



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

AAI / Tariff / 2023 / 987

Date: 11-August-2023

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

Subject: Submission of Multi Year Tariff proposal (MYTP) for 2nd control period (01.04.2023 to 31.03.2028) and True-up of 1st control period (01.04.2018 to 31.03.2023) in respect of Bhubaneswar Airport.

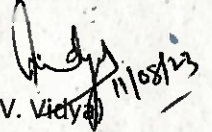
Sir,

Reference is invited to AAI letter No. AAI/CHQ/MYTP-Bhubaneswar/905 dated 17th May 2023 through which AAI had submitted the MYTP to AERA. Subsequently AERA team visited Bhubaneswar Airport in July 2023, and based on the discussions held during the visit, detailed proposal has been prepared by AAI. Also, since the final accounts of AAI have been approved by AAI Board in July 2023, the MYTP has been revised with truing up of FY 22-23 with the approved accounts.

Detailed proposal is submitted herewith to AERA. Also, the Excel workings in specified forms of AERA have been mailed.

Thanks and Regards

Yours sincerely


(V. Vidya) 11/08/23

Executive Director (JVC/Tariff)

1. Background and Introduction to Bhubaneswar International Airport

1.1. Background of Airport Authority of India

- 1.1.1. Airports Authority of India (AAI) was constituted under the Airports Authority of India Act 1994 (“AAI Act”) and came into being on 1st April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India, with a view to accelerate the integrated development, expansion and modernization of the air traffic services, passenger terminals, operational areas, and cargo facilities at the airports in the country. The merger brought into existence a single organization entrusted with the responsibility of creating, upgrading, maintaining, and managing civil aviation infrastructure, both on the ground and air space in the country.

1.2. Overview and History of Bhubaneswar Airport

Bhubaneswar is the Capital city of Odisha. Bhubaneswar’s Airport is the 15th busiest Airport in India in daily scheduled daily flight operations. The airport was accorded international status in October, 2013 after which international operations were commenced at the airport. Odisha’s lone international airport – Biju Patnaik International Airport (BPIA) – has added another feather to its cap. BPIA has bagged the Airport Service Quality (ASQ) 2018 award for being the ‘Best Airport’. Bhubaneswar Airport has been chosen as the best airport under 2 to 5 million passengers’ category for 2018

- 1.2.1. In the financial year ending March 31, 2016, BBI Airport crossed annual passenger throughput of 1.5 million to become a Major Airport, as defined in Section 2(i) of Airports Economic Regulatory Authority of India (AERA, the Authority) Act. Accordingly, starting from financial year 2016-17, tariff determination of aeronautical services at the airport is to be undertaken by the Authority.
- 1.2.2. The Authority had decided the 1st control period for the airport to be the five year period from FY 2018-19 till FY 2022-23. However, considering that the airport came under the definition of a major airport by FY 2016-17, the Authority decided to include FY 2016-17 and FY 2017-18 under its regulatory ambit and accordingly consider the shortfall/surplus of these two financial years towards determination of aeronautical tariff for the 1st control period. The tariff determination process consists of determination of regulatory building blocks for the 1st control period under Hybrid Till.
- 1.2.3. Based on the above, initial MYTP was submitted by Airport Authority of India considering First Control Period beginning 1st April 2018 up to 31st March 2023, and AERA issued order dated 8th March 2019 vide order no.46/2018-19.
- 1.2.4. AERA had carried forward Rs. 106.17 Crores as pre control period on 01/04/2016 to 31.03.2018. The same has been accounted for while true up of 1st control period.

1.3. Methodology / Approach to preparation of MYTP Submission

- 1.3.1. The Authority, vide Order No. 13/ 2010-11 dated 12.01.2011 (referred to as “Airport Order” hereinafter) and Direction No. 5/2010-11 dated 28.02.2011 (referred to as “Airport Guidelines” hereinafter), has issued guidelines to determine tariffs at major airports based on Single Till mechanism. Subsequently, the Authority has amended guidelines vide Order no. 14/2016-17 dated 12.01.2017 to determine future tariffs using Hybrid Till.
- 1.3.2. The tariff determination process consists of true-up of 1st Control Period and determination of building blocks for 2nd Control Period. The Authority proposes to undertake true-up 1st Control Period and the determination of building blocks for 2nd Control Period under Hybrid Till.
- 1.3.3. The Aggregate Revenue Requirement (ARR) under regulatory framework of Authority is calculated as under

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

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

Where,

t is the Tariff Year in the Control Period;

ARR_t is the Aggregate Revenue Requirement for the year t;

FRoR is the fair rate of return for the Control Period;

RAB_t is the Aeronautical Regulatory Asset Base for the year t;

D_t is the Depreciation corresponding to the Aeronautical RAB for year t;

O_t is the Aeronautical Operation and Maintenance Expenditure for year t, which include all expenditures incurred by the Airport Operator(s) towards aeronautical activities including expenditure incurred on statutory operating costs and other mandatory operating costs;

T_t is the Tax for the year t, which includes payments by Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of ARR for year t;

α is 30% cross subsidy factor for revenue from services other than aeronautical services under Hybrid Till for 2nd Control Period. α was 100% cross subsidy factor under Single Till during First Control Period.

NAR_t is the revenue from services other than aeronautical services (Non-Aeronautical Revenues or NAR) for year t.

1.3.4. Based on ARR, Yield per passenger is calculated as formula given below:

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

Where,

Present Value (PV) of ARR_t for a tariff year t is calculated at the beginning of the Control Period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

VE_t is the Traffic Volume in a tariff year t as estimated by the Authority.

ARR_t is the Aggregate Revenue Requirement for tariff year t.

2. True Up for First Control Period (FCP)

- 2.1.1. As per the Decision No.1 of Order No. 46/2018-19, The Authority decided to true-up the 1st Control Period on the basis of hybrid till.
- 2.1.2. The Authority decides to not consider ANS & Cargo operation for the purpose of determination of Aeronautical revenue. Except for monies earned by AAI from AAICLS.
- 2.1.3. The Authority decides to true-up the traffic volume (ATM and Passengers) on the basis of actual traffic in 1st control period while determining the 2nd control period.
- 2.1.4. The Authority decides the allocation of Gross block of Assets as on 1st April 2018 between Aeronautical & Non-aeronautical assets.
- 2.1.5. The authority decides to consider the initial regulatory asset base for the 1st control period as INR 96.45 crores.
- 2.1.6. The authority decides to adopt depreciation rates as per Table 25 for the 1st control period
- 2.1.7. The Authority decides to consider average RAB for the 1st control period in respect of BBI Airport as per Table 29.
- 2.1.8. The authority decides to consider FRoR at 14% for BBI Airport for 1st Control period.
- 2.1.9. The authority decides to consider non-aeronautical revenues for the 1st control period in accordance with Table 35.
- 2.1.10. For period up to FY 2016, BBI Airport not come under the ambit of the authority, therefore the authority determined that the depreciation rates used by AAI according to its internal accounting policies are allowed to be followed in order to compute the net block of opening RAB.
- For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2018-19 onwards.
 - For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation amount as considered by the Authority are given in Table 26 for the 1st Control period.

3. True Up of First Control Period (FCP)

3.1. Overview

The Airports Authority of India submissions MYTP for 1st Control Period (2018-19 to 2022-23) with respect to Bhubaneswar International Airport.

3.2. Traffic

- 3.2.1. As per Decision No. 3a and 3b of Order No. 46/2018-19, the Authority decided:
Decision No. 3a "The Authority decides to consider the ATM and passenger traffic as per Table 07".
Decision No. 3b "The Authority decides to true-up the traffic volume (ATM and passengers) based on actual traffic in 1st control period while determining tariffs for the 2nd control period".

