

Pursuant to enactment of the “The Airports Economic Regulatory Authority of India Act, 2008” (hereinafter referred as the ‘Act’) and establishment of the Airports Economic Regulatory Authority (hereinafter referred as the ‘Authority’), the Authority is to perform the following functions in respect of major airports:

- (a) to determine the tariff for the aeronautical services;
- (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; and
- (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.

1.2 As per Section 2 (a) of the Act, any service provided “for navigation, surveillance and supportive communication thereto for air traffic management” is an “aeronautical service”. These services are commonly understood as “Air Navigation Services” (ANS).

1.3 As per Sec 2 (f) of the Act, “civil enclave” means an area, if any, allotted at an airport belonging to any armed force of the Union, for use by persons availing of any air transport services from such airport or for the handling of baggage or cargo by such service, and includes land comprising of any building and structure on such area;

1.4 Under the Chicago Convention, 1944, the management of airspace is a sovereign function. In terms of Section 12 (2) of the Airports Authority of India Act, 1994, this function is statutorily assigned to the Airports Authority of India (AAI). Thus, in India, the provision of ANS, in civil airspace, is solely the responsibility of AAI. AAI provides ANS at all civil airports, including major airports irrespective of the ownership of such airports.

1.5 As provided for in the Act and in order to ensure transparency in the process leading up to the framing of appropriate procedures/ systems for economic regulations, including the terms and conditions for determination of tariff, the Authority issued a White Paper on ‘Regulatory Objectives and Philosophy in Economic Regulation of Airports and Air Navigation Services’ (‘White Paper’) on 22nd December, 2009. The Authority considered various views and opinions submitted in response to the White Paper and prepared a Consultation Paper (No. 3/2009-10, issued on 26th February, 2010) listing out the major issues impacting formulation of its regulatory philosophy and approach and laying out its rationale for the positions / approach it was minded to take.

1.6 The Authority received a limited number of responses relating to Air Navigation Services (ANS). The substantive issue raised by airlines was that ANS should be subject to price-cap regulation, rather than rate of return regulation as

proposed in the Consultation Paper. Airlines also highlighted the importance of user consultation for ANS, especially in relation to major capital investments. Airlines further proposed that the fair rate of return should be consistent with the risk free rate of the country.

1.7 The Authority, on careful perusal of all the submissions, views and opinions expressed by stakeholders, has issued an Order (Order No. 04/2010-11, dated 28th June, 2010) laying down its philosophy and approach for economic regulation of Air Navigation Services.

1.8. The Authority, in its Order had stated that the overall approach and framework adopted does not apply, ipso facto, to the civil enclaves (at present Goa and Pune) under the regulatory ambit of the Authority and that appropriate views in respect of the said Civil Enclaves would be taken by the Authority with the representation of the Ministry of Defence in accordance with the provisions of sub section (1) Section 4 of the Act.

2.1 Accordingly, the Authority with representation of the Ministry of Defence considered the issue and the approach laid down in Order No.04/2010-11 dated 28th June 2010 for economic regulation of Air Navigation Services and decided that the same, may be adopted for the Civil Enclaves of Pune and Goa airports as well. An Order No.08/2010-11 dated 11.11.2010 has been issued in this regard.

2.2 Further, the Authority also considered the Draft Tariff Determination Guidelines in respect of the aforesaid services, issued for stakeholder consultation vide Consultation Paper No. 4/2010-11 dated 30.06.2010, and decided that the same may also be adopted for aforesaid Civil Enclaves.

3. The salient features of the approach adopted by the Authority in respect of the Civil Enclaves at Goa and Pune airports are as under :

- (i) The Authority recognises that the safety imperative of ANS has important implications for the discharge of its functions in respect of ANS. The Authority, therefore, adopts a rate of return approach for ANS.
- (ii) The Authority shall apply rate of return approach in a manner that will permit ANS provider to recover actual net costs and a fair rate of return on its investment.
- (iii) The Authority may also specify incentive mechanisms, before the start of a Control Period or at any other time, in its discretion, to encourage timely investment in ANS infrastructure and facilities.
- (iv) The determination of tariff for ANS shall be undertaken on the basis of a Multi Year Tariff Proposal made by ANS provider for a control period of 5 years and would involve annual compliance process, tariff proposals, user consultation and compliance of relevant regulations/guidelines by the ANS provider.

- (v) The Authority shall determine the tariff(s) for ANS, on a uniform basis at all airports.
- (vi) The Authority will rely upon the periodic DGCA monitoring reports and updates of ANS performance standards. Additionally, the Authority may provide DGCA with such inputs, as it may consider necessary. The Authority is conscious of the need to evolve the systems/ procedures for monitoring performance standards and is minded to evolve such systems/ procedures based on stakeholder responses, collection and analysis of information on ANS performance standards during the first regulatory cycle.

4. The Authority proposes to operationalise the regulatory philosophy and approach as indicated above in respect of the Civil Enclaves of Pune and Goa through the detailed guidelines that have been issued by the Authority on 30.06.2010 (The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010. For ease of reference, a draft of “The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010” issued on 30.06.2010, that are proposed to be made applicable to the Civil Enclaves at Goa and Pune airports is enclosed herewith.

5. Stakeholders are requested to give their feedback / comments in respect of the Draft Guidelines. It is clarified that the Authority would entertain comments only in respect of the Draft Guidelines regarding the aforementioned services. The comments are sought for the limited purpose and scope of provision of ANS services at civil enclaves which are major airports (presently Goa and Pune) and hence, it will not be possible to entertain any comments in respect of the regulatory philosophy and approach underlying these Guidelines.

6. While furnishing their comments, the stakeholders are requested to specifically consider the following :

- (a) Being joint user airports, the assets created by the defence forces and AAI are being used jointly. The present arrangement of defence forces recovering the landing charges and AAI recovering ANS related charges is an arrangement in recognition of such joint use.
- (b) For economic regulation, it would be important to specifically assess and consider the impact of the above arrangement on Regulatory Asset Base (RAB).
- (c) The Authority will approve tariff applicable to civil aircraft only whereas the assets are used by the defence aircraft as well. Therefore, a view also needs to be taken regarding appropriate imputation of cost of joint user assets to respective usage.

The stakeholders are also requested to highlight any other special factors/considerations, if any, which in their view are required to be considered by the Authority before it finalises the subject Guidelines.

7. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the draft “The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010”, in so far as these are proposed to be made applicable to the Civil Enclaves, **latest by 11th January, 2011** at the following address:

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Yashwant S. Bhawe
Chairperson

Enclosure:

1. Draft of “The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010”

Draft

F.No. AERA/20018/ANS-G/2010-11

Airports Economic Regulatory Authority of India



Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010

New Delhi: xx June, 2010

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010

Whereas “any service provided for navigation, surveillance and supportive communication thereto for air traffic management”, more commonly understood as air navigation services, is an “aeronautical service” in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (the Act);

Whereas under section 13(1)(a) of the Act, the Authority is required to determine the tariff for aeronautical services;

Whereas under section 15 of the Act, the Authority may, for the purpose of discharge of its functions under the said Act, issue, from time to time to the service providers, such directions as it may consider necessary;

Whereas the Authority considers it necessary for the purpose of discharge of its function of determination of tariff for air navigation services, to issue guidelines setting out a framework incorporating terms, conditions, systems, procedures, and information requirements therefor;

Now, therefore, in terms of powers conferred on it under section 15 of the Act, the Authority hereby directs the ANS provider to act in accordance with the following guidelines:

1 PRELIMINARY

1.1 Short Title, Extent and Commencement:

1.1.1 These Guidelines shall be called the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Air Navigation Services) Guidelines, 2010 (“Guidelines”).

1.2 These Guidelines shall come into force on such date as the Authority may by order appoint.

2 DEFINITIONS

In these Guidelines, unless the context otherwise requires:

- 2.1 **Act** means the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008);
- 2.2 **Airports Authority of India ('AAI')** means the Authority as provided under subsection (3) of section 3 of the AAI Act;
- 2.3 **AAI Act** means the Airport Authority of India Act, 1994 (55 of 1994);
- 2.4 **Actual Allowed Revenue** means the actual revenue allowed to be recovered in a Tariff Year as determined in terms of Clause 6.6;
- 2.5 **Air Navigation Services ('ANS')** means any service provided for navigation, surveillance, and supportive communication thereto for air traffic management;
- 2.6 **Air Navigation Services Provider ('ANS provider')** means the Airports Authority of India in its capacity as the national air navigation services provider as provided in subsection (2) of section 12 of the AAI Act;
- 2.7 **Aggregate Revenue Requirement** means the revenue requirement determined by the Authority to ensure that the ANS provider can earn a Fair Rate of Return on its Regulatory Asset Base after meeting its annual expenditure as determined in terms of Clause 4;
- 2.8 **Annual Compliance Statement** means an annual statement submitted, in accordance with Clause 6.5, by the ANS provider after the end of a Tariff Year based on annual Pro forma Accounts;
- 2.9 **Annual Tariff Order** means such order as may be made by the Authority for specifying the Estimated Allowed Revenue and Tariff(s) for a Tariff Year;
- 2.10 **Annual Tariff Proposal** means an annual proposal submitted, in accordance with Clause 6.3, by the ANS provider for consideration by the Authority, prior to the start of each Tariff Year, for Estimated Allowed Revenue including adjustments to Tariff(s);
- 2.11 **Authority** means the Airports Economic Regulatory Authority;

- 2.12 **Clause(s)** shall mean the Clause(s) of these Guidelines;
- 2.13 **Control Period** means a period of five Tariff Years, during which Tariff(s) as determined by the Authority shall subsist;
- 2.14 **Estimated Allowed Revenue** means the estimated revenue allowed to be recovered in a Tariff Year as calculated in terms of Clause 6.4;
- 2.15 **Form(s)** shall mean the prescribed form(s) listed in the Schedule to these Guidelines;
- 2.16 **Multi Year Tariff Framework** means the set of principles for the purpose of determination of the Aggregate Revenue Requirement as described in Chapter II;
- 2.17 **Multi Year Tariff Order** means such order as may be made by the Authority for specifying the Aggregate Revenue Requirement and the Authority's analysis of the Regulatory Building Blocks;
- 2.18 **Multi Year Tariff Proposal** means a proposal for determination of Aggregate Revenue Requirement submitted, in accordance with Section 2, to the Authority by the ANS provider, prior to the start of a Control Period;
- 2.19 **Pro forma Accounts** means separated financial statements and information related to provision of ANS, prepared by ANS provider in accordance with the requirements set out in Appendix II;
- 2.20 **Regulatory Building Blocks** means components required for determining the Aggregate Revenue Requirement for a Tariff Year of the relevant Control Period as enumerated in Clause 5;
- 2.21 **Section(s)** shall mean the section(s) of the Appendices attached to these Guidelines;
- 2.22 **Tariff(s)** means such tariffs as approved by the Authority to be levied by ANS provider for provision of ANS;
- 2.23 **Tariff Year** means each one of the five year period making up the Control Period. The Tariff Year shall commence on 1st April of a calendar year and end on 31st March of the subsequent calendar year.

2.24 Words and expressions used but not defined in these Guidelines shall have the same meaning respectively assigned to them in the Act.

