

**File No. AERA/20010/MYTP/AAI-Coimbatore/CP-I/2018-19**

**Consultation Paper No. 26/ 2018-19**



**सत्यमेव जयते**

**Airports Economic Regulatory Authority of India**

**In the matter of Determination of Aeronautical Tariffs in respect of Coimbatore Airport  
for the First Control Period (01.04.2018 – 31.03.2023)**

**9<sup>th</sup> January, 2019**

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

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## 1. LIST OF ABBREVIATIONS

<b>AAI</b>	Airport Authority of India	<b>IMC</b>	Instrument meteorological conditions
<b>ACI</b>	Airports Council International	<b>INR or ₹</b>	Indian rupees
<b>AERA or the Authority</b>	Airport Economic Regulatory Authority of India	<b>IRR</b>	Internal Rate of Return
<b>Aero</b>	Aeronautical	<b>K<sub>e</sub></b>	Cost of equity
<b>Airport Guidelines</b>	AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 dated 28 February 2011	<b>LD</b>	Liquidity Damages
<b>AMC</b>	Annual Maintenance Contract	<b>m</b>	meter
<b>ANS</b>	Air Navigation Service	<b>MESS</b>	Mechanized Environmental Support Services
<b>ARR</b>	Aggregate Revenue Requirement	<b>MoCA</b>	Ministry of Civil Aviation
<b>ASQ</b>	Airport Service Quality	<b>MoU</b>	Memorandum of Understanding
<b>ATC</b>	Air Traffic Control	<b>MT</b>	Million Tonne
<b>ATM</b>	Air traffic movement	<b>MYTO</b>	Multi Year Tariff Order
<b>CAGR</b>	Compounded Annual Growth Rate	<b>MYTP</b>	Multi Year Tariff Proposal
<b>CAPEX</b>	Capital Expenditure	<b>NAR</b>	Non-Aeronautical Revenue
<b>CHQ</b>	Central Headquarters	<b>NCAP</b>	National Civil Aviation Policy 2016
<b>CISF</b>	Central Industrial Security Force	<b>NIPFP</b>	National Institute of Public Finance and Policy
<b>CNS</b>	Communication, Navigation & Surveillance	<b>Non-Aero</b>	Non-Aeronautical
<b>Coimbatore Airport</b>	Coimbatore International Airport	<b>OPEX</b>	Operating Expenditure
<b>CP&amp;MS</b>	Corporate Planning & Management Systems	<b>P&amp;L</b>	Profit and Loss
<b>CUTE</b>	Common User Terminal Equipment	<b>p.a.</b>	Per annum
<b>DGCA</b>	Directorate General of Civil Aviation	<b>PA System</b>	Public Announcement System
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation	<b>PAX</b>	Passenger(s)
<b>EMD</b>	Earnest Money Deposit	<b>PDC</b>	Post-date of Completion
<b>EPBX</b>	Electronic Private Branch Exchange	<b>PSF</b>	Passenger Service Fee
<b>F&amp;B</b>	Food and Beverages	<b>PV</b>	Present value
<b>FIDS</b>	Flight Information Display Systems	<b>RAB</b>	Regulated Asset Base
<b>FRoR</b>	Fair Rate of Return	<b>RHQ</b>	Regional Headquarters
<b>FY</b>	Financial Year	<b>SCCTV</b>	Security Closed-Circuit Television
<b>GOAP</b>	Government of Andhra Pradesh	<b>SD</b>	Security Deposit
<b>GOI</b>	Government Of India	<b>SLM</b>	Straight Line Method
		<b>Sq.m.</b>	Square Metre
		<b>T.R. Stall</b>	Travellers Requisite Stall
		<b>UDF</b>	User Development Fee
		<b>w.e.f.</b>	with effect from
		<b>XIBS</b>	X-ray Baggage System
		<b>YOY</b>	Year on Year

## 2. INTRODUCTION

2.1. Coimbatore International Airport (“Coimbatore Airport”) is located in Peelamedu, 13 kilometers from Coimbatore city, in the state of Tamil Nadu. Coimbatore Airport commenced operations in 1940 as a civil aerodrome. Later, the airport was modernized with an extended runway to accommodate larger aircrafts and was reopened in 1987. Presently, Coimbatore airport serves six domestic and two international airlines, making it the second busiest airport in the state and 19<sup>th</sup> busiest Airport in India; operated by Airports Authority of India (“AAI”).

2.2. Technical details of Coimbatore Airport are given in Table 1.

**Table 1: Technical Details of Coimbatore Airport**

Particulars	Details
Total land area available	Total land acquired: 420.33acres Lease land : 60.95acres
Total built-up area of Integrated Terminal Building (ITB)	22,060 sq.m.(including canopy area)
Runway	Orientation: Runway 05/23 Dimension: 2990 x 45 M
Apron	<ul style="list-style-type: none"><li>• Dimension: 423 x 125 M (52,875 sq.m.), capacity: 08 parking bays</li><li>• New Apron Dimension: 7,511 sq.m., capacity: 02 parking bays; yet to be commissioned</li></ul>
Taxiways	Taxiway A, B,C,D & E
ATC	24 hours of operation
Peak hour capacity	<ul style="list-style-type: none"><li>• <b>Domestic</b> Departure: 350 passengers Arrival: 350 passengers</li><li>• <b>International</b> Departure: 150 passengers Arrival: 150 passengers</li></ul>
Check-in Counter	<ul style="list-style-type: none"><li>• Number of CUTE counters: 24</li><li>• Number of CUSS/Self Check-in counters: 05</li></ul>
Other Details	<ul style="list-style-type: none"><li>• Fire Category of Coimbatore airport is Category VII</li><li>• Aerodrome Reference Code of Coimbatore airport is : 4C</li><li>• Aircraft suitability at Coimbatore airport : Upto B 737-900 / A 321</li></ul>

2.3. Coimbatore International Airport handled 2,104,904 passengers in 2016-17 thereby falling under the definition of major airport as per section 2(i) of the AERA Act. Therefore, the Airport is mandatorily required to follow the Guidelines issued by the Authority and submit its tariff proposal before the Authority for tariff determination.

### 3. MULTI YEAR TARIFF PROPOSAL SUBMITTED BY COIMBATORE AIRPORT

- 3.1. Coimbatore Airport filed its original MYTP submission on 08.08.2017 for the first control period from 01.04.2016 to 31.03.2021.
- 3.2. The Authority noted that more than 2 years had already elapsed in the first control period proposed by AAI, which might require a significant change in tariff during the remaining control period to match the Aggregate Revenue Requirement (“ARR”). It is also likely that the tariff would need to be reduced significantly for the next control period. Such steep changes in tariff are best avoided and thus, accordingly, the Authority vide letter to AAI dated 29.06.2018 has proposed that the first control period for Coimbatore Airport should be from 01.04.2018 to 31.03.2023. The Authority has also clarified that the shortfall of the prior first two years may be taken to consideration for tariff determination.
- 3.3. Subsequently, Coimbatore Airport filed its revised MYTP on 09.10.2018 for the control period from 01.04.2018 to 31.03.2023. Further, Coimbatore Airport in its revised MYTP submission has calculated shortfall w.e.f. 01.04.2016 to 31.03.2018 and included in the present value of ARR for the first control period.
- 3.4. Salient features of Coimbatore Airport’s MYTP submission:
  - 3.4.1. Effective date of tariff determination has been considered as 01.02.2019.
  - 3.4.2. Actual traffic has been updated upto FY 2017-18 and projected for FY 2018-23 as per data received from Department of Corporate Planning & Management Systems, AAI (“CP&MS”).
  - 3.4.3. Capex amounting to ₹300 crores has been considered in MYTP.
  - 3.4.4. The data for expenses, income and assets have been trued up for the FY 2016-17 and FY 2017-18.
  - 3.4.5. As per hybrid till methodology, Regulatory Asset Base (RAB) as on 01.04.2016 has been bifurcated into Aeronautical assets, Non-Aeronautical assets and Common Assets. Common assets have been further bifurcated into Aeronautical assets and Non-Aeronautical assets. The expenses appearing in the Trial Balance for FY 2016-17 and FY 2017-18 have been bifurcated into aeronautical expenses, non-aeronautical expense and common expenses.
  - 3.4.6. As per the submission of Coimbatore Airport, the space earmarked for non-aeronautical activities is 7.79% for FY 2016-17 and 7.29% for FY 2017-18. The decrease in area for non-aeronautical activities is due to increase in total area of terminal building area on account of new canopy built at city side in FY 2017-18.
  - 3.4.7. Depreciation on RAB upto FY2015-16 has been computed as per AAI’s depreciation rates. Depreciation for FY 2016-17 and FY 2017-18 has been computed as per rates prescribed under Companies Act, 2013 and depreciation from FY 2018-19 onwards have been computed as per rates prescribed under AERA Order No. 35/ 2017-18 “In

the matter of Determination of Useful life of Airport Assets” dated 12.01.2018. Further, half yearly rates of depreciation have been considered for additions to RAB in the first year of capitalization.

3.4.8. Present value of ARR has been worked out to ₹430.08 crores including shortfall of prior period (FY 2016-17 and FY 2017-18) and first control period.

**Proposal No. 1 Regarding multi year tariff proposal submitted by Coimbatore Airport**

**1.a. The Authority has proposed to consider effective date of tariff determination as 01.03.2019.**

#### 4. METHODOLOGY FOR TARIFF CALCULATION

- 4.1. The methodology adopted by the Authority to determine tariff is based on AERA Act, 2008 and the AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 dated 28 February 2011. The Aggregate Revenue Requirement (“ARR”) is first calculated by providing for depreciation, return on the RAB, the operations and maintenance (“O&M”) expenses, and taxes. The present value of total aeronautical revenues that is estimated to be realized each year during the control period at proposed tariff levels is compared with the present value of the ARR during the control period. In case the present value of aeronautical revenues during the control period is lower than the present value of ARR during the control period, the airport operator may opt to increase the proposed tariff. In case the present value of aeronautical revenues is higher than the present value of the ARR then the airport operator will have to suitably reduce its tariff.
- 4.2. Further, tariff is based on ‘hybrid till’ method wherein 30% of non-aeronautical revenues is used to cross-subsidize ARR (Order No. 14/ 2016-17 “In the matter of aligning certain aspects of AERA’s Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy-2016 (NCAP-2016) approved by the Government of India” dated 12.01.2017).
- 4.3. The Authority shall determine the ARR for the current control period on the basis of the following Regulatory Building Blocks:
- 4.3.1. Regulatory Asset Base (RAB)
- 4.3.2. Depreciation (D);
- 4.3.3. Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB);
- 4.3.4. Operation and Maintenance Expenditure (O);
- 4.3.5. Taxation (T);
- 4.3.6. Revenue from services other than aeronautical services (NAR).
- 4.4. Based on the building blocks provided above, the formula for determining ARR under Hybrid Till is as follows:

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

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

Where

‘t’ is the Tariff Year in the Control Period;

ARR<sub>t</sub> is the Aggregate Revenue Requirement for year ‘t’;

FRoR is the Fair Rate of Return for the control period;

RAB<sub>t</sub> is the Regulatory Asset Base for the year ‘t’;

$D_t$  is the Depreciation corresponding to the RAB for the year 't';

$O_t$  is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;

$T_t$  is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits; and

$NAR_t$  is revenue from services other than aeronautical services for the year 't'

- 4.5. The detailed submissions provided by Coimbatore Airport in respect of the opening RAB, additions to RAB, and other items of the Regulatory Building Blocks have been discussed in the subsequent sections.



## 5. TRAFFIC FORECAST

- 5.1. As per the Airport Guidelines, the airport operator is required to submit traffic forecasts as part of the MYTP submissions. The Airport Guidelines further provide that the Authority would reserve the right to review such forecast assumptions, methodologies and processes to determine the final forecast to be used for determination of tariffs. The Guidelines further state that the Authority will also use forecast correction mechanism if the actual traffic happens to fall outside the prescribed bands whilst keeping the upper and lower band percentages equal. As part of the tariff determination process, the Authority would require Airport Operators to provide proposals for the values of the upper and lower bands, support of evidence for the rationale of such bands and will review the operation of the bands and determine the final bands for tariff determination. As per the Guidelines (Clause 6.15.2), any variation outside these bands would be shared equally between the Airport Operator and users.
- 5.2. As per Coimbatore's submission, the traffic data has been updated up to the FY 2017-18. The passenger traffic growth has been taken 9% per annum (p.a.) and 15% p.a. for domestic and international respectively, and for ATM traffic the growth has been taken 8% p.a. and 15% p.a. for domestic and international respectively for FY 2018-2023 as per data given by department of CP&MS of AAI.
- 5.3. The projected Passenger & ATM traffic along with their YOY growth rates as considered by Coimbatore Airport is provided in Table 2 and Table 3 respectively.

**Table 2: Projected annual passenger traffic as per Coimbatore Airport submission**

Financial Year	Domestic	YOY growth (Domestic)	International	YOY growth (International)
FY 18-19*	23,98,211	9.00%	2,34,302	15.00%
FY 19-20	26,14,050	9.00%	2,69,447	15.00%
FY 20-21	28,49,315	9.00%	3,09,865	15.00%
FY 21-22	31,05,753	9.00%	3,56,344	15.00%
FY 22-23	33,85,271	9.00%	4,09,796	15.00%

**Table 3: Projected annual ATM traffic as per Coimbatore Airport submission**

Financial Year	Domestic	YOY growth (Domestic)	International	YOY growth (International)
FY 18-19*	21,670	8.00%	1,199	15.00%
FY 19-20	23,404	8.00%	1,379	15.00%
FY 20-21	25,276	8.00%	1,585	15.00%
FY 21-22	27,298	8.00%	1,823	15.00%
FY 22-23	29,482	8.00%	2,097	15.00%

\*Traffic for FY 2018-19 has been considered proportionately for operational period starting from 01.10.2018

### **Authority's Examination**

5.4. The analysis of historical trend of passenger traffic and ATM of Coimbatore Airport are summarized in Table 4 and Table 5, respectively. The historical traffic data has been sourced from AAI Traffic News.