Table 2: Traffic allowed as per First Control Period Order No. 46/2018-19

YEAR	Passenger				ATM			
	Domestic	International	Combined	% Increase	Domestic	International	Combined	% Increase over PY
2018-19	40,30,559	1,23,821	41,54,379	27.80%	25,912	841	26,753	15.54%
2019-20	48,36,670	1,67,158	50,03,828	20.45%	29,799	1,135	30,934	15.63%

2020-21	58,04,004	2,25,663	60,29,668	20.50%	34,268	1,533	35,801	15.73%
2021-22	69,64,805	3,04,645	72,69,451	20.56%	39,409	2,069	41,478	15.86%
2022-23	83,57,766	4,11,271	87,69,038	20.63%	45,320	2,794	48,113	16.00%
TOTAL	2,99,93,804	12,32,558	3,12,26,364		1,74,708	8,372	1,83,079	

Table 3: Actual Traffic for 1st Control Period (FY 2018-19 to FY 2022-23).

YEAR	Passenger				ATM			
	Domestic	International	Combined	% Increase	Domestic	International	Combined	% Increase
2018-19	40,64,411	94,320	41,58,731	27.9%	29702	688	30390	31.2%
2019-20	36,01,359	70,887	36,72,246	-11.7%	27308	623	27931	-8.1%
2020-21	15,65,656	6,277	15,71,933	-57.2%	14174	91	14265	-48.9%
2021-22	21,35,877	16	21,35,893	35.9%	19397	20	19417	36.1%
2022-23	36,24,905	36	36,24,941	69.7%	30714	31	30745	58.3%
TOTAL 1st CP	1,49,92,208	1,71,536	1,51,63,744		1,21,295	1,453	1,22,748	

Table 4: Variance between actual and AERA approved traffic is tabulated below:

YEAR	UoM	Passenger			ATM		
		Domestic	International	Combined	Domestic	International	Combined
2018-19	No's	-33,852	29,501	-4,352	-3,790	153	-3,637
2019-20	No's	12,35,311	96,271	13,31,582	2,491	512	3,003
2020-21	No's	42,38,348	2,19,386	44,57,735	20,094	1,442	21,536
2021-22	No's	48,28,928	3,04,629	51,33,558	20,012	2,049	22,061
2022-23	No's	47,32,861	4,11,235	51,44,097	14,606	2,763	17,368

3.2.1.1. Significant reason for increase/ decreases in Traffic are as follows

- (i) Fall in ATM and Passenger during the FY 2019-20 and FY 2020-21 was due to Pandemic of Covid 19 across the world including India. Further, withdrawal/suspension of international flight from Dec-19.
- (ii) AERA has considered higher growth of passengers of 27% for FY 2019-20 against growth of 15% proposed by AAI.
- (iii) In May- 2019 cyclone pheni cause significant damage to equipment at airport at Bhubaneswar Airport due to which ATM and passenger movement were affected.

3.3. Allocation of Assets

3.3.1. For the allocation of assets, expenditure between Aeronautical and Non-aeronautical services, Airports Authority of India had divided assets into aeronautical, non-aeronautical and common components. Common components have further been segregated into aeronautical and non-aeronautical assets by applying one of the following three ratios:

3.3.2. **Terminal Area Ratio-** Ratio of Aeronautical area to non-aeronautical area (For terminal related assets).

Table 5: Terminal Building Ratio as approved by AERA for 1st Control period (Table 10 of Order No. 46/2018-19)

Particulars	Ratio
Terminal Building Ratio (AERO)	92.47 %
Terminal Building Ratio (NON-AERO)	07.53%

Table 6: True Up of Terminal Building Ratio for 1st Control Period

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Space Rented	2683.15	2704.58	1425.10	1590.79	1590.79
Capacity	31737	31737	31737	31737	31737
Non-Aero %	8.45%	8.52%	4.49%	5.01%	4.99%
Aero %	91.55%	91.48%	95.51%	94.99%	95.01%

3.3.2.1 AERA has approved the projection of TB ratio for 1st control period 92.47% whereas in Table 6 TB ratio are calculated on the basis of actual usage.

3.3.3. **Quarters Ratio-** Ratio of staff providing commercial service staying in residential building to staff providing aeronautical service staying in residential building.

Table 7: True Up of Quarters Ratio for 1st Control Period

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Total No. of Quarters	90	86	87	84	71
No. of Quarters ANS	20	22	23	23	17
No. of Quarters Non-Aero	1	1	1	1	2
ANS Usage Ratio	22%	26%	26%	27%	24%
Aero Usage Ratio	77%	73%	72%	71%	73%
Non-Aero Usage Ratio	1%	1%	1%	1%	3%

3.3.4. **Employee Ratio-** Ratio of staff providing commercial assets to staff providing aeronautical services.

Table 8 - Employee Ratio as approved by AERA for 1st Control period (Clause 6.14 of Order No. 46/2018-19)

Particulars	Ratio
Employee Ratio (AERO)	93.33%

Table 9: True Up of Employee Ratio for 1st Control Period

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
No. of Resources					
ANS	66	67	67	71	65
Aero	122	128	117	109	99
Non-Aero	2	3	3	3	3
Total					
Employee Ratio for AAI Bhubaneswar					
ANS	34.74	33.84	35.83	38.80	38.92
Aero	64.21	64.65	62.57	59.56	59.28

Non-Aero	1.05	1.52	1.60	1.64	1.80
Employee ratio for (AERO: Non-Aero)					
Aero	98.39	97.71	97.50	97.32	97.06
Non-Aero	1.61	2.29	2.50	2.68	2.94

3.3.2.1 AERA has approved the projection of employee ratio for 1st control period 93.33% whereas for True up employee Ratio are calculated on the basis of actual.

3.4. Regulatory Asset Base (RAB)

3.4.1. Airport Authority of India submits Gross Block of Asset, Accumulated Depreciation, Additions, Deletions and closing RAB.

Table 10: Projected RAB and Depreciation for 1st Control Period is as follows as per Order no. 46/2018-19 (Table 29) is as follows:

	Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
A	Opening Aeronautical RAB	100.30	158.00	178.90	299.80	277.50	1014.5
B	Aeronautical assets capitalized during the year	71.5	36.9	140.60	0	786.30	1035.3
C	Disposals/ Transfers	0	0	0	0	0	0
D	Depreciation	13.80	16.0	19.70	22.30	41.70	113.5
E	Closing Aeronautical RAB (A+B-C-D)	158.00	178.90	299.80	277.50	1022.10	1936.3
	Average RAB (A+E)/2	129.10	168.40	239.30	288.60	649.80	1475.2

Table 11: True Up of RAB and Depreciation for 1st Control Period is as follows:

	Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
A	Opening Aeronautical RAB	100.32	117.96	114.72	125.63	130.15	588.79
B	Aeronautical assets capitalized during the year	29.95	9.53	24.86	19.63	100.47	184.44
C	Disposals/ Transfers	0	0	0	0	0	0
D	Depreciation	12.31	12.77	13.95	15.10	15.00	69.13
E	Closing Aeronautical RAB (A+B-C-D)	117.96	114.72	125.63	130.15	215.63	704.09
	Average RAB (A+E)/2	109.14	116.34	120.17	127.89	172.89	646.44

Significant reason for increase/ decreases

During the 1st control period, the total Capex (Actual) amounting to Rs 184.44 Crores against the projected capex of 1035 crores for the FY 2018-19 to 2022-23 including financing allowance. The major reason is due to decision of Govt. of India for Monetisation of Bhubaneswar Airport, due to which the major capex relating of construction of new Terminal Building was not taken up. Later on MoCA vide letter dated 15.12.2021 has directed to go ahead with the major capex works. This has resulted in delay of major capital expenditure of construction of new terminal building. Further the tender of resurfacing

of runway was cancelled two times because of technical reason and now work has been awarded on 21.05.2023.