2.25 **Interpretation**

In case of any dispute regarding interpretation as to the meaning of any term, expression or provision in these Guidelines, the decision of the Authority shall be final and binding.

Chapter I

3 Procedure for submission and review of Tariff Proposals

3.1 The ANS provider shall, on or before 31st October 2010, submit to the Authority for its consideration, a Multi Year Tariff Proposal for the first Control Period in the form and manner prescribed in Section 2 of Appendix I hereto. The first Tariff Year of the first Control Period shall commence on 1st April 2011:

Provided that the said proposal shall be based on separate annual Pro forma Accounts in accordance with the requirements set out in Appendix II:

Provided further that for the subsequent Control Period(s) the due date for submission of a Multi Year Tariff Proposal shall be as prescribed by the Authority.

3.2 The Authority shall upon due consideration of the Multi Year Tariff Proposal and after obtaining such additional information, as it may consider necessary, make a Multi Year Tariff Order for a Control Period.

3.3 After receipt of the Multi Year Tariff Order the ANS provider shall submit to the Authority its Annual Tariff Proposal.

Provided that the Annual Tariff Proposal shall be submitted at least 75 days prior to the start of the Tariff Year.

3.4 Subject to Clause 3.6, the Authority shall duly consider the Annual Tariff Proposal and may, where considered necessary, direct an analysis of the said proposal and require submission of additional information.

3.5 The Authority shall after due consideration of the Annual Tariff Proposal make an Annual Tariff Order for a Tariff Year.

3.6 The ANS provider shall submit an Annual Compliance Statement, within one month from the date on which the audited information for a Tariff Year becomes available, or within 8 months of the close of the relevant financial year, whichever is earlier.

- 3.7 Upon receiving a specific request for an extension of time for the submission of a Multi Year Tariff Proposal, an Annual Tariff Proposal, an Annual Compliance Statement or such other document that the Authority may have required the ANS provider to submit, the Authority may grant to the ANS provider such extension of time, as it deems appropriate.
- 3.8 In the event that the ANS provider fails to submit the said Multi Year Tariff Proposal, an Annual Tariff Proposal, an Annual Compliance Statement or such other document that the Authority may have required the ANS provider to submit within the prescribed period, or extension thereto, if any, the Authority may make such order as it deems appropriate.

Chapter II

4 Multi Year Tariff Framework for the determination of Aggregate Revenue Requirement

- 4.1 The Multi Year Tariff Framework comprises of the set of principles on which the Authority shall analyse the Regulatory Building Blocks, described more specifically in Clause 5, for calculation of Aggregate Revenue Requirement (ARR).
- 4.2 The Authority shall calculate the Aggregate Revenue Requirement for each Tariff Year in a given Control Period based on the forecast of Regulatory Building Blocks as under:
- 4.2.1 Fair Rate of Return on the Regulatory Asset Base (FRoR x RAB)
- 4.2.2 Depreciation (D)
- 4.2.3 Operating Expenditure (O)
- 4.2.4 Taxation (T)
- 4.3 The Aggregate Revenue Requirement shall be expressed as under:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$\text{and, } ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t$$

Where t is the Tariff Year in the Control Period

Illustration 1: The following example illustrates the calculation of Aggregate Revenue Requirement for a Control Period. The numbers in the illustration have been rounded to the nearest integers.

Aggregate Revenue Requirement						
		Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
RAB for calculating ARR	RAB	1,410	1,381	967	898	848
Fair Rate of Return on RAB	FRoR	16%	16%	16%	16%	16%
	RAB x FRoR	226	221	155	144	136
Depreciation	D	313	377	352	369	412
Operating Expenditure	O	2,000	2,200	2,400	2,550	2,800
Tax	T	40	31	269	432	606
		ARR ₁	ARR ₂	ARR ₃	ARR ₄	ARR ₅
Aggregate Revenue Requirement	ARR _t = RAB _t x FRoR + O _t + D _t + T _t	2,579	2,829	3,176	3,495	3,954
	ARR = \sum ARR _t			16,031		

- RAB for calculating ARR is determined as illustrated in Clause 5.2.
- FRoR for calculating ARR is determined as illustrated in Clause 5.1.
- D for calculating ARR is determined as illustrated in Clause 5.3.

5 Regulatory Building Blocks

5.1 Fair Rate of Return (FRoR)

5.1.1 The Authority shall determine the Fair Rate of Return (FRoR) for a Control Period as its estimate of the weighted average cost of capital for ANS provider defined as under :

$$FRoR = g \times R_d + (1 - g) \times R_e$$

Where:

g is gearing (i.e. (debt) / (debt + equity))

R_d is the pre-tax cost of debt

R_e is the post-tax cost of equity

5.1.2 The FRoR shall be calculated on a nominal basis for a Control Period.

5.1.3 Cost of Equity

The determination of cost of equity shall be based on consideration of the following factors:

- a. policy prescriptions and guidelines issued, if any, by the Central Government; and
- b. any other factors as the Authority finds relevant for its consideration.

5.1.4 Cost of Debt

- a. The Authority shall consider the forecast cost of existing debt submitted for its consideration, subject to the reasonableness of such costs based on a review including of its source(s), procedure(s) and method(s) used for raising such debt(s).
- b. 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 reasonableness of such costs, based on a review including of its source(s), procedure(s) and method(s) to be used for raising such debt(s).
- c. The Authority shall consider, in respect to the cost of debt, interest free or concessional loan arrangements, if any.
- d. The Authority shall determine a weighted average cost of debt, in terms of the formula indicated in the Illustration 2 below Clause 5.1.7, in a Control Period for the purpose of determination of FRoR. The determination of such weighted average cost of debt shall have reference to projected quantum of debt submitted by the ANS provider. The calculation of such weighted average cost of debt shall be based on the forecast quantum of debt for each Tariff Year in a Control Period.

- 5.1.5 The Authority shall not consider financing costs of any short term debt, with maturity of less than 12 months, in its determination of weighted

average cost of debt. The Authority shall review such costs in terms of Clause 5.4.

5.1.6 The Authority shall consider, in respect of the cost of equity or cost of debt, as the case may be, the nature of all financial instruments being used or proposed to be used to mobilize such funds.

5.1.7 Gearing

a. The Authority shall determine a weighted average gearing in a Control Period for the purpose of determination of FRoR. The determination of such weighted average gearing shall have reference to actual and projected quantum of debt submitted by the ANS provider. The calculation of such weighted gearing shall be based on the forecast quantum of debt and equity for each Tariff Year in a Control Period.

Illustration 2: The following example illustrates this approach where the forecasted debt, equity and cost of debt varies over the Control Period. The numbers in the illustration have been rounded to the nearest integers.

Fair rate of Return					
	Tariff Year	Tariff Year	Tariff Year	Tariff Year	Tariff Year
	1	2	3	4	5
Debt (D)	2,000	2,700	2,700	2,700	2,900
Equity (E)	1,500	1,500	1,500	3,000	3,000
Debt+Equity (C)	3,500	4,200	4,200	5,700	5,900
Cost of Debt (Kd)	13.90%	14.00%	15.00%	14.20%	14.50%
Cost of Equity (Ke)	18.00%	18.00%	18.00%	18.00%	18.00%
Individual Year Gearing (G)	57.1%	64.3%	63.4%	47.4%	49.2%
Weighted Average Gearing (WG)	55.3%				
Weighted Average Cost of Debt (Rd)	14.3%				
Cost of Equity (Re)	18.0%				
Fair Rate of Return	16.0%	$FRoR = WG \times Rd + (1-WG) \times Re$			

- *The example illustrates that for each Tariff Year, the gearing differs on account of varying levels of debt and equity. Therefore, the weighted average gearing for the determination of FRoR is arrived at using the following formula:*

$$\text{Weighted average gearing} = WG = \frac{\sum_{t=1}^5 (C_t \times G_t)}{\sum_{t=1}^5 (C_t)}$$

where

t = 1 to 5 denotes each Tariff Year

- *Similarly, the cost of debt differs for each Tariff Year. Therefore, the weighted average cost of debt for the determination of FRoR is arrived at using the following formula:*

$$\text{Weighted average cost of debt} = Rd = \frac{\sum_{t=1}^5 (D_t \times Kd_t)}{\sum_{t=1}^5 (D_t)}$$

where

t = 1 to 5 denotes each Tariff Year

5.2 Regulatory Asset Base (RAB)

5.2.1 Scope of the RAB

- a. The relevant RAB assets shall be all the ANS related fixed assets as submitted by the ANS provider, after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- b. The assets that substantially provide services not related to or not normally provided as part of ANS may be excluded from the scope of RAB by the Authority.
- c. The Authority may also, in its discretion, consider any other relevant factors for exclusion or inclusion of assets.
- d. Consequent to the exclusion of identified assets from RAB, the Authority shall not consider the value of such assets (including its corresponding revenues and expenditures) for the purpose of determination of Aggregate Revenue Requirement.

- e. The RAB may not necessarily correspond to the sum of any values of the fixed assets held in any fixed asset register. However, the adjustments to the RAB account shall relate to transactions and events in respect of the fixed assets such as acquisitions, commissioning, disposals, exclusions and depreciation.

5.2.2 The RAB shall represent the value of net investments, in terms of Clause 5.2.1 and 5.2.6, made by the ANS provider.

5.2.3 For any Tariff Year t , RAB 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 under:

$$\frac{RAB_t + RAB_{t-1}}{2}$$

5.2.4 Initial RAB

- a. The initial RAB for the determination of Aggregate Revenue Requirement for the first Control Period shall be the fixed assets indicated in the Pro forma Accounts for 2009-10 of the ANS provider, subject to Clause 5.2.1.
- b. The value of the initial RAB shall be calculated as under:

$$\begin{aligned} \text{Initial RAB} &= \text{Original Cost of Fixed Assets} \\ &\quad - \text{Accumulated Depreciation} \\ &\quad - \text{Accumulated Capital Receipts or contributions from stakeholders} \end{aligned}$$

where:

Original Cost of Fixed Assets: The original cost of fixed assets as indicated in the Pro forma Accounts for 2009-10, (excluding any re-valuation other than adjustments for impairment or such other adjustments that the Authority may consider appropriate) shall be included in the scope of the RAB based on the following principles:

- i. Evidence of competitive procurement for major capital investments;
- ii. Evidence that investment was made in accordance with the master plan or capital investment plan duly approved by the competent authority, as the case may be;

Accumulated Depreciation: Accumulated amounts provided for depreciation of fixed assets, as indicated in the Pro forma Accounts for 2009-10, using depreciation policies that reflect reasonable estimates of the useful economic life of the assets;

Accumulated Capital Receipts of the nature of contributions from stakeholders: Total contributions pertaining to the fixed assets which are included in the scope of the RAB, including by way of capital grants and subsidies.

Illustration 3: The following example illustrates this approach for calculation of Initial RAB. The numbers in the illustration have been rounded to the nearest integers.