**Table 4: 10-year historical passenger traffic data of Coimbatore Airport**

Year	Domestic	YOY Rate of Growth	International	YOY Rate of Growth	Total Traffic (Domestic+international)
2007-08	10,10,517		52,288		
2008-09	9,21,282	-8.83%	89,535	71.23%	10,10,817
2009-10	10,14,791	10.15%	94,546	5.60%	11,09,337
2010-11	11,43,469	12.68%	1,00,354	6.14%	12,43,823
2011-12	12,43,107	8.71%	1,02,274	1.91%	13,45,381
2012-13	11,85,407	-4.64%	1,12,397	9.90%	12,97,804
2013-14	11,24,743	-5.12%	1,19,565	6.38%	12,44,308
2014-15	13,05,948	16.11%	1,23,250	3.08%	14,29,198
2015-16	15,60,092	19.46%	1,31,461	6.66%	16,91,553
2016-17	19,64,709	25.94%	1,40,195	6.64%	21,04,904
2017-18	22,00,194	11.99%	2,03,741	45.33%	24,03,935
5-year simple average		<b>13.67%</b>		<b>13.62%</b>	
10-year simple average		<b>8.64%</b>		<b>16.29%</b>	
CAGR-5 Years	<b>18.26%</b>		<b>14.25%</b>		<b>17.90%</b>
CAGR-10 Years	<b>10.16%</b>		<b>9.57%</b>		<b>10.10%</b>

**Table 5: 10-year historical ATM traffic data of Coimbatore Airport**

Year	Domestic	YoY Rate of Growth	International	YoY Rate of Growth	Total Traffic (Domestic+International)
2007-08	15,442		915		
2008-09	14,355	-7.04%	926		15,281
2009-10	14,346	-0.06%	850	-8.21%	15,196
2010-11	13,423	-6.43%	853	0.35%	14,276
2011-12	13,710	2.14%	862	1.06%	14,572
2012-13	12,006	-12.43%	846	-1.86%	12,852
2013-14	12,400	3.28%	949	12.17 %	13,349
2014-15	16,760	35.16%	931	-1.90%	17,691
2015-16	16,982	1.32%	953	2.36%	17,935
2016-17	19,710	16.06%	1,012	6.19%	20,722
2017-18	20,065	1.80%	1,530	51.19%	21,595
5-year simple average		<b>11.53%</b>		<b>14.00%</b>	
10-year simple average		<b>3.38%</b>		<b>6.82%</b>	
CAGR-5 Years	<b>12.79%</b>		<b>12.68%</b>		<b>12.78%</b>
CAGR-	<b>3.79%</b>		<b>5.74%</b>		<b>3.92%</b>

<b>10 Years</b>					
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5.5. The Authority has examined the growth assumptions considered by Coimbatore Airport in its submission for projected passenger traffic for the first Control Period. The Authority has noted that Coimbatore Airport has taken a conservative estimate for domestic passenger growth rate of 9% p.a. from FY 2019-20 to FY 2022-23 as given in Table 2, as compared to its 10-years CAGR of 10.16%, as given in Table 4. Further, the Authority notes that Coimbatore has witnessed high growth in domestic passenger traffic in recent years as compared to 10-year CAGR. The Authority is of the view that 10-year CAGR may not be an appropriate benchmark to project traffic during the first control period. Simple average of growth rates of domestic traffic of the past 5 years works out to 13.67% p.a.. Accordingly, the Authority has proposed to consider growth rate rounded off to 13.5% p.a. in domestic traffic during the first control period as a more reasonable estimate. Further, on careful examination of international passenger traffic of Coimbatore Airport, its 10-year CAGR is calculated to be 9.57%. The Authority proposes to accept the growth rate projected for the international passenger, of 15% p.a. in FY 2019-20 to FY 2022-23, as the same appears to be reasonable. Accordingly, the revised passenger traffic proposed by the Authority is given in Table 6 below.

**Table 6: Projected annual passenger traffic as per the Authority's Examination**

Financial Year	Domestic	YOY growth (Domestic)	International	YOY growth (International)	Total passenger traffic
FY 18-19	24,97,220	13.50 %	2,34,302	15.00%	26,54,516
FY 19-20	28,34,345	13.50 %	2,69,447	15.00%	29,31,682
FY 20-21	32,16,981	13.50 %	3,09,865	15.00%	32,38,323
FY 21-22	36,51,274	13.50 %	3,56,344	15.00%	35,77,648
FY 22-23	41,44,196	13.50 %	4,09,796	15.00%	39,53,230

5.6. The Authority has examined the growth in ATM traffic considered by Coimbatore Airport in its submission and is of the view that the growth rates considered by Coimbatore are reasonable. However, in its examination and discussion with Coimbatore Airport, the Authority also noted that Coimbatore Airport has inadvertently considered incorrect international ATM traffic of 1,042 in FY 2017-18 as the basis of future growth in traffic. The correct figure as per AAI's Traffic News is 1,530 which the Authority has considered while computing international ATM projections. Accordingly, the traffic projections for both domestic and international ATM as per Authority is presented in Table 7.

**Table 7: ATM traffic as estimated by the Authority**

Financial Year	Domestic	YOY growth (Domestic)	International	YOY growth (International)	Total ATM traffic
FY 18-19	21,670	8.00%	1,760	15.00%	23,430
FY 19-20	23,404	8.00%	2,023	15.00%	25,427
FY 20-21	25,276	8.00%	2,327	15.00%	27,603
FY 21-22	27,298	8.00%	2,676	15.00%	29,974

<b>Financial Year</b>	<b>Domestic</b>	<b>YOY growth (Domestic)</b>	<b>International</b>	<b>YOY growth (International)</b>	<b>Total ATM traffic</b>
FY 22-23	29,482	8.00%	3,077	15.00%	32,559

**Proposal No. 2 Regarding Traffic Forecast**

- 2.a. The Authority proposes to consider passenger traffic projections given in Table 6 and ATM traffic projections as given in Table 7.
- 2.b. The Authority proposes to true up the passenger and ATM traffic of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.

## 6. REGULATORY ASSET BASE (RAB) AND DEPRECIATION

### ***Opening RAB - Coimbatore Airport's submission***

- 6.1. As per clause 5.2.4 of Airport Guidelines, opening RAB is to be calculated by taking into consideration the original cost of fixed asset, accumulated depreciation, accumulated capital receipts of the nature of contributions from stakeholders, adjustment for value of assets excluded from the scope of RAB and adjustment for value of the land excluded from the scope of RAB.
- 6.2. Coimbatore Airport has trued up RAB for FY 2016-17 and FY 2017-18.
- 6.3. In its submission, Coimbatore Airport has mentioned that depreciation is calculated as per AAI's depreciation rate upto FY 2015-16; depreciation on RAB and addition to fixed asset FY 2016-17 and FY 2017-18 is calculated as per Companies Act 2013. From FY 2018-19 onwards depreciation is worked out as per rates prescribed by the Authority. Half year rate of depreciation is calculated for additions in Assets in form 10(a) for first year of capitalization.
- 6.4. Accordingly RAB during the first control period has been calculated as per the following steps:
  - 6.4.1. Gross block as on 01.04.2016 has been considered as the starting point;
  - 6.4.2. Classification of gross block as on 01.04.2016 into aeronautical, non-aeronautical and common assets;
  - 6.4.3. Further bifurcation of common assets into aeronautical and non-aeronautical assets;
  - 6.4.4. Determination of gross opening RAB as on 01.04.2016;
  - 6.4.5. Determination of opening RAB as on 01.04.2016 by reducing accumulated depreciation up to 01.04.2016;
  - 6.4.6. Additions during FY 2016-17 and FY 2017-18 to Opening RAB as on 01.04.2016;
  - 6.4.7. Depreciation on opening RAB as on 01.04.2016 and additions to RAB during FY 2016-17 and FY 2017-18;
  - 6.4.8. Determination of opening RAB as on 01.04.2018 after considering additions and depreciation during FY 2016-17 and FY 2017-18;
  - 6.4.9. Additions to opening RAB as on 01.04.2018 during the first control period;
  - 6.4.10. Depreciation on opening RAB as on 01.04.2018 and additions during the first control period;
  - 6.4.11. Determination of RAB during the first control period after considering additions and depreciation during the first control period.
- 6.5. Coimbatore Airport in its submission has classified the opening gross block as on 01.04.2016 into aeronautical, non-aeronautical and common assets as shown in Table 8:

**Table 8: Gross block of assets as on 01.04.2016 and bifurcation into aeronautical, non-aeronautical and common assets as per Coimbatore Airport's submission (in ₹ lakhs)**

Asset head	Aero	Non-Aero	Common	Cargo	ANS	Total
Runways, Taxiway & Aprons	6,858	-	-	-	-	6,858
Building-Terminal	1,328	79	3,785	200	99	5,491
Electrical Installations	3,241	1	861	-	40	4,143
Plant & Machinery	879	-	8	86	671	1,645
Road, Bridges & Culverts	351	-	-	-	-	351
Building-Temporary	46	-	-	-	-	46
Building-Residential	37	6	114	-	26	182
Security Fencing-Temporary	91	-	-	-	-	91
Boundary Wall -Operational	267	-	-	-	-	267
Boundary Wall - Residential	8	-	-	-	-	8
Computer & Peripherals : End User Devices	54	-	2	-	1	57
Computer & Peripherals : Servers & Networks	46	-	-	-	-	46
Computer Software: intangible assets	48	-	-	-	-	48
Tools & Equipment	152	-	0	-	14	167
Other Vehicles	65	-	-	-	-	65
Vehicle- Cars & Jeeps	40	-	-	-	-	40
Other Office equipment	21	1	1	1	1	25
Furniture & Fixtures (Other than Trolley)	176	-	1	-	5	182
Furniture & Fixtures-Trolley	56	-	-	4	-	60
X Ray Baggage System (XIBS)	226	-	-	42	-	268
CFT/Fire Fighting Equipment	1,387	-	-	-	-	1,387
<b>Grand Total</b>	<b>15,376</b>	<b>88</b>	<b>4,774</b>	<b>332</b>	<b>858</b>	<b>21,428</b>

6.6. Opening common assets other than terminal building have been bifurcated into aeronautical and non-aeronautical basis actual utilization of assets.

6.7. As per the submission of Coimbatore Airport, the total area of integrated terminal building is 19,000 square meters (sq.m.) in FY 2016-17, of which 1,480 sq.m. is earmarked for non-aeronautical activities, constituting 7.79% of the total terminal building area. This allocation is given in Table 9 below.

**Table 9: Terminal building area earmarked as non-aeronautical as per Coimbatore Airport (in sq.m.)**

Particulars	Total area in sq.m. in FY 2016-17
Restaurant / Snack Bars	511.65
T.R. Stall	182.62
Duty Free Shop	31.50
Hoarding & Display	-
Building Non-Residential	729.92
Admission Tickets	4.46
Offices of AAI, commercial land & rest room	20.35

<b>Total Non-Aeronautical area including seating area [A]</b>	<b>1,480.50</b>
Total Terminal area (Other than canopy) [B]	19,000
<b>% of Non-Aeronautical area to Terminal Building [C]= [A]/[B]</b>	<b>7.79 %</b>

6.8. Accordingly, allocation of common assets into aeronautical and non-aeronautical, is given in Table 10 below.

**Table 10: Classification of opening common assets into aeronautical as per Coimbatore Airport's submission (in ₹ lakhs)**

Asset head	Total common assets	Aero	% of common assets as Aero	Remarks
Building- Terminal	3,785	3,490	92.21 %	As per terminal building area bifurcation
Building - Residential	114	111	97.44 %	Based on actual allocation of quarters to employees
Computer & Peripherals : End User Devices	2	2	92.21 %	Based on actual utilization of assets
Plant & Machinery	8	8	92.21 %	
Tools & Equipment	0.35	0.32	92.21 %	
Electrical Installations	861	794	92.22 %	
Other Office equipment	1.41	1.33	94.61 %	
Furniture & Fixtures-Other than Trolley	1.11	1.02	92.21 %	
<b>Total</b>	<b>4,774</b>	<b>4,408</b>		

6.9. Gross opening RAB as on 01.04.2016 is computed by aggregating the aeronautical asset block as given in Table 8 and aeronautical proportion of common assets as given in Table 10.

6.10. Coimbatore Airport has submitted that depreciation on RAB up to FY 2015-16 is computed as per AAI's depreciation rates. Opening RAB as on 01.04.2016 has been computed by reducing accumulated depreciation up to FY 2015-16 from gross block as on 01.04.2016 as shown in Table 11.

**Table 11: Opening RAB as in 01.04.2016 as per the submission of Coimbatore Airport (in ₹ lakhs)**

Asset Block	Aeronautical Asset block as on 01.04.2016 [A]	Common Assets- Aero [B]	Less: accumulated depreciation as on 31.03.2016 [C]	Opening RAB as on 01.04.2016 [D]=[A]+[B]-[C]
Runways, taxiway and aprons	6,858		6,577	282
Terminal building	1,328	3,490	2,448	2,370
Electrical installation	3,241	794	2,810	1,225
Plant and Machinery	879	8	669	217

Roads bridges & culverts	351		347	4
Temporary Building	46		46	-
Residential Building	37	111	76	72
Security Fencing- Temporary	91		91	-
Boundary Wall- Operational	267		177	90
Boundary Wall- Residential	8		3	5
Computers: End User Devices	54	2	52	4
Computers: Servers & Networks	46		46	-
Computer software: Intangible Assets	48		48	-
Tools and Equipment	152	0	132	20
Other Vehicles	65		52	13
Vehicle- Cars and Jeeps	40		28	13
Other office equipment	21	1	16	6
Furniture & fixtures: other than trolley	176	1	156	21
Furniture & fixtures: Trolley	56		52	4
X-ray Baggage Sys. (XIBS)	226		212	14
CFT & Fire Fighting Equipment.	1,387		1,295	92
<b>Total</b>	<b>15,376</b>	<b>4,408</b>	<b>15,333</b>	<b>4,451</b>

6.11. Further, gross additions during FY 2016-17 and FY 2017-18 to RAB as on 01.04.2016 as per Coimbatore Airport's submission is shown in Table 12 below.



**Table 12: Gross additions during FY 2016-17 and FY 2017-18 to RAB as on 01.04.2016 as per Coimbatore Airport's submission (in ₹ lakhs)**

Asset head	Description	FY 16-17	FY 17-18	Total
Aprons	Construction of two additional parking bays	-	621	621
Terminal building	Provision of cabins for back up office in arrival, construction of sump for drinking water, beautification of the airport with murals/ artefacts, and beautification/ development services below canopy area.	27	278	306
Electrical installations	High mast for national flag, ground lighting system, replacement of feeder cables with hume pipes, borewell including laying of pipes, etc.	19	5	23
Machinery	Hand held metal detectors, hydro pneumatic pumping system, upgradation of CCTV storage, explosive trace detector, air curtains for terminal building, upgradation of FIDS, fire pump, routers and switches for ATS automation, etc.	150	91	241
Roads bridges & culverts	Construction of emergency access road on end of runway	-	60	60
Computers: End User Devices	Procurement of laptop, computers and printers.	1	13	14
Software	Purchase of Microsoft Office 2016	-	3	3
Tools & Equipment	Spearhead grass cutting machine, fireman helmet, biometric access control system, fire proximity suit, fire chemical suit, etc.	18	31	50
Office furniture	Dustbin, art gallery steel stand, sofa sets, coffee tables, chairs, office furniture, book shelf, computer tables, almirah, etc.		68	71
Cars/Jeeps	Ambulance and jeeps	3		
Other Office equipment	Precision biometric integrated, amplifier with speaker, digital alcohol breath analyser, paper shredder machine, projector, hand held ticketing machine, printer for HR, etc.	1	2	3
Furniture & fixtures: Trolley	Passenger trolley	-	22	22
X-ray Baggage System (XIBS)	Nutech X-ray system	-	22	22
<b>Total</b>		<b>290</b>	<b>1,302</b>	<b>1,591</b>

6.12. Depreciation during FY 2016-17 and FY 2017-18 on opening RAB as on 01.04.2016 and on additions during FY 2016-17 and FY 2017-18 has been computed as per depreciation rates prescribed under Companies Act,2013.

6.13. Opening RAB as on 01.04.2018 as per Coimbatore Airport's submission is presented in Table 13.

**Table 13: Opening RAB as on 01.04.2018 as per Coimbatore Airport (in ₹ lakhs)**

Asset Block	Opening RAB as on 01.04.2016 [A]	Additions in FY16-17, FY17-18 [B]	Depreciation during FY16-17, FY17-18 [C]	Opening RAB as on 01.04.2018 [D]=[A]+[B]-[C]
Runways	282	-	201	81
Terminal building	2,370	306	299	2,376
Electrical installation	1,225	156	657	724
Plant and Machinery	217	241	68	390
Aprons	-	621	10	611
Roads bridges & culverts	4	60	2	62
Residential Building	72	-	10	62
Boundary Wall- Operational	90	-	14	76
Boundary Wall- Residential	5	-	1	4
Computers: End User Devices	4	14	4	14
Computer software: Intangible Assets	-	3	0	3
Tools and Equipment	20	50	8	62
Office Furniture	-	71	4	67
Other Vehicles	13	-	4	9
Vehicle- Cars and Jeeps	13	23	10	26
Other office equipment	6	3	5	4
Furniture & fixtures: other than trolley	21	-	11	10
X-ray Baggage Sys. (XIBS)	14	22	15	22
CFT & Fire Fighting Equipment.	92	-	91	0
<b>Total</b>	<b>4,447</b>	<b>1,569</b>	<b>1,412</b>	<b>4,603</b>

**Authority's Examination – Opening RAB**

6.14. The Authority after verifying material facts and relying AAI's audited accounts, found computation of Opening RAB as on 01.04.2018 as submitted by Coimbatore Airport has omitted asset block Furniture & Fixtures- Trolley. The Authority has proposed to include the following amount pertaining to Trolley in Opening RAB as on 01.04.2018, as presented in Table 14.

