



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

AAI/CHQ/TARIFF/INDORE/1132

Date: 1st January ,2024

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

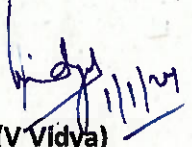
Sub: Multi Year Tariff Proposal for the 2nd Control period (01.04.2023 to 31.03.2028) along with True up for the 1st Control Period (01.04.2018 to 31.03.2023) in respect of Devi Ahilya Bai Holkar Airport, Indore

Sir,

AERA vide its Order No. 45/2018-19 dated 08.03.2019 had determined the Aeronautical Tariff in respect of Devi Ahilya Bai Holkar Airport, Indore for the 1st Control Period (01/04/2018 to 31/03/2023 considering the shortfall for FY 2016-17 to FY 2017-18).

AAI has prepared the proposal of for the Second Control Period (FY 01.04.2023 to 31.03.2028) along with the True-up for the 1st Control Period (01.04.2018 to 31.03.2023) as per AERA methodology. The proposal has been prepared by truing up the 1st control period 01/04/2018 to 31/03/2023 based on accounts duly approved by AAI Board and for the 2nd control period based on projections.

The MYTP along with detailed submissions and workings are enclosed for your consideration and approval.


(V Vidya)

Executive Director (JVC-Tariff)

1. Background and Introduction to Devi Ahilya Bai Holkar Airport, Indore

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 existence 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 Devi Ahilya Bai Holkar Airport

1.2.1. Devi Ahilya Bai Holkar Airport is an international airport serving the city of Indore, Madhya Pradesh, India. It is the busiest airport in Central India and is located 8 km (5.0 mile) west of Indore. According to the statistics released by the Airports Authority of India (AAI), the agency responsible for the maintenance and management of the airport, it was the 18th busiest airport in India by passenger traffic in the year 2018-19. The airport is named after Maharani Ahilya Bai Holkar of Indore, belonging to the Holkar dynasty of the Maratha Empire. Since 24th March 2018, it has started operations 24*7 with night landing facilities.

1.2.2. AERA vide letter dt. 19.07.2018 had shifted 1st CP from 01.04.2016 to 31.03.2021 to 01.04.2018 to 31.03.2023 and also allowed to carry forward the shortfall for FY 2016-17 & 2017-18 to ARR for determining Tariff for the 1st Control Period.

1.2.3. AERA had issued Tariff order dated 08th March vide order no.45/2018-19 for the 1st Control Period (01.04.2018 to 31.03.2023).

1.2.4. Profile Of Indore Airport

Technical and Terminal Building details of Indore airport

Particulars	Details
Total Airport Land Area	748.58 acres
Total Area of Terminal Building	18000 sqm
Designated Capacity	3.6 MPPA
Peak Hours Passenger Capacity	Domestic:- 1172 PAX International :-150 PAX
Runway Orientation and Length	Runway 07/25, dimension 2754m x 45m
No. of Apron bays	26
No. of Taxiway	09 NOS.
Boarding/Aero Bridges	5 (Domestic-04 and International-01)
Operation Hours	24 Hrs
Departure Conveyor	01 nos.
Arrival Conveyor	03 nos.
No. of Check-in-counters (CUTE)	18 Nos.
Security Gate	11 (Domestic-09 and International-02)

Methodology for Tariff Determination

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 of 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

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

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

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:

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

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.2 of Order No. 10/2017-18,

2b. The Authority decides to apportion CHQ/RHQ overheads on revenue basis.

2c. The Authority decides to consider the revenues from cargo facility, Ground handling services and supply of fuel to aircraft including land lease rentals as aeronautical revenue.

2d. The Authority decides the following depreciation rates.

- i. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.
- ii. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014.

3. True Up of First Control Period (FCP)

3.1. Overview

3.1.1. The Airports Authority of India has trued up 1st Control Period (2018-19 to 2022-23) with respect to Indore Airport.

3.2. Traffic

3.2.1. As per Decision No. 1(page22) of Order No. 45/2018-19, the Authority decided: Decision No. 3(a) "The Authority decides to consider the ATM and passenger traffic as per Table 1".