Fixed assets data from Pro forma accounts

Asset	Useful Economic Life (EL)	Original Cost of Fixed Assets (OC)	Capital Receipt (SC)	Depreciation rate (DR = 1/EL)	Years in Operation (Y)	Accumulated Depreciation AD = (OC-SC) x DR x Y
Asset 1	25	1,250	0	4.00%	5	250
Asset 2	10	2,000	1,000	10.00%	5	500
Total		3,250	1,000			750

Initial RAB Valuation

Original Cost of fixed assets	3,250	OC
Accumulated depreciation	750	AD
Capital receipt	1,000	SC
Initial RAB	1,500	IR=OC-AD-SC

- *The example illustrates that the data from Pro forma Accounts of year 2009-10 as submitted by the ANS provider is used to calculate the value of Initial RAB. The Initial RAB shall then be used for forecasting RAB at the end of year 2010-11.*
- *The depreciation rate is calculated using the straight line method based on the useful economic life of the asset. Any capital receipts have not been considered for the purpose of calculation of depreciation.*

5.2.5 Forecasting RAB

- a. The forecast of the RAB shall be made at the beginning and at the end of each Tariff Year in a Control Period. The Authority shall, on the basis of the said forecast RAB, determine for each Tariff Year t in a Control Period the terms RAB_t and RAB_{t-1} appearing in Clause 5.2.3.
- b. RAB_{t-1} (i.e. $RAB_{2010-11}$) for the first Tariff Year (i.e. 2011-12) of the first Control Period (i.e. 2011-12 to 2015-16) is equal to the forecasted RAB at the end of the financial year 2010-11.
- c. For subsequent Control Periods, the RAB_{t-1} for the first Tariff Year shall be forecasted RAB at the end of the last Tariff Year of the last Control Period.
- d. For projecting depreciation on forecast of assets to be commissioned or disposed off during a Control Period, it shall be assumed that such assets have been commissioned or disposed of half way through the Tariff Year and depreciation related to such assets shall be calculated pro-rata.

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.

Forecasting RAB

		2010-11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening RAB_{t-1}	OR	1,500	1,250	1,570	1,193	741	1,053
Commissioned Assets	CA	-	633	-	-	681	-
Depreciation	DR	250	313	377	352	369	412
Disposals	DI	-	-	-	100	-	-
Incentive Adjustments	IA	-	-	-	-	-	-
Closing RAB_t	CR=OR+CA- DR-DI+IA	1,250	1,570	1,193	741	1,053	641
RAB for calculating ARR	RA=(OR+CR)/2		1,410	1,381	967	898	848

- *The example illustrates that the 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 RAB, for a Tariff Year t, for the calculation of ARR, 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 5: The following example illustrates the approach for forecasting depreciation for the Control period. The numbers in the illustration have been rounded to the nearest integers

Forecast Depreciation

	Original Cost of Fixed Assets	Useful Economic Life (EL)	Depreciation rate (DR=1/EL)	2010 -11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Asset 1	1,250	25	4.00%	50	50	50	25	-	-
Asset 2	2,000	10	10.00%	200	200	200	200	200	200
Asset 3	633	5	20.00%	-	63	127	127	127	127
Asset 4	681	8	12.50%	-	-	-	-	42	85
			Total	250	313	377	352	369	412

- *The example illustrates that the depreciation is calculated using the straight line method based on the useful economic life of the asset.*
- *The example also illustrates that depreciation related to assets commissioned during a Control Period (Asset 3 and Asset 4) and depreciation related to assets disposed during a Control period (Asset 1) is calculated pro-rata assuming the commissioning or disposal at half way through the Tariff Year.*

5.2.6 Rolling forward the RAB

- The RAB for the determination of the Aggregate Revenue Requirement for the second and every subsequent Control Period shall be the rolled forward RAB value determined by the Authority for the previous Control Period.
- The Authority shall determine the value of RAB, prior to the start of subsequent Control Period, up to the last Tariff Year for which Pro forma Accounts are available.
- For each Tariff Year t , the RAB at the end of the Tariff Year shall be calculated as:

$$\begin{aligned}
 \text{RAB}_t &= \text{RAB}_{t-1} \\
 &+ \text{Commissioned Assets} \\
 &- \text{Depreciation} \\
 &- \text{Disposals} \\
 &+ \text{Incentive Adjustments}
 \end{aligned}$$

Where:

RAB_t = Regulatory Asset Base at the end of Tariff Year t

RAB_{t-1} = Regulatory Asset Base at the end of Tariff Year $t-1$

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

Depreciation: Represents the amounts for depreciation as described in Clause 5.3.

Disposals: Represents the higher of the proceeds or fair market value in respect of forecast disposals or deemed disposals (transfers out of the RAB) for Tariff Year t.

Incentive Adjustments: Represents other adjustments to reflect incentives that the Authority may have determined in the previous Multi Year Tariff Order or at any other time to encourage timely investment. For the purpose of ascertaining such adjustments, the Authority shall have due regard to effectiveness and efficiency of such investment.

Illustration 6: The following example illustrates the approach for calculating roll forward RAB using actuals in the Pro forma Accounts available for the Control period. The numbers in the illustration have been rounded to the nearest integers

Roll Forward RAB							
		2010-11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening RAB_{t-1}	OR	1,500	1,400	1,130	1,771	1,244	822
Commissioned Assets	CA	160	-	1,012	-	-	-
Depreciation	DR	260	270	371	447	422	422
Disposals	DI	-	-	-	80	-	-
Incentive Adjustments	IA	-	-	-	-	-	-
Closing RAB_t	CR=OR+CA- DR-DI+IA	1,400	1,130	1,771	1,244	822	400
RAB for calculating ARR	RA=(OR+CR)/2		1,265	1,459	1,507	1,032	610

- *The example illustrates that the RAB_{t-1} for the first Tariff Year of the first Control Period is equal to the rolled forward 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.*

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:

$$\begin{aligned}
 WIPA_t &= WIPA_{t-1} \\
 &\quad + \text{Capital Expenditure (Capex)} \\
 &\quad + \text{Financing Allowance} \\
 &\quad - \text{Accumulated Capital Receipts or contributions from stakeholders (SC)} \\
 &\quad - \text{Commissioned Assets (CA)}
 \end{aligned}$$

Where:

WIPA_t: Work in Progress Assets at the end of Tariff Year t

WIPA_{t-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

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

Where R_d is the cost of debt determined by the Authority in terms of Clause 5.1.4.

SC are Capital Receipts pertaining to the capital WIP included in the scope of the RAB (including capital grants and subsidies).

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.

- b. Assets acquired or commissioned within the same Tariff Year, (including such assets as may be commissioned immediately upon

acquisition) shall be included both in Capital Expenditure and Commissioned Assets.

- c. The Authority shall determine a forecast for Work in Progress assets (including value of Commissioned Assets in each Tariff Year) in the determination of the Aggregate Revenue Requirement and the determination of a forecast RAB.

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.

Work in Progress Assets									
				2010	Tariff	Tariff	Tariff	Tariff	Tariff
				-11	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WIP: WIP_{t-1}	OW			-	-	-	558	638	-
Capital Expenditure	CE			-	833	521	-	-	-
Financing Allowance	FA=R _d x (OW+(CE- CA-CR)/2)			-	-	37	80	43	-
Capital Receipts	SC			-	200	-	-	-	-
Commissioned Assets	CA			-	633	-	-	681	-
Closing WIP: WIP_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 the assets acquired or commissioned within the same Tariff Year 1, has 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.*

5.3 Depreciation (D)

- 5.3.1 Depreciation shall be allowed for in calculating Aggregate Revenue Requirement on a forecast basis for each Tariff Year in a Control Period, calculated using the straight line method of depreciation on the amount

of original cost of the existing fixed assets together with forecast additions less disposals of fixed assets:

Provided that depreciation on capital receipts, if any, shall not be considered.

- 5.3.2 Depreciation rates shall be based on reasonable estimates of the useful economic life of the assets and may be referenced to the depreciation rates provided in the Companies Act, 1956 or to any other empirical evidence.

5.4 Operating Expenditure (O)

- 5.4.1 The assessment of operating expenditure by the Authority shall include a review of the operating expenditure forecast submitted by the ANS provider based on the following principles:

- a. Assessment of baseline operating expenditure based on review of underlying factors impacting variance over the preceding year including treatment for one-time costs or atypical costs; and
- b. Review of methodology, high level trends in operating costs and productivity indicators, identified cost drivers, and other factors as considered appropriate.

- 5.4.2 The Authority shall consider financing costs of any short term debt, generally raised towards working capital with maturity of less than 12 months, as part of its assessment of operating expenditure.

5.5 Taxation (T)

- 5.5.1 Taxation represents payments in respect of corporate tax on ANS related profits.

- 5.5.2 The Authority shall review forecast for corporate tax calculation, submitted by the ANS provider, with a view to ascertain the appropriateness of allocation for taxation indicated between (i) all profits on revenues taken into consideration for determination of Aggregate Revenue Requirement; and (ii) profit from other activities, if any.

Chapter III

6 Procedure for determination of Tariff(s)

6.1 The Authority shall follow the procedure as herein below for determination and adjustments to Tariff(s) on an annual basis.

6.2 The Authority shall review and approve the Tariff(s) for a Tariff Year having reference to the: Aggregate Revenue Requirement provided in the Multi Year Tariff Order, Annual Tariff Proposal and Annual Compliance Statement submitted by ANS provider to the Authority in accordance with Clause 6.3 and 6.5, respectively.

6.3 Annual Tariff Proposal

6.3.1 Prior to the start of each Tariff Year, the ANS provider shall submit, for approval by the Authority, an Annual Tariff Proposal for Estimated Allowed Revenue (EAR), in accordance with Clause 6.4, to be recovered during the Tariff Year and a detailed break-up of the Tariff(s) from which it proposes to recover the EAR.

6.3.2 The Annual Tariff Proposal shall be submitted in the form and manner provided in Section 8 of Appendix I.

6.3.3 The Authority shall review the Annual Tariff Proposal and make an Annual Tariff Order with such adjustments, as may be necessary, to the Tariff(s) proposed by the ANS provider.

6.4 Estimated Allowed Revenue

6.4.1 Estimated Allowed Revenue for any Tariff Year t , shall be calculated prior to the start of the Tariff Year as under:

$$EAR_t = ARR_t - [E_{t-2} \times (1 + r)^2]$$

Where:

EAR_t is the Estimated Allowed Revenue for the Tariff Year t ;

ARR_t is the Aggregate Revenue Requirement for Tariff Year t , provided in the Multi Year Tariff Order;

r is the compounding factor for under or over recoveries and is equal to the Fair Rate of Return determined by the Authority in accordance with Clause 5.1;

E_{t-2} is the error correction term for the Tariff Year $t-2$, calculated in terms of Clause 6.8:

Provided that E_{t-2} shall be zero for the first and second Tariff Years in the first Control Period.

Explanation: The time lag of 2 years in the error correction term in these formulae is because the Annual Compliance Statement of any given Tariff Year is expected to be available only during the middle of subsequent Tariff Year.

Illustration 8: The following example illustrates the approach for calculating Estimated Allowed Revenue (EAR). The numbers in the illustration have been rounded to the nearest integers.