**Table 14: Opening Furniture & fixtures: Trolley amount as on 01.04.2018 as per Authority's Examination (in ₹ lakhs)**

Asset Block	Opening asset as on 01.04.2016 [A]	Additions to asset in FY16-17, FY17-18 [B]	Depreciation on asset during FY16-17, FY17-18 [C]	Opening amount as on 01.04.2018 [D]=[A]+[B]-[C]
Furniture & fixtures: Trolley	4	22	4	23

6.15. The Authority has proposed to consider Opening RAB as on 01.04.2018 after including the asset block Furniture & fixtures: Trolley, as presented in Table 15.

**Table 15: Opening RAB as on 01.04.2018 as per Authority's Examination (in ₹ lakhs)**

<b>Asset Block</b>	<b>Opening RAB as on 01.04.2016 [A]</b>	<b>Additions in FY16-17, FY17-18 [B]</b>	<b>Depreciation during FY16-17, FY17-18 [C]</b>	<b>Opening RAB as on 01.04.2018 [D]=[A]+[B]-[C]</b>
Runways	282	-	201	81
Terminal building	2,370	306	299	2,376
Electrical installation	1,225	156	657	724
Plant and Machinery	217	241	68	390
Aprons	-	621	10	611
Roads bridges & culverts	4	60	2	62
Residential Building	72	-	10	62
Boundary Wall- Operational	90	-	14	76
Boundary Wall- Residential	5	-	1	4
Computers: End User Devices	4	14	4	14
Computer software: Intangible Assets	-	3	0	3
Tools and Equipment	20	50	8	62
Office Furniture	-	71	4	67
Other Vehicles	13	-	4	9
Vehicle- Cars and Jeeps	13	23	10	26
Other office equipment	6	3	5	4
Furniture & fixtures: other than trolley	21	-	11	10
Furniture & fixtures: Trolley	4	22	4	23
X-ray Baggage Sys. (XIBS)	14	22	15	22
CFT & Fire Fighting Equipment.	92	-	91	0
<b>Total</b>	<b>4,451</b>	<b>1,591</b>	<b>1,416</b>	<b>4,626</b>

***Additions to RAB during the first Control Period as per Coimbatore Airport's submission***

6.16. As per the submission of Coimbatore Airport additional capital expenditure amounting to ₹258 crores has been taken in MYTP.

6.17. Following major capital expenditure is submitted by Coimbatore Airport:

- Construction of new domestic departure terminal building- ₹125 crores post-date of completion (PDC) in FY 2020-21, which includes building civil work, cost of dismantling, canopy cost, art work to be installed in the new terminal building, plant and machinery, and cost of electrical installations.
- Construction of staff quarters- ₹40 crores PDC in FY 2019-20.
- Construction of additional 05 number of parking bays, for category 'C' type aircraft and extension of apron for additional two numbers of ATR bays, aggregating to ₹35 crores PDC in FY 2019-20.
- Face lift work for terminal building- ₹758 crores PDC in FY 2018-19.
- One air crash fire tender- ₹4.03 crores.

- Construction of fixed figure for PBB- ₹3.55 crores PDC in FY 2018-19.
- Sewage treatment plant- ₹3.32 crores PDC in FY 2018-19.
- Providing Apron Drive Glass Walled PBB-- ₹3.08 crores
- SITC of Biometric Access control system - ₹2.63 crores
- Covering of Nallah on sides of runway- ₹2.66 crores PDC in FY 2018-19.
- Provision of Way Finding Signage- ₹1.21 crores
- Provision of Perimeter Lights- ₹1.06 crores
- Supply of Grass Cut Cum Collect machine- ₹0.77 crores
- Grading operational area wall to wall- ₹0.50 crores
- Replacement of Cooling Towers- ₹0.50 crores
- Supply of 03 number of Explosive Trace Detector (ETD)- ₹0.41 crores
- Supply of Mobile Command Post- ₹0.44 crores
- Procurement of 01 number of ambulance - ₹0.44 crores.

6.18. Additions to RAB during the first control period as per Coimbatore Airport's submission are given in Table 16 below.

**Table 16: Additions to RAB during the first Control Period as per the submission of Coimbatore Airport (in ₹ lakhs)**

Asset head	Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Runways	Development of runway safety area on 23 meter side of runway	30	-	-	-	-	30
Aprons	Construction of five additional parking bays— category “C” type aircraft, extension of apron for three additional bays	-	3,480	-	-	-	3,480
Terminal building	Civil works—Construction of office building, sewage treatment plant, face-life works, construction of new domestic departure terminal	1,303	-	5,449	-	-	6,752
Electrical installation	Electrical work related to face lift works for terminal building; replacement of cooling towers, feeder pillars and cables in residential colony; construction of sewage treatment plant, providing apron drive glass walled; provision of	1,154	-	2,467	-	-	3,622

Asset head	Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
	perimeter lighting, way finding signage, etc.						
Plant and Machinery	Supply of bomb detection & disposal vehicles, mobile command post, airport rotating beacons, grass cutting machine, etc; airport system for new domestic departure terminal area	611	-	5,322	-	-	5,933
Roads bridges & culverts	Improvement of drainage system; construction of perimeter road.	44	-	-	-	-	44
Residential Building	Construction of additional parking shed for residential colony, and staff quarters.	25	-	3,999	-	-	4,024
Boundary Wall-Operational	Wall to wall grading of operational area	50	-	-	-	-	50
Other buildings-unclassified	Covering of nallah on 23 side of runways	266	-	-	-	-	266
Tools and Equipment	Procurement of tools and plant, biometric access control system.	266	-	-	-	-	266
Vehicle-Cars and Jeeps	Procurement of ambulance having stretchers.	44	-	-	-	-	44
Total		3,792	3,480	17,238	-	-	24,510

#### **Authority's Examination – Additions to RAB**

6.19. In regard to capex incurred towards additions to RAB, the Authority analyzes the normative capital cost of Terminal Building and Taxiway/Apron, as per the Authority's order in the matter of "Normative Approach in Building Block in Economic Regulation of Major Airports" dated 06 June 2016 (hereafter referred to as Normative Capital Cost Order). After accounting for inflation, the Authority has considered a normative cost of INR 100,000 per sq. m. for terminal building and INR 7,200 per sq.m.after excluding earthwork cost for Taxiway/Apron at FY 2017-18 prices.

6.20. The Authority has analyzed the normative capital cost of terminal building as presented in Table 17.

**Table 17: Normative capital cost of new Terminal Building as per Authority's Examination**

Particulars	Unit	Value
Construction of terminal building excluding canopy cost [i]	₹ lakhs	4,716
Plant and machinery [ii]	₹ lakhs	5,322
Electric installations in the terminal building [iii]	₹ lakhs	2,467
<b>Total cost pertaining of new terminal building [A] = [i]+[ii]+[iii]</b>	<b>₹ lakhs</b>	<b>12,506</b>

Area in sq.m. as per Coimbatore Airport [B]	sq.m.	10,950
<b>Cost per sq.m. [A]/[B]</b>	<b>₹</b>	<b>1,14,210</b>

6.21. The Authority notes that normative capital cost of terminal building exceeds the prescribed benchmark of ₹1,00,000 per sq.m. by 14.21%. The Authority has proposed to consider the cost of additions to terminal building at ₹1,00,000 per sq.m. for the determining tariff of Coimbatore Airport. Accordingly, the revised total cost of additions to terminal building computes to ₹10,950 lakhs, which the Authority has proposed to allocate proportionately to various costs towards new terminal building.

6.22. Coimbatore Airport in its submission has submitted total capital expenditure of ₹3,480 lakhs pertaining to additions to apron, namely construction of 5 new parking bays and extension of apron for 2 bays. Accordingly, the normative capital cost of additions to apron is presented in.

**Table 18: Normative capital cost of construction of Apron as per Authority's Examination**

Particulars	Unit	Value
Total cost of additions to Apron (construction & expansion) [i]	₹ lakhs	3,480
Less: Cost of excavation [ii]	₹ lakhs	875
<b>Net project cost [A] = [i]-[ii]</b>	<b>₹ lakhs</b>	<b>2,604</b>
Area in sq.m. as per Coimbatore Airport [B]	sq.m.	41,374
<b>Cost per sq.m. [A]/[B]</b>	<b>₹ per sq.m.</b>	<b>6,294</b>

6.23. The Authority notes that normative capital cost of both— additions to apron and extension of apron is within the prescribed benchmark of ₹7,200 per sq.m. by 23.22% and 89.76% respectively. Accordingly, the Authority has proposed to consider the cost of additions to apron and extension of apron as submitted by Coimbatore Airport.

6.24. Further, the Authority notes that work contracts for new terminal building are expected to be awarded in the next few months. Considering that construction of the new terminal building is expected to take 36 months from date of award of work orders/ contracts, the Authority proposes to consider commissioning of new terminal building by 30.09.2021 and not 30.09.2020 considered by Coimbatore airport.

6.25. Similarly, in case of construction of new aprons and the extension of existing aprons, the Authority notes that work contracts have been awarded recently. Considering that construction of aprons is expected to take 18 months from date of award of work orders/ contracts, the Authority has proposed to consider the commissioning of additions to apron by 01.04.2020 and not 30.09.2019 considered by Coimbatore airport.

6.26. Based on Authority's decisions above, the revised additions to be considered pertaining to terminal building and apron are presented in Table 19.

**Table 19: Revised additions to terminal building and apron to be considered for tariff determination as per Authority's Examination (in ₹ lakhs)**

Asset head	Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Apron	Construction of five additional parking bays—category “C” type aircraft, extension of apron for two additional bays	-	-	3,480	-	-	3,480
Terminal building	Civil work during construction of new terminal building	1,303	-	-	4,863	-	6,166
Electric Installations	Electric installations in the new terminal building	1,154	-	-	2,467	-	3,622
Plant and machinery	Construction of new terminal building airport system	611	-	-	4,660	-	5,271

6.27. Accordingly revised total additions to be considered for RAB computation as per the Authority is presented in the Table 20.

**Table 20: Additions to RAB during the first Control Period as per the Authority (in ₹ lakhs)**

Asset head	Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Runways	Development of runway safety area on 23 meter side of runway	30	-	-	-	-	30
Aprons	Construction of five additional parking bays—category “C” type aircraft, extension of apron for three additional bays	-	-	3,480	-	-	3,480
Terminal building	Civil works—Construction of office building, sewage treatment plant, face-lift works, construction of new domestic departure terminal	1,303	-	-	4,863	-	6,166
Electrical installation	Electrical work related to face lift works for terminal building; replacement of cooling towers, feeder pillars and cables in residential colony; construction of sewage treatment plant, providing apron drive glass walled; provision of perimeter lighting, way finding signage, etc.	1,154	-	-	2,467	-	3,622
Plant and Machinery	Supply of bomb detection & disposal vehicles, mobile command post, airport	611	-	-	4,660	-	5,271

<b>Asset head</b>	<b>Description</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>Total</b>
	rotating beacons, grass cutting machine, etc; airport system for new domestic departure terminal area						
Roads bridges & culverts	Improvement of drainage system; construction of perimeter road.	44	-	-	-	-	<b>44</b>
Residential Building	Construction of additional parking shed for residential colony and staff quarters.	25	-	-	3,999	-	<b>4,024</b>
Boundary Wall-Operational	Wall to wall grading of operational area	50	-	-	-	-	<b>50</b>
Other buildings-unclassified	Covering of nallah on 23 side of runways	266	-	-	-	-	<b>266</b>
Tools and Equipment	Procurement of tools and plant, biometric access control system.	266	-	-	-	-	<b>266</b>
Vehicle-Cars and Jeeps	Procurement of ambulance having stretchers.	44	-	-	-	-	<b>44</b>
<b>Total</b>		<b>3,792</b>	<b>-</b>	<b>7,479</b>	<b>11,990</b>	<b>-</b>	<b>23,261</b>



**Depreciation on RAB as per Coimbatore Airport's submission**

6.28. Depreciation from FY 2018-19 onwards has been computed as per the rates prescribed under AERA Order No. 35/ 2017-18 "In the matter of Determination of Useful life of Airport Assets" dated 12.01.2018. Further, half yearly rates of depreciation have been considered for additions to RAB in the first year of capitalization. Accordingly, the accumulated depreciation during the first Control Period as submitted by Coimbatore Airport is given in Table 21.

**Table 21: Depreciation on RAB during First Control period as submitted by Coimbatore Airport (in ₹ lakhs)**

Asset Head	Depreciation Rate	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Runways	3.33 %	72	3	3	3	2	83
Terminal building	3.33 %	178	200	291	382	382	1,433
Electrical installation	10.00 %	380	332	325	382	378	1,797
Plant and Machinery	6.67 %	60	80	257	434	434	1,265
Aprons	3.33 %	21	79	137	137	137	509
Roads bridges & culverts	10.00 %	9	11	11	3	10	46
Temporary Building	33.33 %	-	-	-	-	-	-
Residential Building	3.33 %	5	6	72	139	139	361
Boundary Wall-Operational	10.00 %	9	12	23	20	19	84
Boundary Wall-Residential	10.00 %	0	0	1	1	1	3
Other buildings-unclassified	3.33 %	4	9	9	9	9	40
Computers: End User Devices	33.33 %	5	5	3	2	5	21
Computer software: Intangible Assets	20.00 %	1	1	1	1	0	3
Tools and Equipment	6.67 %	15	23	23	23	22	107
Office Furniture	14.29 %	10	10	10	7	10	48
Other Vehicles	12.50 %	2	2	2	2	1	9
Vehicle- Cars and Jeeps	12.50 %	8	10	10	9	8	46
Other office equipment	20.00 %	2	1	1	1	0	4
Furniture & fixtures: other than trolley	14.29 %	4	4	1	1	1	10
Furniture & fixtures: Trolley	33.33 %	9	7	7	2	7	33
X-ray Baggage Sys. (XIBS)	6.67 %	1	1	1	1	1	7
CFT & Fire Fighting Equipment.	6.67 %	0	0	-	-	-	-
<b>Total Depreciation</b>		<b>796</b>	<b>797</b>	<b>1,189</b>	<b>1,560</b>	<b>1,567</b>	<b>5,909</b>

### **Authority's Examination – Depreciation on RAB**

6.29. After careful examination, the Authority found that, depreciation on the following assets in Opening RAB as on 01.04.2016 during the control period was incorrectly calculated:

- The depreciation rate for operational boundary wall considered by Coimbatore is 3.33%, whereas it should have been 10%.
- The depreciation rate for residential boundary wall considered by Coimbatore is 3.33%, whereas it should have been 10%.
- The depreciation rate for Computers: End User Devices considered by Coimbatore is 16.16%, whereas it should have been 33.33%.
- The depreciation rate for Furniture & fixtures: other than trolley considered by Coimbatore is 10%, whereas it should have been 14.29%.

6.30. Accordingly, the Authority has proposed to consider the revised depreciation on RAB during the first control period as presented in Table 22.

