
H.34	CISF Barrack Lodging Material	2024, 2025, 2026, 2027	0.71	0.82	0.71	0.76
H.35	CISF - Gym equipment	2024,2025	0.15	0.16	0.15	0.15
H.36	Ghumti/ security cabin	2027	0.06	0.07	0.06	0.07
H.37	CTSR (Containerized Tubular Shooting Range)	2025	2.36	2.6	2.36	2.45
H.38	Miscellaneous	2023, 2024, 2025, 2026, 2027	1.36	1.53	1.36	1.44
H.39	Bollards	2024	2.00	2.03	2.00	2.00
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2025, 2026, 2027	1.12	1.29	1.12	1.20
H.41	Signage - New procurement for emergency route identification etc. - T1	2025, 2026, 2027	0.2	0.23	0.2	0.21
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2024, 2026	0.07	0.08	0.07	0.07
H.43	Cones, Barricades	2024,2026	0.05	0.05	0.05	0.05
H.44	Wildlife Hazard Management (WHM) Equipment	2024,2026	0.35	0.39	0.35	0.37
H.45	Separate Storage of Firecrackers for Bird scaring	2024	0.07	0.07	0.07	0.07
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	0.14	0.15	0.14	0.14
H.47	ASMA for Safety use by Safety officers	2024	0.02	0.02	0.02	0.02
H.48	FOD MAT for collection FODs	2024,2026	0.52	0.57	0.52	0.54
H.49	Gym Equipment / Table Tennis	2025	0.06	0.07	0.06	0.06
H.50	Green walls at terminal 1/2 (1000 sq.ft)	2024,2025, 2026,2027	0.98	1.1	0.49	0.52
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)	2024,2025, 2026,2027	4.29	4.81	2.15	2.27
H.52	Polyhouse 500Sqm.	2024,2025, 2026,2027	0.57	0.64	0.29	0.30
H.53	Planters and pots for terminal 1 & 2	2024,2025, 2026,2027	1.39	1.55	0.70	0.73
H.54	Purchase indoor and outdoor Plants T1/2	2024,2025, 2026,2027	2.26	2.51	1.13	1.19
H.55	Irrigation Development	2024	0.35	0.37	0.18	0.18
	Total		113.83	125.36	108.93	113.63

I. Other Buildings (₹ 82.14 Crores)

JIAL had proposed construction of various building owing to security requirements, relocation due to various development activities, administrative building, police station and various utilities etc. Authority has reviewed the same and have following observations:



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

- i. In case of administrative building, the JIAL had proposed to construct 5000 Sqm office building. As part of clarification Authority had sought further detail and business case for requirement of this much area for an administrative office. However, as part of response no further clarity was shared by JIAL. In view of this Authority noted that a significant part of staff requirement of JIAL will be operational such as airport operation, screening, security, runway operation etc. which will be deployed at respective work location outside administrative building. Accordingly, considering the staff strength there is significant optimization required in the administrative office space area. In absence of adequate plan, Authority proposed to consider on 50 % of the admin building i.e. 50% of employee which are expected to be deployed at admin building to overall staff. Authority had accordingly revised the building area to 2500 sqm however maintained the same quantities related to demolition works, landside road and site circulation. Further, JIAL had considered the rates as per the rates derived in case of some of the office building at Ahmedabad Airport. The Authority had reviewed the rates submitted by JIAL with the comparable statistics issued by CBRE³ and found the same in the range of similar kind of construction. Following is the comparison of the cost details submitted by JIAL and proposed by the Authority:

Table 103: Cost of administrative building as per JIAL and proposed by the Authority
(₹ Crores)

Particular	UoM	JIAL			Authority		
		Qty	Rate	Amount	Qty	Rate	Amount
Demolition works							
Demolition of Flexible Pavement	Sqm	470	300	0.01	470	300	0.01
New Pavement							
Landside Road	Sqm	6900	600	0.41	6900	600	0.41
Structure							
Site circulation	Sqm	638	3,900	0.25	638	3,900	0.25
Building Area	Sqm	5000	89,227	44.61	2500	89,227	22.31
Total				45.28			22.98

- ii. Authority, while reviewing cost for CCR Room observed that JIAL had considered 10% overhead on account of airside constraints, Authority has revised the same to 5% in view of public works guidelines (generally where NOTAM is issued).
- iii. JIAL had proposed fuel station including EV charging station to support increase in airside vehicles and introduction of EVs. Authority in view of airport operation requirement considered the same for third control period.
- iv. Authority considered balance capital expenditure towards other building owing to operational requirements.
- v. Further, Authority observed that JIAL has applied 5% inflation index while accounting inflation impact. The same was revised as per the para 7.3.4 above.
- vi. In view of the above, Authority proposed ₹ 53.79 Crores cost toward other buildings during third control period against the cost of ₹ 82.14 Crores estimated by JIAL. Following is the asset wise comparison of JIAL proposal vis a vis cost proposed by the Authority:

³ India Construction Cost Trends 2023 issued by CBRE



Table 104: Capex proposed toward Other Buildings by the Authority for Third Control Period at Consultation stage

(₹ Crores)

S. No.	Particular	Year of Capitalization	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
I.1	Bomb Cooling Pit (New Construction)	2025	0.80	0.85	0.80	0.81
I.2	Constant Current Regulator (CCR) Room East & West	2026	7.57	8.21	7.20	7.40
I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	4.13	4.50	4.13	4.26
I.4	New Airside Gates – I	2026	0.56	0.62	0.56	0.59
I.5	Relocation of Mono-pulse Secondary Surveillance Radar (MSSR)	2026	5.41	5.90	5.41	5.58
I.6	Relocation of SMR (Surface Movement Radar)	2025	0.66	0.71	0.66	0.67
I.7	Construction of Administration Building	2026	45.26	50.34	22.98	24.06
I.8	Police Station (New Construction)	2025	3.70	3.99	3.70	3.79
I.9	Solid Waste Facility	2026	1.85	2.05	1.85	1.93
I.10	Installation of EV charging stations	2024	0.14	0.14	0.14	0.14
I.11	Solid waste management yard	2025	0.41	0.46	0.41	0.43
I.12	Unified Security Control Room for CISF	2026	0.59	0.67	0.59	0.63
I.13	Upgradation of RLCC Control Rooms infra	2026	0.30	0.34	0.30	0.32
I.14	Additional/ Relocation & Refurbishment of Watch towers	2026	0.68	0.76	0.68	0.71
I.15	Upgradation/ Refurbishment of Antihijack Control Room	2024	0.58	0.58	0.58	0.58
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2027	1.44	1.63	1.44	1.53
I.17	Setup of Apron Office, Fire Station Movement	2025	0.35	0.39	0.35	0.37
	Total		74.43	82.14	51.78	53.79

J. IT Equipment (₹ 166.57 Crores)

As part of MYTP, JIAL had submitted proposal to procure various IT equipment for operational requirement and upgradation. Authority had reviewed the same and have following observations:

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

- i. JIAL had proposed to implement ₹ 147.24 Crores worth of IT project out of which one of the key projects is related to IT strategic projects worth of ₹ 111.14 Crores. Authority had sought itemized details of this line item. JIAL had shared list of PO already raised against this line item along with the list of items which planned to be procure to facilitate airport operations and passenger satisfaction. This included Traffic Management System, passenger Wi-Fi, passenger processing system, Digi yatra, lost and found system, BMS, VDGS application, Airport 4.0, AOCC, e-gates etc.
- ii. IT Infra & DC includes - various IT infrastructure and Data Centers related cost which includes one-time migration to Google Cloud Platform, various equipment and accessories as part of active and passive IT network components (cables, switches, etc). It will support the running services like FIDS, E-gates, PA system, AFAS, Digi-yatra, Commvault backup solution, WhatsApp gold and Wi-Fi Disappear (for international passenger who doesn't carry any mobile operator)
- iii. Cyber related capex includes cybersecurity implementations will work to protect the IT Infra and end user services from various external virus/hacking type of threats.
- iv. Asset level technology refresh include:
 - a. PA Systems- It is used for terminal & airlines for emergency announcement and compliances.
 - b. LED Walls- IT is used for passenger to provide flight information.
 - c. Others incl. AOCC video wall, FIDS screen and media controller master clock
- v. AOS - INFRA @ MS Azure - Incase of increasing the servers and other services to support the services. And integration with other system (ATM, CUTE, AVDGS and E-gate)
- vi. Authority had reviewed the details shared by JIAL with respect to IT strategic projects and observed that some of this capex is related to Phase-2 and expected to incur in FY'27. The Authority had noted that as of today there is no visibility of this capex, benefit of this capital expenditure will not occur to the passenger travelling during this control period and also IT technology is very dynamic in nature. Accordingly, Authority decided not to consider the capex which is related Phase-2 and/or expected to incur in FY'27. It included data lake creation, middleware platform, BMS, VDGS upgradation, Airport 4.0, Vehicle monitoring system, cloud and data center, Airside SAGA, Next gen AOCC, traffic management system, prompt support, e-gates etc. The total base cost of such capex is ₹ 43.70 Crores.
- vii. The Authority accordingly revised the base cost of IT strategic project to ₹ 67.44 Crores against JIAL submission of ₹ 111.14 Crores.
- viii. Considering operational requirement and improvement in existing terminal processor Authority had considered this capex subject to inflationary correction. Accordingly, Authority proposed to consider ₹ 109.74 Crores against ₹ 166.57 Crores of JIAL submission.
- ix. Following are the proposed capex along with corrected cost by the Authority at the Consultation stage:

Table 105: Capex proposed toward IT equipment by the Authority for Third Control Period at Consultation stage

(₹ Crores)

S. No.	Particular	Capitalization Year	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
J.1	Card Printer for Biometric AEP	2024,2025	0.16	0.18	0.16	0.17



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Capitalization Year	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network Switches and passive cabling)	2023, 2024, 2025	5.12	5.29	5.12	5.17
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2024, 2025, 2026, 2027	1.45	1.6	1.45	1.51
J.4	CCTV workstation and display	2024, 2027	0.05	0.06	0.05	0.06
J.5	Access control system	2023, 2024, 2026	0.54	0.58	0.54	0.55
J.6	Biometric Access control system for CISF	2025	0.12	0.13	0.12	0.12
J.7	Desktop and monitors for CISF & AEP Section	2024, 2025, 2026	0.39	0.42	0.39	0.40
J.8	Guard Tour System	2025	0.02	0.03	0.02	0.02
J.9	Readers for Biometric AEP	2023, 2024, 2025	0.47	0.51	0.47	0.48
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2024, 2025, 2026	1.16	1.29	1.16	1.21
J.11	Mobile phone for CISF outer duty post	2024, 2025, 2027	0.02	0.02	0.02	0.02
J.12	Automation of AEP Section/ security process	2025, 2026, 2027	0.35	0.41	0.35	0.38
J.13	POC and New Tech evaluation	2024, 2025, 2026, 2027	1.11	1.19	1.11	1.15
J.14	NEW AOS-SITA	2024, 2025, 2026, 2027	0.97	1.03	0.97	1.00
J.15	AOS - INFRA @ MS Azure	2024, 2025, 2026, 2027	3.26	3.62	3.26	3.43
J.16	INTEGRATION	2024, 2025, 2026, 2027	0.82	0.89	0.82	0.85
J.17	IT Infra & DC	2023	3.84	4.07	3.84	3.84
J.18	Cyber	2024, 2025, 2026, 2027	1.41	1.48	1.41	1.44
J.19	Strategic Projects (Ref. Annexure-4)	2023, 2024, 2025, 2026, 2027	111.14	126.84	67.44	72.04
J.20	BU Growth & Sustenance	2023, 2024, 2025, 2026, 2027	1.11	1.19	1.11	1.15
J.21	Asset level Technology Refresh	2024, 2025, 2026, 2027	12.93	14.87	12.93	13.92



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Capitalization Year	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
J.22	Software for ADP/AVP through HQ, Ahmedabad	2024	0.26	0.27	0.26	0.26
J.23	GPS Satellite watches	2025	0.02	0.03	0.02	0.02
J.24	Software for Aerodrome Safeguarding & AIS	2025	0.24	0.26	0.24	0.25
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report (SOR) etc. for use by Apron Control	2025	0.04	0.05	0.04	0.04
J.26	Software for maintaining Safety Data and retrieval of reports	2025	0.24	0.26	0.24	0.25
	Total		147.24	166.57	103.56	109.74

K. Furniture & fixtures (₹ 4.77 Crores)

JIAL proposed to procure various furniture & fixtures for official purpose and terminal operations during third control period. Authority noted that majority of furniture is related to passenger Terminal-I & Terminal-II. Authority proposed to consider the same subject to adjustment of proposed cost on account of inflation as suggested under para 7.3.4 above.

Authority proposed to consider inflation adjusted cost of ₹ 4.48 Crores against JIAL submission of ₹ 4.77 Crores.

L. Security Equipment's (₹ 0.56 Crores)

JIAL proposed to procure security equipment for Gates. Considering the security requirement Authority proposed to consider the same subject to inflationary adjustment to the cost suggested by JIAL. Authority proposed to consider inflation adjusted cost of ₹ 0.53 Crores against JIAL submission of ₹ 0.56 Crores.

M. Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes (₹ 80.97 Crores):

As per JIAL, there was requirement of runway recarpeting at Jaipur Airport. As per JIAL, the proposed capex under this head are related to runway recarpeting works. JIAL submitted following in this regard:

"The runway at JAI requires recarpeting in order to ensure the minimum quality required for future use. The previous runway recarpeting was done in FY 2016-17 by AAI. As per AAI practice the runway is recarpeted every 5 years and accordingly the next runway-recarpeting was due in FY21-22 considering the traffic movement, wear & tear and weather condition. However, considering the low traffic movement in FY20 and FY21 due to COVID restricted travel, the runway recarpeting has been postponed to FY25-26. This will help to restore the PCN value of the



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

runway. The cost of runway re-carpeting proposed in FY2025-26 is considered at approx. ₹ 81 Crores.”

Authority had further sought detail of the basis of capex estimation submitted by JIAL. JIAL in this regard submitted that the basis of cost is same as planned for other similar airport, a detailed costing can be arrived based on pavement design which will be undertaken as part of detailed design.

JIAL has projected runway recarpeting expenses as CAPEX. However, the Authority observes that PCN value after recarpeting is not increasing. Hence, the Authority decides to consider runway recarpeting expenses as OPEX in line with AERA Order No. 35/2017-18 dated 12th January 2018 in respect of useful life of assets. The same has been dealt appropriately at para no. 10.2.37 and 10.2.38.

7.3.7 Based on above proposals, the summary of New Capital Expenditure projects proposed by the Authority for the Third Control Period is as follows:

Table 106 Capital Expenditure proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
Passenger Terminal and Associated works							
A.1	New Integrated Terminal III (NITB)	2027	-	2476.19	0.00	(2476.19)	As per the milestones evaluated, this capex is not considered at this stage.
A.2	Elevated Departure and Arrival Road for new T-III	2027	-	312.42	0.00	(312.42)	
A.3	New electrical substation for proposed new infrastructure	2025	-	117.53	0.00	(117.53)	
A.4	STP for proposed new T-III	2023	-	6.55	0.00	(6.55)	
A.5	Extension of North-West Apron for NITB	2026	-	33.38	0.00	(33.38)	
Total				2946.07	0.00	(2946.07)	
A.6	Existing Terminal I upgradation and associated works	2024	2024	3.01	2.47	(0.54)	Cost adjusted on account of Inflation adjustment, Demolition cost not considered and estimate of extra cost over approved rates for working in operational area rationalised to 5%.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
A.7	Operational capex for commencement of Terminal-I	2023, 2024	2023, 2024	4.02	3.44	(0.58)	Security and Operational procurement allowed based on actual purchase order.
A.8	Terminal -II upgradation and associated works	2023, 2024, 2025	2023, 2024, 2025	278.98	253.58	(25.40)	Applied Normative cost as per the Authority. Estimate of extra cost over approved rates for working in operational area rationalised to 5%.
	Total			286.01	259.49	(26.52)	
Runways, Taxiway & Aprons							
B.1	Airside Drainage Works	2026	2026	49.57	44.50	(5.07)	Cost adjusted on account of inflation.
B.2	Apron and Taxiway related works						
	Construction of Apron near Cargo Terminal	2025	2025	5.74	5.21	(0.53)	
	Construction of associated Taxiways for North-West Apron	2025	2025	98.75	89.65	(9.10)	Cost adjusted on account of adjustment of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	Construction of Code E Taxiway for Terminal I Apron	2025	2025	13.99	12.69	(1.30)	
	Construction of New Link Taxiways	2025	2025	12.53	11.37	(1.16)	
	Construction of New Rapid Exit Taxiway	2025	2025	16.59	15.05	(1.54)	
	Construction of T1 Apron	2025	2025	31.63	28.85	(2.78)	
B.3	GSE Staging - (Rigid Pavement)	2026	2026	5.31	4.81	(0.50)	Cost adjusted on account of inflation
B.4	Refurbishment of RESA 09 & 27	2026	2026	4.27	3.88	(0.39)	Cost adjusted on account of inflation
B.5	Improvement of CBR value of basic strip	2026	2026	13.33	0.00	(13.33)	Allowed on incurrence basis.
	Total			251.71	216.02	(35.69)	
C	Construction of Boundary Wall						



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
C.1	Airport Boundary Wall (New Construction)	2026	2026	4.94	2.94	(2.00)	Cost adjusted on account of the rates prescribed under CPWD PAR 21, adjustment of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	Airside Perimeter & Service Road including streetlights	2026	2026	5.26	4.84	(0.42)	Cost adjusted on account of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	Perimeter Intrusion Detection System (PIDS)	2026	2026	36.33	16.58	(19.75)	Cost adjusted on account of the rates considered at other Airports, adjustment on account of inflation.
	Total			46.53	24.37	(22.16)	
D	Access Road						
	Fire access road on south of Runway & perimeter road repair	2026	2026	20.16	17.76	(2.40)	Cost adjusted on account of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	Total – Access Roads			20.16	17.76	(2.40)	
E	Cargo Complex						
	E.1 Interim Cargo Facility	2023, 2024	2023, 2024	9.26	7.87	(1.39)	Cost adjusted on account of the rates considered at other Airports and inflation.
	E.2 Integrated Cargo Terminal	2024	2024	85.81	73.58	(12.23)	Cost adjusted on account of the rates considered at other



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
							Airports, CPWD PAR 21 rates and inflation.
	Total – Cargo Complex			95.07	81.45	(13.62)	
	Fuel Farm Infrastructure						
F.1	Fuel Farm facility	2026	2026	127.41	111.54	(15.87)	Cost adjusted on account of CPWD PAR 21 rates and Inflation.
F.2	Hydrant Line	2026	2026	102.72	0.00	(102.72)	Allowed on incurrence basis.
F.3	Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	2024	2024	30.97	29.55	(1.42)	Based on the average per KL rate for Ahmedabad Airport and inflation adjustment
	Equipment (Dispenser and Bowsers)	2026	2026	19.59	18.57	(1.02)	
	Total – Fuel			280.69	159.66	(121.03)	
	Vehicles						
G.1	Ambulance (4 Nos) for ARFF & Recovery Vehicle	2025	2025	1.37	1.29	(0.08)	Considered as per operational requirement subject to inflationary adjustment.
G.2	CFTs(4Nos.) for ARFF	2025,2026,2027	2025,2026,2027	71.96	39.25	(32.71)	Adjusted cost on account of cost adopted at Lucknow Airport and adjustment on account of inflation.
G.3	Conversion of vehicles to EVs	2023,2025,2026,2027	2023,2025,2026,2027	7.06	6.78	(0.28)	Considered as per operational requirement subject to inflationary adjustment.
G.4	Modified Vehicle for BDDS equipment	2024-2027	2024-2027	0.33	0.31	(0.02)	Considered as per operational requirement subject to inflationary adjustment.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2025	2025	0.33	0.31	(0.02)	Considered as per operational requirement subject to inflationary adjustment.
Total – Vehicles				81.05	47.93	(33.12)	
Plant and Machinery							
H.1	Oil Water Separators (OWS)	2026	2026	13.60	12.88	(0.72)	Considered as per operational requirement subject to inflationary adjustment.
H.2	Triturator	2025	2025	3.17	3.01	(0.16)	
H.3	Hazardous Waste Storage	2026	2026	0.41	0.39	(0.02)	
H.4	Reticulation of utilities to new facilities	2027	2027	6.33	5.93	(0.39)	
H.5	HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2023	2024	0.59	0.59	0.00	
H.6	Terminal 1 - Immigration counters, glass partition and water proofing	2023	2024	0.13	0.13	0.00	
H.7	Augmentation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport.	2023	2024	1.77	1.77	0.00	
H.8	SITC of CAT-IIIIB lights and associated works for Parallel taxiway phase II	2024	2024	8.58	8.28	(0.31)	
H.9	Construction of view cutter for Tango Apron area	2025	2025	4.93	4.65	(0.28)	
H.10	Modification in PAPI, Runway centerline circuits, separate guard light	2024	2024	2.70	2.60	(0.10)	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
	circuits and provision of interleaving AGL circuits.						
H.11	Gas suppression system -NAV-AIDs site	2024	2024	0.83	0.80	(0.03)	
H.12	Special repair/modernisation of THYSSANKRUPP make lifts in ATC Tower.	2023	2024	0.09	0.09	0.00	
H.13	Modernisation of existing hydro pneumatic system & water storage/distribution in airport from T2 to operation area and T1	2023	2024	0.30	0.30	0.00	
H.14	33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2023, 2024	2023, 2024	6.67	6.62	(0.05)	Considered as per operational requirement subject to inflationary adjustment.
H.15	Power factor improvement at 33 KV Substation	2024	2024	0.62	0.59	(0.03)	
H.16	Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	2024	0.31	0.30	(0.01)	
H.17	Enhancing solar plant capacity by 500 KW	2024	2024	3.10	2.96	(0.14)	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
H.18	Replacement of all type of AGL halogen lights with LED lights	2025, 2026, 2027	2025, 2026, 2027	24.81	23.08	(1.72)	
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2025	2025	1.25	1.24	(0.00)	
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2023	2024	0.01	0.01	0.00	
H.21	Organic waste converter (OWC)	2025	2025	0.20	0.18	(0.01)	
H.22	Night Vision Device(NVD)	2027	2027	3.71	3.48	(0.22)	
H.23	BP Jackets	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.17	1.13	(0.05)	
H.24	BP Helmet	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.49	0.47	(0.03)	
H.25	Bullet Proof Shield	2024-2025	2024-2025	0.71	0.67	(0.04)	Considered as per operational requirement subject to inflationary adjustment.
H.26	Bullet Proof Morcha	2024, 2025, 2026	2024, 2025, 2026	1.41	1.33	(0.08)	
H.27	Binocular Device	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.22	0.21	(0.01)	
H.28	Hands Free Communication RT	2025	2025	0.01	0.01	(0.00)	
H.29	Convex Mirror (Blind Curve)	2025, 2027	2025, 2027	0.03	0.03	(0.00)	
H.30	Printer with photocopy	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.11	0.11	(0.00)	
H.31	Body Scanner	2025, 2026, 2027	2025, 2026, 2027	12.89	12.07	(0.82)	
H.32	BDDS Equipment's (Set)	2024, 2025,	2024, 2025,	2.64	2.47	(0.17)	Considered as per operational requirement subject to inflationary adjustment.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
		2026, 2027	2026, 2027				
H.33	CISF Mess Equipment	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.46	0.43	(0.02)	
H.34	CISF Barrack Lodging Material	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.82	0.76	(0.05)	
H.35	CISF - Gym equipment	2024, 2025	2024, 2025	0.16	0.15	(0.01)	
H.36	Ghunti/ security cabin	2027	2027	0.07	0.07	(0.01)	
H.37	CTSR (Containerised Tubular Shooting Range)	2025	2025	2.60	2.45	(0.15)	
H.38	Miscellaneous	2023, 2024, 2025, 2026, 2027	2023, 2024, 2025, 2026, 2027	1.53	1.44	(0.09)	
H.39	Bollards	2024	2024	2.03	2.00	(0.02)	
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2025, 2026, 2027	2025, 2026, 2027	1.29	1.20	(0.08)	
H.41	Signage - New procurement for emergency route identification etc. - T1	2025, 2026, 2027	2025, 2026, 2027	0.23	0.21	(0.02)	
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2024, 2026	2024, 2026	0.08	0.07	(0.00)	Considered as per operational requirement subject to inflationary adjustment.
H.43	Cones, Barricades	2024, 2026	2024, 2026	0.05	0.05	(0.00)	
H.44	WHM Equipment	2024, 2026	2024, 2026	0.39	0.37	(0.02)	
H.45	Separate Storage of Fire Crackers for Bird scaring	2024	2024	0.07	0.07	(0.00)	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	2024	0.15	0.14	(0.01)	
H.47	ASMA for Safety use by Safety officers	2024	2024	0.02	0.02	(0.00)	
H.48	FOD MAT for collection FODs	2024, 2026	2024, 2026	0.57	0.54	(0.03)	
H.49	Gym Equipment / Table Tennis	2025	2025	0.07	0.06	(0.00)	
H.50	Green walls at terminal-1/2 (1000 sq.)	2023, 2024, 2025, 2026, 2027		1.10	0.52	(0.58)	Considered 50% of the proposed cost and inflationary adjustment owing to limited space available in existing terminal facility.
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)			4.81	2.27	(2.54)	
H.52	Polyhouse 500Sqm.			0.64	0.30	(0.34)	
H.53	Planters and pots for terminal 1 & 2			1.55	0.73	(0.82)	
H.54	Purchase indoor and outdoor Plants T1/2			2.51	1.19	(1.32)	
H.55	Irrigation Development	2024	2024	0.37	0.18	(0.19)	
Total – Plant and Machinery				125.36	113.63	(11.72)	
Other Buildings							
I.1	Bomb Cooling Pit (New Construction)	2025	2025	0.85	0.81	(0.04)	Considered as per operational requirement subject to inflationary adjustment.
I.2	CCR Room East & West	2026	2026	8.21	7.40	(0.82)	
I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	2025	4.50	4.26	(0.24)	
I.4	New Airside Gates - 1	2026	2026	0.62	0.59	(0.04)	
I.5	Relocation of MSSR	2026	2026	5.90	5.58	(0.32)	
I.6	Relocation of SMR	2025	2025	0.71	0.67	(0.04)	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
I.7	Construction of Administration Building	2026	2026	50.34	24.06	(26.28)	Out of total capex 50% has been considered. JIAL is required to optimise administrative building area requirement. Considered on account of operational requirement subject to inflationary adjustment.	
I.8	Police Station (New Construction)	2025	2025	3.99	3.79	(0.21)		
I.9	Solid Waste Facility	2026	2026	2.05	1.93	(0.12)		
I.10	Installation of EV charging stations	2023	2024	0.14	0.14	0.00		
I.11	solid waste management yard	2025	2025	0.46	0.43	(0.03)		
I.12	Unified Security Control Room for CISF	2026	2026	0.67	0.63	(0.04)		
I.13	Upgradation of RLCC Control Rooms infra	2026	2026	0.34	0.32	(0.02)		
I.14	Additional/ Relocation & Refurbishment of Watch towers	2026	2026	0.76	0.71	(0.05)		
I.15	Upgradation/ Refurbishment of Antihijack Control Room	2023	2024	0.58	0.58	0.00		
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2027	2027	1.63	1.53	(0.10)		
I.17	Setup of Apron Office, Fire Station Movement	2025	2025	0.39	0.37	(0.02)		
	Total – Other Buildings			82.15	53.79	(28.36)		
IT equipment								
J	J.1	Card Printer for Biometric AEP	2024, 2025	2024, 2025	0.18	0.17		(0.01)
	J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network)	2023, 2024, 2025	2023, 2024, 2025	5.29	5.17		(0.12)



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
	Switches and passive cabling)						
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.60	1.51	(0.09)	
J.4	CCTV workstation and display	2024, 2027	2024, 2027	0.06	0.06	(0.00)	
J.5	Access control system	2023, 2034, 2026	2023, 2034, 2026	0.58	0.55	(0.03)	
J.6	Biometric Access control system for CISF	2024, 2025, 2026	2024, 2025, 2026	0.13	0.12	(0.01)	
J.7	Desktop and monitors for CISF & AEP Section	2024, 2025, 2026	2024, 2025, 2026	0.42	0.40	(0.02)	
J.8	Guard Tour System	2025	2025	0.03	0.02	(0.00)	
J.9	Readers for Biometric AEP	2023, 2024, 2025	2023, 2024, 2025	0.51	0.48	(0.03)	
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2024, 2025, 2026	2024, 2025, 2026	1.29	1.21	(0.07)	
J.11	Mobile phone for CISF outer duty post	2024, 2025, 2027	2024, 2025, 2027	0.02	0.02	(0.00)	
J.12	Automation of AEP Section/ security process	2025, 2026, 2027	2025, 2026, 2027	0.41	0.38	(0.03)	
J.13	POC and New Tech evaluation	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.19	1.15	(0.04)	
J.14	NEW AOS-SITA	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.03	1.00	(0.03)	



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
J.15	AOS - INFRA @ MS Azure	2024, 2025, 2026,2027	2024, 2025, 2026,2027	3.62	3.43	(0.19)	Evaluated list of projects and shifted/rationalised capex where there are no significant development and the capex proposed in FY'26 or FY'27.	
J.16	INTEGRATION	2024, 2025, 2026,2027	2024, 2025, 2026,2027	0.89	0.85	(0.04)		
J.17	IT Infra & DC	2023	2023	4.07	3.84	(0.23)		
J.18	Cyber	2024, 2025, 2026,2027	2024, 2025, 2026,2027	1.48	1.44	(0.04)		
J.19	Strategic Projects – (refer Annexure 5)	2023, 2024, 2025, 2026,2027	2023, 2024, 2025, 2026,2027	126.84	72.04	(54.81)		
J.20	BU Growth & Sustainable	2023, 2024, 2025, 2026,2027	2023, 2024, 2025, 2026,2027	1.19	1.15	(0.04)		
J.21	Asset level Technology Refresh	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	14.87	13.92	(0.96)		
J.22	Software for ADP/AVP through HQ, Ahmedabad	2024	2024	0.27	0.26	(0.01)		Considered on account of operational requirement subject to inflationary adjustment.
J.23	GPS Satellite watches	2025	2025	0.03	0.02	(0.00)		
J.24	Software for Aerodrome Safeguarding & AIS	2025	2025	0.26	0.25	(0.01)		
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report (SOR) etc. for use by Apron Control	2025	2025	0.05	0.04	(0.00)		



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
J.26	Software for maintaining Safety Data and retrieval of reports	2025	2025	0.26	0.25	(0.01)	
	Total – IT equipment			166.56	109.74	(56.82)	
Furniture & fixtures							
K	K.1 Furniture & Fixtures (Chairs, Stool, Tables, etc)	2024	2024	1.45	1.37	(0.08)	Considered on account of operational requirement subject to inflationary adjustment.
	K.2 Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	2027	2027	1.53	1.43	(0.09)	
	K.3 Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	2025	2025	1.79	1.68	(0.11)	
	Total – Furniture & fixtures			4.77	4.48	(0.29)	
Security equipment							
L	Security equipment for Gates	2026	2026	0.56	0.53	(0.03)	Considered on account of operational requirement subject to inflationary adjustment.
	Total – Security equipment			0.56	0.53	(0.03)	
Runway Recarpeting and other related work							
M	Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes			80.97	0.00	(80.97)	Considered as part of operating expense
Total Project Cost of New Capital Expenditure Projects							
Total				4467.66	1088.80	(3378.86)	

*Considered as part of operating expense.

Note: The variation in the capex allowed by the Authority vis a vis submitted by JIAL was mainly on the account of deferment of Terminal III and associated capex, inflation adjustment, adoption of rates based on industry benchmarks, capacity optimization, capex prioritization and likelihood of the capex to be incurred within third control period.



7.3.8 Authority had further sought details from JIAL with respect to the actual capitalization for FY'23. JIAL had shared the details for capital expenditure capitalized as on Mar'23. Actual capitalization for FY'23 was ₹ 56.76 Crores. Out of which, ₹ 23.36 Crores worth of assets are related to the project which were submitted as part of MYTP, ₹ 19.06 Crores worth of capitalization of AAI CWIP and ₹ 14.34 Crores worth of asset capitalized other than the project envisaged in MYTP. Authority had adjusted the cost of the projects envisaged in the MYTP as well as AAI CWIP as per actual capitalization. Authority had reviewed capitalization worth of ₹ 14.34 Crores and observed that it consists of ₹ 3.95 Crores worth of IND-AS asset adjustment, since the tariff is determined based on IGAAP financial, Authority proposed to not consider this adjustment, The balance ₹ 10.39 Crores of capex has been considered for the purpose of RAB calculation. Further, Authority also noted in case of one of the capex head IT Infra and DC, the estimated base cost of the project was ₹ 3.84 Crores in MYTP, however, JIAL had actually incurred ₹ 4.13 Crores in FY'23. Authority proposed to consider the same, this resulted into increase in capex by ₹ 0.29 Crores. The actualization of FY'23 capex leads to increase in RAB by ₹ 10.68 Crores. It is further noted that these capex items will be subject to examination by the Authority at the time of tariff determination exercise for the next control period. In view of the above, Authority had adjusted the capital expenditure schedule proposed by JIAL.

7.3.9 Capital Work in Progress

- i. In terms of the clause 6.4.5 of the Concession Agreement, JIAL had to take over CWIP from AAI and reimburse the cost of such CWIP to AAI. Following is the relevant extract of the Concession Agreement:

"6.4.5 Notwithstanding anything to the contrary in this Clause 6.4, the Concessionaire shall be liable to pay to the Authority such amounts as may have been incurred by the Authority as on the COD in respect of the contracts relating to works-in-progress as have been set forth in Schedule T. Such amounts shall be intimated by the Authority with supporting documents and details within 30 (thirty) days of COD and shall be due and payable by the Concessionaire to the Authority within a period of 90 (ninety) days thereon.

The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works, and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress. The Concessionaire shall be responsible to incur any additional cost towards completion of such work-in-progress assets after COD.

Upon reimbursement by the Concessionaire to the Authority, of amounts as may have been incurred by the Authority as on the COD for such work-in-progress assets as provided for above, and completion of such works-in-progress by the Concessionaire, such works-in-progress assets shall form part of the Airport.

The amounts reimbursed by the Concessionaire to the Authority and additional amounts incurred by the Concessionaire for completion of such work-in-progress assets shall be considered as investments made by the Concessionaire in creation of such assets for the purpose of determination of Aeronautical Charges by the Regulator. In the event that any part of the amounts reimbursed by the Concessionaire to the Authority pursuant to this Clause 6.4.5 are not considered for pass-through by the Regulator due to any act or omission on the part of the Authority, the adjustment towards any differences in the amounts reimbursed by the Concessionaire to the Authority and the amounts considered for pass-through by the Regulator shall be undertaken as part of the Balancing Payment that becomes due and payable as per



Clause 31.4 immediately after the determination of the Aeronautical Charges by the Regulator.”

- ii. As per MYTP for third control period, JIAL received CWIP invoices from AAI totaling ₹ 15.56 Crores (excluding GST). Authority understood from the MYTP submission made by JIAL that these CWIP are subsequently completed and capitalized in the books of account of JIAL. JIAL had submitted following capitalization schedule of total CWIP of ₹ 23.48 Crores.

Table 107: CWIP capitalization details submitted by JIAL

(₹ Crores)

Particular	FY'22	FY'23	FY'24	Total
Runway, Taxiway & Apron	-	19.06	0.88	19.94
IT equipment	-	-	3.15	3.15
Plant & Machinery	0.20	-	-	0.20
Furniture & Fixtures	-	-	0.01	0.01
Office equipment	-	-	0.18	0.18
Total	0.20	19.06	4.22	23.48

- iii. Authority had considered ₹ 23.28 Crores (FY'23 & FY'24) for the capitalization schedule for the purpose of RAB calculation for third control period.
- iv. The Authority noted that JIAL had not paid any GST amount (on the value of RAB and CWIP invoices) to AAI. Further, in future, if AAI is required to bear the GST, then based on the indemnity bond provided by JIAL, the same will be recovered by AAI from JIAL. As the GST amount had not been paid, the Authority had not considered the same for determining RAB for the Third Control Period. However, the Authority will consider the statutory payments relating to GST amount on RAB and CWIP invoices, on actual incurrence basis, at the time of true up of the Third Control Period, while determining tariff of the next Control Period.
- 7.3.10 The Authority noted that JIAL would be eligible to claim GST Input Tax Credits on procurement of certain movable property. The Authority expected that JIAL would properly account for such credits in its submissions in accordance with Chapter V of The Central Goods And Services Tax Act, 2017 at the time of true up of the RAB for the Third Control Period. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the Fourth Control Period.

7.3.11 Soft Cost – Technical Consultancies, Contingencies, Pre-Operative cost, design cost, PMC, Preliminary expenses

- i. JIAL as part of proposed project cost for third control period has considered soft cost of ₹ 714.83 Crores. JIAL had considered 16% of capital expenditure as soft cost on account of technical consultancies, contingencies, preoperative Cost, design cost, PMC, preliminary expenses.
- ii. The Authority upon review of JIAL's explanation and relevant documents had the following views with respect to soft cost:
- The Authority noted that for other PPP airports such as HIAL, BIAL, DIAL etc. the above-mentioned costs had been considered in the past in the range of 8% - 11% of the project costs. The Authority was of the view that 16% claimed by JIAL is on the higher side, as compared to other PPP Airports and hence not justified.
 - Many of the capex allowed to JIAL were bought out items, wherein orders are placed on Supply, installation, Testing & Commissioning (SITC) basis, Hence, soft cost such as



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

- Project Management Consultancy (PMC), Design etc. need not be incurred on such items.
- c. New Capital Expenditure allowed to JIAL included works on air side. On air side works such as Apron, Taxiway, Runway overlay, Fuel farm etc. PMC charges are normally in the range of 1% to 3% maximum.
 - d. Soft cost claimed by the JIAL included, contingencies also, which do not come as a separate line item while capitalizing the assets and is not to be claimed without any contingent activity.
 - e. JIAL had considered 18% soft cost unilaterally over all capex items including bought out items. These included items such as procurement of vehicles, plant & machinery items, security equipment etc.

Accordingly, the Authority proposed to consider the aforementioned costs to the extent of 8% of the Aero CAPEX of the projects allowed by the Authority for the current Control Period. The Authority had thus derived the amount proposed to be allowed towards the aforementioned costs as ₹ 93.98 Crores against ₹ 714.83 Crores proposed by JIAL.

7.3.12 The Authority proposed to reduce 1% of the uncapitalised project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalisation schedule. It was further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of JIAL or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The re-adjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by JIAL and for ensuring timely commissioning of projects and delivery of services to the users.

7.3.13 **Financing Allowance/Interest During Construction**

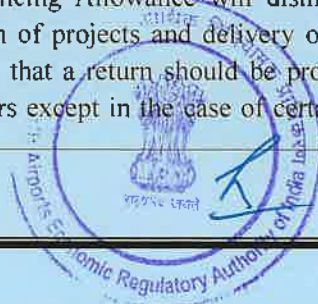
As part of the MYTP, JIAL had considered 65% debt funding for the proposed capex and balance 35% from equity portion. JIAL had considered Interest During Construction at the rate of 12% over debt portion and financing allowance at the rate of 12% over equity portion. This had resulted into Financing Allowance (FA) of ₹ 285.47 Cr. and interest during construction of ₹ 530.1. This had been considered by JIAL while capitalization of proposed capex in third control period. The details of FA and IDC submitted by JIAL is given below:

Table 108: The FA and IDC submitted by JIAL

Particular	(₹ Crores)					Total
	FY'23	FY'24	FY'25	FY'26	FY'27	
Financing Allowance	0.14	21.55	71.07	94.26	98.46	285.47
IDC	0.28	40.00	131.97	175.05	182.85	530.16
Total	0.42	61.55	203.04	269.31	281.31	815.63

The Authority examined JIAL's claim as well as the justification provided for the same in detail and had summarized its view as shown below:

- i. The Authority considered that 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 as the investment in the asset class will then be equated to risk free rate of return.
- ii. Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, the Authority was 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.

- iii. Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. JIAL was adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.
- iv. Developments at greenfield airports inherently take longer durations to commission and operationalize. 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 in its any of the Tariff Orders. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.
- v. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional and JIAL keeps on enjoying the charges from the users. In the case of JIA, since new projects had included mobilization of existing operations, the said Airport was ought to be considered as a brownfield airport, which in the opinion of the Authority would not be eligible for an allowance on the equity portion of newly funded capital projects.
- vi. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt. Further, the Authority opined that only IDC should be provided on the debt borrowings availed for execution of a project.
- vii. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that "different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)".
- viii. In respect of IDC, the Authority was inclined to allow the same and accordingly, the Authority had considered IDC to be provided on the debt portion of the value of average CWIP derived on the basis of revised Capitalization schedule proposed by the Authority. Further, the Authority proposed to consider the notional gearing ratio (debt-equity ratio of 48:52) followed for other PPP airports and cost of debt @ 9% (refer para 8.2.5 onwards) for the Third Control Period for calculating the value of IDC. Based on the same, the Authority had derived an amount of ₹ 28.17 Crores and proposed to allow the same as against ₹ 815.63 Crores (as Financing Allowance and IDC) claimed by JIAL for the Third Control Period.
- ix. One of the key reasons of variation in IDC amount is that the Authority had considered capital addition of ₹ 1088.86 Crores against the capital addition proposed by JIAL of ₹ 4467.64 Crores (refer Table 106)
- x. The IDC proposed by the Authority towards the capital expenditure for the Third Control Period



at the Consultation Stage is given below.

Table 109: The IDC proposed by the Authority for the Third Control Period

Particular	FY'23	FY'24	FY'25	FY'26	FY'27	(₹ Crores)
						Total
IDC	-	6.61	13.53	5.38	0.19	25.72

7.3.14 Summary of the Capital expenditure considered by the Authority for third control period at Consultation Stage:

- a. With reference to above following is the summary of the capex proposed by Authority for the purpose of regulatory asset base for third control period in case of Jaipur Airport:

Table 110: Summary of the CAPEX considered by the Authority for Third Control Period at Consultation stage

S. No.	Project Name	Reference	Amount in ₹ Crore	
			JIAL	Authority
A	Basic cost (Including indexation) as tabled above	Para 7.3.7	4467.64	1088.80
B	Soft Cost*	Para 7.3.11	714.83	85.25
C	Interest During Construction	Para 7.3.13	530.16	25.72
D	Financing Allowance	Para 7.3.13	285.47	-
	Total – New Capex		5998.15	1199.77
E	FY'23 as per actual capex incurred	Para 7.3.8	-	10.68
F	CWIP projects		-	23.28
	Grand Total			1233.73

*the soft cost is not provided over the capex incurred in FY'23

7.3.15 Allocation of capital expenditure

- a. JIAL had submitted following with respect to RAB allocation methodology for third control period:

9.1 As per AERA Order No 14/2016-17 and as mandated under the Concession Agreement, the Hybrid-Till with 30% cross subsidization of non-Aeronautical revenues is the applicable methodology. The relevant extract from AERA order and Concession Agreement is as follows:

9.1.1 Extract from AERA order:

The authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory of India Act 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that: -

(i) The Authority will in future determine the tariffs of major airports under "Hybrid Till" where in 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.

(ii) In case of Delhi and Mumbai airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective airport operators at Delhi and Mumbai.

9.1.2 Extract from Concession Agreement:

28.3.2 The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination



and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval.

28.3.3 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, terms of this Agreement including the terms set out in Schedule R (Memorandum of Understanding) and the Applicable Laws.

9.1.3 Extract from Schedule R of the Concession Agreement:

2.2 Principles for Determination and Revision of Fees

2.2.1 The GOI has, through the National Civil Aviation Policy dated June 15, 2016 approved the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all Airports in India ("Shared-Till Approval"), and the same shall be accordingly considered by AERA, for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement.

2.2.2 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, the terms of the Concession Agreement and the Applicable Laws.

9.2 As per Clause 5.2 of the AERA Guidelines:

5.2.1. Scope of the RAB

(a) In normal course, all airport fixed assets will come under the scope of the RAB. However, the Authority may, based on due consideration of relevant factors, include or exclude certain fixed assets from the scope of RAB.

(b) The relevant RAB assets shall be all the fixed assets proposed by the Airport Operator(s), after providing for such exclusions therefrom or such inclusions therein, as may be determined by the Authority in respect of specific assets based on following principles:-

(i) The assets that substantially provide amenities / facilities/ services that are not related to, or not normally provided at an airport, may be excluded from the scope of RAB;

(ii) The assets that in the opinion of the Authority do not derive any material commercial advantage from the airport (for example from being located close to the airport) may be excluded from the scope of RAB;

(iii) Responses by stakeholders in relation to their inclusion or exclusion during consultations.

(iv) Specification of, to the Authority's satisfaction, sufficient accounting separation to ensure that the costs and revenues associated with the assets shall be clearly identified for the preparation and audit of regulated airport accounts;

(v) Specification of, to the Authority's satisfaction wherever appropriate (where the Authority considers there may be substantial financial risks associated with any asset), sufficient legal separation to protect the Airport Operators, and thus airport Users, in the event of any substantial financial risks materialising. The Authority shall require the Airport Operator(s) to insulate the Users by suitably ring fencing the assets excluded from the scope of RAB. The principles governing the ring fencing are mentioned in the paragraph 7.5 of Order Number 13/2010-11 of the Authority issued on 12-Jan-2011.

(vi) Notwithstanding the principles mentioned under points (i) to (v) above, assets with fixed locations inside terminal buildings shall be considered within the scope of RAB.

(c) Any exclusion/ inclusion shall only be considered if it is proposed to be executed in the Control Period for which the Multi Year Tariff Proposal is submitted.

(d) The Authority may also, in its discretion, consider any other relevant factors for exclusion or inclusion of assets.



(e) The assets related to any service(s) provided by the Airport Operator that are subject to separate control and regulated as per Clause 5.7, shall be excluded from the scope of RAB.

9.2.1 It is observed that as per AERA Guidelines, 5.2.1 (b) (vi) all the assets which are part of the terminal building shall be considered as part of RAB. Therefore, terminal building as a whole should be considered as RAB /Aeronautical asset and not required to be allocated into Aero and Non-Aero.

- b. Authority examined JIAL submission and had following observations:
- i. As per tariff guidelines 2011 for Airport Operators the tariff for an Airport needs to be calculated as per single till methodology. According to which all building block of ARR considered 100% as aeronautical.
 - ii. Authority in order to adopt uniform tariff policy across all major airports had amended its tariff guideline to the extent of adoption of Hybrid Till instead of Single Till prescribed in the guidelines vide order 14/2016-17. The Hybrid Till in principle considers only aeronautical portion of OPEX and CAPEX as pass through in tariff with 30% cross subsidy from Gross Non-Aero Revenue.
 - iii. The revenue, cost and asset are interlinked and should be aligned in accordance with the till methodology adopted for tariff determination. Thus, as part of asset allocation exercise, we would require identification and allocation of Assets and OPEX into Aero and Non-Aero
 - iv. Authority had adopted following basis for allocation of RAB addition during third control period:

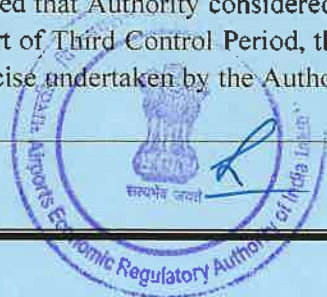
Terminal Building Ratio - It was observed that JIAL had classified the entire area of the terminal building as aeronautical. Upon enquiry, JIAL stated that this was done in accordance with the AERA Act.

Terminal Building Area is planned in an airport considering the facilities to be provided for Aeronautical activities and provision of space for certain Non-Aeronautical activities such as Food & Beverage, Duty Free etc. Also, in case of PPP airports, the focus on Non-Aeronautical activities is expected to be more as these would generate revenues and a part of the same would also cross subsidize the Aeronautical charges. The Non-Aeronautical activities are over 10% of terminal building area at other similar size PPP airports. Prescriptions of IMG norms also provide for non-aeronautical area to be between 8% and 12%, with the range being higher for larger airports. Considering the above, the Authority proposed to consider the ratio of 90:10 towards Aeronautical and Non-Aeronautical in line with its decision in Order No. 03 /2017-18 dated 2nd June 2017 for JIAL for the Third Control Period.

Employee Ratio- JIAL had submitted expected deployment of employees during third control period. Basis on employment schedule and rationalization, the employee ratio had been calculated at operating expense chapter, please refer Table 149 of O&M chapter of this Tariff Order for detailed calculation. The effective employee ratio for third control period comes to 96.82%.

Gross Block Asset Ratio – As per the asset allocation study the gross block asset ratio was 97.88% as on 31st Mar’2022, same had been considered for third control period for the purpose of asset allocation.

- v. It is to be further noted that Authority considered above ratios to allocate assets planned to be procured as part of Third Control Period, the allocation ratio will be revised as per asset allocation exercise undertaken by the Authority in the next control period.



Following is the asset wise allocation for asset addition proposed in Third Control Period:

Table 111: The asset wise allocation for asset addition proposed in Third Control Period

Particular	Allocation Basis	Aeronautical portion
Terminal Building	Terminal Ratio	90.00 %
Runway, Taxiway and Apron	Aeronautical	100.00 %
Cargo building	Aeronautical	100.00 %
Cargo Equipment	Aeronautical	100.00 %
Boundary wall	Aeronautical	100.00 %
Software	Employee Ratio	97.23 %
IT equipment	Employee Ratio	97.23 %
Security equipment	Aeronautical	100.00 %
Plant and Machinery	Gross Block Asset	97.88 %
Other Buildings	Gross Block Asset	97.88 %
Access Road	Aeronautical	100.00 %
Terminal Building	Terminal Ratio	90.00 %
Fuel	Aeronautical	100.00 %
Furniture & fixtures	Gross Block Asset	97.88 %
Vehicles	Aeronautical	100.00 %
Office equipment	Employee Ratio	97.23%

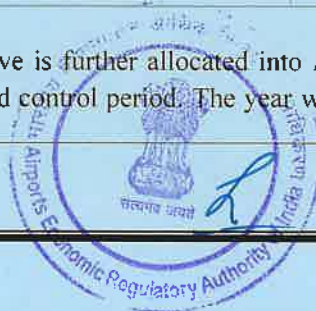
7.4 Capital addition for third control period

- Total capital addition as per Authority for third control period was ₹ 1233.73 Crore (₹ 1199.83 plus FY'23 and CWIP impact of ₹ 33.90 Crores)
- The Authority considered following capitalization schedule for the purpose of third control period at consultation stage:

Table 112: Capitalization schedule proposed by the Authority for the Third Control Period at Consultation stage

Particular	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Terminal Building	11.42	0.77	272.10	0.00	0.00	284.29
Runway, Taxiway and Apron	19.06	0.88	184.64	57.28	0.00	261.86
Cargo Facility	0.43	8.14	0.00	83.38	0.00	91.96
Boundary wall	0.00	0.00	0.00	26.32	0.00	26.32
IT equipment	8.67	23.22	29.08	28.82	31.50	121.29
Security equipment	0.00	0.00	0.00	0.57	0.00	0.57
Plant and Machinery	11.60	34.19	33.24	29.42	25.64	134.08
Other Buildings	0.00	1.03	12.54	45.41	0.29	59.27
Access Road	0.00	0.00	6.24	12.95	0.00	19.18
Fuel	0.00	32.17	0.00	146.08	0.00	178.25
Furniture & fixtures	0.00	0.56	2.05	1.24	1.00	4.85
Vehicles	1.63	0.00	14.63	13.95	21.42	51.63
Office equipment	-	0.18	-	-	-	0.18
Total	52.81	101.14	554.52	445.42	79.84	1233.73

- Capital addition proposed above is further allocated into Aeronautical asset for the purpose of Regulatory Asset Base for third control period. The year wise details for Regulatory Asset Base



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

proposed at consultation stage are as follows:

Table 113: Year wise details for Regulatory Asset Base proposed by the Authority for Third Control Period at Consultation stage

(₹ Crores)

S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
	Passenger Terminal and Associated works								
A.1	New Integrated Terminal III (NITB)	-	-	-	-	-	-	-	-
A.2	Elevated Departure and Arrival Road for new T-III	-	-	-	-	-	-	-	-
A.3	New electrical substation for proposed new infrastructure	-	-	-	-	-	-	-	-
A.4	STP for proposed new T-III	-	-	-	-	-	-	-	-
A.5	Extension of North-West Apron for NITB	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-
A.6	Existing Terminal I upgradation and associated works	2.57	90.00%	1.71	0.61	-	-	-	2.31
A.7	Operational capex for commencement of Terminal-I	3.44	90.00%	3.04	0.06	-	-	-	3.10
A.8	Terminal -II upgradation and associated works	278.28	90.00%	5.52	-	244.93	-	-	250.45
	Sub-Total (A)	284.29		10.27	0.66	244.93	-	-	255.86
	Runways, Taxiway & Aprons								
B.1	Airside Drainage Works	50.69	100.00%	-	-	-	50.69	-	50.69
	Apron and Taxiway related works								
	Construction of Apron near Cargo Terminal	5.77	100.00%	-	-	5.77	-	-	5.77
	Construction of associated Taxiways for North-West Apron	99.24	100.00%	-	-	99.24	-	-	99.24
B.2	Construction of Code E Taxiway for Terminal I Apron	14.05	100.00%	-	-	14.05	-	-	14.05
	Construction of New Link Taxiways	12.58	100.00%	-	-	12.58	-	-	12.58
	Construction of New Rapid Exit Taxiway	16.66	100.00%	-	-	16.66	-	-	16.66
	Construction of TI Apron	31.93	100.00%	-	-	31.93	-	-	31.93



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
B.3	GSE Staging - (Rigid Pavement)	5.38	100.00%	-	-	-	5.38	-	5.38
B.4	Refurbishment of RESA 09 & 27	4.27	100.00%	-	-	4.27	-	-	4.27
B.5	Improvement of CBR value of basic strip	-		-	-	-	-	-	-
	Sub-Total (B)	240.59		-	-	184.51	56.08	-	240.59
	Construction of Boundary Wall								
C.1	Airport Boundary Wall (New Construction)	3.25	100.00%	-	-	-	3.25	-	3.25
C.2	Airside Perimeter & Service Road including streetlights	5.44	100.00%	-	-	-	5.44	-	5.44
C.3	Perimeter Intrusion Detection System (PIDS)	18.32	100.00%	-	-	-	18.32	-	18.32
	Sub-Total (C)	27.01		-	-	-	27.01	-	27.01
	Access Road								
D	Fire access road on south of Runway & perimeter road repair	19.18	100.00%	-	-	6.24	12.95	-	19.18
	Sub-Total (D)	19.18		-	-	6.24	12.95	-	19.18
	Cargo Complex								
E.1	Interim Cargo Facility	8.57	100.00%	0.43	8.14	-	-	-	8.57
E.2	Integrated Cargo Terminal	83.38	100.00%	-	-	-	83.38	-	83.38
	Sub-Total (E)	91.96		0.43	8.14	-	83.38	-	91.96
	Fuel Farm Infrastructure								
F.1	Fuel Farm facility	125.23	100.00%	-	-	-	125.23	-	125.23
F.2	Hydrant Line	-		-	-	-	-	-	-
F.3	Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	32.17	100.00%	-	32.17	-	-	-	32.17
	Equipment (Dispenser and Bowsers)	20.85	100.00%	-	-	-	20.85	-	20.85
	Sub-Total (F)			-	32.17	-	146.08	-	178.25
	Vehicles								
G.1	Ambulance (4 Nos) for ARFF & Recovery Vehicle	1.39	100.00%	-	-	1.39	-	-	1.39
G.2	CFTs(4Nos.) for ARFF	42.39	100.00%	-	-	9.33	12.11	20.95	42.39
G.3	Conversion of vehicles to EVs	7.19	100.00%	1.63	-	3.25	1.84	0.48	7.19
G.4	Modified Vehicle for BDDS equipment	0.33	100.00%	-	-	0.33	-	-	0.33



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	0.33	100.00%	-	-	0.33	-	-	0.33
	Sub-Total (G)	51.63		1.63	-	14.63	13.95	21.42	51.63
H	Plant and Machinery								
	Plant and Machinery - H1-H55	134.04	97.88%	11.35	33.47	32.53	28.75	25.09	131.20
	Sub-Total (H)	134.04	97.88%	11.35	33.47	32.53	28.75	25.09	131.20
I	Other Buildings								
	Other Buildings - I-1 - I-17	59.94	97.88%	-	1.00	12.40	44.98	0.28	58.67
	Other Buildings	59.94	97.88%	-	1.00	12.40	44.98	0.28	58.67
J	IT equipment								
	IT equipment - J.1-J.26	118.14	97.23%	8.43	19.56	28.23	28.02	30.63	114.87
	IT equipment	118.14	97.23%	8.43	19.56	28.23	28.02	30.63	114.87
K	Furniture & fixtures								
	K.1 Furniture & Fixtures (Chairs, Stool, Tables, etc)	1.48	97.88%	-	0.44	0.32	0.34	0.35	1.45
	K.2 Furniture Expenses-Terminal (Passengers) - T1	1.55	97.88%	-	-	1.10	0.20	0.21	1.51
	K.3 Furniture Expenses-Terminal (Passengers) - T2	1.81	97.88%	-	0.10	0.58	0.67	0.42	1.78
	Total – Furniture & fixtures	4.84	97.88%	-	0.54	2.01	1.21	0.98	4.74
L	Security equipment								
	Security equipment for Gates	0.58	100%	-	-	-	0.58	-	0.58
	Total – Security equipment	0.58	100%	-	-	-	0.58	-	0.58
M	AAI CWIP transferred to JIAL								
	Runway, Taxiway and Apron	19.06	100.00%	19.06					19.06
	IT equipment	0.88	97.23%		0.86				0.86
	Plant and Machinery	3.15	97.88%		3.08				3.08
	Furniture & fixtures	0.01	97.88%		0.01				0.01
	Office equipment	0.18	97.23%		0.18				0.18
Total-AAI CWIP			19.06	4.12	-	-	-	23.18	
Total			51.18	99.66	525.49	443.01	78.40	1197.73	

7.5 Depreciation for the Third Control Period

JIAL's submission



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

7.5.1 JIAL followed the policy of determining the rates of depreciation based on the 'useful life' of different asset classes. While submitting the Multi-Year Tariff Proposal for the Third Control Period for JIA, JIAL had taken cognizance of the rates of depreciation approved by the Authority in its order vide Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35 / 2017-18 on 'Determination of Useful Life on Airport Assets'. However, JIAL had considered different rates for certain asset classes based on the recommendations of the "Technical Study report of useful life of assets" submitted by an Independent Expert (Kanti Karamsey & Co., Govt. Registered Valuers) engaged by JIAL in May 2021 and the same are as per the table given below -:

Table 114: Depreciation rates determined by JIAL for the Third Control Period

Asset Class	Depreciation as per JIAL's submission
Terminal Building	4.00%
Runway, Taxiway and Apron	5.00%
Cargo Building	4.00%
Cargo Equipment	13.33%
Boundary wall	20.00%
Computer Servers, networks, etc.	33.33%
Computer End-user devices	33.33%
Security equipment	13.33%
Plant and Machinery	13.33%
Other buildings	3.33%
Access road	10.00%
Fuel farm facility assets	13.33%
Furniture & fixtures	14.29%
Vehicles	20.00%
Office Equipment	20.00%

7.5.2 Depreciation had been computed separately on opening block of assets and on the proposed additions.

7.5.3 For the additions to RAB, JIAL had calculated the depreciation during year of capitalization on 50% of the asset value (assuming that the asset is capitalized in the middle of the financial year).

7.5.4 The depreciation amount submitted by JIAL for the Third Control Period has been presented in the table below.

Table 115: Depreciation submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Terminal Building	8.16	8.32	15.16	21.95	91.51	145.10
Runway, Taxiway and Apron	15.48	16.02	21.85	30.82	33.91	118.08
Cargo building	0.00	0.23	2.61	4.76	4.76	12.37
Cargo Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Boundary wall	0.01	0.01	0.00	5.77	11.54	17.33
Software	0.05	0.05	0.04	0.00	0.00	0.14
IT equipment	1.12	10.69	22.97	39.29	56.79	130.87
Security equipment	0.00	0.00	0.00	0.05	0.09	0.14
Plant and Machinery	25.12	25.57	23.76	26.47	38.81	139.73
Other Buildings	0.11	0.13	0.38	2.10	3.73	6.45
Access Road	0.00	0.00	0.38	1.55	24.28	26.20



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Terminal Building	0.00	0.00	0.00	0.00	0.00	0.00
Land	0.00	0.00	0.00	0.00	0.00	0.00
Fuel	0.00	2.45	4.89	26.32	47.74	81.40
Furniture & fixtures	0.34	0.40	0.59	0.85	1.04	3.21
Vehicles	0.41	0.54	2.91	7.86	14.62	26.35
Office equipment	0.32	0.35	0.35	0.34	0.27	1.62
Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	51.13	64.76	95.90	168.12	329.09	709.00

Authority's examination regarding Depreciation for the Third Control Period

7.5.5 The Authority duly examined the recommendations of the Technical Study Report on 'useful life of assets' submitted by JIAL and observed that the expert appointed by JIAL has prescribed the useful lives of assets component wise after technical assessment.

7.5.6 The Authority noted the methodology adopted by the Valuer to evaluate the useful lives of assets is as follows:

- "Physical inspection of some of the assets
- Detailed discussions with the Projects, Finance & Engineering and Maintenance team of MIA and the General Manager (Engineering – Civil) of Airports Authority of India pertaining to usage of the assets.
- Guidance for determination of Useful Life given in Depreciation under Companies Act, 2013 Schedule 2, Airports Economic Regulatory Authority of India ("AERA"), Marshall & Swift Valuation Service (MVS) and American Society of Appraisers (ASA)
- Our understanding and experience as qualified engineers "

7.5.7 The Authority observed the recommendations given in the study report for adopting shorter useful life and noted the following:

- The Independent Expert appointed by JIAL has considered the various components of the Terminal Building such as False Ceiling, Sanitation works, Glass façade, Flooring works etc. for assessing the useful life of the Terminal Building. The Expert has calculated the contribution of each of the components to the overall structure of the Terminal Building along with the estimated useful life of such components wherein shorter useful lives have been adopted for False Ceiling, Sanitation works, Glass façade and Flooring works due to frequent renovation works in the building, weather conditions, wear and tear, etc., and arrived at the weighted average useful life of the entire structure of Terminal Building as approximately 25 years Further, the Authority notes that JIAL has adopted the same shorter useful life of 25 years for the projected capital expenditure on construction of new Cargo Terminal Building.
- Similarly, the Independent Expert has recommended shorter useful life for Runways, Taxiways and Apron based on the useful life followed by various international regulators and associations.
- Further, in respect of Plant and machinery items, as per the technical report, these items are broadly used at Jaipur International Airport for 24 hours per day as the Airport is working all three shifts and hence, as prescribed under the Companies Act 2013, Schedule II for assets used during the year for double shift or triple shift, the Expert has recommended to adopt useful life of 7.5 years instead of 15 years. The Authority also notes that JIAL has adopted the same shorter useful life of 7.5 years for Cargo and Security Equipment.
- JIAL had adopted shorter useful life of 3 years for Flight Information Display System (FIDS) and



AOCC Equipment (included under the category of 'Information and Technology equipment') in its MYTP submission.

7.5.8 Apart from the above, the Authority noted that in respect of Fuel Farm facility, JIAL had adopted 'weighted average' useful life of 7.5 years. Since the major portion of the assets are in the nature of Plant and Machinery, JIAL had estimated the useful life of the Fuel facility as 7.5 years and adopted higher depreciation of 13.33% for the entire capital expenditure projected for this facility.

7.5.9 The Authority on perusal of all the above, summarized its view as under:

Asset class - Building: The Expert recommended shorter life for False Ceiling, Sanitation works, Glass façade and Flooring works which appear to be integral part of the Airport Terminal Building. Authority's Order No.35 does not provide for reducing the life of assets under Asset class -Buildings. The Authority observed that various components mentioned above are also an integral part of the Terminal Building and should be added to the Terminal Building cost by applying the same rate of depreciation as that of buildings. While the technical report provided by JIAL determined the shorter life to be adopted, it had not provided sufficient rationale for adopting such shorter useful life. Since these assets are all part of the building, the Authority was of the view that the same rate applicable to building should be applied to these assets and no reduction in life of these assets are called for. Further, the Authority noted that adequate maintenance expenditure is allowed to enable JIAL to maintain the assets in good working condition during its entire life. The Authority issued Order No.35 as part of its normative approach to various Building Blocks in Economic regulation of Major Airports where it had stated that, "The Authority has been of the considered view, that it would be preferable to have as far as practicable, a broad year to year consistency in what Depreciation is charged by the companies as certified by the relevant statutory auditors and what the Authority would take into account in its process of tariff determination. Issue of a notification will ensure this objective." In view of all the above, the Authority was not inclined to deviate from ensuring this objective and therefore proposed not to consider the shorter useful life of 25 years claimed by JIAL for both the Terminal Building and newly projected Cargo terminal building.

Asset Class -Runways, Taxiways and Aprons: The Expert recommended adopting a shorter life of 20 years based on useful life followed by certain international associations and regulators, like, Federation Aviation Administration -US Department of Transportation, Civil Aviation Authority – UK, Australian Airports Association – Australia etc., which the Authority felt that it did not provide proper justification for adopting a shorter useful life. Therefore, the Authority found no reason to reduce the life of the Runway which enhances the burden of Airport users by increasing the tariff.

Fuel farm facility – The Authority examined the list of items forming part of Fuel facility including assets planned to be purchased and observed that there are assets belonging to different asset category, namely Buildings, Roads, Plant and Machinery, Vehicles etc., and based on the same, proposed not to consider the weighted average useful life of 7.5 years claimed by JIAL. Instead, the Authority proposed to adopt the specific depreciation rate prescribed as per Order No.35/ 2017-18 dtd. 12th Jan'2018 for such asset category in line with depreciation rates adopted for similar facility at other airports.

Other Asset Classes: AERA Order No. 35/2017-18 dtd. 12th Jan'2018 provides for specific determination of life through technical evaluation for specific assets other than those listed in the Order based on specific requirement of the Airport. The Authority found that none of the asset in these classes where a shorter life has been adopted as specific assets are based on specific requirement of the Airport. Therefore, the Authority found no merit in reducing the life of such asset for tariff purposes and decides to consider the useful life of assets in line with the order.

7.5.10 Based on all the above, the Authority proposed the following useful life for all the assets of Jaipur

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

International Airport during the Third Control Period:

Table 116: Useful Life proposed by the Authority for all the assets in the Third Control Period
(In Years)

Asset Class	Useful life submitted by JIAL	Useful life proposed by the Authority
Terminal Building	25	30
Runway, Taxiway and Apron	20	30
Cargo Building	25	30
Cargo Equipment	7.5	15
Boundary wall	5	5
Computer Servers, networks, etc. / Software	3	3
Computer End-user devices / IT equipment	3	3
Security equipment	7.5	15
Plant and Machinery	7.5	15
Other buildings	30	30
Access road	10	10
Furniture & fixtures	7	7
Vehicles	5	8
Office Equipment	5	5
Fuel farm facility assets		
(i) Plant and machinery items	7.5	15
(ii) Roads	7.5	10
(iii) Buildings	7.5	30
(iv) Furniture & fixtures	7.5	7
(v) Vehicles	7.5	8
(vi) Refuellers	7.5	15

7.5.11 Considering the above changes in depreciation rates, revision in the value of opening gross block of assets and proposed capital expenditure, the Authority proposed the following depreciation for the Third Control Period.

Table 117: Aeronautical depreciation proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Terminal Building	5.61	5.81	9.89	13.97	13.97	49.25
Runway, Taxiway and Apron	9.52	9.88	12.95	16.98	17.93	67.27
Cargo building	0.01	0.15	0.29	1.68	3.07	5.18
Boundary wall	0.01	0.01	0.00	2.63	5.26	7.92
Software	0.05	0.05	0.04	0.00	0.00	0.13
IT equipment	1.05	7.62	15.84	24.91	34.68	84.09
Security equipment	0.00	0.00	0.00	0.02	0.04	0.06
Plant and Machinery	8.62	10.51	12.68	14.49	16.28	62.59



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Particulars	FY	FY	FY	FY	FY	Total
	2022-23	2023-24	2024-25	2025-26	2026-27	
Other Buildings	0.13	0.15	0.37	1.31	2.06	4.01
Access Road	0.00	0.00	0.31	1.27	1.92	3.50
Fuel	0.00	0.80	1.61	5.26	8.91	16.59
Furniture & fixtures	0.31	0.35	0.53	0.76	0.91	2.85
Vehicles	0.21	0.30	1.20	2.97	5.14	9.82
Office equipment	0.30	0.32	0.33	0.32	0.25	1.52
Total	25.82	35.94	56.03	86.56	110.42	314.78

7.5.12 The depreciation claimed by JIAL in comparison with that proposed by the Authority for each financial year is shown in the table below:

Table 118: Depreciation claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Depreciation claimed by JIAL	51.13	64.76	95.90	168.12	329.09	709.00
Less: Adjustments made by the Authority on account of change in useful life and revision in asset addition.	(25.31)	(28.82)	(39.87)	(81.56)	(218.67)	(394.22)
Depreciation proposed by the Authority	25.82	35.94	56.03	86.56	110.42	314.78

The Authority proposed to consider depreciation for Jaipur International Airport for the Third Control Period as ₹ 314.78 Crores.

7.6 Regulatory Asset Base (RAB) for the Third Control Period

JIAL had submitted RAB for the Third Control Period as follows:

Table 119: RAB proposed by JIAL for Jaipur International Airport for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Opening RAB (1)	492.38	504.32	539.38	1,263.81	1,816.08	
Additions (2)	62.89	99.81	820.34	720.39	4,222.03	5,925.46
Disposal/Transfers (3)	-	-	-	-	-	-
Depreciation (4)	51.13	64.76	95.90	168.12	329.09	709.00
Closing RAB (5) = [(1) + (2) - (3) - (4)]	504.32	539.38	1,263.81	1,816.08	5,709.02	
Average RAB = [(1) + (5)]/2	498.35	521.85	901.60	1,539.95	3,762.55	

7.6.1 Opening RAB

The Authority noted that Opening RAB has been revised from ₹ 492.38 Crores (submitted by JIAL) to ₹ 495.53 Crores based on adjustments made to the RAB and mentioned as per the Table 52 of this Tariff Order. Following are the key consideration in revision of opening RAB:



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

- Adjustment on account of revision in asset classification as detailed in asset allocation study.
- JIAL had considered higher useful life of asset which had been aligned to the useful life recommended as per order no 35/2017-18 dated 12th Jan'2018. This is resulted into reduction in depreciation and increase in regulatory asset base.
- As part of asset transfer to JIAL, AAI had to pay ₹ 1.05 Crores towards payment of vacation of quarters from CPWD. Since, CPWD asset handed over to JIAL as part of transition process, same had been considered by the Authority as part of opening RAB.

7.6.2 Authority's examination of RAB for the Third Control Period

Authority in line with above consideration proposed following Regulatory Asset Base schedule for the Third Control Period:

Table 120: RAB proposed by the Authority for JIA for the Third Control Period at Consultation stage

Particulars	Ref.	FY					Total
		2022-23	2023-24	2024-25	2025-26	2026-27	
Opening RAB (1)	Table 52	495.53	520.89	584.61	1054.07	1410.51	
Capital Additions (2)	Table 113	51.18	99.66	525.49	443.01	78.40	1,197.74
Disposal/Transfers (3)		-	-	-	-	-	
Depreciation (4)	Table 118	25.82	35.94	56.03	86.56	110.42	314.78
Closing RAB (5) = [(1)+(2) – (3) – (4)]		520.89	584.61	1054.07	1410.51	1378.49	
Average RAB = [(1) + (5)]/2		508.21	552.75	819.34	1232.29	1394.50	

7.6.3 The Authority proposed to consider RAB for the Jaipur International Airport for the Third Control Period as detailed in Table 120.

7.7 Stakeholder's comments on Capex, Depreciation and RAB for the Third Control Period

7.7.1 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. 26/2023-24 with respect to Capex, Depreciation and RAB for the Third Control Period. The comments by Stakeholders are presented below.

JIAL's comment on Capital Expenditure (CAPEX), Depreciation and RAB for the Third Control Period:

7.7.2 The JIAL has commented on AERA's observation relating to optimal planning and execution of capex projects as per para 7.1.9 of this tariff order:

3.1.1 With respect to the Authority's comment on JIAL not demonstrating understanding of optimal planning and execution of capex projects, we would like to submit as below:

3.1.1.1 Reference from JAI SCP Order issued by the Authority.

Terminal building capacity was already saturated when SCP Tariff Order was issued. Terminal expansion by 145,000 sqm (incl. 20,000 sqm basement area) was proposed by AAI.



Relevant extract from SCP Tariff Order is appended below:

to the year of 2025-26. The terminal building is planned to be completed within the area of 1,25,000 Sq.m. (excluding the existing terminal building area of 18,000 Sq.m.). In addition to this, 20,000 Sq.m. of basement area has been planned for services.

Further, there was no comment from the Authority with respect to planning and execution of the then Airport Operator being sub-optimal. The Authority had even allowed the project on incurrence basis along with an additional comment that "In case the expenditure is incurred during the 2nd control period and AAI feels that this will lead to significant increase in tariff, it may propose revision of tariffs after capitalization of the Terminal Building".

Further, as per AAI, the expansion of terminal building as referred above, was supposed to be completed by FY 20-21 by which the passenger traffic was supposed to reach 5.93 Mn (as per traffic forecast approved by the Authority in the second control period).

To summarize, the terminal planning and related parameters considered by JIAL for JAI airport is compared with the parameters prior to COD and indicated below:

Terminal	Planning As per AAI (during SCP)	As per JIAL (as indicated in MYTP)
T1 Area	13,739 sqm	13,739 sqm
T2 Area	32,647 sqm	37,917 sqm
New Terminal	145,000 sqm (includes 20,000 sqm basement area for services) proposed for completion in FY 20-21 when projected traffic was expected as 5.93 Mn	150,000 sqm (includes 35,000 sqm basement area for services) proposed for completion in FY 26-27 when projected traffic is expected as 9.75 Mn

We would also like to submit that JIAL has carried out the best possible due diligence for utilizing the existing terminal and other infrastructure which is evident from the fact that

- Terminal 1, which was refurbished but not operational before COD, is planned for operationalization soon which will enable sweating of already available infrastructure to bridge the gap between requirement and available capacity.
- Further, Terminal 2, which is the only operational terminal (and which was supposed to be augmented with additional expansion of 145,000 sqm by AAI by FY 20-21), is being sweated by JIAL by adding 2 PBBs which will make better use of already available infrastructure without much changes till the time new terminal is constructed.
- Terminal 3 (or may be called as expansion of terminal building as was considered in SCP Order) along with existing terminal area was supposed to be ready in FY20-21 when the traffic was approved as 5.9 million. Whereas, JIAL has planned the almost the similar size expansion in FY26-27 when the traffic will be more than 9 million.
- It is also worth noting that in other airports like Lucknow and Guwahati, having similar traffic size, construction for new terminal capacity of similar size was already started by AAI prior to COD and are likely to be commissioned in FY23-24 and FY 24-25 respectively. Thus, the terminal infrastructure at JAI lags behind by almost 2 years.

3.1.1.2 Reference from JAI Concession Agreement

The Concession Agreement signed with AAI provided the list of capital expenditure to be undertaken by AO which included Construction of Integrated Terminal Building.



Relevant extract from Concession Agreement is appended below:

Indicative capital expenditure to be undertaken by the Concessionaire:

Sr. No.	Name of work	Cost of work (lakhs)	Likely date of start	Likely date of completion	Remarks
Civil					
1	Construction key at C/A Jaipur	1193	31.10.2019	31.12.2020	P&R estimate submitted to CHQ. State government/IDA is being pursued for clearance of 1 and issue Detailed Estimate under preparation. Location to be finalised by planning directorate.
2	Construction of loungers and VIP complex for State Government at Jaipur Airport.	4500.00	31.08.2019	31.02.2021	Planning Stage
3	Construction of Parallel Taxi Track (Phase III) from PTF-196-II to 27 Runway at Jaipur International Airport, Jaipur.	400.00	31.08.2020	31.10.2021	Planning Stage
4	Construction of frangible hut in Operational area at Jaipur Airport.	25.00	01.08.2019	31.12.2019	Planning Stage
5	Construction of MISSR Building at Jaipur Airport.	500.00	30.08.2019	30.06.2020	Planning Stage
6	Construction of Office for BCAS office at Jaipur Airport.	100.00	31.05.2019	31.01.2020	Planning Stage
7	Construction of Boundary wall, perimeter road, watch tower etc. at Jaipur Airport.	400.00	01.08.2019	31.03.2020	Planning Stage
8	Construction of administrative block at C/A Jaipur	1757.53	30.04.19	30.10.20	AA & ES received from CHQ. ES Estimate under preparation.
9	Construction of Integrated terminal building phase-II	1441.00	30.04.19	31.10.21	work is at concept stage.
10	Construction of residential quarters at Jaipur Airport.	2000	30.04.2019	31.03.21	AA & ES received from CHQ. ES Estimate under preparation.
Electrical Works					

Further, with respect to the Authority's comment about capex not linked with requirements mandated under Schedule B to the Concession Agreement (CA), we would like to submit that JIAL has gone through detailed process of master planning with consideration to various requirements mandated under CA including Schedule B. The same is detailed in following paragraphs.

The Concession Agreements (CA), signed with Airport Authority of India (AAI) for Jaipur Airport in 2021 is the base documents on which planning, and operations of the airport is carried out.

The CA and its schedules mandate the following obligations on the Concessionaire / Airport Operator (AO) which must be mandatorily undertaken while preparing the Master Plan and development of facilities at the Airports: -

a. Para 12.2.2 of CA, requires that the Master Plan for the Airport must be consistent with all the regulatory requirements, and it shall be made pursuant to full consultation with all major stakeholders, in accordance with the terms of the Applicable Laws and this Agreement.

b. Para 12.5.1 of CA, states that the Concessionaire shall undertake construction at the Airport in conformity with Schedule A, Schedule B, the Specifications and Standards set forth in Schedule C, and the Master Plan.

The Master Plan is to be prepared using the AAI perspective Master Plan as provided in the Para 4 of Annex II of Schedule A.

c. Para 23.1.1 of CA, the AO is required to achieve or exceed the performance indicators specified in Article 23 of the CA and service quality requirements specified in Schedule H ("Key Performance Indicators"). As per Schedule A, the Concessionaire shall plan its development activities and Construction Works for any Phase such that there is no breach of Key Performance Indicators, IATA Level of Service – C (optimal standards), Safety Requirements and any other statutory and regulatory requirements under the Applicable Laws, which are required to be followed for the operations of the Airport.

d. Para 4.1.3 (h) of the CA, Airport Operator is required to undertake Construction Works within first 7 years of Concession Period (**Phase I**), having due regard to the works (a) currently being implemented by the Authority and (b) proposed to be implemented by the Authority as on the date of signing the Agreement (and as set forth in Schedule U).

Annex II of Schedule A provides that the Concessionaire shall plan and develop Phase I of the Airport in the manner set out in the Agreement, as well as cater to annual passenger throughput capacity (domestic and international) and annual cargo handling capacity, along with ancillary facilities as per its demand projections.