Decision No. 3(b) "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 1: Traffic allowed as per Table No-7 (p20) for First Control Period Order No. 45/2018-19

YEAR	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2018-19	39.9%	NA	39.9%	8%	NA	8%
2019-20	17.8%	NA	17.8%	8%	NA	8%
2020-21	17.8%	NA	17.8%	8%	NA	8%

2021-22	17.8%	NA	17.8%	8%	NA	8%
2022-23	17.8%	NA	17.8%	8%	NA	8%
Traffic (Nos)						
2018-19	3,080,005	-	3,080,005	20,161	-	20,161
2019-20	3,627,967	-	3,627,967	21,774	-	21,774
2020-21	4,273,415	-	4,273,415	23,516	-	23,516
2021-22	5,033,695	-	5,033,695	25,398	-	25,398
2022-23	5,929,236	-	5,929,236	27,429	-	27,429

Table 2: Actual Traffic

YEAR	Passengers Throughput				ATM Movement			
	DOM (Nos)	INTL (Nos)	Combined (Nos)	% Increase	DOM	INTL	Combined	% Increase
2018-19	3158938	0	3158938	39.38%	26442	0	26442	41.64%
2019-20	2893449	25522	2918971	-7.60%	22722	213	22935	-13.26%
2020-21	895391	913	896304	-69.29%	9944	22	9966	-56.55%
2021-22	1622682	6986	1629668	81.82%	16429	69	16498	65.54%
2022-23	2813144	15443	2828587	73.57%	25062	122	25184	52.65%
TOTAL	11383604	44864	11432468	0	100599	426	101025	0

Table 3: Variance between actuals and AERA approved Passenger Throughput/ ATM Movement are tabulated below:

YEAR	UoM	Passengers Throughput			ATM Movement		
		DOM	INTL	Combined	DOM	INTL	Combined
2018-19	No's	-78,933	0	-78,933	-6,281	0	-6,281
2019-20	No's	734,518	-25,522	708,996	-948	-213	-1,161
2020-21	No's	3,378,024	-913	3,377,111	13,572	-22	13,550
2021-22	No's	3,411,013	-6,986	3,404,027	8,969	-69	8,900
2022-23	No's	3,116,092	-15,443	3,100,649	2,367	-122	2,245

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

- 3.2.1.1.1. AERA had considered higher growth of PAX 15% for FY 2018-19 TO FY 2022-23 as against the 10% (Except 8% in year 5) proposed by AAI for the 1st Control Period.
- 3.2.1.1.2. AERA had considered higher growth of ATM 8% for FY 2018-19 to FY 2022-23 as against the 6% proposed by AAI for the 1st Control Period.
- 3.2.1.1.3. Fall in ATM and Passenger for FY 2019-20 (Last Quarter) and FY 2020-21 was due to Pandemic.

4. Allocation of Assets between Aeronautical and Non-Aeronautical

4.1 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 Terminal Building Ratio, Quarter Ratio, Employee Ratio etc.

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

Table 4: Terminal Building Ratio as approved by AERA for 1st Control period (Table 13, P-24 of Order No. 45/2018-19)

S. No.	Category	Area (Sq. meters)
1	Commercial Entities- F&B	843.74
2	Commercial Entities- Retail	69.60
3	Commercial Entities- Advertising	325.28
4	Regulatory & allied agencies	9.29
5	Airlines	321.64
	Total non-aeronautical area (1)	1569.55
	Total area of terminal (2)	16,119
	Terminal area ratio (1/2)	9.74%

Table 5: True Up of Terminal Building Ratio for 1st Control Period

Particulars	Location	2018-19	2019-20	2020-21	2021-22	2022-23
Space Rented	T. Building	1050.95	1526.80	1109.80	1252.75	1524.46
Capacity	T. Building	18000	18000	18000	18000	18000
Non-Aero %	T. Building	5.84	8.48	6.17	6.96	8.47
Aero %	T. Building	94.16%	91.52%	93.83%	93.04%	91.53%

For 1st Control period Avg of TB Ratio (Non-Aero) is 7.18% and TB Ratio (Aero) is 92.82%

5. Quarters Ratio approved by AERA

5.1.1 **Quarters Ratio-** Ratio of staff providing ANS service staying in residential building to staff providing aeronautical service staying in residential building. Quarter Ratio as approved by AERA 1:26 (Aero: Non Aero).