**Table 22: Depreciation on RAB during First Control period as per Authority's Examination (in ₹ lakhs)**

<b>Asset Head</b>	<b>Depreciation Rate</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>Total</b>
Runways	3.33 %	72	3	3	3	2	<b>83</b>
Terminal building	3.33 %	178	200	200	281	362	<b>1,222</b>
Electrical installation	10.00 %	380	332	201	259	378	<b>1,550</b>
Plant and Machinery	6.67 %	60	80	79	235	390	<b>843</b>
Aprons	3.33 %	21	21	79	137	137	<b>394</b>
Roads bridges & culverts	10.00 %	5	7	7	6	6	<b>33</b>
Residential Building	3.33 %	5	6	72	139	139	<b>361</b>
Boundary Wall-Operational	10.00 %	22	23	23	18	12	<b>99</b>
Boundary Wall-Residential	10.00 %	1	1	1	1	1	<b>4</b>
Other buildings-unclassified	3.33 %	4	9	9	9	9	<b>40</b>
Computers: End User Devices	33.33 %	3	2	2	2	2	<b>13</b>
Computer software: Intangible Assets	20.00 %	1	1	1	1	0	<b>3</b>
Tools and Equipment	6.67 %	15	23	23	23	22	<b>107</b>
Office Furniture	14.29 %	7	7	7	7	7	<b>35</b>
Other Vehicles	12.50 %	2	2	2	2	1	<b>9</b>
Vehicle- Cars and Jeeps	12.50 %	8	10	10	9	8	<b>46</b>
Other office equipment	20.00 %	2	1	1	0	0	<b>4</b>
Furniture & fixtures: other than trolley	14.29 %	5	3	1	1	0	<b>10</b>

Furniture & fixtures: Trolley	33.33 %	4	2	2	2	2	13
X-ray Baggage Sys. (XIBS)	6.67 %	1	1	1	1	1	7
<b>Total Depreciation</b>		<b>797</b>	<b>736</b>	<b>725</b>	<b>1,137</b>	<b>1,481</b>	<b>4,877</b>

**Average RAB as per Coimbatore Airport's submission**

6.31. RAB during the control period as per Coimbatore Airport has been summarized in the Table 23 below.

**Table 23: Average RAB as per Coimbatore Airport's submission (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Opening RAB	4,451	4,021	4,603	7,608	10,298	26,355	24,800
Additions to RAB	290	1,302	3,792	3,480	17,238	-	-
Disposals	-	-	-	-	-	-	-
Depreciation	716	700	796	797	1,189	1,560	1,567
Closing RAB	4,024	4,623	7,600	10,291	26,347	24,795	23,233
<b>Average RAB</b>	<b>4,237</b>	<b>4,322</b>	<b>6,101</b>	<b>8,950</b>	<b>18,323</b>	<b>25,575</b>	<b>24,016</b>

**Authority's Examination – Average RAB**

6.32. For computing Average RAB, the Authority has proposed to consider the following:

6.32.1. Opening RAB as on 01.04.2016 as presented in Table 11 and Opening RAB as on 01.04.2018 as presented in Table 15.

6.32.2. Additions to RAB in FY 2016-17 and FY 2017-18 as presented in Table 12 and additions to RAB during the control period as presented in Table 20.

6.32.3. Depreciation in FY 2016-17 and FY 2017-18 as presented in Table 15; further depreciation during the Control Period as presented in Table 22.

6.33. Considering the above decisions of the Authority pertaining to building blocks of RAB, Average RAB as per the Authority's examination is presented in Table 24.

**Table 24: Average RAB as per Authority's Examination (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Opening RAB	4,451	4,024	4,626	7,621	6,885	13,638	24,491
Additions to RAB	290	1,302	3,792	-	7,479	11,990	-
Disposals	-	-	-	-	-	-	-
Depreciation	716	700	797	736	725	1,137	1,481
Closing RAB	4,024	4,626	7,621	6,885	13,638	24,491	23,010
<b>Average RAB</b>	<b>4,237</b>	<b>4,325</b>	<b>6,123</b>	<b>7,253</b>	<b>10,262</b>	<b>19,065</b>	<b>23,751</b>

**Proposal No. 3 Regarding RAB**

- 3.a. The Authority proposes to use Average RAB as given in Table 24 for calculation of ARR.**
- 3.b. The Authority proposes to true up Average RAB of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.**

## 7. FAIR RATE OF RETURN (FRoR)

- 7.1. Coimbatore Airport in its submission has stated that the Airport has no debt. Therefore, interest rate computation is not applicable.
- 7.2. Coimbatore Airport has considered Fair Rate of Return (FRoR) equivalent to the cost of equity ( $K_e$ ) at 14% p.a. This is as par with the decision taken by the Authority for other AAI airports such as in Chennai, Kolkata, Guwahati and Lucknow for the first Control Period.

### ***Authority's Examination***

- 7.3. The Authority has recognized that Coimbatore Airport's capital structure may not be regarded as an efficient one in that it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to Coimbatore Airport should come down over a period of time by optimizing capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. It may not be reasonable to expect Coimbatore Airport to contract large amounts of debt over a short period of time.
- 7.4. The Authority notes that as per a study conducted in respect of the 'Fair Rate of Return Estimation for AAI' in July 2011 it estimated a figure of 14.96% as Fair Rate of Return for AAI owned airports. The Authority notes that it has considered FRoR at 14% for Chennai and Kolkata airport in the first control period considering the recommendations of another study done by National Institute of Public Finance and Policy (NIPFP). Based on the decision taken for Chennai and Kolkata airport, the Authority considered FRoR at 14% for all AAI Airports for whom tariff has been determined subsequently.
- 7.5. Based on the above, the Authority proposes to consider FRoR at the rate of 14% for Coimbatore Airport for the first Control Period, as submitted by Coimbatore Airport.

### **Proposal No. 4 Regarding FRoR**

- 4.a. **The Authority proposes to consider the FRoR at 14% for Coimbatore Airport for the first Control Period.**
- 4.b. **The Authority will undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.**

## 8. OPERATION AND MAINTENANCE EXPENDITURE

- 8.1. The expenses appearing in the Trial Balance for FY 2016-17 and FY 2017-18 have been bifurcated into aeronautical expenses, non-aeronautical expense and common expenses.
- 8.2. Coimbatore Airport in its submission as trued up Operation and Maintenance (“O&M”) expenses for FY 2016-17 and FY 2017-18.
- 8.3. The details and assumptions as per the submission for proposed O&M expenditure during the first control period are provided in Table 25.

**Table 25: Assumptions made by Coimbatore Airport for each item of Operation and Maintenance Expenditure**

Item	Assumption
Payroll costs	<ul style="list-style-type: none"> <li>• Coimbatore Airport has assumed 52% of total staff as executive and 48% of total staff as non-executive.</li> <li>• CHQ/RHQ expenses for FY2016-17 and FY2017-18 has been taken on the basis of actual FY2015-16 with 7% YOY increase during the Control Period. Further, 5% of CHQ/RHQ expenses has been considered as non-aero expenses, as per the submission.</li> <li>• The apportionment amount excludes the amount paid by DIAL and MIAL towards redeployed employees at Coimbatore Airport, till 31.03.2019 as per the Operations, Management and Development Agreement (OMDA).</li> <li>• Coimbatore Airport as assumed an increase of 7% YOY in executive pay for the entire control period.</li> <li>• For non-executive staff, an increase of 37.16% is assumed due to pay revision in FY 2018-19 and an increment of 5% YOY for the remaining Control Period.</li> <li>• For overtime pertaining to non-executive staff, an increment of 37.16% is assumed in FY 2018-19 due to pay revision and an increment of 5% YOY for the remaining control period.</li> <li>• Payroll costs exclude common employee expenses pertaining to ANS and common employee expenses classified as non-aeronautical.</li> </ul>
Repair & Maintenance	<ul style="list-style-type: none"> <li>• Repair and maintenance constitutes of civil works, electrical works, vehicles, equipment and furniture, and electronics</li> <li>• Civil works and electrical works assumed to grow at 10% YOY throughout the control period, except for FY 2021-22, when an additional 10% is assumed due to expansion of domestic departure area.</li> <li>• Repair and maintenance pertaining to vehicles, equipment and furniture, and electronics assumed to grow at 10% YOY throughout the control period.</li> <li>• The following components were booked as work in progress previously and have been charged off as follows: <ul style="list-style-type: none"> <li>○ In Civil works Grading of Operational area for ₹16.52 lakhs and high mast (civil) ₹269.20 lakhs have been charged off in F.Y.2017-18</li> <li>○ In electrical works high mast ₹10.55 lakhs has been charged off in FY 2016-17</li> </ul> </li> </ul>

Item	Assumption
	<ul style="list-style-type: none"> <li>○ In electrical works lighting of terminal building ₹136.89 lakhs and high mast ₹1.31 lakhs have been charged off in FY 2017-18</li> <li>• In vehicles ₹6.23 lakhs is included for fire form &amp; fire hose purchased in FY2017-18</li> <li>• The increase in expenditure towards electronics is due to ₹26.18 lakhs lease paid for X-Ray Baggage Inspection System (XBIS) started from FY 2017-18 onward.</li> </ul>
Utilities and outsourcing expenses	<ul style="list-style-type: none"> <li>• Utilities include expenses incurred towards power charges (electricity consumed), consumption of stores and spares, water charges, fees paid to outsiders (consultancy/advisory) and hire charges/ jeep and others.</li> <li>• The expenses pertaining to these utilities are assumed constant from FY 2017-18, except in the case of power charges which has been increased by 10% in FY2021-22 on account of expansion of domestic departure.</li> <li>• Fees Paid to outsiders included ₹229.5 lacs in FY2016-17 -for arbitration paid to contractor.</li> </ul>
Administration & Other expenses	<ul style="list-style-type: none"> <li>• CHQ/RHQ expenses for FY2016-17 and FY2017-18 has been taken on the basis of actuals of FY2015-16 with 5% annual increase. Further, 5% of CHQ/RHQ expenses has been considered as non-aero expenditure</li> <li>• Increase in upkeep expenses is due to new Mechanized Environmental Support Service (MESS) contract award of ₹515 lakhs for 3 years from 2017-18 onward.</li> </ul>
Other Outflows	<p>Other outflows comprise of facilitation charges pertaining to PSF. It is assumed that this expenditure will grow year-on-year at the combined traffic growth rate of domestic and international passengers.</p> <ul style="list-style-type: none"> <li>•</li> </ul>

8.4. Below Table 26 summarizes the operation and maintenance expenditure:

**Table 26: Projected O&M expenditure by Coimbatore Airport for the first control period (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Payroll costs	1,642	2,032	2,467	2,652	2,838	3,037	3,249
Repair and maintenance	472	1,130	769	846	931	1,110	1,221
Utilities & outsourcing expenses	802	425	425	425	425	458	458
Total Admin & Other expenses	747	882	1,045	1,110	1,179	1,255	1,337
Other Outflows (Collection charges on PSF (F)/ UDF)	16	31	34	37	41	45	49
<b>Total</b>	<b>3,679</b>	<b>4,499</b>	<b>4,741</b>	<b>5,070</b>	<b>5,414</b>	<b>5,905</b>	<b>6,315</b>

#### **Authority's Examination**

8.5. On careful examination and discussion with Coimbatore Airport, the Authority has proposed the following:

8.5.1. The Authority has noted that Other outflows comprising of collection charges on PSF/ UDF are expected to grow year-on-year at a rate equivalent to combined traffic growth rate of domestic and international passengers. Accordingly, this expense will get revised in accordance to the Authority's proposal to revise projections of domestic traffic, as given in paragraph 5.5.

8.5.2. Based on Authority's proposal to consider the commissioning of the new terminal building by 30.09.2021, the incremental cost incurred on account of civil works, electrical works and power charges will be revised. Accordingly, the Authority has proposed to consider the 10% increment of these costs proportionately in FY 21-22 and FY 22-23.

8.5.3. AAI clarified that ₹30 lakhs expenditure on corporate social responsibility (CSR) has been incorrectly included in other expenses in FY 2017-18, in the category "Total Admin & Other Expenses". Accordingly the Authority has proposed to deduct ₹30 lakhs from other expenses in 2017-18 and use the resulting amount of ₹10 lakhs as the basis of escalation during the control period.

8.5.4. The Authority noted that municipal taxes in "Total Admin & Other expenses" have been incorrectly computed for FY 2018-19 to FY 2022-23 as ₹118.45 lakhs, which should be ₹15.13 lakhs per year during the Control Period. Accordingly, the Authority has proposed to revise the municipal taxes during the Control Period.

8.6. Based on the Authority's proposals above, the revised O&M expenditure of Coimbatore is presented in the Table 27 below.

**Table 27: Projected O&M expenditure for the first control period as per Authority's Examination (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Payroll costs	1,642	2,032	2,467	2,652	2,838	3,037	3,249
Repair and maintenance	472	1,130	769	846	931	1,072	1,231
Utilities & outsourcing expenses	802	425	425	425	425	441	458
Total Admin & Other expenses	747	852	909	970	1,036	1,107	1,183
Other Outflows (Collection charges on PSF (F)/ UDF)	16	31	35	40	46	52	59
<b>Total</b>	<b>3,679</b>	<b>4,469</b>	<b>4,606</b>	<b>4,934</b>	<b>5,275</b>	<b>5,708</b>	<b>6,180</b>

**Proposal No. 5 Regarding Operation and Maintenance expenditure**

5.a. The Authority proposes to consider the revised operation and maintenance expenditure for Coimbatore Airport as given in Table 27.

5.b. The Authority proposes to true up the operation & maintenance expenses based on the actual expenditure during the Control Period.



## 9. REVENUE FROM NON-AERONAUTICAL SERVICES

- 9.1. Coimbatore Airport has submitted the forecasts of various components of non-aeronautical revenue streams as well as the assumptions underlying the forecast.
- 9.2. Coimbatore Airport in its submission as trued up revenue from non-aeronautical services for FY 2016-17 and FY 2017-18.
- 9.3. In its submission, Coimbatore Airport has assumed an additional increase of 10% in non-aeronautical revenues in FY 2021-22 due to commencement of Terminal 3 operations.
- 9.4. The details and assumptions as per the submission for proposed non-aeronautical revenues during the first control period are provided in Table 28.

**Table 28: Assumptions made by Coimbatore Airport for each item of Non-Aeronautical Revenue**

Item	Assumption
Trading Concessions	<p>Trading concessions comprise of revenues from restaurant/snack bars, Travellers Requisite (T.R.) Stall, and hoarding and display.</p> <p>In its submission, Coimbatore Airport has:</p> <ul style="list-style-type: none"> <li>• Revenue from restaurant/snack bars is assumed taken to be ₹210 lakhs in 2018-19, based on new award given to the vendor. As per the award letter, this amount is subject to 10% escalation YOY.</li> <li>• Further, revenue from restaurant/snack bars is assumed to grow at additional 10% in FY 2021-22 due to commencement of terminal 3 operations.</li> <li>• Actual revenue from T.R. Stall in FY 2017-18 is taken as basis, which is assumed to grow 10% YOY, with an additional 10% increase in FY 2021-22.</li> <li>• Revenue from hoarding and display is taken to be ₹570.13 lakhs in FY2018-19 based on the new letter of award for advertisement. This amount is assumed to grow at 10% YOY, and at an additional 10% in FY 2021-22.</li> </ul>
Rent & Services	<p>Rent and services comprise of land leases, and rents from residential and non-residential buildings.</p> <ul style="list-style-type: none"> <li>• Assuming land lease in FY 2017-18 as the basis, the revenues from land lease is considered uniform from FY 2018-19 to FY 2022-23, in accordance with AAI's letter No.AV.21012/58/2016-LM/710 dated 04.12.2017, pertaining to "Review of Revision in Base Rates of Land Lease Rental/Licence Fee Rates w.e.f 01.04.2017 to 31.03.2022 at AAI Airports".</li> <li>• Taking actuals of 2017-18 as the basis, the rent revenue from residential building is assumed to grow at 5% YOY from FY 2018-19 to FY 2022-23.</li> <li>• Taking actuals of 2017-18 as the basis, the rent revenue from non-residential building is assumed to grow at 10% YOY, with an additional 10% growth in FY 2021-22 due to commencement of terminal 3 operations.</li> </ul>
Miscellaneous	<p>Miscellaneous comprises of revenue from duty free shops, car rentals, car parking, and admission tickets.</p> <p>In its submission, Coimbatore Airport has:</p> <ul style="list-style-type: none"> <li>• Assuming actuals of FY 2017-18 as the basis, revenue from duty free shops is assumed to grow at 10% YOY, with an additional 10% growth in FY 2021-22 on account of beginning of terminal 3 operations.</li> </ul>

Item	Assumption
	<ul style="list-style-type: none"> <li>Revenue from car rentals is assumed to be ₹86.40 lakhs, based on the license fee as stated in the new car rental service letter of award. These revenues are escalated at 10% YOY from FY2019-20 onward, with an additional 10% growth in FY 2021-22 due to commencement of terminal 3 operations.</li> <li>Revenue from car parking is assumed to be ₹303.48 lakhs, based on the license fee as stated in the new letter of award for car parking service. These revenues are escalated at 10% YOY from FY2019-20 onward as per the agreement, with an additional 10% growth in FY 2021-22 due to commencement of terminal 3 operations.</li> <li>Assuming actuals of FY 2017-18 as the basis, revenue from admission tickets is assumed to grow at 10% YOY, from FY 2018-19 to FY 2022-23.</li> </ul>
Other Income	Income from sale of scrap assets constitute other income. In its submission, Coimbatore Airport has assumed actuals of FY 2017-18 as basis and escalated the revenue at 5% YOY from FY 2018-19 to FY 2022-23.