"Phase I" means all the Construction Works proposed to be undertaken by the Concessionaire pursuant to Clause 4.1.3(h), as per the Master Plan, and shall, for the avoidance of doubt, include the works-in-progress handed over to the Concessionaire by the Authority pursuant to Clause 6.4.5;



Based on above AO has prepared the Master Plan and subsequently MYTP, adopting the following process:-

1. The traffic projections were prepared by an independent global expert (M/s Mott McDonalds) in 2021 which provides detailed analysis with different scenarios of traffic. The traffic projections are an outcome of various factors considered during forecast including Catchment Area Analysis, Airline Analysis, Historical Data Analysis, COVID 19 impact, Design Day Flight Schedule Development and it categorically includes likely impact due to competing airports.
2. Schedule U of the CA provides the list of projects which were planned by AAI before privatization in 2018 and some of those major projects were discussed/ approved by AERA in its tariff order for previous control period. These have been duly considered in Phase I.
3. The Key Performance Indicators, ICAO requirements, DGCA / BCAS observations, applicable laws etc. were analyzed and deliberated in detail.
4. After detailed analysis of obligations mandated under the CA, AO with the support of global experts (Ms AECOM) prepared the phase wise Master Plan. The Master Plan was discussed with all the stakeholders like AAI, DGCA, BCAS, state government, local state bodies etc. for taking their inputs and then submitted to AAI.
5. AO critically assessed the projects planned for Phase I (first 7 years of CA) and accordingly prioritized the projects to be undertaken during the 5 years third control period (from 1st April 2022 to 31st March 2027).
6. A fresh AUCC was conducted to appraise the users and stakeholders about the vision of the Airports, phase wise Master Plan and the upcoming facilities (including the projects which were already approved or discussed in AERA's previous control period orders).
7. AO prepared the MYTP and submitted it to AERA for consideration in April 2023.

As evident, AO has done a comprehensive exercise before submission of MYTP.

3.1.4 It is interesting to note that the capacity enhancement plan proposed by JIAL is more efficient than what AAI has proposed pre-privatization. All the stakeholders would have to appreciate that there are various obligations cast upon the airport operator as part of concession agreement which requires certain standard parameters to be considered during planning and designing. Our practices (especially for infrastructure planning) are also aligned with various standards including IATA ADRM. Further, recently, there are various initiatives taken up by statutory agencies like BCAS to enhance customer experience which necessitates higher passenger processing systems and infrastructure with a provision to cater to ever growing passenger demand. In various submissions, we, as the airport operator, had provided required justifications for various infrastructure requirements.

3.1.5 In view of the above, we request the Authority to kindly consider removing this comment while issuing the final order.

7.7.3 JIAL has commented following on AERA proposal relating to Inflation-adjusted normative cost of terminal and apron works as per para 7.3.4 of this tariff order.

3.2.1 This is to bring to your kind notice that in view of the increase in the GST rate from 12% to 18%, CPWD had issued O.M. No. 158/SE(TAS)/GST/2022/331-H dtd. 10.08.2022 (attached herewith as Annexure 1) wherein the multiplying factor of 1.0633 (i.e. 6.33%) is provided. Accordingly, the base value for terminal works would be Rs. 106,330 per sqm instead of Rs. 105,357 as calculated in CP.

3.2.2 Further, as indicated in CP, the inflation value for FY22 is considered as 7.14% (i.e. Average of 1.29% (FY21) and 12.97% (FY22) in view of extraordinarily high inflation of FY22. It is observed that AERA guidelines on Normative Costing do not provide for averaging of inflation.

3.2.3 Notwithstanding the AERA Guidelines, if the Authority has considered averaging of inflation for FY21 and FY22, from a consistency and fairness perspective, we request that for FY24 wherein the

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

inflation is extraordinarily low (i.e. Only 0.2% for FY24) similar averaged out inflation for FY24 to be considered. Hence, the inflation factor for FY24 would come to 4.81% (i.e. Average of 9.42% (FY23) and 0.2% (FY24).

3.2.4 In view of the aforementioned justifications, we request the Authority to consider the inflation-adjusted normative cost as below:

Year	Inflation (%)	Inflation adjusted normative rates (Rs.)	Inflation adjusted normative cost @18% GST*
Base Amount		100,000	106,333
FY22	7.14%	107,140	113,925
FY23	9.42%	117,233	124,657
FY24	4.81%	122,872	130,653
FY25	3.80%	127,541	135,618
FY26	3.80%	132,388	140,772
FY27	3.80%	137,418	146,121

Thus, Inflation-adjusted normative cost for FY23 is Rs. 1,24,657 per sqm. To this, an additional 5% towards allowance for extra cost over applicable rates for working in operational area as detailed in para B.2.v is proposed to be added making the total cost estimate to be Rs. 1,30,890, rounded to Rs. 1.31 lakhs per sqm. Accordingly, the cost of terminal 2 expansion works out to Rs. 69.04 crores (Rs. 1.31 lakhs per sqm * 5,270 sqm).

3.2.5 Similarly, the inflation-adjusted normative cost for apron works out as indicated in below table:

Year	WPI Index *	Inflation (%)	Inflation adjusted normative rates (Rs.)	Inflation adjusted normative cost @18% GST*
FY16	109.7		4,700	4,998
FY17	111.6		4,781	5,084
FY18	114.9		4,923	5,235
FY19	119.8		5,133	5,458
FY20	121.8		5,218	5,549
FY21	123.4		5,287	5,622
FY22		7.14%	5,664	6,023
FY23		9.42%	6,198	6,591
FY24		4.86%	6,499	6,911
FY25		3.80%	6,746	7,173
FY26		3.80%	7,003	7,446
FY27		3.80%	7,269	7,729

3.2.6 We hereby request the Authority to consider the inflation-adjusted normative costs for terminal and apron as explained above.

Notwithstanding the above, our additional points relating to Normative costing are as:

3.2.7 AERA has been using Rs 1,00,000 per sq mtr as a Normative Costing based on the study conducted which prescribed range from Rs.95,000 to 1,25,000 sq tr. It is also observed that AERA has never issued the study in the public domain for comments, by the stakeholders. The relevant extracts from some of the orders are as: -

Extract from Patna Order No. 13/2019-20 dated 24th Oct. 2019

- 7.2.2.2 The Authority examined the rationale behind the proposed capital expenditure, along with its status. Further, the Authority sought and observed a detailed break-up of the expected costs for this capital expenditure.
- 7.2.2.3 The Authority has adopted the 'normative approach' towards determination of cost of terminal building. The Authority has considered a normative cost of INR 100,000 per sq. meters. The Authority has given clarification regarding this normative cost in previous tariff orders pertaining to other airports such as Guwahati, Lucknow. The Authority undertook studies for a few major airports for determining the reasonableness of the capital expenditures for their respective terminal buildings. As per these studies, the cost worked out to be in the range of 0.95 to 1.25 lakhs per sq. meter. Accordingly the Authority decided to adopt INR 100,000 per sq. meter for terminal buildings of this design and specifications. This cost is subject to review during the determination of tariff for the 2nd control period.

Extract from Amritsar order No. 56/2020-21 dated 24.12.2020

7.2 Authority's examination regarding Capital Expenditure for the First Control period at Consultation stage

- 7.2.1 The Authority examined the proposed capital expenditure including its rationale, detailed line item wise breakup, current progress including procurement steps and future planning.
- 7.2.2 The Authority analyzed the expansion of existing terminal building being proposed including the need and objectives, proposed capital expenditure, and, scope of work. The Authority noted that the CAPEX proposals are in the planning stage and yet to be awarded. Accordingly, the key takeaways noted below:
- As per AAI's submissions, the expansion of existing PTB shall be spread across an area of 16,000 sqm (Ground Level – 3,000 sqm and First Floor – 13,000 sqm) with a cost estimate of INR 741.28 crores. The unit area cost for the expansion of terminal worked out to INR 152,050 per sqm.
 - The Authority has adopted the normative approach towards determination of cost of terminal building and has considered a normative cost of INR 100,000 per sq. meters in line with previous tariff orders pertaining to other airports such as Guwahati, Lucknow, Chennai and Patna. The Authority conducted a study of few Major Airports for determining the reasonableness of the capital expenditures for respective terminal buildings. As per these studies, the cost worked out to be in the range of 0.95 to 1.25 lakhs per sqm. Accordingly, the Authority decides to adopt INR 100,000 per sqm for terminal buildings of similar design and specifications.

3.2.8 In respect to inclusion/exclusion of Service Tax/GST in Normative Cost, we submit that-

3.2.8.1 In the AERA Order No. 43/2021-22 dated 15th March 2022 for Kolkata Airport, AAI submitted the Normative Cost benchmarking whereby GST has been excluded in the calculation. The same was duly noted and acknowledged by the Authority.

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



3.2.8.2 Refer the extract from RITES report for Analysis of Capital Expenditure on Expansion of Bangalore International Airport (Terminal Building, Taxiway and Apron) for the second control period (01/04/2016 to 31/03/2021) conducted in Jan-2018, where it is mentioned that in order to compare the project cost against the normative costing, the project cost without Service tax is analyzed. Extract from RITES REPORT:

"The cost of terminal building is proposed at Rs. 1,00,800 per sqm at June 2014 price level as against AERA prescribed norms of Rs. 65,000/sqm. This rate has further been adjusted for cost escalation and service tax which works out to Rs. 1,30,745/sqm. Inclusive of ICT costs."

Therefore, the contention of the Authority that Normative Cost includes the erstwhile Service Tax is not correct. Hence, we request the Authority to kindly add GST of 18% instead of adding 6% differential between GST and Service Tax while calculating the Normative Cost benchmark.

7.7.4 JIAL has commented following on AERA proposal relating to Capex related to Airport Boundary wall at para C.1 of this tariff order:

3.3.1 In case of capex cost for boundary wall, please note that the overall cost estimate of Rs. 18,400 per sqm shared by JIAL(which is based on CPWD DSR rates) includes the cost for excavation, backfilling, structural works of PCC, RCC and requisite reinforcements for columns, footings, Wires (Concentrina and Barbed), MS Angle, Paint etc. Whereas, the CPWD PAR 2021 rates of Rs. 11,662 per sqm considered by the Authority pertains to boundary wall only. As the scope of works for the rates considered by JIAL is wider and appropriate for the planned works, it is requested that the same may kindly be considered by the Authority. JIAL had already furnished the breakup of the CPWD DSR based rates to the consultants. The same is appended herewith as Annexure 2 for reference.

3.3.2 In view of the above, we request that the capex cost as submitted by JIAL for boundary wall may be allowed.

7.7.5 JIAL has commented following on AERA proposal relating to capex for Perimeter Intrusion Detection System (PIDS) at para C.3 of this tariff order:

3.4.1 With respect to the PIDS rate of Rs. 10,700 considered by the Authority based on Ahmedabad and Lucknow, we would like to submit that the rates considered in Ahmedabad & Lucknow airport were based on estimates only.

3.4.2 We would like to submit that the estimated rates at JAI are in line with the per sqm rate at which the contract is awarded at Cochin Airport which was duly considered in the tariff order for Cochin TCP. PIDS cost approved in case of Cochin Airport was Rs. 22.35 Cr for an approx. length of 12 km which translates to Rs. 18,625 per RMT in FY 2021-22. Adjusting the same with inflation adjustment upto Year FY 2025-26, the cost comes to Rs. 23,276 per RMT; Whereas JIAL has considered only Rs. 21,900 per RMT.

Please refer below the relevant extract from Cochin MYTP & Order and Calculation of per RMT rate:

based CCTV Surveillance System for day and night surveillance.

5.45 The approximate length of the perimeter area where PIDS is proposed to be implemented is 12 km. Out of the above non-lethal power fence is proposed for a length of 9 km. Fibre Optic Mesh Technology is proposed for a length of 3 km. Fibre Optic vibration sensor will be installed on the perimeter wall for a length of 13 km.

5.46 The capital expenditure proposed for Perimeter Intrusion Detection System is as follows:

Table 73: Capital Expenditure related to Perimeter Intrusion Detection System

Particulars* (in INR cr.)	Prior period WIP	2022	2023	2024	2025	2026
Perimeter Intrusion Detection System	7.0	15.3	0.0	0.0	0.0	0.0
Total	7.0	15.3	0.0	0.0	0.0	0.0
Grand Total			22.3			

*difference is due to rounding off

Extract from MYTP submitted by Cochin Airport (Page 78)

Extract from AERA Order for CIAL TCP (Page 134)

6.5.10 Based on the above, the revised capital expenditure for the Third Control Period as considered by the Authority is given below

Table 134: Capital Expenditure for the Third Control Period considered by the Authority

Reference	Particulars (INR Cr)	As per CIAL		As per Authority	
		Total Capex	Total	Aero	Non-Aero
A	A.1 Construction of import warehouse	52.70	52.70	52.70	0.00
	A.2 Modification of existing warehouse	35.94	35.94	35.94	0.00
	A.3 Mechanisation of export warehouse after modification	10.35	10.35	10.35	0.00
	Cargo facilities (sub-total)	98.99	98.99	98.99	0.00
B	B.1 Construction of parking bays phase 2	145.52	156.22	156.22	0.00
	B.2 Development of northern side of T3 pier	189.06	178.79	166.45	12.34
	Pier expansion and parking bays phase 2 (sub-total)	335.38	335.01	322.67	12.34
C	Flood control measures in airport area	93.07	93.07	93.07	0.00
D	CISF Quarters	74.01	0.00	0.00	0.00
E	IT Systems				
	E.1 CCTV Surveillance system	43.81	43.81	43.81	0.00
	E.2 CT based Hand baggage X-BIS T3	29.98	29.98	29.98	0.00
	E.3 CT based Hand baggage X-BIS T1	25.12	25.12	25.12	0.00
	E.4 SOC & NOC for IT	15.92	15.92	15.92	0.00
	E.5 Digi yatra – IT systems	30.69	0.00	0.00*	0.00
	E.6 Perimeter intrusion detection systems	22.35	22.35	22.35	0.00
	E.7 Smart Lane – T1	19.88	19.88	19.88	0.00
	E.8 Smart Lane – T3	22.48	22.48	22.48	0.00
	E.9 Passenger processing IT systems	31.40	31.40	31.40	0.00
	IT Systems (sub-total)	241.62	210.93	210.93	0.00

3.4.3 As the actual awarded cost would serve as a better rate reference (as referenced from Cochin Airport) as compared to block cost estimate (of Ahmedabad or Lucknow Airport), we request that PIDS cost as submitted by JIAL may be allowed.

7.7.6 JIAL has commented following on the capex related to Integrated Cargo Terminal at para E.2 of this Tariff Order:

3.5.1 In case of landside road proposed as part of Cargo Terminal cost, please note that the cost estimate of Rs. 6,900 per sqm shared by JIAL (which is based on CPWD DSR rates) includes the Carriageway area including shoulders, Footpath, Median with landscaping, Miscellaneous Items (like streetlight, CCTV, kerbstone etc.). Whereas, the CPWD PAR 2021 rates of Rs. 1,850 per sqm considered by the Authority pertains to roads only. As the scope of works for the rates considered by JIAL is wider and appropriate for the planned works, it is requested that the same may kindly be considered by the Authority. JIAL had already furnished the breakup of the CPWD DSR based rates to the consultants. The same is appended herewith as Annexure 3 for reference.

Also, the Authority had approved the rate of Rs. 6,100 per sqm in Lucknow TCP Order (Refer Page 190 of Lucknow TCP Order). Accordingly, we request to consider the cost details submitted by JIAL.

3.5.2 With respect to the Cargo terminal rate of Rs. 73,402 considered by the Authority based on Lucknow, we would like to submit that the rates considered in Lucknow airport were based on estimates only (refer the relevant extract of Lucknow TCP order as appended below)



B3: Other Services (Cargo facility and Fuel farm) – The work towards Other Services relating to Cargo facility and Fuel farm and the status of its completion was as follows:

- a. **New Integrated Cargo facility** – The Authority noted that this project was mandated under Clause 19.4 of the Concession Agreement and that the AO had planned for construction of New Integrated Cargo Terminal with total area of 5,826 Sq.m of office, warehouse space and 3,915 Sq.m of parking and trucking area. The AO had further projected to have an annual Cargo handling capacity of approximately 30,000 tonnes per annum as against the much lower current capacity of Interim Cargo Terminal i.e., total, 5,000 tonnes per annum.

The Authority, through its Independent Consultant, examined the details of the cost estimate along with other supporting documents provided by the AO and noted that the estimate had been prepared based on CPWD plinth area rates and market rates. It included the cost of Civil work, MEP, Fire Fighting System, Security Equipment and Airport Systems. The unit rate for Cargo terminal of ₹ 60,300/- per Sq.m and for parking and trucking area of ₹ 8,300 per Sq.m are reasonable. Based on the above factors, the Authority found the estimated cost of ₹ 38.38 Crores to be reasonable and proposed to consider the same in FY 2023-24.

We had also submitted to the consultant that the estimated rates at JAI are in line with the per sqm rate at which the contract is awarded at Ahmedabad Airport which was duly considered in the tariff order for Ahmedabad. The rate reference from Ahmedabad Tariff Order No. 40/2022-23 dated 18th January 2023 is Rs. 77,533 (which after 2 years' cost escalation and differential cost for JAI location would approximate to Rs. 85,600 per sq mtr).

Refer point 7.3.148 from Ahmedabad Tariff order as appended below:

7.3.147. The Authority noted that AIAL had estimated the cost of Cargo Complex based on CPWD DSR rates. Subsequently, AIAL also submitted the LoA for a portion of the project for which the contract had been awarded. It was observed that out of the components listed in the table above, all major items except the Perishable Cargo Facility, have already been awarded.

7.3.148. The Authority found that there was no basis for the cost estimated for the Perishable Cargo section which was considered as INR 85,000 per SQM. The Authority compared the cost incurred for Perishable Cargo units at other airports and found the cost proposed by AIAL to be higher. In the absence of further details to justify the higher cost, the Authority had considered the cost towards the perishable cargo facility at the same rate as that of the general cargo facility (obtained from LoA).

7.3.149. Based on the above, the cost proposed by the Authority towards ICT is given in the table below.

Table 150: Cost towards New Cargo Complex - Phase 1 proposed by the Authority

S. No.	Description of Item	Rate (INR)	Quantity (SQM)	Amount (INR Cr.)
J.1	New Cargo Complex - Phase 1 & 2			
	Cost proposed by the Authority:			
1	Work awarded (as per LoA)			161.30
2	Perishable cargo	77533.50	3,000	23.26
	Total (A)			184.56
	Cost submitted by AIAL (B)			233.92
	Difference (B - A)			49.36

Considering the cost escalation for 1.5 years from the LOA issued in Jul'22 for Ahmedabad and differential cost factor for JAI, this rate translates to Rs. 86,251 per sqm in FY 2023 which is less than JIAL's submission of Rs. 85,600 per sqm.

Notwithstanding the above, even the rates of Lucknow airport with escalation for 2 years comes to Rs. 80,422 per sqm.

As the actual awarded cost (referenced from Ahmedabad Airport) would serve as a better rate reference as compared to block cost estimate (of Lucknow Airport), we request that Cargo Terminal Complex cost as submitted by JIAL may be allowed.

3.5.3 In view of the detailed explanations provided above, we request the Authority to consider the cost of roads and Cargo terminal as submitted by JIAL.



7.7.7 JIAL has commented following with respect to fuel farm capex at para F.1 of this Tariff Order:

3.6.1 With respect to the cost of prefabricated steel tanks considered by the Authority, we would like to submit that the cost of Rs. 78.20 per KG has been updated by CPWD based on update in December 2021. The revised rate as per Dec'21 update of CPWD DSR 2021 shows Rs. 111.95 per KG.

The same may be referred by the Authority as per link given below:

https://cpwd.gov.in/Publication/DAR_Vol1_UPDATE_DEC_2021.pdf

Relevant extract from the same is appended for quick reference:

10.2 Structural steel work riveted, bolted or welded in built up sections, trusses and framed work, including cutting, hoisting, fixing in position and applying a priming coat of approved steel primer all complete.

Code	Description	Unit	Quantity	Rate ₹	Amount ₹
1007	Details of cost for a truss 7.6m clear span (weight = 3.95 quintal) MATERIAL (i) Principal rafter (T-iron) 100x100x10mm @15kg/m = 142.50Kg+ Struts (angles)40x40x6mm 2x1.35=2.70m @ 3.5kg/m = 9.45kg Total =151.95kg+ Add wastage @ 5% = 7.60kg Total = 159.55kg, = 1.60q Structural such as tees,angles channels and R.S. joists	quintal	1.60	4950.00	7920.00



भा.वि.आ.वि.प्रा.

AERA



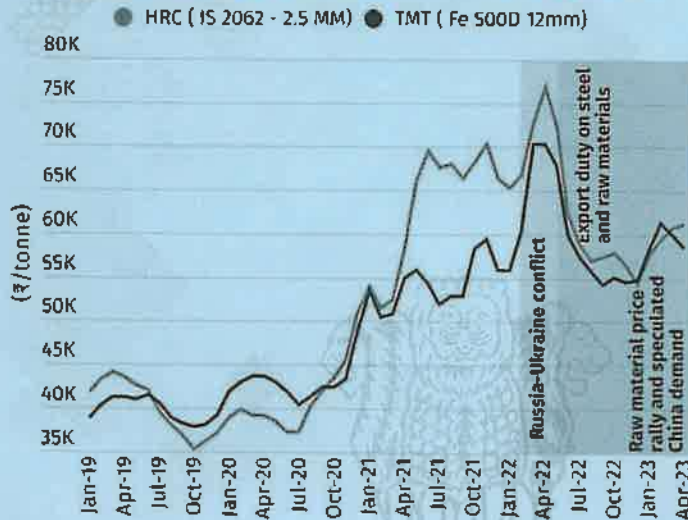
CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Code	Description	Unit	Quantity	Rate ₹	Amount ₹
1009	(ii) Ties (flat) 50x12mm 2x2.7 = 5.4m @4.2kg/m = 22.94kg Ties central (flat) 50x10mm 1x2.50 = 2.5m @3.90kg/m = 9.75kg Braces (flat) 40x10mm 2x1.84 = 3.68m @3.9kg/m = 14.35kg Total = 50.05kg Add wastage @ 5% = 2.50kg Total = 52.55kg = 0.53q Plats exceeding 10 mm in thickness (iii) Gussal plates 10mm thick 1x0.74x0.35m = 0.259sqm shoe 4x0.46x0.46 = 0.845sqm Total = 1.104 sqm 1.104sqm @ 78.4kg/m = 86.55kg 12mm plates at the joint of principal rafter and strut 2x0.3x0.3 = 0.12sqm Tie beam, brace and strut 2x0.5x0.3 = 0.30sqm Sole plates 2x0.46x0.46 = 0.42sqm Anchor plate 2x0.46x0.1 = 0.09sqm Total = 0.93 sqm Say 1.00 sqm 1.0sqm @ 94.4kg/m = 94.40kg Total = 180.95kg Add wastage @ 5% = 9.05kg Total = 190.00kg or 1.90q 1010 Mild steel plates (iv) 16mm dia, 50mm long rivets = 50 nos @ 0.10750 kg/each = 5.375kg or 0.05375 quintal 1020 Mild steel rivets (v) 20mm dia, (400mm long) holding down bolts with nut and washers, 4 Nos @ 1.2125 kg/each = 4.85 kgs or 0.0485 quintal 1221 20 mm dia holding down bolts 2205 Carriage of Steel (0.160+0.050+0.190 +0.005) =0.414 tonne LABOUR 0115 Filter (grade 1) 0180 Blacksmith 2nd class 0139 Skilled Beldar (for floor rubbing etc.) 0112 Beldar 0100 Bandhani Applying painting coat T Iron 9.5x0.4 = 3.80sqm Struss 2.70x0.16 = 0.432sqm Ties 5.4x0.125 = 0.675sqm Braces 2x1.84x0.12 = 0.44 sqm Ties 2.8x0.12 = 0.34 sqm Total = 5.68 sqm.	quintal	0.53	4950.00	2621.50
1010	Mild steel plates	quintal	1.9000	5400.00	10260.00
1020	Mild steel rivets	quintal	0.0502	5100.00	257.02
1221	20 mm dia holding down bolts	quintal	0.0485	6100.00	295.85
2205	Carriage of Steel	tonne	0.414	145.72	60.33
0115	Filter (grade 1)	day	2.70	784.00	2116.80
0180	Blacksmith 2nd class	day	3.00	714.00	2142.00
0139	Skilled Beldar (for floor rubbing etc.)	day	5.40	714.00	3855.60
0112	Beldar	day	2.80	645.00	1806.00
0100	Bandhani	day	0.44	714.00	314.16

Code	Description	Unit	Quantity	Rate ₹	Amount ₹
13.50.3	Rate as per item no 13.50.3 of				
9999	SH - Finishing	sqm	5.68	55.50	315.24 A
	Sundries	L.S.	80.73	2.12	171.15
	TOTAL				33132.05 W
	Add 1 % Water charges on "W-A"				328.17
	TOTAL				33460.21 X
	Add GST on "X-A" (multiplying factor 0.1405)				4656.87
	TOTAL				38117.08 Y
	Add 15% CPOH on "Y-A"				5670.28
	TOTAL				43787.36 Z
	Add Cess @ 1% on "Z-A"				434.72
	Cost for 3.95 quintal				44222.08
	Cost of per kg.				111.95
	Say				111.95

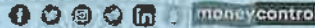
Additionally, JIAL had considered 20% additional cost due to surge in steel prices over the period from 2021 to 2023 as indicated below:

MOVEMENT IN DOMESTIC STEEL PRICES



Prices are a simple average of prices sourced from 3-4 mills and exclude freight cost, dealer discounts, and dealer margins.

Source: CRISIL MI&A Research



Also, the recent CPWD DSR 2023 indicates the rate for the said item as Rs. 133.7 per KG. Please see the below extract of the same:

10.0 STEEL WORK

Code No	Description	Unit	Rate
10.1	Structural steel work in single section, fixed with or without connecting plate, including cutting, hoisting, fixing in position and applying a priming coat of approved steel primer all complete.	kg	117.35
10.2	Structural steel work riveted, bolted or welded in built up sections, trusses and framed work, including cutting, hoisting, fixing in position and applying a priming coat of approved steel primer all complete.	kg	133.70
10.3	Providing and fixing in position collapsible steel shutters with vertical channels 20x10x2 mm and braced with flat iron diagonals 20x5 mm size, with top and bottom rail of T-iron 40x40x6 mm, with 40 mm dia steel pulleys, complete with bolts, nuts, locking arrangement, stoppers,		

Accordingly, JIAL had considered Rs. 134.34 per KG for prefabricated steel tanks.

3.6.2 In view of the above explanations, we request the Authority to consider the cost of prefabricated steel tanks as submitted by JIAL and accordingly, the capex cost for Fuel Farm Facility may be revised accordingly.

7.7.8 JIAL has commented following in relation to Authority proposal of capex toward Crash Fire Tender (CFT) as part of vehicles provided at para G of this Tariff Order:

3.7.1 In recent consultation paper issued by the Authority for Thiruvananthapuram Airport, the Authority has considered the cost of Rs. 12 Crores per Crash Fire Tender (CFT) as reasonable based on review of quotation. Please refer the below extract of consultation paper for Thiruvananthapuram Airport for TCP



L.3 Fire Fighting Equipment and facilities – TKIAL has projected a total of Rs. 42.71 crores as estimated capital cost under this head. This includes:

- Replacement of 3 Nos. ACFTs (Rs. 36 crores) – ACFTs need to be replaced in a phased manner due to ageing. TKIAL has submitted that the existing ACFTs were handed over from AAI and bought in 2009-10.
- Driving and Fire Fighting simulator – Rs. 4.20 crores
- Triage and rescue tools for ARFF – Rs. 2.50 crores
- Other miscellaneous items such as Video Recorder, Fire Fighter turnout gear locker, extendable hose, radiation detector etc.

The Authority notes that these items are required for ensuring safety and for emergency response. The Authority has reviewed the quotation for ACFTs and finds the estimate to be reasonable. However, the

3.7.2 In view of the above, we request that the capex cost of at least Rs. 12 Cr per CFT may be allowed.

7.7.9 JIAL has following comment on the Authority's proposal related to Soft Cost – Technical Consultancies, Contingencies, Pre-Operative cost, design cost, PMC, Preliminary expenses. The same has been detailed at para 7.3.11 of this Tariff Order.

3.8.1 As per recent released CPWD SOP 2022 dated 13.07.2022 <https://cpwd.gov.in/Publication/sop2022.pdf>, the Project Estimation should take of the following requirements: -

10. Preliminary estimate (PE) is to be prepared on the basis of Plinth Area Rates or length of road etc. worked out on the rate per unit area/length/number, or such other method adopted for ready and rough calculation, so as to give an idea of the approximate cost involved in the proposal.

11. Prevailing Cost Index over the plinth area rates, effect of ESI & EPF leviable (rates as given in Annexure -14, Contingencies and Departmental Charges (if applicable) are to be added in the PE.

As per CPWD norms the various costs to be considered while preparing the preliminary estimates and should include the following components: -

a. Planning Consultancy 4% and Project Management Consultancy 5% (refer below PART 1 as the relevant extract from CPWD SOP2022)

b. Other Technical Services like Preliminary Sketches, Detailed Drawings, Preliminary Estimates, Structural Design, Execution, Audit & Account etc. is ranging between 7% to 24% depending upon size of the project (refer below PART 2 as the relevant extract from CPWD SOP2022)

c. Contingency cost is 3% (refer below PART 3 as the relevant extract from CPWD SOP2022)

d. ESI & EPF ranging between 0.85% to 4.2%, say average of 2% (refer below PART 4 as the relevant extract from CPWD SOP2022)

3.8.2 As per accounting standards (refer extract as PART 5 below) the costs relating to the Project Team are required to be capitalized. These costs have been approved by AERA in various orders for PPP and AAI Airports ranging between 2-3% of the project cost (refer below PART 6 for few Airports examples). The same is recognized by AERA in its Guidelines Form F11 (b) (refer below PART 7 as the extract from AERA Guidelines).

The overall Soft Costs based on above point 3.8.1 and 3.8.2 above is minimum 18-20%.

3.8.3 As per "Airport Capital Improvements: A Business Planning and Decision-Making Approach" study conducted by Airport Cooperative Research Program (ACRP), Transport Research Board (sponsored by US Government's Federal Aviation Administration). The soft costs range between 10% to 30%. The extract from Page 48 the report is as follows: -

Soft costs typically range from 10% to 30% of total project costs. These include design fees, permitting fees, utilities, costs associated with inspections and land acquisition, costs associated with the bidding

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

and procurement process, and project administration and management costs.

Full study report is provided as Annexure 4 - ACRP Report - Airport Capex (Annexure-M of MYTP)

3.8.4 Further, in Tariff Order No. 27/2023-24 dated 07th December 2023 issued for Goa Airport, "In the matter of determination of aeronautical tariff for Manohar International Airport, MOPA, GOA (GOX) for the First Control Period" the Authority has approved soft cost (design consultancy, PMC expenses, pre-operative expenses and contingencies) at 13%-16%. (refer below table 73 of the Tariff order, the cost approved at Consultation Paper is considered in the tariff order).

Table 73: CAPEX proposed by the Authority for the First Control Period at Consultation Stage

S.No	Description	Amount (Rs. in crores)
1	Runway, Taxiways and Apron - (Phase-I, II & III)	526.17*
2	Passenger Terminal Building including Fit Outs (for 7.7 MPPA) (Phase-I, II & III)	1,283.98
3	Alside buildings, Airside roads & Drainage System (Phase-I & III)	346.65
4	Site Preparation/ Earthwork	628.43
5	Administrative building & Site office	50.37
6	ATC Technical Block and Tower	87.43
7	Main Access Road, Spine Road and Car park	104.71
8	Additional Works (Phase-I & III)	63.59
9	Permanent Water & Electricity	20.00
10	ASDC	7.66
11	General Capex	50.00
A	Sub Total (1 to 11)	3,169.99
12	Design Consultancy & PMC Expenses	120.52
13	Independent Engineer Services	15.07
14	Pre-operative Expenses (Phase-I, II & III)	251.36
15	Contingencies (Phase-I & III)	18.38
B	Sub Total (12 to 15)	405.33
16	Financing Allowance	321.88
17	DSRA	-
C	Sub Total (16 & 17)	321.88
	Grand Total (A+B+C)	3,896.20
18	Phase-I	3,225.79
19	Phase-II	179.28
20	Phase-III	441.14
21	General Capex	50.00

Soft Cost Rs. 405 Crs over the Project Cost of Rs. 3,169 Crs (approx. 13%). If the Site Preparation/ Earthwork of Rs. 628 Crs is removed from the project cost as it is not applicable for JAI, then the like-to-like soft cost will be approx. 16%.

3.8.5 Based on information from reputed agencies from India and Overseas and recent tariff orders, it is evident that soft costs requested by JIAL is based on rational estimates and within the acceptable reasonable range. We therefore request the Authority to allow the soft cost which is based on best practices subject to true-up on actual incurrence basis.

PART I

SOP No. 8/7: Levy of Fees by CPWD for Consultancy Services (Para 8.20)

CPWD handles consultancy works of planning and designing (with or without construction) of various projects including high-rise buildings, housing complexes etc. of Public Sector Undertakings and other organizations to undertake construction on turnkey basis, or for Mission's buildings abroad, etc. at negotiated rates. Fee for the Consultancy Services is charged by CPWD as given below.

FEES FOR CONSULTANCY SERVICES

- (a) Planning 4%
- (b) Construction Management 5%
- (c) Visits of CPWD Officers from India 1%

For planning and designing work, the following charges is levied:

- (i) Development of Master Plan Rs.10000/- per hectare
- (ii) Architectural plans and drawings 3 % for original work ½ % for repetition
- (iii) Structural designs and drawings 1% for original work ½ % for repetition



PART 2

ANNEXURE- 5
(Reference Para 3.1.1.4 (1))
RATES OF DEPARTMENTAL CHARGES

Objectives of works	All maintenance works, and minor works costing upto Rs. one lakh	Construction works costing upto Rs. Two Crores	Construction works costing between Rs. Two and five Crores	Construction works costing more than Rs. five crores
1	2	3	4	5
(A) Establishment Charges				
1. Preparation of preliminary sketches	½%	½%	½%	½%
2. Preparation of detailed working drawings	1%	½%	½%	½%
3. Preparation of preliminary estimates	½%	½%	½%	½%
4. Preparation of detailed estimates	½%	½%	½%	½%
5. Preparation of structural designs	1%	1%	½%	½%
6. Execution	19-½%	7-½%	4-½%	4-½%
Total Establishment charges	22-½%	10-½%	7%	6%
(B) T&P (Machinery Equipment)	½%	½%	½%	½%
(C) Audit & Account	½%	½%	½%	½%
(D) Pensionary	½%	½%	½%	½%
	23-½%	12%	8%	7%

PART-3

SOP No. ¼: Provision for Contingencies and its Utilization (Refer Para 3.1.1.3 (3))

1. In addition to the provision for all expenditure which can be foreseen for a work, a provision of contingency is kept as follows: (i) Estimated cost up to Rs. 1 Crore... 5% (ii) Estimated cost more than Rs. 1 Crore ... 3%, subject to minimum of Rs. 5 Lakh

PART-4

ANNEXURE- 14
(Refer SOP No. ¾/2)
STATEMENT SHOWING THE RATES OF EPF and ESI CHARGES TO BE INCLUDED IN PRELIMINARY ESTIMATE

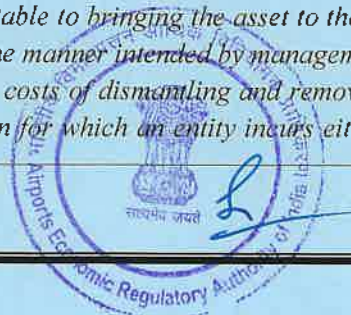
Category of work	Component of Labour	EPF@12.5 % of labour Component	ESI @ 4.5 % of labour Component	Total of EPF & ESI
Buildings	25%	3.125%	1.125 %	4.25%
Road Works & pavements in airfields	5%	0.625%	0.225%	0.85%
External sewerage	10%	1.25 %	0.45%	1.70%
External water supply	5%	0.625%	0.225%	0.85%
Bridge/Flyover works	25%	3.125%	1.225%	4.25%
Maintenance works engaging only labour component	100%	12.50 %	4.50%	17.00 %
Other Maintenance work	70%	8.75%	3.15%	11.9%

PART-5

Indian Accounting Standard (Ind AS) 16 Property, Plant and Equipment
Element of Cost

16 The cost of an item of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a



consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

17 Examples of directly attributable costs are:

- (a) costs of employee benefits (as defined in Ind AS 19, Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment;
- (b) costs of site preparation;
- (c) initial delivery and handling costs;
- (d) installation and assembly costs;
- (e) costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment); and
- (f) professional fees.

PART-6

Extract from Chennai Airport Order No. 38/2021-22 for the Third Control Period

Grand Total of Capital Additions Proposed in the Third Control Period				
Grand total of capital additions proposed to be considered in	Total	3,882.58	2,139.82	(1,742.66)
	Financing Allowance	51.88	-	(51.88)
	IDC	108.17	31.07	(86.27)
	Project division expenses capitalized (Exp. Cap)	87.07	47.58	(39.52)

~2.25%

Order No. 38/2021-22 for the Third Control Period Page 137 of 231

Extract from Pune Airport Order No. 38/2021-22 for the Third Control Period

in case there is a delay in completion of the project beyond the timeline proposed, due to any reason beyond the control of Pune International Airport or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fourth Control Period. Further, this proposal was applicable to all the projects forecasted to be capitalized in the Third Control Period given in this Consultation Paper. This will ensure timely adherence to the capital expenditure plan proposed in the Third Control Period.

4.2.33 Based on the discussion above, the total capital additions proposed to be considered by the Authority in the Third Control Period was as tabulated below:

4.2.34 Based on the Authority's analysis of capital expenditure deferred from Second Control Period (Para 4.2.9 to Para 4.2.24) and new capital expenditure proposed to be incurred in the Third Control Period (Para 4.2.25 to Para 4.2.31), the Authority considered a total Capital Expenditure of Rs. 52,540.93 lakhs as given below:

Table 83: Capital Expenditure additions for the Third Control Period considered by the Authority

Reference	Project	No.	Particulars	Submitted by AAI	Proposed by the Authority	Difference
				1	2	3=2-1
		I.A	New Integrated Terminal Building			
		I.B	PMC-Expansion of Terminal Building- (Tensile canopy)	44,621.19	43,694.92	-926.27
		I.C	PMC-Expansion of Terminal Building-Electrical works (aerobridge)			
		I.D	Overage Trolley & XHS	508.47	508.47	-
		I.E	Financing Allowance	3,337.57	-	-3,337.57
		I.F	IDC	2,023.22	2,005.96	-17.26
		I.G	Project division expenses capitalized (Exp. Cap)	1,651.26	1,630.60	-20.67
		I.H	Sub-Total (NIPED)	50,142.71	47,839.95	-2,302.77

~3.5%

PART-7



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Form F1a (Rab Payroll Related Expenditure and Provision) (Ref: Section A(6), S(1))							
S.N./Particulars - with detailed breakup	Last available audited year*	Financial Year before Tariff Year 1*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A Salaried and Wages							
B PF Contribution							
C Medical Expenses							
D Overtime							
E Staff Welfare Fund							
F							
1 Grand Total							
2 Employee expenses capitalised							
3 Net Employee expenses (1)-(2)							

* Projected values to be provided
 † Fields in Italics are indicative only
 * Information for last financial year for which audited accounts are available

7.7.10 JIAL has commented following on the Authority’s proposal relating to re- adjustment in ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule, explained at para 7.3.12 of this Tariff Order.

3.9.1 *The Authority has proposed to disincentivize the AO by reducing 1% of the project cost in case of delay in implementation of the project. Such a proposal puts JIAL in double jeopardy because any delay in completion of project implies denial of return on such asset and depreciation and added to it will be this reduction in cost. It is abundantly clear that it is in the interest of JIAL to complete the project as per schedule, however there could be delays due to various uncertainties. There may be shortage of manpower, funds, force majeure, and unforeseen event, for any reason including but not limited to the scarcity of raw material, finished goods and manpower due to after effect of Covid-19.*

3.9.2 *One of the principles for tariff fixation stipulates incentive for undertaking investment in a timely manner. Instead of providing an incentive for timely completion of the project the Authority is proposing a disincentive due to delay.*

3.9.3 *As per TDSAT Judgement dated 06th October 2023 in MIAL SCP and TCP*

At the outset, this Hon'ble Tribunal decided the present issue in the MIAL SCP & TCP Judgment whereby it has been held that the decision of the Authority of carrying out 1% re-adjustment is improper and not justified. The relevant portion of the MIAL SCP & TCP Judgment is extracted below:

"308. Moreover, in absence of any provision for penalty under OMDA or SSA or AERA Act, 2008, no such penalty can be imposed, otherwise highly discriminatory position will prevail because today 1% of project cost penalty is imposed and subsequently it may be increased to 1.5%. If 1% penalty is allowed then 1.5% penalty would also have to be allowed then in forth coming years, as there are unguided powers, the penalty might be 3% also and, thereafter it can be 5% or more also. There will be no end to penalty in absence of any provision under OMDA, SSA and AERA Act, 2008. It ought to be kept in mind that unguided and uncontrolled power always leads to discrimination. In case of one airport operator penalty imposed will be 1% and in case of another airport operator it can be 2% because there is no law, there is no contract, there is no provision and there are no guidelines. The balance has already been created under OMDA and SSA in the methodology of true up in next control period and as stated hereinabove, as per the said methodology, excess amount recovered shall be trued up with carrying cost in next control period. Therefore, in the aforesaid example, if Rs.83 Crores has been recovered, the true up amount in the next control period, if the project is not commenced or completed within the time bound schedule, would be at Rs.121 Crores which is in fact more than sufficient revenue clawed back from the airport operator and perhaps for this very reason no powers have been given to AERA for imposing penalty. Hence, we hereby quash and set aside the decision of AERA of carrying out 1% of readjustment to project cost and applicable carrying cost in the target revenue at the time of determination of tariff for next control period.



309. Here in the facts of the present case, AERA has failed to appreciate the prevailing pandemic situation of COVID-19 and its aftermath. Curfew type situation or lockdown type situation was prevailing. Labourers were not available and hence, there is bound to be delay in execution of the project work. Such a big factor ought to have been appreciated by AERA. The genuine difficulty of airport operator ought to have been appreciated.

310. Thus, Issue No. XVII is answered in negative i.e. the decision of AERA of carrying out 1% re-adjustment to Project Cost and applicable carrying cost in the Target Revenue at the time of determination of Tariff for 4th Control Period is incorrect, improper and not justified."

3.9.4 Also, as per the HIAL TDSAT order dated 14th February 2024, a similar pronouncement has been made. Refer below extract from the TDSAT order.

508. AERA has penalized for delay in execution of projects, the airport operator – Appellant which is equal to reduction of 1% of the total cost of project from ARR.

509. Much has been argued out by the counsels for both the sides on this issue, it has also been submitted by Learned Senior Counsel for the Appellant that the issue of imposition of penalty has already been decided by this Tribunal by a detailed judgment and order dated 06.10.2023 in AERA Appeal No.2 of 2021 and AERA Appeal No.9 of 2016, in a discussion in Issue No. XVII of that Judgement.

510. Looking to the facts and circumstances of the present case and also keeping in mind the AERA Act, 2008 and Concession Agreement under dated 20.12.2024 (Annexure-A3 to the memo of this appeal) there is no provision under the AERA Act, 2008 nor in there is any provision in the Concession Agreement which contemplates the levy of penalty much less levy of penalty 1% there is no provision in the AERA Act nor in the Concession Agreement which contemplates the levy of any penalty and as such the levy of 1% penalty on delayed execution is beyond the power of AERA.

3.9.5 In light of the above reasons, we request the Authority not to include this proposal in the final Order.

7.7.11 JIAL has commented following on the Authority's consideration over financing allowance as explained at para 7.3.13 of this Tariff Order:

3.10.1 Clause 5 of The AERA Guidelines (which entails the methodology of aeronautical tariff determination) allows Airport operators to be eligible for Financing Allowance as a return on the value invested during the construction phase of an asset including the equity portion, before the asset is put to use.



3.10.2 Thus, Clause 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. For your kind reference the relevant extracts from The AERA Guidelines are reproduced 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:

$$\begin{aligned} WIPA_t = & WIPA_{t-1} \\ & + \text{Capital Expenditure (Capex)} \\ & + \text{Financing Allowance} \\ & - \text{Capital Receipts of the nature of contributions from stakeholders (SC)} \end{aligned}$$

26

- 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 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 the Authority 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.

3.10.3 AERA Guidelines also provides illustration for RAB and Financing Allowance calculation. Refer illustration 4 and 7 of the AERA Guidelines as provided below. It is clear from the Illustration that Commissioned Assets (CA) are identical numbers in (1) Addition during the year and (2) Calculation of Financing Allowance. Financing allowance is computed on the Work in Progress balance based on capital expenditure (irrespective of how it is funded) and is capitalized as part of commissioned assets for RAB computation.



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Illustration 4: The following example illustrates the approach for forecasting RAB for the Control period. The numbers in the illustration have been rounded to the nearest integers.



		Forecast RAB					
		2010-11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening RAB _{t-1}	OR	29,750	20,500	18,826	16,462	13,998	12,277
Commissioned Assets	CA	-	633	-	-	681	-
Depreciation	DR	2,250	2,307	2,364	2,364	2,402	731
Disposals	DI	-	-	-	100	-	-
Incentive Adjustments	IA	-	-	-	-	-	-
Closing RAB _t	CR = OR + CA - DR - DI + IA	20,500	18,826	16,462	13,998	10,277	11,547
RAB for calculating ARR	RA = (OR + CR) / 2		19,663	17,644	15,230	13,138	11,912

- The example illustrates that RAB_{t-1} for the first Tariff Year of the first Control Period is equal to the forecasted RAB at the end of the financial year 2010-11 and the Initial RAB, as calculated in Clause 5.2.4, is used as the opening RAB for 2010-11.
- The example also illustrates that the RAB value, to be considered for the calculation of ARR for a Tariff Year t, shall be the average of the RAB value at the end of Tariff Year t and the RAB value at the end of the preceding Tariff Year t-1, as explained in the Clause 5.2.3.

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	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening WIP: WIPAs _{t-1}	OW	-	-	-	558	638	-
Capital Expenditure	CE	-	833	521	-	-	-
Financing Allowance	FA = R _d x (OW + (CE - CA - SC) / 2)	-	-	37	80	43	-
Capital Receipts	SC	200	-	-	-	-	-
Commissioned Assets	CA	-	633	-	-	681	-
Closing WIP: WIPAs _t	CW = OW + CE + FA - SC - CA	-	-	558	638	-	-

- 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.



3.10.4 Further, Form No. F15 (b) of the AERA Guidelines requires that the airport operator has to submit project-wise Financing Allowance. The AERA Guidelines mandate the airport operator to include the Financing Allowance in the claim. As per Clause 5.2.7, the value of a commissioned asset (which includes Financing Allowance) shall be used for the determination of forecasted RAB

3.10.5 The AERA guidelines do not restrict Financing Allowance to be provided only to Greenfield Airport. No distinction has been carved out regarding the applicability of the Financing Allowance under greenfield or brownfield airport. It is pertinent to note that the Authority has allowed Financing allowance for Cochin Airport in AERA Order No. 07/2017-18 dated 13th July 2017 when it was operational, and it was generating revenues too. Cochin Airport made the first significant investment during Second Control Period when the Financing Allowance was provided. Further, it is important to note that at that time, the Cochin Airport was operational (Cochin Airport has been in operation since 1999 refer para 3.1.2 of Cochin Tariff Order) and generating revenues while the New Terminal Building was being constructed. Hence, the reason provided by the Authority that it has never provided Financing Allowance to non-revenue generating Airports is not correct.

3.10.6 The regulatory principles laid down by AERA by means of guidelines provide a fundamental foundation of regulatory clarity to the stakeholders on the manner in which different components of costs and revenues are treated.

When the airport such as Jaipur is transitioned to a PPP model and handed over to the private operator for operation, management and development, the expectation from the private AO is to invest substantially in enhancing the infrastructure facilities. Having regard to the size of investment being made by AO vis-a-vis the investments made by AAI in the past several years, the proposed investment by AO is akin to development of greenfield airport facilities and financing allowance must be allowed for such projects. It is similar to Cochin Airport when it made the first significant investment during Second Control Period.

3.10.7 As per the Concession Agreement, the tariffs are to be calculated as per the AERA Act, AERA Guidelines. Refer below the definitions from the Concession Agreement. AERA Guidelines provides for Financing Allowance without any differentiation for Greenfield or Brownfield Airport and hence Financing Allowance are to be provided to all Airport. "Fee" means the charge levied on and payable by a User for availing any or all of

the: (a) Aeronautical Services, as per the rates determined or revised and approved by the Regulator, in accordance with the provisions of Regulatory Framework; and (b) Non-Aeronautical Services;

"Regulatory Framework" means the framework adopted by the Regulator as per the Applicable Laws, including the AERA Act and Airports Economic Regulatory Authority (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011;

Non-application of AERA Guidelines will lead to Non-Adherence of Concession Agreement. It is a settled position in various jurisdiction that Concession Agreement need to be honored by the regulatory authority.

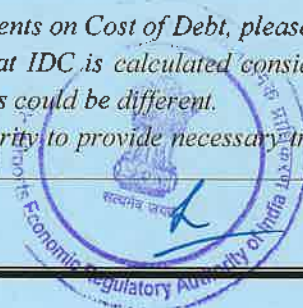
3.10.8 We therefore request that the financing allowance should be computed as per formulae prescribed in the AERA Guidelines.

7.7.12 JIAL has following comment over Authority's proposal related to Interest During Construction at para 7.3.13 of this Tariff Order.

3.11.1 To avoid repetition of comments on Cost of Debt, please refer comments provided in point 4.2.

3.11.2 Further it is to be noted that IDC is calculated considering certain projected cash outflows. Whereas in actual, the cash outflows could be different.

3.11.3 Therefore, we request authority to provide necessary true-up for actual IDC capitalized in the



financial statements at the time of tariff determination of next control period, in addition to recalculation of IDC as requested above.

- 7.7.13 JIAL has following comments relating to allocation ratio including Terminal Building Ration at para 7.3.15 of this Tariff Order:

AERA Act or AERA Guidelines do not provide allocation

3.12.1 In respect to Terminal Building Ratio, It is observed that as per The AERA Guidelines,

5.2.1 (vi) all the assets which are part of the terminal building shall be considered as part of RAB. Therefore, terminal building as a whole should be considered as RAB / Aeronautical asset and not to be allocated into Aero and Non-Aero. For quick reference the relevant clause from the guidelines is reproduced as follows as "Notwithstanding the principles mentioned under points (i) to (v) above, assets with fixed locations inside terminal buildings shall be considered within the scope of RAB."

3.12.2 Further, in respect to allocation of various capex and Operation & Maintenance expenses, we would like to submit that: -

3.12.2.1 Under the Shared-Till (or Hybrid Till) model as proposed in National Civil Aviation Policy, 2016, 30% of Non-Aeronautical Revenues are accounted for cross subsidizing the ARR. There is no mention of allocation of RAB, allocation of Operation and Maintenance etc. Therefore, there is no need to apply the allocation ratio whereby capital and operating expenditure is reduced, which acts as a dual burden for the Airport Operator. Also, the AERA Guidelines do not provide for applying the allocation ratio.

Relevant extract of National Civil Aviation Policy, 2016 is reproduced below: "To ensure 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-subsidize aeronautical charges."

For ease of reference, the relevant clause regarding the 'Shared Till' approach from the Concession Agreement is reproduced hereunder:

28.3.2.

The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval."

3.12.3 As per AERA Order No. 14/2016-17 issued on 23rd January 2017, the Authority has adopted the Hybrid Till whereas 30% of non-aeronautical revenues are used to cross- subsidize aeronautical charges. However, it does not mention that capital and operating expenditure need to be allocated into Aeronautical and Non-Aeronautical which tantamount to cross subsidization of aeronautical charges to the extent non- aeronautical allocation is eliminated. The order only provides for cross subsidization of 30% from non-aeronautical revenues. The relevant extract of the order is as: -

The Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports

Economic Regulatory Authority of India Act, 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that:

The Authority will in future determine the tariffs of major airports under "Hybrid-Till" wherein 30% of non-aeronautical revenues will be used to cross-subsidize aeronautical charges. Accordingly, to that extant 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.

IMG Norms are not applicable to PPP Airports

3.12.4 *Notwithstanding the above, it is submitted that norms of IMG report are not applicable to PPP airports, as per clause no. G of IMG Report. reproduced below:*

"In case of airports developed through Public Private Partnerships the project authorities may adopt a case-by-case approach with respect to norms relating to unit area and unit costs. Based on the judicious consideration of international best practices and financial viability, the norms may be specified in each case prior to inviting bids for private participation."

3.12.5 *No norms with respect to unit area and costs were mentioned in the bidding documents and Concession Agreement of Jaipur Airport. The Concession Agreement does not mention regarding the applicability of the IMG Norms. Therefore, we request AERA not to apply IMG norms in the case of Jaipur Airport.*

3.12.6 *In view of the foregoing, we request the Authority to apply the Terminal Building Ratio, wherever it is factored in CP, as 100% Aeronautical which is in line with the Guidelines of 2011.*

3.12.7 *Without prejudice to the above and in the alternate, terminal building is built with certain length, breadth and height considering the passenger throughput and service level requirements. The structure of the terminal includes façade, ceiling, columns etc. which have no relation with leasable floor area. The commercial activities like retail, food and beverage, etc. require limited works where the cost is much lower than the cost required to build the terminal building. JIAL submits that terminal building allocation ratio should, at best, be based on cost of floor plate of commercial leased area in the terminal vis-à-vis total cost of the terminal building, instead of allocating entire terminal cost based on leasable area.*

3.12.8 *Without prejudice to the above, it is submitted that the terminal building allocation ratio cannot be a notional number as has been done in the Consultation Paper. The Authority has applied the actual capital expenditure and Operating Expenditure for FY22-23 while projecting the expenses for the control period, and it is logical that it should have used the actual terminal building ratio. The terminal building allocation ratio should not be different than actual.*

3.12.9 *Therefore, we request AERA to kindly revise all the calculations provided in the consultation paper without allocating building blocks into Aeronautical and Non- Aeronautical, which are not required per se either in AERA Guidelines or NCAP.*

7.7.14 JIAL has commented following relating to depreciation considered by the Authority starting from para 7.5.7 to para 7.5.9:

3.13.1 *In this regard, reference is made to the Useful life of Assets Order No. 35/2017-18 dated 12th January 2018, "... if the period of useful life of assets is considered differently, the Airport Operator shall document and provide the reasons/justification and the basis for the period considered in determining the useful life of assets for the purpose of tariff determination which shall be examined and considered by the Authority."*

3.13.2 *JIAL has considered the depreciation for the assets based on the useful life of the assets as per the Companies Act and useful life of various assets as recommended by independent technical evaluation for Lucknow and Ahmedabad Airports. The said technical report provided reasons as to why a shorter lifespan should be considered. JIAL also submits that the same is consistent with Authority's Order No. 35/2017-18 dated 12th January 2018 and amendment to the Order dated 09th April 2018.*

3.13.3 *We request the Authority to kindly allow the depreciation rates as assessed by the technical auditor, which is in line with the AERA Order.*



Other Stakeholder's comments on Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Third Control Period

7.7.15 FIA has commented the following:

The entire ecosystem needs to be operationally efficient, which can be implemented, amongst other things by capital expenditure efficiency studies, which AERA is requested to conduct.

Para 7.3. 4 (i)

We request that AERA applies the normative norms for the capex projects as mentioned under AERA Order No. 7/2016-17 dated 13 June, 2016 in order to keep the overall cost control and efficiencies in capex projects.

Further in para 7.3.4 (i), AERA has considered INR 1,05,357 per sqm for the terminal building. In this regard, it is submitted that in the recent orders for FY22, AERA has considered INR 1,00,000 or above per sqm, and with this increase there appears to be an incremental normative rate trend for capex projects. However, it does not appear to be backed by any study conducted by AERA for this control period or a justifiable rationale.

We request AERA to ensure that all aeronautical capex is efficient and without any unreasonable excesses, such that stakeholders, including passengers, do not pay for services/ facilities which are not being availed by the stakeholders or passengers.

Para 7.3 and 7.1.9

We note that AERA has conducted an in-depth analysis of the submissions made by the Airport operator by an independent consultant, which is appreciated.

However, it is requested that, in order to support the airlines to continue and sustain its operations, it is requested that all non-essential capital expenditure proposed by Airport operator be put on hold/ deferred, unless deemed critical from a safety or security compliance perspective. Further, in case Airport operator 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. And lastly, we appreciate AERA's consideration of deferring a few proposed Capex projects from the Third Control Period to the Fourth Control Period.

We observe that AERA has remarked on the trend of revisions to the capital projects, which does not instil confidence in the stakeholders or in the AERA about the near and long-term planning of capital projects by JIAL. In this regard, we urge and request AERA to conduct an independent study on efficient and reasonableness of Capex at JIAL.

Fuel Infrastructure Charges Public Notice 38/2023-24:

It may be noted that before privatization of airports, there were no such charges related to fuel infrastructure and into-plane which were levied on the airlines. The Fuel Farm at the airport was developed by the Oil Marketing Companies (OMCs) and they were also refuelling aircrafts as per the respective airlines' requirements. Airlines are/were only paying for ATF uplifted at each of the airports at an agreed product price to OMCs.

Since privatization of airports, two new charges related to fuel have been levied; first 'Fuel Infrastructure Charges' (FIC) and second 'Into Plane Charges' (ITP) at all the Privatised airports. At a lot of Privatised airports, fuel infrastructure has been bought over by the airport operator or its Joint Venture (JVs) / Holding / Subsidiary / Sister Subsidiary companies from the OMCs at a very low price. The investment made in fuel farms are also through multi-layered transactions between / among airport operators or their JVs or their Holding / Subsidiary / Sister Subsidiary companies. A lot of legal entities have been formed by the airport operator as Joint Venture (JVs) or Holding / Subsidiary / Sister Subsidiary companies with multiplicity of agreements.

As a result of multiple layers of companies and transactions, there is no transparency and on top of it,



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

multiple layers of overheads are loaded into the costs. In addition, royalty / revenue share to the airport operator or its JV / Holding / Subsidiary / Sister Subsidiary companies is also added in proposed FIC and ITP charges.

FIC and ITP including royalty and / or revenue share, along with GST thereon, is charged by the airport operator from OMCs. OMCs include these charges in the cost of fuel. Once these charges become the cost of fuel, they attract 'non-creditable' Excise Duty @ 11% and 'non-creditable' VAT which may vary from 1% to 29%. Average VAT rate is ~ 17% in India.

As ATF is outside GST, there is no 'Input Tax Credit' (ITC) on GST paid on FIC and ITP. Due to this circuitous billing cost of FIC and ITP become 1.53 times i.e. airlines end up paying 53% higher cost and there is no tax credit available to the airlines. It is a burden on the beleaguered airlines which are suffering from huge losses to the tune of > Rs. 23,500 cr in FY 2022.

Example:

	Amount Rs
FIC / ITP (including royalty / revenue share of airport operator)	100
GST	18
Total	118
Excise Duty @11%	12.98
Total with Excise Duty	130.98
VAT @ average rate of 17%	22.27

Total cost with excise duty and VAT 153.25

It is clear from the above example that against the original assumed cost of Rs.100 towards FIC and ITP, airlines end up paying Rs. 153.25 i.e. 53.25% additional cost and there is no tax credit against the same. Had these charges which are 'Aero' in nature as per AERA Act 2008, been charged directly by the airport operator from the airlines i.e. Rs. 118 including GST, airlines would have got ITC against GST and net cost to airlines would have been ~ Rs. 100 only.

The current method of circuitous billing of FIC and ITP suffers from the following:

1. Makes the whole process non-transparent.
2. Against the concept of 'Ease of Doing Business'.
3. Increases cost for the airlines and is against the principle of 'Making Aviation Affordable and Sustainable'.
4. Against the vision of Hon'ble Prime Minister of India, Shri Narendra Modi that he would like to see 'Hawai Chappal Wale, Hawai Jahaj Mein' as the high cost will be passed on the common man by the airlines.
5. There is application of tax on tax, which is fundamentally wrong and adds to airline cost.

In addition to the above, it is pertinent to note that there are number of other infrastructure services / facilities like aircraft taxiways, runways, fire services and bird scarers etc., for which there is no separate charge as they are part of airport infrastructure however, the CP proposes separate charges for ATF in the shape of for FIC and ITP charges, which is a contradiction.

In this context, reference may be drawn from the abolishment of Fuel Throughput Charges (FTC), which were earlier being charged as separate charges for provisioning of ATF but were subsequently abolished.

The FTC were being charged by the Airport Operators from the airlines through OMCs with the above circuitous billing mechanism with ultimate non creditable cost of Rs. 153.25 to the airlines. Both the Ministry of Civil Aviation (MOCA) and AERA have abolished FTC vide their order dated 08 January 2020 and 15 January 2020 respectively. Subsequently their revenues have been recalibrated by AERA and there has been no loss to the airport operators.

In view of all the above facts, it is recommended that FIC and ITP be abolished, and necessary calibration may be done in the revenue for airport operators for fuel farms and into-plane operations.

This will in turn help the airlines to address the long pending issue of circuitous billing. Thus, it is requested that the proposal of the JIAL in public Notice No. 38/2023-24 for the revised pricing for Fuel Farm Tariff (Fuel Infrastructure Cost, Aircraft Defueling and Re-fuelling of defueled products) may kindly not be accepted and recalibrated in line with FTC into other airport charges and help and support airlines with to address long pending circuitous tax billing.

Para 7.3.12

We agree with AERA's proposal 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 adjustments can be made by AERA during the tariff determination for the Fourth Control Period.

Para 7.3.15 (b)(iv)

FIA submits that, AERA has considered the Terminal Building Ratio ('TBLR') of 90:10 for Third Control Period.

However, considering that Jaipur is a tourist destination, while being the most populous city in Rajasthan, has the potential of higher non-aero revenue, the nonaeronautical ratio proposed by AERA appears to be on the lower side.

Further, as observed by AERA itself, in comparison to the other similar PPP airports such as DIAL, MIAL, BIAL etc., the TBLR was considered above 10%.

Hence, keeping in view the above-mentioned facts, JIAL shall better utilize such aspects and space towards increasing their non-aeronautical activities.

We request AERA to allot the best possible ratio towards NAR as deemed appropriate. In view of that, we request AERA to consider the highest possible nonaeronautical allocation in the case of JIAL (preferably higher than 10%).

Para 7.5.10 (Table 112)

While acknowledging the depreciation rate applied by AERA in accordance with AERA Order No. 35/2017-18 the 'Useful Life of Airport Assets', 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. FIA submits that the useful life of terminal building for Kannur and Cochin airports have been considered sixty (60) years by AERA and accordingly AERA should prescribe sixty (60) years for the 'Building' including 'Terminal Building as' is practiced by some of the developed aviation ecosystem.

Further, as observed AERA itself feels that JIAL was not able to sufficiently explain the technical evaluation and is devoid of merits (refer para 7.5.9). Hence, in view of that AERA should conduct an independent study on depreciation, as the current depreciation rationale does not provide clarity on the depreciation applied.

7.7.16 IATA has commented following:

IATA supports AERA's scrutiny and rationalization of Capex for JIAL, as well as the deferment of specific projects. It is important for the Airport Operator (AO) to detail out schedule and planning for the various projects so that operational impacts are minimized for the airport users.



7.8 JIAL's responses to stakeholder's comments on Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for Third Control Period

7.8.1 JIAL has responded to FIA's comments as under:

Airport Operator conducted the Airport User Consultation Committee (AUCC) Meeting on 27th March 2023, with all the stakeholders and discussed the Capital Expenditure proposed to be undertaken during the Third Control Period of FY 2022-23 to FY 2026-27 in detail. The meeting was attended by various airport stakeholders such as IATA, FIA, Indigo, SpiceJet, Air India, Go First, Air Asia, Thai AirAsia, AAI, Rajasthan Chamber of Commerce, ASSOCHAM, Travel Agents Association of India and FICCI. JIAL had given a detailed presentation and justification for the capital expenditure planned by the Airport Operator taking into account the existing challenges in JIAL pertaining to constraint capacity vis-à-vis passenger growth, location, topography, weather conditions, limited availability of land, etc.

Further, the Authority as part of its examination of the Aeronautical Capital Expenditure submitted by the Airport Operator had raised queries and sought clarification on the essentiality of the capital expenditure and had been provided the necessary documents such as project cost estimates, technical Consultant's report, design, drawings, plans, inspection report issued by various authorities etc., substantiating the capital expenditure proposed by the Airport Operator in the MYTP.

The Authority's consultant had also conducted a site visit on 24th November 2023 for an independent assessment of the physical progress and to review the CAPEX.

Further, the Authority by themselves and through their consultant have analyzed each project from the perspective of requirement and cost efficiency very minutely which is reflected in the Authority's comments in the Consultation Paper as well.

Given the above steps taken by the Airport Operator and Authority, we feel there is no need to do another separate study on efficiency of capex.

Para 7.3.4 (i)

We request the stakeholder to kindly refer to point 7.3.4 in the Consultation Paper. The Authority has applied the normative guidelines while assessing the costs of the new Capex projects submitted by the Airport Operator.

With respect to the reasonableness of capex, we request to refer the comments mentioned under point no. 1.8 above.

Para 7.3 & 7.1.19

In the previous paragraphs (point 1.8), we have already detailed the steps taken by the Airport Operator and the Authority on the basis of which the capital projects and cost estimates have been arrived at.

We would like to re-iterate what was mentioned in the minutes of the AUCC conducted on 27th March 2023, that the Master Plan had gone through a rigorous exercise. Also, JIAL would like to mention that the Master plan and proposed projects were appreciated by various stakeholder (including Airlines) during AUCC. JIAL is proposing only those projects which are critically required for safe and secure operations and customer experience.

We have provided all the information to the Authority and its consultant as and when requested by them. Accordingly, the Authority has taken considered view on the Capex proposal as provided in the Consultation Paper. In respect to both short term planning and long-term planning, the Master Plan is submitted to relevant authorities who have appreciated the meticulous planning done by JIAL.

Further, with respect to the comment about the trend of revisions to the capital projects, we have not observed any such specific comment by the Authority in the consultation paper no. 26/2023-24 under reference. In view of the same, the Authority may like to ignore the comment by FIA.

We reiterate our view that there is no need to undertake a separate study on Efficient Capex at JAI.

Fuel Infrastructure Charge Public Notice 38/2023-24

It is to clarify that as per CA, Fuel Storage infrastructure is to be built and operated by JIAL as an open



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

access facility. Under the Concession Agreement, JIAL is not allowed to form any JV or Subsidiary. Secondly in respect to taxation, we believe the relevant Authority has been mindful of the undue burdens on various players in the aviation ecosystem. This is substantiated by the fact, as highlighted by stakeholder also, that fuel throughput charges were abolished by the Authority / MoCA in January 2020 and airport operators were compensated by way of increase in landing charges and airlines were benefitted by way of lower tax burden. Having said the above, we will welcome any new steps that are taken by MoCA/Gol/ the Authority in this direction.

Para 7.3.12

To avoid repetition of comments on re-adjustment in ARR, please refer our comments to CP (refer point no. 3.9). (Refer para 7.7.10 of this Tariff Order)

Para 7.4.15 b (iv)

To avoid repetition of comments on Terminal Building Ratio, please refer our comments to CP (refer point no. 3.12). (Refer para 7.7.13 of this Tariff Order)

Para 7.5.10 Table 112 (Refer Table 116 of this Tariff Order)

AERA Order No. 35/2017-18 the 'Useful Life of Airport Assets' carries a note on the useful lives of buildings as follows:

3	Terminal Building (including VIP Terminal, Bus Terminal, Raj Terminal)	30/ 60	3.33/ 1.67	Either 30 years or 60 years as evaluated by the Airport Operator
---	--	--------	------------	--

Further it is to be noted that the Concession Agreement is valid for 50 years. Therefore, the life of any asset cannot be more than the life of the Concession Agreement.

In JIAL's estimation, the useful life should be 25 years as substantiated by the technical study conducted by an independent expert. Given the JIAL estimation, the Authority has considered it to be 30 years in line with other Airports.

In view of the above, we feel there is no need to do any study on determining Depreciation for TCP.

7.8.2 JIAL response to IATA's comments

In order to avoid repetitions on this matter, please refer to our remarks in point 1.10 above (refer para 7.8.1 of this tariff order) as counter on FIA's comments and also refer to comments in point 3.1 of JIAL's response to the CP (refer para 7.7.2 of this Tariff Order)

7.9 Authority's Analysis on stakeholder's comments on Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for Third Control Period

7.9.1 The Authority has noted JIAL comment with respect to not demonstrating understanding of optimal planning and execution of CAPEX, The Authority has following view in this regard:

- i. The Authority through its independent consultant has evaluated JIAL capex. It involved multiple discussions, clarification and site visits. As part of this detailed exercise, the Authority observed that the proposed CAPEX has not been linked with the expected outturn of traffic and is multifold as compared to other airports which handle similar traffic levels. JIAL has projected a capex to the tune of ₹ 5998.15 Crores for handling traffic of estimated nine (9) Mn in the last tariff year of the control period i.e. FY 2026-27. This approach of the Airport Operator is not in the overall interest of the stakeholders of the airport. It appears that the CAPEX has been projected by JIAL without linking it with the mandate provided under Schedule B of the Concession Agreement.
- ii. The Authority has considered various applicable factors such as current capacity, traffic estimates, normative cost benchmarks, need assessment etc. together with the need for modular development of facilities as mandated by the Concession Agreement and has rationalized the Capital Expenditure proposed.
- iii. The Authority also notes that the capex proposed by the AO is much higher than that in other airports of similar capacity. The Authority notes that the additional cost estimated for capex as



submitted by JIAL are not aligned with the current traffic conditions wherein traffic has just overtaken the pre-COVID levels in FY 2023-24.

The Authority has also observed that there is considerable delay in implementation of CAPEX during site visit by the independent consultant in Nov'23. As per the MYTP, the construction of New Terminal Building was supposed to start in Jan'23 however till Mar'24 the works is at conceptualisation stage only.

Airport Operator should be careful while proposing any Capex considering the passenger profile, economic factors etc. so that the aspect of cost relatedness of ICAO principle may not be breached that user should only pay for the services availed by them.

- 7.9.2 The Authority has noted the comments from JIAL with respect to the adjustment of normative cost on account of GST. The Authority has considered normative cost as prescribed in the order no. 07/2016-17 dtd. 13th Jun'2016 which was inclusive of service tax i.e. 12% at that time. Due to introduction of GST by the Govt. of India the Authority decided to consider the GST impact in the normative cost. Since, the original cost was inclusive of Service tax, the Authority in case of JIAL has first arrived the normative cost bereft of service tax i.e. 12% and then applied GST over the base price. The Authority has considered Rs 1,00,000 as inflation adjusted normative cost (inclusive of taxes) for FY'2021 adjusted the same on account of tax impact which comes to Rs. 105,357 for FY'21. Hence the Authority does not see any reason to change the estimate considered by it at the Consultation stage. The Authority notes JIAL's comments regarding consideration of 18% GST instead of adding 6% differential and would like to clarify that it had computed Normative Cost by considering GST at 18%. Further, on account of JIAL's comment on the basis of inflation impact considered by the Authority, it is to be noted that the Authority has been consistently applying WPI inflation rates as published by Reserve Bank of India as a constant benchmark for the purpose of the estimation. Accordingly, the Authority has considered the same for the purpose of estimating Capital Expenditure in the case of JIAL also. The Authority has considered 86th Round Report dated 8th February 2024 at the time of issuance of the Consultation Paper. The Authority notes that the 88th round report is also available now and accordingly, the Authority has decided to consider the same for estimation purposes. The Authority will review the actual costs incurred at the time of MYTP evaluation of the next control period and true up based on review of efficiency and reasonableness.

Regarding AO's comments on AERA's Order No. 43/2021-22 dated 15th March 2022 pertaining to Kolkata Airport, the Authority hereby clarifies that the Normative Cost derived from AAI's estimated cost excluding GST and certain other items (cost per sqm of piling work) was only 58,340 (for FY 2021-22) and the Normative Cost benchmark of AERA (including GST) is much higher. Based on the above normative cost benchmark, AERA had accepted the cost projected by AAI.

- 7.9.3 The Authority has examined the comments of FIA on conducting an independent study on the efficient capital expenditure in the Third Control Period and the response of the AO. The Authority also notes FIA comments on putting the non-essential capex on hold/defer and the capital cost which is incurred by the Airport Operator should only be passed on to Airlines once it is put to use. In this regard, The Authority is of the view that the requirement for a study depends upon the size, scale and complexity of operation at the airport. The Authority through its Independent Consultant has done in-depth analysis of CAPEX proposals. Furthermore, the Authority has examined in depth the CAPEX proposals submitted by the AO for the Third Control Period, sought clarifications on the essentiality and the reasonableness of the proposed CAPEX and has considered only such capital expenditure that are essential from safety/ security/ operational requirements or necessitated by the terms of the Concession Agreement. Also, Clause 24.1, 24.2 and Schedule L of the Concession Agreement defines the Roles and Functions of the Independent Engineer which includes review, inspection, monitoring of the construction works and



determining cost of such works/ services and their reasonableness. Thus, the Independent Engineer has been appointed to review the capital projects at JIAL in accordance with the above-mentioned terms of the Concession Agreement.

In view of the above, the Authority believes that there is enough mechanism in place to ensure review of capex. Also, considering the size and scale of operation at Jaipur Airport, a separate study will not be required. Further, it is to be noted that in terms of AERA guidelines, the CAPEX proposals are taken into RAB only after they are commissioned and put to use.

7.9.4 The Authority has noted JIAL comments on basis of adjustment made towards CAPEX as part of the Consultation Paper. The Authority has examined JIAL comments and have following views:

i. **Airport Boundary Wall:** Authority emphasize that the detailed cost breakdown and specification specific to the JIAL requirement is not available at this stage. Accordingly, the Authority has considered standard such as CPWD PAR 2021 rates, which are applied consistently across similar projects to ensure financial discipline and transparency. Costs will be tried up during tariff determination of next control period based on actuals subject to reasonability and efficiency. Additionally, the cost of ₹11,662 per sqm, used as reference, was established in the previous tariff order for Ahmedabad (AMD), reinforcing decision to adhere to this validated benchmark. In view of the same, Authority decides to adhere to the proposal suggested by the Authority in the Consultation Paper.

ii. **Perimeter Intrusion Detection System (PIDS):** The Authority acknowledges the submission by JIAL concerning the proposed CAPEX for the Perimeter Intrusion Detection System (PIDS) at Jaipur Airport. The detailed comparison and reference to the cost metrics used at Cochin Airport. However, Authority's decision to recalibrate the cost estimation remains anchored in the most current and judicious financial assessments.

It is crucial to highlight that the Authority has compared the PIDS estimates provided by JIAL with those from the hypersensitive airports Lucknow and Ahmedabad, the tariff orders of which were issued recently. These airports serve as a more recent benchmark, reflecting the latest market conditions and technological advancements, unlike the Cochin data. This ensures that cost considerations are not only the most up-to-date but also the most prudent.

iii. **Integrated Cargo Terminal:** The Authority, as part of tariff determination process has revised the cost of land side road under integrated cargo terminal to Rs. 1850 per sqm from Rs. 6900 per sqm. as submitted by JIAL in MYTP. As part of stakeholder response, JIAL mentioned that the rate proposed by JIAL include carriageway, footpath, landscaping, streetlights etc. hence same should be allowed.

In this regard the Authority has again reviewed the BOQ submitted by JIAL and noted that the JIAL has considered cost towards streetlighting, site circulation and cargo complex separately which largely covers the carriageway, complex landscaping, street lighting etc. in order to avoid possible duplication of cost, and absence of detailed design or definite contract, the Authority decides to consider Rs. 1850 per sqm. For landside roads as per the CPWD PAR 2021 with inflationary adjustments.

With respect to the Cargo terminal the Authority has considered Rs. 73402 per sqm. which is an inflation adjusted cost at Lucknow Airport as of FY'23. JIAL as part of stakeholder response requested to consider the cost of Rs. 77533 per sqm. as per the contract awarded at Ahmedabad airport. The Authority has again reviewed the JIAL submission in this regard and observed that the cost in case of Ahmedabad airport is consolidated cost and no segregation has been provided in terms of site circulation area, street lighting, drainage, demolition activity etc. Since in the case of JIAL these costs are captured separately and in absence of detailed design or definite



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

contract, the Authority decides to consider the rate proposed by the authority in case of Lucknow airport. The cost will be tried up at actual subject to reasonableness and efficiency.

- iv. **Fuel Farm Facility:** The Authority has considered the Rs. 78.20 per KG steel for fuel tank based on CPWD DSR 2021 issued on 12th July 2021. The Airport operator in this regard has shared the updated circular which was separately issued by the CPWD in the month of December 2021. As part of stakeholder consultation, the same has been considered with inflation adjustment to arrive the cost of fuel farm pre-fabricated tank. Further, the AO has asked Rs. 134.34 per KG as of 2023, however as per the authority inflation adjusted cost for 2023 revised to Rs.131.24 per KG based on December 2021 circular of CPWD, the authority decides to consider the same.
- v. **Crash Fire Tender (CFT):** In view of the consideration of cost of CFT in case of Thiruvananthapuram Airport and the cost reference provided in case Guwahati Airport, the Authority decides to consider Rs. 12 Crore per Crash Fire Tender (CFT) for Jaipur Airport as well.

7.9.5 The Authority has noted JIAL comments with respect to soft cost. The Authority has following views:

- i. The Authority had already undertaken a detailed analysis of the Costs claimed by AO towards Technical services, PMC, Contingencies, etc., and based on the same, proposed soft cost as 8% of allowable Aero CAPEX in the Consultation stage. For other PPP airports such as HIAL, BIAL, DIAL costs pertaining towards various technical services, preliminaries, pre-operatives, insurance/statutory payment, contingencies, etc. had been considered in the past in the range of 8% - 11% of the project costs. The Authority is of the view that 16% claimed by the Airport Operator is not justified and does not consider the efficiencies. The Authority clarifies that the 8% allowed on Aero CAPEX is in addition to the cost of Independent Engineer (whose roles and responsibilities has been defined in Clause 24.1, 24.2 and Schedule L of the Concession Agreement) which has been considered while determining ARR of JIAL for the Third Control Period. The Authority has also taken into consideration the need for rationalization of CAPEX at JIAL based on the evaluation of various factors.
- ii. The Authority's view on soft cost on different capex is summarized in the following table:

Table 121: Asset head wise analysis and observation regarding soft cost

Asset Head	Items	Analysis and Observations
Air side works	Airside drainage work, Apron, Fuel farm Storage facility, airside improvement work, etc.	On airside works, PMC charges are in the range of 1% to 3%
Bought out items	BDDS equipment, EVs, Ambulance, Crash Fire Tender, Bullet Proof Jackets, Bullet Proof Helmet, Bullet Proof Shield, Bullet Proof Morcha, Binocular Device, Threat containment vehicle, BDDS, Chairs, Office furniture etc.	Items are purchased on Supply, Installation, Testing & Commissioning (SITC) basis. Soft costs are not applicable on such items
Contingencies		JIAL has included contingencies also in soft cost. Contingencies are not applicable after commissioning of assets.

Hence taking an overall view, soft cost @ 8% of total aeronautical capital expenditure is reasonable and justified.

7.9.6 The Authority has taken note of AO's comments regarding the re-adjustment (reduction) of 1% of non-

completed project costs in the ARR/target revenue. The Authority has drawn inference from other PPP airports, regarding a trend amongst airport operators, where capital projects are proposed in one Control Period and the same is postponed to the next Control Period. The Authority is of the view that such a practice is not in the interest of airport users as they start paying higher tariffs in anticipation of enhanced services against the proposed capital expenditure, which is eventually postponed to next Control period by the AO. The Authority also notes that the AO has to do due diligence while proposing the capitalization schedule upon which tariffs are determined for the Third Control Period. Thus, the contention of AO to not readjust ARR if projects are not completed, is not justified. Accordingly, the Authority decides to readjust (reduce) 1% of the uncapitalized project cost from ARR/target revenue during true-up exercise of the Fourth Control Period if any particular project is not capitalized as per the capex schedule approved in the tariff order.