Estimated Allowed Revenue							
			Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
ARR for Tariff Year t	ARR_t	P	2,579	2,829	3,175	3,495	3,953
Error correction term for Tariff Year $t-2$	E_{t-2}	-	-	-	60	(148)	10
Compounding Factor	$r = \text{FRoR}$		16%	16%	16%	16%	16%
	$E_{t-2} \times (1+r^2)$	Q	-	-	80	(199)	(13)
Estimated Allowed Revenue	$EAR_t = P-Q$		2,579	2,829	3,095	3,694	3,966

- *ARR for the purpose of calculating EAR shall be taken from the Multi Year Tariff Order.*
- *Compounding factor, r , for error correction term shall be equal to the FRoR as calculated in Clause 5.1.*
- *Error correction term for Tariff Year $t-2$, calculated in Clause 6.8, is used for calculating EAR for Tariff Year t .*
- *The Tariff(s) proposed for the Tariff Year shall be consistent with EAR.*

6.5 Annual Compliance Statement

- 6.5.1 The ANS provider shall submit an Annual Compliance Statement to the Authority to review and approve such adjustments to the EAR and Tariff(s) applicable for the subsequent Tariff Year, as may be required.
- 6.5.2 The Annual Compliance Statement shall be submitted in respect of the actuals, in terms of Clause 6.5.4, for a particular Tariff Year.
- 6.5.3 Annual Compliance Statement shall be submitted in the form and manner provided in Section 9 of Appendix I.
- 6.5.4 Subject to Clause 6.6 herein below, the Authority shall require the ANS provider to calculate the following details based on Pro forma Accounts, to be clearly indicated in the said Annual Compliance Statement:
- a. Actual RAB (ARAB) for the Tariff Year t, calculated in terms of Clause 5.2.6;
 - b. Actual Depreciation (AD) for the Tariff Year t, calculated in terms of Clause 5.3;
 - c. Actual Operating Expenditure (AO) for the Tariff Year t;
 - d. Actual Taxation (AT) for the Tariff Year t, calculated in terms of Clause 5.5.
- 6.5.5 The Annual Compliance Statement shall also provide details of the Actual Allowed Revenue (AAR) calculated in terms of Clause 6.6, Actual Revenue from ANS (AR) calculated in terms of Clause 6.7 and the error correction term (E) calculated in accordance with Clause 6.8.

6.6 Actual Allowed Revenue

- 6.6.1 The Actual Allowed Revenue (AAR_t) for a Tariff Year t, shall be calculated as under at the end of the Tariff Year in accordance with Pro forma Accounts:

$$AAR_t = [(FRoR \times ARAB_t) + AD_t + AO_t + AT_t] - [E_{t-2} \times (1 + r)^2]$$

Where, in respect of Tariff Year t:

FRoR is the Fair Rate of Return determined by the Authority, in terms of Clause 5.1;

$ARAB_t$ is the actual RAB at the end of the Tariff Year t , calculated in terms of Clause 5.2.6;

AD_t is the actual depreciation at the end of Tariff Year t , calculated in terms of Clause 5.3;

AO_t is the actual operating expenditure for the Tariff Year t ;

AT_t is the actual corporate tax calculated on the ANS income for the Tariff Year t ;

r is the compounding factor for under or over recoveries and is equal to the Fair Rate of Return determined by the Authority in terms of Clause 5.1;

E_{t-2} is the error correction term for the Tariff Year $t-2$, calculated in terms of Clause 6.8:

Provided that E_{t-2} shall be zero for the first and second Tariff Years in the first Control Period.

Explanation: The formula of Actual Allowed Revenue incorporates the same Regulatory Building Blocks, as used in forecasting ARR in the Multi Year Tariff Order, to ensure a fair rate of return in each Tariff Year. However, the Actual Allowed Revenue determined at the end of each Tariff Year takes into consideration (i) the actuals for Regulatory Building Blocks as against the forecast used in determination of ARR, and (ii) error correction term, to ensure that ANS provider achieves the fair rate of return.

Illustration 9: The following example illustrates the approach for calculating Actual Allowed Revenue (AAR) based on the information contained in Annual

Compliance Statement. The numbers in the illustration have been rounded to the nearest integers.

Actual Allowed Revenue							
			Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Actual RAB	ARAB		1,265	1,450	1,507	1,032	610
Fair rate of return	FRoR		16%	16%	16%	16%	16%
	ARAB x	A	202	232	241	165	98
	FRoR						
Actual Depreciation	AD	B	270	371	447	422	422
Actual Operating Expenditure	AO	C	2,100	2,415	2,777	3,194	3,673
Actual Tax	AT	D	4	75	224	242	269
Error correction term for Tariff Year t-2	E_{t-2}		-	-	60	(148)	(10)
Compounding Factor	$r =$		16%	16%	16%	16%	16%
	FRoR						
	$E_{t-2} \times$	E	-	-	80	(199)	(13)
	$(1+r^2)$						
Actual Allowed Revenue	AAR_t	$F = A+B+C+D-E$	2,576	3,093	3,610	4,223	4,475
Actual Revenue		G	2,636	2,945	3,600	4,300	4,251

- *Actual revenues are the revenues accruing from ANS provided by ANS provider during the Tariff Year.*

6.7 Actual Revenue

6.7.1 Actual revenue is the total revenue accruing from ANS provided by ANS provider, as reflected in the Pro forma Accounts for that Tariff Year.

6.8 Error Correction Term

6.8.1 The error correction term is an adjustment to the Actual Allowed Revenue on account of any residual under recovery or over recovery, as the case may be, in the Tariff Year after correcting for certain Regulatory Building Blocks, that is, (i) RAB; (ii) Depreciation; (iii) Operating Expenditure; and, (iv) Taxation. The residual under recovery or over recovery, as the case may be, can be a resultant of factors like difference

in actual traffic mix than forecasted; disruptions or cancellations in flight schedules; or other relevant factors.

- 6.8.2 Based on calculation of the Actual Revenue (in accordance with Clause 6.7 above) and the Actual Allowed Revenue (in accordance with Clause 6.6 above), the error correction term shall be determined, as under.

$$E_t = (AR_t - AAR_t)$$

Where

AR_t is the Actual Revenue

AAR_t is the Actual Allowed Revenue.

Explanation: The error correction secures the Actual Allowed Revenue approach by ensuring that:

- i. over-recovery of the Actual Allowed Revenue in any one Tariff Year automatically results in the appropriate reduction in the Estimated Allowed Revenue for a subsequent Tariff Year; and
- ii. under-recovery of the Actual Allowed Revenue in any one Tariff Year automatically results in the appropriate increase in the Estimated Allowed Revenue for a subsequent Tariff Year.

Illustration 11: The following example illustrates the approach for calculating error correction term based on the information contained in Annual Compliance Statement. The numbers in the illustration have been rounded to the nearest integers.

Error correction term						
		Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Actual Allowed Revenue	AAR_t	2,576	3,093	3,610	4,223	4,475
Actual Revenue	AR	2,636	2,945	3,600	4,300	4,251
Error correction term for Tariff Year t	$E = AR - AAR$	60	(148)	(10)	77	(224)

Appendix I

1 Procedure for collecting data and information required

- 1.1 To enable the Authority to determine Tariff(s) pursuant to these Guidelines, the ANS provider will be required to submit comprehensive Multi Year Tariff Proposal in the prescribed Form A and in accordance with Section 2.
- 1.2 During the Control Period, the ANS provider shall maintain the required information for submission to the Authority as under:
 - 1.2.1 Annual Tariff Proposal in accordance with Section 8;
 - 1.2.2 Annual Compliance Statement in accordance with Section 9.
- 1.3 The ANS provider shall submit one (1) original and four (4) duplicate hard copies and one (1) soft copy for the Multi Year Tariff Proposal, Annual Tariff Proposal and Annual Compliance Statement.
- 1.4 In case of discrepancies, if any, between the information contained in original and that contained in the duplicate copies, the information contained in the original copy shall be relied upon by the Authority.
- 1.5 The information requirements are set out hereunder.

2 Procedure for preparing the Multi Year Tariff Proposal (read with Clause 3.1)

- 2.1 Multi Year Tariff Proposal shall clearly outline the Aggregate Revenue Requirement for each Tariff Year of the Control Period based on these Guidelines.
- 2.2 The Multi Year Tariff Proposal shall clearly demonstrate how the ANS provider has arrived at the proposed Aggregate Revenue Requirement based on consideration of the Regulatory Building Blocks and other aspects outlined in the Business Plan.
- 2.3 The ANS provider shall also submit the calculation of the historic Aggregate Revenue Requirement on a basis that is consistent with the proposed Aggregate Revenue Requirement. Such information shall be submitted in the prescribed Form F1.

- 2.4 The proposal shall include:
- (i) documented evidence that consultations with stakeholders have been undertaken;
 - (ii) summary of concerns raised by the stakeholders;
 - (iii) details of remedial action, if any, undertaken by the ANS provider, with reasons, in respect of the concerns so raised;
 - (iv) reasons for not addressing the balance concerns.
- 2.5 The Multi Year Tariff Proposal should be supported by:
- 2.5.1 ANS Business plan in accordance with Section 3;
 - 2.5.2 Consolidated Business plan of AAI in accordance with Section 4;
 - 2.5.3 Information relating to the Regulatory Building Blocks in accordance with Section 5;
 - 2.5.4 Historical and forecasted traffic volumes in accordance with Section 6;
 - 2.5.5 Historical Revenues in accordance with Section 7.
- 2.6 As part of the Multi Year Tariff Proposal, data and information should be provided on a projected basis for the Control Period and a longer duration where specified.

3 ANS Business Plan

- 3.1 The ANS provider shall submit a 10 year ANS Business Plan, duly approved by AAI.
- 3.2 The ANS Business Plan shall be based on due consideration of factors like technological advances and related forecast components for the period including clear rationale for projections of various parameters and, should be submitted along with an MS Excel 2003/ MS Excel 2007 based model.
- 3.3 The Multi Year Tariff Proposal should reconcile with the ANS Business Plan under submission.

- 3.4 The ANS Business Plan should summarize and project key financial statements for each year of the plan (in terms of Balance Sheet, P&L Statement and Cash Flow Statement).
- 3.5 The ANS Business Plan should clearly explain how items have been accounted for, including definitions (explanations) of turnover, asset valuation approaches, depreciation, taxation and other operational parameters.
- 3.6 Balance Sheet, P&L Statement and Cash Flow statements of the Pro forma accounts for the previous two financial years should be submitted. For the first Control Period the Balance Sheet, P&L Statement and Cash Flow statements of the Pro forma accounts shall be submitted for the financial year 2009-10.
- 3.7 Information from Historical and Projected Balance Sheets, P&L Statements and Cash Flow Statements should be provided in the prescribed Form F-2, F-3 and F-4, respectively. Additional supporting schedules or justifications shall be provided in such form and manner as contained in audited Pro forma Accounts.
- 3.8 The aggregate forecasted values in financial statements, to be submitted in the prescribed forms, must reconcile with the forecasted values under Regulatory Building Blocks.