9.5. Revenue from Non-Aeronautical Services for the first control period submitted by Coimbatore Airport are as shown in Table 29.

**Table 29: Revenue from non-aeronautical services projected for the first control period (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Restaurant/ Snack Bars	142	186	210	231	254	305	335
T.R Stall	247	244	268	295	324	389	428
Hoarding & Display	249	373	570	627	690	828	911
Land Leases	23	33	33	33	33	33	33
Building (Residential)	2	3	3	4	4	4	4
Building (Non- Residential)	127	176	193	212	234	280	308
Duty Free Shops	152	175	192	211	232	279	307
Car Rentals	87	87	86	95	105	125	138
Car Parking	180	191	303	334	367	441	485
Admission Tickets	49	67	74	82	90	99	109
Other Miscellaneous Income, sale of scrap	120	132	139	146	153	161	169
<b>Total</b>	<b>1,379</b>	<b>1,668</b>	<b>2,073</b>	<b>2,269</b>	<b>2,486</b>	<b>2,944</b>	<b>3,226</b>

#### **Authority's Examination**

9.6. Based on the Authority's decision to commission the new terminal building by 30.09.2021, the Authority has considered a proportionate increase in non-aeronautical revenues in FY2021-22 and FY 2022-23. Accordingly, the Authority has proposed to consider half the incremental growth in non-aeronautical revenue in FY2021-22 as compared to Coimbatore's submission and a complete 10% increment in non-aeronautical revenue in FY 2022-23 as

submitted by Coimbatore Airport. The revised non-aeronautical revenues as per the Authority is presented in Table 30 below.

**Table 30: Non-aeronautical revenues as per Authority's Examination (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Restaurant/ Snack Bars	142	186	210	231	254	292	336
T.R Stall	247	244	268	295	324	373	429
Hoarding & Display	249	373	570	627	690	793	912
Land Leases	23	33	33	33	33	33	33
Building (Residential)	2	3	3	4	4	4	5
Building (Non- Residential)	127	176	193	212	234	269	309
Duty Free Shops	152	175	192	211	232	267	307
Car Rentals	87	87	86	95	105	120	138
Car Parking	180	191	303	334	367	422	486
Admission Tickets	49	67	74	82	90	103	119
Other Miscellaneous Income, sale of scrap	120	132	139	146	153	161	169
<b>Total</b>	<b>1,379</b>	<b>1,668</b>	<b>2,073</b>	<b>2,269</b>	<b>2,486</b>	<b>2,838</b>	<b>3,243</b>

**Proposal No. 6 Regarding Non Aeronautical Revenues**

- 6.a. The Authority proposes to consider the Non Aeronautical Revenues as given in Table 30 for determination of aeronautical tariffs for the first control period.
- 6.b. The Authority proposes to true-up the Non Aeronautical Revenues of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.

## 10. TAXATION

10.1. Clause 5.5.1 and Clause 5.5.2 of the Airport Guidelines state that:

*“Taxation represents payments by the Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of Aggregate Revenue Requirement.”*

*“The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.”*

10.2. As per the Airport Guidelines any interest payments, penalty, fines and other such penal levies associated with corporate tax, shall not be taken into consideration as expenditure or cost.

10.3. Coimbatore Airport in the tariff proposal has calculated income tax on the basis of rates of depreciation as per Income Tax Act.

10.4. Tax liability during the first control period considered by Coimbatore Airport is provided in Table 31.

**Table 31: Tax liability as per Coimbatore Airport’s submission (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Aeronautical revenues [A]	2,148	2,551	4,056	11,484	12,651	13,945	15,380
Less: Operating expenses (i)	3,679	4,499	4,741	5,070	5,414	5,905	6,315
<b>EBIDTA</b> <b>[B] = [A] – [i]</b>	<b>-1,531</b>	<b>-1,948</b>	<b>-684</b>	<b>6,413</b>	<b>7,237</b>	<b>8,040</b>	<b>9,065</b>
Less: Book Depreciation [ii]	716	700	797	794	1,175	1,560	1,545
<b>PBT</b> <b>[C] = [B] – [ii]</b>	<b>-2,247</b>	<b>-2,648</b>	<b>-1,481</b>	<b>5,619</b>	<b>6,062</b>	<b>6,480</b>	<b>7,520</b>
Less : Tax depreciation for the year [iii]	495	517	743	1,046	2,000	2,671	2,369
Add: Book depreciation for the year [iv]	716	700	797	794	1,175	1,560	1,545
<b>Taxable Income</b> <b>[D] = [C] – [iii] + [iv]</b>	<b>-2,026</b>	<b>-2,465</b>	<b>-1,428</b>	<b>5,367</b>	<b>5,238</b>	<b>5,369</b>	<b>6,696</b>
Less : Set-off of prior period tax losses [v]	-	-	-	-	-	-	-
<b>Taxable Income under normal tax provisions</b> <b>[E] = [D] – [v]</b>	<b>-2,026</b>	<b>-2,465</b>	<b>-1,428</b>	<b>5,367</b>	<b>5,238</b>	<b>5,369</b>	<b>6,696</b>
Tax rate to be used [vi]			NA	27%	16%	16%	13%
<b>Tax liability as per normal tax provisions</b> <b>[E] * [vi]</b>	-	-	<b>1,174</b>	<b>1,445</b>	<b>855</b>	<b>856</b>	<b>857</b>

### Authority's Examination

- 10.5. In its examination, the Authority found that Coimbatore Airport has inadvertently calculated incorrect tax liability.
- 10.6. The Authority proposes that the tax on aeronautical profits be computed at tax rate of 34.61% p.a. in FY 2016-17 and FY 2017-18, and at 34.94% p.a. for the first control period from FY 2018-19 to FY 2022-23.
- 10.7. The Authority notes that AAI is not liable to pay Minimum Alternate Tax (MAT). Accordingly, the Authority has proposed to consider only set-off of prior period tax losses attributable to Coimbatore Airport while computing tax liability.
- 10.8. The tax liability of Coimbatore Airport as per the Authority is presented in Table 32 below.

**Table 32: Tax liability as per the Authority's Examination (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Aeronautical revenues [A] as given in Table 48	2,148	2,551	3,277	8,069	9,151	10,383	11,786
Less: Operating expenses as given in Table 27 (i)	(3,679)	(4,469)	(4,606)	(4,934)	(5,275)	(5,708)	(6,180)
<b>EBIDTA</b> <b>[B] = [A] - [i]</b>	(1,531)	(1,918)	(1,328)	3,135	3,876	4,675	5,605
Less: Book Depreciation as given in Table 24 [ii]	(716)	(700)	(797)	(736)	(725)	(1,137)	(1,481)
<b>PBT</b> <b>[C] = [B] - [ii]</b>	(2,247)	(2,618)	(2,125)	2,399	3,151	3,538	4,124
Less : Tax depreciation for the year [iii]	(495)	(517)	(743)	(1,046)	(1,921)	(2,523)	(2,241)
Add: Book depreciation for the year as given in Table 24 [iv]	716	700	797	736	725	1,137	1,481
<b>Taxable Income</b> <b>[D] = [C] - [iii] + [iv]</b>	(2,026)	(2,435)	(2,071)	2,089	1,956	2,152	3,364
Less : Set-off of prior period tax losses [v]	-	-	-	(2,089)	(1,956)	(2,152)	(336)
<b>Taxable Income under normal tax provisions</b> <b>[E] = [D] - [v]</b>	-	-	-	-	-	-	3,028
Tax rate to be used [vi]	34.61%	34.61%	34.94%	34.94%	34.94%	34.94%	34.94%
<b>Tax liability as per normal tax provisions</b> <b>[E] * [vi]</b>	-	-	-	-	-	-	<b>1,058</b>

### Proposal No. 7 Regarding Taxation

- 7.a. The Authority proposes to consider tax computation as given in Table 32.
- 7.b. The Authority proposes to true up tax of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.

## 11. QUALITY OF SERVICE

11.1. Airport Service Quality (ASQ) ratings are carried out by Airports Council International (ACI) on 34 parameters on quarterly basis.

11.2. The ASQ ratings of Coimbatore Airport for 2017-18, as submitted by Coimbatore Airport is given in Table 33.

**Table 33: ASQ ratings as submitted by Coimbatore Airport**

Quarter (Q)	2017	2018
Q1	4.04	4.58
Q2	4.04	4.55
Q3	4.54	4.59
Q4	4.53	-
<b>Average</b>	<b>4.29</b>	<b>4.57</b>

### ***Authority's Examination***

11.3. The Authority has noted that Coimbatore Airport has received ASQ ratings for the first three quarters of 2018.

11.4. The Authority also noted that the ASQ ratings for years 2017 and 2018 of Coimbatore Airport are less than the target rating of 4.80 agreed upon in the Memorandum of Understanding (MoU) signed between the Ministry of Civil Aviation and AAI.

11.5. The Authority has also noted that the quality of service of Coimbatore Airport has improved in year 2018 as compared to year 2017, as given in Table 33. The Authority expects the ASQ rating of Coimbatore Airport to improve further with the commissioning of the expansion of the terminal building during the first Control Period as this will ease out the present congestion.

### **Proposal No. 8 Regarding quality of service**

**8.a. Since the ASQ ratings of Coimbatore Airport have been below the target rating of 4.80, the Authority advises AAI to make all out efforts to improve the Service Quality at Coimbatore Airport. The Authority is of the view that it will examine ASQ ratings while truing up in the next control period and if by then Coimbatore Airport is unable to achieve the said target, the Authority will consider imposing penalty on Coimbatore Airport as appropriate.**

## 12. PRIOR PERIOD SHORTFALL

12.1. As explained in paragraph 3.2, the Authority shall consider ARR of the first two years i.e. FY 2016-17 and FY 2017-18. ARR shall be compared with actual aeronautical revenues during such period. Any shortfall or surplus from these two years shall be considered as true-up of the current control period.

12.2. Coimbatore Airport in its submission has computed shortfall of ₹ 6,292 lakhs (compounded at 14% p.a.) for FY 2016-17 and FY 2017- 18, as given in Table 34.

**Table 34: Shortfall computation of FY 2016-17 and FY 2017-18 as per the submission of Coimbatore Airport (in ₹ lakhs)**

Particulars	FY 2016-17	FY 2017-18	Total
ARR of previous years [1]	4,575	5,304	9,878
Aeronautical revenues of previous years [2]	2,148	2,551	4,699
Previous Shortfall [3]=[1]-[2]	2,427	2,753	5,180
Compound Factor as on <b>01.04.2018</b> [4]	1.30	1.14	
PV of shortfall [5]= [3]*[4]	<b>3,154</b>	<b>3,138</b>	<b>6,292</b>

### **Authority's Examination – Prior period shortfall**

12.3. The Authority has considered cash flows to occur at the end of any particular financial year. Further, the date up to which cash flows for any particular financial year are compounded and/ or discounted shall be considered as the end of the financial year in which tariff determination takes place. Accordingly, the present value factor in the present case have been computed upto 01.04.2019.

12.4. After considering Authority's proposal to building blocks of ARR, the revised prior period shortfall as per the Authority is presented in Table 35 below.

**Table 35: Revised prior period shortfall of FY 2016-17 and FY 2017-18 as per the Authority's examination (in ₹ lakhs)**

Particulars	FY 2016-17	FY 2017-18	Total
ARR of previous years [1]	4,575	5,274	9,849
Aeronautical revenues of previous years [2]	2,148	2,551	4,699
Previous Shortfall [3]=[1]-[2]	2,427	2,723	5,150
Compound Factor at 14% p.a. as on <b>01.04.2019</b> [4]	1.30	1.14	
<b>PV of compounded shortfall [5]= [3]*[4]</b>	<b>3,155</b>	<b>3,106</b>	<b>6,261</b>

### **Proposal No. 9 Regarding prior period shortfall**

9.a. The Authority proposes to consider prior period shortfall as given in Table 35 for truing up in the current Control Period.

### 13. AGGREGATE REVENUE REQUIREMENT AND SHORTFALL COMPUTATION

13.1. The ARR computation as submitted by Coimbatore Airport for the first control period is shown in Table 36:

**Table 36: ARR computation as per Coimbatore Airport for the first control period (in ₹ lakhs)**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Average RAB [1]	6,101	8,950	18,323	25,575	24,016	
FRoR [2]	14 %	14 %	14 %	14 %	14 %	
Return on Average RAB [3] = [1] * [2]	854	1,253	2,565	3,581	3,362	
Add: Depreciation [4]	796	797	1,189	1,560	1,567	
Add: Operating expenses [5]	4,741	5,070	5,414	5,905	6,315	
Add: Taxation [6]	1,174	1,445	855	856	857	
Less: 30% of Non - Aeronautical revenues [7]	(622)	(681)	(746)	(883)	(968)	
<b>ARR [8] = [3] + [4] + [5] + [6] - [7]</b>	<b>6,943</b>	<b>7,884</b>	<b>9,277</b>	<b>11,018</b>	<b>11,133</b>	<b>46,255</b>

13.2. Shortfall computation for FY 2018-19 to FY 2022-23 submitted by Coimbatore Airport is given in Table 37:

**Table 37: Shortfall computation for FY 18-19 to FY 22-23 as per the submission of Coimbatore Airport (in ₹ lakhs)**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
ARR	6,943	7,884	9,277	11,018	11,133	<b>46,255</b>
Discount Factor	1.00	0.88	0.77	0.67	0.59	
<b>PV ARR [A]</b>	<b>6,943</b>	<b>6,916</b>	<b>7,138</b>	<b>7,437</b>	<b>6,592</b>	<b>35,026</b>
Aeronautical revenues (Including UDF)	4,056	11,484	12,651	13,945	15,380	<b>57,516</b>
Discount Factor	1.00	0.88	0.77	0.67	0.59	
<b>PV Aeronautical revenues [B]</b>	<b>4,056</b>	<b>10,073</b>	<b>9,735</b>	<b>9,413</b>	<b>9,106</b>	<b>42,383</b>
<b>(Shortfall)/ Surplus of the current control period [B]-[A]</b>	<b>(2,887)</b>	<b>3,157</b>	<b>2,596</b>	<b>1,976</b>	<b>2,515</b>	<b>7,357</b>



### Authority's Examination

13.3. After considering Authority's decisions pertaining to building blocks of RAB in prior chapters of this consultation paper, revised ARR as per the Authority is as given in Table 38:

**Table 38: ARR computation as per the Authority for the first control period (in ₹ lakhs)**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Average RAB as per Table 24 [1]	6,123	7,253	10,262	19,065	23,751	
FRoR as per Proposal No. 4 [2]	14 %	14 %	14 %	14 %	14 %	
Return on Average RAB [3] = [1] * [2]	857	1,015	1,437	2,669	3,325	
Add: Depreciation as per Table 24 [4]	797	736	725	1,137	1,481	
Add: Operating expenses Table 27 [5]	4,606	4,934	5,275	5,708	6,180	
Add: Taxation as per Table 32 [6]	-	-	-	-	1,058	
Less: 30% of Non - Aeronautical revenues as per Table 30 [7]	(622)	(681)	(746)	(851)	(973)	
ARR [8] = [3] + [4] + [5] + [6] - [7]	5,638	6,004	6,692	8,663	11,072	<b>38,069</b>

13.4. Revised shortfall computation as per the Authority for FY 2018-19 to FY 2022-23 without considering revenues from UDF is given in Table 39:

**Table 39: Shortfall computation for the first control period as per the Authority's examination (in ₹ lakhs)**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
ARR as per Table 38	5,638	6,004	6,692	8,663	11,072	<b>38,069</b>
Aeronautical revenues (excluding UDF) as per Table 46	2,869	2,503	2,825	3,192	3,611	<b>14,999</b>
Discount Factor at 14% p.a.	1.00	0.88	0.77	0.67	0.59	
PV ARR	5,640	5,267	5,149	5,847	6,556	<b>28,459</b>
PV Aeronautical revenues (excluding UDF)	2,872	2,195	2,173	2,154	2,138	<b>11,531</b>
<b>Difference between PV of Aero revenues (excluding UDF) and PV of ARR</b>						<b>-16,927</b>

### Proposal No. 10 Regarding ARR

- 10.a. The Authority proposes to consider the ARR as provided in Table 38 for determination of aeronautical tariffs for the first Control Period.
- 10.b. The Authority proposes to true up all the building blocks of ARR of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.