Airports in India are a public utility and the Authority has to consider and balance the interests of all the stakeholders and not only that of the Airport Operator. As already stated at the Consultation stage, the Authority 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 AO or its contracting agencies and is justified, the same would be considered by the Authority at the time of tariff determination of the Fourth Control Period.

Further, the Authority notes that the airport users pay a considerable price to avail services at the airport and any delay beyond its intended date of completion of the projects would result in the Airport Operator getting an undue advantage at the expense of the airport user. Since the Airport Operator would be able to recover the cost of investments without the investments happening in the first place or the investment not culminating in asset capitalization and the public i.e. Airport passengers would start to pay for the assets which are not created on the expense of airport users. The Authority has considered this rationale consistently in past for other similar airports, to provide for an adjustment cost to the extent of 1% of the uncapitalized project cost while determining RAB in the case of delay in capitalization of the project beyond the stipulated dates.

The Authority considers that such a provision would ensure that efficiency standards are maintained by the Airport Operator and would dis-incentivize AO from allowing the project getting delayed beyond the committed timelines for implementation of the project thereby ensuring efficiency in the cost incurrence. The same is a balancing exercise which ensures that the Airport Operator meets the commitment to complete the Project as per the schedule mentioned in the Tariff Order. The Authority also notes that stakeholders like FIA have supported its view in this regard as can be seen from their comment as given below:

"We agree with AERA's proposal 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 adjustments can be made by AERA during the tariff determination for the Fourth Control Period."

In view of the above, JIAL submission of removal of 1% penalty is not agreed to by the Authority.

7.9.7 The Authority post its examination of the comments of JIAL on financing allowance, states the following:

- i. The Authority considered that 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 as the investment in the asset class will then be equated to risk free rate of return. Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the 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 if debt is used for funding projects.
- ii. Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. The AO is adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.
 - iii. JIA is a brownfield airport, therefore, the operations at JIA are stabilized which reduces the construction and traffic risk as compared to a greenfield airport. Developments at greenfield airports inherently take longer durations to commission and operationalize. 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 greenfield airports. It may be further noted that the Authority has never provided Financing Allowance in the case of brownfield airports in its any of the Tariff Orders.
 - iv. The Financing Allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which only Interest During Construction (IDC) was permitted on the debt portion of the proposed capital expenditure.
 - v. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports cannot be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, in a scenario where the AO brings in additional investments, the airport facilities are mobilized and enabled to other parts of the airport, which remains functional, and the AO keeps on enjoying the charges from the users. In the case of JIAL, since the proposed projects include mobilization of existing operations, the Airport ought to be considered as a brownfield airport, which in the opinion of the Authority, would make JIAL not eligible for an allowance on the equity portion of newly funded capital projects.
 - vi. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt. Further the Authority opines that Financing allowance should be provided only on the debt borrowings availed for execution of a project.
 - vii. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on both equity and debt portion of the capital expenditure. The proviso to Section 13 (I) (a) states that "different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (I) (a)".

Based on the above, the Authority is of the view that there is no reason to deviate from the proposal made by it regarding Financing Allowance at Consultation stage (Refer para 7.3.13 of this Tariff Order). Therefore, the Authority sees no merit in the AO's contention.

The Authority notes the comments of AO on true up of IDC at the time of tariff determination for the next Control Period. The Authority hereby clarifies that the IDC on the debt portion of the total value of the Aeronautical CAPEX will be considered at the time of true up of the Third Control Period, while determining tariff of the next Control Period, based on actual capitalization of the assets.

7.9.8 The Authority has examined the AO and FIA's Comments with respect to the Terminal Building ratio. It is noted that the area identified for Non-Aeronautical activities are based on the scope for commercial activity and there are no specific restrictions stipulating that the area allocated for a particular non-aeronautical activity must be at a particular location (except on account of consideration of safety and security). Further, the guideline considers assets with fixed location, in case of commercial space, both



the asset and location are dynamic and need to change or upgrade based on market demand and commercial strategies. Accordingly, the area used for Non-Aeronautical activities cannot be considered as fixed locations.

In the absence of any specific unit area and costs being mentioned in the Concession Agreement, the norms as per the IMG recommendations are the most appropriate basis for the purpose of tariff determination and the same has been considered accordingly.

Further, the Authority would like to state that for similar size of airports, the Authority had determined Terminal Building ratio of 90:10. This is the uniform approach followed by the Authority for the relevant Control Periods of these Airports and the same has been considered in the Tariff Order for the Second Control period as well.

The Authority noted the AO's comments on Shared-Till model. As per paragraph 5.2.1.(b)(i) of AERA Guidelines *"The assets that substantially provide amenities /facilities/ services that are not related to, or not normally provided at an airport, may be excluded from the scope of RAB"*. The demarcation between Aeronautical and Non-aeronautical activities has been clearly defined in the AERA Guidelines and this is also required to ensure cost relatedness principle of ICAO. On this basis, AERA includes/excludes the capital items from the RAB and determines the tariff for the Airport, which is uniformly followed across Major Airports. The AO has selectively referred and interpreted the Hybrid till order, the AO should follow holistic approach and should keep in the mind the tariff principles and stakeholder's interest.

The Authority has examined the comments of AO regarding the length, breadth and height of the Terminal Building. The Authority is of the view that the ceiling height are part of the overall plan of the terminal building considering various factors, while the height used for commercial activities are based on the specific requirements of those vendors and not based on any other restriction. Further, the area used for commercial activities are leased based on the floor area only and hence the allocation of terminal building area based on the floor area utilized for Non-Aeronautical activities is the appropriate basis for allocation of common assets and the related common expenses.

Further, AERA does not agree with the argument of the AO that in the Terminal Building, all the assets should be considered as Aeronautical. If that is so, the AO should forgo the 70% Non-Aeronautical revenue, which the AO would be enjoying from the Non-aeronautical assets.

The Authority would also like to note the following with respect to comments submitted by JIAL:

- i. As per tariff guidelines 2011 for Airport Operators the tariff for an airport needs to be calculated as per single till methodology, according to which all building block of ARR are considered 100% as Aeronautical.
- ii. The Authority, in order to adopt uniform tariff policy across all major airports, had amended its tariff guideline to the extent of adoption of Hybrid Till instead of Single Till prescribed in the guidelines vide order 14/2016-17. The Hybrid Till in principle considers only aeronautical portion of OPEX and CAPEX as pass through in tariff with 30% cross subsidy from Gross Non-Aero Revenue.
- iii. The revenue, cost and assets are interlinked and should be aligned in accordance with the till methodology adopted for tariff determination. Thus, as part of asset allocation exercise, the Authority would require identification and allocation of Assets and OPEX into Aero and Non-Aero.
- iv. FIA, in its comments as put forward in para 7.7.15 has supported the Authority's view in this regard as reproduced below.

"FIA submits that, AERA has considered the Terminal Building Ratio ('TBLR') of 90:10 for Third Control Period.



However, considering that Jaipur is a tourist destination, while being the most populous city in Rajasthan, has the potential of higher non-aero revenue, the non-aeronautical ratio proposed by AERA appears to be on the lower side.

Further, as observed by AERA itself, in comparison to the other similar PPP airports such as DIAL, MIAL, BIAL etc., the TBLR was considered above 10%.

Hence, keeping in view the above-mentioned facts, JIAL shall better utilize such aspects and space towards increasing their non-aeronautical activities.

We request AERA to allot the best possible ratio towards NAR as deemed appropriate. In view of that, we request AERA to consider the highest possible non-aeronautical allocation in the case of JIAL (preferably higher than 10%)."

Hence, the Authority decided to consider Terminal Building ratio of 90:10, as done at Consultation stage.

- 7.9.9 The Authority has taken a note on FIA and Airport Operator's comment on useful life of asset.
- i. The Authority has noted the comments of the AO regarding depreciation and hereby clarifies that it had provided detailed justification for not considering the recommendations of the AO's Independent Expert for adopting a shorter useful life of the assets (refer para 7.5.1 of this Tariff Order). The Authority notes that the Authority's Order on the Useful Life of Airport Assets was issued after due consultation process and is being uniformly applied in all airports. Also, certain stakeholders like FIA have commented that the Terminal Building and the Aprons have useful life as long as sixty (60) years and ninety-nine (99) years respectively at international airports like London Heathrow, Sydney airport and Amsterdam airport. However, the Authority has considered a balanced approach and provide for the useful lives to be considered between 30 and 60 years with due reasoning.
 - ii. The Authority has examined the comments of FIA on the useful life of the Terminal Building and the response of the AO. As per Order No. 35/2017-18 dated 12th 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. The AO, based on its assessment, has submitted the useful life for terminal building as 25 years, which the Authority has revised to 30 years, in line with its consideration of useful life of the Terminal Building of other similar airports and as per the requirement of the aforementioned Order No. 35/2017 -18. The Authority also notes the comments of FIA on conducting an independent study on depreciation. In this regard, the Authority notes that the requirement for an independent study will depend upon the size of the airport and the scale of operations. If AERA feels that there is a need arising in the future, it may commission an independent study for the future Control Periods of JIAL. For Kannur and Cochin airport, if AERA has considered useful life of 60 years for Terminal Building, it must be on the basis of request option available with Airport Operator in Order No. 35/2017-18.
 - iii. Hence, the Authority decides to consider useful life of assets as proposed at Consultation stage.

7.9.10 The Authority has noted the comments of FIA and the response of the AO on application of normative guidelines for assessing capital expenditure projects of JIAL. The Authority would like to point out that as stated in the Consultation Stage (Refer para 7.3.4 of this Tariff Order) it has already made adjustments, wherever necessary, on the basis of inflation adjusted normative cost. Further, in case of FIA remark over consideration of Rs 1,05,537 per sqm over Rs 1,00,000 per sqm, the Authority would like to clarify that the normative cost of Rs 1,00,000 per sqm is without GST adjustment which was introduced by Govt of India post issuance of normative order. The Authority has accordingly adjusted Rs 1,00,000 normative cost to the extent of GST impact. The Authority would like to reiterate that it has examined in depth the CAPEX proposals submitted by the AO for the Third Control Period, sought clarifications on the essentiality and the reasonableness of the proposed CAPEX and has considered only such capital

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

expenditure that are essential for safety/ security/ operational requirements or necessitated by the terms of the Concession Agreement.

The Authority has noted FIA's comments on CAPEX efficiency study and counter comments of JIAL on same. The Authority is of the view that the requirement for a study depends upon the size, scale and complexity of operation at the airport. The Authority through its Independent Consultant has done in-depth analysis of CAPEX

- 7.9.11 The Authority has noted FIA's detailed comments regarding taxes charged on FIC and ITP levied by the Airports. The Authority would like to highlight that taxes are levied by the Ministry of Finance and are beyond AERA's domain.
- 7.9.12 The Authority notes FIA's request to not allow the Fuel Farm Tariff. The Authority provides the flexibility to JIAL to consider different elements of charging which will then be evaluated by the Authority. For reasons stated above, the Authority cannot allow/ disallow a charge, only from the perspective of possible tax optimization.
- 7.9.13 For FIA's comments on higher TB ratio, Authority's analysis detailed in Para 7.9.8 may be referred to.
- 7.9.14 The Authority while examining the stakeholder comments observed that the forecasted passenger traffic in FY2026-27 would be 9.75 MPPA, whereas the airport designated passenger handling capacity would be 6 MPPA after the operationalization of T-I. The Authority notes that the passenger handling capacity available at the airport would not be commensurate with the traffic projections for the last tariff year. The Authority noted that the current project progress towards NITB-III is at very preliminary stage, and it is unlikely that the NITB-III can get commissioned during Third Control Period. Therefore, the Authority has not considered the NITB-III capex as part of RAB in Third Control Period. However, if NITB-III and its associated works are constructed in this control period due to operational exigencies, the Authority will consider the cost towards NITB-III and its associated works, (if commissioned and put to use during the Third Control Period), on incurrence basis subject to reasonableness and efficiency during tariff determination of next control period.
- 7.9.15 The Authority noted that the capital expenditure for FY'24 is now actualized by the Airport Operator. In view of the same, the Authority has sought details of actual capitalization by the Airport Operator. On the basis of the details shared by the Airport Operator, the Authority noted that the actual capitalization is ₹ 48.90 Crores against the earlier estimation of ₹ 99.66 Crores at Consultation stage. The Authority decides to consider the actual CAPEX for FY'24 and defer the excess capex estimated towards remaining years within Third Control Period. Further, some of the CAPEX which were earlier projected in FY2025 at consultation stage have been shifted to FY2026 considering their physical progress.
- 7.9.16 The updation of capex for FY'24, adjustment in capex schedule, adjustment of capex towards fuel farm and CFTs and revision of inflation factor resulted in to change in dependent factors such as soft cost and interest during construction. The Authority has updated to cost related to soft cost and IDC in line with the updated capex plan. The soft cost has been revised to ₹ 83.60 Crores from earlier ₹ 85.25 Crores at consultation stage (this is mainly due to actualization of FY'24 capex) and the IDC is revised to ₹ 26.56 Crores from earlier ₹ 25.72 Crores at consultation stage (mainly due to increase in capex and construction period).
- 7.9.17 Based on the above analysis and the revision in the inflation rates (Refer para 9.5.1), the aeronautical capital expenditure recomputed by the Authority for the Third Control Period is given below:

Table 122 Aeronautical Capital Expenditure decided by the Authority for Third Control Period

(₹ Crores)

S.NO.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
	Passenger Terminal and Associated works								
A.1	New Integrated Terminal III (NITB)	-		-	-	-	-	-	-
A.2	Elevated Departure and Arrival Road for new T-III	-		-	-	-	-	-	-
A.3	New electrical substation for proposed new infrastructure	-		-	-	-	-	-	-
A.4	STP for proposed new T-III	-		-	-	-	-	-	-
A.5	Extension of North-West Apron for NITB	-		-	-	-	-	-	-
	Total	-		-	-	-	-	-	-
A.6	Existing Terminal I upgradation and associated works	2.60	90.00%	1.72	0.07	0.54	-	-	2.34
A.7	Operational capex for commencement of Terminal-I	3.59	90.00%	3.04	0.19	-	-	-	3.23
A.8	Terminal -II upgradation and associated works	283.64	90.00%	5.52	5.45	244.31	-	-	255.27
	Sub-Total (A)	289.83		10.27	5.71	244.85	-	-	260.85
	Runways, Taxiway & Aprons								
B.1	Airside Drainage Works	51.24	100.00%	-	-	-	-	51.24	51.24
	Apron and Taxiway related works	-							
	Construction of Apron near Cargo Terminal	5.84	100.00%	-	-	-	5.84	-	5.84
	Construction of associated Taxiways for North-West Apron	100.60	100.00%	-	-	-	100.60	-	100.60
B.2	Construction of Code E Taxiway for Terminal I Apron	14.24	100.00%	-	-	-	14.24	-	14.24
	Construction of New Link Taxiways	12.76	100.00%	-	-	-	12.76	-	12.76
	Construction of New Rapid Exit Taxiway	16.89	100.00%	-	-	-	16.89	-	16.89
	Construction of TI Apron	32.37	100.00%	-	-	-	32.37	-	32.37
B.3	GSE Staging - (Rigid Pavement)	5.46	100.00%	-	-	-	5.46	-	5.46
B.4	Refurbishment of RESA 09 & 27	4.35	100.00%	-	-	4.35	-	-	4.35
B.5	Improvement of CBR value of basic strip	-							
	Sub-Total (B)	243.75		-	-	4.35	188.17	51.24	243.75



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S.NO.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
	Construction of Boundary Wall								
C	C.1 Airport Boundary Wall (New Construction)	2.96	100.00%	-	1.61	1.34	-	-	2.96
	C.2 Airside Perimeter & Service Road including streetlights	5.50	100.00%	-	-	-	5.50	-	5.50
	C.3 Perimeter Intrusion Detection System (PIDS)	18.02	100.00%	-	-	-	18.02	-	18.02
	Sub-Total (C)	26.48		-	1.61	1.34	23.53	-	26.48
	Access Road								
D	Fire access road on south of Runway & perimeter road repair	18.89	100.00%	-	-	6.16	12.72	-	18.89
	Sub-Total (D)	18.89		-	-	6.16	12.72	-	18.89
	Cargo Complex								
E	E.1 Interim Cargo Facility	8.58	100.00%	0.43	5.17	2.98	-	-	8.58
	E.2 Integrated Cargo Terminal	82.32	100.00%	-	-	-	82.32	-	82.32
	Sub-Total (E)	90.90		0.43	5.17	2.98	82.32	-	90.90
	Fuel Farm Infrastructure								
F	F.1 Fuel Farm facility	132.42	100.00%	-	-	-	132.42	-	132.42
	F.2 Hydrant Line	-	-	-	-	-	-	-	-
	F.3 Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	33.12	100.00%	-	-	33.12	-	-	33.12
	Equipment (Dispenser and Bowsers)	21.26	100.00%	-	-	-	21.26	-	21.26
	Sub-Total (F)	186.80		-	-	33.12	153.68	-	186.80
	Vehicles								
G	G.1 Ambulance (4 Nos) for ARFF & Recovery Vehicle	1.38	100.00%	-	-	1.38	-	-	1.38
	G.2 CFTs(4Nos.) for ARFF	55.45	100.00%	-	-	12.30	15.86	27.29	55.45
	G.3 Conversion of vehicles to EVs	7.01	100.00%	1.63	0.56	3.24	1.58	-	7.01
	G.4 Modified Vehicle for BDDS equipment	0.33	100.00%	-	-	0.33	-	-	0.33
	G.5 EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	0.33	100.00%	-	-	0.33	-	-	0.33
	Sub-Total (G)	64.49		1.63	0.56	17.57	17.45	27.29	64.49
	Plant and Machinery								
H	Plant and Machinery - H1-H55	134.12	97.88%	11.35	13.97	49.53	31.96	24.46	131.27
	Sub-Total (H)	134.12	97.88%	11.35	13.97	49.53	31.96	24.46	131.27
I	Other Buildings								



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S.NO.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
	Other Buildings - I-1 - I-17	60.00	97.88%	-	0.05	13.38	18.55	26.74	58.73
	Sub-Total (I)	60.00	97.88%	-	0.05	13.38	18.55	26.74	58.73
	IT equipment								
J	IT equipment - J.1-J.26	117.37	97.23%	8.43	19.20	28.71	27.63	30.15	114.12
	Sub-Total (J)	117.37	97.23%	8.43	19.20	28.71	27.63	30.15	114.12
	Furniture & fixtures								
K.1	Furniture & Fixtures (Chairs, Stool, Tables, etc)	1.47	97.88%	-	-	0.77	0.33	0.34	1.44
K.2	Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	1.53	97.88%	-	-	1.09	0.20	0.20	1.49
K.3	Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	1.69	97.88%	-	0.64	0.58	0.44	-	1.65
	Sub-Total (K)	4.68	97.88%	-	0.64	2.44	0.97	0.55	4.59
	Security equipment								
L	Security equipment for Gates	0.57	100%	-	-	-	0.57	-	0.57
	Sub-Total (L)	0.57	100%	-	-	-	0.57	-	0.57
	AAI CWIP transferred to JIAL								
M	Runway, Taxiway and Apron	19.06	100.00%	19.06					19.06
	IT equipment	0.88	97.23%		0.86				0.86
	Plant and Machinery	3.15	97.88%		3.08				3.08
	Furniture & fixtures	0.01	97.88%		0.01				0.01
	Office equipment	0.18	97.23%		0.18				0.18
	Sub-Total (M)	23.28		19.06	4.12	-	-	-	23.18
Total				51.18	51.02	404.45	557.56	160.41	1224.63

Note: Increase in the capex in the tariff order compared to that considered at the Consultation stage is mainly on account of following:

1. Recomputed the cost towards Fuel Farm facility and CFTs in line with the stakeholder's response (refer para 7.9.4)
2. The inflation rate has been adopted based on latest available rates as per RBI forecaster survey 88th round dated 7th June '2024. (refer para 9.5.1)
3. Actualization of FY'24 capex numbers resulted into shifting of some part of capex by one year. (refer para 7.9.11)
4. Updation in soft cost and IDC on account of FY'24 actualisation and capex realignment. (refer para 7.9.16)

7.9.18 Based on the changes in capital expenditure, the aeronautical depreciation recomputed by the Authority for the Third Control Period. Following are the details of Aeronautical depreciation decided by the Authority:

Table 123 Aeronautical Depreciation decided by the Authority for Third Control Period

(₹ Crores)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Terminal Building	5.61	5.89	10.05	14.14	14.14	49.83

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Runway, Taxiway and Apron	9.52	9.88	9.95	13.18	17.18	59.71
Cargo building	0.01	0.10	0.24	1.66	3.03	5.03
Boundary wall	0.01	0.17	0.46	2.88	5.17	8.68
Software	0.05	0.05	0.04	0.00	0.00	0.13
IT equipment	1.05	7.56	15.81	24.89	34.51	83.82
Security equipment	0.00	0.00	0.00	0.02	0.04	0.06
Plant and Machinery	8.62	9.86	11.95	14.43	16.31	61.17
Other Buildings	0.13	0.13	0.35	0.87	1.62	3.10
Access Road	0.00	0.00	0.31	1.25	1.89	3.45
Fuel	0.00	0.00	0.83	5.50	9.34	15.67
Furniture & fixtures	0.31	0.35	0.57	0.81	0.92	2.97
Vehicles	0.21	0.33	1.46	3.62	6.39	12.01
Office equipment	0.30	0.32	0.33	0.32	0.25	1.52
Total	25.82	34.65	52.33	83.56	110.77	307.14

Note: Reduction in depreciation in the tariff order vis a vis consultation paper is mainly on account of following:

1. Actualization of FY'24 capex.
2. Shifting of capex which were expected to start in FY'24, however, couldn't be initiated. This has resulted into deferment of capitalization and reduction in depreciation.

7.9.19 Based on the changes capital expenditure and depreciation discussed above, the revised RAB for the Third Control Period as decided by the Authority is given below:

Table 124 RAB decided by the Authority for Third Control Period

Particulars	Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Opening RAB (1)	Table 52	495.53	520.89	537.26	889.38	1363.38	
Capital Additions (2)	Table 122	51.18	51.02	404.45	557.56	160.41	1224.63
Disposal/Transfers (3)		-	-	-	-	-	
Depreciation (4)	Table 123	25.82	34.65	52.33	83.56	110.77	307.14
Closing RAB (5) = [(1)+(2) - (3) - (4)]		520.89	537.26	889.38	1363.38	1413.02	
Average RAB = [(1) + (5)]/2		508.21	529.08	713.32	1126.38	1388.20	

7.10 Authority's decisions regarding CAPEX, Depreciation and RAB for Third Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to CAPEX, depreciation and Regulatory Asset Base for the Third Control Period.

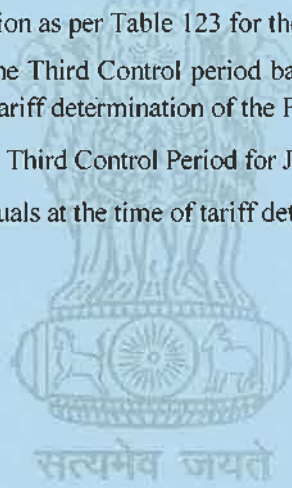
- 7.10.1 To consider the revised Terminal Building ratio of 90:10 in line with the Study on allocation of assets, IMG norms and as approved for other similar Airports.
- 7.10.2 To allow IDC during the Third Control Period and not to allow Financing Allowance as mentioned in Para 7.9.7 .
- 7.10.3 To adopt the capitalization of Aeronautical CAPEX for the Third Control Period in accordance with



CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Table 122,

- 7.10.4 To reduce (adjust) 1% of uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in para 7.9.6. The same will be examined at the time of tariff determination of next Control Period.
- 7.10.5 To consider GST on RAB/CWIP on actual incurrence basis as detailed in para 7.3.10.
- 7.10.6 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the Fourth Control Period.
- 7.10.7 To true up the Aeronautical Capital expenditure based on actuals subject to, cost efficiency and reasonableness at the time of determination of tariff for Fourth Control Period.
- 7.10.8 To adopt Aeronautical Depreciation as per Table 123 for the Third Control Period.
- 7.10.9 To true up the Depreciation of the Third Control period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fourth Control Period.
- 7.10.10 To consider average RAB for the Third Control Period for Jaipur International Airport as per Table 124.
- 7.10.11 To true up the RAB based on actuals at the time of tariff determination for the Fourth Control period.



भा.वि.आ.वि.प्रा.

AERA



8 FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD**8.1 JIAL's submission of FRoR for the Third Control Period****Cost of equity**

8.1.1 JIAL had considered the Cost of equity as 17.30% based on a report by PwC.

8.1.2 JIAL had submitted the following assumptions for estimating the Cost of equity:

- Risk-free rate was calculated by taking 10-year average yield on a daily basis, for 10-year Government of India securities.
- Asset beta was derived based on five-year weekly regressed beta computed for comparable listed airports (weighted), and adjusted for appropriate leverage to determine the levered Equity beta
- Although various debt-equity (leverage or gearing) ratios had been analyzed, the assumed leverage for computation of Cost of equity was the normative approach and standard adopted in earlier tariff determination exercises of the Authority, i.e., debt-equity ratio of 48:52. For such leverage ratio, the Equity beta was computed to be in the range of 1.35 – 1.38.
- Equity risk premium over risk-free rate was computed as 7.06%, based on an average of equity risk premiums computed by a list of studies and standard market indices taken for the analysis.

Table 125: Cost of equity computation as per JIAL's submission

Parameter	Value
Risk-free rate	7.57%
Equity Risk Premium	7.06%
Debt-equity ratio (leverage)	48:52
Equity beta	1.35 - 1.38
Cost of equity (rounded off)	17.11% – 17.28%

Cost of debt

8.1.3 JIAL had submitted that Cost of debt assumed for the Third Control Period was 12%, based on actual debt taken as of date.

8.1.4 In May 2022, Adani Airport Holdings Limited had raised a 3-year External Commercial Borrowing facility from a consortium of Standard Chartered Bank and Barclays Bank PLC. The all-in borrowing cost of this facility is 12.10% p.a., the breakdown of which is provided in the table below:

Table 126: Breakdown of all-in External Commercial Borrowing cost of Adani Airport Holdings Limited

Particulars	Value
Secured Overnight Financing Rate (SOFR) reference	2.28%
Spread over SOFR	4.25%
Withholding tax gross up (at 5% of SOFR + spread)	0.33%
One-year forward Dollar-Rupee hedge cost (mandatory as per RBI guidelines)	4.51%
Upfront fees (annualised)	0.73%
All-in Cost of External Commercial Borrowing	12.10%

8.1.5 It was mentioned that a part of the proceeds raised from this facility are being on-lent to Jaipur International Airport Limited for the purpose of financing its capital expenditure at the rate of 12.25% p.a. For the purposes of computation of weighted average cost of capital, cost of debt has been assumed as 12% p.a.

Weighted Average Cost of Capital

8.1.6 Based on the Cost of equity, Cost of debt and gearing ratio, JIAL had submitted the following FRoR for

the Third Control Period:

Table 127: FRoR computation submitted by JIAL

Parameter	Value
Cost of equity	17.30%
Cost of debt	12.00%
Weighted average gearing of equity	52.00%
Weighted average gearing of debt	48.00%
FRoR	14.76%

8.2 Authority's Examination of FRoR for the Third Control Period at the Consultation stage

Cost of equity

- 8.2.1 The Authority had commissioned independent studies in 2021 for the evaluation of cost of capital separately, in case of each PPP Airport, namely DIAL, MIAL, GHIAL, BIAL and CIAL through a premier institute, namely IIM Bangalore and proposes to use these study reports as a basis, to the extent applicable and relevant, to ascertain the Cost of equity of Jaipur International Airport for the Third Control Period.
- 8.2.2 The independent study reports have drawn from the international experience of airports and their conclusions have been evaluated to the extent comparable with Jaipur Airport in terms of hybrid till, ownership structure, size, scale of operations and regulatory framework. The median and average Cost of equity arrived at by the independent study reports are 15.16% and 15.18%, respectively, as shown in the table below:

Table 128: Computation of Cost of equity as per IIM Bangalore independent study reports

Particulars	CIAL	MIAL	BIAL	DIAL	GHIAL	Average
Risk-free rate (A)	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%
Equity beta (B)	0.9427	0.9391	0.9262	0.9732	0.9442	0.94508
Equity risk premium (C)	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%
Cost of equity $A + (B * C)$	15.16%	15.13%	15.03%	15.41%	15.17%	15.18%
Average Cost of equity						15.18%

- 8.2.3 The Authority notes that the Cost of Equity for the purpose of determination of FRoR has to be fairly consistent in case of PPP airports across India as the factors considered by the Independent Study in CAPM formula such as Risk-Free Rate, Market premium are in Indian context and do not vary significantly among the Airports as these are operated undersimilar environment. Further, the averaging out exercise normalises the risk factors across Airports in Cost of Equity computation.
- 8.2.4 Based on the above reports, the Authority proposed the Cost of equity of 15.18% for Jaipur International Airport for the Third Control Period. This is also in line with the considerations of the Authority for other similar airports including Lucknow.

Cost of debt

- 8.2.5 JIAL had considered Cost of Debt for the Third Control Period at 12% based on its current borrowing rate from a related party and based on Adani Airport Holdings Limited's all-in borrowing cost of 12.10%.
- 8.2.6 Since the Airport has not obtained any credit rating from an external rating agency, there is no direct comparable entity or market data for determining cost of debt for JIA.



- 8.2.7 The Authority recommended that the Airport bring in further efficiencies in its cost of borrowing by leveraging its parent entity's financial strength in order to reduce the interest rates. This suggestion is also in keeping with the spirit of PPP whereby it is expected that the financial strength of PPP airports will be maintained at an optimal level and their cost of capital will be within reasonably allowable limits. JIAL should avail the synergies and benefits owed to it by its strong shareholding and balance sheet of its Parent companies and therefore work towards bringing down the cost of debt to the same level as other PPP airports.
- 8.2.8 Further, it was also noted that as the traffic growth and associated revenue from Aeronautical & Non-Aeronautical services improve; and the timely execution of capital projects, approved by the Authority, are completed and start to yield benefits. It is expected that the debt profile of Jaipur International Airport is bound to improve and its inherent financial risk, as reflected in the cost of debt will reduce to the levels of other PPP airports.
- 8.2.9 The Authority expected JIAL to exercise its best endeavor to undertake the financing towards capital expenditure at competitive rates as in other PPP airports and take all steps as detailed above, with support from its Parent company to optimize the cost of debt and follow all requisite procedures of financing including following all Government guidelines, obtaining efficient credit rating etc. in order to ensure that debt is contracted at optimum rates to ensure that the users of the airport are not burdened.
- 8.2.10 The Authority also noted that the average cost of debt of the other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL was 8.96%.
- 8.2.11 Accordingly, the Authority had considered the Cost of Debt of 9% for the computation of Fair Rate of Return. The Authority also directed JIAL to ensure that Related Party transactions, if any, with respect to borrowing of funds are benchmarked with most optimum rates available and is well justified.

Fair Rate of Return

- 8.2.12 Based on the above, the Authority, at the consultation stage, proposed to consider the following FRoR for the Third Control Period for Jaipur Airport:

Table 129: Fair Rate of Return proposed by the Authority for the Third Control Period at Consultation Stage

Parameter	Value
Cost of equity	15.18%
Cost of debt	9.00%
Weighted average gearing of equity	52.00%
Weighted average gearing of debt	48.00%
Fair Rate of Return	12.21%

- 8.2.13 The above independent study reports had used the Capital Asset Pricing Model (CAPM) and a notional gearing (Debt: Equity) ratio of 48:52 to determine the levered Equity beta and accordingly, derive the Cost of equity. The Authority mentioned that FRoR is computed on the basis of Cost of Equity and Cost of Debt. It had determined the CoE based on the IIM Bangalore independent study reports for the other PPP Airports whereas, the Cost of Debt shall be computed as per the Cost of Debt of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. Since the debt equity mix had been proposed by the Authority considering the efficient capital structure and the interest of all the Stakeholders, the Authority had proposed that the notional gearing ratio of 48: 52 will not be trued up during the tariff determination for the next Control Period.

8.3 Stakeholders' comments on FRoR 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. 26/2023-24 with respect to FRoR for the Third Control Period. The comments by Stakeholders are presented below.

JIAL's comments on FRoR for the Third Control Period:

8.3.2 With respect to AERA's proposal as per para 8.2.1 to 8.2.3 on page 169 of CP relating to Cost of Equity, JIAL's comment is as follows:

As per AERA Guidelines. AERA is expected to estimate cost of equity by using CAPM for each AO subject to consideration of such factor as the Authority may deem fit. However, in the instant CP, AERA has not estimated the cost of equity for JIAL. Rather it has taken reference from Cost of Equity calculated for other PPP Airports and applied it to JIAL. This is not in line with the AERA Guidelines.

Extract from the AERA Guidelines

"5.1.3 Cost of Equity

*Cost of Equity – The Authority shall estimate the cost of equity, for a Control Period, **by using the Capital Asset Pricing Model (CAPM)** for **each** Airport Operator, subject to the consideration of such factors as the Authority may deem fit."*

JIAL had adopted the study undertaken by LIAL through services of PriceWaterhouse Coopers Services LLP (PwC) on evaluating the applicable Cost of Equity (CoE). Based on this study, the AO considered the CoE as 17.30%.

The methodology used to compute the CoE of LIAL (as well as JIAL) is the Capital Asset Pricing Model (CAPM), as mentioned in AERA Guidelines. The three components to be estimated in the CAPM are (a) the beta of the CCSIA, (b) the risk-free rate and (c) the equity risk premium. Following assumptions related to above three components which appropriately capture the risks of CCSIA have been used to calculate the CoE:

- *Identification of comparable airports: Various airports were identified which are listed on stock exchanges across the globe or have regulated betas. A set of airports were removed from the list because of either lack of data for the required time period or unreliable data.*
- *Determination of equity and asset beta for the selected airports: Beta is indicative of the systematic risk of the project. In order to calculate this, the analysis regresses the movement of the stock prices (of respective airports) on the movement of an index representing the market portfolio. The beta values pertaining to this regression are called the 'equity' betas. Once the equity beta is calculated, the analysis 'un-levers' the beta (i.e., purges off the effects of the capital structure) by using the Hamada equation. Unlevered beta is called the 'asset' beta for the respective airports.*
- *Computing the proximity scores for each airport and asset beta of CCSIA: Once the asset betas have been computed, quantifiable assessment has been undertaken for identified airports to determine the proximity/ relevance scores. All the airports have been compared with Lucknow airport based on the following airport characteristics:*
 - *Regulatory Environment*
 - *Operational Structure*
 - *Payment Structure*
 - *Ownership Structure*

Numeric values of 1 to 3 have been assigned to each factor wherein lower the score, more comparable is the airport to CCSIA. Furthermore, an inverse of the proximity scores is used to calculate the 'asset' beta of CCSIA

- **Re-lever the asset beta to obtain the equity beta:** The asset beta of the CCSIA is relevered using the Hamada equation to obtain the equity (re-levered) beta. As the re-levered beta is a function of D/E or gearing ratio, the beta value changes whenever the D/E or gearing ratio changes. A gearing ratio of 48:52 is considered. This has been derived from the gearing ratios set by the regulators at different comparable international airports.
- **Risk Free Rate:** An average of daily yield for 10 years of the 10-year Government of India security has been considered as the risk-free rate.
- **Equity Risk Premium:** To avoid any bias, an average of equity risk premiums computed by a list of studies and standard market indices are taken for the analysis. The list of the same is provided as follows:
 - Prof Damodaran's estimate of ERP as of January 2021 based on ratings of sovereign bonds.
 - Forward looking ERP of India as estimated in a study conducted in April 2019 by Grant Thornton
 - ERP published by Incwert Valuation Chronicles in June 2020
 - ERP computed based on Nifty 50
 - ERP computed based on Sensex.

As is clear from above, a well-defined systematic approach which appropriately captures the risks specific to CCSIA has been used for computing reasonable rate of CoE for CCSIA.

Further we would like to point out that IIM B study considered 12 airports, out of which only two airports belong to developing countries. Airports in developing markets are exposed to each of these risks differently when compared to developed markets. Following are the risks which the airports in developing market have to face:

- **Demand Risk** – Apart from the economic conditions which affect demand, demand for air travel is also highly elastic with respect to air fare in India and other developing economies. Any increase or decrease in air fare due to fuel prices or other input costs results in relatively higher traffic volatility.
- **Counterparty Risk** – Airports in developing countries typically derive a major part of their revenue from aeronautical services, as against the developed markers where non-aeronautical revenue is higher.
- **Regulatory Risk** – Regulations in developing countries are still evolving and are not stable.

Asset beta of airports in developing countries is consistently higher than the asset beta of airports in developed economies. This can be demonstrated by the data provided in the IIM B study in which the asset beta for Sydney airport is 0.40 whereas the asset beta for Airport of Thailand is 0.86. This shows the quantum of variation in risk perception between developed and developing countries.

Study done by PwC includes airports from both developed economies like France, Spain and Switzerland and developing economies like Mexico, Malaysia, Thailand. Following are the asset betas of various airports as per study:



FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

S.No	Airport Operator	5-year asset beta on 5 year average DER	5-year asset beta on lowest DER
1	Sydney Airport Holdings Private Limited	0.692	0.719
2	Auckland International Airport Limited	1.030	1.052
3	Flughafen Zurich	0.865	0.870
4	Groupe Aéroports De Paris	0.322	0.922
5	Aena	0.162	0.121
6	Azur (Aeroporto Del Sursese)	1.338	1.346
7	Kolbehnms Luftkarrne	0.423	0.416
8	Grupo Aeroportuario Del Centro Norte S.A.B. De C.V. Atr	0.960	1.020
9	Grupo Aeroportuario Del Pacifico S.A.B. De C.V	1.430	1.428
10	Aeroporto Guglielmo Marconi Di Bologna S.P.A	0.642	0.649
11	Fraport Ag	0.686	0.669
12	Airport Of Thailand Public Limited Company	0.394	1.002
13	Malaysia Airport Holdings Berhad	0.248	0.893
14	Flughafen Wien Ag	0.527	0.610
15	Gruppo Toscana Aeroport	0.457	0.455

As is evident from table above, asset betas of airports in Mexico like Grupo Aeroportuario Del Centro Norte, Grupo Aeroportuario Del Pacifico, in Thailand like Airport of Thailand have asset betas of more than 1.

Further, we would like to give reference to para 15.6.2 of the Cochin Airport's Second Control Period Tariff Order No.7/ 2017-18 wherein Authority has taken the stance that newer airports which have higher risks need to be adequately compensated by higher cost of equity and one size does not fit all. Contents of the order are reproduced below

15.6.2. Cost of Equity: - The Authority notes that DIAL and HIAL started operations recently as compared to CIAL and the Authority has taken a slightly higher cost of equity presuming that newly started companies have a greater risk. The Authority notes that Cochin is a well-established airport paying dividends and the risk profile is very low, investment are not heavy, cost is lower, traffic is stabilized and there is no volatility. The authority opines that "One size fits all" view for calculating CoE is not appropriate since each Airport is unique. The Authority also notes from a

The same point is again acknowledged by the Authority in Tariff Order No 08/2021-22 for CIAL for the Third Control Period. The relevant extract is provided as: -

4.6.20 The Authority has noted CIAL's comments regarding cost of equity for the Second Control Period. However, it would not be prudent to compare CIAL with other private airport operators like DIAL and HIAL which have started operations more recently as compared to CIAL. The Authority had noted at the time of determining tariffs for the Second Control Period that it is reasonable to presume that newer companies would have a greater risk when compared to a well-established, investment-light and dividend-paying airport like Cochin International Airport. This is also evident from the high contribution

JIAL is a new Concession Agreement and by the logic of the Authority, JIAL has to have higher return than the Cochin Airport (CIAL).

We hereby request AERA to accept the CoE as submitted by JIAL in the MYTP supported by an in-depth study conducted by an independent consultant PwC as per CAPM methodology prescribed under AERA Guidelines.

8.3.3 With respect to AERA's proposal as per para 8.2.4 to 8.2.10 on page 169 to 170 of CP relating to Cost of Debt, JIAL's comment is as follows:

JIAL has considered Cost of debt at 12% for the TCP based on its current borrowing rate from Adani Airport Holdings Limited (AAHL) which in turn has availed borrowing from global institutions like Standard Chartered Bank, Barclays Bank PLC, Canara Bank, Siemens and Union bank.

However, the authority has proposed the cost of borrowing to be considered at 9% p.a. being the average of the other five PPP airports viz. DIAL, MIAL (Mumbai), GHIAL, BIAL and CIAL (ranges from 7.80% to 10.30%).

It is to be noted that AERA has allowed cost of debt of over 12% in the FCP for various PPP airports. Refer Para 84 TDSAT judgement of BIAL dated 16th December 2020.

84. BIAL is aggrieved by the tariff order for the first control period because the Authority has maintained a ceiling in respect of cost of debt for **Rupee Term loan at 12.5%**.

Refer Para 14.5 from FCP tariff order dated 20th April 2012 for DIAL

Decision No. 12. Decision on Cost of Debt (for years 2011-12, 2012-13 and 2013-14)

12.a. The Authority decided to consider **the actual cost** of Rupee Term Loan, paid by DIAL for the years 2009-10 and 2010-11 for the period 2011-12 to 2013-14. **The cost of debt is taken at 12.17% pa.**

It is to be noted that TCP tariff orders of above-mentioned PPP airports were issued during the period from December 2020 to August 2021. The interest rates have increased significantly in India and globally after the same which are explained in detail in subsequent paragraphs. Hence, comparing the same with current JIAL's cost of debt is not logical. **The change in the global and domestic interest rates after the said period is provided in the following paragraphs:**

- **Global Increase in Interest Rates:**

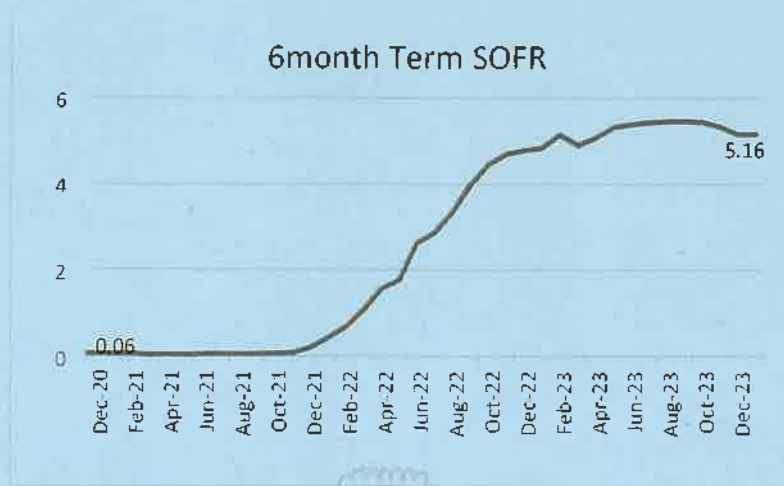
Given the changing economic scenarios across the globe the central banks of the countries have been increasing their benchmark rates. Below chart details 10 years US Treasury movement, where it is evident that the benchmark rates have been increasing constantly leading to increase credit spreads and cost of the borrowing globally:



- **Secured Overnight Financing Rate (SOFR)**, has also increased materially (~5.10%) in the said period:



FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

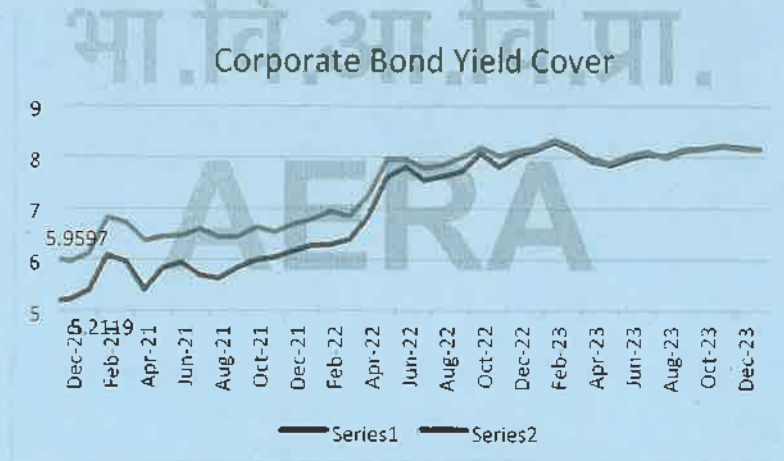


- Increase in Domestic Interest Rates in India:**

Since May-2022, the Reserve Bank of India has increased Repo Rate by 2.50% leading to cost of domestic borrowing becoming dearer in India. Following chart depicts increasing trend in 10-year Indian government securities yields:



Following chart depicts increasing trend in 5-year and 3-year AA rated corporate bond yields:



- Uncertainty in Geo-Political Scenario:**

Geopolitical tensions and higher uncertainty, Russia's actions and the responses of other countries have sharply increased the level of geopolitical risk, weakening confidence and likely



heralding a period of high policy uncertainty. The war could destabilize the region further because of uncertainty about potential escalation, spillovers of economic and political stresses to other countries, and additional sanctions or other policy responses. The risk of large-scale cyber security events linked to heightened geopolitical tensions – including attacks targeting public infrastructure and financial systems – has also increased. High policy uncertainty is associated with weaker investment and trade as firms seek to hedge against adverse outcomes.

- **Higher inflation and accelerated monetary policy tightening:**

The inflationary pressures caused by surging commodity and food prices may accelerate monetary policy tightening, heighten the risk of stagflation, and increase poverty and inequality. Market-based measures of long-term inflation expectations in the United States and Germany have reached their highest levels on record. While the U.S. Federal Reserve was expected to implement several policy, rate increases this year even before the war, higher inflation and inflation expectations may warrant a steepening of this monetary tightening cycle. Similar pressures may emerge in the euro area and in EMDEs. Global financial conditions have already tightened considerably since February. A further tightening will put pressure on EMDEs with preexisting financial vulnerabilities such as elevated debt, large foreign currency denominated debts, sizeable near-term debt rollover requirements, and twin current account and fiscal deficits. EMDE commodity importers with weaker credit ratings are especially susceptible to escalating financial strains.

Impact on Financial Markets

Equity volatility has spiked, especially in Europe, while debt and equity flows have turned sharply negative and sovereign spreads have risen for commodity importers.

- **Equity market volatility has risen markedly:**

Equity volatility in the United States (as proxied by the VIX Index) also increase substantially in the month following the start of the war, though has since declined somewhat. Global stock prices fell sharply in early March but have largely recovered.

- **Sovereign borrowing costs have increased:**

U.S. 10-year government bond yields have risen considerably, reflecting a range of factors including higher expected inflation. Spreads on EMDE bonds have not widened significantly on average, although bond issuance by EMDEs across February-March was weaker than in the same period of any year since 2016. EMDE-wide averages mask substantial divergence between groups. Excluding Russia, Ukraine and Belarus, sovereign spreads are lower for commodity exporting EMDEs since the eve of the invasion, but substantially higher for commodity importers. Debt and equity flow since February 2022 have generally remained positive in LAC and strengthened in MNA—both commodity exporting regions—while turning sharply negative in other regions.

Rationale of Cost of Debt at JAI:

- Considering the current profile of operation and outlook, the rating of JAI will be lower than the investment grade. Interest Rate by lenders is fixed on the risk profile, Cashflow generating capacity, other parameters including credit rating both internal (by Lenders) and by Rating Agencies.
- The option of raising funds at JAI was not possible without Corporate Guarantee support from Adani Group. Borrowing with Corporate Guarantee of Adani Group in turn amounts to Borrowing at Holding Company level.



- We would also like to highlight the fact that the Borrowing costs for Government owned Entity and Private Sectors entity are different. Lenders are more comfortable in lending to Government entity since repayment is backed by sovereign guarantee. (which carries highest Rating). Whereas in case of private sectors, lending comfort is driven from Industry outlook, cashflow generating capabilities, external and internal rating.
- To have efficiencies in terms of quantum, maturities, and interest rates, borrowing at AAHL was availed in the form of External Commercial Borrowings for funding requirement of various Airports.
- Further AAHL combined with Airport SPVs is domestically rated as A+/Stable by India Ratings, which at JAI Level will be lower than investment grade.
- The transition of the Airport from AAI to JAI happened during the COVID impacted period. This has negatively affected the revenue and cash flow of JAI and its credit worthiness.
- We believe that JAI will be able to demonstrate the competitive advantage of Private sector in the operation of Airport which will in turn be reflected in the borrowing cost going forward. Keeping this in mind, we at present have locked up rates of borrowing for a period of 3 years only to enable us to take advantage of reduced ROI going forward with synergy of operations.

Considering the fact that the debts raised by AO are as per RBI guidelines from reputed global Banks, reducing the cost by AERA than the actual rate of borrowing by the AO is not in line with AERA Guidelines and, according to us, is arbitrary and prejudicial to the interest of AO and airport development.

Further, Clause 5.1.4 of the AERA Guidelines – ‘Cost of Debt’, categorically lays down that the Authority shall consider forecasted cost of “existing debt” based on a review of its sources, procedures and the methods used for raising such funds. In the instant CP, the Authority has noted the actual cost of debt of AO is 12% which should have been considered as per AERA Guidelines.

As per the MIAL TDSAT Order for SCP and TCP, it has been decided that actual cost of borrowing should be considered by AERA. Refer Para 313, 320 and 321 of the TDSAT Order

313. This contention of respondent no.1 is not accepted by this Tribunal mainly for the reason that there cannot be a fixed cost of debt for the entire 3rd Control Period of five years which is from 2019-2024. The cost of debt which is actually incurred by the appellant should have been considered by AERA. The cost of debt depends upon marginal cost of funds based lending rate and the time period within which the loan is to be repaid. Inflation is one of the most important factor for determination of market forces for further determination of MCLR rates. Moreover, the spread for the time within which loan is to be repaid depends upon the credit profile of the entity.

320. In view of this, actual cost of debt shall be allowed by AERA for 3rd Control Period especially looking to the provisions of Section 13(1)(a)(i) of the AERA Act, 2008. For the ready reference, Section 13(1) of AERA Act, 2008 reads as under: - “POWERS AND FUNCTIONS OF THE AUTHORITY

13. Functions of Authority. - (1) The Authority shall perform the following functions in respect of major airports, namely: - (a) to determine the tariff for the 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; (vii) any other factor which may be relevant for the purposes of this Act: Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii); (b) to determine the amount of the development fees in respect of major airports; (c) to determine the amount of the passengers 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.” (Emphasis Supplied)

321. In view of the aforesaid provision, AERA ought to have allowed actual cost of debt incurred by the appellant especially looking to the fact that debt availed by this appellant is from reputed lenders.

Looking at above facts and TDSAT judgement, it is evident that the cost of borrowing of 12% requested by JIAL is reasonable, comparable and as per actuals funding raised through third party. We hereby request the Authority to consider the same.

Other Stakeholders' comments on FRoR for the Third Control Period:

8.3.4 FIA stated that –

“FIA submits that, only reasonable Fair Rate of Return (FRoR) to airport operators should be provided. It is observed that AERA has considered FRoR of 12.21%, which is based on cost of equity and cost of debt to the airport operator, for the Third Control Period. However, while such fixed/ assured return favours the service provider/airport operators, but it creates an imbalance against the airlines, which are already suffering from huge losses and are bearing the adverse financial impact through higher tariffs. Due to such fixed/assured returns, Airport Operators 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.

Without prejudice to the above, we request AERA to consider: In the present scenario any assured return on investment to any service providers like JIAL, in excess of five (5) % (including those on past orders) will be onerous for the airlines, i.e., being at par with reasonable returns on other investments after tax based on the current economic situation of worldwide run-away inflation coupled with rising and historic interest rates offered by banks.

Consider the fact that airport industry in India has been established, hence the risk is lower as this is a cost-plus margin business; and to review the financial closures details, debt to equity ratio based on actual weighted average rather than a notional percentage. And, in case AERA is unable to accept our recommendation mentioned above, AERA is requested to conduct an independent study for determination of FRoR to be provided to Airport operator. Such independent study can be exercised by the powers conferred under the AERA Act and in line with studies being conducted by AERA in case of certain major airport operators.”

8.3.5 DIAL stated that –

“Cost of Equity: AERA considered cost of equity of Jaipur International Airport Limited (JIAL) as average of cost of equity of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. This approach of AERA is contrary to the Tariff computation guidelines which suggests that the Authority shall estimate cost of equity, for a Control Period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit. Even in the TDSAT Judgement dated 23 April 2018 (AERA Appeal No. 6 of 2012), TDSAT had opined



that: "In view of this position, it appears to us that fixation of 16% is based on hunch and not on scientific and objective calculation or analysis. We, therefore, direct the Authority to improve upon their estimation through a scientific and objective approach in a transparent manner." We suggest the regulator to conduct a specific study for Airport as each Airport has specific risk due to competition, catchment area and demography of passenger, connectivity, quantum of passenger etc. instead of considering average of other airports. This will ensure that the cost of equity is calculated for each airport in a scientific and objective manner.

Cost of Debt: AERA considered cost of debt of Jaipur International Airport Limited (JIAL) as average of cost of debt of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. This approach of AERA is contrary to the Tariff computation guidelines which suggests that the Authority shall consider the forecast for future cost of: (i) debt proposed to be raised during the Control Period; or (ii) such debt which may be subject to a floating rate of interest subject to the Authority being assured of the reasonableness of such costs, based on a review including of its source, procedure and methods to be used for raising such debt. Cost of Debt is decided by the banks based on a variety of factors, including, the risk profile of the project, MCLR, repo rates, etc. and accordingly AERA's reliance on Cost of Debt of other PPP airports cannot be a benchmark for the Cost of Debt of the Airport. Hence we request AERA to consider the cost of debt at actuals."

8.3.6 IATA stated that –

"IATA appreciates AERA's close scrutiny and benchmarking with other comparable airports, to have moderated the FRoR for JIAL for the third control period."

8.4 JIAL's responses to Stakeholders' comments regarding FRoR for the Third Control Period

8.4.1 JIAL's response to the various Stakeholders' comments with respect to FRoR for the Third Control Period is presented below.

8.4.2 With respect to FIA 's and IATA's comments, JIAL stated that –

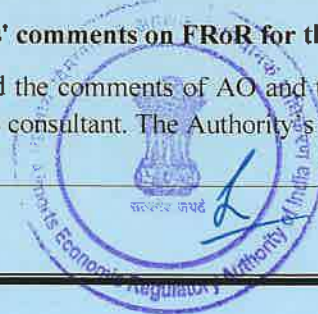
"As per AERA methodology, return on RAB is one of the important building blocks for tariff determination. As claimed by FIA, this is not fixed or an assured return. As per AERA guidelines, the Authority must determine the Fair Rate of Return (FRoR) for a Control Period as its estimate of the weighted average cost of capital for an Airport Operator. Any business is viable only if it generates an adequate return equivalent to its cost of capital as it helps to repay its obligations and give returns to shareholders commensurate to the risks involved in the project. As per AERA guidelines, FRoR has to be computed using cost of equity which is to be determined using the CAPM method and cost of debt as per actuals for airport operator. FRoR has no linkage with fixed deposit rates. Linking it to the rate of interest on FD is devoid of any merits. With respect to the issue of independent study, we would like to state that JIAL had the Cost of Equity of 17.30% which is derived based on an independent study for Lucknow airport. We request the Authority to use the same for calculation of FRoR."

8.4.3 With respect to DIAL 's comments on CoE and Cost of Debt, JIAL has stated that,

"Airport Operators (such as DIAL, AAI) have supported JIAL's submissions and comments on certain key matters relating to estimation of Tariff and various Regulatory Principles etc. JIAL has also submitted its detailed explanations and justifications on all the above matters as part of its response to the Consultation Paper. JIAL requests the Authority to consider the well-reasoned comments provided by JIAL which are duly supported by the aforementioned stakeholders."

8.5 Authority's analysis of Stakeholders' comments on FRoR for the Third Control Period

8.5.1 The Authority has carefully examined the comments of AO and the methodology of computation of Cost of Equity as employed by JIAL's consultant. The Authority's analysis is as below:



The Authority notes that the Cost of Equity for the purpose of determination of FRoR has to be fairly consistent in case of PPP airports across India as the factors considered by the Independent Study in CAPM formula such as Risk Free Rate, Market premium are in Indian context and do not vary significantly among the Airports as these are operated under similar environment. Further, the averaging out exercise normalises the risk factors across Airports in Cost of Equity computation. The Authority also believes that the Cost of Equity has to be fairly consistent across PPP airports so that there is uniformity of evaluation of their inherent financial risk, and compensation for the same in the form of return on RAB. Determination of Cost of Equity of JIAL as an individual entity, based on its intrinsic traffic and financial factors does not adequately justify the financial and operational strength and reputation of Adani Enterprises Limited, which is its ultimate shareholding entity. In this regard, JIAL is comparable to the owners of other PPP airports which have been used as reference point for computation of Cost of Equity for JIAL.

Further, the Authority expects AO to bring in necessary efficiencies in the operational and financial management of the concerned airport, in line with the other PPP airports.

The Authority is of the view that the studies sponsored by the respective Airport Operators, including the one by JIAL, always have an inherent conflict of interest. Thus, these studies have to be undertaken by an independent and reputed agency. In this context, the study conducted by IIM-Bengaluru, engaged by AERA for determining Cost of equity for representative airports would be the basis of determining FRoR since the reputation of the organization and its independence vis-a-vis private airport operators is incontrovertible.

The Authority also notes that the Stakeholders including FIA has commented that lower return should be provided to JIAL.

While the Authority has noted the various risks listed out by the Airport Operator, the Authority does not agree with this submission of JIAL. It is also to be noted that airport operators in India have certain inherent advantages and protections built into the tariff determination process and airport management, some of which are highlighted below:

- India has a robust regulatory environment wherein the tariff determination methodology incorporates adequate return on airport operator's gross fixed assets investment, as well as O&M expenses and other building blocks in setting tariff.
- The tariff determination mechanism also ensures the true up of the building blocks on actual basis subject to efficiency and reasonableness in the tariff determination process.
- There is a well-documented, stable and publicly notified regulatory regime for tariff determination and the proceedings are conducted in a transparent manner in compliance with the AERA Act and other relevant guidelines issued from time to time.
- The Government of India, through the Ministry of Civil Aviation and various regulatory bodies, provides adequate support and guidance on all operational, safety, connectivity and stakeholder related matters.
- Similarly, the relevant State Governments help the AO by the way of allotment of land free of cost or on concessional rates in many of the cases and take responsibility for road or other modes of connectivity to the airports.

The FRoR has to be computed in a consistent manner taking into account long-term business and financial risk parameters, which are reasonably applicable to the industry as a whole. It would not be appropriate for short-term factors to influence the computation of components of FRoR. It would also



not be prudent to prejudge future risk probabilities arising from competitive dynamics, and to incorporate these into the FRoR computation.

Further, the Authority notes that other stakeholders such as FIA have commented on the need to reduce the Fair Rate of Return, as detailed below:

1. *In the present scenario any assured return on investment to any service providers like JIAL, in excess of five (5) % (including those on past orders) will be onerous for the airlines, i.e., being at par with reasonable returns on other investments after tax based on the current economic situation of worldwide run-away inflation coupled with rising and historic interest rates offered by banks.*
2. *Consider the fact that airport industry in India has been established hence the risk is lower as this is a cost-plus margin business;*

The Authority has not adopted 'one size fits all' approach as alleged by JIAL. Instead, it has considered submissions of the stakeholder, independent studies, reference to date available and other relevant factors as deemed fit in arriving at the decision. The Authority would also like to point out that a standard, consistent and coherent approach of the Authority would bring transparency, efficiency, and certainty in the process of tariff determination. Power is vested upon the Authority to determine different tariff structures for different airports keeping in mind the relevant factors and the stipulations contained in Section 13(1) (a) of the AERA Act. Thus, the Authority has discretion to either apply similar tariff structure or different ones qua airports, provided it acts within the mandate of Section 13(1) (a).

The Authority notes that since there are no listed airports in India, the Authority has looked at nearby airports and determined the applicable Cost of Equity for the airport.

The Authority also notes that JIA is an established brownfield airport and has a consistent traffic growth. This provides for a greater base for recovery of investment made by the airport operator. Hence, there is no risk for the AO in this regard. सत्यमेव जयते

In view of the above, the Authority does not see any reason to revise the Cost of Equity determined for JIAL.

Hence, the Authority decides CoE as 15.18% p.a. as determined by it at the consultation stage.

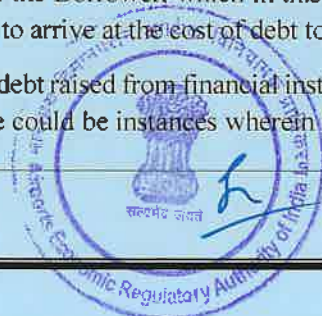
8.5.2 The Authority has noted the comments of JIAL regarding the Cost of Debt and has the following views.

The cost of debt for airport operators forms a vital part of the Return on Capital Employed / Fair Rate of Return provided to the airport operators on the investment towards creation of the capital assets w.r.t. the airport project.

It is imperative that the cost of debt that is considered in the calculation of WACC is reflective of the current cost of debt that the airport operator incurs towards debt financing the airport infrastructure.

The following aspects has been considered while arriving at the efficient cost of debt to be provided as part of the FROR:

- Cost of debt financing in the Indian / International context is usually linked to the External Credit Rating of the Airport Operator/ Project SPV. As a result, any cost of debt actually incurred if it must be deemed efficient should be factored in the External Credit Rating (ECR) of the entity. Usually Banks/ FIs mark a spread over and above their benchmark lending rate (usually published as Marginal Cost of Lending Rate i.e. MCLR) as the interest rate for funding specific projects. This spread is linked to the ECR of the Borrower, which in this case is the airport operator. AERA has followed a similar assessment to arrive at the cost of debt to be provided to the airport operator.
- Debt must be a senior secured debt raised from financial institutions/ banks private /public or foreign at an arm's length basis. There could be instances wherein the debt raised is subordinated to senior



debt and would hence incur a higher cost and thereby be deemed inefficient. Such an inefficient cost may not be the right indicator of the actual cost of debt and hence appropriate adjustment has to be carried out while allowing such cost in the tariff determination process.

- There have also been instances wherein senior secured debt have been advanced by promoter/promoter entities in which case the arm's length criteria could be questioned. It is pertinent to note that similar to the above case such costs also could not be deemed to be efficient and hence adequate adjustments are to be carried out to ensure that the costs considered are reflective of the efficient cost. AERA doesn't encourage related party transactions and insists on transparency and arm's length criteria in the interest of the public.
- Airport Operators currently in the country, barring a few exceptions have managed to retain an ECR of A and above. In some cases where the airport is yet to establish a steady stream of positive cash flows on account of the emerging nature of operations, the debt servicing is backed by the strength of the promoter entities which is also factored by the ECR rating agencies. As a result, considering the prevalent MCLR which are in the range of 8.45%- 8.55%, an interest rate of 9% is usually considered as the cost of debt for these airport operators. However, given the expected softening of rates globally, and the impetus to promote economic growth as inflation fears have slowed down, the MCLR is expected to gradually reduce over the next 2-3 years bringing down the cost of borrowing further. AERA wants Airport Operators to improve ECR by bringing in efficiency and transparency which in turn will reduce MCLR.
- Arriving at the cost of debt through assessment of the debt raising capacity of the airport operator rather than providing the actual cost of debt as submitted by the airport operator would benefit the airport stakeholders in the long run. The Airport operators would strive to be more efficient in their fund-raising endeavors rather than taking comfort from the true up option available to them considering the actual cost of debt.
- AERA has already been following a similar exercise while arriving at the leverage ratios wherein a D:E ratio of 48:52 has been considered rather than the actual debt: equity (D:E) ratio which is in the range of 80:20 for most of the airport operators. Considering an efficient cost of debt rather than the actual cost of debt will be consistent with the stand taken for the leverage ratios used to calculate the FROR.
- The Authority reiterates that JIAL is bound to avail the synergies and benefits owed to it by its strong shareholding and balance sheet support from its parent companies and thereby work towards bringing down the Cost of Debt to the same levels as other PPP airports.
- The Authority notes that for other PPP Airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL, the average Cost of Debt works out to 8.95%. The Authority has considered a reasonable cost of borrowing of 9%, above the prevailing lending rate of banks. It would not be possible to comment on the future trends of interest rate movements at this time.
- Further, it may also be noted that as the traffic growth and the associated revenue from Aeronautical and Non-aeronautical services improve, and the capital expenditure projects, as approved by the Authority are completed and start to yield benefits, it is expected that the debt profile of JIAL is bound to improve and its inherent financial risk, as reflected in the Cost of Debt will reduce to the levels of other PPP airports.
- The Authority notes that actual Cost of Debt allowed by the Authority in BIAL, DIAL and MIAL respectively in the TCP is 7.85%, 9.87% and 10.30%. This is considerably less than the 12% quoted by JIAL. It is not correct to compare the current interest rate with that in FY 2011-12, 2012-13 & 2013-14.



FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

- The Authority also notes that JIAL has availed borrowing from Adani Airport Holdings Limited (AAHL), one of its promoter companies, in the form of redeemable Non-Convertible Debentures (NCD) and Inter Corporate Deposits. Considering that this transaction is a Related Party Transaction and that the rate of interest is not in line with the industry standards, the Authority has decided not to consider the same as benchmark interest rate on such borrowings.
- The credit rating for AAHL is A+ as per CRISIL while that for other PPP airports BIAL, DIAL, MIAL and GHAIL are AA+, AA-, AA- and AA+ respectively. JIAL/AAHL should ensure that it improves the credit rating so as to avail loans at lower interest rates.
- Also, the Authority notes that other comparable Indian companies are able to obtain debt at lower rates of interest as can be seen the below analysis.

As per the Debenture issued from FY22 to FY25 (till 3rd May'24) (BSE), the weighted average yield is as given below:

Table 130: Weighted Average Yield computed based on the Debenture issued

Scenario	Wt. Average (%)	
	A+	AA- & AA+
All cases	10.56	9.10
All excl. Maturity period less than 5 years	9.95	9.29
Maturity Period between 5-10 years	9.95	9.33

As can be seen above, the wt. avg. yield is 9.95% for A+ rating debentures and 9.33% for AA- and AA+ rating debentures.

Similarly, on comparing the corporate bond transactions (BSE) in FY 2023-24, the following weighted average yield was obtained:

Table 131: Weighted Average Yield based on corporate bond transactions in FY 2023-24

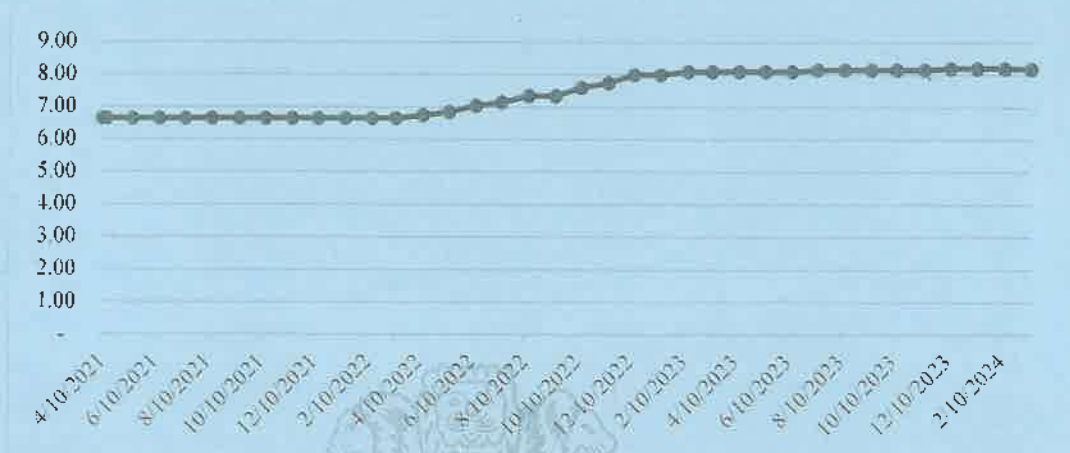
Particulars	Wt. Average	
	A+	AA- & AA+
All cases	9.80	9.01
All excl. Maturity period less than 5 years	9.46	8.27
Maturity Period between 5-10 years	9.46	8.52

As can be seen above, the weighted average yield is 9.46% for A+ rating debentures and 8.52% for AA- and AA+ rating debentures.

It is also worthwhile to note that the above market data includes companies who don't have any certainty in their revenue unlike an Airport Operator whose revenue is guaranteed by the regulator. Despite this higher risk, their rates are only between 8%-10% unlike the 12% requested by JIAL.

- The Authority has also reviewed the SBI MCLR Rates during the period from FY 2021-22 to FY 2023-24 and notes that these rates are closer to the cost of debt considered by the Authority than the 12% rate proposed by JIAL. The same can be seen in the figure below.



Figure 6: Change in SBI MCLR during the period from FY 2021-22 to FY 2023-24

- Considering that other entities as per the above analysis are obtaining borrowings at better rates in the Indian Market, JIAL should make use of this opportunity to avail loans in India than as Foreign Debts where additional spreads mandated by RBI increase the effective interest rate.

The Authority further notes that other stakeholders have commented on the cost of debt required to be considered lower. The Authority also notes that the loan taken by JIAL is for a short period of 3 years.

The Authority expects JIAL to exercise its best endeavour to undertake the financing towards capital expenditure at competitive rates as in other PPP airports and take all steps as detailed above, with support from its Parent company to optimize the Cost of Debt and follow all requisite procedures of financing including following all Government guidelines, obtaining efficient credit rating etc. in order to ensure that debt is contracted at optimum rates to ensure that the users of the airport are not burdened.

In view of the above, the Authority does not see any reason to deviate from its stand as proposed at the Consultation stage (Refer para 8.2.11 of this Tariff Order) on the Cost of Debt determined for JIAL.

8.5.3 The Authority has examined the comments of FIA and has the following views:

- With respect to FIA's suggestions to limit the FRoR in order to avoid burdening the stressed airlines, the Authority is of the view that an airport infrastructure is a capital-intensive business and require investment with a long-term perspective wherein investors desire a stable return on equity. Further, the Authority would like to emphasize that a pre-determined return on investments is part of the regulated business such as Airports.
- Regarding FIA's comment which states that, "In the present scenario any assured return on investment to any services providers like JIAL in excess of five (5) %...", the Authority is of the view that the Airport is a long-term asset whereas the cause of the current economic situation is a short-term phenomenon and will likely not have a long-term impact. The FRoR is computed based on the mix of Cost of Equity and Cost of Debt. Further, the Authority is of the view that it is not pragmatic or fair to cap the FRoR and compare it with bank deposit rates. Bank deposit rates and commercial lending rates are two different things altogether. Similarly, the Authority on the other hand, does not agree with the high return on equity claimed by the Airport Operators. Thus, the Authority takes a balanced view in the interest of all stakeholders in the Aviation sector.

- The Authority has noted FIA's comments on conducting an independent study for determination of FRoR for the AO and notes that the Authority had commissioned independent studies for the evaluation of Cost of Equity separately, in case of each PPP Airport, namely DIAL, MIAL, GHIAL, BIAL and CIAL through a premier institute, namely IIM Bangalore and had used the study reports as a basis, to the extent applicable and relevant, to ascertain the Cost of equity of JIAL for the Third Control Period.

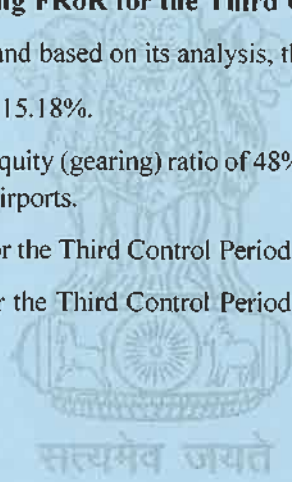
8.5.4 Regarding DIAL's, IATA's and JIAL's counter-comments, the Authority's view as per paras 8.5.1 and 8.5.2 can be referred to.

8.5.5 Based on the above facts, the Authority decides to consider the Fair Rate of Return consistent with its proposal made in this regard in the Consultation Paper No. 26/2023-24. The Fair Rate of Return considered by the Authority for the Third Control Period is as given in Table 129.

8.6 Authority's decisions regarding FRoR for the Third Control Period

Based on the materials before it and based on its analysis, the Authority decides the following:

- 8.6.1 To consider the Cost of equity at 15.18%.
- 8.6.2 To consider the notional debt to equity (gearing) ratio of 48%:52% in line with target gearing ratio being considered in case of other PPP airports.
- 8.6.3 To consider cost of debt of 9% for the Third Control Period.
- 8.6.4 To consider FRoR of 12.21% for the Third Control Period based on above mentioned Cost of equity, Cost of debt and gearing ratio.



भा.वि.आ.वि.प्रा.

AERA



9 INFLATION FOR THE THIRD CONTROL PERIOD

9.1 JIAL's submission regarding Inflation for the Third Control Period

- 9.1.1 JIAL had submitted inflation as 10.4% for FY22-23 and 5% from FY23-24 onwards every year, while projecting capital expenditure and operating expenditure for JIA for the Third Control Period.
- 9.1.2 The inflation rate had been submitted by JIAL based on WPI inflation forecasts as summarized in the table below:

Table 132: CPI inflation rate submitted by JIAL

Calendar Year	WPI All Commodities	Source
FY22-23	Mean as 10.4%	RBI Forecaster Survey 79 th round dated 07 th Dec 2022
FY23-24	Mean as 5%	

9.2 Authority's examination regarding Inflation for the Third Control Period

- 9.2.1 The Authority had examined the submission made by JIA on inflation to be considered for the Third Control Period.
- 9.2.2 The Authority proposed to consider mean of WPI inflation forecasts (All Commodities) for FY 2023-24 and FY2024-25 as per the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 86" released on February 8, 2024, by the Reserve Bank of India (RBI). An extract of the results is reproduced below:

Table 133: WPI inflation rates as per RBI's annual forecast

Calendar Year	WPI All Commodities	Source
FY22-23 (Cumulative YoY)	9.42%	Index Numbers of Wholesale Price in India for the Month of March, 2023 (Base Year: 2011-12) published by Ministry of Commerce & Industry
FY23-24	Mean as 0.2%	RBI Forecaster Survey 86 th round dated February 8, 2024
FY24-25	Mean as 3.8%	

- 9.2.3 The Authority had considered the inflation rate of FY 2024-25 for the subsequent tariff years of the Third Control Period. Accordingly, the following table shows the inflation rates as proposed by the Authority for the Third Control Period.

Table 134: Inflation rates proposed by the Authority for Third Control Period

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27
WPI inflation	9.42%	0.2%	3.8%	3.8%	3.8%

9.3 Stakeholders' comments on Inflation 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. 26/2023-24 with respect to inflation for the Third Control Period. The comments by Stakeholders are presented below.

JIAL's comments on FRoR for the Third Control Period:

- 9.3.2 *In respect to inflation considered by the Authority, we would like to submit as follows:*

- Inflation considered for FY 2023-24 is only 0.2%, which is abnormally low. To avoid repetition reference is invited to comments at 3.2.3 (refer para 7.7.3 of this Tariff Order) relating to averaging*



inflation during the abnormal period.

2. *Also, in view of long-term strategy, JIAL has tied up with various vendors with an annual increase in cost ranging from 4% to 5%. Considering 2 main contracts (1. Technical Package (R&M) and 2. Non-Technical package (Housekeeping)) awarded to vendors include a clause of 4% Y-o-y increase. As the main cost element for contractors is the salaries & wages to be paid to their employees, this was the minimum that they expect as an annual increase at the end of various rounds of negotiations. AERA has proposed a 6% growth in Employee cost which is subject to comment raised in this document.*
3. *In case any inflation cost is considered below 5% would mean that the Airport Operator would be at loss in recovering the genuine and legitimate cost of O&M expenses.*

Hence, we request the Authority to consider at least 5% inflation cost for FY 2023-24 and onwards.

Other Stakeholders' comments on Inflation for the Third Control Period:

- 9.3.3 FIA stated that – *"FIA submits that as per report published by Ministry of Finance dated 8th December 2023, the WPI inflation rate is 5.39%. Accordingly, we request AERA to revise the inflation rate."*

9.4 JIAL's responses to Stakeholders' comments regarding Inflation for the Third Control Period

- 9.4.1 With respect to FIA's comment, JIAL stated that – *"We are also of the opinion that the WPI inflation for FY23-24 should not be a mere 0.3% while the general cost escalation is 4 to 5% as per various long-term O&M contracts entered into with various vendors. Accordingly, we request the Authority to consider inflation of at least 5% for FY 23-24 and onwards."*

9.5 Authority's analysis of Stakeholders' comments on Inflation for the Third Control Period

- 9.5.1 The Authority has reviewed the comments of FIA and JIAL's response on Inflation and is of the view that the practice of considering the mean of WPI inflation forecasts (All Commodities) as per the recent *"Results of the Survey of Professional Forecasters on Macroeconomic Indicators"* is uniformly followed by AERA across all airports.

For the issuance of this Tariff Order, the Authority has considered the most recent inflation forecast issued by Reserve Bank of India (RBI) i.e., *"Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 88th"* dated 7th June '24.

Based on the above, the Authority has decided to consider inflation rates for the Third Control Period as shown in the table below.

Table 135: Inflation rates decided by the Authority for Third Control Period

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27
WPI inflation	9.42%	-0.7%	2.8%	3.2%	3.2%

9.6 Authority's decisions relating to inflation for the Third Control Period

Based on the material before it and its analysis, the Authority decides the following:

- 9.6.1 To consider WPI inflation as per Table 135



10 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE THIRD CONTROL PERIOD

10.1 JIAL's submission of Operation and Maintenance (O&M) Expenses for the Third Control Period

10.1.1 JIAL in its MYTP submission had stated that the Aeronautical Operation and Maintenance (O&M) expenses for the Third Control Period had been estimated based on the following assumptions:

- Refurbishment and operationalization of T-I would lead to an addition of 13,739 sq.m. during FY 2023-24 to terminal area. Refurbishment of T-II would add another 5,270 sq.m. to the existing T2 area of 32,647 sq.m. in FY 2024-25. Accordingly, the increase in terminal area due to T1 and T2 would be 42% in FY 2023-24 and 11.4% in FY 2024-25, respectively.

Table 136: Details of increase in the Terminal Building area projected by JIAL

Financial Year	T1* (sq. m.)	T2 (sq. m.)	Total (sq. m.)	YoY % increase in area
FY'22		32,647	32,647	
FY'23		32,647	32,647	0%
FY'24	13,739	32,647	46,386	42%
FY'25	13,739	37,917	51,656	11.4%
FY'26	13,739	37,917	51,656	0%

*T1 is non-operational at the moment. It is expected to get operationalize in Q4 FY23-24.

Considering the expansion of the Terminal Building area (phase wise), as shown in the above table, JIAL had projected proportionate increase in various expenses such as Utilities, IT expenses, Rates & Taxes, Security and Other Operating expenses.

- 10% increase in the O&M expenses had been considered, taking into account the current economic scenario, Concession Agreement obligations and the expansion of Terminal Building.
- Inflationary increase of 10.4% for FY 2022-23 as per RBI forecasters survey 79th round dated December 7, 2022, and 5% from FY 2023-24 onwards every year, had been considered towards all expenses for the Third Control Period.
- FY 2022-23 had been considered as the base year and relevant growth percentages had been applied over the same to estimate expenses for other Financial Years.
- The operations of Fuel facility would be outsourced to a third-party vendor in FY 2023-24 on a 'Cost plus margin' basis, which would include employee cost, repairs and maintenance expenses and facility operating expenses. Annual inflation of 5% was considered in the O&M fee increase.
- Cargo expenses had been estimated for the Third Control Period based on the assumption of constructing new Cargo facility in FY 2024-25. Further, Cargo expenses had been increased by 10% per annum for the Third Control Period.