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

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Total No. of Quarters	36	38	38	40	43
No. of Quarters ANS	5	5	5	6	6
No. of Quarter Aero	30	32	32	34	37
No. of Quarter Non-Aero	1	1	1	0	0
ANS Usage Ratio	13.89	13.16	13.16	15.00	13.95
Aero Usage Ratio	83.33	84.21	84.21	85.00	86.05
Non-Aero Usage Ratio	2.78	2.63	2.63	0.00	0.00

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

Table 7: Employee Ratio as approved by AERA for 1st Control period as per Table: -8(p21) of Order No-45/2018-19)

Particulars	Ratio
Employee Ratio	4:81

Table 8: True Up of Employee Ratio for 1st Control Period

Particulars - with detailed breakup	True up Year 1 (2018-19)	True up Year 2 (2019-20)	True up Year 3 (2020-21)	True up Year 4 (2021-22)	True up Year 5 (2022-23)
Department-wise Full-Time Employees					
<i>Airport Director office</i>	1	1	1	1	1
<i>CSO</i>	0	0	1	1	1
<i>Terminal Management</i>	8	8	8	8	11
<i>M.T. Section</i>	8	7	6	6	5
<i>Fire Service</i>	42	36	44	42	40
<i>Hrm</i>	10	13	14	12	11
<i>House Keeping</i>	0	0	0	0	0
<i>Stores</i>	0	0	0	0	0
<i>Finance & Accounts</i>	5	9	8	9	7
<i>Cargo</i>	2	2	2	1	1
<i>Commercial</i>	1	2	2	2	1
<i>Civil Engineering</i>	8	7	6	6	5
<i>Electrical Engineering</i>	10	13	12	9	8
<i>CNS - Airport Systems</i>	0	0	0	0	0

CNS - Other than Airport Systems	29	31	28	22	21
Land Management	0	0	0	0	0
ATC	24	22	22	22	27
Total	148	151	154	141	139
Total Airport Strength	95.00	98.00	104.00	97.00	91.00
Total ANS Strength	53.00	53.00	50.00	44.00	48.00
Total	148.00	151.00	154.00	141.00	139.00
Finance & HR	15.00	22.00	22.00	21.00	18.00
proportion of Finance & HR to ANS	5.37	7.72	7.14	6.55	6.22
Percentage of ANS for the common expenses	5.65	7.88	6.87	6.76	6.83
Redeployed Employees :					
Delhi :					
Mumbai	0	0	0	0	0
Total Airport Strength	95.00	98.00	104.00	97.00	91.00
Finance & HR	15.00	22.00	22.00	21.00	18.00
Non Aero Staff	1.00	2.00	2.00	2.00	1.00
proportion of Finance & HR to Non Aero	0.16	0.45	0.42	0.43	0.20
Percentage of Non Aero for Common Staff expenses	0.17	0.46	0.41	0.45	0.22
RATIOS (AERO:NONAERO:ANS)	Nos.	Nos.	Nos.	Nos.	Nos.
Aero	94	96	102	95	90
Non-Aero	1	2	2	2	1
ANS	53	53	50	44	48
Total	148	151	154	141	139
RATIOS :	%	%	%	%	%
Aero	63.51	63.58	66.23	67.38	64.75
Non-Aero	0.68	1.32	1.30	1.42	0.72
ANS	35.81	35.10	32.47	31.21	34.53
Total	100	100	100	100	100

Numbers(AERO:NO NAERO)					
Aero	94	96	102	95	90
Non-Aero	1	2	2	2	1
Total	95	98	104	97	91
RATIOS :	%	%	%	%	%
Aero	98.95	97.96	98.08	97.94	98.90
Non-Aero	1.05	2.04	1.92	2.06	1.10
Total	100	100	100	100	100
RATIOS (AERO:ANS)					
AERO	94.00	96.00	102.00	95.00	90.00
ANS	53.00	53.00	50.00	44.00	48.00
Total	147	149	152	139	138
RATIOS :	%	%	%	%	%
AERO	63.95	64.43	67.11	68.35	65.22
ANS	36.05	35.57	32.89	31.65	34.78
TOTAL	100	100	100	100	100

- Employee Ratio was taken based on FY 2017-18 for projecting 1st Control Period and the above ratio is based on the Actual for FY 2018-19 to FY 2022-23.