#### 14. TRUE-UP

14.1. Total (shortfall)/ surplus for first control period as per Coimbatore Airport is given in Table 40.

**Table 40: Computation of total shortfall for the first control period as per the submission of Coimbatore Airport (in ₹ lakhs)**

Particulars	Value
PV Aeronautical revenues during the first control period [1] as per Table 37	42,383
PV Target ARR considered by Coimbatore Airport [2]	35,026
(Shortfall)/ Surplus for current control period [3]=[1]-[2]	7,357
Add: True-up (Shortfall of prior periods) from [4] as per Table 34	(6,292)
<b>Total (shortfall) / surplus for the control period [5]=[3]+[4]</b>	<b>1,065</b>

#### **Authority's examination**

14.2. Revised total shortfall or surplus (before considering UDF) as per the Authority is given in Table 41.

**Table 41: Revised total shortfall (before considering UDF) as per the Authority (in ₹ lakhs)**

Revised (shortfall) / surplus of current control period (without considering UDF) as per Table 39	(16,927)
Add: Revised present value of prior period (shortfall)/surplus as per Table 35	(6,261)
<b>Revised total (shortfall)/ surplus (before considering UDF)</b>	<b>(23,188)</b>

14.3. The Authority notes that AAI has proposed an amount of ₹625 per domestic embarking passenger and ₹725 per international embarking passenger towards UDF. The proposed rate would lead to surplus in current control period. It is calculated that an UDF of ₹438 per domestic embarking passenger and ₹538 per international embarking passenger will neutralise the ARR with expected revenue. It is also noted that there is no significant capital expenditure proposed in next control period and all the building blocks will also get reduced. As a result the ARR/UDF for next control period would be significantly lower. To avoid such a wide fluctuation in UDF between the current control period and next control period, the Authority suggested to AAI to reconsider the rates proposed for UDF charges for domestic and international embarking passengers. The AAI has come forward to carry forward a shortfall of ₹3,335 lakhs, and, fix the UDF charges for domestic embarking passengers at ₹350 and ₹450 per international embarking passengers. AAI has also suggested to increase the Fuel Throughput Charges from ₹164.54 per KL to ₹500 per KL in order to keep the shortfall at lower level. This shall be finalized, after consultation with the Stakeholders. The proposed change in Fuel Throughput Charges is likely to reduce the net shortfall by Rs.3.00 crores.

14.4. Revised aeronautical revenues from UDF is shown in Table 42 .

**Table 42: Revised aeronautical revenues from UDF as per the Authority (in ₹ lakhs):**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Aeronautical Revenues from UDF as per Table 47	408	5,566	6,327	7,192	8,174	<b>27,667</b>
Discount Rate at 14% p.a.	1.00	0.88	0.77	0.67	0.59	
PV of revenues from UDF	408	4,883	4,868	4,854	4,840	<b>19,853</b>

14.5. Revised total shortfall (after considering UDF) is given in table below:

**Table 43: Revised total shortfall (after considering UDF) as per the Authority (in ₹ lakhs)**

Revised total (shortfall)/surplus (before considering UDF) as per Table 41	(23,188)
PV of revenue from UDF as per Table 42	19,853
<b>Revised net total (shortfall)/ surplus</b>	<b>(3,335)</b>

**15. REVENUE FROM AERONAUTICAL SERVICES**

15.1. As per section 2(a) of the AERA Act, aeronautical services include services for Landing, Housing or Parking, Ground handling services, services for Cargo facility, and services for supplying fuel to the aircraft at an airport.

15.2. Coimbatore Airport in its submission has bifurcated revenues for FY 2018-19 into two periods, 01.04.2018 to 01.02.2019 constituting 10 months and 01.02.2019 to 31.03.2019 constituting two months. Aeronautical revenues for the first 10 months is calculated at the previous tariff rates of FY 2017-18 and escalated rates have been assumed for the next two months as applicable.

15.3. Coimbatore Airport’s submission in relation to revenues from aeronautical services is discussed in Table 44.

**Table 44: Assumptions made by Coimbatore Airport for each item of Aeronautical Revenues**

Item	Assumption
Landing Charges	In its submission, Coimbatore Airport has proposed to increase average domestic landing charges by 31% and international landing charges by 26% from the existing charges w.e.f. 01.02.2019 to 31.03.2019. An increase of 4% thereafter on YOY basis from FY 2019-20 to FY 2022-23 is proposed.
Parking & Housing charges	Parking and housing charges are proposed to increase by 114% from the existing charges w.e.f. 01.02.2019 by Coimbatore Airport. An increase of 4% thereafter on YOY basis from FY 2019-20 is proposed.
Fuel Throughput charges	15% increase is proposed for FY2018-19 w.e.f. 01.02.2019. No increase is proposed for the subsequent years by Coimbatore Airport in its submission.
Ground Handling charges	No increase or change in ground handling charges is proposed by Coimbatore Airport.
CUTE Charges	No increase or change in CUTE charges is proposed by Coimbatore Airport.
UDF- Domestic & International	Presently, Coimbatore Airport does not charge UDF.  In its submission, Coimbatore Airport as proposed to levy UDF of ₹625 per passenger for domestic passenger and ₹725 per passenger for international passenger, w.e.f. 01.02.2019 to 31.03.2023.  No increase in UDF is proposed for subsequent years.
PSF-Domestic & International	PSF(Facilitation) charges of ₹77- charged presently for both domestic and International passenger is withdrawn w.e.f. 01.02.2019.

15.4. The projected revenue from Aeronautical Services for Coimbatore Airport has been provided in Table 45.

**Table 45: Projected revenue from aeronautical services as furnished by Coimbatore Airport for first control period (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Landing Charges	848	1,056	1,211	1,704	1,937	2,204	2,508
Total parking & housing charges	1	1	1	1	2	2	2
Fuel Throughput charges	54	47	54	64	69	75	82
Ground handling charges	151	218	237	256	278	301	327

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
CUTE Charges	117	96	105	115	126	138	151
UDF	-	-	1,391	9,146	10,027	10,997	12,064
PSF (excluding UDF Charges)	820	961	875	-	-	-	-
Land leases	51	51	50	50	50	50	50
Hanger Rent	107	122	134	147	162	178	196
<b>Total</b>	<b>2,148</b>	<b>2,551</b>	<b>4,056</b>	<b>11,484</b>	<b>12,651</b>	<b>13,945</b>	<b>15,380</b>

#### **Authority's Examination**

15.5. The Authority has proposed to consider 01.03.2019 as the effective date for tariff determination.

15.6. The Authority has proposed to accept the aeronautical revenues except UDF as submitted by Coimbatore Airport. Accordingly, the aeronautical revenues excluding UDF for FY 2018-19 to FY 2022-23 as per the Authority are given in Table 46 below.

**Table 46: Projected revenue from aeronautical services excluding UDF as per the Authority (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Landing Charges	848	1,142	1,283	1,853	2,116	2,417	2,763
Total parking & housing charges	1	1	1	1	2	2	2
Fuel Throughput charges	54	47	54	64	69	75	82
Ground handling charges	151	223	242	263	286	310	337
CUTE Charges	117	96	109	123	140	159	181
PSF (excluding UDF Charges)	820	961	999	-	-	-	-
Land leases (fuel farm & ground handling)	51	51	50	50	50	50	50
Hanger Rent	107	122	134	147	162	178	196
<b>Total aero revenue excluding UDF</b>	<b>2,148</b>	<b>2,643</b>	<b>2,871</b>	<b>2,503</b>	<b>2,825</b>	<b>3,192</b>	<b>3,611</b>

15.7. Revenue from UDF computed at ₹350 per domestic embarking passenger for and at ₹450 per international embarking passenger as discussed in para 14.3. Accordingly, revised revenue from UDF as per the Authority is shown in Table 47.

**Table 47: Aeronautical revenues from UDF as per the Authority's examination (in ₹ lakhs)**

Particulars	FY 2018-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
Aeronautical Revenue from UDF- Domestic	364	4,960	5,630	6,390	7,252	<b>24,596</b>
Aeronautical Revenue from UDF- International	44	606	697	802	922	<b>3,071</b>
<b>Total Aeronautical Revenue from UDF</b>	<b>408</b>	<b>5,566</b>	<b>6,327</b>	<b>7,192</b>	<b>8,174</b>	<b>27,667</b>

15.8. Total aeronautical revenues including UDF as per the Authority is given in Table 48.

**Table 48: Total Aeronautical Revenues of Coimbatore Airport during the first control period as per the Authority's examination (in ₹ lakhs)**

Particulars	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Landing Charges	848	1,142	1,283	1,853	2,116	2,417	2,763
Total parking & housing charges	1	1	1	1	2	2	2
Fuel Throughput charges	54	47	54	64	69	75	82
Ground handling charges	151	223	242	263	286	310	337
CUTE Charges	117	96	109	123	140	159	181
PSF (excluding UDF Charges)	820	961	999	-	-	-	-
Land leases (fuel farm & ground handling)	51	51	50	50	50	50	50
Hanger Rent	107	122	134	147	162	178	196
UDF	-	-	408	5,566	6,327	7,192	8,174
<b>Total</b>	<b>2,148</b>	<b>2,643</b>	<b>3,279</b>	<b>8,069</b>	<b>9,151</b>	<b>10,383</b>	<b>11,786</b>

**Proposal No. 11 Regarding Aeronautical Revenues**

- 11.a. The Authority proposes to consider UDF at ₹350 per domestic embarking passenger and at ₹450 per international embarking passenger.
- 11.b. The Authority proposes to consider Aeronautical Revenues as given in Table 48.
- 11.c. The Authority proposes to true up the Aeronautical Revenues of the first Control Period based on actual Aeronautical Revenues earned at the time of determination of tariff for the next Control Period.

**16. ANNUAL TARIFF PROPOSAL SUBMITTED BY COIMBATORE AIRPORT**

16.1. Coimbatore Airport vide its submission proposed the following tariff (excluding taxes) for FY 2018-19 with effect from 01.02.2019 to 31.03.2019.

**16.1.1. Landing Charges**

<b>Weight of the Aircraft</b>	<b>Unit</b>	<b>Proposed Rate per Landing—Domestic Flights</b>	<b>Proposed Rate per Landing—International Flights</b>
Upto 25 MT	₹/ MT	160.00	300.00
Above 25 MT up to 50 MT	₹/ MT	4,000.00 + 280.00 in excess of 25 MT	7,500.00 + 350.00 in excess of 25 MT
Above 50 MT up to 100	₹/ MT	11,000.00 + 320.00 in excess of 50 MT	16,250.00 + 400.00 in excess of 50 MT
Above 100 MT to 200 MT	₹/ MT	27,000.00 + 390.00 in excess of 100 MT	36,250.00 + 460.00 in excess of 100 MT
Above 200 MT	₹/ MT	66,000.00 + 440.00 in excess of 200 MT	82,250.00 + 520.00 in excess of 200 MT
<b>Notes-</b> 1a. No Landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types c) Directorate General of Civil Aviation (DGCA) approved flying school/flying training institute aircrafts. 1b. All domestic legs of International routes flown by Indian operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights. 1c. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg). 1d. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by Government of India (GOI).			

**16.1.2. Parking Charges**

<b>Weight of the Aircraft</b>	<b>Unit</b>	<b>Parking Charges Rates per Hour (first two hours after free parking period)</b>	<b>Parking charges per hour (beyond four hours)</b>
Upto 25 MT	₹/ hour/ MT	3.00	6.00
Above 25 MT up to 50 MT	₹/ hour/ MT	75.00 + 4.00 in excess of 25 MT	150.00 + 8.00 in excess of 25 MT
Above 50 MT up to 100	₹/ hour/ MT	175.00 + 8.00 in excess of 50 MT	350.00 + 16.00 in excess of 50 MT
Above 100 MT to 200 MT	₹/ hour/ MT	575.00 + 10.00 in excess of 100 MT	1,150.00 + 20.00 in excess of 100 MT
Above 200 MT	₹/ hour/ MT	1,575.00 + 11.00 in excess of 200 MT	3,150.00 + 22.00 in excess of 200 MT
<b>Notes-</b> 1a. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off. 1b. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour. 1c. Charges shall be calculated on the basis of nearest MT. 1d. Charges for each period parking shall be rounded off to nearest rupee. 1e. At the in-contact stands and open stands, after free parking, the parking charges shall be levied as per table given above.			

- 1f. It is proposed to waive off the night parking charges (between 2200 hours to 0600 hours) in principle for all domestic scheduled operators at Coimbatore Airport if the State Government has brought the rate of tax (VAT) on ATF < 5%. The above waiver of night parking (between 2200 hours to 0600 hours) will be made applicable from the date of implementation of < 5% tax on ATF by the State Government. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
- 1g. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.

16.1.3. Fuel Throughput Charges

Proposed Rate	Per Kiloliter in ₹	164.54
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16.1.4. UDF Charges

Passenger	Unit	PSF existing rate	UDF existing rate	Proposed UDF rates (01.02.2019 to 31.03.2019)
Domestic	₹/embarking passenger	77.00	-	625.00
International	₹/embarking passenger	77.00	-	725.00

**2a. PSF(F) is proposed to be withdrawn**

- 2b. Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at ₹ 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.
- 2c. No collection charges are payable to casual operator/non-scheduled operators.
- 2d. For conversion of UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
- 2e. UDF will be applicable on tickets issued on or after 01.02.2019.

16.1.5. PSF- Security

- 3a. Coimbatore Airport has proposed to continue the existing rate of PSF-Security charges;
- 3b. ₹130/- per embarking International/ Domestic passenger.
- 3c. USD 3.25 per passenger in respect of the tickets issued against Dollar Tariff.
- 3d. Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days.
- 3e. No PSF (Security) will be levied for Transit Passengers.
- 3f. For conversion of USD into INR the rate as on 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

**Authority's Examination**

- 16.2. The Authority proposes that the tariff for the first control period shall be applicable with effect from **01.03.2019**.