Actual Capital expenditure of Bhubaneswar airport for 1st Control Period are given below: -

Table-12

Actual Capex for 1st control period above Rs. 50 Lacs			
S.N	Description of Assets	Amount (in Lakh)	Date of Completion
1	Rotunda Bldg & Fixed finger	226	15.11.2020
2	Extension of Box culvert up to runway strip	349	31.03.2021
3	Security Gate Near ATC Build, ACP Sheets	99	31.12.2018
4	Extension of GSE area	153	12.11.2020
5	Canopy civil work	288	17.11.2020
6	Improvement of Terminal building T1	133	28.02.2021
7	Vertical extension of CISF Barrack	217	30.04.2020
8	C/O Ops Boundary wall with pre-cast RCC Panels BBS	72	17.10.2020
9	Cute & Cuss, Scanner, Keyboard	125	06.09.2018
10	TCV	869	14.12.2018
11	RC CCTV	296	22.02.2021
12	Supply of PBB'S & AVDGS	264	11.11.2021
13	Supply of PBB'S & AVDGS	264	11.01.2022
14	Supply Of 160 Airport Terminal Chairs	106	05.10.2020
15	Relaying/ Re-routing of GLF	136	18.10.2019
16	LED SIGNAGES FOR TERMINAL BUILDING@BBSR	82	16.01.2020
17	PASSENGER BOARDING BRIDGES (PBB'S)@BBSR(Qty-2)	103	22.03.2020
18	SITC of FIDS System at BPI Airport, Bhubaneswar	231	30.06.2020
19	INLINE XBIS	1312	07.01.2022
20	CFT	568	25.03.2019
21	Construction of Parallel taxi Track, Rapid Exit Taxi Way and Apron for parking of 08 nos. Code C aircraft at Bhubaneswar	7200	30.06.2022
22	EXPANSION OF SUBSTATION BLDG B	285	18.08.2022
23	CPWD Quarters	102	31.01.2023
24	Office - BCAS	60	07.04.2022
	Total Capex above Rs 50 Lacs	13540	

CPWD Quarters: - During the 1st Control period. AAI has acquired CPWD Quarters constructed on AAI Land. In this regard, a meeting was taken by Secretary Civil Aviation with Chairman AAI along with Additional DG CPWD and it was decided that AAI will pay residual value of quarters CPWD. Accordingly, in respect of CPWD quarters at Bhubaneswar, AAI has paid an amount of Rs. 102 Lacs for acquiring of quarters at Bhubaneswar Airport.

Comparison of Planned and Unplanned capital expenditure

Table 13: Approved Capital expenditure by Authority as per Order No. 46/2018-19 (Table 18) is as follows:

SN	Particulars (₹ crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1	Building Terminal	0.5	0.0	51.02	0.0	460.98	512.50
2	Runways/Apron/Taxiway	0.0	0.0	62.15		77.09	139.23
3	Road, Bridges & Culverts	5.43					5.43
4	Building-Other	31.99					31.99
5	Building – Residential						
6	Other Furniture	0.10					0.10
7	Electrical Installations-Solar		31.14				31.14
8	Electrical Installations-Non Solar	5.62	1.77	27.47		248.22	283.08
8	Plant & Machinery	25.72					25.72
9	Tools & Equipment	.14					.14
10	Other Office Equipment	.14					.14
11	CFT/Fire Fighting		4.03				4.03
12	Furniture & Fixtures-Trolley	0.61					0.61
13	Vehicle	1.21					1.21
	Total	71.47	36.94	140.64		786.29	1035.33

Table 14: True Up of Planned Capital Expenditure is as follows:

SN	Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1	Tools & Equipment	0.25	0.16	0.00	5.28		5.69
2	Office Furniture	0.00	0.00	0.48	0.01		0.49
3	Other Vehicles	0.00	0.14	0.33	0.00	.30	0.77
4	Vehicle- Cars & Jeeps	0.00	0.00	0.00	0.00		0.00
5	Electrical Installations	2.11	2.36	0.48	0.00	9.48	14.44
6	Solar power -Electrical Inst.	0.00	0.00	0.00	0.00		0.00
7	Other Office equipment's	0.00	0.00	0.00	0.00		0.00
8	Furniture & Fixtures-Other Than Trolley	0.00	0.00	0.00	0.00		0.00
9	Furniture & Fixtures-Trolley	0.00	0.00	0.00	0.00		0.00
10	X Ray Baggage System	0.00	1.98	0.00	13.13		15.10
11	CFT/Fire Fighting Equipment	4.03	0.00	0.00	0.00		4.03
12	Runway					68.80	68.80
13	Other Building					2.85	2.85
14	Plant & Equipment					.18	.18
	Total	6.39	4.64	1.29	18.42	81.61	112.35

Table 15: True up of unplanned capital Expenditure is as follows:

	Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1	Runways	5.62	0.00	0.00	0.00	15.03	20.65
2	Taxiway	0.00	0.00	0.00	0.00		0
3	Aprons	0.00	0.00	0.00	0.00		0
4	Road, Bridges & Culverts	0.00	0.00	4.11	0.00	0.27	4.38
5	Building- Terminal	1.32	0.00	8.81	0.00	0.80	0
6	Building - Temporary	0.00	0.00	0.00	0.00		10.93
7	Building - Residential	0.19	0.00	2.17	0.00	0.75	0
8	Security Fencing - Temporary	0.00	0.00	0.00	0.00		0
9	Boundary Wall -Operational	0.00	0.72	0.00	0.00		3.11
10	Computer & Peripherals: END USER DVICES	0.00	0.06	0.02	0.00		0
11	Intangible Assets- Software	0.05	0.00	0.01	0.00		0
12	Computer & Peripherals: NETWORK & SERVER	0.00	0.08	0.00	0.00	0.07	0.72
13	Plant & Machinery	1.48	0.66	0.00	0.22	1.25	0.08
14	Tools & equipment	10.29	1.47	3.65	0.27	0.06	0.06
15	Office Furniture	1.23	0.19	1.52	0.03		0.15
16	Other Vehicles	0.00	0.37	0.07	0.00		0
17	Vehicle- Cars & Jeeps	0.00	0.00	0.00	0.00		3.61
18	Electrical Installations	0.99	1.13	3.09	0.01	0.47	15.74
19	Solar power -Electrical Inst.	0.00	0.00	0.00	0.00		2.97
20	Other Office equipment	0.18	0.20	0.13	0.00	0.01	0.44
21	Furniture & Fixtures-OTHER THAN TROLLY	0.02	0.00	0.00	0.00		0
22	Furniture & Fixtures-TROLLY	0.55	0.00	0.00	0.00		5.69
23	X Ray Baggage System	0.00	0.00	0.00	0.68	0.14	0
24	CFT/Fire Fighting equipment	1.65	0.00	0.00	0.00		0
	Total	23.57	4.88	23.58	1.21	18.85	72.09

Due to passenger facilitation and operational requirements the above mentioned unplanned capital expenditure was carried out in the 1st control period (FY 2018-19 to FY 2022-23).