6. Capital Expenditure for the 1st Control Period

- 6.1 AERA had approved the Proposed Capital Expenditure of Rs. 101.93 cr for the 1st Control Period. This has been shown in the Table Below

Table 9: Approved Capital expenditure by Authority as per Table No.19 (P33) of Order No. 45/2018-19 is as follows:

Asset Category (In Cr)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Runway/Apron		62.95				62.95
Road, Bridges & Culverts	7.51	-	-	-	-	7.51
Building - Residential	5.96	-	-	0.40	-	6.36
Boundary Wall - Operational	4.00	-	-	-	-	4.00
Other Buildings	-	-	-	0.45	-	0.45
Other Plant & Machinery	7.32	-	-	-	-	7.32
Tool & Equipment	4.49	0.01	-	-	-	4.50
Electrical Installations	4.81	-	-	-	-	4.81

Asset Category (In Cr)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
CFT/Fire Fighting Equipment	4.03	-	-	-	-	4.03
Total	38.12	62.96	-	0.85	-	101.93

The Actual Capital Expenditure incurred during the 1st control period have been shown in the table below:

Table 10: Actual Capital Expenditure for the 1st Control Period is as follows: (In Cr)

Sr No	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1	RUNWAYS/TAXIWAY	0.00	0.52	4.67	57.04	1.60	63.82
2	APRONS	0.00	0.00	0.00	0.00	0.00	0.00
3	ROADS BRIDGES & CULVERTS	0.00	0.00	0.00	0.00	0.00	0.00
4	TMNL BLDG	0.00	1.45	0.00	0.92	6.03	8.41
5	TEMP. BLDG	0.10	0.08	0.00	0.00	0.40	0.57
6	RES BLDG	0.23	5.81	0.00	2.95	0.00	9.00
7	SECURITY FENCING	0.00	0.00	0.00	0.00	0.00	0.00
8	OPNL B/WALL	1.08	2.13	0.00	0.00	0.00	3.21
9	RES B/WALL	0.00	0.00	0.00	0.00	0.00	0.00
10	OTHER BLDGS	0.00	0.00	0.00	0.00	0.00	0.00
11	COMPUTERS : END USER DEVICES	0.10	0.06	0.05	0.02	0.16	0.40
12	COMPUTERS :SERVERS & NETWORKS	0.00	0.00	0.00	0.00	0.00	0.00
13	COMPUTER SOFTWARE : INTENGIBLE ASSETS	0.00	0.05	0.00	0.00	0.06	0.12
14	MACHINERY	0.18	1.21	8.37	0.09	5.53	15.38
15	TOOLS & PLANT	1.98	1.56	3.77	0.73	0.58	8.62
16	FURNITURE-OFFICE	0.89	0.34	2.27	0.00	0.01	3.51
17	VEHICLES	6.39	0.58	0.00	0.00	0.00	6.98
18	VEHICLES:CARS/JEEPS	0.00	0.00	0.00	0.00	0.00	0.00
19	ELECT INSTALLATION	0.58	1.30	0.48	1.30	7.52	11.18
20	SOLAR POWER PLANT	4.17	0.00	0.00	0.00	0.00	4.17
21	OFFICE EQPT/APPLIANCES	0.07	0.00	0.00	0.01	0.05	0.13
22	FURNITURE : OTHER THAN TROLLY	0.00	0.00	0.00	0.00	0.00	0.00
23	FURNITURE : TROLLY	0.00	0.00	0.00	0.00	0.00	0.00
24	X-RAY BAGGAGE INSPECTION SYSTEM (X-BIS)	1.61	0.83	0.00	0.00	0.00	2.44
25	CFT & FIRE FIGHTING EQPT.	0.30	0.00	0.00	0.00	0.00	0.30
	Total	17.69	15.93	19.60	63.07	21.95	138.25

Comparison of Planned and Unplanned capital expenditure :-

Table No-11 **(In Crs)**

Sr no	Particulars	Planned	unplanned
1	RUNWAYS/TAXIWAY	53.19	10.63
2	TMNL BLDG	3.46	4.95
3	TEMP. BLDG	0.1	0.47
4	RES BLDG	5.2	3.8
5	OPNL B/WALL	1.99	1.22
6	COMPUTERS : END USER DEVICES	0.4	0
7	COMPUTERS :SERVERS & NETWORKS	0	0.12
8	COMPUTER SOFTWARE : INTENGIBLE ASSETS	0	0
9	MACHINERY	8.10	7.28
10	TOOLS & PLANT	1.43	7.19
11	FURNITURE-OFFICE	0.85	2.66
12	VEHICLES	6.98	0
13	ELECT INSTALLATION	1.23	9.96
14	SOLAR POWER PLANT	4.17	0
15	OFFICE EQPT/ APPLIANCES	0.13	0
16	X-RAY BAGGAGE INSPECTION SYSTEM (X-BIS)	0	2.44
17	CFT & FIRE FIGHTING EQPT.	0	0.3
	Total	87.23	51.02

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 above assets included Financing Allowance of Rs.8.24 (Cr).