10.1.2 JIAL had submitted the following categories of O&M expenses in its MYTP submission:

Table 137: O&M expenses (category wise) claimed by JIAL for the Third Control Period

Type of O&M Expense	Expense Category
Aeronautical Operating Expenses	Manpower Expenses – AAI employees
	Manpower Expenses – JIAL employees
	Utility Expenses
	IT Expenses
	Rates and Taxes
	Security Expenses



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Type of O&M Expense	Expense Category
	Security Others
	Corporate Allocation
	Administrative Expenses
	Insurance
	Repair and Maintenance Expenses
	Other Operating Expenses and
	Amortisation of Runway recarpeting expenses
Fuel Operating Expenses	O&M Expenses
	Bowser Rental
Cargo Operating Expenses	JIAL Staff Salary
	O&M expenses
	Customs cost recovery

10.1.3 The above expenses do not include Concession Fee, since it was not considered as part of Aeronautical O&M expenses, as per Clause 27.1.2 of the CA, which states that:

"The Monthly Concession Fee paid/ payable by the Concessionaire to the Authority under and pursuant to the terms of this Agreement shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same."

10.1.4 JIAL had allocated all O&M expenses as Aeronautical.

Table 138: Segregation of O&M expenses and basis of allocation as per JIAL's submission

Expense Category	Expense classification	Aeronautical
Manpower expenses – AAI employees	Aeronautical	100 %
Manpower expenses – JIAL employees	Aeronautical	100 %
Utility expenses	Aeronautical	100 %
IT expenses	Aeronautical	100 %
Security expenses	Aeronautical	100 %
Corporate Allocation Cost	Aeronautical	100 %
Administrative expenses	Aeronautical	100 %
Insurance expenses	Aeronautical	100 %
Rates and taxes	Aeronautical	100 %
Repairs and Maintenance expenses	Aeronautical	100 %
Other Operating expenses	Aeronautical	100 %
Runway recarpeting	Aeronautical	100 %
Fuel Operating expenses	Aeronautical	100 %
Cargo Operating expenses	Aeronautical	100 %

10.1.5 The total Aeronautical O&M expenses including Fuel and Cargo Operating Expenses submitted by JIAL for the Third Control Period had been presented as follows:

Table 139: Total Aeronautical Operation and Maintenance expenses submitted by JIAL

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Aeronautical Operating Expenses						
Manpower expenses - AAI	33.00	36.30	32.84	27.17	29.88	159.19
Manpower expenses - JIAL	12.20	20.27	38.01	54.80	66.98	192.27
Utility expenses	8.40	10.69	15.23	16.01	16.84	67.16



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
IT expenses	5.00	8.80	15.05	16.20	18.52	63.56
Rates and Taxes	1.50	1.58	1.83	1.92	2.02	8.85
Security expenses	6.00	8.78	11.16	12.17	13.23	51.35
Corporate Allocation Cost	11.00	19.35	33.10	35.65	40.74	139.84
Administrative expenses (excluding Collection charges on UDF)	15.00	34.50	37.95	41.75	45.92	175.11
Collection charges on UDF	1.21	1.78	2.06	2.24	2.44	9.73
Insurance	1.67	1.93	2.91	3.90	8.08	18.48
Repairs and Maintenance	25.00	29.89	38.37	65.87	93.34	252.46
Other Operating expenses	11.00	15.95	22.55	23.67	24.86	98.03
Runway recarpeting	-	-	-	24.64	28.85	53.50
Independent Engineer Fees	4.13	4.13	4.13	4.34	4.56	21.30
Aeronautical Operating Expenses (A)	135.11	193.94	255.18	330.34	396.26	1310.83
Fuel Operating Expenses						
O&M Expenses	-	4.76	10.73	11.73	12.82	40.04
Bowser Rental	-	1.04	1.04	-	-	2.08
Fuel Operating Expenses (B)	-	5.80	11.77	11.73	12.82	42.11
Cargo Operating Expenses						
Insourced salary	-	1.00	1.10	1.21	1.33	4.64
O&M Expenses	-	2.01	2.31	9.08	10.94	24.34
Customs Cost Recovery	-	0.90	1.98	2.18	2.40	7.46
Cargo Operating Expenses (C)	-	3.91	5.39	12.47	14.66	36.43
Total Aeronautical O&M Expenses (A+B+C)	135.11	203.65	272.34	354.54	423.74	1389.38
Finance Charges (D)	-	56.76	-	-	-	56.76
Annual Fee for Performance BG (E)	0.70	0.70	0.70	0.70	0.70	3.50
Working Capital Interest (F)	0.63	3.30	7.88	10.96	12.16	34.93
Total Aeronautical O&M Expenses (A+B+C+D+E+F)	136.44	264.40	280.92	366.20	436.60	1484.56

10.1.6 The growth rates assumed by JIAL for total Aeronautical O&M expenses had been presented in the tables below:

Table 140: Growth rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
Aeronautical Operating Expenses						
Manpower Expenses – AAI employees	Salary Cost	-	10%	10%	10%	10%
Manpower Expenses – JIAL employees	Salary Cost	-	10%	10%	10%	10%
Utility expenses (Power)	Per unit rate	-	15%	5%	5%	5%
	Billable Units	-	10%	-	-	-
Utility expenses (Water)	Total Expense	-	46.3%	15.8%	9%	8.7%
IT expenses	Total Expense	-	75.9%	71.1%	7.7%	14.3%
Rates and Taxes	Total Expense	-	5%	5%	5%	5%
Security expenses	Total Expense	-	46.3%	15.8%	9%	8.7%



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
Security Others	Total Expense	-	5%	5%	5%	5%
Corporate Allocation Cost	Total Expense	-	75.9%	71.1%	7.7%	14.3%
Administrative expenses (UDF)		-	46%	16%	9%	9%
Administrative expenses (Others)	Total Expense	-	-	10%	10%	10%
Insurance – on Opening Net block of Assets	Total Expense	-	10%	10%	10%	10%
Repairs and Maintenance – on Opening Net block of Assets	Total Expense	-	10%	10%	10%	10%
Other Operating expenses	Total Expense	-	5%	5%	5%	5%
Fuel Operating Expenses						
O&M Expenses	Total Expense	-	-	5%	5%	5%
Bowser Rental	Total Expense	-	-	-	-	-
Cargo Operating Expenses						
Insourced salary	Total Expense	-	-	10%	10%	10%
O&M Expenses	Total Expense	-	-	10%	10%	10%
Customs Cost Recovery	Total Expense	-	-	10%	10%	10%

Table 141: One-time Escalation rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
Electricity Charges	Billable Units	-	-	36.4 %	-	-
Water & Fuel Charges	Total Expense	-	-	11.4 %	-	-
Rates & taxes	Total Expense	-	-	11.4 %	-	-
Security expenses	Total Expense	-	-	11.4 %	-	-
R&M	Total Expense	-	-	10.0 %	-	-
Other Operating Expenses	Total Expense	-	40.0 %	36.4 %	-	-

It can be seen from Table 141 above, that JIAL had claimed one-time escalation rates in Utilities, Rates and Taxes, Security expenses and Other Operating expenses for FY 2023-24 and FY 2024-25 based on projected increase in the area of Terminal Building (i.e., T1 operationalization and T2 refurbishment).

10.1.7 JIAL while estimating runway recarpeting amortization had also considered carrying cost on the unamortized balance of the expense incurred on re-carpeting of runways at the rate of FRoR i.e. 14.76%.

10.2 Authority's examination of Operation and Maintenance (O&M) Expenses for the Third Control Period at Consultation stage

Allocation of O&M expenses to Aeronautical and Non-Aeronautical activities

10.2.1 The Authority had examined the Operation and Maintenance expenses based on the following parameters:

A. Consideration of actual expenses for FY 2022-23 and revision in growth rates of various expenses



- B. Re-allocation of the expenses into aeronautical, non-aeronautical and common.
- C. Rationalization of Employee Head Count

10.2.2 JIAL, in their submission proposed 100% of the operating expenses as Aeronautical. The tariff methodology adopted by the Authority, segregates O&M expenses into Aeronautical, Non-Aeronautical and Common considering the nature and purpose of the services for which these expenses are incurred. However, in the absence of any specific information regarding segregation of expenses, due clarifications were sought from JIAL regarding calculation of various allocation ratios such as terminal area. JIAL had maintained that as per the AERA guidelines, airside assets are to be considered as Aeronautical and the Terminal Building is considered as Aeronautical as per the AERA Act. However, if JIAL so desires, they may adopt Single Till methodology wherein all assets and operating expenses are considered as Aeronautical.

10.2.3 The Authority also noted that JIA is a brownfield airport and has been in operation since 1985. The Authority had accordingly considered rationalization of costs in certain categories considering that these were operated at optimal level of costs by AAI earlier.

Manpower Expenses of AAI employees

10.2.4 JIAL had considered the Manpower Expenses of AAI employees as 100% aeronautical, as this expense is considered as pass through in the determination of Aeronautical charges, as per the Clause 6.5 read with Clause 28.4.3 of the Concession Agreement. The Authority, in this regard examined the extract of the relevant clauses of the Concession Agreement which reads as under:

- Clause 6.5.1. states that:

(i) *“Select Employees” shall mean those employees of the Authority as set forth in Schedule S (of the rank of assistant general manager and below) who are posted at the Airport by the Authority and shall be deployed at the Airport for the duration of the Joint Management Period and Deemed Deputation Period. The Select Employees shall stand reduced to the extent of employees who retire, are deceased or otherwise separated from Authority's services during the Joint Management Period or Deemed Deputation Period. It is clarified that the Select Employees shall not be reduced to the extent of employees who are transferred by AAI.*

(ii) *“Joint Management Period” shall mean the period commencing from the COD and ending on the date which is 1 (one) calendar year after the COD.*

(iii) *“Deemed Deputation Period” shall mean the period commencing from the expiry of the Joint Management Period and ending on the date which is 2 (two) calendar years therefrom.”*

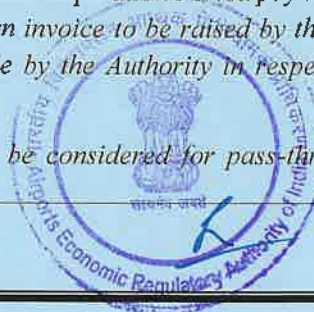
- Clause 6.5.4 states that:

“The Concessionaire shall bear the Select Employee Costs for the Joint Management Period and Deemed Deputation Period.”

- Clause 6.5.10 states that:

“If, at the expiry of the Deemed Deputation Period, the number of Accepting Employees is less than 60% (sixty) percent of the Select Employees (the ‘Deficit Employees’), the Concessionaire shall, commencing from the expiry of the Deemed Deputation Period pay to the Authority, on a monthly basis, such amounts as may be indicated in an invoice to be raised by the Authority on the Concessionaire with regard to the emoluments payable by the Authority in respect of such Deficit Employees (the ‘Deficit Employee Costs’).

(ii) *The Deficit Employee Costs shall be considered for pass-through in the determination of the*



Aeronautical Charges."

- Clause 28.4.3. states that:

"The Parties agree and acknowledge that the Concessionaire expressly waives its right to seek as pass-through in the Aeronautical Charges such costs and/ or expenses which the Concessionaire is restrained under this Agreement from seeking to be passed-through thereunder."

- 10.2.5 The Authority, on review of the above clauses of the CA, proposed to consider the Manpower Expenses of AAI employees up to 'Deemed Deputation Period' as Common since the Manpower of AAI is used for both Aeronautical and Non-aeronautical activities. Accordingly, the Authority proposed to apportion the Manpower Expenses of AAI employees up to 'Deemed Deputation Period' to Aeronautical activities in the ratio of 99.1%:0.9% (Aeronautical: Non-aeronautical) based on department-wise Employee Headcount of AAI employees as of March 2023 (refer Table 149).
- 10.2.6 In respect of the Manpower Expenses of AAI employees relating to 'Deficit Employees' after the expiry of the Deemed Deputation Period (expires in October 2024), the Authority proposed to consider these expenses as 100% pass through as mandated by Clause 6.5.10. of the CA.

Manpower Expenses of employees of JIAL

- 10.2.7 JIAL had allocated the Manpower Expenses of JIAL employees as 100% Aeronautical. The Authority observed that since total manpower strength includes staff which provides non-aeronautical services also, the aeronautical Employee Headcount of JIAL needed to be suitably derived for appropriate allocation of costs. The Aeronautical Headcount and Employee Headcount Ratio (ECHR) for each tariff year, as well as 5-year average of such ECHR for the entire Third Control Period had been provided in Table 149 below.
- 10.2.8 Based on the revised Employee Headcount of JIAL proposed by the Authority (refer Table 149), it had derived the 5-year average of Total Employee Headcount Ratio (i.e., employees of both AAI and JIAL) as 97.98:2.02 and proposed to allocate certain expenses such as Corporate cost allocation on the basis of such ratio. A similar allocation methodology had also been considered in case of other similar airports.

Utility Expenses

- 10.2.9 JIAL had segregated the expenses towards Utilities after netting off the recoveries proposed to be made from the Concessionaires for Non-aeronautical activities and had considered the net Utilities expenses as 100% Aeronautical. The Authority found this allocation to be in line with that followed in other similar airports and proposed to consider the same.

IT expenses and Insurance expenses

- 10.2.10 JIAL in its MYTP submission had considered the expenses towards IT expenses as 100% Aeronautical. The Authority, however, proposed to apportion the IT expenses in the Terminal Building ratio of 90:10 as prescribed in para 7.3.15 considering the utility and nature of IT services being provided at the Airport which is also in line with the allocation considered for other similar airports.
- 10.2.11 JIAL had considered the Insurance expenses as 100% Aeronautical. However, the Authority proposed to consider the Insurance expenses as Common on the basis that these expenses encompass all assets including Non-Aeronautical assets. The Authority, thus proposed to apportion as per the Gross Fixed Asset Ratio i.e., 97.88:2.12 as proposed by the *Study on Efficient Operation and Maintenance Expenses of JIA*, and also considered for other similar airports.

Security Expenses

- 10.2.12 The Authority observed that JIAL had considered the expenses towards Security as 100% Aeronautical.



The Authority, however proposed to consider the Gross Fixed Asset Ratio i.e., 97.88:2.12, as prescribed by the *Study on Efficient Operation and Maintenance Expenses of JIA*, for allocating Security expenses.

Administrative Expenses

10.2.13 The Authority observed that JIAL had segregated Administrative expenses including expenses towards Professional & Consultancy, Sales & Marketing, Travelling & Communication, Printing & stationery etc. and considered all as 100% Aeronautical. The Authority apportioned the Administrative Expenses in Gross Fixed Asset Ratio i.e., 97.88:2.12, as proposed by the *Study on Efficient Operation and Maintenance Expenses of JIA* undertaken for Second Control Period.

10.2.14 The Authority observed that JIAL had considered Collection charges on UDF as 100% Aeronautical on the basis that these charges had been paid towards collection of aeronautical revenue and accordingly the Authority had considered the same as Aeronautical which is in line with the approach adopted for other airports.

Corporate Cost Allocation

10.2.15 JIAL had considered expenses towards Corporate Allocation Cost as 100% Aeronautical in its MYTP submission. JIAL had engaged an Independent Consultant for conducting a Study on allocation of Corporate Costs of both AEL and AAHL. JIAL had further shared a Note on the Study report which provided the types of services / costs that have to be allocated to JIAL, along with the basis of allocation of such costs. As per the details shared by JIAL, the corporate costs had been allocated based on applicable costs or revenue drivers such as Ratio of Number of Employees of a SPV to Total Adani Group Employees, Ratio of Per Pax Revenue of SPV to total Per Pax Revenue, Ratio of Debt raised for a SPV to total Debt raised for Airport Group, Ratio of Turnover of a SPV to Total Group Turnover etc. JIAL had further shared details of the total corporate cost allocated to each airport, which was 5.00% for FY23, as apportioned to JIAL.

JIAL had derived the allocable corporate expense based on the aforementioned study. However, the basis for allocation of the costs towards Aeronautical and Non-aeronautical activities had not been provided in the Study report. In the absence of an appropriate basis, the Authority allocated the cost in the ratio of revised Total Employee Headcount Ratio i.e., 97.98:2.02 based on 5-year average ratio of Total Employee Head Count of both AAI and JIAL as is shown in Table 149.

Expenses towards Repairs & Maintenance, Rates & Taxes and Other operating expenses

10.2.16 The Authority observed that JIAL in its MYTP submission had considered expenses towards Repairs and Maintenance as 100% Aeronautical. The Authority had treated R&M expenses as Common expense, since it pertains to assets providing Aeronautical and Non-Aeronautical services. The Authority thus proposed to apportion these expenses as per the Terminal Building Ratio i.e., 90:10.

10.2.17 The Authority observed that JIAL had considered expenses towards Rates and Taxes as 100% Aeronautical. The Authority treated the same as Common expense and apportioned it as per the Gross Fixed Asset Ratio i.e., 97.88:2.12.

10.2.18 The Authority observed that JIAL had considered expenses towards Other Operating expenses as 100% Aeronautical. The Authority considered treating such expenses as Common expense and proposed to allocate as per the Terminal Building ratio of 90:10.

10.2.19 The Authority observed that JIAL had considered expenses towards Independent Engineer Fees as 100% Aeronautical. In accordance with the CA, JIAL had to appoint an Independent Engineer. As per Clause 24.3.1, the cost associated with such Independent Engineer shall be considered as pass-through for determination of Aeronautical Charges by the Regulator. Relevant extract of the CA has been



reproduced below:

Clause 24.3.1.

The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.

Considering the concession provisions quoted above, IE expenses had been considered as 100% Aeronautical by the Authority.

Amortization of runway recarpeting expenses, Fuel and Cargo Operating expenses

10.2.20 JIAL had considered the expense towards Amortization of runway recarpeting, Fuel and Cargo Operating expenses as 100% Aeronautical. The Authority found the classification of the aforementioned expenses to be reasonable and proposed to consider the same. Further, the Authority noted that the classification of Fuel and Cargo expenses as 100% Aeronautical is as per Section 2(a) of the AERA Act 2008.

10.2.21 The Authority's proposal for allocation of Total Aeronautical O&M expenses of Jaipur International Airport as compared to that submitted by JIAL has been summarized in the table below:

Table 142: Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage

Particulars	O&M expense allocation as per		Allocation ratio proposed by the Authority
	JIAL's Submission	Authority's Proposal	
Manpower Expenses – AAI employees (up to Deemed Deputation Period)	100.00 %	99.12 %	Employee Headcount ratio of AAI employees
Manpower Expenses – AAI employees (Deficit Employee Cost)	100.00 %	100.00 %	Aeronautical
Manpower Expenses – JIAL employees	100.00 %	97.23 %	Employee Headcount ratio of JIAL's employees
Utility expenses	100.00 %	100.00 %	Aeronautical
IT expenses	100.00 %	90.00 %	Terminal Building ratio
Rates and Taxes	100.00 %	97.88 %	Gross Fixed Asset ratio
Security expenses	100.00 %	97.88 %	Gross Fixed Asset ratio
Security Others	100.00 %	97.88 %	Gross Fixed Asset ratio
Corporate Allocation Cost	100.00 %	97.98 %	Total Employee Headcount ratio
Administrative Expenses – Others	100.00 %	97.88 %	Gross Fixed Asset ratio
Administrative Expenses – Collection Charges on UDF	100.00 %	100.00 %	Aeronautical
Insurance	100.00 %	97.88 %	Gross Fixed Asset ratio
Repairs and Maintenance	100.00 %	90.00 %	Terminal Building ratio

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	O&M expense allocation as per		Allocation ratio proposed by the Authority
	JIAL's Submission	Authority's Proposal	
Other Operating expenses	100.00 %	90.00 %	Terminal Building ratio
Independent Engineer Fee	100.00 %	100.00 %	Aeronautical
Amortization of Runway recarpeting expenses	100.00 %	100.00 %	Aeronautical
Fuel Operating Expenses	100.00 %	100.00 %	Aeronautical
Cargo Operating Expenses	100.00 %	100.00%	Aeronautical

One time escalation claimed by JIAL

10.2.22 One-time escalation claimed by JIAL for various Operating expenses in FY 2023-24 and FY 2024-25 had been analyzed by the Authority. In this regard, the Authority considered Capitalization schedule proposed by it (refer Table 112), in which only operationalization of T-I and refurbishment of T-II had been considered during the Third Control Period. Accordingly, the Authority proposed to consider only proportionate increase for determining the one-time escalation in the expenses for the current Control Period. Further, the Authority noted that the escalation in operating expenses such as Utilities, Housekeeping and Upkeep expenses, Horticulture expenses and Outsourced manpower / Hiring expenses may not be directly proportional to the increase in the Terminal Building area due to technological innovation, advancements, and economies of scale. Hence the Authority proposed to consider 2/3rd (i.e. 66.67%) of the increase in total terminal area ($2/3 \times (42\% + 11.4\%)$) for one-time escalation of expenses related to Terminal Building. The details of escalation rates submitted by JIAL and that proposed by the Authority are shown in the table below:

Table 143: One-time escalation claimed by JIAL and Increase % Proposed by the Authority at Consultation stage

Type of Expense	Increase % Claimed by JIAL	Increase % proposed by the Authority
Utility expense – Power Expenses	FY 2024-25: 36.4% (25% + 11.4%) for Terminal Area increase	FY 2024-25: One-time 35.6%* (Terminal Area increase)
Utility expense – Water and Fuel Charges	FY 2024-25: 11.4% (Terminal Area Increase)	FY2024-25: One-time 11.4% (Terminal Area increase)
IT expense	-	FY 2024-25: One-time 35.6%* (Terminal Area increase)
Rates & Taxes	FY 2024-25: 11.4% for Terminal area increase (T2 refurbishment)	FY 2024-25: One-time 11.4% (Terminal area increase)
Security expenses	FY 2024-25: 11.4% for Terminal area increase (T2 refurbishment)	FY 2024-25: One-time 11.4% (Terminal area increase)
R&M expenses	FY2024-25: 10% (T1 operationalization)	FY 2024-25: 10% (Terminal area increase)
Other Opex	FY 2023-24: 40% FY 2024-25: 36.4%	FY 2024-25: One-time 35.6%* (Terminal Area increase)

*Refer Table 136 ($2/3 \times (42\% + 11.4\%)$)

The Authority has evaluated the submission made by JIAL relating to various operational expenses and their growth over the Third Control Period and the analysis of such expenses is elaborated below:

Manpower Expenses

10.2.23 The Authority, on its examination of JIAL's submission towards Manpower expenses, noted the



following:

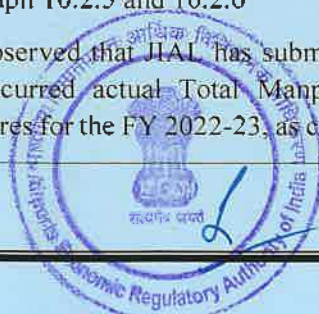
- i. **Manpower Expenses of AAI employees** - JIAL had projected the expense towards specified number of AAI employees across all the five (5) tariff years in the Third Control Period as per clause 6.5.1 of the Concession Agreement entered into between AAI and JIAL, the extract of which has already been provided under paragraph 10.2.4.
 - a. JIAL had claimed Manpower Expenses for 'Select employees' till the end of Deemed Deputation Period (refer table below for the department wise list) and also 'Deficit Employee Cost' for 100 employees (calculated at 60% of 'Select employee' number as stated in Clause 6.5.10 of the Concession Agreement) for the remaining portion of the Third Control Period. JIAL had also projected a growth rate of 10% year-on-year towards Manpower Expenses of AAI employees.

The cadre wise details of AAI employee have been provided as part of Schedule S of the signed Concession Agreement. Further, the department wise detail has been provided by JIAL at section 13.2.15 as part of their MYTP submission.

Table 144: Department-wise Select employees of AAI deputed to JIA as submitted by JIAL at Consultation stage

Department	No. of Employees on March 31, 2022	No. of Employees on September 30, 2023
Security (includes Safety employees)	1	1
Information Technology	1	1
Terminal and Operation	11	9
Non-Aeronautical Commercial	1	1
Human Resources and Admin	35	34
Finance	7	7
Engineering & Maintenance	46	39
ARFF	65	63
Grand Total	167	155

- b. The Authority observed that the Manpower Expense of AAI employees are accounted by JIAL, based on the invoice raised by AAI for the 'Select Employees' deputed at Jaipur International Airport, on a monthly basis. JIAL had arrived at the average annual employee cost of ₹ 20.00 lacs per annum (which includes the estimated cost of retirement benefits for such employees) for FY 2022-23 based on the average of monthly employee cost incurred by JIAL for the period from Post-COD up to March 2022 (details submitted by JIAL vide email dated July 13, 2023), which the Authority considered to be reasonable.
- c. The Authority also observed that the Manpower Expenses of AAI employees were considered as 100% Aeronautical expenses by JIAL.
- d. The Authority proposed to consider the Manpower Expenses – AAI employees up to 'Deemed Deputation Period' and after the expiry (October 2024) of such period relating to 'Deficit Employee cost' according to the explanation provided in the relevant Clauses of the Concession Agreement for such expenses and accordingly, treat the same which has been explained in paragraph 10.2.5 and 10.2.6
- e. Further, the Authority observed that JIAL has submitted vide e-mail dated November 9, 2023 that they have incurred actual Total Manpower expenses of AAI employees amounting to ₹ 32.52 Crores for the FY 2022-23, as compared to estimate of ₹ 33.00 Crores



submitted as part of the MYTP. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 17.14 Crores. The Authority had extrapolated the same to derive the expenses which is approximately ₹ 34.28 Crores up to March 2024. In this respect, the Authority noted that JIAL has considered the same as 100% Aeronautical which the Authority proposed to re-allocate based on the prescribed allocation ratio of 99% (refer para 10.2.5 above) which worked out to ₹ 32.19 Crores for the FY 2022-23 and ₹ 33.94 Crores for FY 2023-24. However, the Authority proposed to consider the average annual employee cost of ₹ 20.00 lacs per annum estimated by JIAL, for the remaining four tariff years, i.e., FY 2023-24 to FY 2026-27.

- f. Further, the Authority proposed to revise the 10% Y-o-Y increase in Payroll costs claimed by JIAL to 6% for the remaining three (03) tariff years of the Third Control Period, as approved by the Authority for other similar airports.
- g. The Authority further observed that post completion of Deemed Deputation period, JIAL needs to bear the costs of Deficit Employees (60% of Select Employees) and shall be considered for pass-through in the determination of the Aeronautical Charges and the same has been appropriately accommodated.
- h. The details of Manpower expenses – AAI employees claimed by JIAL and proposed by the Authority are summarized in the table below:

Table 145: Manpower cost of AAI employees claimed by JIAL and proposed by the Authority at Consultation stage

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
AAI – employees Growth rate claimed by JIAL	%	10	10	10	10	10	
AAI – employees Manpower Cost claimed by JIAL	₹ in Crores	33	36.3	32.84	27.17	29.88	159.19
As per Authority							
AAI – employees Growth rate proposed by the Authority	%	-	6	6	6	6	
AAI – Employees Manpower Cost derived by the Authority	₹ in Crores	32.52*	34.28**	18.95 [#] + 10.68 [^]	24.31	25.77	
Allocation ratio proposed by the Authority	%	99.12	99.12	99.12 [#] / 100	100	100	
AAI – Aero Employees Manpower Cost proposed by the Authority	₹ in Crores	32.23	33.98	29.47	24.31	25.77	145.76

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority

[#]for Deemed Deputation Period
[^]for Deficit Period

ii. Manpower Expenses of Employees of JIAL

JIAL had submitted the following regarding projected salary cost per employee per annum and increase in the total employee headcount:

- a. **Salary cost projected per employee per annum** - JIAL had submitted a weighted average employee cost of ₹ 13.00 lacs per annum (₹ 23.00 lacs per annum for executives and ₹ 5.00 lakhs per annum for non-executives) in FY 2022-23 and also projected an increase of 10% year-on-year (Y-o-Y) for each tariff year in the Third Control Period. As per the submission of JIAL, the

average employee cost of ₹ 13.00 lacs per annum has been derived after considering the salary cost of projected recruitments for Senior-level positions like Chief Airport Officer, Chief Security Officer and Heads of Departments for Procurement, Legal, Customer Care, Experts for Quality, Corporate Communications and also the salary cost of other-level positions in various departments like Airside management, Security, Terminal Operations, Engineering & Maintenance, HR, Finance, etc.

JIAL had further submitted that as per Clause 6.5.3. of the Concession Agreement, the Senior Personnel of AAI deputed to JIA shall remain only for a period not exceeding 3 months from the COD and shall be transferred on expiry of three months.

The Authority examined Clause 6.5.3 of the Concession Agreement which states that:

"The senior management staff of the Authority of the rank of deputy general manager and above ("Senior Personnel") shall remain deputed at the Airport for a period not exceeding 3 (three) months from the COD.

- (i) On the expiry of such 3 (three) month period, the Senior Personnel shall be transferred out of the Airport and redeployed by the Authority.*
- (ii) It is clarified that the Concessionaire shall not be liable to bear any costs in respect of the Senior Personnel, which costs shall be borne entirely by the Authority."*

The Authority had compared the actual average salary of executives and non-executives of ₹ 19.5 lakhs and ₹ 5.0 lakhs respectively, incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 23.0 lakhs and ₹ 5.0 lakhs, and proposed to consider the actual salaries of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual average salaries of executives and non-executives as ₹ 22.0 lakhs and ₹ 6.0 lakhs respectively. The Authority had for the purpose of calculation, considered the same average salaries till March 2024. The Authority found the same to be reasonable and proposed to consider the same. The Authority proposed to revisit this on receipt of actual average salaries for complete FY 2023-24. Further, the Authority proposed to rationalise the growth rate by considering only 6% Y-o-Y for all the remaining three (3) FYs, starting from FY 2024-25 in line with what has been considered for Manpower Expenses of AAI employees.

The Authority observed that JIAL had submitted vide e-mail dated November 9, 2023 that they had incurred actual Total Manpower Expenses of JIAL's employees amounting to ₹ 12.11 Crores for the FY 2022-23 (as against the estimated amount of ₹ 12.20 Crores). Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 7.03 Crores. The Authority had extrapolated the same to derive the expenses which was approximately ₹ 14.06 Crores up to March 2024 and the Aeronautical portion of such expenses worked out to ₹ 11.70 Crores and ₹ 13.58 Crores, which the Authority, proposed to consider for FY 2022-23 and FY 2023-24 respectively.

- b. Increase in Employee Headcount** – JIAL had projected an increase in Employee Headcount from 108 as at the end March 2022 to 400 (rounded off) as at the end the Third Control period. The table below depicts increase in the total Headcount Y-o-Y with department wise break-up of employees. JIAL in its submission had considered the allocation as 100% Aeronautical.

Table 146: Dept. wise Head Count of Employees as per JIAL's submission for the Third Control Period

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
Chief Airport Office (CAO office)	2	3	3	4	5	<p>"As per Concession Agreement, Clause 6.5.3. AAI employees with designation over DGM and above have been transferred out by AAI and they are not associated with the Airport after 3 months from COD. Accordingly, Airport Director and all HoDs have been transferred out and are not working at JAI Airport.</p> <p>CAO stands for Chief Airport Officer. He is responsible for overall operations and management of the Airport. Department is akin to erstwhile Office of Airport Director. He is supported by 3 staff for analysis, reviews, KPI management, regular review, action taken follow-ups, stakeholder management, etc.</p> <p>One Resource is anticipated to be added as Personal Assistant to take care of the Office functioning of CAO"</p>
Techno Commercial (Procurement department)	5	7	8	10	11	<p>AAI do not have any local purchase department at site. All the procurement at AAI are done centrally through tendering process.</p> <p>Techno commercial function is responsible for procurement of various requirement of user department, management of contract, RFP issue, onboarding of vendor, etc. Composition includes 1 HoD, 8 Buyers (2 each for Operations, Projects, Services and Operations Capex) + 2 resources for Managing Stores operations.</p>
Corporate communication	1	2	3	3	4	<p>Corporate Communications and Managing Social Media has been a critical function. The Head will be supported by 3 resources to support through Print, Digital and External Stake Holder Management.</p>
Corporate Affairs	1	2	2	2	3	<p>Position required to interact with various state government, local municipalities, utility boards, local police etc. on day-to-day basis. The Lead is supported by 2 relevant resources.</p>
Security (including Safety)	2	11	15	18	20	<p>AAI was only performing pass section function with an outsourced support. However, there are various activities which need to be performed by JIAL like CISF Documentation, Airport Security Program, Kerb Side Management, Traffic Management, Airport Operator Security Control Room, Tout Management, Security System Maintenance, Encroachment outside and perimeter area, Intelligence and Vigilance Gathering, Avsec Training and Compliances, Landside Operations, BCAS Compliance requirements.</p> <p>JIAL will be carrying out functions with a combination of On roll and outsourced employees.</p> <p>JIAL has planned for on-roll 15 employees with following composition: 1 CSO, 3 Pass Section, 2 Avsec Audit and Compliances, 4 Loss Prevention and Automation, 4 landside operations, 1</p>



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						Security Risk Assessment and Process compliance. As per Concession Agreement clause 18.15.4, JIAL is expected to create Airport Safety Management Unit (ASMU) and designate one of its officers to be in-charge of the ASMU. Composition includes 1 Aviation Safety Head, supported by 1 resource and 3 manpower for shift duties
Legal	1	1	2	3	3	Composition includes 1 HoD and 2 Team Members to monitor and manage various contractual compliances including compliance with Concession Agreement.
Quality	1	2	3	4	5	Under clause 23.1 of concession Agreement, JIAL is obligated to monitor and measure quality of service on the parameters prescribed in the Concession Agreement. Further as per Concession Agreement, JAI is expected to maintain relevant ISO certification and other quality certifications for all the facilities controlled and managed by JIAL. Composition includes 1 Quality Expert and 2 Project Manager for Schedule H and ASQ, 1 Resource for Implementation of ABEM and 1 Complaint Management and Redressal
Customer Engagement	-	1	1	2	3	JIAL is required to perform ASQ rating and take customer feedback on the various facilities, improvement area at the Airport. Composition includes 1 HOD and 2 associates.
Information Technology	1	3	6	9	12	IT is a backbone of the Aviation, and all the critical systems need to be running with zero downtime. Critical systems includes AODB, FIDS, PDAs, SAP, Business Analytics, Integration with ATC, VGDS, Radio Sets, Desktops, Laptops, Billing Software, Document Management System, Access Control System etc. Composition includes 1 HoD, 3 for IT Initiatives, 3 Cyber Security and 5 for Infra and Application team.
Airside Management	24	35	37	38	48	As per Clause 18.1.1 (d), (f) and (g), JIAL is responsible to maintain and operate Airside including Runway, Taxiways, Apron, Approach Areas etc. Also, it is mentioned in the CNS-ATM Agreement about the airside obligations to be performed by JIAL. JIAL is responsible to establish Apron Management Service, Airside safety, aerodrome safeguarding and aeronautical information services. The composition is as below: a. Head Aero Operations - (1 Headcount) Lead the Airside Operations, Apron control, AOCC and ARFF for JIA. b. AOCC (1 Lead and 12 Associates) - Responsible for allocation of resources such as parking bay or aerobridge, check-in counter and baggage belts, and also control



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						<p>the Flight Information Display System (FIDS) for the passengers.</p> <p>c. BMA / BHS / BBA Operations - 1 lead supported by 3 Shift Managers - Responsible for ensuring availability of systems round the clock.</p> <p>d. Incharge Airside Operations supported by 4 Duty managers and 12 Airside Executives - Round the clock operations. Inspects and patrols all airport facilities, grounds and properties to ensure regulatory compliance. Prepares detailed reports of daily operations, unusual incidents/accidents, hazardous conditions, and inspections.</p> <p>e. Aerodrome Licensing and DGCA Compliance - 1 lead with 4 associates Required for handling and responding to DGCA queries. Documentation and coordination for meetings with respect to observations and their compliance. Continuous monitoring and follow up of CAR requirements. Handling DGCA inspection and License renewal processes</p> <p>f. ADP/AVP Management - 1 lead supported by 3 associate - Responsible for vehicle movements at the airside and authorising driving permits for airside vehicle movement.</p> <p>g. Wildlife & Hazard Management. - 1 lead supported by 4 associates - Responsible for monitoring and recording wildlife activities at the airport and mitigation plan</p>
Regulatory	-	1	1	1	2	<p>1 person planned for co-ordination related to AERA and regulatory matters and another person is planned in last year once additional work for true-up of previous control period will start.</p>
Terminal and Operation	14	25	29	29	43	<p>JIAL is expected to maintain and improve quality of service to passengers. In that connection, JIAL will deploy various positions of Terminal Managers, Duty Managers, Shift Incharge, Protocol services. Two terminal T1 and T2 will have addition of various Passenger Processing Systems and also there will be addition in terminal area.</p> <p>The composition is as below:</p> <p>a. Head Terminal Operations - (1 Headcount) Lead Reports to Chief Airport Officer and is responsible for Terminal (Domestic & International), Passenger Service, Facilities and Horticulture Management.</p> <p>b. Terminal Operations (1 Head, 3 Shift Managers and 15 Associates) - Responsible for the Passenger Experience at T1 and T2. Works in coordination with CISE/Airlines and ensure that the passenger flow is seamless in Terminals.</p> <p>c. Protocol Services & Guest Relations (1 Head, 3 Shift Managers and 9 Associates) - Responsible to facilitate the movement of VIPs with smooth Check-in, VIP Lounge</p>



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						services. Security Check and Boarding after proper coordination with airlines, CISF - Terminal 1 & Terminal 2. d. Facilities Management - (1 Head supported by 4 Associates) - Handles the Facilities and Upkeeping team at the airport to maintain the JAL airport facility (Terminal 1,2 and Land Side) at the highest standards. The role will ensure high standards of cleanliness. e. GA Facilities Manager - (1 Head and 4 Associates) - to manage the GA operations
Non-Aero Commercial	3	4	5	6	6	These resources are planned for various coordination & other activities relating to management and monitoring over various concessionaires including the master concessionaire
Human Resources and Admin	4	6	8	9	11	From the current deployment of 4 resources in FY'23, the following will be added. 2 Support to HR operations. 2 Resource for Admin function. 2 Resource to support ER/Compliance and 1 resource to support Employee welfare and engagement activities.
Finance	5	7	8	9	10	Composition includes 1 HoD. and support staff for various functions under finance and accounts (which will include monitoring and control over various activities including Accounts Receivable, Accounts Payable, Monthly/Quarterly/Annual Account Closing, GST and TDS related reconciliations & compliance, MIS and Control)
Engineering & Maintenance	6	12	16	24	32	Currently, AAI has approx. 46 Engineering & Maintenance employees. JIAL is expected to outsource some of the non-core activities. Second there will be new facilities added and increase in Terminal Area, Increase in Airside Facilities, increase in landside facilities, Utilities etc, there will be requirement of more manpower in Engineering and Maintenance department to cater to these increased facilities. Considering all the above factor, JIAL is expected to consolidate the function and will have only 32 people on-roll which will be a mix of Civil, Technical, Mechanical, Electrical including shift engineers and leads in respective disciplines and Maintenance Planning & Scheduling team.
Airline Marketing	-	1	1	2	2	2 persons planned for dealing with Airlines including management of slots to increase ATM
ARFF	-	5	104	104	104	AO has carried out an internal assessment as required by DGCA on ARFF Task Resource Analysis and as per the assessment done, there is requirement for 104 employees in ARFF for category-8. Please Refer Annexure R which details out the justification for no. of ARFF manpower
Environment & Sustainability	1	2	2	2	3	As per Clause 18.1.1 (o) of CA, JIAL is expected to protect and conserve the environment. Also, there is requirement to



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						get the Environment Audit done as per clause 18.13. Accordingly, the manpower requirement of 3 staff has been considered.
Horticulture	1	2	2	2	3	As part of environmental sustainability measures to develop JAI as a green airport, statutory requirements of tree transplantation/plantation and to create natural ambience befitting a landmark international airport, the manpower requirement has been considered.
Land Department	1	1	1	1	2	1 resource planned to liaise with various authorities (AAI, Local authorities, State Govt Departments) for the purpose of acquisition of land and related matters.
ILHBS Screeners	35	57	68	68	68	JIAL has inline baggage handling systems which requires specialised Screening manpower. Previously, AAI used to do it through outsourced agency. However, JIAL has decided to insource the function with its own manpower. Please Refer Annexure S which details out the justification for no. of ILHBS manpower
Total Employee Head count	108	190	325	350	400	

The Authority did not agree with JIAL's contention that all employees cost is Aeronautical in nature. The Authority had referred the *Study on the Efficient Operation and Maintenance Expenses of JIA*, and accordingly reallocated employees between aeronautical, common, and non-aeronautical.

The Authority observed that JIAL had estimated this increase in number of employees mainly towards functions relating to Security, Screening, Firefighting, Airside management, Terminal operations, Engineering and Maintenance and IHLBS Screeners, considering the operationalization of the existing Terminal Building T-I in FY 2023-24 and refurbishment of existing Terminal T-II in FY 2024-25 respectively and also that the deemed deputation period of the Select Employees deputed by AAI expires in the FY 2023-24 (October 2024).

In this background, the Authority examined the Aeronautical Employee Head Count of Jaipur International Airport for the period from FY 2016-17 to FY 2019-20 (Pre-COVID year) and noted that the 4-year average employee headcount was 153 and the same is given in below table:

Table 147: Headcount of Aeronautical employees of JIA for the Period from FY'17 to FY'20

Particulars	FY'17	FY'18	FY'19	FY'20	4 - Year Average
Employee Headcount *	137	145	169	163	153

* Refer Table 20 of paragraph 4.5.3.d. of Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

The Authority further observed that the Passenger traffic and ATM during the Third Control Period for Jaipur International Airport (refer Table 79) had almost reached Pre-COVID level during FY 2022-23. The same has been presented in the following table:

Table 148: Estimated Passenger and ATM traffic of Jaipur International Airport

Particulars	FY'20 (Pre-COVID)	FY'23	FY'24	FY'25	FY'26	FY'27
Passenger Traffic (in lacs)	50.31	47.64	53.89	62.45	89.73	97.53
ATM Traffic (In '000s)	39.48	41.16	44.45	52.06	75.64	81.89



However, the Authority also considered the following pertinent factors such as:

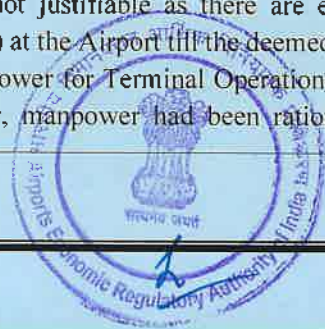
- The renovated T-I is expected to be operationalized in last quarter of FY23-24. Further, refurbishment of T-II is anticipated in FY24-25 as per JIAL submission.
- There are existing employees of AAI i.e., 'Select Employees' deputed to JIA and
- The previous airport operator, namely, AAI had been maintaining the prescribed ASQ rating of JIA with the aforementioned employee headcount (refer Table 179).

Considering the growth projected in Passenger traffic and ATM and the current scale of operations, the Authority was of the view that, the Aeronautical Employee Head Count projected by JIAL which is at 400 towards the end of the Third Control Period, was not justified and the same needed to be rationalized. Further the Authority noted the JIAL headcount shared vide email by JIAL dated November 7, 2023 and compared it with the projections submitted during MYTP submission. Accordingly, the Authority had rationalized the headcount projections.

Based on the above, the Authority had analyzed the Employee Headcount projected vis-à-vis the functions of each department mentioned in Table 146. The Authority proposed to consider actual headcount for FY2022-23 as submitted by JIAL. It also proposed to consider the headcount till end of H1 FY2023-24 i.e. till September 30, 2023 as the total headcount for FY2023-24. The Authority proposed to revisit this on receipt of actual headcount for FY 2023-24.

Further, the Authority proposed the following revision in Aeronautical Employee Headcount projected by AO for the remaining three (3) tariff years Third Control Period:

- (i) **Security and Safety department:** The Authority observed that certain security and safety activities may be suitably outsourced by JIAL, barring specific activities such as coordination with CISF, BCAS compliance etc. Further, it was highlighted that since T-III is not envisaged in Third Control Period and JIAL had already considered security costs separately under administrative costs, the Authority proposed to consider only 50% of the Employee Headcount projected by JIAL in the 3rd tariff year (FY 2024-25) onwards.
- (ii) **Quality department:** The Authority had assessed that the headcount for the last two years of the control period was not justified and thus proposed to rationalize to 2 (Two) employees in FY2024-25 and 3 (Three) employees for last two tariff years of the control period.
- (iii) **Customer Engagement:** The Authority observed that as per JIAL submission, till September 2023 there were no employee working in this department. The Authority proposed 1 (One) employee in FY2024-25 and FY2025-26 and 2 (Two) employees in the last tariff year of the Third Control Period. The Authority felt that this function related to ASQ rating activity, which is performed only on a quarterly basis, that too through outsourced Consultancy Firms.
- (iv) **Airside Management:** The Authority observed that the headcount projected by JIAL for all the tariff years was not justified considering the projected traffic levels at the airport. The Authority also observed that ground handling activities at the airport had been outsourced. Based on the above factors, the Authority proposed to consider twenty seven (27), thirty (30), and thirty five (35) employees in the last three years of the Control Period as against 37 / 38 / 48 employees respectively, claimed by JIAL.
- (v) **Terminal Operations:** The Authority observed that the number of Employee Headcount projected by JIAL was not justifiable as there are existing employees of AAI (i.e., Select employees deputed to JIA) at the Airport till the deemed deputation period. Hence, the Authority had rationalized the manpower for Terminal Operations for the FY2024-25 from 29 employees to 22 employees. Further, manpower had been rationalized for FY2025-26 considering the



manpower proposed for FY2024-25. The Authority further observed that since NITB-III has not been considered as per the CAPEX plan proposed by the Authority for Third Control Period, the increase in manpower in last tariff year cannot be justified and had thus been rationalized from 43 employees to 30 employees.

- (vi) **Engineering & Maintenance Department:** The Authority observed that there are existing employees of AAI (i.e., 'Select Employees' deputed to JIA) at the Airport during the deemed deputation period similar to Terminal Operations department and hence the Authority proposed to consider 75% of the Aeronautical Employee Headcount of Engineering & Maintenance department, projected by JIAL, for the third tariff year of the Third Control Period. For the remaining two tariff years of TCP, the Authority proposed to consider the number of employees as submitted by JIAL as the Deemed Deputation Period would end in FY 2024-25.
- (vii) **Aircraft Rescue and Fire Fighting (ARFF) including Fire Fighters:** The Authority observed that the employee headcount projected by the AO was not justified, with the fact that the same services are being delivered by existing employees of AAI (i.e., Select employees to JIA) at the airport, at a lower manpower strength. The Authority thus proposed to rationalize the manpower in this department for FY2024-25 on the basis of historical manpower deployment. For next two tariff years, manpower had been increased in a staggered manner. Based on the above factors, the Authority proposed to consider sixty five (65), eighty (80), and ninety five (95) employees in the last three years of the Control Period as against 104 / 104 / 104 employees respectively, claimed by JIAL.
- (viii) **Inline Hold Baggage Screening system (ILHBS):** The Authority examined the Employee Headcount projected by the AO ranging from thirty-five (35) in FY 2022-23 to sixty-eight (68) in the last tariff year and compared the same with the number of employees engaged by AAICLAS in FY 2020-21, namely, 42 employees (28 Security screeners and 14 Multi tasker) as per the invoice submitted for the month of December 2020.

Considering the projected traffic growth during the current Control Period, the Authority proposed to consider the Employee Headcount of forty five (45) / fifty five (55) / sixty-eight (68) employees respectively as against 68 / 68 / 68 employees claimed by the AO for the FY 2024-25 to FY 2026-27.

Based on the above factors, the Aeronautical Employee Headcount proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 149: Employee Head Count of JIAL and revised EHCR proposed by the Authority for the Third Control Period at Consultation stage

Particulars	JIAL Classification	Authority Classification	FY'23	FY'24	FY'25	FY'26	FY'27
Aeronautical Employee Head count claimed by JIAL as per MYTP			108	190	325	350	400
Employee Headcount proposed by the Authority							
CAO Office	Aeronautical	Aeronautical	2	2	3	4	5
Techno Commercial (Procurement department)	Aeronautical	Aeronautical	4	3	8	10	11
Corporate communication	Aeronautical	Aeronautical	1	1	3	3	4
Corporate Affairs	Aeronautical	Aeronautical	1	1	2	2	3
Security including Safety	Aeronautical	Aeronautical	7	7	8	9	10
Legal	Aeronautical	Aeronautical	1	2	2	3	3



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	JIAL Classification	Authority Classification	FY'23	FY'24	FY'25	FY'26	FY'27
Quality	Aeronautical	Aeronautical	1	1	2	3	3
Customer Engagement	Aeronautical	Aeronautical	-	-	1	1	2
Non-Aero Commercial	Aeronautical	Non-Aeronautical	3	3	5	6	6
Information Technology	Aeronautical	Aeronautical	1	1	6	9	12
Airline Marketing	Aeronautical	Aeronautical	-	-	1	2	2
Airside Management	Aeronautical	Aeronautical	26	23	27	30	35
Regulatory	Aeronautical	Aeronautical	-	-	1	1	2
Terminal and Operation	Aeronautical	Aeronautical	10	10	22	25	30
Human Resources and Admin	Aeronautical	Common	4	5	8	9	11
Finance	Aeronautical	Common	4	5	8	9	10
Engineering & Maintenance	Aeronautical	Aeronautical	3	5	12	24	32
Aviation Rescue and Fire Fighting (ARFF) including Fire Fighters	Aeronautical	Aeronautical	1	1	65	80	95
Environment & Sustainability	Aeronautical	Aeronautical	1	1	2	2	3
ILHBS (Screeners)	Aeronautical	Aeronautical	36	33	45	55	68
Land Department	Aeronautical	Non-Aeronautical	-	-	1	1	2
Horticulture	Aeronautical	Aeronautical	1	1	2	2	3
Air Cargo	Aeronautical	Aeronautical	1	1	1	1	1
Total Employee Head Count of JIAL rationalized by the Authority			108	106	235	291	353
Direct Aeronautical Employees of JIAL			97	93	213	266	324
Direct Non-Aeronautical Employees of JIAL			3	3	6	7	8
Common Employees of JIAL			8	10	16	18	21
Total Aeronautical Employees of JIAL			105	103	228	284	344
Total Non-Aeronautical Employees of JIAL			3	3	6	7	9
Revised Employee Headcount ratio of JIAL derived by the Authority			97.0%	96.9%	97.3%	97.4%	97.6%
5-yr average of Revised EHCR of JIAL					97.23%		
Total AAI Employees			167	155	155	-	-
Direct Aeronautical Employees of AAI			124	113	113	-	-
Direct Non-Aeronautical Employees of AAI			1	1	1	-	-
Common Employees of AAI			42	41	41	-	-
Total Aeronautical Employees of AAI			166	154	154	-	-
Total Non-Aeronautical Employees of AAI			1	1	1	-	-
Revised Employee Headcount ratio of AAI derived by the Authority			99.2%	99.1%	99.1%	-	-
Total Aeronautical Employees of AAI and JIAL			271	257	382	284	343
Total Non-Aeronautical Employees of AAI and JIAL			4	4	7	7	10
Total Employee Headcount (i.e., both AAI and JIAL employees) derived by the Authority			275	261	390*	291	353
Revised Employee Headcount ratio of total AAI and JIAL derived by the Authority			98.5%	98.3%	98.1%	97.4%	97.6%
5-year Average of Revised Total Employee Headcount Ratio (both AAI and JIAL employees) derived by the Authority					97.98%		

*till Deputation Period (October 2024)

The employee cost proposed by the Authority for JIAL's own employees, based on the revised



aeronautical employee headcount is shown below:

Table 150: Manpower cost of Aero employees proposed by the Authority for the Third Control Period at Consultation stage

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Employee Headcount claimed by JIAL	No.	108	190	325	350	400	
Salary Growth % claimed by JIAL	%	10%	10%	10%	10%	10%	
Manpower Cost of JIAL's employees claimed by JIAL	₹ in Crores	12.20	20.27	38.01	54.80	66.98	192.27
As per Authority							
Employee Head count proposed by the Authority	No.	108*	106**	235	291	353	
Salary Growth % proposed by the Authority	%	-	6%	6%	6%	6%	
JIAL – Employees Manpower Cost derived by the Authority	₹ in Crores	12.11*	14.06**	22.68	36.61	47.55	
Allocation ratio proposed by the Authority	%	97.23%	97.23%	97.23%	97.23%	97.23%	
Aero Manpower Cost of JIAL proposed by the Authority	₹ in Crores	11.82	13.67	22.05	35.59	46.24	129.33

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority

Utility Expenses

10.2.24 The Authority examined the expenses towards Utilities and noted the following:

- i. **Power expenses:** The Authority observed that JIAL in its submission had considered the expenses towards Utilities after netting off the recoveries to be made from the Concessionaires for Non-aeronautical activities. The net utilities expenses thus arrived was considered as 100% Aeronautical.
 - The Authority observed that JIAL had assumed 10% of the total electricity cost as recoveries to be made from the Concessionaires. The Authority further observed that the power recovery percentage is significantly lower than that of comparable airports and proposed that the non-aeronautical operations should increase the power recovery from the Concessionaires, in a gradual manner. Accordingly, the Authority proposed that JIAL shall constitute a Committee to verify the bills relating to Power expenses and submit a report on the same to the Authority as part of Stakeholder comments / feedback. In case such report is not submitted by JIAL, the Authority proposed to consider power recoveries at a notional rate while issuing the tariff order of the Third Control Period.
 - The Authority compared the actual Electricity costs of ₹ 7.39 crores (after recovery) incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 8.10 Crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 5.29 Crores (after recovery). The Authority upon extrapolation to derive the expenses up to March 2024, estimated it to be approximately ₹ 10.6 Crores, which seemed to



be on higher side and thus suitable justification was sought for the same from the AO. JIAL vide email dated January 17, 2024 stated that, effective December '22, the base rate for electricity which is charged as energy charges in monthly bill, was increased by Jaipur Vidyut Vitran Nigam Limited (JVNL) from ₹ 8.05 per unit to ₹ 8.85 per unit. This had resulted into an overall per unit cost of ₹ 8.56 and ₹ 9.7, in FY 22-23 and HY1 FY23-24, respectively. Further, due to seasonal impact of higher consumption during summer months, the annual cost for FY23-24 shall not be 2x of HY1 FY23-24. It would be appropriate to assume cost as 1.5 times of FY 22-23 in view of the increase in electricity rates and unit consumption. The Authority in view of the aforementioned response of JIAL proposed to consider the overall unit cost of ₹ 9.7 for FY23-24 and calculate the power expenses basis the forecasted net billable units submitted by JIAL in its MYTP. The total annual power expense for FY2023-24 was derived to be ₹ 8.73 Crores. The Authority further proposed to apply Y-O-Y increase towards inflation for the next three (3) tariff years on the derived expenses of FY 2023-24.

- JIAL had proposed to increase the billable units by 10% in the second tariff year (FY2023-24) of the Third Control Period and an additional increase of 36.4% in FY 2024-25 on account of increase in terminal area. The Authority as part of its review noted that for other similar airports, it had allowed the increase claimed by JIAL which was in proportion to the increase in the area of the Terminal Building. Based on the same, the Authority proposed to consider as per the capitalization schedule an additional increase of 35.6% in billable units only for FY 2024-25. (refer growth rates mentioned in Table 156).

ii. **Water and Fuel charges:** JIAL had assumed Y-o-Y increase in water and fuel charges as per forecasted growth in passenger traffic for all the five (5) tariff years in Third Control Period and an additional increase of 11.4% for FY 2024-25 on account of the expanded Terminal Building area. The Authority reviewed the submission of JIAL and noted that the fuel charges claimed by JIAL pertain to the diesel fuel required for operating the Generators. Further the Authority examined the actual expenses of ₹ 0.67 Crores incurred by JIAL towards Water and Fuel charges as against ₹ 0.30 Crores projected in the MYTP and proposed to consider the actuals for FY 2022-23. Also, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 0.46 Crores (after recovery). The Authority upon extrapolation to derive the expenses up to March 2024, estimated it to be approximately ₹ 0.92 Crores, which seemed to be on higher side and thus suitable justification was sought for the same from JIAL. JIAL had not provided any response on the query and thus the Authority proposed to consider the actual costs for FY2022-23 as the base for forecasting expenses for the remaining four (4) tariff years. The Authority further proposed to apply Y-O-Y increase towards inflation for the next four (4) tariff years on the actual expenses of FY 2022-23.

- The Authority observed that JIAL, had claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority found to be reasonable and justified. Hence, the Authority proposed to allow the same. The Authority further proposed Y-o-Y increase towards inflationary effect as per Table 134. The details of Utility expenses claimed by JIAL and allowed by the Authority are summarized in the table below:

Table 151: Utility expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

Particulars	(₹ Crores)					
	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total Utility Expenses claimed by JIAL	8.4	10.69	15.23	16.01	16.84	67.16
As per the Authority						
i. Power expenses	7.39*	8.73**	12.29	12.75	13.24	54.40
ii. Water expenses	0.67*	0.67	0.77	0.80	0.83	3.75
Total Utilities proposed by the Authority (i) + (ii)	8.06*	9.40	13.06	13.56	14.07	58.15

*as per actuals submitted by JIAL for FY 2022-23

**as per actual unit rates submitted by JIAL for FY2023-24

The increase in Utility Expenses in FY25 is due to increase in terminal area (likely operationalization of T-I and refurbishment of T-II) and inflation effect.

IT expenses, Rates & Taxes and Security expenses

10.2.25 JIAL as per the concession agreement is required to upgrade the existing IT capacity infrastructure. JIAL had based its expense projections on the basis of proportionate increase in JIAL's own employee headcount. Further the Authority noted that JIAL had treated the cost as 100% Aeronautical. In respect of the Y-o-Y growth claimed by JIAL, the Authority proposed to revise the same as per inflation rate proposed in Table 83 above and also reallocate the expense based on the Terminal Building ratio of 90% Aeronautical (refer para 10.2.10).

- The Authority had compared the actual expenses of ₹ 4.41 crores incurred by JIAL on IT expenses for FY 2022-23 as against the projected costs of ₹ 5 Crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 2.42 Crores. The Authority had for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which was approximately ₹ 5.0 Crores. The Authority proposed to consider ₹ 5.0 Crores towards IT expenses for FY 2023-24 and use the same as base for future projections. Further, the Authority proposed to consider a one-time increase of 35.6% on account of increase in Terminal Area. The Authority further proposed to apply Y-O-Y increase towards inflation for the remaining three (3) tariff years on the derived expenses of FY 2023-24 (refer growth rates mentioned in Table 156).

Table 152: IT expense of JIAL as proposed by the Authority for the Third Control Period at Consultation stage

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
IT expenses claimed by JIAL	₹ in Crores	5.00	8.80	15.05	16.20	18.52	63.57
As per Authority							
IT expense proposed by the Authority	₹ in Crores	4.41*	5.00**	6.97	7.23	7.51	31.12
Allocation Ratio proposed by the Authority	%	90	90	90	90	90	
Aero IT expense proposed by the Authority	₹ in Crores	3.97	4.50	6.27	6.51	6.76	28.01

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority



10.2.26 With respect to Rates and Taxes, JIAL had assumed a 5% y-o-y increase on account of inflation and a one-time increase of 11.4% on account of increase in terminal area. Further the Authority observed that the AO had treated the cost as 100% Aeronautical. The Authority proposed to reallocate the expense based on the Gross Fixed Asset ratio (97.88%).

- i. The Authority had noted the actual expenses of ₹ 1.67 crores incurred by JIAL on Rates and Taxes for FY 2022-23 as against the projected costs of ₹ 1.5 crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 0.85 Crores. The Authority had for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which was approximately ₹ 1.70 Crores. The Authority proposed to consider ₹ 1.70 Crores towards Rates and Taxes for FY 2023-24 and use the same as base for future projections. The Authority noted that JIAL, had claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority found to be reasonable and justified. Hence, the Authority proposed to allow the same. The Authority further proposed to apply Y-O-Y increase towards inflation for the next three (3) tariff years on the derived expenses of FY 2023-24 (refer growth rates mentioned in Table 156).

Table 153: Rates and Taxes of JIAL as proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Rates and Taxes claimed by JIAL	₹ in Crores	1.5	1.58	1.83	1.92	2.02	8.85
As per Authority							
Rates & Taxes expense considered by the Authority	₹ in Crores	1.67*	1.70**	1.96	2.03	2.11	9.47
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Aero Rates & Taxes proposed by the Authority	₹ in Crores	1.63	1.66	1.92	1.99	2.06	9.27

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for HI FY 2022-23 and extrapolated by the Authority

10.2.27 As per JIAL's submission expenses related to security includes outsourced manpower, security guards, security operation maintenance, surveillance vehicles, access controls and expenses related to other automation systems. JIAL had based their security cost increase in line with the forecasted growth in passenger traffic. In addition, JIAL had considered a one-time increase of 11.4% in expense on account of refurbishment of Terminal 2 leading to increase in the terminal area. Further the Authority noted that JIAL had treated the cost as 100% Aeronautical. The Authority noted the dual escalation in the expenses wherein JIAL had considered both increase in traffic and terminal area. The Authority proposed to revise the Y-o-Y growth in security expenses, as per inflation rate proposed in Table 134 and also reallocate the expense based on the Gross Fixed Asset ratio of 97.88% Aeronautical (refer para 10.2.12) in line with similar airports.

- i. The Authority had noted the actual expenses on Security of ₹ 5.13 crores incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 6 crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 4.37 Crores. The Authority had for the purpose of calculation, extrapolated the expense to derive the expenses up to

March 2024 which was approximately ₹ 8.74 Crores. The Authority proposed to consider ₹ 8.74 Crores towards Security expenses for FY 2023-24 and use the same as base for future projections. The Authority noted that JIAL, had claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority found to be reasonable and justified. Hence, the Authority proposed to allow the same.

Table 154: Security expense of JIAL as proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Security expense claimed by JIAL	₹ in Crores	6	8.78	11.16	12.17	13.23	51.34
As per Authority							
Security expense proposed by the Authority	₹ in Crores	5.13*	8.74**	10.07	10.45	10.84	45.23
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Aero Security expense proposed by the Authority	₹ in Crores	5.02	8.55	9.85	10.23	10.61	44.27

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority

Corporate Allocation Cost

10.2.28 JIAL had claimed Corporate Allocation Cost of ₹ 11.00 Crores towards Corporate Support Services received from the Holding Companies, namely, AEL and AAHL for the FY 2022-23 and had considered the employee headcount growth of JIAL as basis for Y-o-Y escalation.

i. The Airport Operator (JIAL) had engaged an independent consultant, to conduct a study on Corporate Cost allocation. The Authority had noted the following points submitted by JIAL in support of their claim for Corporate cost allocation:

- AEL provides various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, human resource management, etc., and also includes various leadership functions. AAHL through its corporate structure, provides expertise and specialist domain knowledge in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Hospitality, Customer management, Cargo Development and management, Airline Marketing, Non-Aeronautical etc.
- AEL and AAHL incur costs at the corporate level to provide these services and support to various Group Companies (including Airports) and Airport companies. The major composition of these costs includes salaries and administrative costs. These costs (except shareholders services and non-Aeronautical services) are recovered by AEL and AAHL through a pre-determined, appropriate allocation method.
- Similar corporate cost allocation process is used by other private airport operators' holding entities, which provide corporate administration services to their respective Airport Operators, and their costs are allocated based on suitable drivers. Similarly, AAI also allocates its Central Head Quarters (CHQ) / Regional Head Quarters (RHQ) costs to various airports based on appropriate cost drivers.

ii. The Authority observed that AEL on overall basis, extends support and guidance to various Group

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Companies and AAHL provides expertise and specialist domain knowledge to the Airport Companies, which are essential for the sustainable operations of the business. The major composition of the costs of these services includes salaries and administrative costs that are recovered by AEL and AAHL through an appropriate allocation method (refer para 10.2.15). Further, this process is consistent with the approach followed by other PPP airports for allocation of Corporate costs to the Airports. Based on the above factors, the Authority considered the apportionment of costs of AEL and AAHL to JIAL as reasonable.

- iii. The Authority had observed the actual expenses of ₹ 11.88 crores incurred by JIAL on Corporate Cost expenses for FY 2022-23 against the projection of ₹ 11 Crores claimed in their MYTP. The detailed break-up of the actual cost along with the basis of allocation submitted by JIAL for the FY 2022-23 is as follows:

Table 155: Actual Corporate Cost incurred with allocation basis submitted by JIAL for FY'22

(₹ Crores)

Particulars	Department	Allocation Key (Basis)	Admin Cost	Salary Cost	Total
AEL	HR and Admin	Ratio of Number of Employees of a SPV to Total Adani Group Employees	0.57	1.16	1.73
	Finance, Tax and Internal Audit	Ratio of Debt raised for a SPV to total Debt raised for Adani Group, Ratio of Turnover of a SPV to Total Group Turnover and Ratio of Full Time Equivalents (FTE) allocated to a SPV to total FTEs	0.15	0.30	0.45
	IT	Ratio of Number of IT users in a SPV to total Group users	0.38	0.77	1.15
	Legal	Ratio of Legal Budget of a SPV to Total Legal Budget of all airports	0.01	0.02	0.03
	CMD Office & Support Staff	Ratio of a SPV PBT to Group PBT and Airport budgeted expenditure to Total budgeted expenditure	0.50	1.02	1.52
	Total (A)			1.61	3.27
AAHL	HR & Admin	Ratio of Number of Employees of a SPV to Total Adani Group Employees	0.36	1.42	1.78
	Finance	Ratio of Debt raised for a SPV to total Debt raised for Airport Group	0.07	0.29	0.36
	Operations (Airline Marketing, Operation, Security, HSE, Regulatory)	Ratio of Per Pax Revenue of SPV to total Per Pax Revenue	0.63	2.52	3.15
	IT	Ratio of Number of IT users in a SPV to total IT users in all airports	0.12	0.48	0.60
	Inhouse Legal Team	Ratio of Legal Budget of a SPV to Total Legal Budget of all airports	0.01	0.04	0.05
	Cargo Development	Ratio of Per Pax Revenue of a SPV to total Per Pax Revenue of all airports	0.01	0.02	0.03
	CEO Office	Ratio of Per Pax Revenue of SPV to total Per Pax Revenue	0.21	0.83	1.04
	Total (B)			1.40	5.60
Total (A) + (B)			3.01	8.87	11.88

- iv. Considering all the above, the Authority proposed to consider the actual cost of ₹ 11.88 Crores for FY 2022-23, as compared to the projected cost of ₹ 11.00 Crores.
- v. However, the Authority observed that the aforementioned actual cost included the costs of inhouse legal team, which was in addition to the cost of employees of Legal department, already

considered under the manpower expenses of JIAL (refer Table 155 above) and was not justified. Hence, the Authority proposed to exclude ₹ 0.08 Crores from the Corporate Allocation cost submitted by JIAL and consider the remaining amount of ₹ 11.80 Crores for FY 2022-23.

- vi. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 4.68 Crores. The Authority had for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which was approximately ₹ 9.5 Crores. The Authority found the same to be reasonable and proposed to consider ₹ 9.5 Crores towards Corporate Cost expenses for FY 2023-24. The Authority further proposed to revisit this on receipt of actual expenses for FY 2023-24.
- vii. JIAL had escalated expenses related to corporate allocation YoY basis growth in employee count. The Authority observed that salary cost constituted the major portion of the Corporate cost and hence, proposed to rationalize the increase claimed by JIAL to 6% Y-o-Y across the last three (3) tariff years of the Third Control Period which was in line with the increase proposed for manpower expenses of AAI and JIAL.
- viii. The Authority observed that JIAL had considered corporate cost allocation as 100% aeronautical without any supporting basis for such allocation. In the absence of such basis and in line with the methodology followed by the Authority for similar airports, the Authority proposed to reallocate the expense basis the Total Employee Headcount ratio. Further, as the services provided by AAHL & AEL are mainly in the nature of providing specialized resources and knowledge and also it benefits whole airport ecosystem, the Authority was of the view that the cost needed to be allocated basis the Total Employee Headcount ratio of 97.78% Aeronautical.
- ix. The details of Corporate Allocation Expense claimed by JIAL and allowed by the Authority are summarized in the table below:

Table 156: Corporate Cost Allocation expenses claimed by JIAL and Proposed by the Authority at Consultation stage

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Corporate Allocation expense claimed by JIAL	₹ in Crores	11	19.35	33.1	35.65	40.74	139.84
As per Authority							
Corporate allocation considered by the Authority	₹ in Crores	11.80*	9.5**	10.07	10.67	11.31	53.44
Allocation Ratio proposed by the Authority	%	97.98%	97.98%	97.98%	97.98%	97.98%	
Aero Corporate Cost expense proposed by the Authority	₹ in Crores	11.56	9.31	9.87	10.46	11.09	52.28

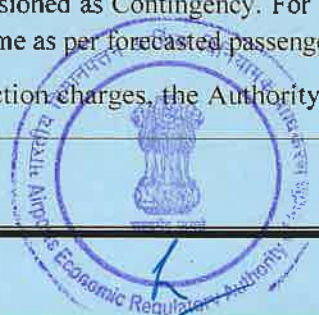
*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority

Administrative Expenses

10.2.29 JIAL had projected an increase of 5% Y-o-Y for Administrative Expenses towards Professional & Consultancy, Sales & Marketing, Travelling & Communication, Printing & Stationery etc. In addition, a 5% Y-o-Y increase was provisioned as Contingency. For expenses related to collection charges on UDF, JIAL had escalated the same as per forecasted passenger growth.

- In respect of UDF Collection charges, the Authority had compared the actual expenses of ₹



0.88 crores incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 1.21 Crores and proposed to consider the actual expenses of FY 2022-23. The Authority proposed to consider increase in Collection charges for UDF in line with the growth in Passenger traffic proposed for the Third Control period for Jaipur International Airport, as per Table 79. The Authority proposed to apply such rates for the next four (4) tariff years on the actual expenses of FY 2022-23.

- In respect of Other Administrative charges, the Authority had compared the actual expenses of ₹ 12.92 crores incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 15 Crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 11.74 Crores. The Authority upon extrapolation to derive the expenses up to March 2024, estimated it to be approximately ₹ 23.5 Crores. The estimated expense value seemed to be on the higher side, and thus suitable justification was sought for the same from JIAL. JIAL vide email dated January 17, 2024 stated that, "the increase in administrative expenses is due to increase in professional fees for various activities for improvement in passenger experience and operations." The Authority while acknowledging the aim to enhance passenger experience, also considered the financial impact on passengers given that such expenses may be ultimately passed through to passengers; and thus, proposed to not consider the extrapolated expense for FY24. Further, considering that JIA is a brownfield airport, the Authority proposed to consider inflationary effect as per Table 134 for the growth in Administrative expenses (other than Collection charges for UDF), across all the remaining four (4) tariff years in the Third Control Period. Further, the Authority was of the view that these expenses which are administrative in nature should be apportioned in the Gross Fixed Asset Ratio i.e., 97.88:2.12. सत्यमेव जयते

Table 157: Admin expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

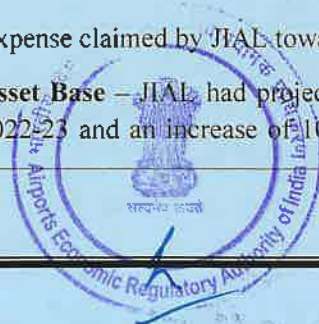
Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Admin expenses claimed by JIAL (incl. UDF charges)	₹ in Crores	16.21	36.28	40.01	43.99	48.36	184.85
As per Authority							
i. Admin expenses (UDF Collection charges) proposed by the Authority (A)	₹ in Crores	0.88*	1.00	1.15	1.66	1.80	6.49
ii. Admin expenses Others considered by the Authority (B)	₹ in Crores	12.92*	12.95	13.44	13.95	14.48	67.7
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Admin expenses Others proposed by the Authority (B1)	₹ in Crores	12.65	12.67	13.15	13.65	14.17	66.29
Total Admin expenses proposed by the Authority (A+B1)	₹ in Crores	13.53	13.67	14.31	15.31	15.97	72.78

*as per actuals submitted by JIAL for FY 2022-23

Insurance expenses

10.2.30 The Authority examined the expense claimed by JIAL towards Insurance and noted the following:

- Insurance on Initial Asset Base** – JIAL had projected insurance expense of ₹ 1.60 crores on existing assets in FY 2022-23 and an increase of 10% Y-o-Y on the same. The Authority, on



review of the actual expenses incurred proposed to consider the same, i.e., approximately ₹ 1.49 Crores for FY 2022-23 and Y-o-Y increase towards inflationary effect as per Table 134 on such actual expenses for the entire Third Control Period. Further, the Authority had derived the Aeronautical expenses by applying Gross Fixed Assets ratio (97.88%) as per Table 142.

- **Insurance on New Asset Base** – JIAL had also claimed Insurance expense at the rate of 0.10% on new additions to the gross block based on market rates for each tariff year. The Authority reviewed the same and proposed to consider the expense at the same rate of 0.10% on the revised cumulative value of Capitalized Aeronautical Assets that are forming part of RAB (Table 96).
- The Authority had compared the actual expenses of ₹ 1.55 crores incurred by JIAL as Insurance expenses for FY 2022-23 as against the projected costs of ₹ 1.67 Crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 0.90 Crores.
- The Authority proposed to consider Y-o-Y increase as per Table 134 towards inflationary effect for the remaining four (4) years of the Third Control Period, to compute insurance expense on Initial Asset Base. Further, the Authority had derived the Aeronautical expenses for Insurance expense on Initial Asset Base, by applying the Gross Fixed Asset ratio (97.88% Aeronautical). The Authority further proposed to compute insurance expenses on New Asset Base as per revised gross block additions determined in this Consultation Paper.

Table 158: Insurance expenses claimed by JIAL and proposed by the Authority for the Third Control Period

Particulars	(₹ Crores)					
	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Insurance expenses claimed by JIAL	1.67	1.93	2.91	3.9	8.08	18.49
As per Authority						
Insurance expense considered by the Authority on Initial Asset Base (A)	1.49	1.50	1.55	1.61	1.67	7.83
Allocation ratio proposed by the Authority	97.88%	97.88%	97.88%	97.88%	97.88%	
Insurance on opening net block of assets (A1)	1.46	1.46	1.52	1.58	1.64	7.66
Insurance on New Asset Base (B)	0.06	0.16	0.71	1.24	1.32	3.49
Insurance expenses allowed by the Authority (A1 + B)	1.52	1.62	2.23	2.82	2.96	11.15

Repairs and Maintenance expenses

10.2.31 The Authority examined the expenses towards Repairs and Maintenance and noted that the same had been projected towards Civil, Electrical, Plant and machinery, Electronics and Others.

- **Repairs and Maintenance on Initial Asset Base** - JIAL had projected ₹ 25.00 Crores in FY 2022-23 towards Repairs and Maintenance for Opening Net block of Assets and an increase of 10% Y-o-Y (including expected increase in inflation by 5% and another 5% allowance provided for any contingency for change in scope, overtime, escalation etc.). In addition, JIAL had projected a one-time expense increase of 10% in FY 2024-25 on account of increase in terminal area.



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

- ii. **Repairs and Maintenance on New Capital Expenditure** – JIAL had also claimed Repairs and Maintenance expense at the rate of 3% on the cumulative value of Capitalized Total Assets for each tariff year.
- iii. The Authority as part of its review noted that the actual R&M expenses incurred by JIAL for FY 2022-23 was ₹ 25.06 Crores (marginally higher than its estimate of ₹ 25 Crores in the MYTP). Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 12 Crores. The Authority is of the view that JIA is a brownfield airport, wherein Capital Additions have been newly proposed for the Third Control Period. The newly constructed/installed assets need lesser maintenance than the already commissioned ones in use. The Authority, therefore, proposed to consider actuals for FY 2022-23 and restrict the total repairs and maintenance expenses claimed by JIAL to 6% of the Opening Net block of Aeronautical Assets for the remaining respective FYs.
- iv. The amount claimed by JIAL, and the estimate proposed by the Authority are shown in the table below:

Table 159: R&M on Opening Net block of Assets claimed by JIAL and Proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

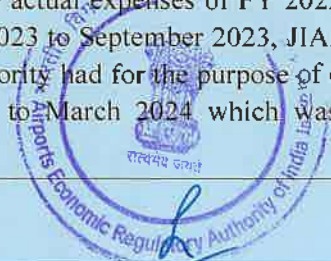
Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Repairs and Maintenance – For Initial Asset Base claimed by JIAL (C)	25.06	27.50	33.00	36.30	39.93	161.79
Repairs and Maintenance – New Capital Additions claimed by JIAL (D)	0.00	2.39	5.37	29.57	53.41	90.73
Total Repairs and Maintenance – claimed by JIAL (E = C+D)	25.06*	29.89	38.37	65.87	93.34	252.52
As per Authority						
Opening RAB proposed by the Authority (A)	495.53	520.86	584.51	1053.92	1410.35	
6% of the Opening RAB (B)	29.73	31.25	35.08	63.24	84.63	
Total R&M expenses proposed by the Authority (G = MIN{B,E})	25.06*	29.89	35.08	63.24	84.63	237.90

*as per actuals submitted by JIAL for FY 2022-23

Other Operating expenses

10.2.32 JIAL had submitted Other Operating Expenses and claimed an increase of 5% Y-o-Y for all five (5) tariff years and an additional increase of 36.4% in FY 2024-25 on account of expansion of Terminal Building area. JIAL had further submitted that the other Operating Expenses largely includes Cleaning & Housekeeping Services, Pest Control Services, Cleaning of Public Toilet, providing biomedical waste management services, garbage collection services etc. The major agreements were entered during FY22-23 and hence in order to provide its annualized impact necessary increase factor of 40% has been considered in FY23-24.

- The Authority had compared the actual expenses of ₹ 11.15 crores incurred by JIAL on Other Operating expenses for FY 2022-23 as against the projected costs of ₹ 11 Crores and proposed to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL had submitted the actual expenses as ₹ 7.21 Crores. The Authority had for the purpose of calculation, extrapolated the amount to derive the expenses up to March 2024 which was approximately ₹ 14.42 Crores. The



Authority proposed to consider ₹ 14.42 Crores towards Other Operating expenses for FY 2023-24, and use the same as base for forecasting future expenses. In respect of Y-o-Y growth rate claimed by JIAL, the Authority felt that the increase towards inflationary effect as per Table 134 should only be considered, instead of 5% increase Y-o-Y claimed by JIAL.

- In respect of additional increase of 40% and 36.4% claimed by JIAL, the Authority proposed to consider an increase of 35.6%, with regard to expansion of Terminal Building area within the Airport. However, the Authority proposed to shift the additional increase to FY 2024-25 as the same would take effect only after operationalisation of the extended Terminal Building as per the Capitalization Schedule proposed by the Authority.

Table 160: Other Opex claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Other Operating expenses claimed by JIAL	₹ in Crores	11.00	15.95	22.55	23.67	24.86	98.03
As per Authority							
Other Operating expenses considered by the Authority	₹ in Crores	11.15*	14.42*	20.10	20.87	21.66	88.20
Allocation ratio proposed by the Authority	%	90	90	90	90	90	
Other Operating expenses proposed by the Authority	₹ in Crores	10.04	12.98	18.09	18.78	19.49	79.38

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for HI FY 2022-23 and extrapolated by the Authority.

Independent Engineer Cost

10.2.33 JIAL had claimed Independent Engineer Cost of ₹ 4.13 crores from FY23 till FY25 and claimed an increase of 5% Y-o-Y from FY26 onwards. As per the information provided, AAI appointed M/s NBCC (India) Limited as the Independent Engineer for 3 years with a total cost of ₹ 12.40 crores (₹ 4.13 crores annually). The extract of the relevant clauses is as below:

Clause 24.1.2 states

"The appointment of the Independent Engineer shall be made within 90 (ninety) days of the date of execution of this Agreement, and such appointment shall be valid for a period of 3 (three) years. On the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule K, and such procedure shall be repeated after expiry of each appointment."