- 16.3. The Authority has noted that Coimbatore Airport has sought revision in fuel throughput rate from ₹164.54 per KL to ₹500 per KL during the first control period as part of revised tariff proposal pursuant to discussion in para 14.3. However, the Authority has proposed to finalise fuel throughput rate after consultation with the stakeholders. Accordingly, fuel throughput rate of ₹164.54 per KL initially submitted by Coimbatore Airport has been considered for the purposes of computing shortfall/ surplus during the first control period.
- 16.4. The Authority has proposed to accept the tariff rates of landing and parking charges as submitted by Coimbatore Airport.
- 16.5. The Authority, in view of the foregoing, proposes to consider the UDF as proposed by Coimbatore Airport at ₹350 per domestic embarking passenger and ₹450 per international embarking passenger. Further, the Authority notes that credit policy of AAI is being revised w.e.f. 01.04.2019, however, the same shall be considered after stakeholders' consultation.
- 16.6. The Authority is of the view that the PSF-Security rates should be applicable as prescribed by Ministry of Civil Aviation (MoCA).
- 16.7. Based on above decisions of the Authority, the tariff card (excluding taxes) for the first control period is as follows:

16.7.1. Landing Charges

Weight of the Aircraft	Unit	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<u>Domestic Flights</u>						
Upto 25 MT	Per Landing/ MT	160.00	166.40	173.06	179.98	187.18
Above 25 MT up to 50 MT	Per Landing/ MT	4000.00 + 280.00 in excess of 25 MT	4160.00 + 291.20 in excess of 25 MT	4326.40 + 302.85 in excess of 25 MT	4499.46 + 314.96 in excess of 25 MT	4679.43 + 327.56 in excess of 25 MT
Above 50 MT up to 100	Per Landing/ MT	11000.00 + 320.00 in excess of 50 MT	11440.00 + 332.80 in excess of 50 MT	11897.60 + 346.11 in excess of 50 MT	12373.50 + 359.96 in excess of 50 MT	12868.44 + 374.35 in excess of 50 MT
Above 100 MT to 200 MT	Per Landing/ MT	27000.00 + 390.00 in excess of 100 MT	28080.00 + 405.60 in excess of 100 MT	29203.20 + 421.82 in excess of 100 MT	30371.33 + 438.70 in excess of 100 MT	31586.18 + 456.24 in excess of 100 MT

Above 200 MT	Per Landing/ MT	66000.00 + 440.00 in excess of 200 MT	68640.00 + 457.60 in excess of 200 MT	71385.60 + 475.90 in excess of 200 MT	74241.02 + 494.94 in excess of 200 MT	77210.66 + 514.74 in excess of 200 MT
<u>International Flights</u>						
Upto 25 MT	Per Landing/ MT	300.00	312.00	324.48	337.46	350.96
Above 25 MT up to 50 MT	Per Landing/ MT	7500.00 + 350.00 in excess of 25 MT	7800.00 + 364.00 in excess of 25 MT	8112.00 + 378.56 in excess of 25 MT	8436.48 + 393.70 in excess of 25 MT	8773.94 + 409.45 in excess of 25 MT
Above 50 MT up to 100	Per Landing/ MT	16250.00 + 400.00 in excess of 50 MT	16900.00 + 416.00 in excess of 50 MT	17576.00 + 432.64 in excess of 50 MT	18279.04 + 449.95 in excess of 50 MT	19010.20 + 467.94 in excess of 50 MT
Above 100 MT to 200 MT	Per Landing/ MT	36250.00 + 460.00 in excess of 100 MT	37700.00 + 478.40 in excess of 100 MT	39208.00 + 497.54 in excess of 100 MT	40776.32 + 517.44 in excess of 100 MT	42407.37 + 538.13 in excess of 100 MT
Above 200 MT	Per Landing/ MT	82250.00 + 520.00 in excess of 200 MT	85540.00 + 540.80 in excess of 200 MT	88961.60 + 562.43 in excess of 200 MT	92520.06 + 584.93 in excess of 200 MT	96220.87 + 608.33 in excess of 200 MT
<ol style="list-style-type: none"> <li>1. No Landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types c) Directorate General of Civil Aviation (DGCA) approved flying school/flying training institute aircrafts.</li> <li>2. All domestic legs of International routes flown by Indian operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.</li> <li>3. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).</li> <li>4. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by Government of India (GOI).</li> </ol>						

#### 16.7.2. Parking Charges

Weight of the Aircraft	Unit	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
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Parking Charges for 1<sup>st</sup> 2 hrs after free parking period

Upto 25 MT	₹/ hour/ MT	3.00	3.12	3.24	3.37	3.51
Above 25 MT up to 50 MT	₹/ hour/ MT	75.00 + 4.00 in excess of 25 MT	78.00 + 4.16 in excess of 25 MT	81.12 + 4.33 in excess of 25 MT	84.36 + 4.50 in excess of 25 MT	87.74 + 4.68 in excess of 25 MT
Above 50 MT up to 100	₹/ hour/ MT	175.00 + 8.00 in excess of 50 MT	182.00 + 8.32 in excess of 50 MT	189.28 + 8.65 in excess of 50 MT	196.85 + 9.00 in excess of 50 MT	204.73 + 9.36 in excess of 50 MT
Above 100 MT to 200 MT	₹/ hour/ MT	575.00 + 10.00 in excess of 100 MT	598.00 + 10.40 in excess of 100 MT	621.92 + 10.82 in excess of 100 MT	646.80 + 11.25 in excess of 100 MT	672.67 + 11.70 in excess of 100 MT
Above 200 MT	₹/ hour/ MT	1575.00 + 11.00 in excess of 200 MT	1638.00 + 11.44 in excess of 200 MT	1703.52 + 11.90 in excess of 200 MT	1771.66 + 12.37 in excess of 200 MT	1842.53 + 12.87 in excess of 200 MT

Parking Charges beyond four hrs.

Upto 25 MT	₹/ hour/ MT	6.00	6.24	6.49	6.75	7.02
Above 25 MT up to 50 MT	₹/ hour/ MT	150.00 + 8.00 in excess of 25 MT	156.00 + 8.32 in excess of 25 MT	162.24 + 8.65 in excess of 25 MT	168.73 + 9.00 in excess of 25 MT	175.48 + 9.36 in excess of 25 MT
Above 50 MT up to 100	₹/ hour/ MT	350.00 + 16.00 in excess of 50 MT	364.00 + 16.64 in excess of 50 MT	378.56 + 17.31 in excess of 50 MT	393.70 + 18.00 in excess of 50 MT	409.45 + 18.72 in excess of 50 MT
Above 100 MT to 200 MT	₹/ hour/ MT	1150.00 + 20.00 in excess of 100 MT	1196.00 + 20.80 in excess of 100 MT	1243.84 + 21.63 in excess of 100 MT	1293.59 + 22.50 in excess of 100 MT	1345.34 + 23.40 in excess of 100 MT

Above 200 MT	₹/ hour/ MT	3150.00 + 22.00 in excess of 200 MT	3276.00 + 22.88 in excess of 200 MT	3407.04 + 23.80 in excess of 200 MT	3543.32 + 24.75 in excess of 200 MT	3685.05 + 25.74 in excess of 200 MT
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**Notes-**

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Visakhapatnam Airport if the State Government has brought the rate of tax (VAT) on ATF < 5%. The above waiver of night parking charges (between 2200 hours to 0600 hours) will be made applicable from the date of implementation of < 5% tax on ATF by the State Government. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.
7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.

**16.7.3. Fuel Throughput Charges**

Proposed Rate	Per Kiloliter in ₹	164.54
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**16.7.4. UDF Charges**

Particulars	Proposed rate per embarking passenger in ₹
UDF- Domestic Passenger	350.00
UDF- International Passenger	450.00

1. Collection Charge: If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days. No collection charges are payable to casual operator/non-scheduled operators.
2. For conversion of UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
3. UDF will be applicable on tickets issued on or after 01.03.2019.
4. The following categories of persons are exempted from levy of UDF:
  1. Children (Under age of 2 years)
  2. Holders of Diplomatic Passport,
  3. Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
  4. Persons travelling on official duty on aircraft operated by Indian Armed Forces.

5. Persons travelling on official duty for United Nations Peace Keeping Missions.
6. Transit/transfer passengers (this exemption may be granted to all the passengers transiting upto 24 hrs "A passenger is treated in transit only if onward travel journey is within 24 hrs from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
7. Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions

16.7.5. PSF-Security charges applicable as prescribed by MoCA

16.8 All the charges are excluding GST.

**Proposal No. 12 Regarding Annual Tariff Proposal**

- 12.a. The Authority has proposed to consider 01.03.2019 as the date of implementation of the proposed tariff rates.
- 12.b. The Authority proposes to accept landing and parking charges as submitted by Coimbatore Airport.
- 12.c. The Authority proposes to consider Fuel Throughput rate of ₹164.54 per KL as submitted initially by Coimbatore Airport for the purposes of computing shortfall/ surplus during the first control period. Further, the revised submission of AAI for ₹500 per KL of Fuel Throughput Charges would be finalized after Stakeholders' Consultation.
- 12.d. The Authority proposes to consider UDF at ₹350 and ₹450 for domestic and international embarking passengers respectively.

**17. ANNUAL COMPLIANCE STATEMENT**

- 17.1. The Airport Guidelines issued by the Authority have laid down the error correction mechanism with reference to the adjustment to the Estimated Maximum Allowed Yield per passenger, calculated using the error correction term of Tariff Year t-2 and the compounding factor. The error correction calculated as per the Airport Guidelines indicated the quantum of over-recovery or under-recovery due to increase or decrease respectively of the Actual Yield per passenger with respect to Actual Maximum Allowed Yield per passenger in the Tariff Year.
- 17.2. Accordingly, any under recovery/ over recovery during the first control period will be accounted for in the second control period.
- 17.3. Further, the Authority has noted that in view of all the corrections/truing up to be carried out at the end of the control period, Coimbatore Airport may submit Annual Compliance Statements for the tariff years FY 2018-19 to FY 2022-23 of the first control period.

**Proposal No. 13 Regarding Annual Compliance**

- 13.a. Coimbatore Airport shall submit the Annual Compliance Statements as per the Guidelines for all the tariff years from FY 2018-19 to FY 2022-23 of the first control period along with the MYTP for the next Control Period.**

## 18. SUMMARY OF PROPOSALS

### **Proposal No. 1 Regarding multi year tariff proposal submitted by Coimbatore Airport .. 6**

1.a. *The Authority has proposed to consider effective date of tariff determination as 01.03.2019.* 6

### **Proposal No. 2 Regarding Traffic Forecast ..... 12**

2.a. *The Authority proposes to consider passenger traffic projections given in Table 6 and ATM traffic projections as given in Table 7.* 12

2.b. *The Authority proposes to true up the passenger and ATM traffic of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.* 12

### **Proposal No. 3 Regarding RAB..... 28**

3.a. *The Authority proposes to use Average RAB as given in Table 24 for calculation of ARR.* 28

3.b. *The Authority proposes to true up Average RAB of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.* 28

### **Proposal No. 4 Regarding FRoR ..... 29**

4.a. *The Authority proposes to consider the FRoR at 14% for Coimbatore Airport for the first Control Period.*.....29

4.b. *The Authority will undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.* 29

### **Proposal No. 5 Regarding Operation and Maintenance expenditure..... 32**

5.a. *The Authority proposes to consider the revised operation and maintenance expenditure for Coimbatore Airport as given in Table 27.* 32

5.b. *The Authority proposes to true up the operation & maintenance expenses based on the actual expenditure during the Control Period.* 32

### **Proposal No. 6 Regarding Non Aeronautical Revenues..... 35**

6.a. *The Authority proposes to consider the Non Aeronautical Revenues as given in Table 30 for determination of aeronautical tariffs for the first control period.* 35

6.b. *The Authority proposes to true-up the Non Aeronautical Revenues of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.* 35

### **Proposal No. 7 Regarding Taxation..... 37**

7.a. *The Authority proposes to consider tax computation as given in Table 32.* 37

7.b. *The Authority proposes to true up tax of the first Control Period based on actuals at the time of determination of tariff for the next Control Period.* 37

### **Proposal No. 8 Regarding quality of service ..... 38**

8.a. *Since the ASQ ratings of Coimbatore Airport have been below the target rating of 4.80, the Authority advises AAI to make all out efforts to improve the Service Quality at Coimbatore Airport. The Authority is of the view that it will examine ASQ ratings while trueing up in the next control period and if by then Coimbatore Airport is unable to achieve the said target, the Authority will consider imposing penalty on Coimbatore Airport as appropriate.* 38

### **Proposal No. 9 Regarding prior period shortfall ..... 39**

9.a. The Authority proposes to consider prior period shortfall as given in Table 35 for truing up in the current Control Period. 39

**Proposal No. 10 Regarding ARR..... 41**

10.a. The Authority proposes to consider the ARR as provided in Table 38 for determination of aeronautical tariffs for the first Control Period. 41

10.b. The Authority proposes to true up all the building blocks of ARR of the first Control Period based on actuals at the time of determination of tariff for the next Control Period. 41

**Proposal No. 11 Regarding Aeronautical Revenues..... 46**

11.a. The Authority proposes to consider UDF at ₹350 per domestic embarking passenger and at ₹450 per international embarking passenger. 46

11.b. The Authority proposes to consider Aeronautical Revenues as given in Table 48. 46

11.c. The Authority proposes to true up the Aeronautical Revenues of the first Control Period based on actual Aeronautical Revenues earned at the time of determination of tariff for the next Control Period. 46

**Proposal No. 12 Regarding Annual Tariff Proposal..... 53**

12.a. The Authority has proposed to consider 01.03.2019 as the date of implementation of the proposed tariff rates. ....53

12.b. The Authority proposes to accept landing and parking charges as submitted by Coimbatore Airport. 53

12.c. The Authority proposes to consider Fuel Throughput rate of ₹164.54 per KL as submitted initially by Coimbatore Airport for the purposes of computing shortfall/ surplus during the first control period. Further, the revised submission of AAI for ₹500 per KL of Fuel Throughput Charges would be finalized after Stakeholders' Consultation. 53

12.d. The Authority proposes to consider UDF at ₹350 and ₹450 for domestic and international embarking passengers respectively. 53

**Proposal No. 13 Regarding Annual Compliance..... 54**

13.a. Coimbatore Airport shall submit the Annual Compliance Statements as per the Guidelines for all the tariff years from FY 2018-19 to FY 2022-23 of the first control period along with the MYTP for the next Control Period. ....54



## 19. **STAKEHOLDERS' CONSULTATION TIMELINE**

- 19.1. The Aggregate Revenue Requirement determined by the Authority is being put up for Stakeholder Consultation along with the ATP submitted by Coimbatore Airport.
- 19.2. In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals mentioned in the Section – Summary of proposals (Para 18 above) read with the relevant discussion in the other sections of the paper is hereby put forth for Stakeholders' Consultation. To assist the Stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as Annexures. For removal of Doubts, it is clarified that the contents of this consultation paper may not be construed as any order or Direction of this Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the Stakeholder's in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 19.3. The Authority welcomes written evidence- based feedback, comments and suggestions from Stakeholder's on the proposal made in (Para 18 above), latest by **01.02.2019** at the following address.

### **Secretary**

**Airports Economic Regulatory Authority of India**

**AERA Building, Administrative Complex**

**Safdarjung Airport**

**New Delhi -110003**

**Email: [chairperson@aera.gov.in](mailto:chairperson@aera.gov.in)**

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**Tel: 011-24695040,**

**Fax: 011-24695039**

**(S. Machendranathan)**  
**Chairperson**

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No. AAI/CHQ/AERA/MYTP-COIMB/2018/547

09<sup>th</sup> October, 2018

The Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport  
New Delhi-110003

**Sub:- Submission of revised Multi Year Tariff proposal (MYTP) in respect of Coimbatore Airport**

Madam,

Reference is invited to this office letter dated 25/10/2017, letter dated 25/06/2017 received from AERA and letter of this office dated 29/06/2018 on the subject noted above.