- During 1st Control Period Rs. 51.02 Cr has been incurred on unplanned capex.

List of Major Capex for the FY 2018-19 to FY 2022-23 is given Below:-

Sr No	Description	Amount (In Lakh)	Capitalized Date
1	DEVELOPMENT OF 15 NOS. PARKING BAYS, PARALLEL TAXI	4893	3-Dec-2021
	WIDENING, STRENGTHENING & RECARPETING OF PERIMETER	325	16-Mar-2022
2	EXT OF TURN PAD, FILLETS FOR LINK TAXI TRACK-CIVIL	151	5-Nov-2022
3	PROV.OF ALUMINIUM CADING WORK IN NITB	120	2-Jan-2020

4	CONSTRUCTION OF NEW CONFERENCE HALL IN OLD TERMINA	85	26-Jul-2021
5	02 NO. ADDNL FIXED FINGER FOR PASSENGER BOARDING B	346	27-Feb-2023
6	CONST. OF STAFF QUARTERS 16 type B & 2 TYPE D	590	4-Apr-2019
7	CONS. OF ADDI. BARRA. CISF BARRACK	270	30-Aug-2021
8	C/O OF BOUNDARY WALL PERIMETER ROAD & SEC	199	4-Nov-2019
9	SUPPLY OF PPB'S AVDG AT VARIOUS AIRPORT	508	30-Sep-2020
10	02 NO ADDNL PASSENGER BOARDING BRIDGE AT INDORE	513	27-Feb-2023
11	SITC OF BIOMETRIC ACCESS CONTROL SYSTEM	213	6-Nov-2020
12	CUTE & CUSS, SCANNER, KEYBOARD at Indore	62	19-Apr-2018
13	SITC OF FIDS AT INDORE AIRPORT (INFOSOFT DIGITAL)	116	8-Jul-2020
14	SUPPLY OF 1000 NOS. PBTS WITH BRAKES TO VARIOUS AA	233	25-Mar-2021
15	SUPPLY OF RUBBER REMOVABLE MACHINES	496	31-Mar-2019
16	SUPPLY OF RUBBER REMOVABLE MACHINES	83	31-Mar-2019
17	SUPPLY AND LAYING OF LT/HT CABLES INSIDE OPS AREA	88	8-Jul-2021
18	SITC OF TAXIWAYS APRON EDGE LIGHT RWY SIGNAGE CCRS	78	18-Jun-2022
19	EXT OF TURN PAD FILLETS LINK TAXI TRACK-ELECT WORK	79	5-Nov-2022
20	ANTIQUE Lamp POST & ADDITIONAL ELECTRICAL WORKS	125	8-Jan-2023
21	ELECTRICAL WORK OF BEAUTIFICATION OF INDORE AIRPORT	65	8-Jan-2023
22	SOLAR POWER SYSTEM AT INDORE AIRPORT	417	31-Dec-2018
	Total	10055	

7. Depreciation

7.1 AERA had approved the Depreciation for the 1st Control Period as the Order No.35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets.

This has been shown in the Table Below:

Table No:11 Depreciation rates adopted by AAI as per Table No.25 (P-43) of Order No.45/2018-19

Asset Category	Depreciation Rate from 1.4.2014 onwards	Dep as per Order 35 (1.4.2018 onwards)
Freehold Land	0%	0%
Runways, T/way, Apron	3.33%	3.33%
Road, Bridges & Culverts	3.33%	10.00%
Building - Terminal	3.33%	3.33%
Building - Residential	3.33%	3.33%
Boundary Wall - Operational	3.33%	10.00%
Boundary Wall - Residential	3.33%	10.00%
Other Buildings	3.33%	3.33%
Computer - End user	16.67%	33.33%
Computer - Servers and networks	16.67%	16.67%
Intangible Assets - Software	20.00%	20.00%
Plant & Machinery	6.67%	6.67%
Tools & Equipment	6.67%	6.67%
Office Furniture	10.00%	14.29%
Furniture & Fixtures: Other Than Trolley	10.00%	14.29%
Furniture & Fixtures: Trolley	10.00%	33.33%
Vehicles	12.50%	12.50%
Vehicles - car and jeep	12.50%	12.50%
Electrical Installations - non solar	10.00%	10.00%
Electrical Installations - solar	NA	4%
Other Office Equipment	20.00%	20.00%
X Ray Baggage System	6.67%	6.67%
CFT/Fire Fighting Equipment	6.67%	6.67%