Clause 24.3.1 states

"The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator."

10.2.34 The Authority noted that AAI had appointed M/s NBCC (India) Limited as the Independent Engineer with effect from 25th October 2021 with the responsibility of reviewing the projects being



carried out by JIAL on site and submitting necessary reports to JIAL.

10.2.35 The Authority also noted that as per Clause 24 and Schedule K of the Concession Agreement, AAI is required to appoint the Independent Engineer initially for a period of 3 years and thereafter for every 3 years. AAI had executed the contract with the Independent Engineer at a fee of ₹ 12.40 crores. JIAL had projected the Independent Engineer Cost based on the same together with considering an inflation of 5% for the last two tariff years for the Third Control Period.

10.2.36 However, the Authority proposed not to allow inflation of 5% and retain the amount originally awarded by AAI proportionately for the last two tariff years. The Authority also examined the actual expense of ₹ 4.99 crores for FY 2022-23 but proposed to consider the amount derived as per the contractual terms i.e., ₹ 4.13 crores.

Amortization of Runway recarpeting expenses

10.2.37 JIAL had claimed amortization of ₹ 53.50 Crores projected towards expenditure on Runway Recarpeting works over a period of five (5) FYs starting from FY 2025-26 and based on the Depreciation Order No. 35/2017-18 dated January 12, 2018. Additionally, JIAL had submitted carrying cost on the unamortized balance of the expense incurred on re-carpeting of runway.

10.2.38 The Authority also noted that the cost incurred on runway recarpeting is proposed to be amortized over five (5) years as per Order No. 35/2017-18. Accordingly, a return equal to FRoR was proposed to be provided on the unamortized portion of runway recarpeting expenses. Computation for the same is as follows:

Table 161: Runway Recarpeting expenses claimed by JIAL and allowed by the Authority for the Third Control Period at Consultation stage

Particulars	FY 23	FY 24	FY 25	FY 26	FY 27	Total
(₹ Crores)						
As per JIAL						
Runway Re-carpeting costs (A)	-	-	-	19.03	19.03	38.06
FRoR (B)	-	-	-	14.8 %	14.8 %	
Opening Balance (C)	-	-	-	-	76.11	
Closing Balance (D)	-	-	-	76.11	57.08	
Average Balance (E=(C+D)/2)	-	-	-	38.05	66.60	
Return on unamortized portion (F=E*B)	-	-	-	5.62	9.83	15.45
Total runway recarpeting expenses (G=A+F)	-	-	-	24.64	28.85	53.49
As per Authority						
Runway Re-carpeting costs (H)	-	-	-	16.47	16.47	32.95
FRoR (I)	-	-	-	12.21%	12.21%	
Opening Balance (J)	-	-	-	-	65.90	
Addition (K)	-	-	-	82.37		
Amortized (L)	-	-	-	(16.47)	(16.47)	
Closing Balance (M=J+K+L)	-	-	-	65.90	49.42	
Average Balance (N=(J+M)/2)	-	-	-	32.95	57.66	
Return on unamortized portion (O=N*I)	-	-	-	-	8.05	8.05
Total runway recarpeting expenses (P=H+O)	-	-	-	16.47	24.52	40.99

Fuel Operating Expenses

10.2.39 Clause 19.3. of the Concession Agreement stipulates JIAL's obligations towards providing aircraft fueling services (refer to paragraph 2.b.ix of Annexure 3 of Chapter 0 of this Consultation Paper)

10.2.40 JIAL had submitted the following assumptions regarding Fuel facility Operating expenses:

- JIAL had projected that the Fuel farm facility operations will commence from October 2023

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

onwards (i.e., 6-month period in FY 2023-24) and continue for the remaining three (3) tariff years of the Third Control Period.

- JIAL had estimated the Fuel Throughput volume at the rate of approximately 2.4 KL per ATM for the Total ATM traffic projected in each tariff year.
- Further JIAL had submitted that they planned to outsource the Fuel facility operations to a third-party vendor who will manage the facility on Cost plus margin basis.
- The charges payable to the Vendor by JIAL had been projected based on a 'Minimum Guarantee' amount up to specified quantity of 80,000KL (i.e., fixed amount per year) and beyond the specified quantity of 80,000KL, on the basis of agreed Rate/ KL (i.e., variable rate). The vendor rates projected by JIAL, based on experience of Lucknow Airport in FY22, are as follows:

Table 162: Fuel O&M expenses claimed by JIAL for each FY for the Third Control Period

Particulars	Unit	Quantity	Rate (₹)	Amount (₹ in Cr.)
Fixed amount for up to 80,000KL per year	Month	12	64,10,000	7.69
Fee beyond 80,000KL	Per KL	-	290.00	-

- Additionally, JIAL had projected an increase of 5% towards inflation Y-o-Y on both the fixed amount and variable rate /KL payable to the vendor.
- Apart from the above, JIAL had projected Rental cost of refuellers amounting to ₹1.04 crore in FY 2023-24 and FY 2024-25 for 12 numbers of Refuellers. The rental cost had been estimated for FY 2023-24 and FY 2024-25 after which, JIAL expects to have sufficient number of own refuellers to run the operations.

The Authority examined all the above and summarised its view as under:

- The Authority had ascertained that JIAL till November 2023 is yet to commence open fuel access facility operations and has till date incurred zero costs on fuel operating expenses. The Authority thus proposed to shift and consider expenses for fuel operations from FY2024-25 onwards.
- The Authority proposed to consider the Fuel throughput Volume and related Operations and Maintenance Costs of JIA for the Third Control Period based on the growth rate proposed by the Authority for ATM traffic as per Table 79 and correspondingly derive the O&M expenses.
- The Authority proposed to undertake the growth rate towards inflationary effect as prescribed in Table 134 above, for both fixed and variable expenses during each year of the Third Control Period.

Table 163: Fuel Opex claimed by JIAL and allowed by the Authority for the Third Control Period at Consultation stage

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Fuel O&M expenses claimed by JIAL	₹ in Crores	-	5.80	11.77	11.73	12.82	42.11
As per Authority							
ATM traffic growth rate – proposed by Authority	In %	-	8.0%	17.1%	45.3%	8.3%	



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Fuel throughput volume (A)	KL	-	106,684	124,938	181,534	196,543	609,698
Fixed Fuel throughput volume (B)	KL	-	80,000	80,000	80,000	80,000	320,000
Variable Fuel throughput volume (C = A -B)	KL	-	26,684	44,938	101,534	116,543	289,698
Growth rate proposed by Authority towards inflation	In %	-	0.20%	3.80%	3.80%	3.80%	
Fixed Fuel O&M expenses (up to 80,000 KL) (D)	₹ in Crores	-	0.00	8.00	8.30	8.62	24.92
Variable Rate / KL derived by the Authority	₹ Per KL	-	290.58	301.62	313.08	324.98	
Variable O&M expenses (above 80,000KL) (E)	₹ in Crores	-	0.00	1.36	3.18	3.79	8.32
Fuel O&M expenses (F = D + E)			0.00	9.36	11.48	12.41	33.25
Refuelers rentals Charges (G)	₹ in Crores	-	0.00	2.10	0.00	0.00	2.10
Total Fuel expenses proposed by the Authority (H = F + G)	₹ in Crores	-	0.00	11.46	11.48	12.41	35.35

Cargo Operating Expenses

- 10.2.41 Clause 19.4.1. of the Concession Agreement stipulates JIAL's obligations towards upgrading, developing, operating and maintaining the Cargo facilities in accordance with the provisions of the Concession Agreement.
- 10.2.42 JIAL had claimed Cargo Operating Expenditure of ₹ 36.43 Crores for third control period towards in-house salary cost, outsourced O&M expenses and customs cost recovery by considering the FY 2023-24 as base year of operations on the assumption of commencing Cargo Operations from mid FY 2023-24 i.e. Sep'23. JIAL had projected the Insourced salary and Customs Cost recovery based on the Manpower required and the Cargo O&M expenses on the basis of estimated Cargo Volume and Cargo cost / MT for each FY. JIAL had also claimed an increase of 10% Y-o-Y for all the expenses for the next three (3) FYs in the Third Control Period.
- 10.2.43 The Authority observed that JIAL had considered approximately ₹ 3,000 per tonne as basis for determining the O&M cost for JIA. This rate was estimated based on the experience of Ahmedabad and Lucknow airports. The Authority had examined the actual per tonne fee in Ahmedabad and Lucknow airports and proposed to accept the average of the said fees for the two airports, i.e., ₹ 2,860 as the per tonne fee for FY 2023-24. The Authority also proposed to escalate this fee at inflationary growth rate (refer Table 134) as against the increase of 10% submitted by JIAL for arriving at the O&M expenses for the remaining three (3) years of the current control period. The Authority further proposed to consider the cargo volume processed by JIAL as per Table 79 for the determination of O&M expenses.
- 10.2.44 The Authority observed that JIAL had projected salary costs for six (6) of their own employees comprising supervisory staff and duty managers at an average annual salary of ₹ 0.16 crores per employee which worked out to a total in-house salary cost of approximately ₹ 1 crore per annum starting from FY 2023-24. Further, this cost had been projected to increase 10% Y-o-Y in each tariff year. The Authority noted that as of December 2023, there is only one (1) employee. The Authority therefore proposed to recompute the inhouse salary cost based on the actual employee strength of FY24 and also to increase the annual average salary by 6% Y-o-Y (as against 10% claimed by JIAL) in line with that allowed for Manpower expense of AAI and JIAL for the remaining three (3) tariff years of the Third

Control period.

10.2.45 The Authority examined the submission of JIAL and noted that apart from the salary cost of their own employees, JIAL had projected reimbursement of salary cost of Customs officials who will be handling the international cargo operations, under the head 'Customs cost recovery'. The Authority noted that JIAL had estimated the salary cost of 5 Customs officials as per Para 7 of the Circular issued by the Department of Revenue, Ministry of Finance vide Circular No. 02/2021-Customs dated January 19, 2021 and arrived at ₹ 1.80 crores per annum. JIAL had estimated commencement of Cargo operations during middle of FY 2022-23, and thus considered approximately 50% in the first year of operations and entire amount of salary cost from the next FY. However, JIAL in its email dated December 5, 2023, had informed, that the international cargo operation is expected to begin only after March 2024. Considering the revised start date, the Authority proposed to exclude the 'Customs cost recovery' expense for FY 2023-24. The Authority also proposed to consider Y-o-Y increase of 6% as against the 10% claimed by JIAL in line with that allowed for Manpower expense of AAI and JIAL for the remaining three (3) tariff years of the Third Control period. The Authority noted that Customs Cost recovery is waived off based on achievement of certain volume threshold. While the Authority had considered the cost estimate provided by JIAL at Consultation stage, the Authority directed JIAL to ensure that waiver of charges is obtained as soon as the volume limits are reached. Also, the Authority noted that the Cargo revenue projected by JIAL for the Third Control Period is lower than the Cargo expenses. The Authority is of the view that JIAL should take efforts to substantially increase the Cargo revenue and the same would be examined by the Authority at the time of true up of the Third Control Period.

10.2.46 The Authority's proposal as compared to JIAL's submission is summarized in the table below:

Table 164: Cargo O&M expenses claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

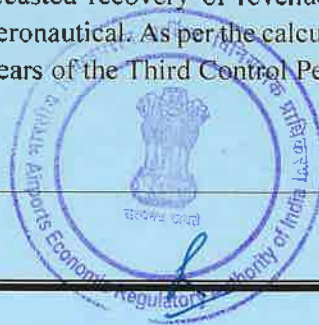
(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Claimed by JIAL						
Insourced Salary	-	1.00	1.10	1.21	1.33	4.64
O&M expenses	-	2.01	2.31	9.08	10.94	24.33
Customs cost recovery	-	0.90	1.98	2.18	2.40	7.45
Total Cargo O&M expenses	-	3.91	5.39	12.47	14.66	36.43
Considered by the Authority						
Insourced Salary	-	0.17	1.06	1.12	1.19	3.54
O&M expenses	-	0.79	2.13	2.25	6.22	11.38
Customs cost recovery	-	0.00	1.80	1.91	2.02	5.73
Total Cargo O&M expenses	-	0.95	4.99	5.28	9.43	20.66

Finance Charges, Working Capital Loan Interest and Annual Fee on Performance Bank Guarantee

10.2.47 JIAL had included a claim for Working Capital Loan Interest and Finance charges as a separate line item than the other operating expenses. The Authority noted that JIAL had computed working capital interest based on the forecasted recovery of revenue and payment of expenses and had considered the entire expense as aeronautical. As per the calculation by JIAL, there is a requirement for working capital for all tariff years of the Third Control Period.

Financing Charges



10.2.48 The Authority had reviewed the computation of Financing Charges and notes that JIAL had considered finance charges at the rate of 1.50% of the debt drawn down during the current control period. JIAL had considered 65% of the total capital addition as being funded through debt for arriving at the debt draw down during the current control period. For the FY2022-23, there was no financing charges as per the audited accounts submitted by JIAL. For the remaining four (4) tariff years, the Authority had recomputed the Finance Charges by considering 48% (refer para 8.6.2) of the revised total capital addition, i.e. ₹ 1,145.96 crores (refer Table 110) as being funded through debt. As per this revised computation, the estimated finance charges amounted to ₹ 8.25 crores for the remaining four (4) years of the Third Control Period. In addition, JIAL had submitted ₹ 0.07 Crores as bank charges for the FY2022-23. Accordingly, the Authority, proposed to consider ₹ 0.07 crores as bank charges for FY 2022-23 and ₹ 8.25 crores as financing charges for the FY2023-24 to FY2026-27.

Working Capital Loan Interest

10.2.49 The Authority had reviewed the computation of interest on working capital loan. The Authority also reworked the cash flows based on the revised aeronautical operating expenses, traffic, and aeronautical revenues. As per this revised computation, the estimated interest on working capital loan amounted to ₹ 10.70 crores for the Third Control Period. The Authority, therefore, proposed to consider ₹ 10.70 crores during computation of ARR for the Third Control Period.

Annual Fee on PBG

10.2.50 The Authority noted that JIAL had taken a Performance Bank Guarantee (PBG) of ₹ 140 crores for which JIAL had to pay an annual fee at 0.50% of the guaranteed amount. The Authority considered the same as part of the costs for the control period.

10.2.51 The Authority ascertained that although the annual fee on PBG worked out to be ₹ 0.70 crores, the actual amount submitted by JIAL for FY2022-23 was ₹ 0.53 Crores. The Authority proposed to consider the actual amount for FY2022-23 and ₹ 0.70 Crores for the remaining four (4) tariff years. The Authority further proposed to true-up the same based on actuals at the time of determination of Tariff for the next control period.

10.2.52 The Authority also proposed to consider the allocation of these expenses as given below:

- Finance Charges based on the revised Gross Block Ratio
- Working Capital Interest to be considered as Aeronautical as the expense is computed based on aeronautical operating expenses and aeronautical revenues.
- PBG charges to be considered as Aeronautical based on the Clause 9.1.1 of the Concession Agreement which states that *"The Concessionaire shall, for the performance of its obligations during Phase I hereunder, provide to the Authority, no later than 120 (one hundred and twenty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Bank for a sum equivalent to Rs. 140,00,00,000 (Rupees One Hundred and Forty Crore) in the form set forth in Schedule E ("Performance Security"). Until such time the Performance Security is provided by the Concessionaire pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect, and upon such provision of the Performance Security."*

10.2.53 The Authority's proposal as compared to JIAL's submission is summarized in the table below:



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Table 165: Working Capital Interest, Annual Fees for PBG and Finance Charges claimed by JIAL and proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Finance Charges	-	56.76	-	-	-	56.76
Annual Fees for Performance BG	0.70	0.70	0.70	0.70	0.70	3.50
Working Capital Interest	0.63	3.30	7.88	10.96	12.16	34.93
As per the Authority						
Finance Charges	0.07*	3.98	5.90	8.87	10.04	28.86
Annual Fees for Performance BG	0.53*	0.70	0.70	0.70	0.70	3.33
Working Capital Interest	0.00*	1.76	2.01	3.36	3.58	10.70

*as per actuals submitted by JIAL

10.2.54 After incorporating the above observations by the Authority, the revised Total Aeronautical O&M expenses including Fuel and Cargo Operating Expenses of Jaipur International Airport have been presented in the tables below:

Table 166: Total Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage

(₹ Crores)

Particulars	Reference Table	FY'23*	FY'24	FY'25	FY'26	FY'27	Total
Operating Expenses							
Manpower expenses – AAI employees	Table 145	32.23	33.98	29.47	24.31	25.77	145.76
Manpower expenses – JIAL employees	Table 139	11.82	13.67	22.05	35.59	46.24	129.33
Utility expenses	Table 151	8.06	9.40	13.06	13.56	14.07	58.15
IT expenses	Table 152	3.97	4.50	6.27	6.51	6.76	28.01
Rates and Taxes	Table 153	1.63	1.66	1.92	1.99	2.06	9.27
Security expenses	Table 154	5.02	8.55	9.85	10.23	10.61	44.27
Corporate Allocation Cost	Table 156	11.56	9.31	9.87	10.46	11.09	52.28
Administrative Expenses - Others	Table 157	12.65	12.67	13.15	13.65	14.17	66.29
Admin Expenses – Collection Charges on UDF	Table 157	0.88	1.00	1.15	1.66	1.80	6.49
Insurance	Table 158	1.52	1.62	2.23	2.82	2.96	11.15
Repairs and Maintenance	Table 159	25.06	29.89	35.08	63.24	84.63	237.90
Other Operating expenses	Table 149	10.04	12.98	18.09	18.78	19.49	79.38
Independent Engineer Fee	Para 10.2.36	4.13	4.13	4.13	4.13	4.13	20.65
Runway recarpeting	Table 161	-	-	-	16.47	24.52	40.99
Total Operating Expenses (A)		128.52	143.37	166.33	223.40	268.31	929.93
Fuel Operating Expenses							
Fuel O&M Expenses	Table 163			9.36	11.48	12.41	33.25
Refuellers Rentals	Table 163			2.1	0	0	2.10
Total Fuel Operating Expenses (B)				11.46	11.48	12.41	35.35
Cargo Operating Expenses							
Insourced salary	Table 164	-	0.17	1.06	1.12	1.19	3.54



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	Reference Table	FY'23*	FY'24	FY'25	FY'26	FY'27	Total
O&M Expenses	Table 164	-	0.79	2.13	2.25	6.22	11.38
Customs Cost Recovery	Table 164	-	0.00	1.80	1.91	2.02	5.73
Total Cargo Operating Expenses (C)		-	0.95	4.99	5.28	9.43	20.66
Finance Charges (D)	Table 165	0.07	3.98	5.90	8.87	10.04	28.86
Annual Fees for Performance BG (E)	Table 165	0.53	0.7	0.7	0.7	0.7	3.33
Working Capital Interest (F)	Table 165	-	1.76	2.01	3.36	3.58	10.70
Total Aeronautical O&M expenses (A+B+C+D+E+F)		129.12	150.75	191.38	253.10	304.46	1028.82

*as per actuals submitted by JIAL for FY 2022-23

10.2.55 Based on above considerations, the Authority proposed the following growth rates in Operation and Maintenance (O&M) expenses for Aeronautical Operating expenses, Fuel Operating expenses and Cargo Operating expenses, as compared to the projections submitted by JIAL.

Table 167: Growth rates in Aeronautical O&M expenses proposed by the Authority for the Third Control Period at Consultation stage

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27
Operating Expense (A)					
Manpower Expenses – AAI employees	-	6%	6%	6%	6%
Manpower Expenses – JIAL's employees	-	6%	6%	6%	6%
Utility expenses	-	16.6%^	38.93%*^	3.8%	3.8%
IT expenses	-	0.2%	39.7%*	3.8%	3.8%
Rates and Taxes	-	0.2%	15.5%*	3.8%	3.8%
Security expenses	-	0.2%	15.5%*	3.8%	3.8%
Corporate Allocation Cost	-	6%	6%	6%	6%
Administrative Expenses - Others	-	0.2%	3.8%	3.8%	3.8%
Administrative Expenses – UDF Collection Charges#	-	13.12%	15.87%	43.69%	8.70%
Insurance – on Initial Asset Base	-	0.2%	3.8%	3.8%	3.8%
Other Operating expenses	-	0.2%	3.8%	3.8%	3.8%
Amortization of Runway recarpeting	-	-	-	-	-
Fuel operating expense (B)					
Fuel O&M Expenses	-	-	3.8%	3.8%	3.8%
Cargo operating expense (C)					
Cargo Operating Expenses – Insourced Salary cost	-	-	6%	6%	6%
Cargo Operating Expenses – Other expenses	-	-	3.8%	3.8%	3.8%

* linked to terminal area increase

linked to passenger traffic

^linked to per unit charge

10.3 Stakeholders' comments on Operating Expenses for the Third Control Period

10.3.1 During the Stakeholder consultation process, the Authority had received comments/views from various Stakeholders in response to the proposals of the Authority in the Consultation Paper No. 26/2023-24 with respect to Operating Expenses for the Third Control Period. The comments by Stakeholders are presented below.

JIAL's comments on Operating Expenses for the Third Control Period:

10.3.2 With respect to AERA's proposal as per Para 10.2.2 to 10.2.21 from page 175 to 180 of CP relating to allocation of expenses, JIAL stated the following:

In order to avoid repetition of comment, please refer to 1.3.2 and 3.12 (refer para 5.8.10 and para 7.7.13 of this Tariff Order) for our request for considering 100% Aero allocation.

10.3.3 With respect to AERA proposal as per Para 10.2.23 on page 180 of CP relating to Manpower Expenses, JIAL stated the following:

In respect to the Authority's rationalization of Security manpower, we would like to submit as follows:

- *We had submitted detailed justification along with role-wise requirement of number of in-house security team strength.*
- *AAI had been running Security only as Pass Section. However, there are various activities which need to be performed by JIAL like CISF Documentation, Airport Security Program, Kerbside Management, Traffic Management, Airport Operator Security Control Room, Security System Maintenance, Encroachment outside and perimeter area, Intelligence and Vigilance Gathering, Avsec Training and Compliances, Landside Operations, BCAS Compliance requirements.*

Further, as per Concession Agreement clause 18.15.4, JIAL is expected to create Airport Safety Management Unit (ASMU) and designate one of its officers to be in-charge of the ASMU.

- *Accordingly, JIAL has planned for on-roll 20 employees for Security and Safety function with following composition:*

Security Function:

1 CSO, 3 Pass Section, 2 Avsec Audit and Compliances, 4 Loss Prevention and Automation, 4 landside operations, 1 Security Risk Assessment and Process compliance.

Safety Function:

1 Aviation Safety Head, supported by 1 resource and 3 Manpower for shift duties

In respect to the reasoning provided by the Authority, we would like to submit as follows:

- *Reason that certain activities are outsourced – Security function is manpower intensive job which requires round-the-clock monitoring of airport premises and thus JIAL has only considered the roles relating to supervision for in-house. Had the factor of outsourced activities not considered by JIAL, the employee headcount would have been way higher than JIAL's projection.*
- *Terminal 3 not envisaged in TCP – JIAL had projected the headcount increase from 18 to 20 only in last year (ie. FY 27) and hence, no additional impact in security headcount was considered by JIAL.*

The Authority has rationalized the manpower for Security function with clear disregard to the requirement of various roles essential for smooth airport operations. Hence, we request the Authority to consider the manpower for security and safety function as submitted by JIAL.

In respect to the Authority's rationalization of Airside Management manpower, we would like to submit as follows:

- *We had submitted detailed justification along with role-wise requirement of number of in-house Airside Management team strength.*
- *JIAL is responsible for maintaining and operating Airside including Runway, Taxiways, Approach Areas, Apron Management Service, Airside safety, aerodrome safeguarding and aeronautical*



information services. The composition of planned manpower is as below:

- a. Head Aero Operations - (1 Headcount) Lead the Airside Operations, Apron control, AOCC and ARFF for JIA.
- b. AOCC (1 Lead and 12 Associates) - Responsible for allocation of resources such as parking bay or aerobridge, check-in counter and baggage belts, and also control the Flight Information Display System (FIDS) for the passengers.
- c. BMA / BHS / BBA Operations - 1 lead supported by 3 Shift Managers - Responsible for ensuring availability of systems round the clock
- d. In-charge Airside Operations supported by 4 Duty managers and 12 Airside Executives - Round the clock operations. Inspects and patrols all airport facilities, grounds and properties to ensure regulatory compliance. Prepares detailed reports of daily operations, unusual incidents/accidents, hazardous conditions and inspections.
- e. Aerodrome Licensing and DGCA Compliance - 1 lead with 4 associate Required for handling and responding to DGCA queries. Documentation and coordination for meetings with respect to observations and their compliance. Continuous monitoring and follow up of CAR requirements. Handling DGCA inspection and License renewal processes.
- f. ADP/AVP Management - 1 lead supported by 3 associate - Responsible for vehicle movements at the airside and authorizing driving permits for airside vehicle movement.
- g. Wildlife & Hazard Mgmt - 1 lead supported by 4 associates - Responsible for monitoring and recording wildlife activities at the airport and mitigation plan.

With respect to the reason provided by the Authority that ground handling activities at the airport have been outsourced, we would like to submit that the role of airside operations through JIAL manpower is quite different from ground handling operations and thus the reason is erroneous. Hence, we request the Authority to consider the manpower for Airside Management function as submitted by JIAL.

In respect to the Authority's rationalization of Terminal Operations manpower, we would like to submit as follows:

- We had submitted detailed justification along with role-wise requirement of number of in-house Terminal Operations team strength.
- JIAL is expected to maintain and improve quality of service to passengers. In that connection, JIAL will deploy various positions of Terminal Managers, Duty Managers, Shift In-charge, Protocol services. Two terminal T1 and T2 will have addition of various Passenger Processing Systems and also there will be addition in terminal area.

The composition of planned manpower is as below:

- a. Head Terminal Operations - (1 Headcount) Lead Reports to Chief Airport Officer and is responsible for Terminal (Domestic & International), Passenger Service, Facilities and Horticulture Management.
- b. Terminal Operations (1 Head, 3 Shift Managers and 15 Associates) - Responsible for the Passenger Experience at T1 and T2. Works in coordination with CISF/Airlines and ensure that the passenger flow is seamless in Terminals.
- c. Protocol Services & Guest Relations (1 Head, 3 Shift Managers and 9 Associates) - Responsible to facilitate the movement of VIPs with smooth Check-in, VIP Lounge services, Security Check



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

and Boarding after proper coordination with airlines, CISF - Terminal 1 & Terminal 2.

- d. Facilities Management - (1 Head supported by 4 Associates) - Handles the Facilities and Upkeeping team at the airport to maintain the JAI airport facility (Terminal 1,2 and Land Side) at the highest standards. The role will ensure high standards of cleanliness.
- e. GA Facilities Manager - (1 Head and 4 Associates) - to manage the GA operations.

With respect to the reasoning provided by the Authority, we would like to submit the following:

- FY 24-25 manpower reduced from 29 to 22 in view of AAI employee being available till Deemed Deputation Period – As the deemed deputation period will be over in Oct '24, JIAL will have to replenish the roles being performed by AAI manpower through onboarding in-house staff at least 3 to 6 months in advance for smooth handover and transition. And hence, the rationalization due to this reason is not correct. Similarly, the effect for FY 25-26 manpower is erroneously considered based on FY24-25 manpower.
- Terminal 3 not envisaged in TCP – JIAL had not considered any additional manpower in the projection as the Terminal 3 project was planned for capitalization in last quarter of FY 27.

The Authority has rationalized the manpower for Terminal Operations function with clear disregard to the requirement of various roles essential for smooth airport operations. Hence, we request the Authority to consider the manpower for Terminal Operations function as submitted by JIAL.

In respect to the reason provided by the Authority for rationalization of Engineering & Maintenance Department manpower for FY 24-25, we would like to submit that as the deemed deputation period will be over in Oct '24, JIAL will have to replenish the roles being performed by AAI manpower through onboarding in-house staff at least 3 to 6 months in advance for smooth handover and transition. And hence, the rationalization due to this reason is not correct.

In respect to the Authority's rationalization of Aircraft Rescue and Fire Fighting (ARFF) including Fire Fighters, we would like to submit as follows:

- We had submitted the Task Resource Analysis as required by DGCA and as per the assessment done, there is requirement for 104 employees in ARFF for category-8. The same was also attached as Annexure R to MYTP.
- In view of the statutory requirement, we request the Authority to consider manpower as submitted by JIAL.

In respect to the Authority's rationalization of Screeners for Inline Baggage Screening system (ILBS), we would like to submit as follows:

- We had submitted a detailed assessment of ILBS screeners based on required screening levels, screening time requirement and required number of screeners in line with BCAS requirements. For quick reference the same is provided below.

ILHBS Screening Manpower Assessment at Jaipur Airport											
Airport	No of Bags per Hr	OOG X-BI	L2A Work Station	L3 ReCheck Work Station & ETD Check	L3 Standalone XBIS	L4 Physical Check/ Remote	L2B	Reliever / Rotation	Total	Total with Trg / Leave	Total with Shift Incharge
Shift A	833	2	5	1	1	2	4	3	18		1
Shift B	833	2	5	1	1	2	4	3	18		1
Shift C	833	2	5	1	1	2	4	3	18		1
Total									54	64	67 + 01 MGR



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Level 2
 1 hours = 3600 second Numbers of bags screen in one hour by one screener if time limit is given 20 second
 = 3600/20
 =180 bags
 for 833 bags number of level 2A screeners required.
 = total number of bags / total number bags screen in one hour by one screener
 = 833/180
 = 4.6 (~ 5 screeners)

Level 2 B
 1 hours = 3600 second Numbers of bags screen in one hour by one screener if time limit is given 80 second at 2B.
 = 3600/80
 = 45 bags
 Suppose there is 20% rejection from 2A. So 20% of 833 is 167 bags. So we required.
 = 167/45
 = 3.71 (~4 screeners)

In respect to Y-o-Y salary increase, we would like to submit our analysis as follows: -

- All India AAI Employees salary growth
- JAI Airport AAI Employees Salary Growth
- Analysis of Select Employee Cost Paid by JIAL to AAI from COD
- Analysis of latest orders issued by the Authority
- All India AAI Employees salary growth

Avg salary per employee of all India AAI employee is Rs. 25 lakhs in FY22-23 and the CAGR increase in avg cost per employee from FY13 to FY23 is 8.8%. After excluding the effect of 2 years' COVID period, the CAGR increase from FY13 to FY23 comes to 11.1%.

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR FY13 to FY23	CAGR FY13 to FY23 Excluding impact of COVID
No. of Employees	18,573	18,036	17,465	17,370	17,484	17,536	17,487	17,364	16,779	15,188	16,061		
Cost (Rs Crs)													
Pay & Allowances	1,192	1,696	1,777	1,936	2,011	2,131	2,249	2,731	2,312	2,370	2,779	8.8%	11.2%
Other Staff Cost	469	581	894	625	631	1,375	1,732	1,462	1,003	1,141	1,133	9.2%	11.7%
PF & Other Funds	338	134	143	152	162	185	1,228	329	257	375	581	1.2%	1.5%
Less Recovery of operational funds	-	(14)	(12)	(14)	(16)	(46)	(51)	(41)	(66)	(183)	(288)		
Total Cost (Rs Crs)	2,000	2,387	2,802	2,699	2,788	3,645	5,158	4,481	3,505	3,702	4,006	7.2%	9.1%
Year on Year Growth in cost		20%	17%	-4%	3%	31%	42%	-13%	-22%	6%	8%		
Avg Cost per employee (Rs Crs)	0.11	0.13	0.16	0.16	0.16	0.21	0.29	0.26	0.21	0.23	0.25	8.8%	11.1%
Year on Year Growth in avg cost cost		23%	21%	-3%	3%	30%	42%	-13%	-19%	9%	9%		

Source :- AAI Annual Reports

- JAI Airport AAI Employees Salary Growth

Avg salary per AAI employee at Jaipur Airport is Rs. 21 lakhs in FY21-22 and the CAGR increase in avg cost per employee is approx 9.6% in last 5 years from FY17 to FY22. After excluding the effect of 2 years' COVID period, the CAGR increase from FY17 to FY23 comes to 16.5%.

		FY 17	FY 18	FY 19	FY 20	FY 21	FY22 (upto COD)
Employee Cost (Table 23 of the O&M Study)	Rs. Cr	18.15	27.17	34.36	33.73	25.78	15.97

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

		FY 17	FY 18	FY 19	FY 20	FY 21	FY22 (upto COD)	
No. of Aero Employees (Table 20 of the O&M Study)	No. of Employees	137	145	169	163	142	144	
Avg Cost per employee	Rs. Crs per Employee p.a.	0.13	0.19	0.20	0.21	0.18	0.21	
Year-on-Year Growth in Avg Cost	%		41%	9%	2%	-12%	16%	
CAGR Employee Salary Cost Increase (FY17 to COD)	%							9.6%
CAGR Employee Salary Cost Increase (FY17 to COD) After excluding 2 years COVID period	%							16.5%

*Salary for FY22 is provided for 6.5 months in the CP as the Airport was transferred to JIAL on COD. Hence for comparative purposes the cost is annualized.

Kindly refer Para 3.4.8 of the Study of Efficient Operation and Maintenance Expenses for JAI, Jaipur provided as Annexure to the CP whereby the Authority has themselves acknowledged the growth in cost in the previous years.

Key findings are detailed below:

- **Analysis of Select Employee Cost paid by JIAL to AAI**

The Avg cost per employee in FY23-24 (upto Feb '24) has increased by approx. 22% CAGR over Nov'21 cost per employee from Rs. 15.87 Lakhs p.a. in Nov'21 to Rs. 23.53 Lakhs p.a. in FY23-24 (upto Feb '24).

भा.वि.आ.वि.प्रा.

AERA



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Month	Invoice (Rs Crs)	Employee Count	Avg Annual Cost per employee (Rs Lacs)
Oct'21	1.41		15.20
Nov'21	2.21		15.87
Dec'21	2.17		15.60
Jan'22	2.55		18.31
Feb'22	2.31		16.63
Mar'22	4.53		32.97
Total FY 21-22	13.78	167	18.03
Apr'22	2.97	165	21.58
May'22	2.88	163	21.17
Jun'22	2.81	162	20.84
Jul'22	3.16	162	23.39
Aug'22	2.72	161	20.27
Sep'22	3.03	160	22.76
Oct'22	3.22	160	24.14
Nov'22	3.67	163	27.02
Dec'22	3.34	162	24.74
Jan'23	3.01	162	22.29
Feb'23	2.84	162	21.04
Mar'23	3.18	162	23.59
Total FY 22-23	36.83	162	22.73
Apr'23	3.29	162	24.40
May'23	3.18	160	23.88
Jun'23	3.04	160	22.78
Jul'23	3.37	159	25.43
Aug'23	2.85	157	21.79
Sep'23	2.78	155	21.50
Oct'23	3.20	157	24.43
Nov'23	2.99	155	23.12
Dec'23	2.93	154	22.80
Jan'24	3.12	155	24.19
Feb'24	3.13	154	24.41
Total FY 23-24	33.88	157	23.53

It is evident from the above analysis that the avg annual cost per AAI employees has been increasing at a rate of 22%.

- Analysis of recent orders for ISPs.**

It is important to note that AERA has allowed a 16% increase in payroll expenses in the recently approved order for ISP Order No. 37/2022-23 dated 06th January 2023. The relevant extract from the said order is as follows: -

5.5.2 The Authority notes from the submission of DCSC that during pandemic period, payroll expenses were low and many welfare activities I trainings etc. were deferred. Now with the



improvement in the situation from the pandemic, expenses in post Covid period, including FY 2022-23, are expected to reach back to their normal levels. The ISP further submitted that Y-0-Y increase in payroll expenses have been projected after considering the factors like periodic increase in minimum wages notified by the Govt. Authorities from time to time, corresponding increase in other statutory components like EPF, ESI etc. The Authority, also noted at consultation stage that Cargo Handling is a specialized job and requires skilled & trained manpower at the Cargo Terminals. Further, during Covid, there is a shortage of required skill set. ISP further submitted that in order to address the issue of manpower attrition, the annual escalations in payroll expenses are projected in a very holistic manner and paid as per the industry practice.

A similar kind of statement has been made by the Authority in Order No. 32/2022-23 dated 29th December 2022 whereby the increase in cost is allowed by 10% year on year.

5.9.2 The Authority notes from the submission of CDCTM that during pandemic period, payroll expenses were low and many welfares activities/trainings etc. were deferred. Now with the improvement in pandemic situation, expenses in post Covid period, including FY 2022-23, are expected to reach back to their normal levels. The ISP further submitted that Y-0-Y increase in payroll expenses have been projected after considering the factors like periodic increase in minimum wages notified by the Govt. Authorities from time to time, corresponding increase in other statutory components like EPF, ESI etc. The Authority, also noted at consultation stage that as per the CDCTM, Cargo Handling is a specialized job and skilled & trained manpower is deployed at the Cargo Terminals. As per the ISP, post Covid, there is a shortage of required skill set. ISP further submitted that in order to address the issue of manpower attrition, the annual escalations in payroll expenses are projected and paid as per the industry practice.

JIAL is a new AO who needs to build its manpower to run the Airport operations. JIAL needs to hire all people from outside who come at 25%-30% higher salaries. According to a recent Michael Page report titled "Talent Trends 2021," better remuneration is the top reason for changing jobs. The report highlights that job seekers on an average expect around 20% salary hike at middle levels and 19% increase at director, Vice President and CXO levels from their current or last salary drawn. Even non-managerial level employees' expectations are an average of 20%."

Further, EY's report on "Future of Pay" issued recently in March 2024 (refer Annexure 5 for full report) mentions the following:

"India Inc. is set for an average salary increase of 9.6% in 2024, similar to the actual increase in 2023. Overall attrition dropped to 18.3% in 2023 (from 21.2% in 2022) and is set to gradually decline over the next few years as companies prioritize cost management and employee wellbeing, stabilizing the workforce amidst high talent demand.

In light of India's position as a global hub for technology and outsourcing services, the EY report highlights that e-commerce is expected to have the highest salary growth in 2024, at 10.9%, followed by financial services with a projected growth of 10.1%. Professional services' salary is projected to grow by 10% in 2024, suggesting a rebound as companies invest in strategy alignment to navigate global business complexities. The impact of **real estate and infrastructure** emerging as a growth sector is also visible, as **increments continue to be stable at 10%."**

JIAL would like to highlight the fact that Airport Operators face difficulties while hiring a new workforce. This is because the suitable personnel available for the aviation sector is very limited. While it is comparatively easier to get workforce for accounts, finance, administration etc., it is very difficult to get skilled workforce for airside and terminal operations, engineering and maintenance and safety. To obtain and retain competent employees, it is imperative to compensate



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

them well. The AERA has also supported the same point while providing a 15% increase in payroll cost of ISPs in latest orders as already discussed in 6.2.4.4 above.

Based on the above analysis, we had requested for annual 10% increase in avg cost per employee. However, AERA has considered an increase of 6% only.

We request the Authority to provide at least 10% YoY increase in avg cost of salaries for all employees i.e. AAI and JIAL Manpower. Also, we request AERA to consider the manpower numbers for Security and Safety, Airside Management, Terminal Operations, Engineering and Maintenance, ARFF, and ILBS Screeners as submitted by JIAL.

10.3.4 With respect to AERA's proposal as per Para 10.2.24 on page 192 of CP relating to Utilities Expenses, JIAL stated the following:

Please find attached the report as directed by the Authority (refer Annexure 6).

10.3.5 With respect to AERA's proposal as per Para 10.2.25, 10.2.27 and 10.2.28 from page 194 to 198 of CP relating to IT expenses, Security expenses, and Corporate allocation costs, JIAL stated the following:

JIAL, in its MYTP submission, had claimed that the Corporate Allocation expenses and IT expenses increase with the increase in line with increase in employee expenses as these costs are driven primarily based on employee headcount numbers. Accordingly, Increase in Corporate Allocation expenses and IT expenses as submitted by JIAL based on the same proportion as the increase in JIAL employee headcount may please be allowed.

Further, as the Corporate Allocation expenses mainly consists of salary cost and accordingly, the increase in corporate allocation expenses should be two-factored:

One, for increase in the Y-o-Y increase in salary cost

Two, for increase in headcount at the corporate level

In this case, the authority has missed out applying the ratio for increase in employee headcount at the corporate level (which can be considered in line with increase in JIAL employee headcount).

Kindly refer below to the analysis done to present the JIAL corporate cost allocation with difference percentage increases. It is evident that the cost increase applied by JIAL is based on realistic assumptions whereas the cost increase of 6% adopted by the Authority is irrational.

TRV Corporate Cost Allocation based on DIAL growth factors

	AERA Order FCP			AERA Order SCP				AERA Order Projections					10 year CAGR	
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24		
Private Airport Operator														
DIAL Corporate Cost Allocation (Rs Crs)	27	35	54	54	76	85	91	96	117	143	171	207		19.4%
Increase in initial years		31%	55%	0%	40%	12%	8%	5%	22%	26%	21%	21%		

TRV extrapolated Corporate Cost Allocation in difference scenarios

	FY22	FY23	FY24	FY25	FY26	FY27	Total
TRV MYTP filed numbers based on employee growth rate	7	15	30	35	40	42	169
If DIAL growth in initial years are extrapolated	15	20	30	30	43	48	186
If 20% CAGR (DIAL 10 year CAGR is applied on TRV)	15	18	22	26	31	37	149

FY23-25 being first full year of operations. Its numbers are used to extrapolate future year projections based on DIAL growth trajectory.

JIAL, in its MYTP submission, had considered employee headcount increase ratio as growth ratio for



IT expenses as majority of the IT expenses were linked to the number of employees (e.g. IT system licenses, IT end-user services etc.). Also, in view of various recent initiatives of MOCA for digitalization including the esteemed project on DigiYatra which aims to provide a seam-less, contact-less and hassle-free paperless journey, the IT Operations cost tends to increase by a great proportion.

In this case also, the Authority has missed out applying appropriate expense growth ratio for increase in IT expenses.

Similarly, JIAL had claimed that the Security Expenses increase in line with increase in passengers at the airport as these costs are driven primarily based on amenities required for passengers.

Further, in view of recent initiatives of MOCA/BCAS on increase in security screening infrastructure the operational cost of security expenses increases. Further, as the security related services are manpower intensive services, the same increases in line with increase in salary and wages cost.

In view of the above, we request AERA to consider reasonable expense growth ratios, based on relevant cost driver of such expenses (ie. Applying Employee Headcount Growth similar to JIAL and Salary growth of at least of 10% per annum for Corporate Allocation Expenses, Growth factor equivalent to Employee Headcount Growth for IT expenses in addition to terminal area increase, Growth factor equivalent to Passenger Growth for Security Expenses) subject to true-up on actual basis, instead of applying only terminal area or inflation increase.

10.3.6 With respect to AERA's proposal as per Para 10.2.22 on page 180 of CP relating to one-time escalation, JIAL stated the following:

It is to be noted that it is a practice whereby AERA has allowed increase in utilities and other operating expenses (housekeeping) in proportion to increase in terminal area for the Airports which enjoys economies of scale and are future technology ready. For your kind reference the details are tabled below:

Airport	Control Period	AERA Order No.	Reference
Hyderabad	Third Control Period	12/2021-22 dated 31 st August 2021	<p>Utilities and Housekeeping expenses increased in proportion to the increase in Terminal Area. Terminal area is increasing from 117,000 sq mtr to 365,809 sq mtr i.e. 213%</p> <p><i>Extract from the order</i></p> <p><i>Utility Costs</i></p> <p>7.2.27 The Authority had reviewed the submissions made by HIAL with regard to the utility expenses and is of the opinion that there is a merit in the argument that expansion at the airport shall result in increase in utility related expenses. The Authority proposed to consider the utility cost projected with FY2020 as the base year.</p> <p>7.2.40 The Authority proposed to consider the aforementioned revision in the projection methodology for housekeeping expenses for projections of aero housekeeping cost with FY2020 as the base year.</p> <p>Further, the Authority approved expansion of the terminal as a driver for the housekeeping cost and therefore accepts HIAL's consideration that increase in housekeeping cost due to expansion has to be factored for the operational months for expanded terminal.</p> <p>7.4.1E HIAL commented that it agrees to Authority's approach for increasing the housekeeping cost in</p>



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

			<p>proportion to the increase in terminal area in line with expansion, 80% of the housekeeping is fixed in nature and maintenance and upkeep of the infrastructure has to be ensured irrespective of the traffic levels. Hyderabad Airport has an integrated terminal and doesn't have flexibility to shut down a section of the terminal.</p> <p>Security Cost</p> <p>7.2.12 The Authority proposed to approve HIAL's consideration of an elasticity of 0.5 for security cost with respect to increase in terminal area.</p>
Chennai	Third Control Period	38/2021-22 dated 04 th February 2022	<p>Utilities expenses increased in proportion to the increase in Terminal Area. Terminal area is increasing by 33%.</p> <p>Extract from the order</p> <p>9.2.8. The Authority had noted that there would be a 33% net increase in terminal building area in FY 2022-23 after capitalization of modernization of Chennai International Airport, Phase II (NITB Part - I). Along these lines the Authority had proposed a 33% net increase power charges in FY2022-23</p> <p>9.5.6 It may be noted that the Authority has decided on a 33% increase in power charges after considering the recommended operational efficiencies at the airport.</p>
Trichy	First Control Period	55/2020-21 dated 22 nd October 2020	<p>Housekeeping expenses increase in proportion to the increase in Terminal Area. Terminal area is increasing from 14,450 sq mtr to 73,535 i.e. 410%</p> <p>Extract from the order</p> <p>12.2.11 AAI has proposed an additional 10% increase in Watch & Ward charges and 460% increase in Upkeep charges in the FY 2022-23, due to operationalization of the New Terminal Building. AAI has clarified that there will be a composite maintenance contract for the entire NTB based on unit area. The Authority finds the same to be reasonable, considering the size of the New Terminal Building</p>

In view of the above, we request AERA to proportionately increase the utility expenses, IT expenses, Security expenses and other operating charges (housekeeping charges) in line with proportionate increase in terminal area ~ 53.4%.

10.3.7 With respect to JIAL's proposal as per Para 13.8.3 on page 147 of MYTP relating to counter-drone expenses, JIAL stated the following:

In line with below mentioned Para 28.5.2 of the Concession Agreement, we understand that the cost towards any additional security requirement like the one for Counter-Drone Systems will be duly considered the Authority at the time of determination of tariff for next control period.

28.5.2 Additional costs, if any, or reduction thereof arising from Change of Scope, change in Specifications and Standards, security requirements or compliance with new international obligations having the force of Applicable Law may be reviewed by the Regulator, for the purposes of revision of the Aeronautical Charges. Any such review by the Regulator shall include consideration of the revenues for and in respect of Aeronautical Services, in accordance with the Applicable Permits issued for the Project.

Also, a similar comment for considering the same based on actuals at the time of true up was mentioned



in the Tariff order No. 40/2023-23 for Ahmedabad Airport.

Hence, we request the Authority to kindly provide a similar clarification for JIAL in the final tariff order.

- 10.3.8 With respect to AERA's proposal as per Para 10.2.28 on page 196 of CP relating to corporate allocation cost, JIAL stated the following:

To avoid repetition of comments on in-house legal team, please refer the comments provided in 1.3.1 (refer para 5.8.11 of this Tariff Order).

Since the major portion of the Corporate Cost Allocation is comprising of Salary and Increase in manpower, we request Authority to provide increase as combination highlighted in point 6.2 and 6.4.2 (refer para 10.3.3 and 10.3.5 of this Tariff Order).

Other Stakeholders' comments on Operating Expenses for the Third Control Period:

- 10.3.9 FIA stated that - *"JIAL is requested to constitute a committee to verify the bills relating to Power expenses or submit a report on the same to AERA, if the same has already been conducted as part of Stakeholder comments / feedback."*
- 10.3.10 FIA stated that - *"FIA requests, that AERA should not permit outsourcing of fuel facility on a "Volume linked fee basis" and instead it should be on "lowest cost model" through competitive bidding."*
- 10.3.11 FIA stated that - *"It is requested that the Customs Cost Recovery Charges for Customs staff posted at Air Cargo complexes, courier terminals etc. as prescribed by the Central Board of Excise and Customs needs to be levied on custodians, and not on the airlines."*
- 10.3.12 FIA stated that - *"FIA appreciates the study conducted on Operations and maintenance expenses (O&M expenses) conducted for the Third Control Period, and AERA's revision based on rationalization of each line item on the submitted O&M expenses by JIAL. However, FIA respectfully urges AERA to further explore avenues to minimizing escalations across the expense categories. This action would significantly enhance our ability to manage overall costs more effectively. It is further submitted that the current estimated O&M expenses necessitate additional scrutiny through an Independent Study in this Control Period. This measure is vital to prevent deviations from being carried forward to the Fourth Control Period, doing so would help avoid over recovery of ARR in control period under the guise of True up. FIA wishes to highlight that the same has been proven in cases of other PPP Airports like DIAL, MIAL, BIAL that while trueing up the O&M in subsequent control periods, it always leads to over-estimation which has been observed leading to higher tariff in past control periods. We further submit that, while the aviation sector, including airlines have incurred huge losses and are struggling to meet their operational costs, the Airport operator on the other hand seems to have incurred/will incur incremental expenses which may not appear prudent considering the significant losses incurred by the aviation sector. In view of the aforementioned reasons, we request AERA to conduct an independent study for determining the true value of the O&M expenses before approving the tariff for the third control period."*

10.4 JIAL's responses to Stakeholders' comments regarding Operating Expenses for the Third Control Period

- 10.4.1 JIAL's response to the various Stakeholders' comments with respect to Operating Expenses for the Third Control Period is presented below.
- 10.4.2 With respect to FIA's comment on *"JIAL is requested to constitute a committee to verify the bills..."*, JIAL stated that - *"Report of the Committee on Power Expenses had been submitted to the Authority as part of stakeholders' comments by JIAL. Please refer Annexure-6 of comments submitted by JIAL*



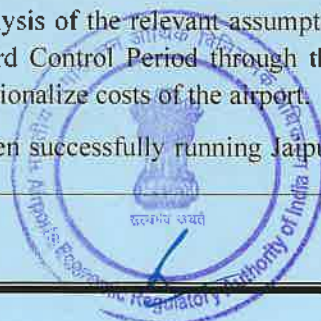
in response to the CP."

- 10.4.3 With regard to FIA's comment on "Para 10.2.40(iv) (Fuel operating expenses)...", JIAL stated that – "JIAL has proposed the volume-linked fees methodology which was successfully adopted at other Adani Airports like Ahmedabad and Lucknow. This methodology was verified on merits by the Authority and it is suitably used as benchmark for JIAL."
- 10.4.4 With regard to FIA's comment on "Para 10.2.45 (Cargo operating expenses)...", JIAL stated that – "In this particular case, JIAL is the custodian and also the operator of cargo complex. Recovery charges for customs staff are a statutory cost for JIAL for running the cargo facility and same is included as part of O&M expenses for tariff determination purposes."
- 10.4.5 With respect to FIA's comment on "Table 128 and Table 155 (Rationalization of O&M expenses)...", JIAL stated that – "The Authority has already rationalized the O&M expenses to Rs. 1,029 Cr against the expenses of Rs. 1,389 Cr submitted by AO. In respect to O&M, we have provided detailed comments in Chapter 6 of Comments to CP. To avoid repetition, we request that the same may be referred. In our experience, R&M expenses increase as the assets mature due to the ageing of infrastructure facilities, equipment and general wear and tear. JIAL, being a new AO, needs to develop its workforce for the safe and secure functioning of the Airport. Aviation is a highly skilled and specialized sector and therefore there is an additional cost to bring in qualified people. Further, JIAL is expanding Terminal 2 by 5,270 sqm in FY 25 and also operationalizing the already available Terminal T1 which is of 13,739 sqm. Same will result in a significant increase in terminal capacity. Consequently, manpower, utility expenses and various other expenses for running these same are bound to increase the overall O&M of the airport. Further, private Airport Operator is given various additional responsibilities under the Concession Agreement including the service level obligations and same will result in commensurate increase in expenses. Also, with respect to FIA's comment on Airlines incurring huge losses and struggling to meet operational cost, we would like to submit the following: As per CP, "The Authority shall consider written evidence-based feedback, comments, and suggestions from all the stakeholders on the proposals made in the Consultation Paper". We observe that FIA has not provided any evidence along with their comments which would enable the Authority to examine whether the major reason for losses by the airlines is related to tariff. The comments by FIA without any substantiation appear to have been made to create a prejudice against the airport operator. In fact, the proportion of airport charges to the total operational cost of Airlines is insignificant i.e. in range of 6-8% of total of expenses. We also observe from information available in public domain that Indigo, one of FIA members and the largest airline in terms of volume, had earned cash profit of Rs. 7,312 Cr in FY 22-23 after meeting all operating expenses which has increased substantially to Rs. 13,132 Cr during 9 months period of FY 23-24. In view of the above, we feel there is no need to do any study on determining O&M expenses for TCP."

10.5 Authority's analysis of Stakeholders' comments on O&M expenses for the Third Control Period

- 10.5.1 The Authority notes AO's comment regarding consideration for 100% Aero allocation and the Authority's view on the same may be referred in para 7.9.8 of this Tariff Order.
- 10.5.2 The Authority examined the comments of the AO relating to manpower for Security and Safety, Airside Management, Terminal Operations, Engineering and Maintenance, ARFF, and ILBS Screeners and states that the Authority has proposed the revised Employee Head Count as per Table 149 of this Tariff Order, after undertaking detailed analysis of the relevant assumptions relating to Employee numbers projected by the AO during the Third Control Period through the Authority's Consultant and also considering the need to review and rationalize costs of the airport.

The Authority notes that AAI has been successfully running Jaipur International Airport for over 40



years and that JIA being a brownfield airport which is already in operation, it cannot be considered akin to a greenfield airport. The Authority also notes that the roles as mentioned by JIAL in its comment, i.e., Security and Safety, Airside Management, Terminal Operations, Engineering and Maintenance, ARFF, and ILBS Screeners existed during the period under AAI operation. Hence the Authority is not convinced that there is a need for additional Manpower primarily on account of the activities mentioned by JIAL.

Moreover, it is also noted that JIAL had projected 190 employees in FY2023-24, whereas actual employees are only 106. Hence, JIAL projections are on higher side.

Based on the above, the Authority is of the view that aforementioned departments can be effectively handled with the manpower proposed by the Authority by optimizing the function as already proposed by it at the Consultation stage and it finds no reason to deviate from its proposal.

The Authority has examined the comments of the AO and the details provided on the increase in manpower expenses and has the following views:

- The Authority had noted that the Manpower expenses of AAI employees was based on the invoice raised by AAI on a monthly basis for the 'Select Employees' deputed at the airport.
- For both Manpower expenses of AAI and of AO, the Authority had only revised the Y-O-Y growth rate in payroll expenses to 6%, instead of 10% proposed by the AO from the second tariff year onwards. The Authority is of the view that the de-growth in passenger traffic caused by the COVID-19 pandemic and the resultant decrease in Aeronautical revenues including profitability, has necessitated rationalization of the operational and maintenance costs of the airport.
- Further, the Authority notes that AAI in the recent past had proposed a growth rate of only 5%-7% in Payroll expenses for similar airports.

Also, the Authority had considered in the past, a growth rate of approximately 6% consistently across other similar AAI airports and also PPP airports such as BIAL, Mopa Goa, Kannur, Lucknow, Ahmedabad, Trivandrum etc. and JIA cannot be treated any differently.

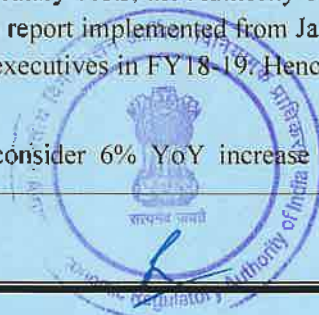
Further, the Authority has only rationalized the growth rate in the payroll expenses Y-o-Y for the Third Control Period and has not rationalized/ reduced the salary of any individual employees.

The Authority also notes the reference to ISPs such as DCSC and CDCTM mentioned by the AO, as part of its stakeholders' comments. It is paramount to state that cargo service provider in case of Delhi falls under the competitive environment as there are other service providers providing similar service at the airport. Therefore, by virtue of the competitive nature of the services, the tariff for DCSC was determined based on the "Light Touch" approach, which takes care of the necessary increase in the overall O&M expenses and the implication on the tariff rates. However, this may not directly reflect or have any significant impact on the determination of tariff for JIA.

W.r.t to JIAL's submission regarding Select Employee cost the Authority notes that the total cost for FY 2021-22 as per JIAL's comments is approx. Rs. 13.78 crores, while that as per the MYTP submission is Rs. 15.19 crores. Hence, some component has been missed, while arriving at the cost and is not comparable.

Regarding CAGR of 9.6% for AAI salary costs, the Authority observes that high CAGR is due to pay revision as per 7th Pay Commission report implemented from January '17 and payment of arrears paid to executives in FY17-18 and non-executives in FY18-19. Hence, it cannot be considered as basis for future projections.

Hence, the Authority decides to consider 6% YoY increase in payroll expenses, as proposed at



Consultation stage.

10.5.3 The Authority examined the AO's report regarding the utility expenses and is of the view that the power recovery of JIAL is significantly lower than that of comparable airports. Further, the Authority is of the view that with the gradual increase in the non-aeronautical operations, the Airport Operator should increase the power recovery from the Concessionaires. Based on the above-mentioned statements, the Authority decides that in case efforts are not taken by the AO to substantially increase the power recovery for the TCP, AERA may consider power recoveries at a notional rate as deemed appropriate while true up for the Third Control Period.

10.5.4 The Authority has reviewed the comments submitted by AO with respect to the growth factors to be applied for various expenses.

With respect to the Corporate Allocation expenses, as stated by the Authority at the Consultation stage (refer para 10.2.28 viii of Tariff Order), the Authority has considered growth rate of 6% Y-o-Y in line with the increase considered for Manpower expenses of both the AAI employees and AO's employees and is of the view that the same is justified. Also, the Authority notes that the Corporate Allocation for FY 2023-24 as submitted by JIAL vide email dated 10th May 2024, was Rs. 9.23 Crores, which is significantly lower than that submitted for FY 2022-23, i.e. Rs. 11.80 Crores. Hence, the Authority sees no reason to deviate from its proposal at the Consultation stage.

With reference to the consideration of passenger growth for Security and Other operating expenses, the Authority, as stated at the Consultation stage (refer para 10.2.27 of Tariff Order), has considered increase in line with the rate of inflation as these costs do not increase in line with the growth in traffic.

The Authority is of the opinion that IT expenses do not increase in the direct proportion to number of employees. Moreover, JIAL has considered both area increase, and employee headcount increase for forecasting future IT expenses which seems a duplicity. Hence, the Authority decides to continue with the proposal of area increase and inflationary increase for IT expenses as proposed at Consultation stage.

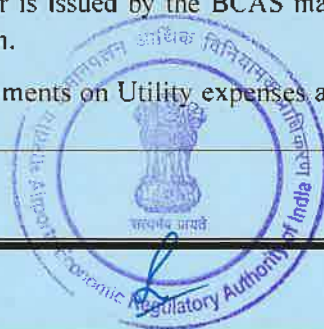
10.5.5 The Authority reviewed the comments of AO in respect of the allocated cost of Rs. 0.08 Crores towards In-house legal. The Authority has already allowed the employee expenses towards the in-house legal team of the AO and therefore, is of the view that providing additional expenses towards legal department at the Corporate Level would result in duplication/redundancy. Hence, the Authority has decided to exclude the same from the Aeronautical O&M expenses.

10.5.6 Regarding comments of AO on one time escalation claimed towards expenses the Authority has the following views:

As stated by the Authority at the Consultation stage (refer para 10.2.22 this Tariff Order), the increase in expenses such as utility, IT, Security and other operating charges (housekeeping charges) may not be directly proportional to the increase in the Terminal Building area, due to the technological innovation, advancement and economies of scale. This practice is uniformly followed nowadays. Hence, the Authority decides to continue with its proposal made at Consultation stage.

10.5.7 The Authority has examined the AO's comments on the Counter Drone System and is of the view that BCAS had withdrawn the circular, AVSEC Circular no 02/2020 dated 11th February 2020 on Counter Drone technology/solution, vide its Order No. CAS-6(11)/2018/ Div-I/RPA/ (Part2)/ 180940 dated 23rd February 2022. Therefore, the Authority decides to exclude this expense during the Third Control Period for JIA and consider the same on actual incurrence basis. at the time of true up, subject to reasonableness and efficiency, in case a revised circular is issued by the BCAS mandating the requirement for the implementation of Counter Drone System.

10.5.8 The Authority has reviewed FIA's comments on Utility expenses and AO's response to the same.



The Authority is of the view that the power recovery of JIAL is significantly lower than that of comparable airports. Further, the Authority is of the view that with the gradual increase in the non-aeronautical operations, the Airport Operator should increase the power recovery from the Concessionaires. Based on the above-mentioned statements, the Authority decides that in case efforts are not taken by the AO to substantially increase the power recovery for the TCP, AERA may consider power recoveries at a notional rate as deemed appropriate while truing up for the Third Control Period.

- 10.5.9 The Authority has noted the comments submitted by FIA with respect to the manner of tendering the Fuel Facility and AO's response on the same. The Authority notes that AO is bound to ensure a fair and transparent mechanism for selection of contractors as part of the requirements of the Concession Agreement. The Authority expects that AO will follow the requirements of Concession Agreement and appropriate Governance measures in selection of all Concessionaires.
- 10.5.10 With respect to FIA's comment on Cargo Operating Expenses, the Authority notes that the AO is the custodian of the cargo complex. Therefore, Customs Cost Recovery Charges for customs staff is a statutory cost for JIAL for running the cargo facility and hence considered as part of O&M expenses. Further, the Authority would like to reiterate that as mentioned at the Consultation stage (Refer para 10.2.45 of this Tariff Order), the Airport Operator had estimated the salary cost of the Customs officials as per Para 7 of the Circular issued by the Department of Revenue, Ministry of Finance vide Circular No. 02/2021-Customs dated 19th January 2021.
- 10.5.11 The Authority has reviewed the comments of FIA with regards to minimizing escalations across the expense categories and the response of the AO, and would like to emphasize that it has examined in detail each component of the O&M expenses submitted by the AO with respect to essentiality and reasonableness and has considered only the O&M expenses that are mandated by the terms of the Concession Agreement or that are needed for meeting operational requirements. Based on the above factors, the Authority has rationalized the various components of O&M expenses submitted by the AO for the Third Control period.

Further, the Authority, while comparing JIAL O&M expenses proposed for the Third Control Period vis a vis the expenses incurred by AAI for the Second Control Period, notes that it is much higher despite factoring inflationary increase. Therefore, JIAL is advised to bring in efficiencies in its O&M expenses so that the end user should not be burdened.

The Authority also notes the comments of FIA on conducting an independent study on O&M expenses and JIAL response regarding the same. In this regard, the Authority believes that the requirement for an independent study will depend upon the size of the airport and the scale of operations. If AERA feels that there is a need arising in the future, it may commission an independent study for the future Control Periods of JIAL.

- 10.5.12 AERA has considered inflation rates as per Table 133 and also considered the unaudited O&M expenses for FY2023-24 as submitted by JIAL.
- 10.5.13 Based on the above, the Authority has recomputed the O&M expenses for the Third Control Period as shown in the following table.



OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Table 168: Total Aeronautical O&M expenses decided by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2022-23*	FY 2023-24*	FY 2024-25	FY 2025-26	FY 2026-27	Total
Aeronautical Operating Expenses						
Manpower expenses – AAI employees	32.23	33.94	29.35	24.31	25.77	145.60
Manpower expenses – Airport Operator employees	11.77	13.49	21.52	32.72	42.51	122.02
Utility expenses	8.06	8.92	12.87	13.28	13.70	56.83
IT expenses	3.97	4.36	6.03	6.22	6.42	27.00
Rates and Taxes	1.63	1.62	1.84	1.90	1.96	8.96
Security expenses	5.02	8.28	9.45	9.76	10.07	42.58
Corporate Allocation Cost	11.56	9.01	9.59	10.16	10.77	51.10
Administrative Expenses - Others	12.65	25.32	26.03	26.86	27.72	118.58
Admin Expenses – Collection Charges on UDF	0.88	1.18	1.37	1.94	2.11	7.47
Insurance	1.52	1.66	2.13	2.82	3.04	11.17
Repairs and Maintenance	25.06	25.87	32.24	53.36	81.80	218.33
Other Operating expenses	10.04	13.56	18.77	19.37	19.99	81.73
IE Fee	4.13	4.13	4.13	4.13	4.13	20.65
Runway recarpeting	-	-	-	16.47	24.52	40.99
Total Aeronautical Operating Expenses (A)	128.52	151.33	175.31	223.32	274.52	953.00
Fuel Operating Expenses						
Fuel O&M Expenses			9.22	11.21	12.04	32.46
Refuellers Rentals			2.1	0	0	2.10
Total Fuel Operating Expenses (B)			11.32	11.21	12.04	34.56
Cargo Operating Expenses						
Insource salary	-	0.19	1.06	1.12	1.19	3.56
O&M Expenses	-	1.61	2.06	2.14	5.74	11.55
Customs Cost Recovery	-	0.00	1.80	1.91	2.02	5.73
Total Cargo Operating Expenses (C)		1.80	4.92	5.17	8.95	20.84
Finance Charges (D)	0.07	0.05	5.14	8.11	10.00	23.36
Annual Fees for Performance BG (E)	0.53	0.7	0.7	0.7	0.7	3.33
Working Capital Interest (F)	-	3.50	1.41	4.58	5.50	14.98
Total Aeronautical O&M expenses (A+B+C+D+E+F)	129.12	157.38	198.80	253.08	311.70	1050.08

*as per actuals

10.5.14 The Authority has considered O&M expenses amounting to ₹ 1050.08 crores in this Tariff Order. The difference of ₹ 21.26 crores from the figure proposed during the Consultation stage (₹ 1028.82 crores) is due to the following changes:

- Consideration of inflation rates as per Table 135 of this Tariff Order
- Consideration of actual expenses for full FY2023-24
- Revision in expenses based on CAPEX and RAB decided by the Authority as per Table 124 of this Tariff Order



10.6 Authority's decisions regarding Aeronautical O&M expenses for Third Control Period

Based on the material before it and on its examination, the Authority proposes the following with regard to the O&M expenses for the Third Control Period:

- 10.6.1 To consider total Aeronautical O&M Expenses including Operating Expenses, Fuel Operating Expenses and Cargo Operating Expenses for the Third Control Period for Jaipur International Airport as per Table 168.
- 10.6.2 To consider the actual total Aeronautical O&M expenses incurred by JIAL during the Third Control Period subject to reasonableness and efficiency, at the time of True up in the Fourth Control period.



भा.वि.आ.वि.प्रा.

AERA



11 NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD**11.1 JIAL's submission of Non-aeronautical revenue for the Third Control Period**

11.1.1 JIAL in its submission dated April 22, 2023 to AERA had stated that it follows a Master Concessionaire model for managing commercial activities at the Airport.

11.1.2 JIAL had submitted that it outsourced all Non-aeronautical businesses (mentioned below) to the Master Concessionaire, Adani Airport Holdings Limited, vide Master Services Agreement executed on October 25, 2021, and effective from December 2021. As per the Agreement, the scope of the Master Concessionaire is to develop, operate, maintain, manage the Non-aeronautical businesses at Jaipur International Airport, in accordance with best-in-class standards and good industry practices, and at par with facilities at comparable airports as below:

- Duty free stores
- Food and beverages outlets
- Retail outlets
- Lounges
- Advertising, sponsorship, and promotion opportunities
- Car parks and ground transportation facilities
- Airport hotels and transit hotels
- Preferred partners association for including but not limited to pouring rights, services in air (Wi-Fi, Bluetooth, aroma etc.), music and video rights, mobile wallet, payment gateway and other as may be approved by JIAL
- Business Center
- City side development
- Flight catering services
- Foreign exchange services
- Freight consolidators/forwarders or agents
- Left luggage, lost and found, excess baggage
- Messenger services
- Porter service
- Special assistance services (such as paid wheelchair services)
- Vending machines
- Meet and assist services
- Provision of land and space for various stakeholders at Airport
- Various passenger amenities, including but not limited to, banks, foreign exchange, SIM card, child-care room, kids play areas, car rental and hotel reservation counters, digital wallet tie-ups, ATMs, spas, and entertainment areas
- Airport village comprising of various retail, food and beverage, entertainment and amenities



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

options; and

- Any other services as may be mutually agreed by the parties or permitted pursuant to the Applicable Laws.

11.1.3 As per the terms of the Master Services Agreement, the Service provider (Adani Airport Holdings Limited) shall pay to JIAL an amount which is higher of the following:

- Minimum Guarantee amount of ₹ 15 Crores per annum or
- The amount arrived at by multiplying the Revenue Share Percentage (10%) with Gross Revenue in that year.

Further, it was stated in the Agreement that the Minimum Guarantee amount of ₹ 15 Crores per annum shall remain unchanged for the first five years from the date of signing the Master Services Agreement. Thereafter, this Minimum Guarantee amount shall be increased at the rate of 50% of the Delta Consumer Price Index (CPI) every year.

11.1.4 Based on the above, the Non-aeronautical revenue submitted by JIAL for Jaipur International Airport is given in the table below:

Table 169: Non-aeronautical revenue submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
1. Revenue from Master Concession	15.00	15.00	15.00	15.00	15.00	75.00
2. Other income (not covered under Master Service Agreement)						
a. Space Rental: Govt. Agencies	0.50	0.53	0.55	0.58	0.61	2.76
Total	15.50	15.53	15.55	15.58	15.61	77.76

11.2 Authority's examination regarding Non-aeronautical revenue for the Third Control Period at the Consultation Stage

11.2.1 JIAL vide email dated June 14, 2023, was requested to provide details about the Non-aeronautical concession agreements entered in by JIAL in the post-COD period as also the planned area allocation for the same as per business plan. JIAL in response had not provided any detail regarding planned area allocation.

11.2.2 As per FY2022-23 financials submitted by JIAL, it had earned non-aeronautical revenue to the tune of ₹ 16.22 Crores against the projected value of ₹ 15.50 Crores in the MYTP. The Authority proposed to consider the actual value only for FY2022-23.

11.2.3 The Authority had examined the Non-aeronautical revenue submitted by JIAL for the Third Control Period and reviewed the Master Services Agreement entered into by JIAL with the Master Concessionaire - Adani Airport Holdings Limited with respect to scope of services outsourced to the Master Concessionaire and the revenue sharing arrangement.

11.2.4 The Authority noted that JIAL undertook a two-stage tendering process through e-tender mode vide Request for Proposal (RFP) dated August 17, 2021.

11.2.5 The Authority, in this regard examined the extract of the relevant clauses of the RFP which read as under:

“6.2 Qualifying Eligibility Criteria



Each Bidder shall satisfy the following qualifying Eligibility Criteria:

(a) Technical Eligibility Criteria

The Bidder must have:

- (i) (a) experience in operations or management or development of at least 4 (four) out of the following 6 (six) non-aero businesses at airports at the time of submission of the Technical Proposal, i.e. (I) in-flight catering; (II) duty-free retail; (III) retail and services; (IV) food and beverage services; (V) car parking; and (VI) advertisement; or (b) is an operator of an airport where 4 (four) out of the 6 (six) non-aero businesses (as mentioned above) are being undertaken.
- (ii) experience of leasing out and/ or development and/ or management of commercial real estate with a built up area of at least 1,00,000 (one lakh) square meters.

(b) Financial Eligibility Criteria

Basis the audited balance sheet and profit and loss account along with schedules ("Audited Financial Statements"), the Bidder should have:

- (i) an average annual turnover of at least Rs. 750,00,00,000 (Rupees Seven Hundred and Fifty Crores only) in the last 3 (three) financial years; and
- (ii) net worth as on March 31, 2021 of Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crores only). "Net Worth" shall have the meaning as defined under the Companies Act, 2013.

11.2.6 From the qualifying criteria specified by JIAL, Authority observed that:

Technical Eligibility Criteria

- JIAL had specified experience of leasing out and/or development and/or management of commercial real estate with a built-up area of at least 100000 (one lakh) square meters.
- JIAL had specified 100000 sqm of commercial space which was too high with respect to present scope of work.

Financial Eligibility Criteria

(i) Turnover

- JIAL had specified Average annual turnover of at least ₹ 750 Crore. in the last 3 financial years and net worth as on 31.03.2021 of ₹ 250 Crore.
- As per Public Procurement Guidelines average financial turnover should be 30% of the estimate cost. Which translated to an average annual turnover of ₹ 30 Crore, however the annual turnover specified by JIAL was ₹ 750 Crore, which was 25 times of the value prescribed under public procurement guidelines.

(ii) Net Worth

JIAL was asking for a net worth of ₹ 250 Crore, which was very restrictive for a work value of 100 Cr. (Approx.) compared to other Airport Operators specifying only a Positive Net Worth requirement.

- Due to such restrictive criteria, only 2 agencies (out of these 2, one was related party) and other is an Airport Operator, participated in the tender and work was awarded to agency quoting 10% revenue share percentage.

NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

- In fact, now a days other Airport Operators have dispensed with technical eligibility criteria in Non-Aeronautical activities tenders to attract more and more agencies and to encourage healthy competition.

11.2.7 Pursuant to the above RFP, only two prospective bidders (domestic and global) had submitted their proposals to JIAL. The number of prospective bidders was low due to restrictive technical and financial criteria as mentioned in para 11.2.5. Based on technical qualification, financial parameters and evaluation criteria provided under the RFP, Adani Airport Holdings Limited (parent company of JIAL) was selected as the Service Provider, with whom JIAL had entered into a Master Services Agreement. The Authority noted that the revenues projected by JIAL were in line with the said Agreement.

11.2.8 The Authority noted that the total Non-aeronautical revenue projected by JIAL for the Third Control Period was only ₹ 77.76 Crores (refer Table 169) which is substantially lower than the actual Non-aeronautical revenue earned by AAI in Second Control Period (FY 2016-17 till FY2020-21) which was ₹ 96.74 Crores, and ₹ 101.44 Crores till COD (FY 2016-17 till COD).

11.2.9 The following table and chart show the year wise NAR earned by AAI during the Second Control Period and the projections of JIAL for the Third Control Period:

Table 170: Year wise NAR earned by AAI and projected by JIAL

Financial Year	AAI	JIAL
FY'17	13.51	-
FY'18	17.81	-
FY'19	24.84	-
FY'20	25.52	-
FY'21	15.05	-
Total (5 years)	96.74	-
FY'23	-	15.50
FY'24	-	15.53
FY'25	-	15.55
FY'26	-	15.58
FY'27	-	15.61
Total (5 years)	-	77.76

Figure 7: Year wise NAR earned by AAI and projected by JIAL



Figure 8: Year-wise NAR per passenger earned by AAI and projected by JIAL
(₹ per pax)



11.2.10 The Authority also observed that the NAR projected by JIAL for the Third Control Period was significantly lower as compared to that of other PPP airports (DIAL, MIAL, BIAL, GHIAL, CIAL), wherein the NAR projected by such PPP airports were at least 50% of the total O&M expenses projected by them for the respective Control Period. Whereas in the case of the JIAL, the Authority noted that the NAR projected by JIAL for the Third Control Period was ₹ 77.76 crores, which is significantly lower as compared to the O&M expenses submitted by JIAL, which was ₹ 1389.38 crores (refer Chapter 10), and eventually defeated the ultimate purpose of PPP.

11.2.11 Jaipur, being a tourist destination, is highly flocked by international and domestic tourists and naturally have more propensity to purchase/spend on non-aeronautical activities at the airport. This behaviour is reflected in the passenger's spending pattern and have direct bearing on the NAR of the airport. Hence, there is significant potential for non-aeronautical revenues and the aspect of appropriately harnessing the same by the AO and had been taken into consideration by the Authority in the non-aeronautical projections as brought out in Table 173.

11.2.12 Jaipur Airport had been given on PPP mode to bring efficiencies in operations by increasing the non-aeronautical revenues by the Airport Operator so that the benefits may be passed on to the users through cross-subsidization.

11.2.13 The Authority was not convinced that the revenue from Master Services Agreement was remaining constant for the period, while all the other costs are increasing substantially across the Third Control Period. Further, the Terminal Building space will increase considerably as is planned in FY 2023-24 (42% due to operationalization of Terminal-I) FY 2024-25 (11.4% due to upgradation of Terminal-II) adding more area for Non-aeronautical services.

11.2.14 The Authority took cognizance of the fact that there would be a gradual increase in Non-aeronautical operations through increase in the Non-aeronautical area within the Terminal Building in FY 2023-24 and FY 2024-25 respectively, which will lead to increase in the Non-aeronautical revenues for the airport. Further, it is the responsibility of JIAL to ensure to achieve higher NAR in the Third Control Period than was achieved by AAI during the Second Control Period. In this context, there was no obligation on JIAL to accept the bid of Master Concessionaire offering such low revenue share.

11.2.15 When an airport operator takes an initiative, such as undergoing an open global competitive bidding



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

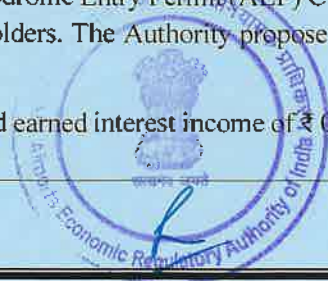
process, it is for the betterment of the airport and is in the interest of the airport users. The Holding Company (Group entity of Adani Enterprises Limited itself) was selected as the Master Concessionaire. However, this does not result in enhancing the material gains to the airport users by higher cross subsidization of NAR. It was pertinent to note that JIAL could have leveraged the technical know-how to bring in efficiencies in generating NAR without the Master Concessionaire. No advantages had been provided to the airport users due to the Master Concession Agreement.

- 11.2.16 Moreover, considering the positive outlook provided by the Expert Agencies, the outlook of the GDP growth predicted by the GoI and the encouraging trend in the traffic numbers reported in FY 2022-23 and the first half of FY 2023-24 (April 2023 to September 2023), the Authority was of the view that the passenger traffic will revert to pre-covid levels by FY 2023-24. Further the traffic was expected to progressively increase during the Third Control Period (as also discussed in Chapter 6).
- 11.2.17 With the steady increase in passenger traffic and expansion of Terminal Building area (T-I operationalization and T-II upgradation), the Authority foresaw an increase in passenger related Non-aeronautical revenue across the Third Control Period. Further, the Authority expected JIAL to bring in efficiencies in Non-aeronautical operations as being followed by other PPP airports wherein the proportion of Non-aeronautical revenue projected was comparable to the quantum of O&M expenses, whereas, in the case of JIA the situation was peculiar wherein the projection of NAR was substantially lesser than O&M expenses. Further, this will impact the interest of the airport users as 30% of the Non-aeronautical revenue is used for cross subsidization. The Authority urged JIAL that it should make efforts to generate non-aeronautical revenue higher than that was earned by AAI during the Second Control Period.
- 11.2.18 The Authority noted that JIAL in its MYTP submission had estimated Revenues from space rentals to be ₹ 0.50 crores. JIAL had considered a 5% increase in these rates Y-o-Y. The Authority noted that the revenue for FY 2022-23 was ₹ 0.38 crores.
- 11.2.19 On review of the transactions relating to Non-Aeronautical Revenue, the Authority noticed that the NAR submitted by JIAL included ₹ 0.24 crores related to space rented for cargo services as given below.