4 Consolidated Business Plan of AAI

- 4.1 The ANS provider shall submit a 10 year Consolidated Business Plan, after due consideration and approval by AAI.
- 4.2 The Consolidated Business Plan shall be based on all business activities of AAI, including ANS, and due consideration of factors like growth in infrastructure & related forecast components for the period including clear rationale for projections of various parameters and, should be submitted along with an MS Excel 2003/ MS Excel 2007 based model.
- 4.3 The ANS Business Plan should reconcile with the Consolidated Business Plan of AAI under submission.

- 4.4 The Consolidated Business Plan of AAI should summarize and project key financial statements for each year of the plan (in terms of Balance Sheet, P&L Statement and Cash Flow Statement).
- 4.5 The Consolidated Business Plan should clearly explain how items have been accounted for, including definitions (explanations) of turnover, asset valuation approaches, depreciation, taxation and other operational parameters.
- 4.6 Balance Sheet, P&L Statement and Cash Flow statements of the audited accounts of AAI for the previous two financial years should be submitted.
- 4.7 Information from Historical and Projected Balance Sheets, P&L Statements and Cash Flow Statements should be provided in the prescribed Form F-2, F-3 and F-4 respectively. Additional supporting schedules or justifications shall be provided in such form and manner as contained in audited Pro forma Accounts.

5 Information relating to Regulatory Building Blocks (read with Clause 5)

- 5.1 The Multi Year Tariff Proposal should present detailed justification for each of the Regulatory Building Blocks enumerated herein below:
- 5.2 Fair Rate of Return
 - 5.2.1 The ANS provider should submit an estimate of the required FRoR, in the prescribed Form F5, and use the said FRoR for the purpose of calculating the Aggregate Revenue Requirement in the Multi Year Tariff Proposal under submission.
 - 5.2.2 ANS provider shall indicate its assessment of the possible (i) low; (ii) high; and (iii) most likely estimates of all the components in calculating the FRoR, subject to information required in sub-sections 5.2.3, 5.2.4 and 5.2.5 of this Section 5.
 - 5.2.3 Cost of equity
 - a. Cost of equity calculation with supporting evidence;

- b. Illustrate the sensitivity to changes in various assumptions for the most likely estimate together with a detailed sensitivity analysis in context thereto.

5.2.4 Cost of debt

- a. The ANS provider shall submit details of its approach to raising debt, including:
 - i. The sources of all debt, including any intra-group loans or interest free loans and grants;
 - ii. Details of the procedure it undertakes when raising debt;
 - iii. Method used by ANS provider to assesses different debt financing options and the approval procedures in context thereto .
- b. The ANS provider should submit an estimate of the repayments, interest payments and outstanding at the end of each Tariff Year for all kinds of debt expected to be incurred over the Control Period and provide a weighted average cost of debt for the same. In addition, ANS provider shall submit, in the prescribed Form 6(a), information related to each current and future loan as under:
 - i. Source;
 - ii. Type of Loan (Project Specific/ Working Capital);
 - iii. Total Loan Amount Sanctioned;
 - iv. Loan Tenure;
 - v. Interest Type (Fixed/ Floating);
 - vi. If Fixed interest, Rate of Interest %;
 - vii. Base Rate, if Floating Interest;
 - viii. Margin, if Floating Interest;
 - ix. Are there any caps/floor;
 - x. If above is yes, specify caps/floor;

- xi. Moratorium Period;
 - xii. Moratorium effective from;
 - xiii. Repayment Period;
 - xiv. Repayment Start Date;
 - xv. Repayment Frequency;
 - xvi. Arrangement Fees;
 - xvii. Outstanding Loan;
 - xviii. Other terms;
 - xix. Currency denomination of loan and rate (where loan is not in INR).
- c. Where the ANS provider expects to raise further debt during the Control Period, it shall submit a forecast of the details of such debt in a manner consistent with the information requirements indicated in (b) above.
 - d. Where the ANS provider has entered into variable rate arrangements, a forecast of the relevant base rate should be provided (e.g. LIBOR) from a recognised source
 - e. Details of interest and finance charges, arrangement fees incurred for raising finance and capitalized during the Tariff Year shall be submitted as in the prescribed Form F6 (b).

5.2.5 Gearing

- a. The ANS provider shall submit details of its capital structure (current capital structure and forecast capital structure) in respect of the Control Period. The said details shall be supported by evidence, in form of underlying information or documentation relating to efficiency of such capital structure.
- b. Information shall be submitted, in the prescribed Form F6(c), in context to all stakeholder contributions, grants and subsidies, if any,

as may have been received by the ANS provider. Further, additional information or justifications shall be provided in such form and manner as may be deemed appropriate for the said purpose.

- c. Submissions shall be evidenced by documents in support thereof.

5.3 Regulatory Asset Base

5.3.1 Information on the initial RAB, shall be submitted in the prescribed Form F7, and shall contain the following:

- a. The ANS provider shall submit the details of working capital, in the prescribed Form F8(a), including historic working capital balances, composition of debtors and creditors, interest arrangements on working capital and operating norms for working capital management.
- b. Details of stakeholder contributions for the asset (historical and proposed), shall be submitted in the prescribed Form-F8 (b), shall contain details, including the maximum amount of stakeholder contribution approved for the project, year of approval, approved tenure for stakeholder contribution, accumulated contributions as on the date of submission of the Multi Year Tariff Proposal and the annual collection, if any, proposed in each Tariff Year in the Control Period.
- c. Assets proposed to be excluded from or included in the RAB together with detailed justifications shall be submitted in the prescribed Form F8 (c).

5.3.2 The ANS provider shall, in context to the initial RAB, provide information as required in Clause 5.2.4.

5.3.3 The forecast RAB shall include the forecast of the capital expenditure to be commissioned during each Tariff Year of the Control Period including the adjustment(s) for forecast depreciation for the same. The forecast RAB shall include information on the asset disposals, including land or building, whether through sale, partial sale, long lease or joint

venture and disposals or transfers by the ANS provider to another entity, if any.

- 5.3.4 The Forecast WIP Assets shall include the forecast WIP balances in reference to the expected date of commissioning of such asset(s) for each Tariff Year in the Control Period.
- 5.3.5 Summary of information shall be submitted in the prescribed Form F9.
- 5.3.6 The ANS provider shall submit a 10 year capital expenditure plan for the purpose of forecast RAB and WIP Assets. The capital expenditure plan shall provide details of expenditure made by the ANS provider, as under:
 - a. Projects yet to be completed (WIP);
 - b. Projects completed in the previous Control Period;
 - c. Planned capital expenditure for the next 10 years.
- 5.3.7 The ANS provider shall submit a detailed description of project, for each individual project, including :
 - a. Project technical information;
 - b. Justifications for project(s), including targeted improvement in context to improving quality of service and enhancing customer satisfaction, upgrading technology, creating additional capacity for providing efficient service;
 - c. Phasing of the project;
 - d. Costing of the project;
 - e. Total capital expenditure forecasted for the project;
 - f. Total capital expenditure incurred for the project;
 - g. Duration and completion dates of planning, design and construction phases;
 - h. Phase-wise commissioning date of the project;

- i. Year-wise capital expenditure additions, commissioning, WIP for the project;
 - j. Year-wise sources of funding for the project, clearly highlighting therein the extent of on and off-balance sheet financing and impact on gearing;
 - k. Average actual and forecasted debt rate for the project during the construction phase;
 - l. Interest charges, finance charges and other expense capitalised during the Tariff Year.
- 5.3.8 A detailed description of project costs incurred or expected to be incurred for each individual project including :
- a. Development costs (soft costs) classified into (i) planning; (ii) design; (iii) inspection; (iv) construction management; (v) environmental; (vi) permits; and (vii) geotechnical costs;
 - b. Construction costs classified into (i) gross quantities; and (ii) unit costs of all major project components;
 - c. Other cost of the project including (i) financial cost; (ii) land acquisition costs; and (iii) relocation costs.
- 5.3.9 ANS provider shall submit, for the second and all subsequent Control Period(s), in the prescribed Form F10 (a) year-wise information on forecasted and actual capital expenditure, commissioned or undertaken, during the previous Control Period.
- 5.3.10 The capital expenditure plan, including an estimate of year-wise expenditure and commissioning planned for various assets, shall be submitted in the prescribed Form F10 (b).
- 5.3.11 Estimates of sources of financing for total capital expenditure proposed during the each Tariff Year shall be submitted in the prescribed Form 10(c).

5.3.12 Expenses proposed to be capitalised during the next Control Period shall be submitted in the prescribed Form F10 (d).

5.3.13 Summary of information pertaining to year-wise opening, additions, commissioning and closing values of WIP shall be submitted in the prescribed F10 (e).

5.4 Depreciation

5.4.1 For all assets identified in either the initial or forecast RAB, the following information shall be provided:

- a. Forecast of depreciation by fixed asset; and
- b. Depreciation rate by asset, including justification for the proposed rate based on Companies Act, 1956 or any other evidence based on reasonable estimates of useful economic life of the asset.

5.5 Operating Expenditure

5.5.1 ANS provider shall submit details on all operating expenses (actual costs and projected expenses for the Control Period) with detailed justifications, assumptions and cost drivers used for calculating such costs. The ANS provider shall clearly identify efficiency considerations, if any, for each cost category in estimating operating expenses during the Control Period as under:

5.5.2 Payroll costs - The ANS provider should provide all payroll costs related to full-time employees as well as outsourcing costs as under:

- a. Department-wise full-time and part-time/ contract employee numbers to be submitted under various heads, in prescribed Form F11(a), including:
 - (i) Air Traffic Management
 - (ii) Communication – CNS Planning
 - (iii) CNS-O&M
 - (iv) Finance & Accounts

- b. Department-wise payroll costs to be submitted under various heads, in prescribed Form F11(b), including :
 - (i) salary, allowances and benefits to employees
 - (ii) PF Contribution, Gratuity, Superannuation and other such funds
 - (iii) Overtime
 - (iv) Training costs
 - (v) Staff welfare expenses with their detailed breakup
- c. Assumptions and justifications used in the calculations shall be supported by relevant information including historical trends, productivity indicators and cost drivers.
- d. Payroll costs related to capital projects shall be submitted separately.

5.5.3 Administration and general expenses - ANS provider shall submit, in prescribed Form F11(c), as under:

- a. all general administration and corporate costs, including break-up of all expenses related thereto, provided that the said costs shall be further segregated as :
 - (i) Administration charges, including director's sitting fees, communication expenses, travelling and conveyance, advertisement, office maintenance, printing and stationery, other allocated overhead expenses.
 - (ii) Legal and Auditor's Fees
 - (iii) Consultancy and advisory expenses
 - (iv) Other charges including land lease rent, insurance costs, miscellaneous expenses
- b. Copy of AAI approvals, consultancy, legal, and other contracts, insurance documents, rent agreements and other relevant documents shall be submitted as proof thereof.

- c. Costs related to capital projects proposed to be capitalized shall be submitted separately.

5.5.4 Repair and maintenance costs - ANS provider shall submit, in prescribed Form F11(d), as under:

- a. details of repair and maintenance costs related to all asset categories as defined in the depreciation schedule, for example:
 - (i) Building
 - (ii) Plant and machinery
 - (iii) Electrical installations
 - (iv) Furniture
 - (v) CNS-equipments
 - (vi) IT
 - (vii) Office equipment
 - (viii) Vehicles

- b. Assumptions and justifications used in the calculations shall be supported by relevant information including historical trends cost driver.