Table 12: Depreciation as per Table No.26 (P-44) of Order No. 45/2018-19 is as follows:

Particulars (₹ Crores)	Control period					
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Depreciation	14.1	13.5	12.5	10.3	10.2	60.60

Table 13: True Up of Depreciation during FY 18-19 to FY 22-23 is as follows:

Particulars (₹ Crores)	Control period					
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Depreciation	10.13	9.71	10.85	9.05	10.84	50.58

Significant reason for variations in Depreciation are as follow:

- AERA has approved Capitalisation of Assets for the FY 2018-19, 2019-20 and 2021-22 Rs. 50.62 (Cr),62.96 (Cr) and .85 (Cr) whereas Actual Assets are added in the FY was Rs. 17.69 (Cr),15.93(Cr),19.60(Cr),63.07 (Cr) and 21.95 (Cr) respectively in the 1st control Period.

8. Regulatory Asset Base for the 1st Control Period.

8.1 AERA had approved the Average RAB for the 1st Control.

Table 14: RAB for 1st Control Period as per Table No, 29 (P-47) of Order no. 45/2018-19 is as follows:

S. No	Particulars (₹ Crore)	Pre-control regulatory period		Control period				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A	Opening Aeronautical RAB*	92.13	81.20	82.6	117.2	166.6	154.2	144.7
B	Aeronautical assets capitalized during the year	1.12	13.26	50.62	62.96	0.00	0.85	0.00
C	Disposals/ Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D	Depreciation	11.8	12.1	14.1	13.5	12.5	10.3	10.2
E	Closing Aeronautical RAB (A+B-C-D)	81.4	82.6	119.1	166.6	154.2	144.7	134.5
F	Average RAB (A+E)/2	86.78	82.02	98.72	137.75	156.40	145.61	135.97

Table No15: True Up of RAB for the 1st Control Period is as follows:

	Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total 1 st CP
A	Opening Aeronautical RAB*	82.61	90.18	96.40	105.15	159.16	533.50
B	Aeronautical assets capitalized during year	17.69	15.93	19.60	63.07	21.95	138.25
C	Disposals/ Transfers						
D	Depreciation	10.13	9.71	10.85	9.05	10.84	50.58
E	Closing Aeronautical RAB (A+B-C-D)	90.18	96.40	105.15	159.16	170.28	621.16
	Average RAB (A+E)/2	86.39	93.29	100.77	132.16	164.72	577.33

*Opening Aeronautical RAB does not include value of land

Significant reasons for variations in RAB and Depreciation are as follow

- Financing allowance of Rs.8.24 Cr. have been considered during true up of 1st Control Period.
- During 1st Control Period Rs. 51.02 Cr. has been incurred on unplanned capex.

9 Fair Rate of Return (FRoR)

9.1 AAI had considered the FRoR at 14% in line with the decision by AERA taken for Chennai, Kolkata, Guwahati & Lucknow airports for the First Control Period.

Table 16: Summary of Projected 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)	98.72	137.75	156.40	145.61	135.97	674.45
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	13.82	19.29	21.90	20.39	19.04	94.423

Table 17: Summary of FRoR on Regulatory Asset Base (True Up) for the 1st Control Period is as follows:

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average Regulatory Asset Base (RAB)	86.39	93.29	100.77	132.16	164.72	577.33
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	12.10	13.06	14.11	18.50	23.06	80.83

Significant reasons for variations in Average RAB are as follow

- AERA has approved Capitalisation of Assets for the FY 2018-19, 2019-20 and 2021-22 Rs. 50.62 (Cr.),62.96 (Cr.) and .85 (Cr.) whereas Actual Assets are added in the FY was Rs. 17.69 (Cr.),15.93(Cr.),19.60(Cr.),63.07 (Cr.) and 21.95 (Cr.) respectively in the 1st control Period.
- Financing allowance of Rs. 8.24 Cr. have been considered during true up of 1st Control Period.
- During 1st Control Period Rs. 51.02 Cr. has been incurred on unplanned capex.