Table 171: Breakup of revenue from space rentals for FY 2022-23

Particulars	Amount	(₹ crores)
Cargo (RAJSICO and JGE)	0.24	
Govt Agencies	0.06	
Miscellaneous space rental from other parties like SBI, Quess Corp, Central warehousing corporation etc	0.08	
Total	0.38	

- 11.2.20 The Authority was of the view that space rentals from agencies providing cargo services should be treated as Aeronautical revenue. Hence, the Authority proposed to consider revenue from space rentals collected from cargo agencies, amounting to approximately ₹ 0.24 crores as Aeronautical revenue. JIAL had not provided any information about space rental from airlines for the FY2022-23.
- 11.2.21 The Authority further observed that out of the total actual non-aeronautical revenue ₹ 16.22 crores in FY 2022-23, ₹ 0.58 crores related to Notional Income from Security Deposit and proposed to not consider the same while determining NAR for FY 2022-23 as it is an IND AS adjustment. The Authority also noted that ₹ 0.26 crores related to Aerodrome Entry Permit (AEP) Charges. AEP Charges relate to entry permits for the Airport and its stakeholders. The Authority proposed to consider the same as NAR for FY 2022-23.
- 11.2.22 The Authority also noted that JIAL had earned interest income of ₹ 0.90 crores in FY'23. The Authority



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

observed that in the scenario of cash deficit, JIAL had been allowed working capital interest as Aeronautical Opex. Accordingly, on similar lines, the interest earned by JIAL on the cash surplus should also be considered as income in tariff determination exercise. In view of above, Authority proposed to consider interest income as part of non-aeronautical revenue.

11.2.23 Based on the above discussion the adjustments to the actual Non-Aeronautical Revenue for FY 2022-23 are as given below

Table 172: Adjustment to Revenue from Non-Aeronautical Services considered by the Authority for FY 2022-23

Particulars	(₹ crores)	
	FY23	
Actual Non-Aeronautical Revenue as submitted by JIAL (A)	16.22	
Adjustment:		
Revenue from Other Income (B)	0.90	
Notional Income on Security Deposit (C)	0.58	
Revenue from Cargo Agencies (D)	0.24	
Non-Aeronautical Revenue as per the Authority (A + B - C - D)	16.30	

11.2.24 Based on the above considerations, the Authority had estimated the total Non-aeronautical revenues for the Third Control Period for JIA as follows:

- i. The NAR earned by AAI in FY 2019-20, which is a pre-COVID year, was considered as the base for estimating the NAR for JIA for the Third Control Period.
- ii. The Authority had considered the actual revenue earned by JIAL for FY 2022-23, as this FY has already passed.
- iii. The Authority proposed not to consider ₹ 0.58 crores of Notional Income on Security Deposit as it relates to IND AS adjustment.
- iv. The Authority proposed to consider the ₹ 0.26 crores of AEP Charges as part of the Non-Aeronautical Revenue.
- v. The Authority also proposed to consider the revenue from space rentals of approximately ₹ 0.24 crores from cargo agencies as Aeronautical revenue and not be considered as part of the NAR for the Third Control period.
- vi. The NAR of ₹ 24.03 crores (after excluding space rental revenue collected from airlines) of FY 2019-20 of AAI had been assumed as base for FY 2023-24, since the traffic had significantly reached the pre-COVID level of FY 2019-20 in FY 2023-24.
- vii. The Authority had taken cognizance of the following facts and projections of the NAR had been revised with effect from FY 2024-25 onwards:
 - Operationalization of T-I to take place in Q4 of FY2023-24 and the refurbishment of T-II is scheduled in FY 2024-25 thereby increasing the terminal building area by 53.4% (42% at T-I and 11.4% for T-II) from the existing terminal area. This will consequently result into increase in the non-aeronautical area at the Jaipur International Airport and expect to augment the non-aeronautical revenue for the Airport Operator on this account.

Further, it is relevant to highlight that increase in the terminal building area may not result into directly proportional increase in the non-aeronautical revenue. Hence, the Authority proposed to consider Two third (2/3) increase in the non-aeronautical revenue on account of increase in Terminal Building area.



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

- The effect of increase in traffic had been considered with effect from FY 2024-25 on the base of FY 2023-24.
- Further, the non-aeronautical revenue projections had taken into consideration the impact of inflation as prescribed in Chapter 9 of the Consultation Paper.

Table 173: Total Non-aeronautical revenues estimated by the Authority for Third Control Period at Consultation Stage

(₹ Crores)

Particulars	NAR of AAI for FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total NAR	24.03*	16.30	24.03	37.31	55.03	61.91	194.58
% increase							
Terminal Area				35.60%			
Passenger				15.87%	43.69%	8.70%	
Inflation				3.80%	3.80%	3.80%	

* Refer Table 37 of this Tariff Order

11.2.25 Based on the total NAR derived as per Table 173, the Authority had bifurcated it component wise as under:

- Revenue from Master Service Agreement:** This had been derived as the difference between total NAR derived as per Table 173 and the Revenue from Other Income not covered under Master Service Agreement.
- Other income (not covered under Master Service Agreement):**
 - Space Rental - Govt. Agencies: The revenue from space rented to Govt. agencies had been computed as per JIAL submission wherein a Y-o-Y increase of 5% was considered.
 - AEP Charges: The Authority had considered the actual revenue for FY 2022-23 and thereafter projected by considering an inflationary increase as per Table 134 for the remaining four (4) tariff years.
 - Interest Income – The Authority proposed to consider only actual value for FY23. The Interest Income for remaining tariff years shall be trued up in next control period.

Table 174: Non-aeronautical revenues proposed by the Authority for the Third Control Period at Consultation Stage

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
1. Revenue from Master Concession	15.00	23.63	36.88	54.52	61.36	191.39
2. Other income (not covered under Master Service Agreement)						
a. Space Rental: Govt. Agencies	0.14	0.14	0.16	0.23	0.25	0.93
b. AEP Charges	0.26	0.26	0.27	0.28	0.29	1.36
c. Other Income (Interest Income)	0.9					0.90
Total (2)	1.30	0.40	0.43	0.51	0.54	3.19
3. Grand Total (1+2)	16.30	24.03	37.31	55.03	61.91	194.58

Note: As submitted by JIAL, there is no space rent from airlines in the actual non-aeronautical revenue submitted by them for the FY2022-23. Non-Aeronautical revenue for the FY2024 – FY2027 has been projected on the basis of non-aeronautical revenue (after excluding space rentals from airlines) of AAI for the FY2019-20 (pre-COVID year)



11.3 Stakeholders' comments on Non-aeronautical revenue for the Third Control Period

11.3.1 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. 26/2023-24 with respect to Non-aeronautical revenue from Non-Aeronautical Services. The comments by the Stakeholders are presented below:

JIAL's comments on Non-aeronautical revenue for the Third Control Period

11.3.2 With regard to AERA's observation on the bidding process JIAL has submitted that:

- *Such a course of action would vitiate the very purpose of the open competitive bidding and undermine the well-established judicial principles in this regard. It is settled in law that the price discovered through open bidding has to be taken at face value and there is no reason to disbelieve such a price. The Authority should not obliterate the entire bidding process on the premise that the price discovered could have been better as the price discovered through the bidding process is highest amongst bidders who submitted their financial proposal. It is well known that even in insolvency / liquidation proceedings, business /assets are sold at lower price than the value / benchmark of the business / assets. Therefore, we request the Authority to relook into their approach to extrapolate the non-aeronautical revenue on a notional basis. The only test which applies is the fairness with which the bidding process was conducted. As long as there is no procedural irregularity, the outcome of the open competitive bidding process cannot be altered to achieve a particular requirement. It is submitted with respect that even the courts of law do not interfere with the outcome of the open competitive bidding process as long as the process is not vitiated by arbitrariness, illegality and unfairness. It is important to note that JIAL has followed all the rules and regulations mandated to conduct the bidding under the Concession Agreement and under Section 13 (a) (vi) of the AERA Act.*
- *JIAL has insulated the consumers from negative market risks through the open competitive bidding process. Further and more importantly, no potential bidder has raised any issue with respect to their interest being jeopardized or having been denied equal participation in the entire bid process. The argument of the Authority that the principles of the Public Procurement Guidelines should be applied to the process of selecting the Master Service Provider for Non-Aeronautical Services is not substantiated to demonstrate as to how the process adopted by JIAL of procurement of services vitiated the established principles of procurement process generally adopted in the country.*
- *The bid criteria were designed to achieve the highest standards of service and fiscal responsibility. The requirement for experience with a built-up area is to ensure that the bidder has substantial experience in handling large-scale projects, which is essential for efficient airport operations. The turnover criterion crore was set to ensure that the Master Concessionaire has the financial capability to effectively manage a complex airport operation.*
- *Secondly, there is no provision in AERA Guidelines 2011 for notional increase in the Non-Aeronautical revenues while determining tariffs. Section 13(1)(a)(v) of AERA Act categorically states the word "revenue", has to be actual revenue and not notional revenue. It is submitted that neither the AERA Act nor Clause 5.6 of the AERA Guidelines envisages the concept of "notional" revenue/cost being ascribed by the Authority.*

TDSAT has ordered in the case of DIAL and HIAL that Market Driven rates and actuals results need to be considered by the Authority. Refer below extract from TDSAT Orders:

HIAL TDSAT Order dated 14th February 2024

380. In the absence of any claims of procedural irregularities, fraudulent conduct, or malicious intent, AERA lacks the jurisdiction to intervene in the capital expenditure decisions made for



this significant expansion project. It is beyond AERA's scope to revise or override a legally sound and valid contract between HIAL and the foremost successful bidder. Consequently, this Tribunal does not uphold the arguments presented by the counsels for respondent no.1 and respondent no.2 seeking the disallowance of a portion of the capital expenditure incurred by HIAL for the enhancement project designed to expand the capacity of RGIA, Hyderabad to 34 MPPA.

381. Looking to Section 13(1)(a)(i) of AERA Act, 2008, AERA cannot rely on any notional or estimated price when the actual price is available for the expansion project in question. AERA has relied upon estimated cost for the project in question given by the consultant – RITES - appointed by AERA, ignoring the actual "Market Discovered Price" (MDP) arrived at through competitive bidding process.

382. This is an error committed by AERA and hence, impugned order dated 31.08.2021, of disallowing part of capital expenditure undertaken by this appellant for phase expansion of RGIA, to increase capacity to 34 MPPA is hereby quashed and set aside.

385. Once, this committee is approving the need, nature, and expenditures of construction that perhaps there is little or practically no scope of interference by AERA and that too with the help of some consultant's report under the guise of "efficient cost". If this type of interference by AERA is permitted by this Tribunal, then it tantamount to sitting in appeal against the decision of the committee which is a multimember committee.

DIAL TDSAT Order dated 21st July 2023

Para 165 "...The cost which is arrived at for Phase 3A expansion for IGIA, Delhi through global bids invited is giving real and efficient cost. It is a market discovered price through competitive and transparent bidding process. As per Section 13 (1)(a) (i) of the AERA Act, 2008, it was a power coupled with a duty vested in AERA to determine the tariff for the aeronautical services taking into consideration, "the capital expenditure incurred and timely investment in the improvement of airport facilities" which is on "actual basis" meaning thereby, if the actual capital expenditure is incurred by the appellant, the same has to be considered by AERA as per aforesaid provision of AERA Act and it cannot be so easily brushed and set aside by AERA under the guise of "the efficient cost".

In light of above, we request the Authority to accept the Non-Aeronautical Revenues as projected by the AO which is in line with the contract entered based on market discovery rate and also allow for true-up on actual basis without providing any minimum floor.

Other Stakeholders' comments on Non-aeronautical revenue for the Third Control Period

11.3.3 DIAL in its comments regarding Non-aeronautical revenue are as follows:

AERA has considered non-aeronautical revenue for FY24 for JIAL as same as the non-aeronautical revenue of FY20 for AAI. By considering a notional amount as non-aeronautical revenue for JIAL in FY24, AERA has in effect prescribed the tariff of such services as the aggregate revenues earned by JIAL would largely be dependent on the tariff of such services.

Such determination should not be done by AERA. Hence we request AERA to consider the non-aeronautical revenue estimations based on the airport's Master Services Agreement.

11.3.4 FIA's comments on Non-aeronautical revenue are as follows:

- It is observed that the non-aeronautical revenues projected by JIAL is substantially low / conservative. It is requested that JIAL explores all avenues to maximize revenue from the utilization of the expansion of terminal building for non-aeronautical purposes. As correctly observed by AERA in para 11.2.10, the non-aeronautical revenue projected by JIAL for Third*



Control Period is substantially lower as compared to other PPP airports. Accordingly, we request AERA to mandate JIAL to enter into suitable agreements with concessionaires to exploit the potential/ growth of non-aeronautical revenue at Jaipur airport.

In this regard we also request AERA to kindly undertake detailed 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.

Without prejudice to the above, we submit that increase in non-aeronautical revenue ("NAR") is a function of increase in terminal building area, passenger traffic growth, inflationary increase, and real increase in contract rates. Despite all these factors increasing during the control period, on examination of the non-aeronautical revenue projected for the Third control period by AERA, it was noted that a conservative approach has been taken by AERA.

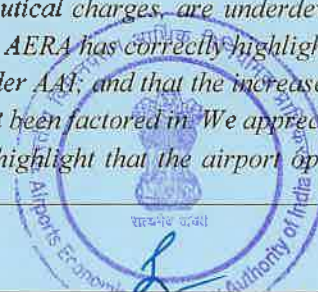
It may be noted that, in other PPP Airports like DIAL, MIAL, BIAL, while truing up the NAR in subsequent control periods have always been the under-estimation and leads to higher tariff in the control periods. FIA submits that Jaipur is widely recognized as one of the most popular tourist destinations globally. With airlines being the preferred mode of travel, the city's air traffic is expected to increase drastically.

Accordingly, we request AERA:

- a. To mandate JIAL to enter into suitable agreements with concessionaires to exploit the potential/ growth of NAR at JIAL.
 - b. To kindly undertake detailed examination with the assistance of an independent study on the NAR before the tariff determination of the Third Control Period.
 - c. To further determine and reassess their estimates in line with other comparable airports. It may also include the impact of the tourism lineage that Jaipur Airport has to increase their NAR in accordance with the submissions above.
- 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.
 - Further in para 11.2.10, AERA has remarked that NAR projected by JIAL is significantly less than PPP airports - which are generally not less than 50% of the total O&M expenses of the respective airports. In view of the above, we request AERA to allow higher non-aeronautical revenues being not less than 50% of the projected O&M expenses for JIAL, as approved by AERA.

11.3.5 IATA in its comments on Non-aeronautical revenue has stated that:

- The Airport Operator (AO), via a tendering process, has outsourced all non-aeronautical businesses to the Master Concessionaire, Adani Airport Holdings Limited (AAHL), for which, JIAL will be paid either a minimum guaranteed amount of ₹ 15 Crores per annum or 10% of the gross revenue of the Master Concessionaire.
- The Non-Aeronautical Revenue (NAR) projected due to such an arrangement by the JIAL is significantly lower compared to the NAR generated in the previous control period when the airport was operated by the Airports Authority of India. It is also much lower in comparison to the 'NAR / O&M' ratio at other PPP airports in India.
- As in the case of Ahmedabad, Lucknow and Thiruvananthapuram airport tariff proposals submitted by Adani Airports earlier, we are once again concerned that the NAR which is meant to cross-subsidize the Aeronautical charges, are underdeveloped and under-projected in the case of Jaipur airport as well. AERA has correctly highlighted that the NAR projected is lower than when the airport was under AAI, and that the increase in non-aeronautical activities with the terminal expansion has not been factored in. We appreciate AERA's scrutiny on this aspect.
- Additionally, we once again highlight that the airport operator JIAL, having entered into a



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

Master Services Agreement (MSA) with its parent company AAHL, is supposed to pay the JIAL a minimum guaranteed amount or 10% of the 'Gross Revenue', whichever is higher. The 'Gross Revenue' referred to in the MSA is in fact the NAR of the airport – and under the hybrid till mechanism, 30% (and not 10%, or even a minimum guaranteed amount of Rs. 15 Cr.) of the NAR is to be used to offset aeronautical costs. While the AO's submission makes a mention of 'Revenue from Master Service Agreement', the component necessary for tariff determination purposes has to be 30% of total NAR; and not 30% of the 10% MSA Revenue Share (30% of 10% of total NAR is in fact only 3% of the total NAR earned). The current arrangement of including a Master Concessionaire between the NAR flowing to the AO, significantly reduces the level of effective NAR for the tariff determination by AERA and cannot be justified.

- *We also appreciate the scrutiny undertaken by AERA to highlight the highly restrictive financial and technical eligibility criteria for participation in the tendering process for the Master Concessionaire, which led to AAHL – the parent company of JIAL, being appointed as the Master Concessionaire.*
- *IATA urges the Authority to correct the AO's understanding by explicitly stating/confirming in the final Order that:*
 - a. 30% (in adherence to the hybrid till policy, and not any lower) of the total NAR of the Airport is to be recognized in offsetting aeronautical costs; and*
 - b. The level of 'Revenue from Master Service Agreement' earned by the AO is not material to tariff determination. This will help bring back the NAR from its current artificially low levels in the airport's current understanding.*
- *IATA would also expect that any shortfall in the NAR will NOT be trued up in the next control period.*

11.4 JIAL's response to Stakeholders' comments on Non-aeronautical revenue for the Third Control Period

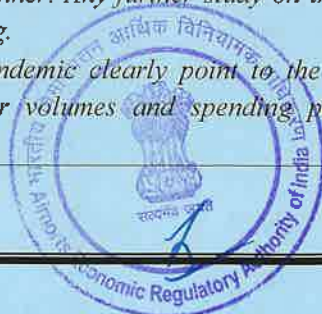
11.4.1 With respect to comments by DIAL, JIAL submitted that:

Airport Operators (such as DIAL, AAI) have supported JIAL's submissions and comments on certain key matters relating to estimation of Tariff and various Regulatory Principles etc.

JIAL has also submitted its detailed explanations and justifications on all the above matters as part of its response to the Consultation Paper. JIAL requests the Authority to consider the well-reasoned comments provided by JIAL which are duly supported by the aforementioned stakeholders.

11.4.2 With respect to comments by FIA, JIAL submitted that:

- *In the interests of its users and in its own commercial interests, Airport Operator will always endeavor to increase the non-aeronautical revenues to the maximum possible extent. As suggested by FIA, JIAL as Airport Operator has already entered into Master Concessionaire Agreement to exploit the potential/ growth of non- aeronautical revenue whereby a minimum amount of Non-Aeronautical revenues is guaranteed to the AO. This has insulated the Airport Operator from any future event which may negatively impact the Non-Aeronautical revenues.*
- *The AO invited bids through a global competitive bidding process for selection of a Master Service Provider for Non-Aeronautical services at Jaipur Airport. A third-party consultant was appointed to oversee the process adopted by the AO. The entire process was undertaken in a fair and transparent manner. Any further study on this would vitiate the very purpose of the open competitive bidding.*
- *The last 3 years of pandemic clearly point to the fact that airport operators are highly vulnerable to passenger volumes and spending power of the customer as far as non-*



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

aeronautical revenues are concerned. In order to mitigate the impact of this volatility, AO has entered into a contract which ensures the minimum annual guaranteed amount is also available to airport operator.

- *We agree that the Authority should not make any adjustments on non-aeronautical revenue, which are derived from agreements with concessionaires and hence revenues projected based on Master Concession should be adhered. Further any comparison of non-aeronautical revenues with O&M costs is not rational and unwarranted.*
- *Further, refer to our comments in point 7.1 of JIAL's comments on CP (refer para 11.3.2 of this Tariff Order).*

In view of the above, we feel there is no need to do any study on determining NAR for TCP.

11.4.3 With respect to comments by IATA, JIAL stated that:

In order to avoid repetitions on this matter, please refer to our remarks in point 1.20 (refer para 11.4.1 of this Tariff Order) above as counter on FIA's comments and also refer to comments in point 7.1 of JIAL's response to the CP (refer para 11.3.2 of this Tariff Order).

11.5 Authority's analysis of Stakeholders' comments on Non-aeronautical Revenue for Third Control Period

11.5.1 The Authority has examined the comments of JIAL and DIAL on Non-aeronautical revenues. The Authority is cognizant about the bidding process undertaken by the AO for selecting the Master Service Provider for Non-Aeronautical services at JIA. The Authority is of the view that the criteria used for selection of the Master Concessionaire was restrictive (refer para 11.2.6 of Tariff Order). The Authority also notes that the revenue projected as per the Agreement, i.e., Rs. 15 crore is even lower than that submitted by AAI for FY 2020-21, which is in spite of the impact of COVID-19 pandemic. Further:

- As stated at the Consultation stage (refer para 11.2.13 in this Tariff Order), the Authority is not convinced about the revenue from the Master Services Agreement remaining constant for the entire Control Period, while all the other costs are increasing substantially across the Third Control Period. In this context, there was no obligation on the AO to accept the bid of Master Concessionaire offering such low revenue share.
- The Authority notes that the revenue projected by the AO towards NAR for the Third Control Period is much lower as compared to the other PPP airports (i.e., DIAL, MIAL, BIAL, GHIAL, CIAL) wherein the NAR projected by such PPP airports constitute around 50% of the total O&M expenses projected by them for the respective Control Period. With the steady increase in passenger traffic and increase in Terminal Building space (after operationalization of T1 and expansion of T2), the Authority foresees an increase in passenger related non-aeronautical revenue for the Third Control Period.
- Further, the Authority expects that the Airport Operator should bring in efficiencies in Non-Aeronautical operations as being followed by other Public-Private Partnership (PPP) airports wherein the proportion of non-aeronautical revenue projected by the AO is around 50% to the quantum of O&M expenses. Further, it is pertinent to note that the total NAR projected by the AO for the Third Control Period (Rs. 77.76 Crores) is much lower than the actual NAR earned by AAI (Rs. 96.74 Crores) during the period from FY 2016-17 till FY 2020-21. It is to be noted that the period in which AAI was operating the Airport included the pandemic impact where the traffic came to a standstill.
- The Authority would like to state that under Hybrid Toll mechanism, the Airport operators retain 70% of the Non-Aeronautical revenue and only 30% of the non-aeronautical revenue is used for cross subsidization. The Airport Operators have the benefit of quite high Non-Aeronautical



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

revenue (70%) during the normal times. Therefore, the Authority does not agree with AO's contention to consider lower NAR projection for the Third Control Period due to COVID-19 pandemic (which is an exceptional circumstance). If any dispensation has to be given to the airport operators on NAR, then the interests of the airport users will be adversely impacted because they would not be getting the benefit of 30% NAR as cross-subsidization.

Therefore, it is in the benefit of the AO to harness maximum potential of non-aeronautical revenue to increase its own cash flow in NPV terms vis-a-vis to incentivize the aeronautical charges through its 30% share. Based on the above factors and the positive outlook on the growth in the passenger traffic during the Third Control Period and the increase in the Terminal Building space (after operationalization of T1 and expansion of T2), the Authority feels that there is large scope for expanding the NAR. Hence, the Authority feels that there is no reason to deviate from its proposal at the Consultation stage (refer para 11.2.24 and 11.2.25 of this Tariff Order).

11.5.2 The Authority has carefully examined the comments of FIA and the response of JIAL on the Non-aeronautical revenues (NAR) and has the following views:

- The Authority has increased the NAR submitted by the AO for the Third Control Period, after taking into consideration the NAR of AAI, traffic growth, inflation, and the expansion of the Terminal Building area.
- The Authority is also of the view that the AO should bring in efficiencies in non-aeronautical operations as being followed by other PPP airports wherein the proportion of non-aeronautical revenue projected by the AO is comparable to O&M expenses.
- The Authority also notes the comments of FIA on conducting an independent study on the Non-Aeronautical Revenue. In this regard, the Authority believes that the requirement for an independent study will depend upon the size of the airport and the scale of operations. If the Authority feels that there is a need arising in the future, it may commission an independent study for the future Control Periods of JIAL.

The Authority will review the NAR achieved by the AO in the Third Control Period at the time of determination of tariff for the next Control Period and if it is lower than the estimate by the Authority, the Authority shall consider the NAR for the Third Control Period, as projected by it, while determining tariff for the Fourth Control Period, in the interest of the Airport Users.

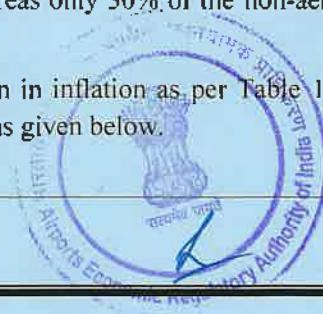
11.5.3 The Authority has examined IATA's comments on NAR and is also of the view that NAR should not be restricted to the higher of the following two criteria as specified in the Master Service Agreement:

- a. Minimum Guarantee amount of Rs. 15 Crores per annum or
- b. The amount arrived at by multiplying the Revenue Share Percentage (10%) with Gross Revenue in that year.

11.5.4 Further, the Authority has made adjustments to the Non-Aeronautical Revenue based on the NAR earned by AAI NAR in FY 2019-20, growth drivers like inflation rate, growth owing to terminal area expansion and traffic growth rate.

11.5.5 Further, as stated in para 11.5.1 of this Tariff Order, the Authority would like to state that it is in the benefit of the AO to harness maximum potential of non-aeronautical revenue to increase its own cash flow vis-a-vis to incentivize the aeronautical charges through its 30% share as 70% of the non-aeronautical revenue remains with AO whereas only 30% of the non-aeronautical revenue is utilized for cross subsidization.

11.5.6 Based on the above factors and the revision in inflation as per Table 135, the Authority decides to consider NAR for the Third Control Period as given below.



NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

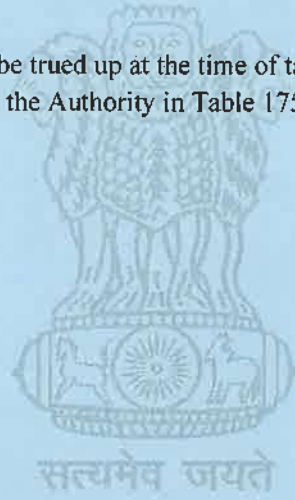
Table 175: Non-Aeronautical Revenue decided by the Authority for the Third Control Period

Particulars	(₹ Crores)					Total
	FY23	FY24	FY25	FY26	FY27	
Total NAR for the year	16.30	24.03	37.07	53.70	60.09	191.20

11.6 Authority's decisions relating to Non-aeronautical revenue for the Third Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to Non-aeronautical revenue for the Third Control Period:

- 11.6.1 To consider Non-aeronautical revenues for the Third Control Period for Jaipur International Airport as per Table 175.
- 11.6.2 Non-Aeronautical Revenue will be trued up at the time of tariff determination of next control period if it is higher than that proposed by the Authority in Table 175.



भा.वि.आ.वि.प्रा.

AERA



12 TAXATION FOR THE THIRD CONTROL PERIOD**12.1 JIAL's submission of Taxation for the Third Control Period**

12.1.1 JIAL had submitted that the computation of income tax on aeronautical income had been made on the prevailing Income Tax laws and rules.

12.1.2 JIAL had calculated the revenue generated from Regulated services, Non-aeronautical revenue Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per the Income Tax Act. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The Aeronautical taxes submitted by Jaipur International Airport are shown in the table below:

Table 176: Taxation submitted by JIAL for the Third Control Period

Particulars	(₹ Crores)					Total
	FY'23	FY'24	FY'25	FY'26	FY'27	
Aeronautical Revenue with Revised Rates	159.76	481.73	870.72	998.26	1,132.84	3,643.30
Add: 30% of Non-aeronautical revenue	4.65	4.66	4.67	4.67	4.68	23.33
Less: O&M expenses	136.44	264.40	280.92	366.20	436.60	1,484.56
Less: Tax Depreciation	58.74	63.10	106.49	184.76	428.02	841.11
Aero Profit Before Tax	(30.78)	158.88	487.97	451.98	272.91	1,340.96
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	-	39.99	122.82	113.76	68.69	345.27

12.2 Authority's examination of Taxation for the Third Control Period at the Consultation Stage

12.2.1 The Authority noted that JIAL had considered 30% Non-aeronautical revenues in the estimation of Aeronautical PBT, which was then used in the computation of Aeronautical taxes. The fact that a part of Non-aeronautical revenues was used for cross subsidization as per the Hybrid Till mechanism, doesn't change the nature of such revenues to Aeronautical. Further, the cross subsidization as per the Hybrid till mechanism is done in order to reduce tariff pressure on passengers and to incentivize JIAL to make effective investments in Non-aeronautical generating sources.

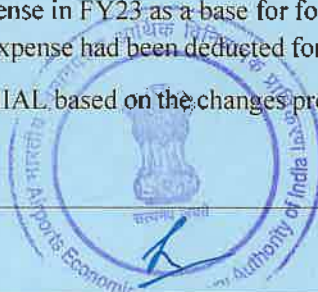
12.2.2 Therefore, the Authority was of the view that:

- 30% Non-Aeronautical revenues should not be treated as a subsidy for the Airport Operator as the airport operator had already earned it from Non-Aeronautical services and is meant as a cross subsidy to the airport user.
- The consideration of 30% Non-Aeronautical revenues as part of revenues from Aeronautical services would result in unjust enrichment to the Airport Operator effectively reducing the cross-subsidy benefit to the airport user from the present 30% Non-Aeronautical income.

12.2.3 The Authority thus proposed to consider only Aeronautical revenues and expenses in the calculation of Aeronautical PBT.

12.2.4 The Authority had also noted that JIAL had not considered the interest expense on the long-term borrowings while computing the Aeronautical PBT for the Third Control Period. This had resulted in estimating higher Aeronautical Profit and consequently, higher Aeronautical taxes. The Authority proposed to consider actual interest expense in FY23 as a base for forecasting expenses for future tariff years in the Third Control Period. This expense had been deducted for estimating the Aeronautical P&L.

12.2.5 The Authority had recomputed taxes of JIAL based on the changes proposed to the other building blocks



and based on the proposal discussed above on exclusion of Non-aeronautical revenue.

12.2.6 The Authority had considered the prior period losses during the post COD period till 31st March 2022 in the computation of taxes of JIAL for the Third Control Period

12.2.7 The Authority noted that as per clause 28.11.4 of the CA, the Adjusted Deemed Initial RAB will be reduced for over-recoveries of Aeronautical Revenues, or increased for under-recoveries, impacting Aeronautical Charges for the next Control Period. The Authority had considered that the compensation paid to AAI by JIAL for shortfall, will be claimed as a deduction in the Income Tax computation of JIAL and the same had been considered accordingly in the Income Tax computations.

12.2.8 The following table summarizes the Aeronautical taxes proposed by the Authority for the Third Control Period.

Table 177: Taxation proposed by the Authority for the Third Control Period at Consultation Stage

(₹ Crores)

Particulars	Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Aeronautical Revenue*	A	162.32	450.62	542.37	808.28	911.95	2,875.53
Less: O&M expenses (refer Table 166)	B	129.12	150.75	191.38	253.10	304.46	1028.82
Less: Tax Depreciation	C	56.62	60.38	88.56	133.87	151.47	490.90
Less: Interest Expense	D	37.36	41.66	60.05	56.49	40.74	236.31
Less: Payment to AAI – PV of recovery as on March 31, 2023 (refer Table 43)	E	644.17					644.17
Profit Before Tax	F=A-SUM(B:E)	(704.95)	197.82	202.38	364.81	415.27	475.33
Previous Loss Adjustment	G		197.82	202.38	326.32	-	
Taxable profit	H=F-G	-	-	-	38.49	415.27	
Tax rate (%)	I	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	J=H*I	-	-	-	9.69	104.52	114.21
Opening Losses	K	(21.57)	(726.52)	(528.70)	(326.32)	-	
Current period (loss)/profit	L=F	(704.95)	197.82	202.38	364.81	415.27	
Closing Losses	M=K+L	(726.52)	(528.70)	(326.32)	-		

*This is subject to revision based on tariff rate card which is to be submitted by JIAL (refer para 14.2.8). For FY 2022-23, actual revenue has been considered.

**Computed using WDV method considering useful lives as per IT Act.

12.3 Stakeholders' comments on Taxation for the Third Control Period

12.3.1 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. 26/2023-24 with respect to Taxation for the Third Control Period. The comments by the Stakeholders are presented below:

12.3.2 JIAL's comments on Taxation are as follows:

As per AERA guidelines 5.5.1 as provided below, corporate tax paid on income from assets/ amenities/ facilities/ services (emphasis) taken into consideration for determination of Aggregate Revenue Requirement (ARR) will be considered for calculation of taxation component of ARR. Clause 5.5 of the AERA Guidelines is reproduced below:

"5.5. Taxation (T)

5.5.1. Taxation represents payments by the Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of Aggregate Revenue Requirement.

5.5.2. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

Explanation: For avoidance of doubt, it is clarified that any interest payments, penalty, fines and other such penal levies associated with corporate tax, shall not be taken into consideration for calculation of Taxation."

Income from Non-Aeronautical services are used in calculating the overall ARR. Therefore, in order to calculate the taxation under the regulatory framework, income from Non-Aeronautical services as proposed by AERA in the CP need to be considered. In case, the Authority does not consider income from Non-Aeronautical services for the purposes of taxation, it will be in contradiction to its guidelines.

Latest TDSAT judgement for DIAL, MIAL and HIAL dated 21st July 2023, 06th October 2023 and 14th February 2024 respectively.

DIAL TDSAT Order Para 140 and 141

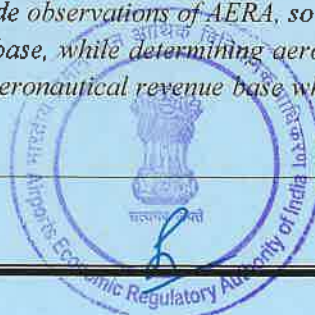
"140.AERA's contention that including S- Factor in calculation of Tax will result in an artificial tax benefit and overstate aeronautical tax is also misconceived and misleading. S factor has been considered in aeronautical Profit & Loss to arrive at Aeronautical Profit Before Tax (PBT) and the allocation of actual tax paid by DIAL is in the ratio of Aeronautical and Non-Aeronautical PBT and thus will not result in creation of artificial tax. Further, inclusion of S Factor in Tax and consequent consideration of S Factor as aeronautical revenue will provide true aeronautical profit and accurate base to calculate 'T'.

सत्यमेव जयते

141.AERA's observation regarding reduction in the level of cross subsidy is also misconceived in as much as the non-aeronautical revenue cross subsidizes aeronautical revenue and the tax is only resultant on the profit earned and thus, the cross subsidy is nothing but a part of recovery of eligible aeronautical revenue only and thus has to be considered while drawing aeronautical Profit & Loss."

MIAL TDSAT Order Para 398

"398. It has been further observed by AERA in the impugned order that as and when MIAL will pay the Income Tax for the 3rd Control Period in the true up process in the next control period, the said amount of tax will be taken into consideration. This observation is also devoid of any merit for the reason that in the formula of target revenue as stated hereinabove, the component of an amount equal to "T" has to be added and the methodology to calculate "T" is an amount equal to corporate taxes on earnings pertaining to aeronautical services (including the amount upon "S" factor), irrespective of the fact that whether actually the taxes are paid or not. The payment of tax to income tax authority and calculation of target revenue are two different things. The formula of a target revenue is an agreed formula as per the agreements between the appellant and the Government of India. Thus, the T factor is equal to an amount of corporate taxes. AERA has presumed that T is equal to amount of corporate taxes paid by the appellant. This definition cannot be amended, nor the formula can be amended by AERA. AERA has presumed that T=corporate taxes paid by appellant. This addition of the words, neither in the definition nor the formula is permissible because it is an agreement between the appellant and the Government of India. We, therefore, quash and set aside observations of AERA, so far as they are related to exclusion of "S" factor as part of aeronautical base, while determining aeronautical taxes (i.e. T). We, hereby hold to include "S"-factor as part of aeronautical revenue base while determining aeronautical taxes (i.e. T)."



HIAL TDSAT Order Para 423 and 424

"423. The aforesaid facts of the matter have not been properly appreciated by AERA, and therefore, the decision of AERA not to consider 30% of Non-Aeronautical Revenue (NAR) as part of Aeronautical Revenue Base for computation of aeronautical taxes is incorrect, improper and unjustified.

424. We, hereby direct AERA to consider (i) the calculation of "T" on 30% of Nonaeronautical Revenue because it partakes the character of Aeronautical Revenue in calculation of ARR as per the aforesaid formula,"

We hereby request the Authority to add 30% of Non-Aeronautical revenues while determining the tax.

12.3.3 FIA's comments on Taxation are as follows:

Tax Efficiencies

Airlines are now paying separately for FIC and ITP, which was earlier part of ATF pricing. FIC and ITP along with GST thereon becomes part of ATF pricing and suffers from Excise Duty and Sales Tax. The additional burden of non-creditable taxes becomes sixty-four (64) % - seventy (70) % on the airlines.

FIA would also like to urge AERA to devise methods or pass an order stating that FIC and ITP should be directly invoiced by fuel farm operator or the services providers to the airlines to avoid circuitous billing and for the sake of 'Ease of doing businesses and 'Transparency'. This will also help in avoiding unnecessary tax on tax to the tune of sixty-four (64) % - seventy (70) % sixty-seven (67) % to Airlines.

12.4 **JIAL's response to Stakeholder's comments**

12.4.1 JIAL in response to comments by FIA stated that:

We believe the relevant Authority has been mindful of the undue tax burdens on various players in the aviation ecosystem. This is substantiated by the fact that fuel throughput charges were abolished by the Authority/ MoCA in Jan 2020 and airport operators were compensated by way of an increase in landing charges and airlines were benefitted by way of lower tax burden. Having said the above, we will welcome any new steps that are taken by MoCA/GoI/ the Authority in this direction.

However, as far as billing of FIC and ITP charges is concerned, OMCs (not airlines) are the users of the open access facility and fuel farm operator is appropriately charging FIC and ITP charges to the users of the facility.

12.5 **Authority's analysis of Stakeholders' comments on Taxation for the Third Control Period**

12.5.1 The Authority notes that the tariff methodology for DIAL and MIAL is detailed in the relevant State Support Agreement and the Tariff determination for DIAL and MIAL is made based on the methodology detailed in such State Support Agreement.

12.5.2 The Authority also notes that the Concession Agreement of JIAL also indicates a 30% Shared Till approach. AERA had issued Order No. 14/2016-17 dated 12th January 2017 in order to align with the NCAP 2016 policy. The Authority notes that these guidelines only provide for subsidizing 30% of the Non-Aero Revenues in computing the ARR and does not mandate that tax on the same needs to be paid. This is also not explicitly mandated in NCAP. If there was need to consider Taxation cost on such Non-Aero Revenues, as reimbursement payable to the Airport Operator, in effect, the subsidization would not be 30%, which in the Authority's view is not the intent of NCAP 2016 or AERA Guidelines.

12.5.3 The Authority believes that consideration of 30% Non-Aeronautical Revenue as part of revenue from Aeronautical P&L for computation of tax would result in unfair enrichment to the AO effectively

reducing the cross-subsidy benefit to the airport user from the present 30% Non-Aeronautical Income.

- 12.5.4 The Authority is continuously and uniformly calculating Aeronautical Tax by excluding Non-Aeronautical revenues used for cross-subsidization.
- 12.5.5 Based on the above factors, the Authority decides not to consider the 30% NAR as part of Aeronautical P&L, while computing the Corporate Taxes for JIAL for the Third Control Period.
- 12.5.6 The Authority has noted the comments of FIA and the response of JIAL regarding tax efficiencies. The Authority hereby clarifies that the taxes charged on FIC and ITP are beyond AERA's domain, as these are levied by the Ministry of Finance.
- 12.5.7 Based on the revisions in the O& M expenses and the projected aeronautical revenue, the Authority has recomputed the Taxation for the Third Control Period as shown below.

Table 178: Taxation decided by the Authority for the Third Control Period

(₹ Crores)

Particulars	Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Aeronautical Revenue	A	162.32	184.97	474.87	969.72	1,176.50	2,968.38
Less: O&M expenses (refer Table 168)	B	129.12	157.38	198.80	253.08	311.70	1,050.08
Less: Tax Depreciation	C	56.62	56.67	76.98	124.96	153.63	468.86
Less: Interest Expense	D	37.36	58.08	75.55	82.17	65.01	318.17
Less: Payment to AAI – PV of recovery as on March 31, 2023 (refer Table 43)	E	644.17					644.17
Profit Before Tax	F=A-SUM(B:E)	(704.95)	(87.16)	123.54	509.52	646.15	487.11
Previous Loss Adjustment	G		-	123.54	509.52	180.97	814.03
Taxable profit	H=F-G	-	-	-	-	465.19	465.19
Tax rate (%)	I	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	J=H*I	-	-	-	-	117.09	117.09
Opening Losses	K	(21.92)	(726.87)	(814.03)	(690.49)	(180.97)	
Current period (loss)/profit	L=F	(704.95)	(87.16)	123.54	509.52	646.15	
Closing Losses	M=K+L	(726.87)	(814.03)	(690.49)	(180.97)	-	

- 12.5.8 As can be seen above, the tax decided by the Authority for TCP is ₹ 117.09 crores as against ₹ 114.21 crores (Refer Table 177) proposed at the Consultation stage. The revision is due to the consideration of actual aeronautical revenue for FY2023-24, revision of O&M expenses as per Table 168, and tax depreciation and interest expenses after considering the revised CAPEX as per Table 122, by the Authority.

12.6 Authority's decisions regarding Taxation for the Third Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to Taxation for the Third Control Period.

- 12.6.1 To consider the Taxation for the Third Control Period for Jaipur International Airport as per Table 178.
- 12.6.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the Fourth Control Period.

13 QUALITY OF SERVICE FOR THE THIRD CONTROL PERIOD

13.1 JIAL’s submission relating to Quality of Service

13.1.1 JIAL had submitted that it will abide by the ASQ performance indicators mentioned in Annexure I to Schedule H in the Concession Agreement.

Clause 23.7.1 of the CA states:

“The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council International (ACI) or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 out of 5.0 and/ or shall appear within top 20 percentile of all airports, in its category in the World in such survey within 5 years from the COD and maintain the same throughout the rest of the Concession Period.”

Clause 23.7.2 of the CA states:

“The Concessionaire shall, within 21 days of the end of each calendar quarter, provide to the Authority a written report on the results of the user survey of ASQ for the immediately preceding quarter, together with its analysis of the results and the action, if any, that it proposes to take for improvement in User satisfaction.”

13.1.2 JIAL had further submitted that adherence and maintenance of these standards will require creation of significant infrastructure, ramp-up of human resource and increase in operations and maintenance costs and that JIAL had considered the cost implications, while preparing future projections as part of its MYTP submission.

13.2 Authority’s examination regarding Quality of Service for the Third Control Period at the Consultation Stage

13.2.1 The Authority noted that:

- 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.”
- As per section 13(1)(a)(ii), the Authority was required to determine the tariff for Aeronautical services taking into consideration “the service provided, its quality and other relevant factors.”

13.2.2 The Authority noted that the ACI ASQ survey results for Jaipur International Airport for the FYs 2017 to 2020 had been in the range of 4.51 to 4.72 (overall score).

Table 179: ASQ rating for Jaipur International Airport for the years 2017-2023

Calendar Year	ASQ rating
2017	4.51
2018	4.57
2019	4.58
2020	4.72
2021 – Q1 & Q2	ASQ was not conducted due to lockdown on account of COVID-19 pandemic
2021- Q3	4.72
2021- Q4	4.94
2022 -Q1	4.89
2022- Q2	4.47
2022-Q3	4.87
2022-Q4	4.90
2023 -Q1	4.93



QUALITY OF SERVICE FOR THE THIRD CONTROL PERIOD

Calendar Year	ASQ rating
2023- Q2	4.95
2023-Q3	4.97
2023-Q4	4.97

13.2.3 The Authority reviewed the MoU between AAI and MoCA for the FY 2019-20 and noted that the ASQ rating target for FY 2019-20 was 4.68. As MoU for FY 2020-21 had not been signed due to COVID-19 pandemic, the Authority had considered the MoU target of FY 2019-20, which is 4.68. The actual ASQ rating achieved by Jaipur International Airport for FY 2019-20 was 4.72, which was higher than the target rating.

13.2.4 The Authority also noted that as per the Concession Agreement, JIAL was required to maintain an ASQ rating of at least 4.5 out of 5. In this regard, the Authority noted that JIAL had achieved ASQ rating for CY 2023 in the range of 4.93 to 4.97 which was above the prescribed rating of 4.5 as mentioned in the CA.

13.2.5 Based on the above factors, the Authority did not propose any adjustment towards tariff determination for the Third Control Period on account of quality of service maintained by the Jaipur International Airport.

13.3 Stakeholders' comments on Quality of Service for the Third Control Period

13.3.1 IATA's comments on Quality of Service are as follows:

- *The 'AERA Act' does explicitly state that determination of tariff by AERA will take into consideration "the service provided, its quality and other relevant factors".*
- *IATA would urge the Authority to ensure that service quality at the JIAL Airport over the duration of the Third Control period conforms to performance standards indicated in the Concession Agreement.*

IATA would thus request that the service quality metrics and performance of JIAL against those obligations, be made available by the AO.

13.4 JIAL's response to Stakeholder's comments

13.4.1 JIAL in response to IATA's comments on Quality of Service stated the following:

JIAL would like to submit that actual ASQ rating has reached up to 4.97 out of 5.0 as of CY 2023-Q4 which is already beyond the minimum performance standards indicated in the Concession Agreement as reproduced below:

"23.7.1 The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council International ("ACI") or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 (four point five) out of 5.0 (five) and/ or shall appear within top 20 (twenty) percentile of all airports, in its category in the world in such survey within 5 (five) years from the COD and maintain the same throughout the rest of the Concession Period."

Further, the Authority has duly noted the actual ASQ rating in its Consultation Paper. (refer para 13.2.4 of this Tariff Order) as below:

"The Authority also notes that as per the Concession Agreement, JIAL is required to maintain an ASQ rating of at least 4.5 out of 5. In this regard, the Authority notes that JIAL has achieved ASQ rating for CY 2023 in the range of 4.93 to 4.97 which is above the prescribed rating of 4.5 as mentioned in the CA."



JIAL has been and will continue to abide by the requirements of the Concession Agreement to provide necessary reports and information to the concessioning authority (ie. AAI).

13.5 Authority's analysis of stakeholders' comments on Quality of Service for the Third Control Period

13.5.1 The Authority notes IATA's comment on quality of service at airports and would like to draw the attention of IATA to the following clauses of the Concession Agreement:

Clause 23.7.1 of the CA states: *"The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council International (ACI) or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 out of 5.0 and/ or shall appear within top 20 percentile of all airports, in its category in the World in such survey within 5 years from the COD and maintain the same throughout the rest of the Concession Period."*

Clause 23.7.2 of the CA states: *"The Concessionaire shall, within 21 days of the end of each calendar quarter, provide to the Authority a written report on the results of the user survey of ASQ for the immediately preceding quarter, together with its analysis of the results and the action, if any, that it proposes to take for improvement in User satisfaction."*

The Authority also notes that as per the Concession Agreement, JIAL is required to maintain an ASQ rating of at least 4.5 out of 5. In this regard, the Authority notes that JIAL has achieved ASQ rating for CY 2023 in the range of 4.93 to 4.97 which is above the prescribed rating of 4.5 as mentioned in the CA.

13.6 Authority's decisions relating to Quality of Service for the Third Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to Quality of Service for the Third Control Period:

13.6.1 Not to consider any adjustment towards tariff determination for the Third Control Period with regard to Quality of Service of JIA.

13.6.2 JIAL should ensure that service quality at Jaipur International Airport conforms to the performance standards as indicated in the Concession Agreement over the Third Control Period.

भा.वि.आ.वि.प्रा.

AERA



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

14 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

14.1 JIAL's submission of ARR for the Third Control Period

14.1.1 JIAL had submitted ARR as presented in the table below.

Table 180: ARR submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Average RAB	498.35	521.85	901.60	1,539.95	3,762.55	
Fair Rate of Return	14.76 %	14.76 %	14.76 %	14.76 %	14.76 %	
Return on average RAB	73.54	77.00	133.04	227.23	555.20	1,066.02
Total O&M expenses (including interest on working capital & financing charges)	136.44	264.40	280.92	366.20	436.60	1,484.56
Depreciation	51.13	64.76	95.90	168.12	329.09	709.00
Tax expense	-	39.99	122.82	113.76	68.69	345.27
Less: 30% NAR	(4.65)	(4.66)	(4.67)	(4.67)	(4.68)	(23.33)
Add: True up for the period from COD till March 31, 2021	61.76					61.76
ARR per year (₹ Crores)	318.21	441.50	628.01	870.64	1,384.90	3,643.27
Discount factor (@ 14.76%)	1.00	0.87	0.76	0.66	0.58	
PV of ARR	318.21	384.73	476.89	576.12	798.58	2,554.53
Sum Present value of ARR (₹ Crores)			2,554.53			2,554.53

14.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the Third Control Period at the Consultation Stage

14.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by JIAL in computation of ARR in the table above, the Authority proposed to consider the regulatory building blocks as discussed in the above chapters.

14.2.2 The Authority noted that JIAL has on-going capital expenditure projects and other planned works, which have resulted in a higher ARR for the Third Control Period. Whereas the existing traffic base is not sufficient for the complete recovery of ARR in the current Control Period and this would require a significant increase in tariff. Further, a significant increase in Aeronautical tariff, is also attributable on account of the fact that the new Aeronautical tariff proposed by the Authority may be implemented only by the first quarter of next Financial Year, thereby resulting in only lesser tariff years being available for recovery of the ARR.

In this regard, the Authority drew reference to the guiding principles issued by the International Civil Aviation Organization ("ICAO") on charges for Airports and Air Navigation Services (ICAO Doc. 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of Airports and the Airport Users. This policy document categorically specifies that *caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operators and end users*. The said policy document also emphasizes on balancing the interests of airports on one hand and aircraft operators, end users on the other, in view of the importance of the air transport system to States. This should be applied particularly during periods of



economic difficulty. Therefore, the policy document recommends that States encourage increased cooperation between airports and aircraft operators to ensure that the economic difficulties facing them all are shared in a reasonable manner.

This may also be read in conjunction with the objectives of the National Civil Aviation Policy (NCAP) 2016, which intends to provide affordable and sustainable air travel for passengers/masses. As per para 12 (c) of the NCAP, "In case the tariff in one particular year or contractual period turns out to be excessive, the Airport Operator and the Regulator will explore ways to keep the tariff reasonable and spread the excess amount over the future." The above has also been conveyed by AERA vide its Order No. 14/2016-17 dated January 12, 2017.

Further, it is pertinent to note that considerable investments in capacity had already been made which would be sufficient for the foreseeable future. Therefore, the subsequent control periods are expected to witness lower capital expenditure requirements while catering to a larger traffic base.

Determination of Aeronautical charges and UDF requires a delicate balance between cost recovery and its potential impact on air traffic demand. This balance is crucial for the financial viability of the airport and its ability to sustain operations while also ensuring that the tariffs remain competitive enough to attract and retain airlines and passengers. Therefore, the Authority, based on the Tariff Rate Card to be submitted by JIAL would decide the balance between cost recovery and its potential impact on air traffic demand.

Air Freight Station (AFS)

14.2.3 The Authority noted the Policy Guidelines on 'Air Freight Station' (AFS) issued by MoCA in October 2014. This Policy shall create an off Airport Common User facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations with a mandate to enable the Cargo Industry as follows:

- Off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/ export goods, loaded and empty Unit Load Devices (ULD) and Cargo in bulk/ loose for outright export.
- Create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the Country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
- Authorizing some of the Inland Container Depots (ICD) to cater to the International Air Cargo operations, the existing facilities in these ICDs could be fully utilized.

14.2.4 The Authority noted that the above Policy Guidelines on AFS has larger national intent, and it aims to strengthen and develop air cargo logistics in the Country and the same is expected to reduce the bottlenecks in air cargo logistics and help in ease of doing business, particularly for exporters.

14.2.5 The Authority directed JIAL to submit a separate tariff rate in case the cargo is received from the approved AFS and factor it in the Tariff Rate Card.

14.2.6 The Authority also sought comments from the stakeholders on application of tariff on AFS Cargo, as the Authority felt that the tariff on AFS Cargo should be significantly lesser than the tariff levied on the General Cargo.

14.2.7 After considering the above, the Authority, at the consultation stage, proposed the following ARR and YPP:



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

Table 181: ARR proposed by the Authority for the Third Control Period at Consultation stage

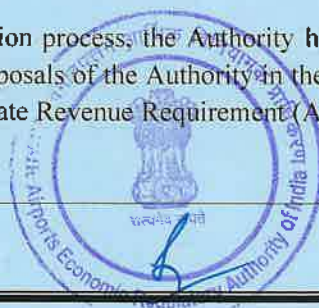
(₹ Crores)

Particulars	Table/ Para Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Average RAB (A)	Table 120	508.21	552.75	819.34	1,232.29	1,394.50	
Fair Rate of Return (B)	Table 129	12.21%	12.21%	12.21%	12.21%	12.21%	
Return on average RAB (C= A*B)		62.07	67.51	100.07	150.51	170.32	550.48
O&M expenses (D)	Table 166	129.12	150.75	191.38	253.10	304.46	1,028.82
Depreciation (E)	Table 118	25.82	35.94	56.03	86.56	110.42	314.78
Taxation (F)	Table 177	-	-	-	9.69	104.52	114.21
Add: PV of Under-recovery of AAI as on March 31, 2023 (G)	Table 43	644.17					
Add: PV of Under-recovery of JIAL as on March 31, 2023 (H)	Table 67	32.97					
ARR (I = SUM (C:H))		894.16	254.20	347.48	499.86	689.73	2,685.43
NAR (J)	Table 174	16.30	24.03	37.31	55.03	61.91	194.58
Less: 30% NAR (K)		4.89	7.21	11.19	16.51	18.57	58.37
Net ARR (L = I - K)		889.27	246.99	336.29	483.35	671.16	2,627.05
Discount factor (@ 12.21%) (M)		1.00	0.89	0.79	0.71	0.63	
PV of ARR/ Target Revenue as on 31 March 2023 (N=L*M)		889.27	220.11	267.07	342.08	423.29	2,141.82
Sum Present value of ARR (O)				2,141.82			
Total Traffic (million passengers) (P)	Table 79			35.13			
Yield per passenger on Total Traffic (YPP) (₹) (Q=O/P)				609.74			
Total Departing Passenger traffic (R)				17.56			
Yield per Departing Passenger (₹) (S=O/R)				1,219.48			

14.2.8 The Authority noted that, it is necessary to have the individual year wise tariff card laying down the different aeronautical charges and the workings for the aeronautical revenues, in order to have a constructive stakeholder discussion and hence JIAL was directed to submit the detailed Annual Tariff proposals in line with the ARR and Yield arrived at by the Authority within 7 days of issue of this Consultation Paper.

14.3 Stakeholders' comments on Aggregate Revenue Requirement (ARR) for the Third Control Period

14.3.1 During the stakeholders' consultation process, the Authority has received comments/views from the stakeholders in response to the proposals of the Authority in the Consultation Paper 26/2023-24 dated 11th March 2024 regarding Aggregate Revenue Requirement (ARR) for the Third Control Period. The



comments of the stakeholders are presented below.

JIAL's comments on Aggregate Revenue Requirement for the Third Control Period

14.3.2 In response to the Authority's proposals relating to carry forward of some portion of ARR at the consultation stage, JIAL has provided following comments:

We request the Authority to take cognizance of the following facts:

Investment mobilization through Privatization

- *In the last 30 years investments of approx. Rs. 790 Crs has been made in the Jaipur Airport.*
- *Considering the potential demand and operational requirements, AAI planned for the expansion of terminal in FY2020-21 which was allowed by the Authority on incurrence basis in the tariff order for SCP. The same project is also mandated under Schedule U of the Concession Agreement.*
- *JIAL has earmarked various investments including but not limited to what was envisaged by AAI, and it is mobilizing investments of approx. Rs 6,000 crores during the control period.*

Financial Position of the Airport

- *Jaipur Airport has been incurring losses since privatization. JIAL has incurred losses in FY22 and FY23 totaling ~Rs. 182 Crs. JIAL is likely to incur losses of Rs. 180 Crs in FY24.*
- *There are certain obligations under the Concession Agreement which are to be met like payment of Adjusted Deemed Initial RAB to AAI, reimbursement of select employee salaries to AAI, monthly concession fees payments to AAI, maintenance of service standards for operation and development. Out of total ARR proposed of NPV Rs. 2,142 Crs, approx. 30% (Rs. 644 Crs) relates to true-up amount for AAI.*
- *The existing debt of the company is based on cash flow assumptions including full recovery of the ARR. In case it does not happen, the credit profile of the company will further erode, and it will have cascading impact leading to higher cost of debt. This will ultimately translate into a higher FRoR.*

Unservd Consideration

- *In the proposed CP, substantial amounts relating to justified projects like New Terminal and other operational expenditure are already proposed on actual incurrence basis without taking its impact in current ARR. It is expected that YPP in the next control period will be equal or more than the proposed YPP in the CP. Therefore, any shortfall in recovery of ARR is not going to serve any purpose other than causing undue cash flow burden to JIAL.*

Further the shortfall in recovery amount is to be trued-up along with carrying cost in the next control period which will also be higher burden on the passengers.

Economic and viable operations

As per AERA Act 2008, Clause 13 (a) (iv) Functions of Authority, the Authority need to consider the economic and viable operations of the Airport while determining the tariffs.

Latest TDSAT judgement dated 14th February 2024 for HIAL. Refer Para 489 to 492

489.No such direction has been issued by Central Government under Section 42 of the AERA Act, 2008, in consonance with NCAP, 2016. Moreover, eligible ARR has been determined by AERA itself in



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

accordance with AERA Guidelines, 2011, and, therefore, it cannot be said to be "excessive". Thus, para 12(c) of NCAP, 2016, does not permit AERA to postpone the partial recovery of Aggregate Revenue Requirement (ARR) for the next Control Period.

490. It is also to be kept in mind that ARR is to be utilised on capital expenditure projects undertaken by the Airport Operator. There is a systematic operation of work and operational expenditures which can be recovered through the levy of regulated charges determined by AERA and, therefore, the recovery of ARR in a given Control Period is necessary for economic and viable operation of major airports.

491. Moreover, looking to Section 13(1)(a)(i) of the AERA Act, 2008 mandates AERA to determine tariff for aeronautical services taking into consideration the "Capital Expenditure incurred and timely investment in the improvement of the airport facilities". There is also violation of Tariff Guidelines Clause 6.2 by AERA if postponement of recovery of ARR is allowed because "Y, Yield per Passenger, calculated by AERA must be equal to ARR divided by Volume estimated in the tariff year.

492. Meaning thereby to if the recovery of part of ARR is to be postponed, there will be mismatch of ARR and "Y". We, therefore, quash and set aside the decision of AERA to postpone the part of recovery of ARR in the next Control Period and direct AERA to allow Airport Operator to recover ARR during the Control Period.

In light of the above, we earnestly request the Authority to allow full recovery of ARR. In the case full recovery of ARR is not allowed it will jeopardize the efficient operations of the Airport and adversely impact the ability of AO to mobilize funds to meet required Capital Expenditure. Further non-recovery of full ARR will create litigation issues with concessioning authority i.e. AAI as ARR includes 30% of AAI true up.

14.3.3 In response to the Authority's proposal on Tariff Rate Card, JIAL has submitted the following response:

The tariff card was submitted to the Authority on 18th March 2024 and subsequently published by the Authority vide Public Notice No. 38/2023-24 dated 18th March 2024.

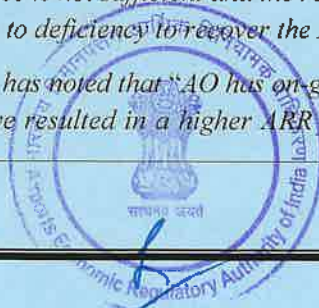
We request the Authority to make suitable adjustments in the ARR after considering the impacts of the requests raised in this document.

In the tariff card we have requested, and we re-iterate that "the tariff card has multiple variables like concession agreement obligation to pay true-up to AAI which is almost 30% of total ARR and final ARR amount, mix of tariff structure (Landing Charges vs UDF) and effective date of new rates. We therefore request the Authority to kindly provide JIAL an opportunity to discuss the ATP, once the final ARR is determined."

Other Stakeholders' Comments regarding ARR for the Third control Period

14.3.4 FIA's comments regarding increase in tariff are as follows:

- We appreciate that AERA holds a considered view that stakeholders should not be burdened with significant increase in the Aeronautical tariff arising on account of the increasing capex projects whereas existing traffic base is not sufficient and the recovery of ARR is to be done in less years of this control period, or due to deficiency to recover the ARR on account of higher O&M expenses.
- It is submitted that, AERA has noted that "AO has on-going capital expenditure projects and other planned works, which have resulted in a higher ARR for the Third Control Period. Whereas the



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

existing traffic base is not sufficient for the complete recovery of ARR in the current Control Period and this would require a significant increase in tariff, which in the present times is likely to adversely impact the recovery of air traffic.”

- Further, AERA has also observed and considered the “guiding principles issued by the International Civil Aviation Organization (ICAO) on charges for Airports and Air Navigation Services (ICAO DoC 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of Airports and the Airport Users.”
- This policy document categorically specifies “that caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operators and end users”. This should be applied particularly during periods of economic difficulty (i.e., airlines incurring adverse financial impact post Covid-19).

FIA requests AERA that, keeping in view the adverse financial health of the airlines as mentioned in this letter, no tariff shall be increased for this control period.

14.3.5 FIA's comment regarding AFS Cargo Tariff is as follows:

The tariffs on the AFS cargo should be significantly lesser than the tariff levied on General cargo.

- AFS should have 50% or lesser rates from the Terminal.
- Processing of such Cargo may be considered for direct access to the Aircraft, thereby avoiding the charges levied by Custodian.
- Subsidize and incentivize a certain % of cargo tonnage processed out of AFS for better sustainability to Airlines, this may boost further AFS stations in terms of revenue as well.

14.3.6 FIA's comment on Tariff rate card are as follows:

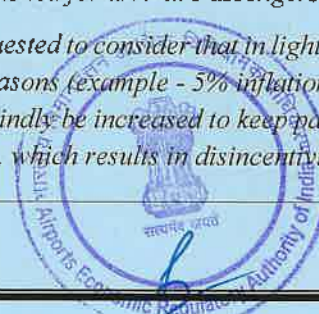
In accordance with the preamble of the National Civil Aviation Policy, which envisages to make air travel affordable and sustainable, AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned above which is likely to reduce the ARR. This will further ensure the lowering of tariff including UDF, which will be beneficial to passengers and airlines. It is in the interest of all the stakeholders that the proposed excessive hikes in the tariffs be reduced and also in order to encourage middle class people to travel by air, which will help in sharp post-COVID-19 recovery of aviation sector. It is the stated vision of the government to make UDAN (“Ude Desh ka Aam Naagrik”) a reality and this can only happen if we have the lowest possible cost structure, such that we can bring more and more people to airports to travel by air.

In addition, we request AERA and JIAL to clarify the following:

1. **Ref: Notes to User Development Fee (UDF) Charges:**

Collection Charges: We would like to invite AERA's attention to notes 1 of UDF charges in the Public notice 38/2023-24, wherein the rate of collection of UDF charges has been proposed to be reduced by JIAL from the current Rs. 5.00 per embarking passenger to Rs. 2.50 per embarking passenger. As airlines have not agreed to this reduction, we request AERA to consider the collection charges to be reverted to Rs. 5.00 embarking passenger, in line with other Airports. Collection charges also need to be published for arrival Passengers as well.

Further, AERA is kindly requested to consider that in light of the increasing administrative expenses due to inflation and other reasons (example - 5% inflationary / administrative increase each year), the collection charges may kindly be increased to keep pace with the proposed increase in UDF, as airlines only get a fixed rate, which results in disincentivizing the airlines.



a) Ref: Notes to User Development Fee (UDF) Charges:

We further request that in the Collection Charges, the entitlement by airlines for the same may kindly be against JIAL having received the 'undisputed' invoiced UDF amount within the applicable due date.

- i. Disembarkation: - JIAL has also proposed UDF charges on disembarkation as well at the Airport. AERA is requested to kindly review this trend as this will be discouraging for passengers to take flights to Jaipur because of the increase in total cost to fly to Jaipur.

Hence, it is submitted that the Authority keeping in view the principles of efficiency and reasonableness should not allow the UDF collection charges on disembarking passengers as proposed in the CP.

- ii. UDF effective from 1st April 2024 to 31st March 2027.

Query: Will the above UDF effective date shall be considered as Travel date or sale date or both-travel and sale date?

Comment to No. 1. of Collection Charges: Please note that the same is paid by airport operator to airlines separately after airlines raises an invoice against the same as a standard industry practice. We request the same practice is applied.

- iii. AERA is kindly requested to clarify the applicability of UDF. It may be noted that due to addition of word "Domestic Flight" and "International Flight" in the UDF Rate chart, it seems that AERA has proposed rates for "per embarking passenger on a domestic flight/International flight" and "per disembarking from a domestic flight/international flight". Hence, it appears unclear as to whether it will be charged on per passenger or per flight basis, as UDF is applied on a per passenger basis i.e. for embarking passengers. However, there are corresponding references of domestic and international flights. Further, this clarity is imperative for connecting flights i.e., in cases, where one leg of the flight is domestic, and the other is international or vice versa.

To illustrate: For a passenger with connecting flight from one domestic station to another domestic station with final destination to international station (i.e., JAI-DEL-DXB), clarity is required whether the UDF will be charged as per domestic flight or international flight.

- I. Will it be considered as a domestic passenger for the route of JAI -DEL-DXB (which means domestic UDF rate applicable on this passenger) or
- II. Will the passenger be charged international rates of UDF as per the PNR/Ticket, as the final destination is international?
- III. There is no mention of Collection charges for PSF in the MYTP submitted by the Airport operator. In the event the PSF is subsumed in the UDF, then airlines may kindly be eligible to claim collection charges at 2.5% of PSF per passenger, as being done currently. If PSF is not subsumed in the UDF, then current practices may kindly be continued.
- IV. It is requested to define the applicability or exemption of any of the tariff charges pertaining to RCS Flights which have been excluded.
- V. AERA is kindly requests to add the following exemption to maintain uniformity, as also mentioned under Directorate General Civil Aviation ('DGCA') AIC No.14/2019 dated 16.05.2019, DGCA AIC No.06/2023 dated 29th April 2023 and other tariff orders such



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

as for Ahmedabad Airport Order no.40/22-23 for Third Control Period:

"(g) Passenger departing due to involuntary re-routing i.e. technical problems or weather conditions."

In view of the above, we request AERA to include the above-mentioned exemption in the final order, as airlines do not collect these charges from passengers, however, are being liable to pay the same to airport operator.

Note 3 to UDF Charges "3. UDF (Domestic / International) will be determined and levied based on ultimate destination in particular ticket / PNR."

It may be noted that, that it appears that implication of UDF will be determined on the basis of ultimate destination. However, we request JIAL to clarify that this will only be applicable in case of embarking passengers and not Disembarking passengers.

2. CUTE, CUPPS, CUSS:

As these are aeronautical revenues, we could neither find a proposal for the same in the MYTP submitted by the JIAL for the Third Control Period, nor any comment by AERA on regulating these charges in the CP for the Third Control Period. We would like to state that:

i. *The current prices are excessive. Please note that the AAI tariff for the same services at 44 airports is Rs 35.05 per passenger which is much lesser than private entities. AAI chose a service provider based on a public reverse auction mechanism. As such the tariff of USD 0.90 per passenger at JIAL is too high, it should be same and in-line as at other AAI airports since all services provided in this regard are same.*

Please note that the high fees set a precedent for other private airports hence it is important to bring down the rate to be in line with tariff at AAI airports.

ii. *Whatever bouquet of services is agreed between JIAL and the service provider, this is enforced upon the airlines.*

iii. *the airlines have no say on the prices (unbundling), even if the airlines do not require all the services; and*

iv. *the rates are in foreign currency at certain airports, making airlines vulnerable due to currency fluctuations. The same may kindly be published and applied in Indian currency only.*

v. *there are differential CUTE charges for international and domestic pax without any substantial rationale, since the ICT/CUTE services used are same for both types of customers. Hence there should be only one uniform CUTE charge for domestic and international both passengers.*

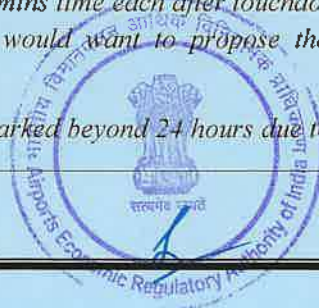
AERA is kindly requested to intervene and kindly regulate the CUTE, CUPPS, CUSS prices per the AERA Act, with transparency to all stakeholders.

3. Parking Charges effective from 1st April 2024 to 31st March 2027

i. *"5. Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre. (AOCC)."*

Query: As per standard practice, 15mins time each after touchdown and before takeoff of aircraft is provided as an exemption. We would want to propose the same industry practice to be implemented here.

ii. *"7. In case of an aircraft being parked beyond 24 hours due to technical or any other reasons,*



the parking charges shall be levied on a weekly basis in line with the governing tariff order."

Query: Please clarify which governing tariff order is being mentioned above. Please provide the corresponding rate card.

iii. "6. For calculating chargeable parking time, part of an hour shall be rounded off to the next hour" It is submitted that for calculating chargeable parking time, part of an hour shall be rounded off to nearest hour.

4. Variable Tariff Plan for Scheduled Passenger Airline

i. "New Route: A flight to a new destination that is currently unserved from Jaipur by any airline already operating at Jaipur. (Destination must be unserved for the previous 24 months)"

Query: We understand "Unserved" means no scheduled operations. Please confirm.

5. AERA to review our comment at Sr. No. 4 (Traffic) above.

6. FIA observed that there is no mention of Aviation Security Fee ("ASF") in the Annual Tariff proposal by JIAL. In this regard, we request AERA to take note of the AIC 09/2021 dated 19th March 2021 and to state the levy, exemption, and collection charges on ASF to JIAL.

7. Landing charges:

a) AERA has proposed to increase the Landing Charges for all flights between 192% to 505% approx. from the existing charges. We request AERA to kindly consider rationalising the same.

Note 6 (a) to Landing Charges: We request AERA further clarification on unscheduled flights operated by domestic scheduled operator as the same are currently being charged by PIA. There should be a clarification to this effect since the exemption is provided to domestic scheduled operators and not restricted to only schedule operations by them.

14.3.7 FIA's comment regarding Shrinkage of control period is as follows:

FIA 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 JIAL - Third Control Period, will now be issued after the commencement of the Control Period i.e., 1 April 2022

We submit that cost of operations for the airlines are increasing continuously every year and airlines are incurring losses in the current challenging scenario, even while airport operators have an assured rate of return on their investment. At the same time, it is projected by most agencies that over 1,200 new civil aviation aircraft will be inducted by airlines in India over the next 5 years. While economies of scale are a big factor for the airlines to keep the cost of operations low, this applies to airport operators as well. With the huge increase in aircraft, there is bound to be huge benefits for the airport operators as well due to economies of scale.

Hence, we request AERA to conduct a study of the passengers and air traffic at selected airports taking data over the past 20 years wherein it may please be made transparent as to what is the cost of one take off separately to the airport operator and an airline, for various class of aircraft, at a periodicity of every 5 years (excluding the pandemic times period).



It is felt that cost of business is simply passed on to the airlines by some airport operators, as it appears that there are multi layered companies undertaking various activities at the same airport, which not only add to the cost of doing business, but also force airlines to pay tax on tax for availing services through multilayered companies. This study will then make it evident who is actually bearing the cost of doing business at the airport, and whether the same is justified.

14.3.8 FIA's comment regarding Royalty is as follows:

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 the airport are as high as up to 45% 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 humbly urge AERA to abolish such royalty which may be included in any of the cost items.

14.3.9 IATA's comment regarding tariff rate card is as follows:

IATA would urge that the steep increase in landing charges being sought by the airport operator be moderated by the Authority.

14.4 JIAL's and AAI's responses to Stakeholders' comments regarding ARR for the Third Control Period

14.4.1 In response to FIA's comments regarding increase in tariff, AAI submitted that:

AERA has considered O&M expenses of ₹ 520.15 Crores only as against ₹ 595.50 Crores submitted by AAI for the true up period (refer page no. 55 and 63 of the CP) (refer Table 33 of this Tariff Order).

14.4.2 In response to FIA's comments regarding increase in tariff, JIAL submitted that:

There is no adjustment of RAB after the COD. Calculations done by the Authority in para 4.15 are in order to give effect to provisions of the Concession agreement which mandates the present value of the "Adjusted Deemed Initial RAB" to be paid by AO to AAI. Relevant clause of the Concession agreement is reproduced below:

"The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB."

W.r.t. FIA's comment on para 14.2.2, we request to refer the comments mentioned under point no. 1.8, 1.10, 1.19 and 1.44 below. (Refer paras 7.8.1, 10.4.5 and 14.4.5 of this Tariff Order).

14.4.3 JIAL's response to FIA's comment regarding AFS Cargo Tariff is as follows:

The rates proposed by FIA are without any scientific study. The Authority has already done a detailed examination of the matter in tariff determination of other ISPs.

14.4.4 JIAL's response to FIA's comment on Tariff rate card are as follows:

JIAL appreciates the vision of the Government to introduce UDAN scheme. We will continue to abide by all the orders of the Authority to boost regional connectivity whereby no landing charges are charged to Airlines and no UDF is charged to the departing passenger.

1. Ref: Notes to User Development Fee (UDF) Charges:

Collection charges:

Collection charges paid to airlines is pass through expense for airport operator. Reduction in collection charges is in the interest of all airport users. W.r.t. FIA's comment on collection charges for arrival passengers, the same is duly mentioned in the ATP submitted by JIAL.

As approved by the Authority for other airports, airlines' entitlement to collection charges should only be against full and timely payment of all outstanding dues.

Disembarkation:

Airport charges or revenues are drawn from Aggregate Revenue Requirement (ARR) determined based on various regulatory building blocks.

In the present case, true up value for AAI of approx. Rs. 644 Cr pertains to the pre-COD period which accounts for almost 30% of overall ARR.

JIAL has proposed levying some portion of UDF on disembarking passengers which will help in reducing the Aeronautical tariff determined towards Landing charges.

This process may also help in recovering ARR for this Control Period and put lesser burden on the Airlines and other Airport Users. Further, Airport facility is used by both embarking and disembarking passengers. However, the facility used by disembarking passengers is comparatively less as compared to those used by embarking passengers. Hence, comparatively a lesser amount of UDF is proposed for disembarking passengers.

Keeping in view the above, in the recent past, the Authority has approved levying UDF on disembarking passengers in case of brownfield airport like Mangaluru and greenfield airport like MOPA.

In case the Authority agrees with the suggestion of FIA for not levying any UDF on disembarking passengers, we would request the Authority to adjust the same by suitably increasing the UDF of Embarking passengers and/or Landing Charges.

UDF effective from 1st April 2024 to 31st March 2027:

Reference is invited to the ATP submitted by AO wherein the UDF effective dates are clearly indicated without any scope of varied interpretation.

Simply put, old UDF charges as per SCP order will continue till the effective date of TCP tariff order. From the effective date of TCP tariff order, UDF charges of respective year will be levied based on travel date.

As per recent orders approved by the Authority, revised UDF charges are applicable on tickets issued on or after the effective date of tariff order. We request similar practice may be followed for JIAL as well.

Comment to No. 1. of Collection Charges: Once JIAL receives the UDF amount within the due date as mentioned in the invoice; and there are no overdue on any account with JIAL, the collection charges due to the Airlines will be paid as per due dates mentioned on the invoice. However, no collection charge shall be payable by JIAL to the airline if the airline fails to make UDF invoice payment within the aforesaid applicable time limit/credit period. This is as per the existing provisions made in the Authority's order for other airports.

AERA is kindly requested to clarify the applicability of UDF:

(I & II)

The clarity requested by FIA w.r.t. UDF charges (either on per flight basis or per passenger basis and for connecting flights) is already mentioned in ATP submitted by JIAL.

However, in order to avoid any ambiguity, we would like to mention here again that:

- UDF rates mentioned in the ATP are to be considered as "Per Passenger" charge.
- UDF on embarking passengers will be charged based on the final destination where the passenger will disembark. For example, international rates of UDF will be applicable in the case of JAI-DEL-DXB.

(III) When JIAL took over the operation in Oct-2021, there was only UDF in the tariff card and no PSF (facilitation) was mentioned in the then prevailing rate card. The same tariff card is carried forward by JIAL with the necessary approval of the Authority. As the PSF (FC) charges are subsumed in tariff and not collected separately from passengers. Hence, the question of collection charges on the same doesn't arise.

(IV) The exemption pertaining to RCS flights is already mentioned in the ATP submitted by JIAL as below:

"Flights operating under Regional Connectivity Scheme will be 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 the GOI as amended from time to time."

(V) Reference is invited to the ATP submitted by AO wherein the said point is already mentioned.

It is hereby clarified that UDF for disembarking passengers will be levied based on the original source in particular ticket/PNR. i.e., In case of DXB-DEL-JAI, international rates of UDF for disembarking passengers should be applied.

2. CUTE, CUPPS, CUSS:

At JIAL, the CUTE/CUPPS/CUSS (CUTE) charges are levied by third party concessionaire who in turn shares certain portion of these charges with JIAL. JIAL is not directly charging the users. The arrangement was existing before COD when AAI was operating the Airport, and it is novated to JIAL from COD onwards as per terms of the CA.

It is clarified that CUTE revenue has been considered Aeronautical and it has been suitably accounted for while determining the tariff card. Therefore, other aeronautical charges like landing, UDF etc. calculated to provide the recovery of ARR, as provided in the tariff card are arrived after reducing contribution of revenues from CUTE services from eligible ARR.

In simple terms, Present value of eligible ARR = Present value of Aeronautical Revenues other than revenues from CUTE services + Present value of revenues from CUTE services.

Any reduction in revenues from CUTE services will increase landing/parking charges by that amount

as the ARR to be recovered is a fixed number.

In view of the above, we feel that there is no need for the Authority to intervene.

3. Parking Charges effective from 1st April 2024 to 31st March 2027

- i. On Block and Off Block time are much cleaner to monitor and is more relevant from a true parking time perspective unlike touch-down / take-off which is highly variable in nature.
- ii. Reference is invited to the ATP submitted by AO wherein it refers to "this tariff order". Also, "governing tariff order" does not find any mention in the ATP submitted by AO.
- iii. We have found "Next hour" is a standard in tariff card for all Airports like BIAL, HIAL and AAI Airports. The statement was existing in the previous tariff card for the Jaipur Airport which was approved by the Authority when the Airport operations were managed by AAI.

4. Variable Tariff Plan for scheduled Passenger Airline:

The same is already duly clarified in the ATP submitted by JIAL as below: "For removal of doubts, "Unserved" would mean "No Scheduled Operations"

6. We would like to clarify that Aviation Security Fee (ASF) is charged by National Aviation Security Force Trust (NASFT) and not by JIAL. Payment is made directly by airlines to NASFT. JIAL is not involved in Levy, exemption and collection charges on ASF.

7. Landing charges:

- a) Rates for Landing Charges, Parking Charges, UDF and other Aeronautical revenues are determined to achieve an overall ARR of approx. Rs. 2,142 Cr. Any change in any of the rates of aero revenue would have corresponding reverse effect on the other rates. And hence, in case Landing charges are reduced by the Authority, the corresponding increase to offset the differential revenue has to be met through UDF or other Aero revenues.

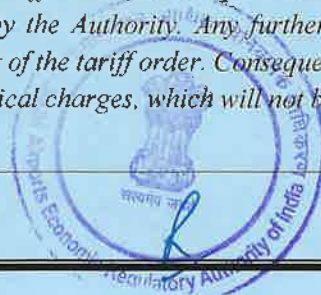
As per the existing circular from MoCA, scheduled operations of less than 80-seater aircraft are exempt from landing charges. The non-scheduled operations irrespective of the operator doesn't fall under this category. In case the exemption for the same is considered appropriate by the Authority, the corresponding effect should also be duly noted and considered in calculation of billable traffic and other revenues.