5.5.5 Utilities & outsourcing costs - ANS provider shall submit, in prescribed Form F11(e), as under:

- a. utilities related costs, including electricity charges and water charges. The detailed assumptions used for arriving at such costs including the number of units consumed, effective per unit rate and efficiencies achieved, if any, shall be clearly highlighted
- b. department-wise outsourcing costs including the basis for arriving at such costs. The said submission shall be accompanied by documents in support thereof including, contractual documents, details of procedures followed in awarding the said contracts and resolutions of the AAI in relation thereto:

Provided that the department wise list shall be the same as indicated in Section 5.5.2 hereinabove.

- c. Costs related to capital projects proposed to be capitalized shall be submitted separately.

6 Historical and forecasted traffic volumes

- 6.1 The ANS provider shall submit 10 year historical traffic volumes under various heads :
 - 6.1.1 Domestic landed flights
 - 6.1.2 International landed flights
 - 6.1.3 Over flights
- 6.2 The ANS provider shall submit a traffic forecast model for (i) the Control Period; and (ii) long term forecast for 15 years, clearly listing therein the core assumptions and justifications including GDP growth rates, elasticity applied, airport specific traffic assumptions, any other critical assumptions for the purposes of reviewing the forecasts.
- 6.3 The key sensitive variables impacting the forecasts, its expected range and impact on the forecasts shall be clearly explained.
- 6.4 The ANS provider shall submit a comparison of forecast numbers to other relevant forecasts (for example, forecasts made by IATA or other industry forums).
- 6.5 The forecast traffic shall be stated as under:
 - 6.5.1 Domestic landed flights
 - 6.5.2 International landed flights
 - 6.5.3 Over flights
- 6.6 The forecast traffic provided for range of scenarios, with point estimates, shall be submitted in the prescribed Form 12(a) and Form-F12(b), respectively.
- 6.7 Historical and projected air traffic volume by aircraft type and weight shall be submitted in the prescribed Form F13.

7 Historical Revenues

- 7.1 The ANS provider shall submit in the prescribed Form F14, the breakup of all revenues received including schedule of historic Tariff(s) for ANS and corresponding revenues.

8 Procedure for preparing the Annual Tariff Proposal (read with Clause 6.3)

- 8.1 ANS provider shall submit for consideration by the Authority an Annual Tariff Proposal based on EAR for review of Tariff(s) to be charged in the following Tariff Year in a Control Period, in the prescribed Form B, Form 15 (a) and Form F15 (b).
- 8.2 The Annual Tariff Proposal shall be supported by evidence that the ANS provider has engaged in user consultation in context to the said Tariff(s) proposed to be levied in the following Tariff Year.

9 Procedure for preparing the Annual Compliance Statement (read with Clause 6.5)

- 9.1 ANS provider shall submit to the Authority an annual compliance statement, in accordance with the requirement outlined above in Clause 6.5, and in the prescribed Form C and Form F16.
- 9.2 The Annual Compliance Statement shall be approved by the AAI prior to submission to the Authority.
- 9.3 The ANS provider shall have the Annual Compliance Statement certified by an independent firm of auditors confirming the genuineness of the information contained therein.
- 9.4 In addition to the above, the ANS provider shall submit information pertaining to each Tariff Year on the following:
 - 9.4.1 Performance report on the Regulatory Building Blocks, in the prescribed Form F17;
 - 9.4.2 ANS Revenues relating to individual Tariff, in the prescribed Form F18;
 - 9.4.3 Operating expenditure, in the prescribed Form F19, including details on any individual operating expenditure not identified in the Multi Year

Tariff Order. The statement shall be supported by reconciliation between operating expenditure and the Pro forma Accounts.

- 9.4.4 Cash flow statement, in the prescribed Form F4. The statement shall be supported by reconciliation with the net cash position in the Pro forma Accounts;
- 9.4.5 P&L statement, in the prescribed Form F20. The statement shall be supported by reconciliation with the operating profit in the Pro forma Accounts;
- 9.4.6 RAB reconciliation statement, in the prescribed Form F21 including details on the calculation of the opening and closing RAB for the Tariff Year and, adjustments for actual capital expenditure, actual disposal proceeds, actual depreciation. The statement shall be supported by reconciliation between the fixed assets in the Pro forma Accounts and the closing RAB including adjustments, if any.

Appendix II

1 Preparation of Separate Accounts by ANS provider

- 1.1 The ANS provider shall prepare separate annual Pro forma Accounts clearly indicating therein the revenues, costs, assets and liabilities that should be reasonably attributable to provision of ANS and the traffic volumes for the ANS provided in that Tariff Year. Information on the revenues shall be clearly indicated by charge type, including rebates and other adjustments, if any.
- 1.2 The ANS provider shall, subject to Section 1.1 above, prepare such accounts for the financial year 2009-10 and onwards, as the basis for forecast of components specifically enumerated in Clause 4.2 above, in context to the first Control Period commencing as on 1st April 2011.
- 1.3 The accounts shall be prepared on an historical cost basis without any re-valuation of assets. The accounts shall be audited and approved by an independent auditor. The accounts so prepared shall be approved and signed by AAI and shall form part of the Multi Year Tariff Proposal submitted to the Authority for the first Control Period.
- 1.4 The accounts shall set out and explain the basis of accounting, including accounting and allocation policies thereof, for all activities and facilities used either exclusively for providing ANS or shared with other activities of the ANS provider. The ANS provider shall adopt the applicable Indian Generally Accepted Accounting Principles (Indian GAAP) in respect to the provision of ANS:

Provided that the ANS provider may be required to adopt such accounting practice(s) as may be deemed appropriate by the Central Government.
- 1.5 The Authority may, if deemed necessary, require the ANS provider to adopt best practice approaches, such as activity based costing.
- 1.6 The ANS provider shall submit, to the Authority, information as under:
 - 1.6.1 Information from Balance Sheet, Profit and Loss account and Cash Flow statement along with their related annexures/schedules (as

prescribed in Form F2, F3, F4, F9, F18 (b), F18 (c), F18 (d), F18 (e) and F20 (a)).

- 1.6.2 Loan statement related to ANS (as prescribed in Form F8(a)).
 - 1.6.3 Statement on contributions, grants and subsidies (as prescribed in Form F8(b)).
 - 1.6.4 Statement of interest and finance charges (as prescribed in Form F8(c)).
 - 1.6.5 Statement of fixed assets related to ANS for identifying Initial Regulatory Asset Base (as prescribed in Form F10 (a)).
 - 1.6.6 Statement of expenses capitalized related to ANS with details, as prescribed in Form F10 (d)).
 - 1.6.7 Employee strength related to ANS (as prescribed in Form F18 (a)).
- 1.7 The information submitted by the ANS provider, in accordance with the Section 1.6 above, shall clearly set out the allocation principles and methodology adopted for segregating ANS related information from the other activities of the ANS provider.

Schedule

This Schedule contains the various prescribed forms that relate to specific Clause(s) of the Guidelines or Section(s) of the Appendix, as the case may be.

Form A: (ref: Section 2 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF MULTI YEAR TARIFF PROPOSAL FOR AND on BEHALF OF:

M/S

I, -----, aged----- resident of ----- acting in my official capacity as ----- in M/s----- having its registered office at ----- do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s ----- in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('AERA');
2. I am competent to make this submission before AERA;
3. I am making this submission in my official capacity and the facts stated herein are based on official records ;
4. The contents of this submission which include (i) Business Plan; (ii) Information relating to the Regulatory Building Blocks, are correct and true to my knowledge and belief and nothing material has been concealed there from.

Sd/

Place

Date:

Form B: (ref: Section 8 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND BEHALF OF:

M/S

I, -----, aged----- resident of ----- acting in my official capacity as ----- in M/s----- having its registered office at ----- do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s ----- in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('AERA');
2. I am competent to make this submission before AERA;
3. I am making this submission in my official capacity and the facts stated herein are based on official records ;
4. The contents of the Annual Tariff Proposal submission which include (i) EAR; (ii) Proposed detailed break-up of Tariff(s) in context to EAR; and (iii) Justifications, are correct and true to my knowledge and belief and nothing material has been concealed there from.

Sd/-

Place

Date:

Form C: (ref: Section 9 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF ANNUAL COMPLIANCE STATEMENT FOR AND BEHALF OF:

M/S

I, -----, aged----- resident of ----- acting in my official capacity as ----- in M/s----- having its registered office at ----- do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s ----- in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('AERA');
2. I am competent to make this submission before AERA;
3. I am making this submission in my official capacity and the facts stated herein are based on official records ;
4. The contents of the Annual Compliance Statement submission are correct and true to my knowledge and belief and nothing material has been concealed there from.

Sd/-

Place

Date:

Form F1: Historical and Proposed Aggregate Revenue Requirement (ref: Section 2 of Appendix I)

Sl. No.	Aggregate Revenue Requirement	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
1	Aggregate Revenue Requirement							

* Projected values for FY 2010-11 to be provided

Form F2 : Information from Historical and Projected Balance Sheet (ref: Section 3 of Appendix I)

S.N.	Particulars	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	SOURCES OF FUNDS												
	A) Shareholders' Funds												
	<i>a) Share Capital</i>												
	<i>b) Share Application Money</i>												
	<i>c) Reserves and Surplus</i>												
	...												
	B) Loan Funds												
	<i>a) Secured Loans</i>												
	<i>b) Unsecured Loans</i>												
	...												
	C) Capital Grants												
	...												
	D) Deferred Tax Liability												
	...												
	TOTAL SOURCES OF FUNDS												
2	APPLICATION OF FUNDS												
	A) Fixed Assets												
	<i>a) Gross Block (Net of assets not in use)</i>												
	<i>b) less: Accumulated Depreciation</i>												
	<i>c) Net Block</i>												
	<i>d) Capital Work in Progress</i>												
	...												
	B) Investments												
	C) Deferred Tax Assets												
	D) Current Assets, Loans and Advances												
	<i>a) Sundry Debtors</i>												
	<i>b) Cash and Bank Balances</i>												
	<i>c) Inventories</i>												
	<i>d) Other Current Assets</i>												
	<i>e) Loans and Advances</i>												
	...												
	Less: Current Liabilities and provisions:												
	<i>a) Liabilities</i>												
	<i>b) Provisions</i>												
	...												
	Net Current Assets												
	TOTAL APPLICATION OF FUNDS												

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F3: Information from Historical and Projected Profit and loss account (ref: Section 3 of Appendix I)

S.N.	Particulars	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Revenue												
	<i>Revenues from air navigation services</i>												
	<i>Revenues from Other Sources</i>												
2	Operating expenditure												
	<i>Payroll Costs</i>												
	<i>Administrative and General Costs</i>												
	<i>Utilities and Outsourcing Costs</i>												
	<i>Concession Fees</i>												
	<i>Repair and Maintenance Costs</i>												
3	Earnings before depreciation, interest and taxation (EBDIT)												
	Depreciation and Amortisation												
4	Earnings before interest and taxation (EBIT)												
	Total interest and finance charges												
5	Profit / loss before tax												
	Provision for taxation												
6	Profit / loss after taxation												
7	Balance Carried to Balance Sheet												