The details of works not taken up of main project during 1st control period along with the present status of the main projects is as follows: -

Table 16

S.No.	Project Name	Amount (In Lacs)	PDC	Remarks
1	Construction of Parallel taxi Track, Rapid Exit Taxi Way and Apron for parking of 08 nos. Code C aircraft at Bhubaneswar Package: Phase-II	6550	June,2024	The tender was cancelled two times because of technical reason and now has been awarded
2	C/o Link Building b/w Terminal T1 & T2 for integrated Operations using passenger boarding bridge facility and expansion/renovation work of Terminal T2 at Bhubaneswar	8720	Oct,2023	After accident, there was delay in getting clearance from State Govt and BCAS. Current progress 90%
3	Construction of New Domestic Terminal (T3) Building at Biju Patalki International Airport, Bhubaneswar. (Revised Capex of 1200 Crores for construction of new Terminal Building is projected in 2 nd control period)	70920	Oct,2027	1. This is with an area of 64650 sqm and a 2 ½ level building with modern facilities. Date of award of PMC 15/02/2019. The Public hearing is not required as per notification MoEF & CC dated 14.07.2022 and environment clearance from Pollution Control Board, Odisha is awaited. The DPR submitted by PMC was approved by AAI Board and submitted to MoCA for PIB approval 1 st time in Dec'19 and again with updated IRR in Dec'2020. The project was put on hold due to initiation of monetisation process of Bhubaneswar Airport. AAI has sent a proposal Dt.05/11/2021 to continue with the Capex works for Upgradation and capacity Expansion at 25 Airports under NMP (i/c Bhubaneswar) which was endorsed by MoCA vide letter Dt.15/12/2021.
4	Provision of 4.0 MWp (DC) ground mounted solar power plant at BPI Airpor1, Bhubaneswar 1.3	4124	April,2023	1.A ground based 4MW solar power system. The work has been completed and commissioned on 09/12/2022 and under observation of Solar Generation. The system will be operational shortly after PR testing. (Physical progress 98%)
	Total	90314		

3.5. Fair Rate of Return (FRoR)

3.5.1. The Airports Authority of India has considered the FRoR at 14% in line with the decision by AERA taken for Chennai, Kolkata, Bhubaneswar & Lucknow airports for the First Control Period.

Table 17: Summary of FRoR on Regulatory Asset Base is as follows

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average Regulatory Asset Base (RAB)	109.14	116.34	120.17	127.89	172.89	646.44
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	15.28	16.29	16.82	17.90	24.20	90.50

3.6. Depreciation

3.6.1. Table 18: Depreciation rates adopted by AAI

Asset Class Name	Classification	Dep as per Order 35 (1.4.2018 onwards)
Runways, Taxiways, Apron	R/W, T/W, Apron	3.33%
Building Freehold	Residential Building	3.33%
Building Freehold	Terminal Building/Other Building	3.33%
Building Freehold	Road	10.00%
Building Freehold	Temporary Building	3.33%
Boundary- Freehold	B/w Residential	10.00%
Boundary- Freehold	B/w Operation	10.00%
Boundary- Freehold	Temporary B/W(Fencing)	10.00%
Plant & Equipment-Fr	Plant & Equipment	6.67%
Plant & Equipment-Fr	Tools & Equipment	6.67%
Plant & Equipment-Le	Xray Baggage	6.67%
Furniture & Fixtures	Office Furniture	14.29%
Furniture & Fixtures	Office Furniture-Trolley	33.33%
Vehicles-Fire	CFT & Fire Fighting Equip.	6.67%
Vehicles-Freehold	Car/Jeep etc	12.50%
Office Appliances-Fr	Office Appliances	20.00%
Office Appliances-Fr	Computer	33.33%
Computer Software-Fr	Software	20.00%
Plant & Equipment-Fr	Elect Installation	10.00%

3.6.2. Based on the above rates of Depreciation, The Airports Authority of India submits Depreciation on assets purchased during FY 2018-19 to FY 2022-23 for the 1st Control Period (FY 2018-19 to FY 2022-23).

Table 19: Projected Depreciation for 1st Control Period as per Order No. 46/2018-19 (table 26) is as follows:

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total 1st CP
Depreciation for 1 st Control Period	13.85	16.03	19.73	22.26	41.67	113.54

Table 20: True Up of Depreciation during FY 18-19 to FY 22-23 is as follows:

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Depreciation for 2 nd Control Period	12.31	12.77	13.95	15.10	15.00	69.13

Significant reason for variations in Depreciation are as follow:

- AAI has incurred less capital expenditure for 1st control period due to various constraints (i.e decision of Govt. monetisation process of Bhubaneswar Airport resulting delay in the decision of construction of link building, resurfacing of runway, cancellation of tender two times etc.), against the approved Capital expenditure.

3.7. Operating Expenses

3.7.1. Airport Authority of India submits Operating Expenditure for the 1st Control Period as follows:

Table 21: Projected Operating Expenditure for 1st Control Period as per Order No. 46/2018-19 is as follows:

Particulars (Rs. In Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Pay roll Expenditure of BBI-Non CHQ	17.80	19.07	20.41	21.83	23.36	102.47
Expenditure for BBI employees' retirement benefits allocated at CHQ	3.15	3.37	3.60	3.86	4.13	18.11
Total Pay roll Expenditure (1+2-3)	20.95	22.44	23.25	24.41	25.63	120.58
Administrative and General Expenditure-Non CHQ	4.47	4.76	5.08	5.43	5.82	25.56
Apportionment of administrative & General expenditure of CHQ/RHQ	28.26	29.68	31.16	32.72	34.35	156.17
Total Administrative & General Expenditure (4+5)	32.73	34.44	36.24	38.19	40.21	181.9
Repair and Maintenance Expenditure (6)	9.36	10.29	11.32	12.45	13.70	57.12
Utility and Outsourcing Expenditure (7)	2.01	2.10	2.19	2.29	2.40	10.99
Other Outflows	.36	0.41	0.48	0.55	0.64	2.44
Total (A+B+C+D+E+F)	65.41	69.68	74.24	79.13	84.40	373.03

Table 22: True Up of Operating Expenses for 1st Control Period is as follows:

Particulars (Rs. In Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Payroll Expenditure of BBI (1)	17.54	18.98	18.98	17.99	19.38	92.88
Expenditure for BBI Employees' retirement benefit allocated at CHQ (2)	6.30	3.74	0.48	0.20	-1.05	9.68
Less: Pay & Allowances of ANS Unit, Non-Aero, redeployment (DIAL/ MIAL) (3)	2.25	1.82	1.80	1.62	1.66	9.14
Total Payroll Expenditure (1+2-3) (A)	21.59	20.91	17.66	16.58	16.68	93.41
Administrative & General Expenditure (4)	5.62	10.09	8.52	7.95	8.89	41.06
Apportionment of General Expenditure of CHQ/ RHQ (5)	39.62	52.84	35.85	37.65	39.53	205.49
Total Admin & General Expenditure (4+5) (B)	45.24	62.93	44.37	45.60	48.41	246.55
Repair & Maintenance Expenditure (C)	9.47	10.39	10.49	9.33	9.97	49.66
Utility & Outsourcing Expenditure (6+7) (D)	4.70	4.85	3.24	3.59	5.70	22.08
Other Outflows (E)	0.31	0.66	0.21	0.36	0.68	2.23
Total (A+B+C+D+E)	81.32	99.73	75.98	75.46	81.44	413.93

Significant reason for increase/ decreases in operating expenditure in 1st control period.**1) Payroll**

In the first control period, Payroll expenditure was incurred less than the approved Payroll expenditure, by 27.7 (crs) (120.58 crs-92.88 crs) due to not taking up of the work of construction of new Terminal Building for which cost for additional manpower was projected in FY 2022-23.

2) CHQ / RHQ expenses

CHQ/RHQ expenses increases by 49.32 (crs), increase in expenses is on account of truing up of expenses based on actuals from FY 2028-19 to FY 2020-21 and for the FY 2021-22 to FY 2022-23 CHQ / RHQ expenses are projected on the based on FY 2020-21 year on year basis whereas in AERA order only 2018-19 was actuals and rest of the years projections.