14.4.5 JIAL's response to FIA's comment on shrinkage of control period is as follows:

It is to be noted that JIAL started commercial operations from 11th October 2021. As per clause 28.11.1 of the CA, JIAL shall have not less than 365 days from the COD to seek revision of the Aeronautical Charges from the Authority. The existing tariffs are extended till 30th September 2024 or till the determination of tariff for Third Control Period. JIAL had submitted its MYTP to the Authority on 22nd April 2023 and complied with provisions of CA.

In view of the detailed exercise for review and rationalization of O&M expenses already conducted by the Authority, we feel that there is no need to conduct any such study relating to O&M expenses.

Further, It is noted that FIA has requested for independent studies on various building blocks without any substantial evidence-based feedback as part of their comments for individual building blocks. We would like to humbly submit that the tariff determination process has already been through various levels of due diligence and scrutiny by the Authority. Any further studies would entail longer due diligence time, thereby further delaying of the tariff order. Consequently, the tariff recovery period will reduce further with increased aeronautical charges, which will not be in the interest of any stakeholder



including airlines.

14.4.6 JIAL's response to FIA's comment on royalty is as follows:

In case of JAI, there is no royalty or concession fee which will be recovered in case of cargo and fuel activities as these facilities will be managed and operated by Airport Operator only. As far as royalty of 45% on Ground Handling (GH) activity is concerned, we would like to state GH is an aeronautical service. Abolition or reduction in royalty will result in an increase in other aeronautical charges like Landing, Parking and UDF as ARR of AO as determined by the Authority is fixed. Further, we would like to state that selection of concessionaire through competitive bidding based on highest revenue share is common industry practice being followed by various airports in India and World.

14.4.7 JIAL's response to IATA's comment on royalty is as follows:

In order to avoid repetitions on this matter, please refer to our remarks in point 1.42 (refer para 14.4.4 of this Tariff Order) above as counter on FIA's comments.

14.5 Authority's analysis of Stakeholders' comments on ARR for the Third Control Period

14.5.1 The Authority has noted the comments of the AO regarding carry forward of some portion of the ARR and has the following views:

- The Authority notes JIAL comment stating that a total of Rs. 790 Crores has been incurred over the last 30 years. The Authority notes that comparing the amount spent over the last 30 years with the present scenario is not appropriate. For instance, the Authority notes that the Terminal Building was constructed at that time at a cost considerably less than the base cost of Rs. 2476 crores submitted by JIAL for the construction of the new terminal.
- The Authority notes that the AO has on-going capital expenditure projects and other planned works, which have resulted in a higher ARR for the Third Control Period. The Authority 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 would create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period.
- The Authority is also cognizant of the fact that there are certain obligations under the Concession Agreement, which need to be fulfilled by the AO.

Based on the above considerations, the Authority has decided not to carry forward any portion of the ARR to the next Control Period.

14.5.2 With respect to JIAL's comment relating to Tariff Card for TCP, the Authority would like to state that based on the Authority's decisions regarding the various regulatory building blocks, the ARR has been re-computed by the Authority and necessary adjustments have been made to the tariff rate card. The Authority also notes the comments of the AO on providing an opportunity to discuss the ATP as per the finally approved ARR. The Authority hereby clarifies that it is a uniform practice followed by AERA in all PPP airports, wherein the Authority analyses the comments from all the stakeholders, the counter comments of the AO, and then finalises the tariff rate card.

14.5.3 The Authority has noted FIA's comment on increase of tariff as given in para 14.3.4. The Authority has also examined counter comments from JIAL and AAI on the same in para 14.4.2 and para 14.4 respectively. Further analysis on the comments and counter comments by the Authority is detailed in para 14.5 and 14.5.5.

Air Freight Station (AFS)

14.5.4 The Authority has noted comments of FIA on AFS Cargo and that the tariff of AFS Cargo should be lesser than that levied on General Cargo and the response of the AO. As for the cargo handling rates for



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

AFS Cargo, the Authority has drawn inference from the Policy guidelines on 'Air Freight Station' (AFS) issued by Ministry of Civil Aviation (MoCA) in October 2014. This Policy shall create an off airport common user facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations with a mandate to enable the Cargo Industry as follows:

- Off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/export goods, loaded and empty Unit Load devices (ULDs) and cargo in bulk/loose for outright export.
- Create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
- Authorizing some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs could be fully utilized.

The Authority notes that the above Policy Guidelines on AFS has larger national intent and it aims to strengthen and develop air cargo logistics in the Country and the same is expected to reduce the bottlenecks in air cargo logistics and help in ease of doing business, particularly for exporters. AERA supports the progressive step taken by the Government of India to improve the air cargo logistics in the Country.

Further, at the Consultation stage (refer para 14.2.5 of Tariff Oder), the Authority had directed the AO to submit a separate tariff rate in case the cargo is received from the approved AFS and factor it in the Tariff Rate Card. However, the Authority notes that the AO has not submitted a separate tariff rate for the Cargo received from an approved AFS, in its Tariff Rate Card.

The Authority notes that pursuant to the operationalization of AFS facility in future, some of the cargo handling activities, which in normal course are performed by the CTOs/Airport Operator at their Cargo Terminals at JIA, will get shifted to AFS facility as detailed below:

Acceptance of Cargo from the Shippers/Agents.

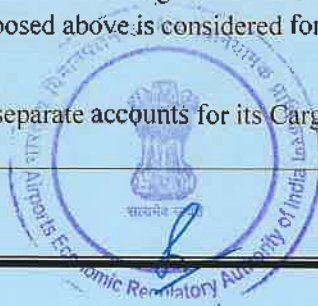
Palletization, Unit Load Device (ULD) build-up for export cargo.

X-ray scanning of export cargo & compliance of BCAS & Customs regulatory norms.

In view of the above, the Authority notes that the handling of AFS Cargo in palletized form at city side of Cargo Terminal is comparatively less cumbersome than processing the cargo coming in loose packets from different shippers/agents. Further, AFS Cargo is likely to be held at the Airport's Cargo Terminal for a shorter duration due to lesser processing activities involved. The AO/CTO is expected to save on processing time and lower deployment of manpower in respect of AFS Cargo, resulting in cost savings while handling AFS Cargo.

The Authority, after considering the above and taking cognizance of the intent of MoCA's AFS Policy dated 28th October 2014, to encourage the concept of AFS Cargo in the country, as a step towards improvement of air cargo logistics, has concluded that though in case of AFS Cargo, many of the activities, similar to handling in general cargo are still to be performed by the CTOs but those are not to the extent as performed for General Cargo (cargo directly handled by Airport Operator/CTOs). In this background, 30% lower TSP charges for AFS cargo have been kept after a thorough examination of the facts on the ground. The 30% proposed above is considered for the initial years. The same would be reviewed once the scheme matures.

The Authority directs JIAL to maintain separate accounts for its Cargo Handling and Fuel services and



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

submit Annual Compliance Statement (ACS) for each accounting year (ending on 31st March) as per AERA CGF Guidelines.

14.5.5 The Authority has reviewed both FIA's and JIAL's comments with regards to the Tariff Rate Card.

The Authority notes that it has to balance the interest of all stakeholders and also ensure that the rates determined are not excessive. The Authority accordingly decides to balance the interest of the stakeholders and determine the rate card.

The Authority has, as part of the tariff determination exercise, rationalized the regulatory building blocks such as CAPEX (rationalizing the cost of the capital projects, rationalizing the Terminal Building ratio etc.), O&M expenses, Non-Aeronautical Revenues etc. submitted by the AO for the Third Control Period.

It is pertinent to note that the new Aeronautical tariff is implemented from August 1, 2024, thereby resulting in less than three (3) tariff years being available for recovery of the ARR.

The Authority has thus revised the tariff rate card proposed by the AO, by increasing the Aeronautical tariff in a progressive manner after making the necessary revisions in the regulatory building blocks based on detailed analysis as given in the relevant paras of the Tariff Order. AERA would like to state that the proposed tariff card submitted by AO is not the final decision of the Authority and is purely to aid the consultation process so that Stakeholder may have a better understanding of the potential changes in tariff while preparing the responses. The Authority does its own due diligence with respect to the same and the tariff rates have been finalized based on the comments of all the Stakeholders. The Authority has ensured a balanced approach so that no Stakeholder benefits at the expense of others.

The Authority also notes the ICAO guiding principles on Non-discrimination and simplicity as fundamental features in the Tariff Card.

14.5.6 With regard to the comments of FIA and the response of JIAL on levying UDF on the disembarking passengers, it is clarified that Authority has decided to allow UDF on disembarking passengers. The Authority notes that:

- Arriving passengers also use airport infrastructure, even if it is to a lesser extent. Hence, charging a proportion of UDF on arriving passengers is justified.
- In the case of Jaipur, over 30% of the ARR is towards the shortfall of AAI in the Second Control Period and pre-COD Period. Hence, if a higher tariff is allowed by way of UDF on departing and arriving passengers, it will help JIAL to meet its contractual obligations.
- Significant investment is being made by JIAL in improvement of infrastructure at the airport. Hence, levying higher tariff only on embarking passengers may not be justified.

14.5.7 With respect to FIA's comment on "Will the above UDF effective date shall be considered as Travel date or sale date or both-travel and sale date and domestic flight/international flight", the Authority has noted FIA's comment and clarified the issue in the Rate Card.

14.5.8 With respect to FIA's comment on payment of collection charges, the Authority is of the opinion that the collection charges are a matter between the Airport Operator and the Airlines.

Other issues raised by FIA on UDF have also been clarified in Tariff Card.

The revenue from CUTE, CUSS, CUPPS are part of Aeronautical Revenue, and the same treatment is followed at other airports as well. This revenue component is used for recovery of ARR and helps in reducing Aeronautical tariff levied towards Landing and Parking charges.

AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

The Authority has noted the comments of FIA which state that "As per standard practice, 15mins time each after touchdown and before takeoff of aircraft is provided as an exemption. We would want to propose the same industry practice to be implemented here." and is of the view that Parking time will be calculated based on ON-BLOCK and OFF-BLOCK time as recorded at Airport Operations Control Centre (AOCC). Therefore, there is no need to separately factor in the taxiing time. Further, the practice of recording parking time based on ON-BLOCK and OFF-BLOCK time is generally followed at other PPP airports as well.

With respect to FIA's comment on "7. In case of an aircraft being parked beyond 24 hours due to technical or any other reasons, the parking charges shall be levied on a weekly basis in-line with the governing tariff order. Query: Please clarify which governing tariff order is being mentioned above. Please provide the corresponding rate card.", the Authority hereby clarifies that the governing order is the tariff order issued by the Authority for the Third Control Period for JIA, Jaipur.

With respect to FIA's comment on "6. For calculating chargeable parking time, part of an hour shall be rounded off to the next hour", the Authority has carefully examined FIA's comment and is of the view that it is a standard practice of rounding off part of an hour to the next hour. In case of other Airports like BIAL, HIAL, the same practice is followed.

FIA's query on variable tariff plan, aviation security fees and exemption from landing charges has been addressed in Tariff Card.

With respect to FIA's comment on "AERA to review our comment at Sr. No.4 (Traffic) above", the Authority has already clarified the issue.

The Authority notes FIA's comment on the Variable Tariff Plan and the AO's response and would like to state the following:

- The Authority has examined the Variable Tariff Plan (VTP) submitted by JIAL and has decided to consider the VTP for the TCP as this will aid in developing new routes leading to generation of additional revenue. This will help to reduce aeronautical charges in long term and also encourage growth in international traffic.
- The Authority directs the AO to ensure that the proposed VTP will not be discriminatory, as mandated by ICAO.
- Accordingly, the Authority agrees to accept the VTP as this will help in developing new international routes leading to additional revenue generation and will also help in decreasing the aeronautical tariff in the long run. The Authority would like to further state that it will be beneficial for the airline in the current situation and will help to revive the traffic.
- The Authority also directs the AO to keep a separate record of accounts for incentives granted, revenue generated, and the expenditure incurred in this regard during the TCP for the information of all the Stakeholders and the Authority, so as to take a considered view during tariff determination for the next Control Period.

Based on its examination, the Authority decides to consider the Variable Tariff Plan effective from the date of effect of the Tariff Rate Card as mentioned in Annexure 1: Tariff Card of this Tariff Order

14.5.9 The Authority has noted FIA's concerns on the recovery burden on account of shrinkage in the Control Period and JIAL's comments on the same.

The Authority would like to emphasize that the tariff determination process for JIAL was conducted in strict adherence to the AERA Act, AERA Guidelines of 2011, and the relevant provisions outlined in



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

the Concession Agreement (CA).

AERA generally mandates early submission of the tariff proposals by the Airport Operators. It is to be noted that JIA is a brownfield airport, and JIAL had submitted its Multi-Year Tariff Proposal (MYTP) dated 22nd April 2023 i.e. one year six months after achieving the Commercial Operation Date (COD) on 11th October 2021 based on its assessment of actual cost incurred etc. This delay in the submission of MYTP and other details by AAI and the new Concessionaire was due to delays in the hand-over/take-over of the Airport on account of unforeseen circumstances such as the COVID -19 pandemic.

Also, the Authority's analysis is exhaustive in nature and requires a reasonable amount of time to examine and evaluate the various building blocks, keeping in mind the need to balance the interests of all stakeholders. During the process of evaluation, the Authority has sought various clarifications from time to time, from AAI and the new Concessionaire on the various regulatory building blocks, based on which aeronautical tariff has been determined by the Authority. In the background of the special circumstances involving change of AO, provisions of Concession Agreement and two Airport Operators being involved in the tariff determination process, it has resulted in the time lag in the determination of tariff for the Third Control Period for JIAL.

The Authority also notes the comments of FIA on conducting an independent study on passengers and air traffic at selected airports. In this regard, the Authority believes that the requirement for an independent study will depend upon the size of the airport and the scale of operations. If AERA feels that there is a need arising in the future, it may commission an independent study for the future Control Periods of JIAL.

14.5.10 With respect to FIA's comments on royalty, the Authority notes that in case of JIA, there is no royalty or concession fee which will be recovered in case of cargo and fuel activities as these facilities will be managed and operated by Airport Operator only. As far as royalty of 45% on Ground Handling (GH) activity is concerned, we would like to state GH is an aeronautical service. Abolition or reduction in royalty will result in an increase in other aeronautical charges like Landing, Parking and UDF as ARR of AO as determined by the Authority is fixed. Further, we would like to state that selection of concessionaire through competitive bidding based on highest revenue share is common industry practice being followed by various airports in India and World.

14.5.11 Based on the decisions taken by the Authority with respect to the various regulatory building block in the Second Control Period and the Third Control Period and the tariff plan approved by the Authority, the recomputed ARR for the Third Control Period is given below.

Table 182: ARR decided by the Authority for the Third Control Period

(₹ Crores)

Particulars	Table/ Para Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Average RAB (A)	Table 124	508.21	529.08	713.32	1,126.38	1,388.20	
Fair Rate of Return (B)	Table 129	12.21%	12.21%	12.21%	12.21%	12.21%	
Return on average RAB (C= A*B)		62.07	64.62	87.12	137.57	169.55	520.93
O&M expenses (D)	Table 168	129.12	157.38	198.80	253.08	311.70	1,050.08
Depreciation (E)	Table 123	25.82	34.65	52.33	83.56	110.77	307.14
Taxation (F)	Table 178			-	-	117.09	117.09



AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

Particulars	Table/ Para Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Add: PV of Under-recovery of AAI as on March 31, 2023 (G)	Table 43	644.17					644.17
Add: PV of Under-recovery of JIAL as on March 31, 2023 (H)	Table 68	34.16					34.16
ARR (I = SUM (C:H))		895.35	256.65	338.25	474.21	709.11	2,673.57
NAR (J)	Table 175	16.30	24.03	37.07	53.70	60.09	191.20
Less: 30% NAR (K)		4.89	7.21	11.12	16.11	18.03	57.36
Net ARR (L = I - K)		890.46	249.44	327.13	458.10	691.08	2,616.21
Discount factor (@ 12.21%) (M)		1.00	0.89	0.79	0.71	0.63	
PV of ARR/ Target Revenue as on 31 March 2023 (N=L*M)		890.46	222.29	259.79	324.21	435.86	2,132.61
Sum Present value of ARR (O)					2,132.61		
Total Traffic (million passengers) (P)	Table 80			35.29			
Yield per passenger on Total Traffic (YPP) (₹) (Q=O/P)				604.31			
Total Departing Passenger traffic (R)				17.65			
Yield per Departing Passenger (₹) (S=O/R)				1,208.62			

14.5.12 The Authority, based on the revised ARR and accordingly the tariffs decided by it, computed the projected Aeronautical Revenue for JIA for the Third Control Period as follows:

Table 183: Projected Aeronautical Revenue decided by the Authority for Third Control Period

(₹ Crores)

Particular	Ref	FY'23	FY'24	FY'25	FY'26	FY'27	Total
PV of ARR as on 31st March'2023 (Refer Table 182)	A	890.46	222.29	259.79	324.21	435.86	2132.61
Aeronautical Revenue							
Landing Revenue	B	35.69	39.25	109.85	275.70	340.43	800.92
Parking & Housing Revenue	C	1.08	2.62	2.54	4.29	4.65	15.17
UDF Revenue	D	109.92	120.73	295.62	580.44	705.82	1812.53
Cargo Revenue	E	2.68	7.50	3.47	3.99	11.59	29.23
Fuel Revenue	F	0.00	0.00	27.49	39.94	43.24	110.66
CUTE Revenue	G	4.27	4.93	5.54	7.85	8.53	31.13
Ground Handling Revenue	H	8.61	9.73	11.50	16.56	17.93	64.32
X-Ray Charges	I	0.00	0.00	18.87	40.95	44.31	104.13
Other	J	0.07	0.21	0.00	0.00	0.00	0.28
Total Aeronautical Revenue	K= Sum(B:J)	162.32	184.97	474.87	969.72	1176.50	2968.38
PV Factor	L	1.00	0.89	0.79	0.71	0.63	
PV of Aero Revenue as on 31st March'2023	M= K*L	162.32	164.84	377.12	686.29	742.01	2132.61

14.5.13 The Authority notes that based on the projected Aeronautical Revenue determined by it (considering Aeronautical Tariff as per the approved Tariff Rate Card in Annexure I), there would be no under-



recovery (shortfall) in Third Control Period.

14.6 Authority's decisions regarding Aggregate Revenue Requirement (ARR) for the Third Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to ARR for the Third Control Period:

- 14.6.1 To consider the ARR and YPP for the Third Control Period for JIAL in accordance with Table 182 and true up the same at the time of determination of tariff for the Fourth Control Period.
- 14.6.2 To consider projected Aeronautical Revenue for JIAL for the Third Control Period as per Table 183
- 14.6.3 To consider VTP effective from 1st August 2024 as given in Annexure 1 – B: **Variable Tariff Plan for Scheduled Airlines** of this Tariff Order.
- 14.6.4 To direct JIAL to keep a separate record of landing charges earned, expenditure incurred, and incentives granted under VTP during the Third Control Period for information of stakeholders and AERA so as to take a considered view for determination of Aeronautical Tariff for the next Control Period. The Authority further directs JIAL to ensure compliance with the ICAO principles of non-discrimination.
- 14.6.5 To direct JIAL to maintain separate accounts for its Cargo Handling and Fuel services and to submit the Annual Compliance Statement (ACS) for each accounting year (ending on 31st March) as per AERA CGF Guidelines.
- 14.6.6 To consider Tariff Rate Card for JIAL for the Third Control Period as per Annexure 1 – A: Landing Charges, Parking Charges, UDF, X-ray Charges & Fuel Infrastructure Charges

सत्यमेव जयते

भा.वि.आ.वि.प्रा.

AERA



15 SUMMARY OF AUTHORITY'S DECISIONS**Chapter 4: True up of AAI for the Second Control period from FY 2017 till COD**

- 4.16.1 To consider the Passenger traffic and ATM as detailed in para 4.4.1 (Table 9) for true up of the Second Control Period and Pre-COD Period.
- 4.16.2 To consider capital additions and aeronautical allocation of assets as detailed in Table 21.
- 4.16.3 To recompute Depreciation considering the revised allocation of assets as detailed in para 4.7.4 (Table 23) for true up of AAI for the Second Control Period and Pre-COD Period.
- 4.16.4 To consider RAB for AAI as detailed in para 4.8.2 (Table 24) for true up of the Second Control Period and Pre-COD Period.
- 4.16.5 To consider Deemed Initial RAB for Jaipur as per Para 4.8.5 (Table 26).
- 4.16.6 To consider true up of FRoR for the pre-COD period as per para 4.9.12 for true up of the Second Control Period and Pre-COD Period.
- 4.16.7 To consider true up of Aeronautical O&M expenses for the Second Control Period and pre-COD period as per Table 33
- 4.16.8 To consider true up of Non-aeronautical revenue for the Second Control Period and pre-COD period as per Table 37.
- 4.16.9 To consider true up of Aeronautical revenue for the Second Control Period and pre-COD period as per Table 40.
- 4.16.10 To consider true up of Aeronautical Taxation for the Second Control Period and pre-COD period as per Table 42.
- 4.16.11 To consider true up of ARR for the Second Control Period and pre-COD period as per Table 43.
- 4.16.12 To consider the present value of under recovery of ₹ 644.17 crores (as on 31 March, 2023) for True up of AAI for the Second Control Period and Pre-COD period as per Table 43 and readjust the same in the ARR for the Third Control Period.

Chapter 5: True up of JIAL for the period from COD till March 31, 2022

- 5.13.1 To consider true up of CAPEX, depreciation and RAB for the period from COD till March 31, 2022 as per Table 52.
- 5.13.2 To consider true up of FRoR for the period from COD till March 31, 2022 as per Table 53.
- 5.13.3 To consider true up of Bank and Finance Charges for the period from COD till March 31, 2022 as per para 5.8.2
- 5.13.4 To consider true up of Working Capital Loan Interest for the period from COD till March 31, 2022 as per Para 5.8.3
- 5.13.5 To consider true up of pre-COD expenses from COD till March 31, 2022 as per para 5.8.4
- 5.13.6 To consider true up of Aeronautical O&M expenses for the period from COD till March 31, 2022 as per Table 60.
- 5.13.7 To consider true up of Non-aeronautical revenue for the period from COD till March 31, 2022 as per Table 62.
- 5.13.8 To consider true up of Aeronautical revenue for the period from COD till March 31, 2022 as per Table 64



- 5.13.9 To consider true up of Taxation for the period from COD till March 31, 2022 as per Table 66.
- 5.13.10 To consider Under recovery of ₹ 34.16 crores as per Table 68 for Post-COD period to be considered while calculating the ARR for the Third Control Period.

Chapter 6: Traffic Projections for the Third Control Period

- 6.6.1 To consider the ATM, Passenger traffic and Cargo traffic for the Third Control Period for Jaipur International Airport as per Table 80.
- 6.6.2 To true up the traffic volume (ATM, Passengers and Cargo) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.

Chapter 7: Capital Expenditure (Capex), Depreciation and RAB for the Third Control Period

- 7.10.1 To consider the revised Terminal Building ratio of 90:10 in line with the Study on allocation of assets, IMG norms and as approved for other similar Airports.
- 7.10.2 To allow IDC during the Third Control Period and not to allow Financing Allowance as mentioned in Para 7.9.7.
- 7.10.3 To adopt the capitalization of Aeronautical CAPEX for the Third Control Period in accordance with Table 122.
- 7.10.4 To reduce (adjust) 1% of uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in para 7.9.6. The same will be examined at the time of tariff determination of next Control Period.
- 7.10.5 To consider GST on RAB/CWIP on actual incurrence basis as detailed in para 7.3.10.
- 7.10.6 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the Fourth Control Period.
- 7.10.7 To true up the Aeronautical Capital expenditure based on actuals subject to, cost efficiency and reasonableness at the time of determination of tariff for Fourth Control Period.
- 7.10.8 To adopt Aeronautical Depreciation as per Table 123 for the Third Control Period.
- 7.10.9 To true up the Depreciation of the Third Control period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fourth Control Period.
- 7.10.10 To consider average RAB for the Third Control Period for Jaipur International Airport as per Table 124.
- 7.10.11 To true up the RAB based on actuals at the time of tariff determination for the Fourth Control period.

Chapter 8: Fair Rate of Return (FRoR) for the Third Control Period

- 8.6.1 To consider the Cost of equity at 15.18%
- 8.6.2 To consider the notional debt to equity (gearing) ratio of 48%:52% in line with target gearing ratio being considered in case of other PPP airports.
- 8.6.3 To consider cost of debt of 9% for the Third Control Period.
- 8.6.4 To consider FRoR of 12.21% for the Third Control Period based on above mentioned Cost of equity, Cost of debt and gearing ratio.

Chapter 9: Inflation for the Third Control Period

- 9.6.1 To consider WPI inflations as per Table 135



Chapter 10: Operation and Maintenance Expenses for the Third Control Period

- 10.6.1 To consider total Aeronautical O&M Expenses including Operating Expenses, Fuel Operating Expenses and Cargo Operating Expenses for the Third Control Period for Jaipur International Airport as per Table 168.
- 10.6.2 To consider the actual total Aeronautical O&M expenses incurred by JIAL during the Third Control Period subject to reasonableness and efficiency, at the time of True up in the Fourth Control period.

Chapter 11: Non-aeronautical revenue for the Third Control Period

- 11.6.1 To consider Non-aeronautical revenues for the Third Control Period for Jaipur International Airport as per Table 175.
- 11.6.2 Non-Aeronautical Revenue will be trued up at the time of tariff determination of next control period if it is higher than that proposed by the Authority in Table 175.

Chapter 12: Taxation for the Third Control Period

- 12.6.1 To consider the Taxation for the Third Control Period for Jaipur International Airport as per Table 178.
- 12.6.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the Fourth Control Period.

Chapter 13: Quality of Service for the Third Control Period

- 13.6.1 Not to consider any adjustment towards tariff determination for the Third Control Period with regard to Quality of Service of JIA.
- 13.6.2 JIAL should ensure that service quality at Jaipur International Airport conforms to the performance standards as indicated in the Concession Agreement over the Third Control Period.

Chapter 14: Aggregate Revenue Requirement (ARR) for the Third Control Period

- 14.6.1 To consider the ARR and YPP for the Third Control Period for JIAL in accordance with Table 182 and true up the same at the time of determination of tariff for the Fourth Control Period.
- 14.6.2 To consider projected Aeronautical Revenue for JIAL for the Third Control Period as per Table 183
- 14.6.3 To consider VTP effective from 1st August 2024 as given in Annexure 1 – B: Variable Tariff Plan for Scheduled Airlines of this Tariff Order.
- 14.6.4 To direct JIAL to keep a separate record of landing charges earned, expenditure incurred, and incentives granted under VTP during the Third Control Period for information of stakeholders and AERA so as to take a considered view for determination of Aeronautical Tariff for the next Control Period. The Authority further directs JIAL to ensure compliance with the ICAO principles of non-discrimination.
- 14.6.5 To direct JIAL to maintain separate accounts for its Cargo Handling and Fuel services and to submit the Annual Compliance Statement (ACS) for each accounting year (ending on 31st March) as per AERA CGF Guidelines.
- 14.6.6 To consider Tariff Rate Card for JIAL for the Third Control Period as per Annexure 1 – A: Landing Charges, Parking Charges, UDF, X-ray Charges & Fuel Infrastructure Charges



16 TARIFF ORDER

- 16.1** 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 Jaipur International Airport, Jaipur for the Third Control Period as placed in Annexure 1.
- 16.2** In exercise of powers conferred by Section 13(1)(b) of the AERA Act, 2008 read with Rule 89 of the Aircraft Rules, 1937, made under the Aircraft Act, 1934, the Authority hereby determines the rate of UDF as indicated in the rate card at Annexure 1 to the Order for the current Control Period.
- 16.3** The tariff determined herein are the ceiling rates, exclusive of taxes, if any.
- 16.4** This tariff order shall be made effective from 1st August 2024.
- 16.5** JIAL shall submit its MYTP submission to the Authority for the Fourth Control Period in a timely manner as per Authority's Regulatory Guidelines, 2011.

By the Order and in the name of the Authority




(Suyash Narain)

Secretary

To,

Mr. Vishnu Mohan Jha
Chief Airport Officer,
Jaipur International Airport Limited,
Jaipur

Copy to:

1. **Secretary**, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
2. **Directorate General of Civil Aviation**: for issuance of AIC
3. **The Chairman**, Airports Authority of India, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003



17 ANNEXURES

17.1 Annexure 1: Tariff Card

Tariff Card Pertaining to Jaipur International Airport (JAI), Jaipur for the Third Control Period as approved by the Authority - Effective from 1st August 2024 to 31st March 2027

Annexure 1 – A: Landing Charges, Parking Charges, UDF, X-ray Charges & Fuel Infrastructure Charges

17.1.1 Landing Charges

Applicable rates from August 1, 2024 to March 31, 2027

Rate in Rs. per MT

Flight	August 1, 2024 to March	April 1, 2025 to March	April 1, 2026 to March
	31, 2025	31, 2026	31, 2027
Domestic	945	1,295	1,490
International (upto 100 MT)	1,690	1,845	1,990
International (> 100 MT)	1,690	1,845	1,990

Notes:

1. Weight of an aircraft means Maximum Take-Off Weight (MTOW) in MT (i.e. 1,000 Kg) as indicated in the Certificate of Airworthiness (CoA).
2. Landing charges shall be calculated on the basis of nearest MT (i.e., 1,000 kg)
3. Above mentioned rates are Rack Rates (RR), wherever necessary in the tariff order.
4. Landing charges shall be a higher of the charges derived as per above matrix or as mentioned in below table:

Flight	August 1, 2024 to March	April 1, 2025 to March	April 1, 2026 to March
	31, 2025	31, 2026	31, 2027
Domestic	23,100	25,200	27,300
International	74,200	84,800	95,400

5. Domestic legs of international routes flown by Indian operators to be treated as domestic flights as far as landing charges are concerned, irrespective of the flight numbers assigned to such flights.
6. No landing charges shall be payable in respect of:
 - a. Aircrafts with a maximum certified passenger capacity of less than 80 seats, being operated by domestic scheduled operators at the airport.
 - b. Training flights operated by DGCA approved flying schools/flying training institutes.
 - c. Helicopters of all types (not applicable to non-scheduled operators).
 - d. Military aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc.

17.1.2 Parking Charges

Applicable rates from August 1, 2024 to March 31, 2025

Rate in Rs. per MT per hour

Details	Weight of Aircraft	Domestic Flight		International Flight
		Domestic Flight	International Flight	International Flight
Parking charges (First two hours after free parking period)	Upto 100 MT	15.00		15.00
	Above 100 MT	15.00		15.00

Details	Weight of Aircraft	Domestic Flight	International Flight
Parking charges (beyond four hours)	Upto 100 MT	30.00	30.00
	Above 100 MT	30.00	30.00

Applicable rates from April 1, 2025 to March 31, 2026

Rate in Rs. per MT per hour

Details	Weight of Aircraft	Domestic Flight	International Flight
Parking charges (First two hours after free parking period)	Upto 100 MT	15.00	15.00
	Above 100 MT	15.00	15.00
Parking charges (beyond four hours)	Upto 100 MT	30.00	30.00
	Above 100 MT	30.00	30.00

Applicable rates from April 1, 2026 to March 31, 2027

Rate in Rs. per MT per hour

Details	Weight of Aircraft	Domestic Flight	International Flight
Parking charges (First two hours after free parking period)	Upto 100 MT	15.00	15.00
	Above 100 MT	15.00	15.00
Parking charges (beyond four hours)	Upto 100 MT	30.00	30.00
	Above 100 MT	30.00	30.00

Notes:

1. Weight of an aircraft means MTOW in MT (1000 kg) as indicated in the certificate of airworthiness filed with DGCA.
2. The charges set forth herein shall be calculated based on the nearest rounded off MT.
3. Free parking is allowed on all aircraft stands (Contact and Remote) for the first two hours.
4. For the next two hours, normal parking rates as mentioned above shall be applicable. After this period, the charges shall be double of the normal parking charges.
5. Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre (AOCC).
6. For calculating chargeable parking time, part of an hour shall be rounded off to the next hour.
7. In case of an aircraft being parked beyond 24 hours due to technical or any other reasons, the parking charges shall be levied on a weekly basis in line with this tariff order.

17.1.3 User Development Fee (UDF)**Applicable rates for travel date from August 1, 2024 to March 31, 2025**

Rate in Rs.

Type of Passenger	Domestic	International
Embarking Passenger	805	980
Disembarking Passenger	345	420

Applicable rates for travel date from April 1, 2025 to March 31, 2026

Rate in Rs.

Type of Passenger	Domestic	International
Embarking Passenger	875	1,260
Disembarking Passenger	375	540



Applicable rates for travel date from April 1, 2026 to March 31, 2027

Type of Passenger	Rate in Rs.	
	Domestic	International
Embarking Passenger	980	1,400
Disembarking Passenger	420	600

Notes:

1. Collection Charges on User Development Fees (UDF): As per the agreement between JIAL and the Airlines.
2. For calculating UDF in Foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the first fortnight and rate as on 15th of the month for tickets issued in the second fortnight shall be adopted.
3. Above UDF charges will be applicable on the tickets issued on or after August 1, 2024.
4. Exemptions in Payment of User Development Fee (UDF) - In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted 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 and airline crew on board for the 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 travelling 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 hours from arrival into airport. A person is treated in-transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket. In case two separate tickets are issued, it would not be considered as Transit passenger.
 - g. Passengers Embarking from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

17.1.4 X-Ray Screening Charges**Applicable rates from August 1, 2024 to March 31, 2027**

Type of Flight	Applicable Charge (Per Scheduled Departure Flight)
Domestic Flight upto 80 seater aircraft	Rs. 8,000
Domestic Flight above 80 seater aircraft	Rs. 12,000
International Flight (all flights)	Rs. 25,000



17.1.5 Fuel Infrastructure Charges

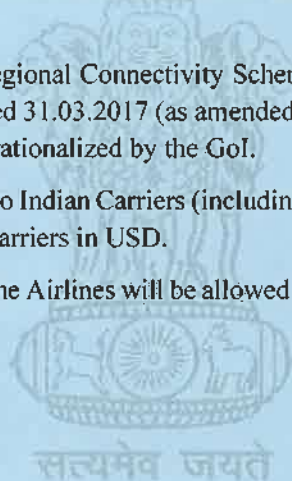
Applicable rates from August 1, 2024 to March 31, 2027

Rate in Rs. per KL

Fuel Infrastructure Cost (including Aircraft Refueling)	Aircraft Defueling	Aircraft re-fueling of defueled product	
		Within 24 hours	Beyond 24 hours
Rs. 2,200 per KL	Rs. 300 per KL	Rs. 350 per KL	Rs. 400 per KL

17.1.6 General Conditions

1. All above mentioned charges (Landing, Parking, UDF and Fuel Infrastructure Charge) are exclusive of applicable taxes.
2. Aviation Security Fee (ASF) shall be applicable as prescribed by Government of India/ MoCA from time to time.
3. Flights operating under Regional Connectivity Scheme will be exempted from charges as per Order No. 20/2016-17 dated 31.03.2017 (as amended from time to time) of the Authority from the date the scheme is operationalized by the GoI.
4. All the charges applicable to Indian Carriers (including international operations) will be done in INR and to International Carriers in USD.
5. For all the above charges, the Airlines will be allowed a credit period as may be decided by JIAL from time to time.



भा.वि.आ.वि.प्रा.

AERA



Annexure 1 – B: Variable Tariff Plan for Scheduled Airlines**17.1.7 VTP Applicable Rates for Scheduled Passenger Airlines**

Type	Rack Rate (RR) per MT in Rs.	Existing flight/ Route		New Route		
		Year 1	Year 2	Year 1	Year 2	Year 3
Domestic Flights						
Rate per MTOW (MTOW ≤ 100 MT)	RR			0.50 *RR	0.75*RR	
International Flights						
Rate per MTOW (MTOW ≤ 100 MT)	RR			0.25*RR	0.50*RR	0.75*RR
Rate per MTOW (MTOW > 100 MT)	RR			0.25*RR	0.50*RR	0.75*RR
New Airline on an Existing International Route						
Rate per MTOW (MTOW ≤ 100 MT)	RR	0.75*RR	0.50*RR			
Rate per MTOW (MTOW > 100 MT)	RR	0.75*RR	0.50*RR			
Up-gauging of aircraft from less than 80-Seater and to above 80-Seaters (applicable for existing passenger routes)						
Rate per MTOW	RR	0.75*RR				

Validity

The VTP for applicable domestic and international flights is valid from the date of commencement of operations and for the duration of 24 months for new domestic route, equipment up-gauge of existing route/flight and 36 months for new international route

The Variable Tariff Plan (VTP) shall be valid till 31st March 2027

Notes:

1. No discount over and above the Variable Tariff Plan is applicable.
2. VTP is applicable only for scheduled passenger airlines, as applicable in the table above.
3. Scheduled airline must operate VTP eligible flights for (a) a minimum of 42 weeks within a rolling 12- month period; and (b) ensure strict slot adherence on laid down parameters of the Airport Operator, to qualify for the incentive.
4. The payment of landing charges should be done by the airline in full without any deductions, as per the invoicing by JIAL. The settlement shall be provided in the form of a 'Credit Note' at the end of each 12-month period.
5. JIAL reserves the right to change any term or condition of this VTP, withdraw or replace any of the category, at any time at its absolute discretion, by way of prior approval of AERA.
6. VTP for Incremental Night Parking by scheduled passenger airline: 0.50 * RR parking charges shall be applicable to the additional aircraft (above 80-seater) being night parked at the airport from 23:00 to 8:00 IST.



Notes:

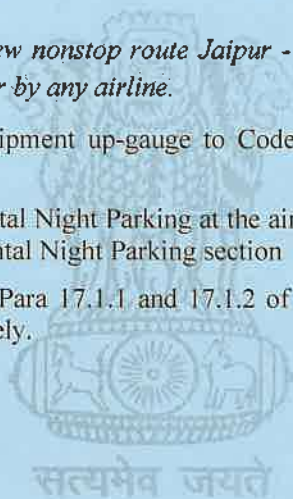
1. This waiver shall be applicable for the first 12 months, effective from when the aircraft (above 80-seater) in operation is being night parked at the airport.
2. The Airline must park the operating aircraft for at-least 80% of the filed passenger flight schedule to avail this benefit.

Definition of Category

1. **Existing flights:** Flights that are currently being operated at Jaipur International Airport.
2. **New Route:** A flight to a new destination that is currently unserved (no scheduled operations) from Jaipur by any airline. (Destination must be unserved for the previous 24 months).

E.g. Airline A introduces a new nonstop route Jaipur - London, or Jaipur- Aurangabad which is currently unserved from Jaipur by any airline.

3. **Aircraft Up-gauge:** Equipment up-gauge to Code C and above aircraft type by scheduled passenger airlines.
4. **Night Parking:** Incremental Night Parking at the airport, shall be governed by the condition as mentioned in the incremental Night Parking section
5. **RR:** Rates mentioned in Para 17.1.1 and 17.1.2 of the Tariff Order for Landing Charges and Parking Charges respectively.



भा.वि.आ.वि.प्रा.

AERA

Annexure 1 – C: Cargo Charges**17.1.8 Export Cargo****Applicable rates from August 1, 2024 to March 31, 2025**

Sl. No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges *		
	General	1.18	200
	Special	2.35	391
	Valuable	2.35	799
	Perishable	1.18	200
2	Demurrage Charges (Leviable from Shippers)		
	General	1.21	200
	Special	2.40	391
	Valuable	2.40	799
	Perishable	1.21	200

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges *		
	General	1.30	220
	Special	2.59	430
	Valuable	2.59	879
	Perishable	1.30	220
2	Demurrage Charges (Leviable from Shippers)		
	General	1.33	220
	Special	2.64	430
	Valuable	2.64	879
	Perishable	1.33	220

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges *		
	General	1.43	242
	Special	2.85	473
	Valuable	2.85	967
	Perishable	1.43	242
2	Demurrage Charges (Leviable from Shippers)		
	General	1.46	242
	Special	2.90	473
	Valuable	2.90	967
	Perishable	1.46	242

*If Cargo at JIAL is received through approved AFS, then 30% lower TSP (Terminal, Storage and Processing) charges shall be applicable.

Notes:

1. The applicable free period for export cargo shall be as per Government Regulations, issued from



time to time.

2. Consignments of human remains, coffins including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing and Demurrage charges. No XBIS/ETD usage charges will also be leviable on these shipments.
3. Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
4. Special cargo consists of live animals, hazardous goods and vulnerable cargo.
5. Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
6. For misdeclaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal Storage and Processing Charges. No penal charges will be leviable for variation upto and inclusive of 2%. (For any variation, all the documents/ records to be invariably amended). No weight variation acceptable in the case of VAL consignments.
7. Valuable cargo consists of gold bar, silver bar and foreign currency.
8. Terminal Operator shall levy packing/repacking charges @ 2% of packages per shipping bill with a minimum of INR 20.00 for FY 2024-25, INR 22.00 for FY 2025-26 & INR 24.00 for FY 2026-27 per Airway Bill. Packing / Repacking charges will be at INR 10.00 for FY 2024-25, INR 11.00 for FY 2025- 26 & INR 12.00 for FY 2026-27 per packet.
9. XBIS usage charges INR 1.00 per kg for FY 2024-25, INR 1.10 per kg for 2025-26, & INR 1.21 per kg for FY 2026-27 subject to minimum of INR 150.00 for FY 2024-25, INR 165 for FY 2025-26, & INR 182 for FY 2026-27 per shipment. The same is applicable at 50% per kg subject to minimum of INR 100.00 for FY 2024-25, INR 110.00 for FY 2025-26, & INR 121.00 for FY 2026-27 per ODC shipment where physical check with the help of ETDs are facilitated. However, for random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.
10. Charges shall be leviable separately for installation / commissioning / maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC, as & when implemented.
11. Merchant Over Time (MOT) charges @ Rs. 200.00 for FY 2024-25, INR 220 for FY 2025-26, & INR 242.00 for FY 2026-27 per consignment for admitting cargo beyond normal working hours, wherever 24x7 Export Cargo operation does not exist.
12. The export TSP charges paid in advance through online by the shippers/ agents will be refunded in case the export cargo is not physically brought to the Air Cargo Terminal for processing on the same day subject to retention of minimum rate per consignment of General/ Special/ Valuable cargo respectively. Proportionate Applicable GST on minimum rate will also be retained.
13. For the Export Cargo withdrawal from the examination area, withdrawal demurrage charge will be collected equivalent to examination area demurrage charges. Similarly, for the withdrawal of export

cargo from the bonded area, bonded area demurrage charges will be collected.

14. Any other agencies operating at the airport utilizing the terminal operator's equipment like Forklift, Tractor and any other equipment shall be charged separately.
15. No X-Ray charges leviable for the Custom cleared Export Cargo moving by bonded trucks to other destinations.
16. All minimum charges shall be rounded off to the nearest Rupee 1.00
17. All Bills shall be rounded up to the nearest higher of Rupee 1.00
18. All the above charges are excluding GST, which will be levied at applicable rates announced by the Government of India from time to time.
19. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for FY 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.9 Import Cargo

Applicable rates from August 1, 2024 to March 31, 2025

SL No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges		
	General	7.92	216
	Special	15.80	424
	Valuable	15.80	1,278
2	Demurrage Charges (per day)		
	General (Up to 96 Hrs/ 4 working days) including free Period	2.30	519
	General (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	4.58	
	General (Beyond 720 Hrs/ 30 days)	6.88	
	Special (Up to 96 Hrs/ 4 working days) including free period	4.58	1,023
	Special (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	9.15	
	Special (Beyond 720 Hrs/ 30 days)	13.74	
	Valuable (Up to 96 Hrs/ 4 working days) including free period	9.15	2,045
	Valuable (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	18.32	
	Valuable (Beyond 720 Hrs/ 30 days)	27.47	



Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges		
	General	8.71	238
	Special	17.38	466
	Valuable	17.38	1,406
2	Demurrage Charges (per day)		
	General (Up to 96 Hrs/ 4 working days) including free period	2.53	571
	General (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	5.04	
	General (Beyond 720 Hrs/ 30 days)	7.57	
	Special (Up to 96 Hrs/ 4 working days) including free period	5.04	1,125
	Special (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	10.07	
	Special (Beyond 720 Hrs/ 30 days)	15.11	
	Valuable (Up to 96 Hrs/ 4 working days) including free period	10.07	2,250
	Valuable (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	20.15	
	Valuable (Beyond 720 Hrs/ 30 days)	30.22	

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Type of Charge	Rate per Kg (Rs.)	Minimum rate per consignment (Rs.)
1	Terminal, Storage and Processing Charges		
	General	9.58	262
	Special	19.12	513
	Valuable	19.12	1,547
2	Demurrage Charges (per day)		
	General (Up to 96 Hrs/ 4 working days) including free period	2.78	628
	General (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	5.54	
	General (Beyond 720 Hrs/ 30 days)	8.33	
	Special (Up to 96 Hrs/ 4 working days) including free period	5.54	1,238
	Special (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	11.08	
	Special (Beyond 720 Hrs/ 30 days)	16.62	
	Valuable (Up to 96 Hrs/ 4 working days) including free period	11.08	2,475
	Valuable (Between 96 Hrs and 720 Hrs/ 5 and 30 days)	22.17	
	Valuable (Beyond 720 Hrs/ 30 days)	33.24	

Notes:

- Free storage period for import cargo shall be 48 hrs. (02 working days) from the date and time of segregation reflected in the ICEGATE. For the next 48 hrs, (02 working days), demurrage will be charged at "per kg per day" non-cumulative basis, provided the consignment is cleared within 96 hrs. (04 working days), from the date and time of segregation reflected in the ICEGATE. If clearance is



affected after 96 hrs. (04 working days), demurrage will accrue for the entire period from the date/time of segregation reflected in the ICEGATE.

2. Consignments of human remains, coffins including baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing charges and Demurrage charges.
3. Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
4. Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
5. Special Import cargo consists of perishable, live animals, hazardous goods & vulnerable Cargo.
6. Valuable cargo consists of gold bar, silver bar and foreign currency.
7. Any product/commodity having inbuilt/ mounted with Lithium batteries will be continued to be treated as Hazardous Cargo for storage / handling purpose Special charges will be levied accordingly.
8. Wherever 24 hours operations are NOT implemented due to lack of presence of all related/regulatory agencies, INR 200.00 for FY 2024-2025, INR 220.00 for FY 2025-2026, & INR 242 for FY 2026-2027 per consignment will be levied as overtime charges in addition to next working day demurrage charges.
9. XBIS usage charges INR 1.00 per kg for FY 2024-2025, INR 1.10 per kg for FY 2025-2026, & INR 1.21 per kg for FY 2026-2027 subject to minimum of INR 150.00 for FY 2024-2025, INR 165.00 for FY 2025-2026, & INR 182 for FY 2026-2027 per consignment (as per the requirement of Customs for speedy clearance of import cargo).
10. Charges shall be leviable on airlines separately for installation/ commissioning/ maintenance of Air cargo Inspection System (ACIS) as stipulated by CBIC, as and when implemented.
11. Any other agencies operating at the airport utilizing the terminal operator's equipment like Forklift, Tractor and any other equipment shall be charged separately.
12. All minimum charges shall be rounded off to the nearest Rupee 1.00.
13. All Bills shall be rounded up to the nearest higher of Rupee 1.00.
14. All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
15. Opening / Repacking Charges: INR 10.00 for FY 2024-25, INR 11.00 for 2025-26, & INR 12.00 for FY 2026-27 per pkg. subject to minimum of INR 20.00 for FY 2024-25, INR 22.00 for 2025-26, & INR 24.00 for FY 2026-27 per consignment.
16. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.10 Schedule of charges leviable to Airlines for various International Cargo handling Services by JIAL at the Cargo Terminal

Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Activity	Minimum Charges	Per Kg (Rs.)
1	Charges for Export Cargo unitization/handling	Rs. 6317/- per EGM	2.80

Sl. No.	Activity	Minimum Charges	Per Kg (Rs.)
2	Charges for Import De-stuffing	Rs. 489 /- per IGM	2.16
3	Carting charges for transshipment of Import/Export Cargo (if Terminal Operator provides service)	Rs. 326 /- per CTM	4.26
4	Carting of cargo from aircraft stand to Cargo Terminal and vice-versa (if services of GHA not available)	Rs. 326 /- per CTM	0.94 per kg
5	(i) Storage Charges for General Export uplifted beyond free period		2.89 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period		5.78 per kg per day
6	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo (including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	General Bulk Cargo	Loaded ULD
		(in Rs) (kg/day)	(in Rs) (ULD/day)
		2.89	1,155
	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of 'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	Valuable	HAZ/PER/ Live Animals
	(per kg/day in Rs.)	(per kg/day in Rs.)	(in Rs.)
	7.30	4.79	402

Applicable rates from April 1, 2025 to March 31, 2026

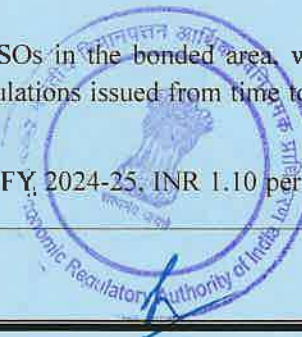
Sl. No.	Activity	Minimum Charges	Per Kg (Rs.)
1	Charges for Export Cargo unitization/handling	Rs. 694 /- per EGM	3.08
2	Charges for Import De-stuffing	Rs. 538 /- per IGM	2.38
3	Carting charges for transshipment of Import/Export Cargo (if Terminal Operator provides service)	Rs. 359 /- per CTM	4.69
4	Carting of cargo from aircraft stand to Cargo Terminal and vice-versa (if services of GHA not available)	Rs. 359 /- per CTM	1.03 per kg
5	(i) Storage Charges for General Export uplifted beyond free period		3.18 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period		6.36 per kg per day
6	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo (including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	General Bulk Cargo	Loaded ULD
		(in Rs) (kg/day)	(in Rs) (ULD/day)
		3.18	1,271
	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of 'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	Valuable	HAZ/PER/ Live Animals
	(per kg/day in Rs.)	(per kg/day in Rs.)	(in Rs.)
	8.03	5.27	442

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Activity	Minimum Charges		Per Kg (Rs.)
1	Charges for Export Cargo unitization/handling	Rs. 763 /- per EGM		3.39
2	Charges for Import De-stuffing	Rs. 592 /- per IGM		2.62
3	Carting charges for transshipment of Import/Export Cargo (if Terminal Operator provides service)	Rs. 395 /- per CTM		5.16
4	Carting of cargo from aircraft stand to Cargo Terminal and vice-versa (if services of GHA not available)	Rs. 395 /- per CTM		1.13 per kg
5	(i) Storage Charges for General Export uplifted beyond free period			3.50 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period			7.00 per kg per day
6	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo (including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	General Bulk Cargo		Loaded ULD
		(in Rs) (kg/day)		(in Rs) (ULD/day)
			3.50	1,398
6	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of 'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	Valuable	HAZ/PER/ Live Animals	Minimum Per Consignment/AWB
		(per kg/day in Rs.)	(per kg/day in Rs.)	(in Rs.)
		8.83	5.80	486

Notes:

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by the terminal operator where the TP cargo handed over to the airlines on airside designated area on the airport. Minimum charges will be applicable accordingly.
- Demurrage charges on Transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period and subject to payment of minimum applicable export demurrage charges.
- The free period for export cargo for the carrier from the time of entry in bonded area till upliftment shall be as per Government regulations issued from time to time.
- No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
- In case of Transit ULDs brought by the Airlines handed over to the terminal operator for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per point 6(i) & 6(ii) of the above table shall be levied.
- The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
- XBIS usage charges @ INR 1.00 per kg for FY, 2024-25, INR 1.10 per kg for FY 2025-26, & INR 1.21



per kg for FY 2026-27 subject to minimum of INR 150.00 for FY 2024-25, INR 165.00 for FY 2025-26, & INR 182.00 for FY 2026-27 per shipment at Export. The same is applicable at 50% per kg subject to minimum of INR 100.00 for FY 2024-25, INR 110.00 for FY 2025-26, & INR 121.00 for FY 2026-27 per ODC shipment where physical check with the help of ETDs are facilitated. However, for random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.

8. Charges shall be leviable separately for installation / commissioning / maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC, as & when implemented.
9. Additional Packing services required by Airlines for any shipment shall be additionally chargeable.
10. All the Scheduled Airlines shall maintain Security Deposit for adequate amount as prescribed by the terminal operator for the cargo operations apart from the security deposit for License Fee and enter into an agreement for availing credit facility as per the policy prescribed from time to time.
11. Any other agencies operating at the airport utilizing the terminal operator's equipment like Forklift, Tractor and any other equipment shall be charged separately.
12. All minimum charges shall be rounded off to the nearest Rupee 1.00
13. All Bills shall be rounded up to the nearest higher of Rupee 1.00
14. All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
15. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.11 Schedule of charges leviable on Non-Scheduled Operators Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Activity	Minimum Charges (Rs.)	Per Kg (Rs.)
1	Unitization/loading charges	Rs. 799 per EGM	4.73 per kg
2	Charges for De-stuffing	Rs. 918 per IGM	3.58 per kg
3	Carting charges for Transshipment Cargo to other Domestic Airlines (if JIAL provides service)	Rs. 612 per CTM	6.96 per kg
4	Carting of cargo from Cargo Terminal to aircraft stand and vice-versa (if services of GHA not available)	Rs. 612 per CTM	1.53 per kg
5	(i) Storage Charges for General Export uplifted beyond free period		4.78 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period.		9.62 per kg per day
6	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo (including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	General Bulk Cargo (in Rs) (kg/day)	Loaded ULD (in Rs) (ULD/day)
		4.78	1,907
	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of Valuable HAZ/PER/Live Animals		Minimum Charges Per Consignment/AWB

Sl. No.	Activity	Minimum Charges (Rs.)		Per Kg (Rs.)
		(per kg/ day in Rs.)	(per kg/ day in Rs.)	(in Rs.)
	'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	12.01	7.95	663

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Activity	Minimum Charges (Rs.)		Per Kg (Rs.)
1	Unitization/loading charges	Rs. 879 per EGM		5.20 per kg
2	Charges for De-stuffing	Rs. 1,010 per IGM		3.94 per kg
3	Carting charges for Transshipment Cargo to other Domestic Airlines (if JIAL provides service)	Rs. 673 per CTM		7.66 per kg
4	Carting of cargo from Cargo Terminal to aircraft stand and vice-versa (if services of GHA not available)	Rs. 673 per CTM		1.68 per kg
5	(i) Storage Charges for General Export uplifted beyond free period			5.26 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period.			10.58 per kg per day
6	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo (including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	General Bulk Cargo		Loaded ULD
		(in Rs) (kg/day)		(in Rs) (ULD/day)
		5.26		2,098
	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of 'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	Valuable	HAZ/PER/Live Animals	Minimum Charges Per Consignment/AWB
		(per kg/ day in Rs.)	(per kg/ day in Rs.)	(in Rs.)
		13.21	8.75	729

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Activity	Minimum Charges (Rs.)		Per Kg (Rs.)
1	Unitization/loading charges	Rs. 967 per EGM		5.72 per kg
2	Charges for De-stuffing	Rs. 1,111 per IGM		4.33 per kg
3	Carting charges for Transshipment Cargo to other Domestic Airlines (if JIAL provides service)	Rs. 740 per CTM		8.43 per kg
4	Carting of cargo from Cargo Terminal to aircraft stand and vice-versa (if services of GHA not available)	Rs. 740 per CTM		1.85 per kg
5	(i) Storage Charges for General Export uplifted beyond free period			5.79 per kg per day
	(ii) Storage Charges for valuable Export Cargo/ Perishable/Live Animals and Hazardous Cargo uplifted beyond free period.			11.64 per kg per day
	(i) Penal/Storage charges on Airlines/Agencies for not handing over of general import cargo	General Bulk Cargo		Loaded ULD
		(in Rs) (kg/day)		(in Rs) (ULD/day)

Sl. No.	Activity	Minimum Charges (Rs.)		Per Kg (Rs.)
	(including courier cargo) to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	5.79		2,308
6	(ii) Penal/Storage charges on Airlines/Agencies for not handing over of 'Val'/ Haz/Perishable/Live Animal Import Cargo to the Customs appointed Custodian within 5 hours of flight landing (subject to Customs stipulation)	Valuable	HAZ/PER/Live Animals	Minimum Charges Per Consignment/AWB
		(per kg/ day in Rs.)	(per kg/ day in Rs.)	(in Rs.)
		14.53	9.63	802

Notes:

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by the terminal operator where the TP cargo handed over to the airlines on airside designated area on the airport. Minimum charges will be applicable accordingly.
- Demurrage charges on Transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period and subject to payment of minimum applicable export demurrage charges.
- The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
- NSO operators/their authorized agencies shall register with Terminal operator along with all required permission/documents from Customs & DGCA and various other regulatory agencies and are required to maintain security deposit with Terminal Operator equivalent to two month's transactions or as advised. In addition to security deposit, NSO operators may maintain running account with the terminal operator with adequate balance to avoid Cash & carry model.
- No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
- In case of Transit ULDs brought by the Airlines handed over to the terminal operator for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per point 6(i) & 6(ii) of the above table shall be levied.
- XBIS usage charges INR 1.00 per kg for FY 2024-25, INR 1.10 per kg for FY 2025-26, & INR 1.21 per kg for FY 2026-27 subject to minimum of INR 150.00 for FY 2024-25, INR 165.00 for 2025-26, & INR 182.00 for FY 2026-27 per shipment at Export. The same is applicable at 50% per kg subject to minimum of INR 100.00 for FY 2024-25, INR 110.00 for FY 2025-26, & INR 121.00 for FY 2026-27 per ODC shipment where physical check with the help of ETDs are facilitated. However, for random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.
- Charges shall be leviable separately for installation / commissioning / maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC, as & when implemented.
- Any other agencies operating at the airport utilizing the terminal operator's equipment like Forklift, Tractor and any other equipment shall be charged separately.
- All minimum charges shall be rounded off to the nearest Rupee 1.00

11. All Bills shall be rounded up to the nearest higher of Rupee 1.00
12. All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.
13. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

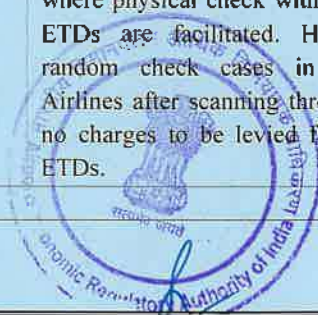
17.1.12 Regulated Agent Facilitation (for Export and Domestic Outbound)

Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Activity	Minimum Charges (Rs.)	Per Kg (Rs.)
1	i) X-Ray Machine Usage Charges (Export)	Rs. 150 per Consignment/AWB	1.00 per kg
	ii) Use of ETD for ODC (Export)	Rs. 100.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.50 per kg
2	i) X-Ray Machine Usage Charges (Domestic outbound)	Rs. 150 per Consignment/AWB	1.00 per kg
	ii) Use of ETD for ODC (Domestic outbound)	Rs. 100.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.50 per kg
3	Screening & Certification Charges		
	i) Export	Rs. 150 per shipment/AWB	1.50 per kg
	ii) Domestic Outbound	Rs. 120 per shipment/AWB	1.32 per kg
4	Security services for escorting of Cargo from Cargo Terminal to Aircraft and vice-versa and handing over to the Airlines representative (For both Scheduled Airline and Non-Scheduled Airlines)	Rs. 1,000 per flight (Subject to negotiation based on type of Aircraft and load)	0.10 per kg

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Activity	Minimum Charges (Rs.)	Per Kg (Rs.)
1	i) X-Ray Machine Usage Charges (Export)	Rs. 165 per Consignment/AWB	1.10 per kg
	ii) Use of ETD for ODC (Export)	Rs. 110.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.55 per kg



Sl. No.	Activity	Minimum Charges (Rs.)	Per Kg (Rs.)
2	i) X-Ray Machine Usage Charges (Domestic outbound)	Rs. 165 per Consignment/AWB	1.10 per kg
	ii) Use of ETD for ODC (Domestic outbound)	Rs. 110.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.55 per kg
3	Screening & Certification Charges		
	i) Export	Rs. 165 per shipment/AWB	1.65 per kg
	ii) Domestic Outbound	Rs. 132 per shipment/AWB	1.45 per kg
4	Security services for escorting of Cargo from Cargo Terminal to Aircraft and vice-versa and handing over to the Airlines representative (For both Scheduled Airline and Non-Scheduled Airlines)	Rs. 1,100 per flight (Subject to negotiation based on type of Aircraft and load)	0.11 per kg

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Activity	Minimum Charges (Rs.)	Per Kg (Rs.)
1	i) X-Ray Machine Usage Charges (Export)	Rs. 182 per Consignment/AWB	1.21 per kg
	ii) Use of ETD for ODC (Export)	Rs. 121.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.61 per kg
2	i) X-Ray Machine Usage Charges (Domestic outbound)	Rs. 182 per Consignment/AWB	1.21 per kg
	ii) Use of ETD for ODC (Domestic outbound)	Rs. 121.00 per ODC shipment/AWB where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.	0.61 per kg
3	Screening & Certification Charges		
	i) Export	Rs. 182 per shipment/AWB	1.82 per kg
	ii) Domestic Outbound	Rs. 145 per shipment/AWB	1.60 per kg
4	Security services for escorting of Cargo from Cargo Terminal to Aircraft and vice-versa and handing over to the Airlines representative (For both Scheduled Airline and Non-Scheduled Airlines)	Rs. 1,210 per flight (Subject to negotiation based on type of Aircraft and load)	0.12 per kg

Notes:

- All minimum charges shall be rounded off to the nearest Rupee, 1.00

2. All Bills shall be rounded up to the nearest higher of Rupee 1.00.
3. All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
4. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.13 Handling Charges Tariff for Precious/Semi Precious Cargo (Export & Import Cargo)

Applicable rates from August 1, 2024 to March 31, 2025

S. No	Value of Cargo (INR)	Terminal (Handling) Charges
1	Upto 70,000	Rs. 100/-
2	From 70,001 to 250,000	Rs. 125/- + 0.05% of value of cargo subject to minimum Rs. 160/-
3	From 250,001 to 15,00,000	Rs. 175/- + 0.05% of value of cargo subject to minimum Rs. 300/-
4	From 15,00,001 to 50,00,000	Rs. 350/- + 0.045% of value of cargo subject to minimum Rs. 1,050/-
5	From 50,00,001 to 75,00,000	Rs. 1,225/- + 0.03% of value of cargo subject to minimum Rs. 2,725/-
6	From 75,00,001 to 1,00,00,000	Rs. 1,200/- + 0.035% of value of cargo subject to minimum Rs. 3,825/-
7	From 1,00,00,001 to 1,50,00,000	Rs. 2,650/- + 0.026% of value of cargo subject to minimum Rs. 5,250/-
8	From 1,50,00,001 to 2,50,00,000	Rs. 3,100/- + 0.03% of value of cargo subject to minimum Rs. 7,600/-
9	From 2,50,00,001 and above	Rs. 3,500/- + 0.035% of value of cargo subject to minimum Rs. 12,250/-

Applicable rates from April 1, 2025 to March 31, 2026

S. No	Value of Cargo (INR)	Terminal (Handling) Charges
1	Upto 70,000	Rs. 110/-
2	From 70,001 to 250,000	Rs. 138/- + 0.05% of value of cargo subject to minimum Rs. 176/-
3	From 250,001 to 15,00,000	Rs. 193/- + 0.05% of value of cargo subject to minimum Rs. 330/-
4	From 15,00,001 to 50,00,000	Rs. 385/- + 0.045% of value of cargo subject to minimum Rs. 1,155/-
5	From 50,00,001 to 75,00,000	Rs. 1,348/- + 0.03% of value of cargo subject to minimum Rs. 2,998/-
6	From 75,00,001 to 1,00,00,000	Rs. 1,320/- + 0.035% of value of cargo subject to minimum Rs. 4,208/-
7	From 1,00,00,001 to 1,50,00,000	Rs. 2,915/- + 0.026% of value of cargo subject to minimum Rs. 5,775/-
8	From 1,50,00,001 to 2,50,00,000	Rs. 3,410/- + 0.03% of value of cargo subject to minimum Rs. 8,360/-
9	From 2,50,00,001 and above	Rs. 3,850/- + 0.035% of value of cargo subject to minimum Rs. 13,475/-

Applicable rates from April 1, 2026 to March 31, 2027

S. No	Value of Cargo (INR)	Terminal (Handling) Charges
1	Upto 70,000	Rs. 121/-
2	From 70,001 to 250,000	Rs. 152/- + 0.05% of value of cargo subject to minimum Rs. 194/-
3	From 250,001 to 15,00,000	Rs. 212/- + 0.05% of value of cargo subject to minimum Rs. 363/-
4	From 15,00,001 to 50,00,000	Rs. 424/- + 0.045% of value of cargo subject to minimum Rs. 1,271/-
5	From 50,00,001 to 75,00,000	Rs. 1,483/- + 0.03% of value of cargo subject to minimum Rs. 3,298/-
6	From 75,00,001 to 1,00,00,000	Rs. 1,452/- + 0.035% of value of cargo subject to minimum Rs. 4,629/-
7	From 1,00,00,001 to 1,50,00,000	Rs. 3,207/- + 0.026% of value of cargo subject to minimum Rs. 6,353/-
8	From 1,50,00,001 to 2,50,00,000	Rs. 3,751/- + 0.03% of value of cargo subject to minimum Rs. 9,196/-
9	From 2,50,00,001 and above	Rs. 4,235/- + 0.035% of value of cargo subject to minimum Rs. 14,823/-

17.1.14 Warehouse charges for Precious/Semi Precious Cargo (Export & Import Cargo)

Applicable rates from August 1, 2024 to March 31, 2025

S. No	Cargo Description	Warehouse Charges
1	Precious and semiprecious Cargo	(i) First 7 days free, (ii) Second 7 day @Rs 100/-per day per consignment (iii) Third 7 days Rs 200/- per day per consignment (iv) Fourth 7 days and thereafter @Rs 300/-per day per consignment.

Applicable rates from April 1, 2025 to March 31, 2026

S. No	Cargo Description	Warehouse Charges
1	Precious and semiprecious Cargo	(v) First 7 days free, (vi) Second 7 day @Rs 110/-per day per consignment (vii) Third 7 days Rs 220/- per day per consignment (viii) Fourth 7 days and thereafter @Rs 330/-per day per consignment.

Applicable rates from April 1, 2026 to March 31, 2027

S. No	Cargo Description	Warehouse Charges
1	Precious and semiprecious Cargo	(ix) First 7 days free, (x) Second 7 day @Rs 121/-per day per consignment (xi) Third 7 days Rs 242/- per day per consignment (xii) Fourth 7 days and thereafter @Rs 363/-per day per consignment.

Notes:

All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from



time to time.

17.1.15 Domestic Outbound Cargo Charges leviable on Shippers/ Conignor(s) etc.

Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)*		
	a) General Cargo	1.20	176
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.40	351
2	Demurrage Charges/Storage		
	a) General Cargo	1.20/kg/day	176
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.40/kg/day	351
3	Amendment of Airway Bill	160.00 per A WB	
4	Return Cargo Charges	160.00 per A WB	
5	Strapping/Re-packing Charges	Rs. 10.00 per package subject to a minimum of Rs. 20.00 per A WB for the actual services provided by JIAL	

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)*		
	a) General Cargo	1.32	194
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.64	386
2	Demurrage Charges/Storage		
	a) General Cargo	1.32/kg/day	194
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.64/kg/day	386
3	Amendment of Airway Bill	176.00 per A WB	
4	Return Cargo Charges	176.00 per A WB	
5	Strapping/Re-packing Charges	Rs. 11.00 per package subject to a minimum of Rs. 22.00 per A WB for the actual services provided by JIAL	

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)*		
	a) General Cargo	1.45	213
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.90	425
2	Demurrage Charges/Storage		
	a) General Cargo	1.45/kg/day	213
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.90/kg/day	425

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
3	Amendment of Airway Bill	194.00 per AWB	
4	Return Cargo Charges	194.00 per AWB	
5	Strapping/Re-packing Charges	Rs. 12.00 per package subject to a minimum of Rs. 24.00 per AWB for the actual services provided by JIAL	

* If Cargo at JIAL is received through approved AFS, then 30% lower TSP (Terminal, Storage and Processing) charges shall be applicable

AVI=Live Animal, PER=Perishable Cargo, VAL=Valuable Cargo

Notes:

1. The free period for outbound domestic cargo shall be 12 hours for examination/processing by the shipper/consignor/authorized representative etc. and 12 hours for airlines at SHA.
2. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of domestic cargo handling & demurrage charges. No XBIS/ETD usage charges will also be leviable on these shipments.
3. The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
4. As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
5. Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
6. For mis-declaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges @ 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation upto and inclusive of 2%. No weight deviation permissible in VAL Cargo.
7. XBIS usage charges INR 1.00 per kg for FY 2024-25, INR 1.10 per kg for FY 2025-26, & INR 1.21 per kg for FY 2026-27 subject to minimum of INR 150.00 for FY 2024-25, INR 165.00 for FY 2025-26, & INR 182.00 for FY 2026-27 per AWB. The same is applicable at 50% per kg subject to minimum of INR 100.00 for FY 2024-25, INR 110.00 for FY 2025-26, & INR 121.00 for FY 2026-27 per ODC shipment where physical check with the help of ETDs are facilitated. However, for random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs.
8. All minimum charges shall be rounded off to the nearest Rupee 1.00
9. All Bills shall be rounded up to the nearest higher of Rupee 1.00
10. All the above charges are excluding GST, which will be levied at applicable rates announced by Govt from time to time.
11. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for FY 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.16 Domestic Inbound Cargo Charges leviable on Consignee(s) etc.

Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)		
	a) General Cargo	1.20	176
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.40	351
2	Demurrage Charges/Storage		
	a) General Cargo	1.20/kg/day	176
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.40/kg/day	351

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)		
	a) General Cargo	1.32	194
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.64	386
2	Demurrage Charges/Storage		
	a) General Cargo	1.32/kg/day	194
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.64/kg/day	386

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Type of Charge	per Kg (Rs.)	Minimum Charges (Rs.)
1	Terminal, Storage and Processing Charges (Standard Charges for processing & Handling at Air Cargo Terminal)		
	a) General Cargo	1.45	213
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.90	425
2	Demurrage Charges/Storage		
	a) General Cargo	1.45/kg/day	213
	b) Special (AVI)/PER/HAZARDOUS/VAL/VUN	2.90/kg/day	425

Notes:

- The free period for inbound domestic cargo shall be one working day for processing/delivery by the consignee/authorized representative etc.
- Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of domestic cargo handling & demurrage charges.
- The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is

higher.

5. As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
6. Valuable cargo consists of gold bar, silver bar and foreign currency.
7. All minimum charges shall be rounded off to the nearest Rupee 1.00
8. All Bills shall be rounded up to the nearest higher of Rupee 1.00
9. All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
10. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.

17.1.17 Schedule of charges leviable on Airlines for Domestic Cargo Handling

Applicable rates from August 1, 2024 to March 31, 2025

Sl. No.	Activity	Per Kg (Rs.)	Minimum per flight (Rs.)
1	Unloading of incoming cargo loaded on trolleys (Bulk cargo handling)	1.20	160
2	Loading of outgoing cargo on trolleys (Bulk cargo handling)	1.20	160
3	Loading of Container/Pallet	2.12	399
4	De-stuffing of Container/Pallet	2.12	399

Applicable rates from April 1, 2025 to March 31, 2026

Sl. No.	Activity	Per Kg (Rs.)	Minimum per flight (Rs.)
1	Unloading of incoming cargo loaded on trolleys (Bulk cargo handling)	1.32	176
2	Loading of outgoing cargo on trolleys (Bulk cargo handling)	1.32	176
3	Loading of Container/Pallet	2.33	439
4	De-stuffing of Container/Pallet	2.33	439

Applicable rates from April 1, 2026 to March 31, 2027

Sl. No.	Activity	Per Kg (Rs.)	Minimum per flight (Rs.)
1	Unloading of incoming cargo loaded on trolleys (Bulk cargo handling)	1.45	194
2	Loading of outgoing cargo on trolleys (Bulk cargo handling)	1.45	194
3	Loading of Container/Pallet	2.56	483
4	De-stuffing of Container/Pallet	2.56	483

Notes:

1. All minimum charges shall be rounded off to the nearest Rupee 1.00
2. All Bills shall be rounded up to the nearest higher of Rupee 1.00

3. All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
4. Miscellaneous charges @ INR 2.00/kg for FY 2024-25, INR 2.20/kg for 2025-26, & INR 2.42/kg for FY 2026-27 for the service requests from the customers other than the services already mentioned in the above tariff chart.



भा.वि.आ.वि.प्रा.
AERA



17.2 Annexure 2 – Summary of study on allocation of assets between Aeronautical and Non-aeronautical assets

17.2.1 Background

- i. RAB is one of the fundamental elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an airport operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport. Assets not directly related to provision of Aeronautical services, if considered as Aeronautical assets, would result in increased charges for the passengers, stakeholders and other users. Therefore, the diligent allocation of assets into Aeronautical and Non-aeronautical assets becomes an important part of the tariff determination process.
- ii. RAB evolves on a continuous basis, primarily due to the addition of capital assets required to meet the growing demand and ensure optimal level of service, replacement of obsolete assets at end of their useful life, sales or transfers of assets and depreciation. The allocation of an asset towards RAB depends upon the type of asset (building & civil works, plant & machinery, equipment, etc.), usage (provision of various services such as Aeronautical, Non-aeronautical, or Common), ownership (by airport operator, concessionaire or other entities) and useful life of the asset. Based on these factors, the rationale for allocation of each asset into the appropriate classification needs to be determined diligently.
- iii. Towards this objective, AERA has decided to conduct an independent study on allocation of assets and segregation between Aeronautical and Non-aeronautical components in respect of assets appearing in the Fixed Asset Register (FAR) of Jaipur International Airport Limited as on March 31, 2022, based on the audited financial statements for the year ended March 31, 2022 and the True up workings as submitted by AAI to the AERA up to October 11, 2021.

17.2.2 Classification of Assets

- i. The study based on the analysis, classified the aggregate assets of JIA under the following categories:
 1. **Aeronautical assets:** All assets that are exclusively used for the provision of Aeronautical services/ activities have been classified as 'Aeronautical assets'. Such assets would include runway(s), taxiways, drainage, culverts, aprons, etc.
 2. **Non-aeronautical assets:** All assets that are exclusively used for the provision of Non-aeronautical services/ activities have been classified as 'Non-aeronautical assets'. Such assets would include land side development, commercial projects, etc.
 3. **Common assets:** All assets that cannot be directly allocated to either Aeronautical assets or Non-aeronautical assets have been classified as 'Common assets'. Such assets as the name suggests, get utilised for both Aeronautical and Non-aeronautical activities. They would include terminal building, select terminal equipment, etc.

17.2.3 Principles for segregation of assets

- i. The study reviewed the various asset categories and developed a basis for classification of



assets into aeronautical and non – aeronautical activities. The study also determined the appropriate proportion of the Common Assets that may be included as part of Aeronautical activity in order to determine the Aeronautical asset base. The principles of segregation used by the study are as follows:

Aeronautical Assets

- Assets required for the performance of the Aeronautical services at the airport.
- Classification of aeronautical assets are taken as defined in the AERA Act.
- Assets necessary to maintain the service quality of the airport are proposed to be considered as aeronautical except those located in the Non-aeronautical area.

Non-aeronautical Assets

- Assets required for the performance of the Non-aeronautical activities at the airport. Examples include car parking, advertisement, retail etc.

Common Assets

- Common assets are assets which are not directly attributable to either Aeronautical or Non-aeronautical services. These assets include the terminal building, air conditioning, furniture, administrative office of airport company, etc.
- Common assets are bifurcated between Aeronautical and Non-aeronautical assets based upon Terminal Building ratio or Employee Head Count ratio or Staff Quarters ratio. The ratio of Aeronautical to Non-aeronautical as considered by the Study for the period from FY 2016-17 to FY 2020-21 are as follows:

Table 184: The ratio of Aeronautical to Non-aeronautical considered by the Study for the period from FY'17 to FY'22

Particulars	Ratio (Aeronautical: Non-aeronautical)
Terminal Building ratio	90.00 : 10.00
Employee Head Count ratio (up to October 11, 2021)	86.18 : 13.82
Employee Head Count ratio (from October 11, 2021)	90.91 : 9.09
Staff Quarters ratio	97.88 : 2.12 (Aeronautical: ANS)

17.2.4 Details of adjustment to RAB

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common. Based on the same, the Authority has reclassified some portion of assets submitted by AAI for true up of the Pre-COD Period.

(i) Terminal building:

Details of Asset: Expansion and Modification of T2, Refurbishment, Retrofitting and Renovation of T1, Craftwork at T1

Allocation proposed by AAI: Aeronautical



Observation: The assets pertaining to development of terminal building, craftwork of terminal buildings and other works have been considered as Aeronautical assets by AAI. However, as these assets are within / pertaining to the terminal building, wherein both Aeronautical and Non-aeronautical activities are carried out, the same is reclassified as Common asset and segregated in the Terminal Building ratio (90:10).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 7.59 Crores.

(ii) Temporary Boundary Wall:

Details of Asset: Chain link fencing in residential colony

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of boundary wall in residential colony have been considered as Aeronautical assets. However, as these assets are for the residential purposes of the staff, wherein both Aeronautical and ANS employees reside, the same is reclassified as Common asset and segregated in the Staff Quarters ratio (86.95:13.05).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 0.03 Crores.

(iii) Tools and Machinery:

Details of Asset: Fans, AC, Lights, CCTV, Escalator/Elevator, DG Sets, Solar Grid, Water Handling Unit, Biometric Access Control

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to the various equipment at several locations in the airport have been classified as Aeronautical assets by AAI. As these assets are used for servicing both Aeronautical and Non-aeronautical activities within the terminal building, these are reclassified as Common assets and have been reallocated in the ratio of the Terminal Building (90:10).

Biometric Access Control System has been classified as Aeronautical asset by AAI. However, since these assets are for staff use, they have been reclassified as Common assets and have been reallocated in the ratio of the Employee Head Count.

Asset related to elevator for restaurant at T2 has been classified as Aeronautical asset by AAI. Since this asset pertains to Non-aeronautical activity within the terminal building, it is reclassified as Non-Aeronautical asset.

Asset related to Breath Analyzers at ATC Building has been classified as Aeronautical asset by AAI. However, since these assets are for ANS staff use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 3.72 Crores.

(iv) Furniture & Fixtures:

Details of Asset: Furniture at T1, Foldable ladders in CNS Section

Allocation proposed by AAI: Aeronautical



Observation: The furniture at the terminal building have been classified as Aeronautical assets by AAI. As these assets are used for both Aeronautical and Non-aeronautical activities, these assets are reclassified as Common assets and have been reallocated using the Terminal Building ratio (90:10).

Asset related to Foldable Ladders at CNS Section has been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.1 Crores.

(v) Office Appliances:

Details of Asset: Biometric Attendance Machine, Laptop, Mobile

Allocation proposed by AAI: Aeronautical

Observation: The biometric attendance machines at the cargo building and ATC have been classified as Aeronautical assets by AAI. As these assets are not used for Aeronautical purpose, these assets are reclassified as Non-Aeronautical and ANS assets.

Asset related to Laptop and Mobile phone at ATC Tower and CNS Section respectively have been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.001 Crores.

ii. The following table presents the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD.