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F4: Information from Historical and Projected Cash Flow Statement (ref: Section 3 of Appendix I)

S.N.	Particulars	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Cashflow from operating activities												
	Net Profit before taxation												
	Adjustment for :												
	<i>Depreciation and Amortisation</i>												
	<i>Loss / (Profit) on sale of assets(net)</i>												
	<i>Interest Income</i>												
	<i>Provisions - Additions(Write back) Net</i>												
	Operating Profit before working capital changes												
	Adjustment for :												
	<i>Decrease(increase) in Trade Receivables</i>												
	<i>Decrease(increase) in Inventories</i>												
	<i>Loans and Advances</i>												
	<i>(Decrease)/increase in Sundry Creditors</i>												
	Cash generated from operation												
	...												
	Net Cash Flow from Operating Activities												
2	Cashflow from investing activities												
	<i>Detail of cashflow from investing activity #1</i>												
	<i>Detail of cashflow from investing activity #2</i>												
												
3	Cashflow from financing activities												
	<i>Detail of cashflow from financing activity #1</i>												
	<i>Detail of cashflow from financing activity #2</i>												
												
4	Net change in cash and cash equivalents												
5	Cash and Cash Equivalents at the beginning of the period												
6	Cash and Cash Equivalents at the end of the period												

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F5: Cost of Equity and Post-tax WACC Forecast (ref: Section 5 of Appendix I)

	Tariff Year 1			Tariff Year 2			Tariff Year 3			Tariff Year 4			Tariff Year 5		
	Low	High	Point Estimate	Low	High	Point Estimate	Low	High	Point Estimate	Low	High	Point Estimate	Low	High	Point Estimate
Gearing															
Pre-tax cost of debt															
Post-tax cost of equity															
Post-tax cost of debt															
Post-tax WACC															

* Forecasted WACC in this sheet should be used for determining Aggregate Revenue Requirement in the Multi Year Tariff Proposal

Form F6 (a): Loan Master (ref: Section 5 of Appendix I)

Provide details of all debts (all types of debt instruments).

Particulars	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Secured Loan							
Repayments during the year							
Interest payments during the year							
Outstanding at the end of the year							
Unsecured Loan							
Repayments during the year							
Interest payments during the year							
Outstanding at the end of the year							

For every loan (actual/proposed, secured/unsecured) the following information should also be provided/ indicated

1	Particulars
2	Source
3	Type of Loan (PS/ WC)
4	If PS, then indicate the Project/ Apportionment to a project
5	Total Loan Amount Sanctioned
6	Loan Tenure
7	Interest Type (Fixed/ Floating)
8	If Fixed interest, rate of Interest %
9	Base Rate, if Floating Interest
10	Margin, if Floating Interest
11	Are there any Caps/Floor?
12	If above is yes, specify caps.floor
13	Moratorium Period
14	Moratorium effective from
15	Repayment Period
16	Repayment Start Date
17	Repayment Frequency
18	Arrangement Fees
19	Outstanding Loan
20	Other terms

Legend

PS	Project Specific
WC	Working Capital

* Data from this sheet should be linked to all the sheets wherever details about Debt, Interest Charges, Arrangement fees, Cost of Debt etc. is getting used

* Projected values for FY 2010-11 to be provided

Form F6(b): Summary Statement of Interest and Finance Charges (ref: Section 5 of Appendix D)

Sl.No.	Particulars	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	1 Interest charges on Government, Loans, Bonds And Advances							
	Government Loans							
	Bonds							
	Foreign Currency Loans / Credits							
	Debentures							
							
	Total							
2	Interest on Long Term Loans / Credits from the FIs/banks/organisations approved by the Government							
	Secured							
							
	Unsecured							
							
	Total							
	Total = 1+2							
B	Cost of raising finance & Bank Charges on project loans							
C	Grand Total Of Interest & Finance Charges: A + B							
D	Less: Interest & Finance Charges Capitalised							
E	Net Total of Interest and Finance Charges on Project related Loans							
F	Interest on Working Capital Loans							
G	Other interest charges (Provide head-wise details)							
H	Total interest and finance charges chargeable to P&L account (E+F+G)							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F6 (c): Contributions, Grants and subsidies Master (ref: Section 5 of Appendix I)

Contributions																							
Particulars	Source	Total Amount	2009-2010			2010-11*			Tariff Year 1			Tariff Year 2			Tariff Year 3			Tariff Year 4			Tariff Year 5		
			OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB
1																							
2																							

Grants																							
Particulars	Source	Total Amount	2009-2010			2010-11*			Tariff Year 1			Tariff Year 2			Tariff Year 3			Tariff Year 4			Tariff Year 5		
			OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB
1																							
2																							

Subsidies																							
Particulars	Source	Total Amount	2009-2010			2010-11*			Tariff Year 1			Tariff Year 2			Tariff Year 3			Tariff Year 4			Tariff Year 5		
			OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB	OB	Add.	CB
1																							
2																							

Legend	
OB	Opening Balance for the year
Add.	Additions during the year
CB	Closing Balance for the year

* Projected values for FY 2010-11 to be provided

Form F7: Format for identifying Initial Regulatory Asset Base (ref: Section 5 of Appendix I)

Fixed Asset already commissioned as on.....

S.N.	Asset Name	Asset Type	Description of the Asset	Comission Date	Useful Life	Original Cost of Asset	Depreciation Rate	Accumulated Depreciation
1								
2								
3								
4								
5								

Form F8(a): Current Assets & Liabilities (ref: Section 5 of Appendix I)

Sl.No.	Particulars	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Current Assets, Loans and Advances							
	Sundry Debtors							
	Inventories							
	Cash and Bank Balances							
	Loans and Advances							
	Others							
	TOTAL OF 'A'							
B	Current Liabilities and Provisions							
I	Current Liabilities							
	Sundry creditors							
	Liabilities towards Suppliers							
							
II	Provisions							
							
	TOTAL OF 'B' (I+II)							
C	NET CURRENT ASSETS (= A - B)							

* Projected values for FY 2010-11 to be provided

Form F8 (b): Format for providing asset-wise information of stakeholder contributions (ref: Section 5 of Appendix I)

Details of User Contributions for the assets												
S.N.	Contribution name	Asset Name	Extent of User Contribution approved for the project	Year of approval	Tenure for User Contribution Collection	Actual Accumulated Collection till beginning of 2010-11	Accumulated Collection estimated till the beginning of first Tariff Year*	Total Collection proposed in Tariff Year 1	Total Collection proposed in Tariff Year 2	Total Collection proposed in Tariff Year 3	Total Collection proposed in Tariff Year 4	Total Collection proposed in Tariff Year 5
1	<i>Grant</i>	<i>Asset A</i>										
2		<i>Asset B</i>										
3											
4										
5											

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F8 (c): Format for providing proposed exclusions from or inclusions in RAB (ref: Section 5 of Appendix I)

Details of Proposed Excluded Assets from RAB				
S.N.	Asset Name	Book Value	Accumulated Depreciation	Justifications for exclusion / inclusion
<i>1</i>	<i>Asset A</i>			
<i>2</i>	<i>Asset B</i>			
<i>3</i>			
<i>4</i>			
<i>5</i>			

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F9: Formats for Forecast and Outturn Roll-forward RAB (ref: Section 5 of Appendix I)

		Forecast for the Control Period						
		2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Opening RAB							
	<i>Building</i>							
	<i>Plant & Machinery</i>							
	<i>Electrical Installation</i>							
	<i>Furniture and Fittings</i>							
							
B	Additions - WIP Capitalisation							
	<i>Building</i>							
	<i>Plant & Machinery</i>							
	<i>Electrical Installation</i>							
	<i>Furniture and Fittings</i>							
							
C	Disposals/ Transfers							
	<i>Building</i>							
	<i>Plant & Machinery</i>							
	<i>Electrical Installation</i>							
	<i>Furniture and Fittings</i>							
							
D	Depreciation Charge							
	<i>Building</i>							
	<i>Plant & Machinery</i>							
	<i>Electrical Installation</i>							
	<i>Furniture and Fittings</i>							
							
E	Closing RAB (A+B-C-D)							
	<i>Building</i>							
	<i>Plant & Machinery</i>							
	<i>Electrical Installation</i>							
	<i>Furniture and Fittings</i>							
							
F	Average RAB	-	-	-	-	-	-	-

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F10 (a): Capital Projects Completed before current Review for Roll-Forward of RAB (ref: Section 5 of Appendix I)

Project Details				Projected Capital Expenditure																			
S.N.	Project Name	Project Type	Comn. Date	Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5			
				Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP
1	<i>Project 1</i>	<i>Buildings</i>																					
2	<i>Project 2</i>	<i>Vehicles</i>																					
3	<i>Project 3</i>	<i>P&M</i>																					
4	<i>Project 3</i>	<i>F&F</i>																					
..																					

Project Details				Actual Capital Expenditure																			
S.N.	Project Name	Project Type	Comn. Date	Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5			
				Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP	Capex	Com.	CDate	WIP
1	<i>Project 1</i>	<i>Buildings</i>																					
2	<i>Project 2</i>	<i>Vehicles</i>																					
3	<i>Project 3</i>	<i>P&M</i>																					
4	<i>Project 3</i>	<i>F&F</i>																					

Legend	
Project name	Project Name should be a unique name or a primary key assigned to a capex project
Project Type	Type of the project and the asset class to which the capex project belongs
Comn. Date	Date on which the capital project was commenced
Capex	Year-wise Capex incurred on the project excluding any capital receipts like grants, user contributions etc.
WIP	Work-in-Progress at the end of every Tariff Year
Com.	Commissioning in a particular Tariff Year
CDate	Date of commissioning in a particular Tariff Year

Fields in italics are indicative only

Form F10(c): Year-wise Capital Expenditure Financing Plans for next 10 years (ref: Section 5 of Appendix I)

Note:- Information to be provided for 10 year period for all projects either spilling into the period or starting during the period

Project Details		Tariff Year 1				Tariff Year 2				Tariff Year 3							Tariff Year 10				
SN.	Total Capex Planned	Internal Accrual	Equity infused	User Contributions	Total Debt	Internal Accrual	Equity infused	User Contributions	Total Debt	Internal Accrual	Equity infused	User Contributions	Total Debt	Internal Accrual	Equity infused	User Contributions	Total Debt	Internal Accrual	Equity infused	User Contributions	Total Debt	

Legend	
Total Capex	Total Capex Planned indicates the total forecated capex for all assets during the next 10 years
Internal Accrual	Internal Accrual (from free reserves and surplus) in the year
Equity Infused	Equity Infusion planned during the year
User Contributions	Representing Development Fees/ User Contributions/ Capital Grants/ Subsidies etc. planned during the year for the capital project
Total Debt	Total Debt planned for funding capex during the year

Form F10 (d): Summary Statement of Expenses Capitalised (ref: Section 5 of Appendix I)