Based on the meeting held in the office of Chairman AERA regarding shifting of control period from 2016-2021 to 2018 - 2023, the revised proposal of MYTP of Coimbatore considering the shortfall of FY 2016-17 and FY 2017-18 in control period 2018-2019 to 2022-2023 is enclosed herewith.

- A. As per Hybrid till, Regulatory Asset Base as on 01.04.2016 has been bifurcated into a) Aeronautical Assets b) Non-Aeronautical Assets and c) Common Assets.
- B. The expenses appearing in the Trial Balance for the FY 2016-17 & 2017-18 have been bifurcated into a) Aeronautical Expenses b) Non-Aeronautical expenses and c) Common Expenses.
- C. The effective date of new Tariff has been considered as 01.12.2018.
- D. The Traffic data has been updated up to the F.Y. 2017-18. The ATM growth has been taken 15% & 8% for International & Domestic respectively and for PAX growth has been taken 15% & 9% for International & Domestic respectively for FY 2018-2023 as per data given by Dte of CP&MS.
- E. The space earmarked for non-aero activities is 7.79% and 7.29% for FY 2016-17 and 2017-18 respectively.

- F. The data for expenses, income and assets have been trued up for the FY 2016-17 and 2017-18.
- G. The calculation of Depreciation has been done as per AAI's depreciation rate upto FY 2015-16 and depreciation on Regulatory Assets base and addition to fixed assets FY 2016-17 and FY 2017-18 have been calculated as per Companies Act 2013 . From FY 2018-19 onwards depreciation has been worked out as per rates prescribed by AERA. Half yearly rate of depreciation has been calculated for additions in Assets in form 10 (a) for 1st year of capitalization.
- H. The Income tax calculation has been worked out on the basis of rates of depreciation as per Income Tax Act.
- I. An increase of 37.16% has been proposed for wage revision for non-executive staff (48% of total strength) in FY 2018-19 and 5 % increase on Year on year basis from FY 2019-20 in respect of staff cost (Executive/non- Executive) as considered by AERA in Tariff Order of Ahmedabad.
- J. Provisions for retirement benefit made at CHQ has been allocated for FY 2016-17 & FY 2017-18 on the basis of actuals allocations done in FY 2015-16 with 5% increase on year on year basis.
- K. Apportionment of CHQ/RHQ overheads has been allocated for FY 2016-17 & FY 2017-18 on the basis of actuals allocations done in FY 2015-16 with 5% increase on year on year basis. Further 95% of CHQ/RHQ overhead expenses have been considered as Aeronautical activities. (5% considered for Non-Aeronautical activities).
- L. The capex amounting to Rs 316 crs have been taken in MYTP, the details of major capex are as under
- a) Construction of New Domestic Departure Terminal Building –Rs 180 cr PDC in FY 2020-21
  - b) Construction of staff quarters- Rs 40 cr PDC in FY 2019-20.
  - c) Construction of additional parking 05 nos category 'C' type aircraft-Rs 37 crs PDC in FY 2019-20
  - d) Extension of Apron for additional 3nos ATR bays for Rs 11 crs PDC in FY 2019-20
  - e) Face Lift work for Terminal Building – Rs 7.69crs PDC in FY 2018-19
  - f) ACFT (01)- Rs 4.03 crs
  - g) Construction of fixed figure for PBB –Rs 3.55 cr PDC in FY 2018-19
  - h) Sewage treatment plant-Rs 3.32 crs PDC in 2018-19
  - i) Providing Apron Drive Glass Walled PBB-Rs 3.08 crs
  - j) SITC of Biometric Access control system -Rs 2.63 cr
  - k) Covering of Nallah on sides of runway- Rs 2.66 crs PDC in 2018-19



- l) Provision of Way Finding Signages –Rs 1.21 crs
  - m) Provision of Perimeter Lights –Rs 1.06 crs
  - n) Supply of Grass Cut Cum Collect machine-Rs 0.77 crs
  - o) Grading of Operational area wall to wall- Rs 0.50 crs
  - p) Replacement of Colling Towers-Rs0.50crs
  - q) Supply of 03 no Explosive Trace Detector(ETD)-Rs.40 crs
  - r) Supply of Mobile Command Post-Rs 0.44 crs
  - s) Procurement of 01 no Ambulance-Rs 0.43 crs
- M. As per MYTP, the present value of Aggregate Revenue Requirement (ARR) for the control period on Hybrid Till basis (FY 2018-2023) has been worked out to Rs.430.08 crores which includes shortfall of Rs 62.92 crs (compounded @ 14%)for the FY 2016-17 & FY 2017-18 leaving balance of Rs 1.17 crs as on 31.03.2023 which shall be recovered in next control period.
- N. An additional increase of 10% is proposed in electricity, R&M and non-aeronautical revenue in FY 2022-23 due to start of operational of Terminal (T3).

**The following revenue streams are available to recover the ARR:**

1. Landing charges
2. Parking Charges
3. Fuel Throughput Charges
4. UDF

**The following charges have been proposed:**

1. **Landing Charges**- It is proposed to increase average domestic landing charges by 31% and international landing by 26% from the existing charges w.e.f. 01.12.2018 till 31.03.2019. An increase of 4% thereafter on year on year basis from 2019-20 onwards is proposed.
2. **Parking Charges** - Parking charges is proposed to increase by 114% from the existing charges w.e.f. 01.12.2018 till 31.03.2019. An increase of 4% thereafter on year on year basis from 2019-20 onwards is proposed.
3. **Fuel Throughput Charges** – 15% increase is proposed for FY 2018-19 year w.e.f. 01.12.2018. No increase is proposed for the subsequent Years
4. PSF(Facilitation) charges of Rs 77/- charged presently for both Domestic and International passenger is withdrawn.
5. **UDF** –  
It is proposed to levy UDF of Rs 625 per pax for domestic passenger and Rs 725 per pax for international passenger from 01/12/2018 to 31/03/2023.  
(No increase in UDF is proposed for the subsequent Years.)

The up-dated MYTP along with the Annual Tariff Proposals is enclosed for your consideration and approval.

Thanking you,

Yours faithfully,



**( G.Ravichandran )**  
**Executive Director(IA,JVC& Tariff)**

**Encl:- a.a.**

**Annexure- I****AIRPORTS AUTHORITY OF INDIA****COIMBATORE AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES****FOR F.Y. 2018-19**EFFECTIVE FROM 1<sup>st</sup> DECEMBER 2018 TO 31 MARCH 2019**(I) LANDING CHARGES**

<b>Landing Charges - International flights</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Upto 25 MT	300 Per MT
Above 25 MT up to 50 MT	7500+350 per MT in excess of 25 MT
Above 50 MT up to 100	16250+400 per MT in excess of 50 MT
Above 100 MT to 200 MT	36250+460 per MT in excess of 100 MT
Above 200 MT	82250+520 per MT in excess of 200 MT

<b>Landing Charges – Domestic Flights</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Upto 25 MT	160 Per MT
Above 25 MT up to 50 MT	4000+280 per MT in excess of 25 MT
Above 50 MT up to 100	11000+320 per MT in excess of 50 MT
Above 100 MT to 200 MT	27000+390 per MT in excess of 100 MT
Above 200 MT	66000+440 per MT in excess of 200 MT



1. No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types C) DGCA approved Flying school/flying training institute aircrafts.
2. All domestic legs of International routes flown by Indian Operators will be treated as Domestic flights as far as landing charges is concerned, irrespective of flight number Assigned to such flights.
3. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
4. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

## II) PARKING CHARGES

	Proposed Rates (In INR)	
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)
Upto 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+4.00 per Hour per MT in excess of 25 MT	150.00+8.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	175.00+8.00 per MT per Hour in excess of 50 MT	350.00+16.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	575.00+10.00 per MT per Hours in excess of 100 MT	1150.00+20.00 per MT per Hours in excess of 100 MT
Above 200 MT	1575.00+11.00 per MT per Hours in excess of 200 MT	3150.00+22.00 per MT per Hours in excess of 200 MT

### Note:

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.

5. At the in-contact stands and open stands, after free parking, the parking charges shall be levied as per table given above.
6. It is proposed to waive off the night parking charges (between 2200 hrs. to 0600 hrs) in principle for all domestic scheduled operators at Coimbatore Airport if the State Government brings down the rate of tax (VAT) on ATF  $\leq 5\%$ . The above waiver of night parking (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of  $\leq 5\%$  VAT on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
7. Flight operating under Regional Connectivity Scheme will be governed by AIC issued on this subject by DGCA.

### III) THROUGHPUT CHARGES

<b>Proposed Rate Per KL (IN INR)</b>
<b>Rs. 164.54</b>

### IV) UDF

Per departing passenger	UDF		
	PSF Existing Rates	UDF Existing Rates	Proposed Rates (01.12.2018 to To 31.03.2023)
Domestic passenger	77/-	NIL	625/-
International passenger	77/-	NIL	725/-

**PSF(F) is proposed to be withdrawn.**

### Notes:-

- a) Collection charges: if the payment is made within 15 days of receipt of bills, then collection charges at Rs5 per departing pax is payable by AAI to Airline operators. No collection charges shall be payable if the operator fails to pay the PSF/UDF to AAI within the credit period and incase of part payment. Airlines to make full payment of PSF/UDF collection to AAI and raise a separate invoice for the collection charges on PSF/UDF to AAI. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of US\$ into INR the rate as on the 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted.

- d) UDF will be applicable on tickets issued on or after 01/12/2018.

### **V) PASSENGER SERVICE FEE (PSF) – SECURITY : Existing Rate will continue.**

- a) **Rs. 130/-** per embarking International/ Domestic passenger.
- b) **US \$ 3.25 (US \$ Three and twenty five cents only)** per passenger in respect of the tickets issued against Dollar Tariff.
- c) **Collection charges:** if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days.
- d) No PSF (Security) will be levied for Transit Passengers.
- e) For conversion of US \$ into INR the rate as on 1<sup>st</sup> day of the month for 1<sup>st</sup> fortnightly billing period and rate as on 16<sup>th</sup> of the month for the 2<sup>nd</sup> fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

### **VI Exemption from levy and collection from UDF/PSF at the Airports**

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/PSF.

- (a) Children (under age of 2 years),
- (b) Holders of Diplomatic Passport,
- (c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- (d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- (e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- (f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- (g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

### **VII) GENERAL CONDITION:**

All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

**AIRPORTS AUTHORITY OF INDIA**

**REVISED CREDIT POLICY**

S. No.	PARTICULARS	POLICY	
		FOR DOMESTIC – SCHEDULE AIRLINES / NON SCHEDULE OPERATOR	FOR FOREIGN SCHEDULE AIRLINES - LANDING IN INDIA OR NSOP OVER FLYING
1	<b>Billing Cycle</b>	Fortnightly (15 days) BASIS i.e. 1 <sup>st</sup> to 15 <sup>th</sup> and 16 <sup>th</sup> to end of month	Weekly basis i.e. period from 1 - 7; 8 – 15; 16 – 22; 23 – end of the month
2	<b>Normal time for raising bills</b>	Within 7 days from the end of the billing cycle	Within 7 days from the end of the billing cycle
3	<b>Credit Period (On submission of Security Deposit)</b>	10 days from the date of invoice	10 days from the date of invoice
4	<b>Security Deposit – Schedule Operator including Foreign airlines</b>	Equal to average <b>Two Months</b> operation in case of Bank Guarantee and <b>1.5 Months</b> in case of cash	Equal to average <b>Two Months</b> operation in case of Bank Guarantee and <b>1.5 Months</b> in case of cash
4.1	<b>Non Schedule Operator</b>	Rs. 6 lakhs per aircraft or average Two Months billing whichever is higher	Rs. 6 lakhs per aircraft or average Two Months billing whichever is higher
4.2	<b>In case Central / State / PSU</b>	RS. 3 Lakhs per aircraft	<b>NOT APPLICABLE</b>
5	<b>Form of Security Deposit</b>	Either Cash or Bank Guarantee OF Schedule Commercial Bank	Either Cash or Bank Guarantee of Schedule Commercial Bank or foreign bank having operations in India
6	<b>Interest on Delayed payment</b>	@9 % per annum if delayed up to 30 days beyond 30 days 18% per annum from due date	@9 % per annum if delayed up to 30 days beyond 30 days 18% per annum from due date
6.1	<b>Interest in case of delayed payment by Central / State Govt. of India and PSU</b>	@6 % per annum if delayed up to 30 days beyond 30 days 12% per annum from due date	<b>NOT APPLICABLE</b>
6.2	<b>May take action on Delayed payment</b>	If dues exceed 75% of Bank Guarantee: i) Encash Bank Guarantee	If dues exceed 75% of Bank Guarantee: i) Encash Bank Guarantee ii)-Put the operation on CASH &



		<p>ii)-Put the operation on CASH &amp; CARRY BASIS</p> <p>iii) Credit facility may be allowed to restart on furnishing Security Deposit by the airline as per policy</p> <p>iv) In case of adjustment of Security in Cash or encashment of BG against dues the same will be used first to clear Interest due</p>	<p>CARRY BASIS</p> <p>iii)-In case over flying - operation may be stopped</p> <p>iv) Credit facility may be allowed to restart on furnishing Security Deposit by the airline as per policy</p> <p>v) In case of adjustment of Security in Cash or encashment of BG against dues the same will be used first to clear Interest due</p>
7	<b>Exemption from Payment of Airport Charges</b>	<p>a) Defense Aircraft, Foreign Military Aircraft on invitation of Govt. of India</p> <p>b) VVIP flights such as aircraft used by a Head of Foreign Nation</p> <p>c) Aircraft used for search and rescue purposes</p> <p>d) Aircraft which have obtained exemption from the Ministry of Civil Aviation (MoCA)</p> <p>e) Operation of air show or aviation related exhibition – one-time airport charges for to &amp; fro shall be payable</p> <p>f) Flying school as per tariff policy</p>	

Note:

- 1) Credit Facility shall be granted to schedule airline against approved schedule and list of aircraft submitted only and in case of NSOP for specific aircraft only. In case change of ownership of aircraft, credit facility shall stand withdrawn from the date of change of ownership. Party is required to inform AAI immediately about the change in ownership of aircraft.
- 2) No interest shall be payable on Security Deposit in cash with AAI.
- 3) Bank Guarantee shall be valid for minimum 1 year from date of issuance of Bank Guarantee with claim period of 3 months after date of expiry of Bank Guarantee.
- 4) Non receipt of bill / Invoice will not be a valid reason for non-payment of AAI dues. Party will be requested to register at BILLER DIRECT link and view the bills / invoice online and AAI will not responsible for non-receipt of bills /invoices.
- 5) In case of schedule airlines having credit facility (Domestic or Foreign) makes an emergency landing / diversion of flight due to any reason at any other AAI airport credit facility in vogue will be applicable.
- 6) Party has to submit the bill wise detail of remittance otherwise AAI shall first adjust the amount received against the interest due, thereafter surplus / remaining amount if any will be adjusted against the old outstanding bill in chronological order. Parties will be advised to use the Biller Direct Facility of AAI.
- 7) The following documents shall be submitted to AAI along with request letter by mail by the airlines for grant of credit facility, if required:
  - i) Certificate of Registration
  - ii) Certificate of air-worthiness issued by DGCA.
  - iii) DGCA approved schedule of operation.
  - iv) Billing address, phone no. and mobile no. e-mail id for dispatch of invoices and name of contact person
  - v) Security Deposit in cash or Bank Guarantee.
  - vi) Copy of PAN No., TAN NO. and GSTN Registration copy
  - vii) Any other document as may be required.