3) Administrative & General Expenditure

1. AAI has awarded new MESS contract to Aroon aviation started from June-2017 for Rs.3.85 crs for three years. AAI has awarded New MESS Contract for three years to Aroon Aviation for total amount Rs.7 crs for the period of three years stated from January 2022.

2. New facility introduced to provide services of Airport Terminal ass1st ant in T1 & T2 Building and work is awarded for the period of 24 months for Rs. 68.60 lakhs in the month of MAY-2018. Further, In Mar-2020, new contract awarded for Management of May I Help You Counter services for Rs.1.36 crs for the period of 3 years.

3. Municipal Taxes Paid Rs. 338 (Lacs) in FY 2020-21 for period 2005-06 to 2019-20). Out of the total amount paid AAI has claimed Rs.193.5 (Lacs) in respect of municipal taxes from the period FY 2016-17 to FY 2020-21 in true of 1st control period.

4) Repair & Maintenance Expenditure

- a) For Repair & Maintenance expenditure include special repairs works which was undertaken due to operational requirement as under: -
- (i) For the FY 2019-20, exps of Rs. 25.12 lacs for rubber removal machine.
 - (ii) Spare parts for CFT in 2021- 22 incurred Rs.56 Lacs.
 - (iii) In the FY 2019-20 Special repair to operational boundary wall work awarded for Rs. 42.16 (Lacs) excluding GST.
 - (iv) In the FY 2020-21 Special repair to residential colony work awarded for Rs. 86.93 (Lacs) excluding GST.
- b) Annual Maintenance Contract awarded in FY 2018-19 for E&M installation for operational area for Rs.2.82 Crores for 2 years.
- c) Annual Maintenance Contract awarded in FY 2018-19 for E&M for T1 installation for Rs.2.87 Crores for 2 years.
- d) Service Maintenance Contract awarded for Rs.1.31 Crores for 2 years.
- e) Annual Maintenance Contract for civil works (Residential Colony and APD office) for the FY 2018-19 to FY 2019-20 total amount paid Rs.2.75 Crores. Further, for the FY 2020-21 to FY 2021-22 an amount of Rs.82.90 lacs paid.

3.8. Taxation

- 3.8.1. The Airports Authority of India submits tax amount for the 2nd Control Period as part of MYTP submission after considering asset depreciation as applicable under Income Tax laws and tax rate considered are as follows:

Table 23: Applicable tax rates as per Income Tax Act, 1961

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Tax rates adopted for 2 nd Control Period	34.94%	25.17%	25.17%	25.17%	25.17%

- 3.8.2. Based on the above consideration, the Airports Authority of India submits tax expenditure for 1st Control Period as follows:

Table 24: Calculation of Corporate tax as per Income Tax Act, 1961

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
AERO REV	48.88	103.24	51.77	63.69	108.40	375.98
OPEX	81.32	99.73	75.98	75.46	81.44	413.93
DEP. As WDV AS PER INCOME TAX	12.16	13.35	13.71	14.89	19.68	73.79
Interest on working capital	0.93	0.00	0.00	0.31	0.00	1.25
Interest on term loan	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXP.	94.41	113.08	89.69	90.67	101.11	488.98
PBT	-45.54	-9.84	-37.92	-26.98	7.28	-113.00

set-off of prior period tax losses	0.00	0.00	0.00	0.00	-7.28	-7.28
PBT after set-off of prior period tax losses	-45.54	-9.84	-37.92	-26.98	0.00	-120.28
Tax(FY1819-34.944%)& w.e.f.(FY1920-25.17%)	0.00	0.00	0.00	0.00	0.00	0.00

3.9. Non-Aeronautical revenue (NAR)

3.9.1. Airport Authority of India submits non-Aeronautical revenue as follows:

Table 25: Non-Aeronautical revenue as per Authority for 1st Control Period as per Order No. 46/2018-19

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Non-Aeronautical revenue	36.62	39.95	43.45	47.33	52.01	219.36

Table 26: True Up of Non-Aeronautical revenue for 1st Control Period

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
RESTAURANT / SNACK BARS	7.08	14.42	0.45	2.30	4.27	28.52
T.R. STALL	5.74	8.69	2.93	1.95	3.50	22.81
HOARDING & DISPLAY	6.47	6.59	2.64	2.91	8.36	26.97
LAND LEASES	4.27	4.79	4.44	5.05	6.42	24.97
BUILDING (RESIDENTIAL)	0.04	0.03	0.05	0.06	0.03	0.22
BUILDING (NON-RESIDENTIAL)	1.53	1.56	1.38	1.29	0.99	6.74
CAR RENTALS	1.61	2.19	0.37	0.35	1.03	5.55
CAR PARKING	2.61	0.67	0.37	0.50	1.15	5.29
ADMISSION TICKETS	0.87	0.27	0.04	0.04	0.06	1.29
OTHER INCOME/ SALE OF SCRAP ETC	1.94	1.88	2.92	2.49	5.36	14.58
Total	32.15	41.09	15.58	16.94	31.17	136.94

Significant reason for decreases in Non-Aeronautical

The reason for decrease in non-aero income due to the effect of the pandemic covid-19 from FY 2020-21 to FY 2022-23. Due to covid-19 various commercial contracts were closed. Further, AAI had given Concessionaire Support Scheme at PAN India level to support Concessioners at Airport because of huge financial loss suffered by Concessioners due to Covid 19. This was the major reason for decline non-aeronautical revenue from the FY 2020-21 to 2022-23. Further, Bhubaneswar Airport has not yet reached pre covid level.

3.10. Aeronautical revenue

3.10.1. Airport Authority of India submits Aeronautical revenue as follows:

Table 27: Aeronautical revenue as per Authority for 1st Control Period as per Order No. 46/2018-19

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Aeronautical revenue	45.5	143.60	172.80	208	250	819.90

Table 28: True Up of Aeronautical revenue for 1st Control Period.

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Landing (Dom)	21.16	24.23	15.22	18.80	29.42	108.85
Landing (int)	0.98	0.73	0.18	0.02	0.01	1.93
Parking & Housing	0.04	0.22	0.72	0.33	0.26	1.56
PSF(Facilitation)-Domestic	15.29	0.81	0.01	0.00	0.00	16.11
PSF(Facilitation)-International	0.73	0.06	0.00	0.00	0.00	0.79
THROUGHPUT CHARGES	3.43	2.57	0.00	0.00	0.00	6.00
Oil companies.	1.40	1.32	1.33	1.33	1.71	7.08
Fuel Facility System	0.00	0.00	0.00	0.00	0.00	0.00
Ground Handling	0.30	0.05	0.21	0.20	0.30	1.05
Ground Handling Charges	1.40	0.94	0.53	0.48	1.62	4.98
Royalty from CUTE Charges	3.58	3.20	1.41	1.76	3.78	13.74
Extn. Of watch hours	0.00	0.00	0.01	0.00	0.00	0.01
Royalty from AAICLAS (30%)	0.56	0.56	0.48	0.74	0.64	2.98
UDF (Dom)	0.00	66.82	31.44	40.03	70.56	208.85
UDF (Int)	0.00	1.72	0.22	0.00	0.09	2.03
Total Revenues	48.88	103.24	51.77	63.69	108.40	375.98

From the above tables it can be concluded that there has been a shortfall of in Aeronautical Revenue amounting to INR 447 Crores during FY 2019-20 to FY 2022-23 owing to Covid-19 pandemic. Further, due to closure of International flight from dec-19 and impact of cyclone in May-19 flight movement was affected and has resulted in lower AERO revenue.