10. Operating Expenses

- 10.1. AAI submitted that the allocation of CHQ/RHQ expenses among individual airports has been done on the basis of revenue.
- 10.2. Table No 18 Operating & Maintenance (O&M) expenses as considered by the Authority for the 1st Control Period as per Table No.46 (p-64) of Order No.45/2018-19 is as follows: -

Particulars (₹ Crore)	Control period					Total
	2018-19	2019-20	2020-21	2021-22	2022-23	
Payroll expenses -non CHQ/RHQ	12.78	13.65	14.61	15.63	16.72	73.39
Payroll expenses - CHQ/RHQ	2.54	2.72	2.91	3.11	3.33	14.61
Total Payroll Expenditure	15.32	16.37	17.52	18.74	20.05	88
Administration and General expenses -non CHQ/RHQ	2.97	3.49	3.84	4.22	4.65	19.17

Administration and General expenses - CHQ/RHQ	2.32	2.44	2.56	2.69	2.82	12.83
Total Admin & General Expenditure	5.29	5.93	6.4	6.91	7.47	32
Repairs and maintenance	8.19	8.78	9.43	8.67	8.80	43.87
Utilities and outsourcing expenses	3.41	3.48	3.55	3.63	3.73	17.8
Other outflows - Collection Charges on UDF	0.25	0.27	0.29	0.31	0.33	1.45
Total	32.46	34.83	37.19	38.26	40.38	183.12

Table 19: True Up of Operating & Maintenance (O&M) expenses during FY 18-19 to FY 22-23 is as follows:

Particulars (₹ Crore)	Control period					Total
	2018-19	2019-20	2020-21	2021-22	2022-23	
Payroll expenses - non CHQ/RHQ	14.37	17.53	16.27	16.32	17.99	82.47
Payroll expenses-Retirement Benefit	4.94	2.85	0.45	0.54	0.00	8.77
Common Expenses Of Fin & HR for ANS	1.09	1.61	1.15	1.14	1.23	6.21
Common Employee Expenses pertains to Non-Aero	0.03	0.09	0.07	0.08	0.04	0.31
Total Payroll Expenditure	18.18	18.69	15.50	15.64	16.72	84.72
Administration and General expenses -non CHQ/RHQ	6.54	7.44	5.01	11.56	8.80	39.36
Administration and General expenses - CHQ/RHQ	11.39	29.11	27.36	28.73	30.16	126.75
Total Admin & General Expenditure	17.93	36.55	32.37	40.29	38.96	166.11
Repairs and maintenance	8.04	6.14	8.11	6.73	11.88	40.90

Utilities and outsourcing expenses	3.83	3.73	4.28	4.44	5.77	22.06
Other outflows - Collection Charges on UDF	0.26	0.59	0.08	0.34	0.63	1.90
Total	48.24	65.7	60.34	67.44	73.96	315.68

AAI has appointed an agency to study the efficiency of the process of allocation of CHQ/ RHQ expenses to the Airport.

Payroll expenses -Non CHQ/RHQ

- Staff Cost increase due to Overtime rate per hrs revised from April 2019.
- Non-Executive Pay Revision implemented w.e.f. Mar-2019

Payroll expenses -CHQ/RHQ

- Actuarial Expenses (Retirement Benefits) for FY 2018-19 include Provision for 3rd Pension and CAD Pension for FY 2018-19 (Upto March 2019) thereafter no provision of 3rd pension has been provided.
- In FY 2022-23 as there is negative balance of Rs .29 lakh due to reverse of excess provision.

Administration and General expenses -Non CHQ/RHQ

- AERA had considered 17.5% growth for FY 2019-20 & for FY 2020-21 to FY 2022-23 had considered 10% growth rate on YoY Basis.
- Increase in Travelling Expenses due to revision of T. Allowance rates w.e.f. April 2019.
- Upkeep expenses increase due to award of new Contract in FY 2018-19 for amount Rs. 5.94 (Cr)
- Hiring of man power is also increase due to award of new contract for management May I help you counter for assistant and attending VIP.
- There is Rs.410.26 lakh for CSR expense & Interest on working capital of Rs.236.72 lakh which were not in Tariff order for the 1st CP.

Administration and General expenses - CHQ/RHQ

- CHQ/RHQ Expenses has been proposed based on FY 2017-18 with 5% increase YOY basis however there have been increased due to revised pay as per 7th pay Commission, revised OTA/OPA, Travelling Allowance, medical allowance etc.
- Provision for 3rd pension (1st time) and CAD Pension were made in FY 2018-19 which were not provided during projection of 1st control period.
- AAI has appointed an agency to study the efficiency of the process of allocation of CHQ/ RHQ expenses to the Airport.

Repairs and maintenance

AERA had approved 7% increase in R& M Charges YoY basis for first three Year and thereafter reduced the R&M Charges by 8% in 4th Year and for last year R& M Charges increase by 1%.