Table 185: Impact due to reclassification of AAI assets as per Study

(₹ in Crores)

Additions - WIP Capitalization	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-3.35	-0.07	-4.17	-7.59
Temporary Boundary Wall	-0.03	-	-	-	-	-	-0.03
Computers	-0.01	-	-	-	-0.01	-	-0.02
Machinery	-0.20	-1.18	-	-0.64	-0.33	-1.33	-3.67
Tools & Plant	-	-	-	-0.04	-0.01	-	-0.05
Furniture-Office	-0.002	-	-	-	-0.04	-0.06	-0.10
Office Equipment	-	-	-	-	-0.001	-	-0.001
Total Impact on Additions	-0.25	-1.18	-	-4.04	-0.46	-5.55	-11.47

iii. Accordingly, the year-wise impact on depreciation on asset additions as determined by the Study (due to reclassification and other adjustments) is summarized in the table below:

Table 186: Impact on depreciation due to reclassification of AAI assets

(₹ in Crores)

Depreciation on Additions during the Year	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-0.01	-0.11	-0.06	-0.1840
Temporary Boundary Wall	-0.01	-0.02	-	-	-	-	-0.0317
Computers	-0.001	-0.003	-0.005	-0.005	-0.002	-0.001	-0.0159
Machinery	-0.004	-0.03	-0.09	-0.1	-0.15	-0.09	-0.4636
Tools & Plant	-	-	-	-0.002	-0.003	-0.002	-0.0067

<i>Depreciation on Additions during the Year</i>	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Furniture-Office	-	-0.0002	-0.0003	-0.0003	-0.005	-0.004	-0.0089
Office Equipment	-	-	-	-	-	-0.0001	-0.0001
Total Impact of Adjustments on Depreciation on Additions	-0.0183	-0.0519	-0.0969	-0.1196	-0.2697	-0.1547	-0.7110

iv. Subsequent to the reclassifications and revisions in allocation ratios, the adjusted RAB has been derived by the Authority as under:

Table 187: Adjusted RAB derived by the Authority post reclassification

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Opening RAB (A)	141.27*	253.29	253.68	259.96	313.32	323.58	-
Additions as per AAI (B)	129.34*	19.52	26.98	79.84	33.96	200.86	490.49
Deletions as per AAI (C)	0.67	0.00	0.00	0.00	0.00	0.00	0.67
Depreciation as per AAI (D)	16.41	18.00	20.80	22.55	23.51	12.87	114.15
Reclassification adjustments							
Reclassification impact (other than depreciation) (E)	-0.25	-1.18	0.00	-4.04	-0.46	-5.55	-11.47
Depreciation impact on reclassification (F)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.15	-0.71
Total reclassification impact (G=E+F)	-0.26	-1.23	-0.10	-4.16	-0.72	-5.71	-12.18
Additions as per Study (H=B+E)	129.09	18.34	26.98	75.80	33.50	195.31	479.03
Depreciation as per Study (I=D+F)	16.39	17.95	20.71	22.44	23.24	12.71	113.44
Closing RAB (J=A-C+H-I)	253.29	253.68	259.96	313.32	323.58	506.18	-
Average RAB (K=(A+J)/2)	197.28	253.49	256.82	286.64	318.45	414.88	-

* includes left out assets and Cost Apportionment in First Control Period

* excludes left out asset and cost apportionment as the same has been included in Opening RAB

17.2.5 Reclassification of assets of JIAL as on March 31, 2022

The Authority has conducted an independent study on allocation of assets for the period FY 2016-17 till FY 2020-21 and used the outcome of the study to true up the RAB for the post COD period i.e.as on March 31, 2022 for JIAL.

The Authority has considered the adjusted RAB of JIAL as on COD (which is ₹ 507.91 crores), Capital additions and corresponding depreciation based on the results of the Asset Allocation report (refer Annexure III & V for the detailed report on *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport*).

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common assets. Based on the same, the Authority has reclassified some portion of assets submitted by the AO for true up of the period from COD till March 31, 2022 which has been detailed hereunder:

i. Software

Details of Asset: Software

Allocation proposed by JIAL: Aeronautical

Observation: The assets pertaining to Software have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09).

Allocation proposed by the Authority: Employee Head Count Ratio

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.01 Crores.

Reference: Para 4.10 of the *Asset Allocation report*.

ii. **Furniture**

Details of Asset: Furniture, Sofa, Tables, Queue Management System.

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as furniture, table, racks, etc. have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, Queue Management System which was classified as Aeronautical by JIAL is allowed to be considered as Aeronautical asset.

Allocation proposed by the Authority: Employee Head Count Ratio / Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.05 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

iii. **IT Equipment**

Details of Asset: Laptop, Desktop, Display, e-PoS Implementation, and other IT equipment

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as laptops, desktops, display screens have been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, e-PoS Implementation which was classified as Aeronautical by JIAL has been reallocated as Non-Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common increases the RAB to the extent of ₹ 0.17 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

iv. **Office Equipment**

Details of Asset: Telephone, Megaphone, Security and Safety Equipment, Projector, CCTV Technology, Queue Management System, and other Office equipment

Allocation proposed by JIAL: Aeronautical

Observation: All office equipment has been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). Further, CCTV Technology for Terminal 2 has been re-allocated as per Terminal Building Ratio (90:10). In addition, Queue Management System which was classified as Aeronautical by JIAL has been retained as Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Terminal Building Ratio



/ Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.07 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

The following table illustrates the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of JIAL between COD and March 31, 2022.

Table 188: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022
(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.05)
IT equipment	(0.17)
Office equipment	(0.07)
Software	(0.01)
Grand Total	(0.29)

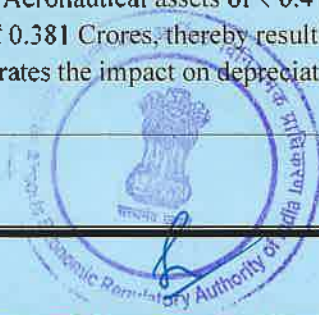
- 17.2.6 The Authority has proposed to consider the same rates of depreciation as applied by AAI for the period up to COD, on the assets transferred by AAI to JIAL for the period from COD to March 31, 2022. Further, the assets added by JIAL have been depreciated based on the useful life prescribed under Order No. 35/2017-18 dated January 12, 2018, of AERA. The Authority has proposed the useful life for all the assets of Jaipur International Airport post COD as per below table.

Table 189: Useful Life proposed by JIAL and the Authority

Asset Class	Useful life submitted by JIAL*	Useful life proposed by the Authority*
Terminal Building	25	30
Runway, Taxiway and Apron	20	30
Cargo Building	25	30
Cargo Equipment	7.5	15
Boundary wall	5	5
Computer Servers, networks, etc. / Software	3	3
Computer End-user devices / IT equipment	3	3
Security equipment	7.5	15
Plant and Machinery	7.5	15
Other buildings	30	30
Access road	10	10
Furniture & fixtures	7	7
Vehicles	5	8
Office Equipment	5	5

*All numbers in years

- 17.2.7 Accordingly, the depreciation on Aeronautical assets of ₹ 0.412 Crores as submitted by JIAL has been revised (post reclassification) to ₹ 0.381 Crores, thereby resulting a reduction in depreciation of ₹ 0.032 Crores. The following table illustrates the impact on depreciation due to reclassification adjustments in



Asset Addition/WIP Capitalization values of JIAL between COD and March 31, 2022.

Table 190: Impact on Depreciation due to Reclassification of Asset Additions by JIAL and Revised Useful Life as per the Authority from COD till March 31, 2022

(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.00)
IT equipment	(0.021)
Office equipment	(0.00)
Plant and Machinery	(0.007)
Software	(0.00)
Vehicles	(0.004)
Grand Total	(0.032)

17.2.8 Adjustments were also made in the depreciation of the assets handed over to JIAL by AAI for the post COD period, as per the asset reclassification carried out in this Study and the revised useful life as per Table 116. The total impact on depreciation in post COD period due to reclassification of assets has been summarized in the table below.

Table 191: Total Impact on Depreciation due to Reclassification of Asset Additions from COD till March 31, 2022

(₹ Crores)

Particulars	Values	Impact
Depreciation on pre-COD assets as per JIAL	29.57	
Depreciation on pre-COD assets after reclassification and revised useful life as per Study	16.21	
Impact on Depreciation for pre-COD Assets due to reclassification		(13.36)
Depreciation on post-COD assets as per JIAL	0.41	
Depreciation on post-COD assets after reclassification	0.38	
Impact on Depreciation for post-COD Assets due to reclassification and revised useful life as per Study		(0.03)
Total Impact on Depreciation for all Assets in post-COD period		(13.39)

17.2.9 The Adjusted RAB and Depreciation determined by the Authority for the period from COD till March 31, 2022, post reclassifications and other adjustments are as follows:

Table 192: Average RAB considered by the Authority from COD till March 31, 2022

Particulars	(₹ Crores) Amount
Adjusted RAB as on COD, transferred to Jaipur International Airport Limited (A)	508.96
Additions to RAB from COD to March 31, 2022, proposed by JIAL (B)	3.45
Sub-total (C = A + B)	512.41
Reclassifications on asset additions	
Furniture & fixtures (D)	-0.05
IT equipment (E)	-0.17
Office equipment (F)	-0.07
Software (G)	-0.01
Total reclassifications (H) Sum (D : G)	-0.29
Adjusted RAB (I = C + H)	512.12
Depreciation on Initial RAB from COD to March 31, 2022, proposed by JIAL (J)	29.98
Adjustment in Depreciation for the period from COD to March 31, 2022 (K)	-13.39
Total Adjusted Depreciation for the period from COD to March 31, 2022 (L=J+K)	16.59
Opening RAB as on 1 st April'2022 for Third Control Period M=I –L	495.53
Average RAB (N)=(A+M)/2	502.24

17.2.10 Based on the revision of asset allocation methodology adopted for assets of Jaipur International Airport, a revision in the Aeronautical Gross block has been proposed. The year-wise revised value of assets from FY 2016-17 to FY 2020-21 has been summarized in the tables below:

Table 193: Revised Gross block of Assets up to COD as per the Study report

Particulars	Tariff Order for SCP	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 (up to COD)
Aeronautical Gross block (opening) (A)	292.20	296.90	425.32	443.66	470.64	546.44	579.94
Non-aeronautical Gross block (opening) (B)	13.70	13.70	14.33	15.79	15.81	19.83	20.27
Aeronautical Asset Additions / Left Out Assets (C)*	4.70	129.09	18.34	26.98	75.80	33.50	195.31
Aeronautical Asset Disposals (D)*		0.67	-	-	-	-	-
Non Aeronautical Asset Addition (E)		0.63	1.46	-	4.04	0.44	5.55
Aeronautical Gross block (closing) (F=A+C-D)	296.90	425.32	443.66	470.64	546.44	579.94	775.25
Non-aeronautical Gross block (closing) (G=B+E)	13.70	14.33	15.79	15.79	19.83	20.27	25.82
Total Gross block (H = F + G)	310.60	439.65	459.45	486.43	566.27	600.21	801.07
<i>Aeronautical Ratio</i>	95.59%	96.74%	96.56%	96.75%	96.50%	96.62%	96.78%
<i>Non-Aeronautical ratio</i>	4.41%	3.26%	3.44%	3.25%	3.50%	3.38%	3.22%

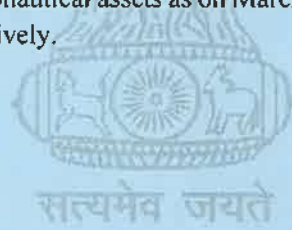
Table 194: Revised Gross block of Assets as on March 31, 2022 as per the Study

(₹ in Crores)

Particulars	Assets transferred from AAI on October 10, 2021	ANS assets transferred by AAI	Additions – Post COD	Total as on March 31, 2022
Aeronautical Gross block (A)	504.61	4.35	3.16	512.12
Non-aeronautical Gross block (B)	10.80		0.29	11.09
Total Gross block (C = A + B)				523.21
<i>Aeronautical ratio</i>				<i>97.88%</i>
<i>Non-Aeronautical ratio</i>				<i>2.12%</i>

17.2.11 The Gross block of Aeronautical and Non-aeronautical assets as per AAI's submission, as on October 10, 2021 was ₹ 786.72 Crores and ₹ 14.37 Crores, respectively. The revised Aeronautical and Non-aeronautical Gross block as on October 10, 2021 for AAI, after the proposed adjustments and reclassifications as per the Study, are ₹ 775.25 Crores and 25.82 Crores, respectively.

17.2.12 The Net block of the Aeronautical and Non-aeronautical assets transferred by AAI to JIAL as on COD, were considered as addition to the Gross block as on COD for JIAL as per the Study. The Gross Aeronautical assets and Non-aeronautical assets as on March 31, 2022 has been determined as ₹ 512.12 Crores and 11.09 Crores, respectively.



भा.वि.आ.वि.प्रा.

AERA



17.3 Annexure 3 - Summary of study on efficient Operation and Maintenance expenses

17.3.1 Background

- Establishing efficient Operation and Maintenance (O&M) expenses is an essential component in tariff determination for Aeronautical services. The allocation of O&M expenses as Aeronautical and Non-aeronautical expenses depends on the nature of expenses, type of assets which they service, the business function which they are deployed for, the end-user that benefits or avails services from those expenses, and reasonableness of the quantum of such expenses.
- Towards this objective, AERA has decided to conduct an independent study on efficient Operation and Maintenance expenses, and their allocation as Aeronautical and Non-aeronautical components in respect of O&M expenses appearing in the extract of the audited trial balance of AAI for the period from FY 2016-17 to October 11, 2021 and the audited financial statements of Jaipur International Airport Limited for the period from October 11, 2021 (Commercial Operation Date (COD)) to March 31, 2022, and the True up workings as submitted to AERA by AAI up to October 11, 2021 and by the JIAL up to March 31, 2022.

17.3.2 Comparison of Aeronautical O&M expenses approved as per Tariff Order for the Second Control Period vis-à-vis the actual expenses incurred by AAI and JIAL

- The Study compared the Aeronautical O&M expenses as per approved tariff order of Second Control Period (SCP) with actual expenses incurred by both AAI and JIAL and analyzed the reasons for deviation in such O&M expenses. The details of O&M expenses approved as per tariff order and the actuals incurred during the Second Control Period, are shown in the table below:

Table 195: Aeronautical O&M expenses of JIA for the Second Control Period - Approved vs. Actuals

Particulars	O&M Expenses as per Tariff Order for SCP (A)	Actuals as per true-up submission of AAI up to FY 21 (B)	Variance (C = B - A)	Variance (%) (D = C / A)	Total Actuals as per true-up submission of AAI till COD	Actuals as per true-up submission of JIAL post COD till Mar'22	Total Actuals as per true-up submission of AAI and JIAL for SCP till Mar '22
Employee benefit expenses	155.8	142.23	-13.57	-9%	158.76	19.72	178.48
Administrative & Other expenses	57.1	254.96	197.86	347%	316.49	16.92	333.41
Repairs & Maintenance expenses	52.6	66.04	13.44	26%	75.32	7.05	82.37
Utility (Operating) expenses	22.2	33.57	11.37	51%	39.19	2.72	41.91
Other outflows	2.1	5.63	3.53	168%	5.74	0.23	5.97
Total Aeronautical O&M expense for the Second Control Period	290.2	502.43	212.23	73%	595.50	46.64	642.14

- The Aeronautical O&M expenses approved by the Authority in the Tariff Order for Second Control Period amounted to ₹ 290.20 Crores. The actual Aeronautical O&M expenses incurred as per AAI's True up submission aggregates to ₹ 502.44 Crores for Second Control Period. Aeronautical O&M

expenses incurred by AAI in FY22 till COD stood at ₹ 93.05 Crores. Thereby, the total Aeronautical O&M Expense incurred by AAI in SCP till COD amounted to ₹ 595.50 Crores. The total Aeronautical O&M expenses as per JIAL's True up submission for the period from post COD i.e., October 11, 2021 to March 31, 2022, aggregates to ₹ 46.64 Crores. The total Aeronautical O&M expenses of ₹ 502.43 Crores incurred as per true up submissions for the Second Control Period excluding FY2021-22, is drastically higher than the amount of ₹ 290.20 Crores approved in the Tariff Order, indicating a deviation of 73%.

- i. It is noted that the major reason for the overall deviation of 73% in the total Aeronautical O&M expenses for the Second Control period, is the increase in the actual CHQ & RHQ expenses incurred by AAI which is higher by 502% till FY21.
- ii. On an overall basis, the actual employee benefit expenses for second control period are well within the range of values approved by AERA in the Tariff Order for the Second Control Period. Therefore, the employee expenses of AAI for the Second Control Period seem to be reasonable as part of this Study.
- iii. The A&G expenses incurred during the period significantly exceeded the projections of the Tariff Order. This expense has been examined in detail, and the underlying factors have been rationalized in the subsequent sections of this report.
- iv. The utility expenses have exceeded the projections, primarily due to hiring of vehicles through outsourcing agencies on a need basis by AAI. Additionally, the rise in electricity expenses is, in part, a result of the power tariff determined by third-party utility vendors. Given the criticality of these expenditures to the core operations and the external factors influencing them, the actual utility expenses incurred has been considered reasonable for the purposes of this study.
- v. Repairs & Maintenance expenses, excluding the amortization of runway recarpeting expenses, were higher than that approved as per the Tariff Order for all the FYs of the Second Control Period. Further, it is observed that the expenses were lower than 6% of the Opening RAB (as approved in AERA tariff orders of other airports) for all the FYs of the Second Control Period. This alignment with the RAB demonstrates a reasonable relationship between expenditures and the assets being maintained. Therefore, for the purpose of this study, these expenses are deemed rational.

17.3.3 Principles for segregation of costs

- i. This Study segregates the O&M expenses of Jaipur International Airport into the following:
 - **Aeronautical expenses:** Expenses which are incurred for operation and maintenance of Aeronautical assets have been categorized as Aeronautical expenses.
 - **Non-aeronautical expenses:** Expenses which are incurred for operation and maintenance of non-aeronautical assets have been categorized as Non-aeronautical expenses.
 - **Common expenses:** Expenses for which the benefits or use cannot be exclusively linked to either Aeronautical or Non-aeronautical activities have been segregated as Common expenses. Expenses primarily incurred for provision of Aeronautical services but are also used for provision of non-aeronautical services are segregated as Common Expenses. Expenses which are used for general corporate purposes including legal, administration, and management affairs are treated as Common Expenses.
- ii. The Segregation of the various O&M expenses as per AAI's submission is as below:



Table 196: Segregation ratio for O&M expenses as per AAI's submission

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22
						till COD
Employee Ratio (Aeronautical: Non-aeronautical)	96.27: 3.73	97.08: 2.92	97.41: 2.59	97.31: 2.69	96.95: 3.05	97.41: 2.59
Year-wise specific allocation ratio for CHQ & RHQ allocation of Admn. Expenses (Aeronautical: Non-aeronautical)	95:5	95:5	95:5	95:5	95:5	95:5
Year-wise specific allocation ratio for CHQ allocation of Retirement Benefits (Aeronautical : Non-aeronautical)	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03
Terminal Building ratio (Aeronautical : Non-aeronautical)	90.59: 9.41	90.43: 9.57	90.28: 9.72	93.44: 6.56	95.02: 4.98	95.02: 4.98
Electricity ratio (Aeronautical : ANS : Non-aeronautical)	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8
Staff Quarters ratio (Aeronautical : ANS)	82.41: 17.59	80.36: 19.64	86.32: 13.68	89.47: 10.53	91.58: 8.42	91.58: 8.42
Vehicle Ratio	97:3	97:3	97:3	97:3	97:3	97:3

17.3.4 Details of adjustment to O&M expenses

- a. The study on the basis of the expense classification and principles of segregation adopted, as can be seen in the above paragraphs, has considered re-segregation of Operation and Maintenance expenses to determine Aeronautical O&M costs. The study has proposed the following ratios:

Table 197: Revised segregation ratio for O&M expenses as per the study

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22- COD
Terminal Building Ratio	90.60%	90.43%	90.28%	93.44%	95.02%	95.02%
Gross Fixed Assets ratio	96.74:3.26	96.56:3.44	96.75:3.25	96.50:3.50	96.62:3.38	96.78:3.22
Employee Ratio	84.91: 15.09	85.02: 14.98	87.42: 12.58	87.51: 12.49	86.35: 13.65	85.85: 14.15
Electricity ratio (Aeronautical)	79.25%	79.25%	79.25%	79.25%	79.25%	79.25%

- b. Based on the reclassification and change in allocation ratio, the Study has proposed the revised Aeronautical O&M expenses for the period FY 2016-17 up to COD as summarized in the table below:

Table 198: O&M expenses submitted by AAI and as per Study for the SCP and pre-COD Period

(₹ in Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22*	Total till COD
O&M Expenses as per AAI								
Employee benefit / Payroll	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76
Administrative and General	32.47	37.58	56.50	67.45	60.96	254.96	61.53	316.49
Repairs & Maintenance	8.35	12.75	13.86	14.74	15.54	66.05	9.27	75.32

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22*	Total till COD
Utilities & Outsourcing	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
O&M Expenses as per Study								
Employee benefit / Payroll	18.15	27.17	34.36	33.73	25.78	139.18	15.97	155.15
Administrative and General	26.69	30.94	46.82	57.92	53.81	216.17	29.62	245.80
Repairs & Maintenance	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Utilities & Outsourcing	5.13	8.30	6.22	6.76	6.91	33.32	5.63	38.95
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Impact	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

* Up to COD (October 10, 2021)

c. The table below provides a summary of submission of JIAL, revision of OPEX as part of this study and net impact for the period 11th October 2021 to 31st March 2022:

Table 199: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses

(₹ in Crores)

Particular	JIAL Submission			Study		
	Total Expense	Aero %	Aero Expense	Allocation Basis	Aero Expense	Net Impact
Manpower expenses - AAI employees	15.19	100%	15.19	Common (ER-AAI)	15.07	-0.12
Manpower expenses - JIAL employees	4.53	100%	4.53	Common (ER-JIAL)	4.12	-0.41
Utility expenses	2.72	100%	2.72	Aeronautical	2.72	0.00
IT expenses	0.67	100%	0.67	Common (ER-JIAL)	0.61	-0.06
Rates & taxes	0.06	100%	0.06	Common (GB)	0.06	-0.001
Security expenses	2.68	100%	2.68	Aeronautical	2.68	0.00
Corporate Allocation	5.18	100%	5.18	Common (ER-JIAL) Less: Legal Expenses	4.66	-0.52
Administrative Expenses - Collection Charges on UDF	0.23	100%	0.23	Aeronautical	0.23	0.00
Administrative Expenses - Others	2.99	100%	2.99	Common (TB/ER/GB)	2.89	-0.11
Insurance	0.58	100%	0.58	Common (GB)	0.57	-0.01
R&M	7.05	100%	7.05	Common (TB/ER/GB)	6.69	-0.36
Others	2.96	100%	2.96	Common (TB)	2.66	-0.30
Independent Engineer Fees	1.80	100%	1.80	Aeronautical	1.80	0.00
Total	46.64		46.64		44.76	(1.89)

* TB – Terminal Building Ratio

ER – Employee Ratio

GB – Gross Block Ratio

17.3.5 Rationalisation of O&M expenses

a. Based on the Internal Benchmarking analysis, it was observed that the Operation and Maintenance expenses for Jaipur International Airport for the period from FY 2016-17 to FY 2019-20 are higher

than normal operating efficiency levels, as mentioned below:

- i. Out of the four major components of O&M expenses, three major expenses namely, Employee cost, Administrative expenses, and Repairs & Maintenance expenses have grown at a higher CAGR than that of PAX and ATM traffic during the period FY 2016-17 to FY 2019-20.
 - ii. The key reason of such higher growth in O&M expenses is mainly due to pay scale revision and arrears disbursement to Jaipur Airport employees as per 7th Pay Commission report and increase in CHQ/RHQ allocation due to pay revision, inflation, and increase in revenues of Jaipur station.
- b. It is proposed to rationalize such expenses to determine the efficient Aeronautical O&M expenses for the period from FY 2016-17 to FY 2021-22.

17.3.6 Efficient Aeronautical O&M expenses

- a. The year-wise summary of the reclassification and other adjustments to O&M expenses is provided in the table below.

Table 200: Year-wise summary of reclassification and other adjustments to Aero O&M expenses

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22*	Total till COD	₹ Crores	
								FY'22 [#]	Total till Mar'22
O&M expenses as per true up submission of AAI and JIAL (A)	66.12	87.94	112.54	124.84	111.01	93.05	595.50	46.64	642.14
O&M expenses as per Study									
Employee benefit expenses	18.15	27.17	34.36	33.73	25.78	15.97	155.15	19.19	174.35
Administrative and other expenses	26.69	30.94	46.82	57.92	53.81	29.62	245.80	15.92	259.92
Utilities and Outsourcing expenses	5.13	8.30	6.22	6.76	6.91	5.63	38.95	2.72	41.67
Repairs & Maintenance expenses	8.23	12.60	13.84	14.60	16.12	9.11	74.51	6.69	81.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	0.11	5.74	0.23	5.97
Total (B)	59.46	80.42	102.51	114.51	102.81	60.44	520.15	44.76	563.10
Impact (B - A)	(6.66)	(7.52)	(10.03)	(10.33)	(8.20)	(32.61)	(75.35)	(1.89)	(79.04)

* Up to the date of COD (October 10, 2021)

From COD till March 31, 2022

- b. The Authority had decided to consider an amount of ₹ 290.20 Crores as the operational and maintenance expenditure in its Tariff Order for SCP of JIA. As per the submission of AAI, the total Aeronautical O&M expenses for the period from FY2016-17 to FY2020-21 was ₹ 502.44 Crores. For the period April 01, 2021 till October 10, 2021 (COD), the total Aeronautical O&M expenses as submitted by AAI is ₹ 93.05 Crores. The total Aeronautical O&M expenses for the period from FY2016-17 till COD as per true-up submission of AAI, was ₹ 595.50 Crores.

- i. Based on the reallocation of the O&M expenses, the downward adjustment in the Aeronautical O&M expenses for the period from FY2016-17 to FY2020-21 is ₹ 42.73 Crores, and for the period from April 01, 2021 till October 10, 2021 (COD) is ₹ 32.61 Crores. The total downward adjustment in the Aeronautical O&M expenses for the period from FY2016-

17 till COD is ₹ 75.35 Crores and the reallocated Aeronautical O&M expenses for the period FY 2016-17 to October 10, 2021, has been determined as ₹ 520.15 Crores. The Aeronautical O&M expenses for the period from FY 2016-17 till COD is reduced by 12.65%.

- ii. As per the submission of JIAL the total Aeronautical O&M expenses for the period from COD to March 31, 2022, was ₹ 46.64 Crores. Based on the reallocation of the O&M expenses, the downward adjustment in the Aeronautical O&M expenses for the aforesaid period is ₹ 3.69 Crores and the reallocated Aeronautical O&M expenses (prior to rationalization) for the period from COD to March 31, 2022 has been determined as ₹ 44.76 Crores. The Aeronautical O&M expenses for the period from COD up to March 31, 2022 is reduced by 4.05%.



भा.वि.आ.वि.प्रा.
AERA



17.4 Annexure 4 – Clauses of the Concession Agreement entered between AAI and JIAL

- iii. The Airports Authority of India (AAI) entered into a Concession Agreement with Jaipur International Airport Limited (JIAL) on January 19, 2021, for the Operation, Management and Development of Jaipur International Airport for a period of 50 years from the Commercial Operation Date (COD) i.e., October 11, 2021 in accordance with the terms and conditions mentioned in the Concession Agreement.
- iv. The relevant Clause of the Concession Agreement may be read as under:

3.1.1. *Subject to and in accordance with the provisions of this Agreement, Applicable Laws and the Applicable Permits, the Authority hereby grants to the Concessionaire, the concession set forth herein including the exclusive right, lease and authority to operate, manage and develop the Airport ("Concession") for a period of 50 (fifty) years commencing from the COD, and the Concessionaire hereby accepts the Concession and agrees to implement the Project subject to and in accordance with the terms and conditions set forth herein".*

3.1.2. *Subject to and in accordance with the provisions of this Agreement, the Authority, Applicable Laws and the Applicable Permits, the Concession hereby granted shall oblige or entitle (as the case may be) the Concessionaire to:*

- (a) *the Right of Way, access and lease to the Site for the purpose of and to the extent conferred by the provisions of this Agreement.*
- (b) *finance the development and expansion of the Airport.*
- (c) *operate, maintain and manage the Airport and regulate the use thereof by third parties.*
- (d) *demand, collect and appropriate Fee from Users liable for payment of Fee for using the Airport or any part thereof and refuse entry of any such User if the Fee due is not paid.*
- (e) *perform and fulfil all of the Concessionaire's obligations under and in accordance with this Agreement.*
- (f) *save as otherwise expressly provided in this Agreement, bear and pay all costs, expenses, Taxes and charges in connection with or incidental to the performance of the obligations of the Concessionaire under this Agreement; and*
- (g) *neither assign, transfer or create any lien or encumbrance on this Agreement, or the Concession hereby granted or on the whole or any part of the Airport nor transfer, or part possession thereof, save and except as expressly permitted by this Agreement or the Substitution Agreement.*

27.1.1. *Subject to Clause 27.3, the Concessionaire agrees to pay to the Authority, during the Concession Period, a monthly concession fee calculated as follows (the "Monthly Concession Fee"):*

$$\begin{array}{l} \text{Per Passenger Fee} \\ \text{for International} \\ \text{Passengers} \end{array} \times \begin{array}{l} \text{International Passenger} \\ \text{Throughput for that} \\ \text{month} \end{array} + \begin{array}{l} \text{Per Passenger} \\ \text{Fee for Domestic} \\ \text{Passengers} \end{array} \times \begin{array}{l} \text{Domestic Passenger} \\ \text{Throughput for that} \\ \text{month} \end{array}$$

Where:

"Per Passenger Fee for Domestic Passengers" means ₹ 174 (Rupees One Hundred and Seventy Four), as may be revised pursuant to Clause 27.3;

"Per Passenger Fee for International Passengers" means 2 (two) times the Per Passenger Fee for Domestic Passengers;

"Domestic Passenger Throughput" for any month shall mean the total domestic Passenger Traffic (embarking and disembarking passengers) as provided by the Authority by the 7th (seventh) day of the subsequent month in the form and manner as may be specified by the Authority from time to time.

"International Passenger Throughput" for any month shall mean the total International Passenger Traffic (embarking and disembarking passengers) as provided by the Authority by the 7th (seventh) day of the subsequent month in the form and manner as may be specified by the Authority from time to time.

Provided further that, in the first and that last month of the Concession Period, the International Passenger Throughput and Domestic Passenger Throughput shall be pro-rated by the number of the days in such months as reckoned with respect to the COD or Transfer Date, as relevant.

27.1.2. The Monthly Concession Fee paid/ payable by the Concessionaire to the Authority under and pursuant to the terms of this Agreement shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same.

20.1.1 The Concessionaire acknowledges and agrees that only the Designated GOI Agencies are authorized to undertake the following services ("**Reserved Services**") at the Airport:

- (a) CNS/ATM Services;
- (b) security services;
- (c) meteorological services;
- (d) mandatory health services;
- (e) customs control;
- (f) immigration services;
- (g) quarantine services;
- (h) any other services, as may be notified by GOI;

Provided that, subject to the Applicable Laws and the Applicable Permits, nothing in this Agreement shall restrict the Authority from requiring the Concessionaire to undertake any or all of the Reserved Services on such terms and conditions as may be mutually agreed between the Parties.

- v. The relevant portion of Schedule T which pertains to the list of capital expenditure contracts already awarded by AAI and handed over to JIAL and Schedule U which pertains to the list of capital expenditure projects proposed / planned by AAI but not yet awarded and forming part of the terms of the Concession Agreement are given below:

SCHEDULE T**EXISTING CONTRACTS**

Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
1	Snack Bar (1st Floor-Sha)	1589 Hotels Pvt Ltd, Suite No. 3, Near Jaipur Shop, C/o Hotel Clarks Amer, JLN Marg, Jaipur- 302014	12 (3.11.18 to 2.11.19)	Regular
2	Ice Cream Bakery And Confectionary Shop (1st Floor-Sha)	A One Catering Services 222, AUDHIAWADA, BEDLA, UDAMPUR, RAJ	12 (2.11.18 to 1.11.19)	Regular
3	Jaipur Bazar, BedSheets And Rajasthani Garments Shop	Cotton Curio, 3, Achrol House Scheme, Near Ajmer Pulic, Mini Bazar, C/o: Lines, Jaipur	12 (12.5.18 to 11.5.19)	Regular
4	Bangle Shop	Cotton Curio 3, Achrol House Scheme, Near Ajmer Pulic, Mini Bazar, C/o: Lines, Jaipur	12 (13.7.18 to 12.7.19)	Regular
5	Jewellery Shop (Sha-2Nd Floor)	Crafts Emporium HOTEL GEM PALACE JAIN TEMPLE ROAD, JAJURAH (M.P)	12 (16.5.18 to 15.5.19)	Regular
6	Branded T-Shirt Shop (Sha-2Nd Floor)	Offbeat Apparels India Pvt. Ltd, 16 BULCOMBI STREET, GOODWILL APARTMENTS, FIRST FLOOR, PONDICHERRY 605001	12 (15.6.18 to 14.6.19)	Regular
7	Snack Bar Sha-2Nd Floor Gate No 2	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (30.6.18 to 29.6.19)	Regular
8	Snack Bar Sha-2Nd Floor Gate No. 3	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (30.6.18 to 29.6.19)	Regular
9	Sweets Shop (Departure)	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (17.5.18 to 16.5.19)	Regular
10	Cookies Curd Packed Namkeen & Packed Sweets Shop (T-2) 2Nd Floor	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (15.6.18 to 14.6.19)	Regular
11	Snack Bar Sha-Gf	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (6.6.18 to 7.6.19)	Regular
12	Snack Bar Sha-2Floors Near smoking room	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (18.7.18 to 17.7.19)	Regular
13	Snack Bar GF Departure	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (5.8.18 to 4.8.19)	Regular
14	Restaurant outside in the Porch Area	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (1.9.18 to 31.8.19)	Regular
		NEW DELHI-37		

भा.वि.आ.वि.प्रा.

AERA



Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
15	GARBAGE REMOVAL	Kavita Enterprises L-223A, NEAR RG AIRPORT, NH-8, MAHAPALPUR EXTN, NEW DELHI 110037	24 (1.7.18 to 28.6.20)	Regular
16	Passenger Luggage Trolley	Pro Active In and Out Advertising Pvt. Ltd, Sanket Apartments, B wing, 3rd floor, Sant Jashraj Marg, Old, Hasmirani Road, Vile Parle East, Mumbai 400037	12 (1.8.18 to 30.5.19)	Regular
17	Leather accessories shop	Hiddenign India Pvt. Ltd.	12 (21.6.18 to 20.6.19)	Regular
18	Tea/Coffee vending machine	Instant Trade Agency 2, Shree Narayana Palace, NR Kothawala Hans, Opp. Dadi Dining Hall, Pitara Nagar, Udhisbricce, Ahmedabad-380006	12 (16.10.18 to 15.10.19)	Regular
19	Money Exchange Counter	Thomas Cook India Ltd. 2 A& B, Ground Floor, Jaipur Towers, M.I. Road, Jaipur 302001	12 (16.8.18 to 15.8.19)	Regular
20	Heritage Handicraft Shop (1-2) Sha	Mir Handicraft D-85/1, OKHLA INDUSTRIAL AREA PHASE FIRST NEW DELHI 110070	36 (25.10.14 to 24.10.17)	Running on extension due to O&M
21	Exclusive Advertisement Contract	N.S Publicity India Private Limited 7th floor, shakti Emporia, C-23 A, Ashok Marg, C-Scheme, Jaipur-302001	60 (12.11.16 to 11.11.21)	Regular
22	Tribes India Shop	Tribal Cooperative marketing Development Fed. Of India Ltd. 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	12	Regular
23	Warehouse for DFS	Fleming (DF) Pvt. Ltd 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	84 (1.4.16 to 31.3.25)	Regular
24	Duty Free Shops	Fleming (DF) Pvt. Ltd 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	84 (1.4.16 to 31.3.25)	Regular
25	Pre Paid Taxi	New Airport Taxi operators association Shop No. 10, Vitayak Complex, Opp. Bank of Baroda, Tonk Road, Sangarner, Jaipur	38 (11.11.15 to 31.12.18)	
26	Car Parking License	Maheesh Sunny Enterprises L-322 MAHAPALPUR EXTENTION, NEW DELHI - 110037	36 (8.10.15 to 7.10.18)	Running on extension
27	Executive Lounge (1-2)	A One Catering Services 222, AUDICHYAWADA, BEDLA, UDAIPUR (RAJ)	36 (1.7.15 to 30.6.18)	Running on extension due to O&M
28	ATM at Terminal-2	State Bank Of Bikaner And Jaipur Durgapura Branch, Durgapura, Jaipur.	36 (22.10.15 to 21.10.18)	Running on extension due to O&M
29	Departmental Store, 2 nd Floor	Shoppers Stop Ltd Eureka tower, B wing - 9th floor, Mindspace Link Road, Malad (West), Mumbai 400064	60 (22.5.15 to 21.9.18)	Running on extension due to O&M
Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
30	Hotel Reservation Counter A1 (1-2)	Hotel Clark Amer JAWAHAR LAL NEHRU MARG, JAIPUR-302017	41 (1.7.15 to 30.11.18)	Running on extension due to O&M
31	Ethnic Handicrafts Shop (C/S&S)	Crafts Emporium HOTEL GEM PALACE JAIN TEMPLE ROAD KHAJURAHO (M.P)	36 (25.8.15 to 24.8.18)	Running on extension due to O&M
32	Book Shop (C) Terminal 2	Book Point S2181, SECTOR 5, PRATAP NAGAR, SASANGANER, JAIPUR	36 (5.8.15 to 4.8.18)	Running on extension due to O&M
33	Ice Cream Vending and Confectionary Shop Ground Floor SEA Departure	Clarka Brij Foods (I) Pvt. Ltd. SECTOR 08, HOTEL CLARKS AMER, L.L.N. MARG, JAIPUR-302017	60 (25.1.15 to 24.1.18)	Running on extension due to O&M
34	Restaurant In Terminal 2	Coffee Day Global Limited, COFFEE COFFEE DAY, 112 RAHEJA CHAMBERS, 12 ABUSUM ROAD, BANGALORE-560001	24 (1.2.17 to 28.2.19)	Regular
35	Wi-Fi Facility Inside Terminal Building	Reliance InfoComm Limited 1st floor, Anand Bhawan, Samsar Chandra Road, Jaipur-302001	22 (19.6.15 to 30.11.18)	Running on extension due to O&M
36	Wi-Fi Services	Tata Teleservices Ltd, 2A, OLD ISHWAR NAGAR, MAIN MAHURA ROAD, NEW DELHI-110065	27 (16.1.15 to 31.10.18)	

OPERATIONS CONTRACT

S.No	Name of work	Name of agencies	Amount Per Month/ Per Annum	Date of Commencement	Date of Completion
1	MESS (Un-keeping) Contract at Jaipur Airport.	M/s Master Service Clean Ltd., 28 & 29, Okhla, Phase-I, New Delhi-20	Rs. 7,67,590.00 (Excluding P.F./ESI Bonus and Service Tax as applicable) Per month	18/05/2016	17/05/2019
2	ESS (p-keeping) Contract at Jaipur Airport.	M/s. NIS Management Pvt. Ltd., 58/99, Prince Anwar Shah Road, Kojikara - 700043	Rs. 1,61,798/- (Excluding P.F./ESI Bonus & GST) Per month	01/07/2017	30/06/2020
3	Annual Maintenance Contract for Pest Control & Disinfection Treatment	M/s Triveni Pest Control, New Delhi	Rs. 25,166.00 (Excluding GST) Per Month	01/11/2018	31/10/2019
4	City Side Management (Home Guards)	Company Commander, Home Guard Training Centre, Jaipur	Rs. 1,21,000/- Approx Per Month	01/07/2018	30/06/2019
5	Mobile Toilets at Terminal-2	M/s. Solabh International Social Services Organisation, Solabh Bhawan, 1-6-A, Institutional Area, Ibadana Dosingi, Jaipur	Use and Pay basis	01/01/2018	31/12/2018
6	VIP Attended for Reserved Lounges at T-2	M/s Jaipur King Security Services, Jaipur	Rs. 15,39,482.00 PA (Excluding P.F./ESI/Bonus & Service Tax)	15/10/2018	14/10/2019
7	Paper Disposable Glasses	M/s. Triveni Pest Control, New Delhi	Rs. 10,95,000/- (including GST) Per Annum	01/05/2018	30/04/2018
8	M-Fold papers	M/s. Navi Bharat Traders, Jaipur	Rs. 14,69,380/- (Excluding GST) Per Annum	01/10/2018	30/09/2019

MAINTENANCE CONTRACTS

1. CIVIL CONTRACTS

ANNEXURES

Sr. No.	Name of work	Name of Agency	Estimated Amount (lakhs)	Tendered Amount (lakhs)	Date of Start	SDOC	Likely date of completion
1	Annual Maintenance contract for Civil works in Terminal-01, Residential colony, CISF Campus Bantola and outer marker at Chalarpura at CA Jaipur during the year 2018-19.	M/s Arihant Construction, Jaipur	80.00	80.00	19.04.2018	18.04.2019	18.04.2019
2	Annual Maintenance Contract for Civil works in Terminal-02 at C.A. Jaipur during the year 2018-19.	M/s. Vandhman Fabtech, Jaipur	80.00	80.00	03.05.2018	02.05.2019	02.05.2019
3	Annual Maintenance contract for civil works in operational Area, Control Tower, Technical Block, Fire station, MT Section, Power Houses and other equipment rooms at C.A. Jaipur During the year 2018-19.	M/s Lok Shail Enterprises, Jaipur	80.00	80.00	03.05.2018	02.05.2019	02.05.2019
4	Environment Mapping of Jaipur Airport for the year 2018-19.	M/s SMS Evocare Ltd., Jaipur	5.00	2.8900	02.07.2018	01.07.2019	01.07.2019
5	Renovation of Toilet Terminal-02 at Jaipur Airport. SH: Providing & Fixing 3D wall paper on false ceiling & looking mirror with Acrylic solid surface (Corian) frame	M/s. Sandeep Builders, Chandigarh	60.00	14.5900	02.08.2018	01.11.2018	31.12.2018
6	Replacement of broken glass and refilling of sealant and Misc. structural work in facade in Terminal-02 building area at Jaipur Airport	M/s Lok Shail Enterprises, Jaipur	22.00	19.4800	16.08.2018	15.11.2018	30.11.2018
7	Removal of Rubber deposits from runway at Jaipur Airport.	M/s Patel Engineering Works (Vizag) Vizakhapatnam	35.00	23.3600	21.09.2018	20.12.2018	20.12.2018
8	Placemnt and maintenance of "Indoor potted plants" at Terminal-02 for the year 2018-19 Jaipur Airport.	M/s Fern n Petals, Jaipur	3.00	2.4600	01.08.2018	31.07.2019	31.07.2019
9	Waste (Solid) Management System for Operational & Residential area at C.A. Jaipur during the year 2018-19	M/s. Sandeep Builders, Chandigarh	14.00	9.00	27.09.2018	26.09.2019	26.09.2019
10	Repairing Distressed Concrete Pavements in Mike Taxiway and Apron at Jaipur Airport.	M/s. Vinayak Technico, Jaipur	40.00	25.00	07.10.2018	06.01.2019	06.01.2019

DETAILS OF ONGOING CAPITAL WORK-IN-PROGRESS AND THEIR LIKELY POSITION IN 30.06.2019 AT THE AIRPORT

Name of work	Estimated Amount (in Lakhs)	Tendered Amount (in Lakhs)	Actual Amount (in Lakhs)	Date of Start	Stipulated date of completion	Likely date of completion	Physical/ Financial Progress on 30.06.2019	Remarks	Financial Progress % on 30.06.2019	Financial Progress Value on 30.06.2019
Construction of Parallel Taxi Track from Tango Taxi to Nallah (Phase I) at C.A. Jaipur.	2937.00	2812.00	2812.00	09.03.2017	08.03.2018	30.04.2019	100%/100%	Work in progress	100%	2812
2 Modification of Existing Terminal Building at Jaipur International Airport, Jaipur. S.H.- Construction of new arrival and departure hall including canopies.	1976.00	1562.00	1562.00	15.12.2017	14.11.2018	31.05.2019	100%/90%	Work in progress	90%	1405.8
3 Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "E" aircraft (alternatively 13 Nos. "4C" type of aircraft i.e. A321-200) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. - Civil Works	8905.00	7838.00	7838.00	26.02.2018	25.04.2019	31.12.2019	60%/70%	Work in progress	70%	5486.6
4 Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport. PACKAGE-I	4403	4037	4037.00	28.11.2018	27.03.2019	30.06.2019	100%/100%	Work in progress	100%	4037
5 Appointment of Architectural Consultant for Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport.	122	122	122.00	05.09.2018	04.10.2018	30.06.2019	100%/100%	Work is in progress. Architectural, plumbing, ELV, Electrical	100%	122



ANNEXURES

										and fire-fighting drawings received. Structural design and drawings yet to be received.		
	Environmental Impact Assessment (EIA)	10	8.25	8.25	14/08/2017	02/09/2021	02/09/2021	30%	15%	Work in progress. TOR report is approved and uploaded. Further this work will be taken up along with Terminal Building Phase-II	15%	1.2375
7	Appointment of Project Management Consultant (PMC) concept to Commissioning of Project, for Development of New Integrated Terminal Building at Jaipur Airport	4087	4087	4087.00	27/01/2018	26/09/2022	26/09/2022	77	Lakhs	Work is at concept stage. Further this work will be taken up along with Terminal Building Phase-II		77
8	Consultancy Services for Civil, Structural, electrical, fire fighting and other services for construction of various type of residential quarters for AAI staff at Jaipur.	170.80	9.91	9.91	09/08/2017	Likely to be completion 30/09/2020	Likely to be completion 30/09/2020	1.48	Lakhs	Work in Progress. Further this work will be taken up along with Residential Quarters.		1.48
9	Construction of New C.I.S.F. Barrack in C.I.S.F. Campus Bambala at Jaipur.	279.16	226.75	226.75	18/01/2018	17/01/2019	31/03/2019	100%	100%	Work in Progress.	100%	226.75
	Construction of Sub Fire Station Near Runway 27 end at Jaipur Airport.	310.16	319.77	319.77	03/03/2018	02/03/2019	31/03/2019	100%	100%	Work in Progress.	100%	319.77
	Misc. Civil Works for Provision of Lift in T-02 at Jaipur Airport (Second Call).	19.35	17.82	17.82	29/05/2018	28/07/2018	31/03/2019	100%	100%	Work in Progress.	100%	17.82
12	Extension of Technical Block at Ground Floor at Jaipur Airport.	35.27	34.66	34.66	14/10/2018	13/04/2019	13/04/2019	100%	100%	Work in Progress.	100%	34.66
13	Grading of Operational Area at Jaipur Airport (In-call).	16.77	13.21	13.21	03/11/2018	02/02/2019	31/03/2019	100%	100%	Work in Progress.	100%	13.21
14	Construction of drain along runway 09-27 and disused runway 15-33 in operational area at C.A. Jaipur SII. Construction of drain along runway 09-27	630.45	630.05	630.05	16/12/2017	15/09/2018	31/03/2019	100%	100%	Work in Progress.	100%	630.05
Electrical works												
15	Re-alignment of existing runway edge light along with associated GFI work at Jaipur Airport.	260	232	232.00	20/09/2018	19/05/2019	19/05/2019	100%	90%	Work in progress	90%	208.8
16	Construction of Apron to accommodate 07 Nos of Code E aircraft or 13 Nos of Code C aircraft with superimpose marking pattern and 03 link taxiways on Eastern side of main Apron, 19 nos. Parking bay's on both side of taxiway tango for Code-"C" type of aircraft and a link taxiway including electrical works (taxiway edge, center line	137	136	136.00	08/10/2018	07/04/2019	07/04/2019	100%	100%	Work in progress	100%	136



ANNEXURES

20	Interim modification in Terminal Building (Departure Side) at Jaipur Airport (SI: Provision of lift for existing restaurant at first floor level).	37	34.00	34.00	25-02-2017	24-06-2017	31-03-2019	100%/100%	Work in progress	100%	34
	Part-B										0
	Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "D" aircraft (alternatively 13 Nos. "IC" type of aircraft i.e. A321-200) and 19 nos parking bays on both side of ranga taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. - Electrical Works	900.00	Tender under process	900.00	01.02.2019	31.12.2019	31.12.2019	50%/35%	Work is essential required to operationization of Apron	35%	315
2	Civil works for extension and modification of CUR hall at Jaipur International Airport, Jaipur.	116.54	Tender under process	116.54	01.02.2019	30.09.2019	30.09.2019	40%/40%	Tender under process	40%	46.616
3	Construction of view cutter in front of ranga taxi at Jaipur International Airport, Jaipur.	498.00	A/A & E/S under process	498.00	01.03.2019	30.11.2019	30.11.2019	20%/20%	A/A & E/S under process	20%	99.6
4	Construction Parallel Taxi Track from nallah to Runway 27 (Phase - II) at Jaipur International Airport, Jaipur. Electrical works & Box Culvert	1033.00	A/A & E/S under process	1033.00	01.03.2019	31.12.2019	31.12.2019	30%/30%	Civil works is being already executed from saving of apron work.	50%	309.9
5	Construction of Cargo Complex & Apron at CA Jaipur SI: Construction of Apron and link taxi including associated work at AAI Colony for parking of 1 no. Code 4E and 2 nos. 4C	5178	Under Process	5178.00	01.03.2019	30.04.2020	30.04.2020	5%/1%	Approval of IS & draft NIT under process at CHQ.	1%	51.78
	type of aircraft at Jaipur International Airport, Jaipur.										
6	Refurbishment, Retrofit and Renovation of the old 11 Terminal building at Jaipur Airport. PACKAGE-III - Furniture - Passenger Seating, Decorative Furniture, VIP Lounge & Office Furniture etc.	295		295.00	01.04.2018	30.06.2018	30.06.2018	100%/100%	Details estimate is under preparation. The work is essential required to operationization of Terminal -1	100%	295
7	Refurbishment, Retrofit and Renovation of the old 11 Terminal building at Jaipur Airport. PACKAGE-IV - Art and Mural Works	134.52		134.52	01.04.2018	30.06.2018	30.06.2018	100%/100%	Details estimate is under preparation. The work is essential required to operationization of Terminal -1	100%	134.52
8	Construction of Cargo Complex at CA Jaipur	1437.10	1088.05	1437.10	Likely to be started 22.12.2018	Likely to be completion 21.10.2019	Likely to be completion 21.10.2019	40%/25%	Tender opened sept-2018 and likely to be awarded by 10.12.2018	25%	559.275
9	Power Supply and Parking Street Lighting at Cargo Complex at Jaipur Airport.	83.00		83.00	Likely to be awarded by 01.02.2019	30.04.2019	30.04.2019	10%/25%	Tender opened sept-2018 and likely to be awarded by 10.12.2018	25%	20.75
10	Construction of Emergency access roads at both end of runway at Jaipur Airport	120.38	Tender under process	120.38	Likely to be started 01.01.2019	Likely to be completion 31.05.2019	Likely to be completion 31.05.2019	100%/100%	Under tender process Safety assessment submitted to CHQ. DGCA Approval Awaited	100%	120.38



11	Augmentation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport.	760.00	760.00	01.04.2019	31.03.2020	31.03.2020	50%/50%	Submitted for A/A&ES	50%	760
12	Construction of watch tower etc. at Jaipur Airport.	50.00	50.00	01.02.2019	31.08.2019	31.08.2019	50%/30%	Estimate under preparation	30%	15
13	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. SH: SIFC of CAT-III B lights and associated works.	1092	1092.00		Likely to be awarded by 31.12.2018	31.08.2019	50%/70%	A/A & E/S Accorded on 23.01.2018 Tendering stage	70%	764.4
14	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. SH: SIFC of aircraft stand identification & coordinates signages boards.	41	41.00		Likely to be awarded by 31.01.2019	30.04.2019	100%/100%	A/A & E/S Accorded on 23.01.2018, TS stage	100%	41
15	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19	1261	1261.00		Likely to be awarded by 31.03.2019	30.09.2019	10%/10%	A/A & E/S Accorded on 23.01.2018, TS stage	10%	1261

16	Construction of Apron at AAI colony for parking of 1 no. Code "E" and 2 nos. "C" type of Aircraft at Jaipur International Airport, Jaipur. SH: Electrical works	943	943.00		Likely to be awarded by 01.05.2019	30.04.2020	25%/0%	A/A & E/S Accorded on 31.08.2018, TS stage	1%	943
17	SIFC of ALCMS for SMC unit at Jaipur International Airport.	47	47.00		Likely to be awarded by 15.12.2018	30.04.2019	100%/100%	A/A & E/S received OEM single offer sent to GM Engg.(Project) for acceptance.	100%	47
18	Refurbishing, Retrofit, Renovation of Terminal-4 at Jaipur Airport. Provision of Internal and External Signages for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	118	118.00		Likely to be awarded by 28.02.2019	31.05.2019	100%/90%	A/A & E/S Accorded on 02.11.2018, Estimation stage	90%	106.2
19	Refurbishing, Retrofit, Renovation of Terminal-1 at Jaipur Airport. Provision of Security Infrastructures for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	80	80.00		Likely to be awarded by 28.02.2019	31.05.2019	100%/90%	A/A & E/S Accorded on 02.11.2018, Estimation stage	90%	72



20	Construction of Administrative Building at Jaipur Airport. SH: Augmentation of Power Supply System.	339	-	339.00	Likely to be awarded by 31.01.2019	30.06.2019	100%/90%	AVA & E/S Accorded on 28.09.2018 TS stage. This work is essential required for commissioning of Electrical work for cargo apron extension apron PTT Phase-1 and PTT Phase-2	90%	305.1
21	Fire Alarm and Fire Fighting in Cargo Complex at Jaipur Airport	83	-	83.00	Likely to be awarded by 01.04.2019	31.07.2019	30%/20%		20%	16.6
22	VRF/ VRF AC System in Cargo Complex at Jaipur Airport.	90	-	90.00	Likely to be awarded by 01.05.2019	31.07.2019	15%/10%		10%	9
23	Lifts (Passenger Lift- 02 Nos. Goods Lift- 01 No.) in Cargo Complex at Jaipur Airport.	38	-	38.00	Likely to be awarded by 01.05.2019	31.10.2019	15%/10%		10%	3.8
24	Platform Weighing Scale in Cargo Complex at Jaipur Airport.	9	-	9.00	Likely to be awarded by 01.09.2019	31.10.2019	0%		0%	0

25	Cold Storage Work in Cargo Complex at Jaipur Airport.	6	-	6.00	Likely to be awarded by 01.05.2019	31.10.2019	15%/10%		10%	0.6
26	Miscellaneous Electrical Works in Cargo Complex at Jaipur Airport.	10	-	10.00	Likely to be awarded by 01.05.2019	31.10.2019	0%		0%	0
27	Provision of ILCMS for balance AGL Lighting i.e. up gradation of ALCMS system	706	-	706.00	Likely to be awarded by 31.01.2019	31.07.2019	80%/70%	OEM single offer is sent to RHQ on dated 20.08.2018 for AA & ES and award on single offer ab-initio negotiation basis with OPM M/s Honeywell	70%	494.2
28	Provision of LT Power supply arrangement at 33KV substation of Jaipur International Airport.	120.00	-	120.00	15-01-2019	30-06-2019	100% / 100%	AA & ES accorded with Civil work Estimate sent for TS	100%	120
29	Augmentation of power supply system of T-2 power house and building at Jaipur Airport	40.00	-	40.00	01-03-2019	31-07-2019	80%-80%	Estimate under preparation	80%	32
30	Replacement of old AC, Water Cooler at NavAids & other location and provision of new AC's at Jaipur Airport.	40.00	-	40.00	01-04-2019	30-06-2019	100% / 100%	Estimate under preparation	100%	40
				Total	39625.34					21735.81



LAND LEASES AT THE AIRPORT

Sl. No.	Name of Agency	Category Govt/PSU	Category	Period (in years)	Address	Area (in Sq. Mts)	Allotment to	Value of Agreement, if Unrevoked to be returned for call back @ 1% rate of interest @ Agreed rate of interest	Sl. No.	Area (in Sq. Mts)	Rate	Date
1	ISIL	PSU	Industrial	10	201	11.08.2015	11.08.2015					
2	ISIL	PSU	Industrial	10	201	11.08.2015	11.08.2015					
3	ISIL	PSU	Industrial	10	201	11.08.2015	11.08.2015					
4	ISIL	PSU	Industrial	10	201	11.08.2015	11.08.2015					
5	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
6	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
7	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
8	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
9	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
10	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
11	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
12	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
13	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
14	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
15	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
16	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
17	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					
18	Adani Airports (Engineering) Pvt. Ltd.	NON GOVT	Industrial	14.11	14.11	11.08.2015	11.08.2015					



भा.वि.आ.वि.प्रा.

AERA



SCHEDULE U**List of Works Proposed by the Authority:**

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
1	Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "L" aircraft (alternatively 13 Nos. "4C" type of aircraft i.e. A321-200) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur.	1400.00	23.01.2018 110.00	14.12.2018 8905	7638	26.02.2018	30.09.2019	13%
2	Construction of Apron and link taxi including associated work at AAI Colony for parking of 1 no. Code 4E and 2 nos. 4C type of aircraft at Jaipur International Airport, Jaipur.	5178.00	31.08.2018 5178	Under Process		01.08.2019	31.07.2020	
3	Construction of Parallel Taxi Track from Nallah to 27 Runway (Phase II) & electrical works at Jaipur International Airport, Jaipur.	600.00	Under Process					
4	Construction of view cutter in front of tango taxi at Jaipur International Airport, Jaipur.	400.00						
5	Civil works for extension and modification of CCR hall at Jaipur International Airport, Jaipur.	150.00	Under Process at Jaipur Airport			01.01.2019	30.06.2019	
6	Construction of box culvert at Jaipur International Airport, Jaipur.	200.00	Under Process			01.02.2019	31.07.2019	
7	C/o administrative block at CA Jaipur	4757.00						
8	C/o Isolation bay at CA Jaipur	1493.00						
9	C/o new control tower at CA Jaipur	2000.00						

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
10	Provision of 2 Nos. PBBs	50.00						
11	Construction of parallel taxi track from Tango taxi to Nallah at Jaipur Airport (Ph-III)	400.00						
12	Construction of hangars and VIP complex for State Government at Jaipur Airport.	4500.00						
13	C/o Cargo Complex & Apron at CA Jaipur	2299.00						
14	Augmentation of water supply from PHED Govt of Rajasthan at Jaipur Airport.	760.00						
15	Construction of Parallel Taxi Track (Phase III) from PTT- Ph-II to 27 Runway at Jaipur International Airport, Jaipur.	400.00						
16	Construction of fireable hut in Operational area at Jaipur Airport.	25.00						
17	Construction of Staff canteen at Terminal-02 at Jaipur Airport.	75.00						
18	Construction of MSSR Building at Jaipur Airport.	500.00						
19	Construction of Porta cabin for BCAS office at Jaipur Airport.	100.00						
20	Construction of CISF Barrack for increased strength for commissioning of T-3 at Jaipur Airport.	1000.00						
21	Construction of Boundary wall, perimeter road, watch tower etc. at Jaipur Airport.	600.00						



ANNEXURES

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
22	Under ground water storage tank other related works from PHED supply at Jaipur Airport.	200.00						
23	Construction of additional watch tower at Jaipur Airport.	30.00						
24	Raising of boundary wall at Jaipur Airport.	50.00						
25	Supply, Installation and Maintenance of green wall panel in Terminal-02 at Jaipur Airport.	8.00						
26	Annual Maintenance contract for Civil works CA Jaipur during the year 2019-20.	600.00						
27	Annual Maintenance contract for Civil works CA Jaipur during the year 2020-21.	600.00						
28	Annual Maintenance contract for Civil works CA Jaipur during the year 2021-22.	700.00						
29	SITC of lift & escalator in Terminal-2.	158.98	2447.00	158.98		26-11-2018	31-03-2019	Tender stage
30	Modification of ATC substation.	300.00				15-01-2019	31-08-2019	Estimation stage
31	Provision of ILCMS for balance AGL Lighting i/c graduation of ALCMS system.	735.51					06 Months from date of start	OEM single offer is sent to RHQ for A/A & E/S and award on single offer ab-initio negotiation basis with OEM M/s Honeywell.
32	Replacement of existing AGL cable for PAPI units, RSM taxis and other associate AGL works.	430.00						
Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
33	Provision for photometric field test machine for GLF system at Jaipur International Airport.	100.00						
34	SITC of ALCMS for SMIC unit at Jaipur International Airport.	52.00						
35	Modification of AGL signage due to remaining of existing taxiway at Jaipur International Airport.	200.00						
36	Modification in ALCMS due to remaining of existing taxiway at Jaipur International Airport.	100.00						
37	Provision of remote control of apron flood lights at tango apron, eastern apron and residential colony apron at Jaipur International Airport.	500.00						
38	Provision of Baggage Handling System in Old Terminal Building (T-1) at Jaipur International Airport, Jaipur.	289.70	AA&ES awaited.	24.07.2018Rs. 233.50				
39	Provision of 3 x 500 KVA DG sets and AMF cum Synchronizing Panel for T-1 Power House at Jaipur Airport.	193.87	AA&ES awarded.	26.07.2018 Rs. 193.87				
40	Provision of Elevator and Escalator in Terminal-1 at Jaipur International Airport, Jaipur.	87.20	AA&ES awarded.	10.09.2018 Rs. 73.51				
41	Provision of Internal and External Signages for Old Terminal Building (T-1) at	118.00	AA&ES awarded.					



ANNEXURES

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
	Jaipur International Airport, Jaipur							
42	Provision of Security Infrastructures for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	80.00	AA&ES awaited.					
43	Power Supply and Parking Street Lighting in Cargo Complex at Jaipur Airport.	83.37	AA&ES awaited.					
44	Fire Alarm and Fire Fighting in Cargo Complex at Jaipur Airport.	82.67	AA&ES awaited.					
45	VRV/ VRF AC System in Cargo Complex at Jaipur Airport.	90.41	AA&ES awaited.					
46	Lifts (Passenger Lift- 02 Nos, Goods Lift- 01 No.) in Cargo Complex at Jaipur Airport.	37.63	AA&ES awaited.					
47	Platform Weighing Scale in Cargo Complex at Jaipur Airport.	9.00	AA&ES awaited.					
48	Cold Storage Work in Cargo Complex at Jaipur Airport.	6.00	AA&ES awaited.					
49	Miscellaneous Electrical Works in Cargo Complex at Jaipur Airport.	10.00	AA&ES awaited.					
50	Construction of Administrative Building at Jaipur Airport. SH: Augmentation of Power Supply System.	341.89	Accord of AA&ES from the competent authority and TS awaited.					

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
	Construction of Administrative Building at Jaipur Airport. SH: Electrical Works (I) Fire Fighting with Wet Riser System (II) Automatic Fire Alarm System (III) Passenger Lift (IV) Air Conditioning (V) Building Management System (VI) Miscellaneous item like hand driers, RO, Water Cooler, Automatic Sliding Door etc (VII) External Lighting (VIII) Miscellaneous Electrical Works i.e diversion of cables, pipes etc.	1241.89	Accord of AA&ES from the competent authority and Estimation Stage					

AERA



Indicative Capital Expenditure to be undertaken by the Concessionaire

Sr. No.	Name of work	Cost of work (lakhs)	Likely date of start	Likely date of completion	Remarks
Civil					
1	C/O Isolation bay at CA Jaipur	1493	31.10.2019	31.12.2020	PAR estimated submitted to CHQ. State government/JDA is being persuade for clearance of Land issue. Detailed Estimate under preparation.
2	Construction of hangers and VIP complex for State Government at Jaipur Airport.	4500.00	31.08.2019	31.02.2021	Location is to be finalised by planning directorate.
3	Construction of Parallel Taxi Track (Phase III) from PTT-Ph-II to 27 Runway at Jaipur International Airport, Jaipur.	400.00	31.10.2020	31.10.2021	Planning Stage
4	Construction of freangible hut in Operational area at Jaipur Airport.	25.00	01.08.2019	31.12.2019	Planning Stage
5	Construction of MSSR Building at Jaipur Airport.	500.00	30.08.2019	30.06.2020	Planning Stage
6	Construction of Office for ICAS office at Jaipur Airport.	100.00	31.05.2019	31.01.2020	Planning Stage
7	Construction of boundary wall, perimeter road, watch tower etc. at Jaipur Airport.	400.00	01.08.2019	31.05.2020	Planning Stage
8	Construction of administrative block at CA Jaipur	4757.53	30.04.19	30.10.20	AA & ES received from CHQ. TS Estimate under preparation.
9	Construction of integrated terminal building phase-II	144100	30.04.19	31.10.21	work is at concept stage.
10	Construction of residential quarters at Jaipur Airport.	7000	30.04.2019	31.10.21	AA & ES received from CHQ. TS Estimate under preparation.
Electrical Works					
11	Replacement of existing AGL cable for PAPI units, R,S,M taxies and other associate AGL works.	400.00	01.08.2019	30.11.2019	Planning stage
12	Provision for photometric field test machine for GLE system at Jaipur International Airport.	300.00	01.08.2019	30.11.2019	Planning stage
13	Modification of AGL signage due to renaming of existing taxiway at Jaipur International Airport.	200.00	01.08.2019	30.11.2019	Planning stage
14	Modification in ALCMS due to renaming of existing taxiway at Jaipur International Airport.	100.00	01.08.2019	30.11.2019	Planning stage
15	Provision of remote control of apron flood lights at tango apron, eastern apron and residential colony apron at Jaipur International Airport.	500.00	01.08.2019	31.12.2019	Planning stage
16	Replacement of HPSV lights by LED lights in High Mast Tower at Jaipur Airport.	30.00	01.08.2019	31.09.2019	planning stage
17	Construction of Administrative Building at Jaipur Airport. SH: Electrical Works (I) Fire Fighting with Wet Riser System (II) Automatic Fire Alarm System (III) Passenger LIF (IV) Air Conditioning (V) Building Management System (VI) Miscellaneous Item like sand drier, RO, Water Cooler, Automatic Sliding Door etc. etc. (VII) External Lighting (VIII) Miscellaneous Electrical Works i.e diversion of cables, pipes etc.	1242	30.04.19	30.10.20	

AERA



- vi. **Carved-out Area** - Annexure IV of Schedule A to the Concession Agreement provides details of the carved-out area for Cargo Terminal.

Annex IV
(Schedule A)
(See Clause 10.1)
Carved Out Assets and Areas

It is clarified that the Site and Project Assets shall not include the following:

SL. NO.	ASSET	AREA OF LAND IN SQ.M. (Approx.)
1.	ATC TOWER	6465
2.	CARGO TERMINAL	13306
	STATE GOVERNMENT	
3.	a) EXISTING HANGAR (2 NOS.) & APRON	5310
	b) EXISTING FLYING CLUB	2350
	c) PROPOSED VIP BLOCK	1593
	d) PROPOSED 2 NOS. HANGAR & LINK TAXI	3525
	ANY FUTURE LAND REQUIREMENT FOR CNS/ATM/STAFF QUARTERS	
4.	a) FOR RADAR	4225
	b) AAI QUARTERS	8092
	TOTAL	44866 Sq.m. (11.08 Acres.)

- vii. Clause 19.4.1. of the Concession Agreement relating to obligations of JIAL towards cargo facilities is reproduced below-

- (a) *The Concessionaire shall upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of this Agreement, Applicable Laws, Applicable Permits, relevant ICAO Documents and Annexes and Good industry Practice.*
- (b) *Notwithstanding anything to the contrary provided in this Clause 19.4 and Clause 23.5, it is clarified that, where Cargo Facilities have been earmarked for AAICLAS in Schedule A (i) the Concessionaire will not be responsible for operations, development, maintenance and management thereof, nor shall the Concessionaire be bound by the obligations set out elsewhere in this Clause 19.4; and (ii) AAICLAS shall be granted access to the airside by the Concessionaire free of cost.*
- (c) *It is further clarified that, where Cargo Facilities have been earmarked for AAICLAS in Schedule A, there shall be no restriction on the upgradation and/ or development of Cargo Facilities by the Concessionaire, including on grounds of quantum of cargo volumes at the Airport, business potential or impact of such additional facilities on Cargo Facilities earmarked for AAICLAS.*

viii. Clause 19.2. relating to JIAL's obligation towards Ground Handling Services is given below:

*"The Concessionaire shall provide or cause to be provided as per Applicable Laws and Good Industry Practice, at its own cost and expense, the infrastructure required for operation of the ground handling services required at the Airport for and in respect of the Users, like aircrafts, passengers and cargo, which shall include ramp handling, traffic handling, aircraft handling, aircraft cleaning, loading and unloading ("**Ground Handling Services**"). Such infrastructure shall include luggage conveyor belts, computer terminals, information technology backbone and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."*

ix. The Clause 19.3. of the Concession Agreement is related to JIAL's obligations towards providing aircraft fueling services, which has been reproduced below:

"The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fuelling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."

x. As per the Concession Agreement, the Estimated Deemed Initial RAB as on March 31, 2018, was determined to be ₹ 253 Crores, which was due and payable by the Concessionaire to AAI. The terms of the Concession Agreement also provide for the value of ₹ 253 Crores to be subject to reconciliation, True up and final determination by AERA. The extract of the relevant clauses from the Concession Agreement shall be read as under:

Clause 28.11.3 states that:

- a) *It is agreed by the Parties that the Concessionaire shall be liable to pay to the Authority an amount equivalent to the investments made by the Authority in the Aeronautical assets as of the COD and considered by the Regulator as part of the Regulatory Asset Base, subject to requisite reconciliation, true-up and final determination by the Regulator of the quantum of such investment ("**Deemed Initial RAB**").*
- b) *The estimated depreciated value of investments made by the Authority in the Aeronautical assets at the Airport as on March 31, 2018, is ₹ 253,00,00,000 (Rupees Two Hundred and Fifty Three Crore) ("**Estimated Deemed Initial RAB**"). It is agreed by the Parties that the Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.*

Clause 28.11.4 states that:

*Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("**Adjusted Deemed Initial RAB**"):*

- a) *reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period;*
or
- b) *increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the*

Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.

Clause 28.11.5 states that:

Upon reimbursement of such amount by the Concessionaire to the Authority, the Deemed Initial RAB will, in addition to the investments made by the Concessionaire, be considered for the purpose of determination of Aeronautical Charges by the Regulator.

- a) *The Authority undertakes to make any required supporting submissions to the Regulator towards such consideration and determination by the Regulator.*
- b) *The Parties shall submit to and request the Regulator to separately identify the Deemed Initial RAB in future determinations of Aeronautical Charges with regard to consideration of depreciation, required returns, etc.*

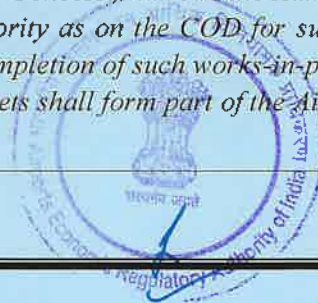
xi. *Clause 5.1.1 of the Concession Agreement which states that "Subject to and on the terms and conditions of this Agreement, the Concessionaire shall, at its own cost and expense, procure finance for and undertake the operations, management and development of the Airport, in accordance with the provisions of the Applicable Permits, Applicable Laws, this Agreement and observe, fulfil, comply with and perform all its obligations set out in this Agreement or arising hereunder".*

xii. *The relevant clause (6.4.5) of the Concession Agreement relating to JIAL's obligation regarding CWIP handed-over by AAI as on COD and as set forth in Schedule T, has been reproduced below-*

"Notwithstanding anything to the contrary in this Clause 6.4, the Concessionaire shall be liable to pay to the Authority such amounts as may have been incurred by the Authority as on the COD in respect of the contracts relating to works-in-progress as have been set forth in Schedule T. Such amounts shall be intimated by the Authority with supporting documents and details within 30 (thirty) days of COD and shall be due and payable by the Concessionaire the Authority within a period of 90 (ninety) days thereon.

The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress. The Concessionaire shall be responsible to incur any additional cost towards completion of such work-in-progress assets after COD.

Upon reimbursement by the Concessionaire to the Authority, of amounts as may have been incurred by the Authority as on the COD, for such work-in-progress assets as provided for above, and completion of such works-in-progress by the Concessionaire, such works-in-progress assets shall form part of the Airport.



The amounts reimbursed by the Concessionaire to the Authority and additional amounts incurred by the Concessionaire for completion of such work-in-progress assets shall be considered as investments made by the Concessionaire in creation of such assets for the purpose of determination of Aeronautical Charges by the Regulator. In the event that any part of the amounts reimbursed by the Concessionaire to the Authority pursuant to this Clause 6.4.5 are not considered for pass-through by the Regulator due to any act or omission on the part of the Authority, the adjustment towards any differences in the amounts reimbursed by the Concessionaire to the Authority and the amounts considered for pass-through by the Regulator shall be undertaken as part of the Balancing Payment that becomes due and payable as per Clause 31.4 immediately after the determination of the Aeronautical Charges by the Regulator."

- xiii. The relevant clause 4.1.3. (h) of the Concession Agreement relating to JIAL's obligation regarding Conditions Precedent required to be satisfied within 180 days of the agreement relating to works proposed by AAI and as set forth in Schedule U, has been reproduced below-

Except as may have been specifically otherwise provided in this Agreement, the Conditions Precedent required to be satisfied by the Concessionaire within a period of 180 (one hundred and eighty) days from the date of this Agreement shall be deemed to have been fulfilled, when the Concessionaire shall, subject to the satisfaction of the Authority, have -

(h) delivered to the Authority -

(a) a list of Construction works it proposes to undertake in the first 7 (seven) Concession

years having due regard to the works:

a. Currently being implemented by the Authority; and

b. Proposed to be implemented by the Authority as on the date of signing the Agreement and (as set forth in Schedule U),

(b) the scheduled date for completion of such Construction works.

- xiv. The relevant Clauses relating to the Independent Engineer's appointment, duties & functions and remuneration are reproduced below:

Clause 24.1 Appointment of Independent Engineer

24.1.1 *The Authority (AAI) and the Concessionaire shall appoint a consulting engineering firm substantially in accordance with the selection criteria set forth in Schedule K, to be the independent consultant under this Agreement ("**Independent Engineer**"). The Independent Engineer shall be appointed in accordance with the provisions of Schedule K.*

24.1.2 *The appointment of the Independent Engineer shall be made within 90 (ninety) days of the date of execution of this Agreement, and such appointment shall be valid for a period of 3 (three) years. On the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule K, and such procedure shall be repeated after expiry of each appointment.*

Clause 24.2. Duties and Functions

- 24.2.1 *The Independent Engineer shall discharge its duties and functions substantially in accordance with the terms of reference set forth in Schedule L.*
- 24.2.2 *The Independent Engineer shall submit regular periodic reports (at least once every month) to the Authority in respect of its duties and functions set forth in Schedule L.*
- 24.2.3 *A true copy of all communications sent by the Authority to the Independent Engineer and by the Independent Engineer to the Authority shall be sent forthwith by the Independent Engineer to the Concessionaire.*
- 24.2.4 *All communications required to be sent by the Independent Engineer to the Concessionaire shall be undertaken through the Authority.*

Clause 24.3 Remuneration

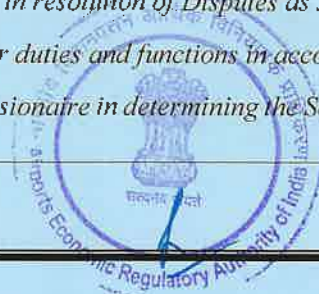
- 24.3.1 *The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.*

xv. The relevant Paras relating to Role and functions of the Independent Engineer as stated in Schedule L of the Concession Agreement are reproduced below:

3. Role and functions of the Independent Engineer

3.1 *The role and functions of the Independent Engineer shall include the following:*

- (a) *review of the designs, drawings, and documents as set forth in Paragraph 4.*
- (b) *review, inspection and monitoring of Construction Works as set forth in Paragraph 4.*
- (c) *reviewing and witnessing the Tests on completion of construction and assisting the Authority in issuing Completion Certificate/ provisional certificate as set forth in Paragraph 4.*
- (d) *review, inspection and monitoring of O&M as set forth in Paragraph 5.*
- (e) *review, inspection and monitoring of Divestment Requirements as set forth in Paragraph 6.*
- (f) *determining, as required under the Agreement, the costs of any works or services and/or their reasonableness.*
- (g) *determining, as required under the Agreement, the period or any extension thereof, for performing any duty or obligation.*
- (h) *assisting the Parties in resolution of Disputes as set forth in Paragraph 8.*
- (i) *undertaking all other duties and functions in accordance with the Agreement; and*
- (j) *assisting the Concessionaire in determining the Scheduled Completion Dates and Phase*



Milestones.

- 3.2 *The Independent Engineer shall discharge its duties in a fair, impartial and efficient manner, consistent with the highest standards of professional integrity and Good Industry Practice.*



भा.वि.आ.वि.प्रा.

AERA



17.5 Annexure 5 – List of Strategic Projects submitted by JIAL

S. No.	FY	Particulars	Project Status	(Amount in ₹ Cr)	
				JIAL	Authority Proposal
1.	23-24	Traffic Management System	Work In Progress	2.03	2.03
2.	26-27		Phase 2 Budget	2.95	-
3.	23-24	Passenger Wi-Fi	Work In Progress	4.00	4.00
4.	23-24	Passenger Processing System	In Planning	6.03	6.03
5.	23-24	Digi Yatra	In Planning	10.73	10.73
6.	22-23	Desk of Goodness will be help to	Work In Progress	0.14	0.14
7.	26-27	passenger for enabling the prompt support.	Phase 2 Budget	0.45	-
8.	22-23	Passive component for system connectivity	In Planning	1.33	1.33
9.	25-26	Meet & Greet	Work In Progress	0.20	0.20
10.	22-23		Work In Progress	0.98	0.98
11.	26-27	E-Gates	Phase 2 Budget	1.63	-
12.	24-25	Wi-Fi Token automations	In Planning	0.22	0.22
13.	24-25	Backup solutions	In Planning	0.22	0.22
14.	24-25	What's Up Gold NMS along with Server	In Planning	0.32	0.32
15.	24-25	CRM Integration Provide visibility and track to	Work In Progress	0.08	0.08
16.	25-26	reach NPS 30+	Phase 2 Budget	0.45	-
17.	25-26	Lost & Found System	In Planning	0.47	0.47
18.	25-26	Pax flow monitoring systems for Terminal operations team	In Planning	5.80	5.80
19.	26-27	Data Lake Creation	Budgeted cost	4.00	-
20.	25-26		In Planning	0.45	0.45
21.	26-27	Middleware Platform	Phase 2 Budget	1.91	-
22.	24-25		In Planning	19.97	19.97
23.	24-25	Airport Network Segmentation network	In Planning	2.88	2.88
24.	24-25	Active component and firewall rack and passive infra	In Planning	3.30	3.30
25.	25-26	IOT Enabled asset tracking	In Planning	4.62	4.62
26.	25-26	IBS solution will be enable to enhance mobile coverage	In Planning	3.67	3.67
27.	26-27	Building Management System (BMS)	Budgeted cost	6.00	-
28.	26-27	GOS / VDGS Application Upgrade	Budgeted cost	2.31	-
29.	26-27	Airport 4.0	Budgeted cost	10.00	-
30.	26-27	Vehicle Monitoring Projects	Budgeted cost	1.50	-
31.	26-27	Airport cloud and data center	Budgeted cost	5.00	-
32.	26-27	Airside SAGA	Budgeted cost	2.00	-
33.	26-27	Robotic process assistance (RPA)	Budgeted cost	1.00	-
34.	26-27	Business value creation center (next gen AOCC)	Budgeted cost	3.00	-
35.	26-27	Business value creation center (Airside)	Budgeted cost	1.50	-
		Total		111.14	67.44



18. APPENDICES

18.1 Appendix I - Study on Allocation of Assets for Jaipur International Airport, Jaipur (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)

18.2 Appendix II – Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport, Jaipur (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)



भा.वि.आ.वि.प्रा.
AERA