3.11. True up for 1st control Period

3.11.1. ARR (Aggregate Revenue Requirement) is submitted for the purpose of true up for 1st Control Period:

Table 29: Projected ARR and Yield for 1st Control Period as per Order No. 46/2018-19 is as follows:

Particulars (₹ Crores)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average Aeronautical RAB	129.15	168.41	239.31	288.64	649.81	1475.32
Return on Average Aeronautical RAB @ 14%	18.08	23.58	33.50	40.41	90.97	206.54

Aeronautical Operating Expenditure	65.41	69.68	74.24	79.13	84.40	372.86
Depreciation on Aeronautical RAB	13.85	16.03	19.73	22.26	41.67	113.54
Aeronautical Corporate Tax @ 34.6%	0	0	3.46	33.43	34.65	71.54
Less: 30% of Non-Aeronautical Revenues	-10.99	-11.99	-13.04	-14.20	-15.60	-65.82
ARR per year	86.35	97.30	117.90	161.03	236.08	698.66
Add True Up (Pre- Control Period)-01.04.2018	106.17					106.17
PV of ARR based @14%	86.35	85.35	90.72	108.69	139.78	510.89
Total present value of ARR	617.06					
Total Traffic (In Nos)	3,12,26,363					
Target Yield per pax	197.61					

Table 30: True Up for ARR and Yield for 1st Control Period is as follows:

Particulars (In crores)	Ref	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average RAB		109.14	116.34	120.17	127.89	172.89	646.44
Fair Rate of Return		14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	A	15.28	16.29	16.82	17.90	24.20	90.50
Depreciation	B	12.31	12.77	13.95	15.10	15.00	69.13
Operating Expenditure	D	81.32	99.73	75.98	75.46	81.44	413.93
Interest on Working Capital	E	0.94	0.00	0.00	0.31	0.00	1.25
Interest of Term Loan	F						
Corporate Tax	G	0	0	0	0	0	0
1st CP Shortfall	H	106.17					106.17
ARR (Sum A:H)	I	216.02	128.79	106.75	108.77	120.64	680.99
Less: 30% of NAR	K	9.65	12.33	4.67	5.08	9.35	41.08
Net ARR (I-K)	L	206.37	116.46	102.08	103.69	112.29	639.91
Revenue from Aeronautical services	M	48.88	103.24	51.77	63.69	108.40	375.98
(Over)/ Under Recovery (L-M)	N	157.50	13.23	50.31	40.00	2.89	263.93
Discounting Factor @ 14%	O	1.93	1.69	1.48	1.30	1.14	
PV of (Over)/ under recovery	P	303.23	22.34	74.54	51.99	3.29	455.42
Total ARR		639.91					
Total present value of ARR		1006.94					
Total Passengers (in nos.)		15163744					

Particulars (In crores)	Ref	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Yield per pax (in Rs.)		664					

Significant reasons for variations in yield are as follows:

1. Aeronautical Revenue

From the above tables it can be concluded that there has been a shortfall of in Aeronautical Revenue amounting to INR 443.92 Crores during FY 2018-19 to FY 2022-23 owing to Covid-19 pandemic.

2. PAX / ATM Movement

For the 1st control period there was lesser passenger throughput as well as lesser ATM movement in comparison to projected ATM movement / Passenger throughput for the 1st control period.

3. Non-Aeronautical Revenue

The reason for decrease in non-aero income due to the effect of the pandemic covid-19 from FY 2020-21 to FY 2022-23. Due to covid-19 various commercial contract was closed. Further, AAI had given Concessioner Support Scheme at PAN India level to support Concessioners at Airport because of huge financial loss suffered by Concessioners due to Covid 19. This was the major reason for decline non-aeronautical revenue from the FY 2020-21 to 2022-23

Also, shortfall of 1st Control Period is due to shortfall in Aeronautical Revenue amounting to INR 447 Crores during FY 2019-20 to FY 2022-23 owing to Covid-19 pandemic and withdrawal of international flight from Dec-19 onwards and further due to impact of cyclone May 2019 flight movement was affected and resulted in lower AERO revenue.

4. Projections for FY 2022-23 to FY 2027-28.

4.1 Operating Expenditure

- i) **Expenses:** - The expenses appearing in the Trial Balance for the F.Y. 18-19 to F.Y 22-23 onwards has been bifurcated into a) Aeronautical Expenses b) Non-Aeronautical expenses and c) Common Expenses.
- ii) **Data:** - The data for expenses, income and assets are actuals for the F.Y. 2018-19 to 2022-23.
- iii) **Retirement benefit:** - The retirement benefit has been allocated for FY 2018-19 to 2022-23 on actual basis (Employee ratio has been considered for non-aero expenses) and thereafter 7% increase on YoY basis is proposed from 2023-24 to 2026-27 & 25% increase for FY 2027-28. (due to expected pay revision due in FY 2027-28)
- iv) **Overheads:** - Apportionment of CHQ/ RHQ overheads made at CHQ on revenue basis and has been allocated from FY 2018-19 to 2020-21 on actual basis and thereafter an increase of 5% on year on year basis has been proposed from 2021-22 to 2026-27 & 25% increase for FY 2027-28. Further 95% of CHQ / RHQ overhead expenses have been considered as Aeronautical activities. (5% considered for Non- Aeronautical activities). The above assumption/basis have been accepted by AERA while determining the Aeronautical tariff of for Varanasi, Trichy and Raipur Airports etc.
- v) **Major assumptions while making projections of operating expenditure for the FY 2023-24 to 2027-28 (2nd control period) in Table form are as under:**

Particulars	Major Assumptions *
Pay and allowances Expenses	7% YOY increase from F.Y 23-24 to F.Y 26-27 and 25% increase in the F.Y 27-28 effect of Wage Revision
General and Admin Expenses	10% YOY increase from F.Y 23-24 to F.Y 27-28.Upkeep Exp. increase in Proportion of increase in area from FY2023-24 (PDC- OCT 2023).
Repair and Maintenances Expenses	10% YOY increase from F.Y 23-24 to F.Y 27-28.
Electricity Expenses	3% YOY increase from F.Y 23-24 to F.Y 27-28.
Other Utility and outsource Expenses	10% YOY increase from F.Y 23-2 to F.Y 27-28.
Collection charges on UDF.	Growth in PAX has been considered
Landing, Parking and Ground Handling.	Growth in ATM has been considered
UDF (Dom & Intl) & Royalty from cute charges	Growth in PAX has been considered
Land lease	An increase of 15% for Ground Handling has been considered w.e.f. 01.04.2025 to 31.03.2028 (for 3 yrs.) and New ATF facility Management System introduced from 01.04.2023 in lieu of existing system and there is two year gestation period accordingly for non-aero revenue existing system also consider and for this new fuel system annually License fees has been considered & every three year it will increase by 20% & Further the basis of revenue share (Gross Revenue) is yet to be established and cannot be ascertained at present. Hence, it is proposed that for the purpose of MYTP for 2nd Control Period of BBI, the amount received from the revenue share will be adjusted at the time of true up of Bhubaneswar Airport for 2nd Control Period.
Revenue Share from cargo @30%	Projected by AAICLAS

Restaurant/ Snack bars, T. R. stalls, Hording and display, Building (Non-Res), Car rental, Car Parking, Admission ticket & Land Lease for NAR Activities.	Restaurant/snack bar, hoarding & display, car rental & car parking proposed to be increase by 10% YoY basis. TR stall increase by 8% for the FY 2023-24 and for 2024-25 it increases by 13% thereafter increase by 10% YoY basis. Land Lease Increase by 5% from the FY 2023-24 to FY 2024-25 & for the Year 2025-26 it is proposed to increase by 20% thereafter it increases by 5% YoY basis.
Building (Residential)	5%YOY increase from F.Y 23-24to F.Y 27-28
Other Income	For F.Y 23-24 it decreases by 55% and thereafter 5%YOY increase from F.Y 24-25 to F.Y 27-28.