Sl.No.	Particulars	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Interest and Finance Charges Capitalised							
B	Cost of raising finance & Bank Charges							
C	Other Expenses Capitalised							
	Employee Expenses							
	Administrative and General Expenses							
	Utilities and Outsourcing Expenses							
	Any Other expense being capitalised							
D	Total Expenses Being Capitalised (A+B+C)							

* Projected values for FY 2010-11 to be provided

Form F10 (e): Additional Capital Projects Summary (ref: Section 5 of Appendix I)

Forecast WIP Assets						
		Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
E	Opening WIP Assets					
	<i>Building</i>					
	<i>Plant & Machinery</i>					
	<i>Electrical Installation</i>					
	<i>Furniture and Fittings</i>					
					
F	Additions - New WIP					
	<i>Building</i>					
	<i>Plant & Machinery</i>					
	<i>Electrical Installation</i>					
	<i>Furniture and Fittings</i>					
					
G	WIP Capitalization					
	<i>Building</i>					
	<i>Plant & Machinery</i>					
	<i>Electrical Installation</i>					
	<i>Furniture and Fittings</i>					
					
H	Closing WIP Assets					
	<i>Building</i>					
	<i>Plant & Machinery</i>					
	<i>Electrical Installation</i>					
	<i>Furniture and Fittings</i>					
					

Fields in italics are indicative only

Form F11 (a): Employee Strength (ref: Section 5 of Appendix I)

S.N.	Particulars - with detailed breakup	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Department-wise Full-Time Employees							
	<i>Air Traffic Management</i>							
	<i>Communication - CNS Planning</i>							
	<i>CNS - O&M</i>							
	<i>Finance & Accounts</i>							
							
B	Department-wise Part-Time/ Contractual Employees							
	<i>Air Traffic Management</i>							
	<i>Communication - CNS Planning</i>							
	<i>CNS - O&M</i>							
	<i>Finance & Accounts</i>							
							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F11 (b): Payroll Related Expenditure and Provisions (ref: Section 5 of Appendix I)

S.N.	Particulars - with detailed breakup	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	<i>Salaries and Wages</i>							
B	<i>PF Contribution</i>							
C	<i>Medical Expenses</i>							
D	<i>Overtime</i>							
E	<i>Staff Welfare Fund</i>							
F							
1	Grand Total							
2	Employee expenses capitalised							
3	Net Employee expenses (1)-(2)							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F11 (c): Administration and General Expenditure (ref: Section 5 of Appendix I)

S.N.	Particulars - with detailed breakup	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Administration Charges							
	<i>Director's Sitting Fees</i>							
	<i>Rates & Taxes</i>							
	<i>Lease / Rent</i>							
	<i>Rates & Taxes</i>							
	<i>Communication expenses</i>							
	<i>Travelling and Conveyance</i>							
	<i>Advertisement</i>							
	<i>Office Maintenance</i>							
	<i>Printing and Stationery</i>							
	<i>Allocated Overhead Expenses (Provide details)</i>							
							
B	Legal Charges/ Auditors's Fees							
	<i>Auditor's Fees</i>							
	<i>Legal Charges</i>							
							
C	Consultancy/ Advisory Expenses							
	<i>Consultancy Charges</i>							
	<i>Technical Fees</i>							
	<i>Other Professional Charges</i>							
							
D	Other Charges							
	<i>Land Lease</i>							
	<i>Insurance Costs</i>							
	<i>During Construction period</i>							
	<i>During Operation period</i>							
	<i>Event Management / Inauguration Expenses</i>							
	<i>Recruitment and Training Charges</i>							
	<i>Bank Charges</i>							
	<i>Miscellaneous Expenses</i>							
	<i>Interest on short term loans</i>							
							
E	Grand Total							
F	Administration & General expenses capitalised							
G	Net A&G expenses (E)-(F)							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F11 (d): Repair and Maintenance Expenditure (ref: Section 5 of Appendix I)

S.N.	Particulars - with detailed breakup	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	<i>Building</i>							
B	<i>Plant & Machinery</i>							
C	<i>Electrical Installation</i>							
D	<i>Furniture and Fittings</i>							
E	<i>CNS Equipments</i>							
F							
1	Grand Total							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F11 (e): Utilities and Outsourcing Expenditure (ref: Section 5 of Appendix I)

S.N.	Particulars - with detailed breakup	2009-10	2010-11*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Utilities Costs							
	<i>Power Charges</i>							
	<i>Units Consumed</i>							
	<i>Effective Unit Rate</i>							
	<i>Power Costs</i>							
	<i>Water Charges</i>							
	<i>Units Consumed</i>							
	<i>Effective Unit Rate</i>							
	<i>Water Costs</i>							
	<i>Other - Mention all the applicable heads</i>							
	<i>.....</i>							
B	Department-wise Outsourcing Costs							
	<i>Air Traffic Management</i>							
	<i>Communication - CNS Planning</i>							
	<i>CNS - O&M</i>							
	<i>Finance & Accounts</i>							
	<i>.....</i>							
1	Grand Total							
2	Utilities and Outsourcing expenses capitalised							
3	Net Utilities and Outsourcing expenses (1)-(2)							

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F12 (a)- Historical Aircraft Movements (ref: Section 6 of Appendix I)

Year	Domestic (Landing)	International (Landing)	Overflights
2003-04			
2004-05			
2005-06			
2006-07			
2007-08			
2008-09			
2009-10			
2010-2011*			

* Projected values for FY 2010-11 to be provided

Form F12 (b): Projected Aircraft Movements (ref: Section 6 of Appendix I)

Year	Domestic (Landing)			International (Landing)			Overflights		
	Optimistic	Most Likely	Conservative	Optimistic	Most Likely	Conservative	Optimistic	Most Likely	Conservative
2011-2012									
2012-2013									
2013-2014									
2014-2015									
2015-2016									
2016-2017									
2017-2018									
2018-2019									
2019-2020									
2020-2021									

Form F13: Historical and Projected Aircraft Movements by Aircraft Type and Aircraft Weight (ref: Section 6 of Appendix D)																	
Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011*	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Aircraft Type																	
<i>Type 1</i>																	
<i>Type 2</i>																	
<i>Type 3</i>																	
<i>Type 4</i>																	
.....																	
Total																	
Aircraft Weight																	
<i>Weight Category 1</i>																	
<i>Weight Category 2</i>																	
<i>Weight Category 3</i>																	
.....																	
Total																	

* Projected values for FY 2010-11 to be provided
Fields in italics are indicative only

Form F14: Historical ANS Tariff(s) and revenues (ref: Section 7 of Appendix I)

S.N.	Particulars	2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11*	
		Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues	Per unit Tariff	Revenues
A	Revenues from ANS																
1	<i>ANS Tariff 1</i>																
2	<i>ANS Tariff 2</i>																
3	<i>ANS Tariff 3</i>																
	Total																

* Projected values for FY 2010-11 to be provided

Fields in italics are indicative only

Form F15 (a): Annual Tariff Proposal For Tariff Year t - Format for providing information on EAR (ref: Section 8 of Appendix I)

S.N.	Particulars	For Tariff Year t
1	Aggregate Revenue Requirement specified by Multi Year Tariff Order	
2	Error Correction term (from year t-2)	
3	Estimated Allowed Revenue (EAR)	

Form F15 (b): Annual Tariff Proposal For Tariff Year t - Format for providing information on Tariff (s) (ref: Section 8 of Appendix I)

Tariff heading	Conditions of Tariff	Applicable Discount/ Surcharge	Estimated Units	Estimated Revenues
	e.g. Tariff per flight weight	e.g. Discount if paid within 15 days	e.g. Number of ATMs	Tariff * Estimated Units
<i>Tariff 1</i>				
<i>Tariff 2</i>				
<i>Tariff 3</i>				
.....				
Total			* Total units to reconcile traffic forecast	* Total estimated revenue consistent with Estimated Allowed Revenue

* The ANS provider must demonstrate that the Tariff (s) as proposed will ultimately result in a revenue equal to or less than the EAR

Fields in italics are indicative only

Form F16: Annual Compliance Statement (ref: Section 9 of Appendix I)

S.N.	Particulars	Actual for the Tariff Year under consideration
1	Aggregate Revenue Requirement specified by Multi Year Tariff Order	
2	Actual Allowed Revenue (AAR)	
	Actual RAB	
	Actual Operating Expenditure	
	Actual Depreciation	
	Actual Taxation	
	Error Correction term (for year t-2)	
3	Actual Revenue recovered (AR)	
4	Over / under recovery of Actual Allowed Revenue - Error correction	

Form F17: Performance Report for the Tariff Year (ref: Section 9 of Appendix I)

	Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from ANS (1)		
Operating Expenditure (2)		
Depreciation (3)		
Total Expenditure (2) + (3) = (4)		
Regulatory operating Profit (1) – (4) = (5)		
Capital expenditure (6)		
Opening RAB (7)		
Disposals/ Transfers (8)		
Closing RAB (7) + (6) – (3) – (8) = (9)		
Average RAB (7) + (9) / 2 = (10)		
Return on Average RAB (5) / (10)		

Form F18: ANS Revenues recovered during the Tariff Year (ref: Section 9 of Appendix I)

	Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
<i>Revenues from ANS Tariff #1</i>		
<i>Revenues from ANS Tariff #2</i>		
<i>Revenues from ANS Tariff #3</i>		
Total Revenues from ANS Tariff(s)		

Fields in italics are indicative only

Form F19: Operating Expenditure incurred during the Tariff Year (ref: Section 9 of Appendix I)

	Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
<i>Operating expenditure heading #1</i>		
<i>Operating expenditure heading #2</i>		
<i>Operating expenditure heading #3</i>		
<i>Operating expenditure not identified</i>		
Total operating expenditure		

Fields in italics are indicative only

Form F20: P&L Reconciliation Statement for the Tariff Year (ref: Section 9 of Appendix I)

S.N.	Particulars	Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
1	Revenue		
	<i>Revenues from ANS Tariff(s)</i>		
	<i>Revenues from Other Sources</i>		
2	Operating expenditure		
	<i>Payroll Costs</i>		
	<i>Administrative and General Costs</i>		
	<i>Utilities and Outsourcing Costs</i>		
	<i>Concession Fees</i>		
	<i>Repair and Maintenance Costs</i>		
3	Profit before depreciation, interest and taxation (PBDIT)		
	Depreciation and Amortisation		
4	Profit before interest and taxation (PBIT)		
	Total interest and finance charges		
5	Profit / loss before tax		
	Provision for taxation		
6	Profit / loss after taxation		
7	Balance Carried to Balance Sheet		
	Adjustments to reconcile as per statutory accounts		
8	Operating profit as per statutory accounts		

Fields in italics are indicative only

Form F21: RAB Reconciliation Statement (ref: Section 9 of Appendix I)

S.N.	Particulars	Actual for the Tariff Year under consideration
1	Net fixed assets as per the statutory accounts	
	<i>Difference between net fixed assets and RAB</i>	
	<i>Difference between depreciation in statutory accounts and allowed regulatory depreciation</i>	
	<i>Intercompany transfers</i>	
	<i>Revaluations in statutory accounts</i>	
	<i>Reconciliation adjustment #1</i>	
	<i>Reconciliation adjustment #2</i>	
	
2	Closing RAB	

Fields in italics are indicative only