4.2 Traffic Growth- ATM & Passenger Movement projected for the 2nd control period (FY 2023-24 to FY2027-28) as follows: - (Table 31)

YEAR	Passenger				ATM			
	Domestic	International	Combined	% Increase	Domestic	International	Combined	% Increase
2023-24	4271754	45360	4317114	19.1%	33188	252	33,440	8.8%
2024-25	5126105	50000	5176105	19.9%	38167	276	38,443	15.0%
2025-26	5946282	55000	6001282	15.9%	42746	306	43,052	12.0%
2026-27	6897687	60500	6958187	15.9%	47876	336	48,212	12.0%
2027-28	7656432	66550	7722982	11.0%	52664	370	53,034	10.0%
TOTAL	2,98,98,260	277410	30175670		2,14,641	1,540	2,16,181	

4.3: Projected RAB and Depreciation for 2nd Control Period is as follows: - (Table 32)

	Particulars (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
A	Opening Aeronautical RAB	215.63	462.58	500.41	473.94	447.83	2100.39
B	Aeronautical assets capitalized during the year	267.83	65.12	1.74	1.94	1401.59	1738.22
C	Disposals/ Transfers						
D	Depreciation	20.88	27.28	28.21	28.05	65.23	169.66
E	Closing Aeronautical RAB (A+B-C-D)	462.58	500.41	473.94	447.83	1784.19	3668.95
	Average RAB (A+E)/2	339.10	481.49	487.18	460.89	1116.01	2884.67

The Projected Capex for the 2ndControl period comes out to Rs. 1738.22 crores including Financing Allowance. The Details of Proposed Capex for 2nd control period above RS. 50 Lacs are as under:

(Table 33)

Proposed Capex for 2 nd Control period above Rs. 50 Lacs			
S N	Description of Assets	Amount (in Lakh)	Date of Completion
1	Construction of Parallel taxi Track, Rapid Exit Taxi Way and Apron for parking of 08 nos. Code C aircraft at Bhubaneswar	6550	30.09.2023
2	Construction of Isolated Aircraft Parking Position at BPI Airport Bhubaneswar. SH. Civil & Electrical	120	30.04.2023
3	Widening of vehicular lane in airside of Terminal 2	50	30.09.2023

4	Annual Contract for minor capital work in operational area at B.P.I Airport, Bhubaneswar.	220	31.03.2024
5	Improvements in Pavement-Turn pad	160	31.03.2024
6	Provision of 4.0 MWP (DC) ground mounted solar power plant at BPI Airpor1, Bhubaneswar 1.3	4124	30.04.2023
7	Self-Drop Bag (Qty-2)	80	31.05.2023
8	C/o Link Building b/w Terminal T1 & T2 for integrated Operations using passenger boarding bridge facility and expansion/renovation work of Terminal T2 at Bhubaneswar	8720	30.09.2023
9	Re-location of CCR & Re-routing of GLF cables at New CCR room with ALCMS at B.P.I. Airport, Bhubaneswar.	450	31.10.2023
10	SITC of Smoke cabin for T1 and T2 terminal building.	100	30.04.2024
11	SITC of Electric car battery charging at T1 and T2 car parking area.	150	28.02.2026
12	SITC of LT Panel for commercial shops etc. at T-1 Building	100	28.02.2024
13	SITC of 2x250 kva UPS for providing 15 minutes back up to all essentials loads at T1 Building.	150	31.03.2024
14	Conversion of Category I Lighting to Category II Lighting System	11700	31.07.2024
15	Body Scanner (Qty-4)	1320	31.03.2025
16	RB XBIS (Qty-5)	175	31.03.2025
17	SITC of Energy Efficient pumps and pump automation for BBSR Airport	100	31.03.2027
18	Construction of New Domestic Terminal (T3) Building at BBI Airport, Bhubaneswar.	120000	31.10.2027
19	SCCTV (Qty-1)	150	31.03.2028
20	Replacement of cooling towers of AC plant T1	600	31.03.2028
21	Replacement of AC plant T1	250	31.03.2028
22	Replacement of AHU for T1 building	200	28.02.2028
23	Const. of Fire Station category IX & emergency medical Centre	1705	30.06.2023
24	Const. of E&M workshop	1465	30.06.2023
25	HB XBIS (Qty-5)	100	30.04.2023
	Total Capex for 2nd control period above Rs 50 Lacs	158739	

4.4 Fair Rate of Return (FRoR)

4.4.1 The Airports Authority of India has considered the FRoR at 14%.

Table 34: Summary of FRoR on Regulatory Asset Base is as follows

Particulars (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Average Regulatory Asset Base (RAB)	339.10	481.49	487.18	460.89	1116.01	2884.67
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	
Return on Average RAB	47.47	67.41	68.20	64.52	156.24	403.85

4.5 Depreciation for 2nd Control Period**Table 35: Projection of Depreciation during for 2nd control Period FY 23-24 to FY 27-28) is as follows:**

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Depreciation for 2 nd Control Period	20.88	27.28	28.21	28.05	65.23	169.66

Depreciation has been calculated as 50% on additions during the year 2023-24 to 2027-28.

4.6 Operating Expenses**4.6.1 Airport Authority of India Projected Operating Expenditure for the 2nd Control Period as follows:****Table 36: Projected Operating Expenditure for 2nd Control Period (FY 2023-24 to FY 2027-28)**

Particulars (Rs. In Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Pay roll Expenditure of BBI-Non CHQ (1)	20.74	22.19	23.74	25.41	31.76	123.84
Expenditure for BBI employees' retirement benefits allocated at CHQ (2)	0.22	0.23	0.25	0.27	0.33	1.3
Less :Pay & Allowances of ANS Unit, Non-Aero, redeployment (DIAL/ MIAL) (3)	1.89	2.02	2.17	2.32	2.90	11.3
Total Pay roll Expenditure (1+2-3)-A	19.06	20.40	21.83	23.35	29.19	113.83
Administrative and General Expenditure-Non CHQ	12.57	14.43	15.87	17.46	19.20	79.53
Apportionment of administrative & General expenditure of CHQ/RHQ	41.50	43.58	45.76	48.05	60.06	238.95
Total Administrative & General Expenditure (4+5)-B	54.07	58.01	61.63	65.50	79.26	318.47
Repair and Maintenance Expenditure (6)-C	26.36	27.49	28.73	30.10	31.60	144.28
Utility and Outsourcing Expenditure (7)-D	5.95	6.22	6.51	6.81	7.14	32.63
Other Outflows-E	0.81	0.97	1.12	1.30	1.45	5.65
Total (A+B+C+D+E)	106.25	113.09	119.82	127.07	148.64	614.87

4.7 Taxation

- 4.7.1 The Airports Authority of India submits tax amount for the 2nd Control Period as part of MYTP submission after considering asset depreciation as applicable under Income Tax laws and tax rate considered are as follows:

Table 37: Applicable tax rates as per Income Tax Act, 1961

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Tax rates adopted for 2 nd Control Period	25.17%	25.17%	25.17%	25.17%	25.17%

- 4.7.2 Based on the above consideration, the Airports Authority of India submits projection of tax expenditure for 2nd Control Period as follows:

Table 38: Calculation of Corporate tax as per Income Tax Act, 1961

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
AERO REV	249.85	326.59	389.05	465.97	538.33	1969.80
OPEX	106.26	113.09	119.82	127.07	148.64	614.88
DEP. As WDV AS PER	43.10	59.91	52.77	44.64	108.50	308.92
INCOME TAX						
Interest on working capital	0.00	0.00	0.00	0.00	0.00	0.00
Interest on term loan	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXP.	149.35	173.00	172.59	171.72	257.14	923.80
PBT	100.50	153.60	216.46	294.25	281.19	1046.00
set-off of prior period tax losses	-100.50	-12.50	0.00	0.00	0.00	-113.01
PBT after set-off of prior period tax losses	0.00	141.09	216.46	294.25	281.19	932.99
Tax	0.00	35.51	54.48	74.06	70.78	234.83

Non-Aeronautical revenue (NAR)

- 4.7.3 Airport Authority of India submits non-Aeronautical revenue as follows:

Projection of Non-Aeronautical revenue for 2nd Control Period as follows: -

(Table 39)

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
RESTAURANT / SNACK BARS	4.70	5.17	5.68	6.25	6.88	28.67
T.R. STALL	3.78	4.28	4.71	5.18	5.70	23.65
HOARDING & DISPLAY	9.18	10.10	11.11	12.22	13.45	56.07
LAND LEASES	6.74	7.08	8.49	8.92	9.36	40.59
BUILDING (RESIDENTIAL)	0.03	0.03	0.04	0.04	0.04	0.18
BUILDING (NON-RESIDENTIAL)	1.04	1.12	1.20	1.29	1.39	6.05

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
CAR RENTALS	1.13	1.25	1.37	1.51	1.66	6.91
CAR PARKING	1.27	1.40	1.54	1.69	1.86	7.75
ADMISSION TICKETS	0.06	0.07	0.07	0.07	0.08	0.36
OTHER INCOME/ SALE OF SCRAP ETC	2.41	2.53	2.66	2.79	2.93	13.32
Total	30.35	33.02	36.87	39.96	43.34	183.55

The reasons for decline in projections of non-aeronautical revenue for the FY 2023-24 due to fact that during the FY 2022-23, one-time non-operating income of Rs.3.06 Crores was considered. (i.e. Transaction like as more than three years EMD/SD was treated as AAI income). Accordingly, an incremental impact has not been considered in FY 2023-24.

4.8 Aeronautical revenue

4.8.1 Airport Authority of India Projected Aeronautical revenue for 2nd control period as follows:

Projection of Aeronautical Income for 2nd control Period (FY 2023-34 to FY 2027-28).
(Table 40)

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Landing (Dom)	31.79	36.56	40.95	45.86	50.45	205.61
Landing (Int)	0.11	0.12	0.13	0.14	0.16	0.66
Parking & Housing	0.28	0.32	0.36	0.41	0.45	1.82
PSF(Facilitation)-Domestic	0.00	0.00	0.00	0.00	0.00	0.00
PSF(Facilitation)-International	0.00	0.00	0.00	0.00	0.00	0.00
THROUGHPUT CHARGES	0.00	0.00	0.00	0.00	0.00	0.00
Oil companies.	1.71	1.71	0.00	0.00	0.00	3.41
Fuel Facility System	2.56	2.56	2.56	3.07	3.07	13.82
Ground Handling	0.30	0.30	0.35	0.35	0.35	1.66
Ground Handling Charges	1.77	2.03	2.27	2.55	2.80	11.42
Royalty from CUTE Charges	4.50	5.39	6.25	7.25	8.05	31.45
Extn. Of watch hours	0.00	0.00	0.00	0.00	0.00	0.00
Royalty from AAICLAS(30%)	0.71	0.74	0.78	0.82	0.86	3.92
UDF (Dom)	83.16	99.79	115.75	134.27	149.04	582.01
UDF (Int)	110.62	121.94	134.13	147.54	162.30	676.53
Total Revenue	237.50	271.47	303.55	342.27	377.53	1532.31

4.9 Projection for 2nd control Period

4.9.1 ARR (Aggregate Revenue Requirement) is Projected for the purpose of determination of Tariff for 2nd Control Period

4.9.2 Aggregate Revenue Requirement (ARR)

ARR has been worked out as per the AERA Methodology considering the above building blocks: -

ARR= (FROR on Capex+Opex+Depreciation+Tax)-30% of Non-Aeronautical Revenue.

Table 41: Projected ARR and Yield for 2nd Control Period is as follows:

Particulars (₹ Crores)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Average Aeronautical RAB	339.10	481.49	487.18	460.89	1116.01	2884.67
Return on Average Aeronautical RAB @ 14%	47.47	67.41	68.20	64.52	156.24	403.85
Aeronautical Operating Expenditure	106.25	113.09	119.82	127.06	148.64	614.87
Depreciation on Aeronautical RAB	20.88	27.28	28.21	28.05	65.23	169.66
Aeronautical Corporate Tax @ 25.17%	0.00	35.51	54.48	74.06	70.78	234.83
Less: 30% of Non-Aeronautical Revenues	9.11	9.91	11.06	11.99	13.00	55.06
ARR per year	165.49	233.38	259.65	281.7	427.89	1368.15
Add True Up (pre control)	455.42					
PV of ARR based @14%	620.91	204.73	199.80	190.15	253.35	
Total present value of ARR	1468.95					
Total Traffic (In Nos)	30175670					
Target Yield per pax	486.80					

5 Financing Allowance

As per AERA Direction 5/2010- 11 dated 28.02.2011, the financing allowance computed on CWIP for 1st and 2nd control period. The interest cost has been considered as per SBI base rate till 2019-20 and thereafter term loan interest rate is 6.57%.

6 Debt /Equity Ratio

It is assumed that proposed capital expenditure for 2nd control period will be financed by equity only.

7 Revenue Stream to recover full ARR

The following revenue streams are available to recover the ARR:

- i) **Landing Charges (Dom/Intl):** - Following Landing Charges are proposed w.e.f. 01.10.2023 till 31.03.2024. An increase of 5% thereafter on year on year basis from FY 2024-25 onwards.

Table 42

Landing Charges	Existing (Rs.)	Proposed (Rs.) (01.10.2023)
Average revenue per ATM (DOM)	19158.66	26822.13
Average revenue per ATM (Intl)	8510.39	11914.54

- ii) **Parking Charges (Dom/Intl):** - Following Parking Charges are proposed w.e.f. 01.10.2023 till 31.03.2024 An increase of 5% thereafter on year on year basis from FY 2024-25 onwards.

Table 43

Parking Charges	Existing (Rs.)	Proposed (Rs.) (01.10.2023)
Average revenue per ATM	267.27	561.26

- iii) **User Development Fee (UDF):** - UDF Charges for Domestic is proposed to increase by Rs.550 from the Existing charges w.e.f. 01.10.2023 till 31.03.2024. An increase of Rs.50 for the FY 2024-25 and Rs. 40 for the FY 2025-26 to 2026-27 YoY basis. An increase of Rs. 47 for the FY 2027-28. UDF Charges for International is proposed to increase by Rs. 500 from the Existing charges w.e.f. 01.10.2023 till 31.03.2024. An increase of Rs.50 thereafter on year on year basis from FY 2024-25 to FY 2027-28.

The Existing and revised rates are as under: -

Table 44

Particulars	Existing (Rs.) (Rs.)	Proposed w.e.f.01.10.2023				
		Till 30.09.2023	23-24	24-25	25-26	26-27
Dom per embarking Pax	400	950	1000	1040	1080	1127
Intl per embarking Pax	450	950	1000	1050	1100	1150

With the proposed ATPs for the period F.Y. 2023-2024 up to F.Y. 2027-28 indicated above, the recovery shall be as under:

Particulars	Amount in Cr.
Present Value of Target Revenue (for the 2nd Control Period)	1013.53
Present value of short recovery of 1st Control period	455.42
Total present Value of Target Revenue	1468.95
Total PV of projected Revenue at Proposed Rates	1468.95
Shortfall to be carried forward to next control period	0.00