Following reasons for variance in the actual cost are given below

R&M Civil

- Paid to Indore Development Authority an amount of Rs. 2.51 (Cr.) for Civil work for Global Investor Summit (Prabasiya Bhartiya Divas)for the FY 2022-23.
- For Spl Repair work Regarding Operational Boundary wall Rs. 14,04,175 was incurred.
- In FY 2020-21 Spl Repair work for Runway Apron Boundary an amount Rs. 27.70 incurred.
- In FY 2021-22 Special Repair work for operational area Rs.18 Lakh Incurred

In the FY 2022-23 for Installation of PAPI Units an amount Rs. .48 Lakh incurred

- In the FY 2018-19 special repair works carried for removal of rubber deposit& Old paint Marks for Rs.9.84 (Lakh).
- In the FY 2020-21, special repair works carried for Rs. 11.31 (Lakh) for conference hall
- In the FY 2018-19 special repair works carried for removal of rubber deposit& Old paint Marks for Rs.9.84 (Lakh).
- In the FY 2020-21, special repair works carried for Rs. 11.31 (Lakh) for conference hall.
- In the FY 2021-22, Rs. 16.77 lakh paid to Nayan engg for special repair work for Construction for conference hall in old terminal building.
- In the FY 2021-22, Special repair work paid to Rajkumar Aggarwal in operational Area.

R&M Electrical

- In FY 2018-19, contract for construction of staff quarters awarded for Rs. 26.60 (lakh).
- In FY 2018-19, Augmentation of air condition at SHA for Rs. 47.30 lakh.
- In FY 2018-19 , Annual Maintenance of Cummins make DG sets for Rs.22.89 (lakh).
- In FY 2019-20, Contract for Annual Comprehensive Maintenance for split AC awarded for Rs. 4.26 Lakh.
- In FY 2019-20, Supplying and Laying of cables for Rs. 93.48 lakh.
- In FY 2019-20, comprehensive Maintenance contract for New UPS for Rs. 6.70 Lakh
- In FY 2019-20, Replacement of conventional lights with LED lights for Rs.24.19 Lakh
- In FY 2020-21, AMC for Rs. 5.90 (Lakh)
- In FY 2020-21, provision for cable mapping for existing cable for Rs. 16 lakh

- In FY 2020-21, contract for supplying of runway circuit for Rs. 31.71 lakh
- In FY 2021-22, Supply of spares for day to day electrical maintenance for Rs. 6.49 (Lakh).
- In FY 2021-22, Job contract for Operation and Maintenance of PBB for Rs. 46.87 Lakh.
- In FY 2021-22, Annual Maintenance for E&M installation for Rs. 6.59 Lakh
- In FY 2022-23, ARMO of GLF system, OTB, Residential colony, for Rs. 148 Lakh.
- In FY 2022-23, AMC for drinking fountain pain for Rs.3.71 Lakh
- In FY 2022-23, provision of LED luminaries in place of LED luminaries for Rs. 11.86 Lakh.
- In FY 2022-23, Annual Maintenance contract for sliding doors for Rs. 12.20 Lakh
- In FY 2022-23, Internal radiators and cleaning and part replace for Rs. 6.82 Lakh.

R&M Vehicle: -

In FY 2018-19 Indore Airport has purchased Rubber removal Machine, from the FY 2019-20 to FY 2022-23 CAMC awarded to SAI Avionic for Rubber removal Machine.

Other outflows – Collection Charges on UDF

- Collection charges on UDF is directly linked with Passenger growth and AERA had taken 8% growth for the 1st Control Period.

11. Taxation

- 11.1.** AERA had considered Indore airport on standalone basis as it has done for other AAI airports as well. The tax rate for 1st control period has been taken 34.9%. The Final tax expense considered by the Authority per Table No.51 (p-72) for the 1st Control Period as per Order No.45/2018-19 is as follows: -

Table 20: Applicable tax rates as per Income Tax Act, 1961

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Tax rates adopted for 1st Control Period	34.94%	34.94%	34.94%	34.94%	34.94%

Table 21: Tax expense considered by the Authority -INR crores (final)

Particulars (₹ Crore)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Aero revenue with proposed rates	30.40	88.20	93.10	108.20	125.80
Non -aeronautical revenue	-	-	-	-	-
O&M expenses	32.50	34.80	37.20	38.30	40.40
Depreciation	13	18.1	18.70	16.40	14.40
Profit before tax	-15.10	27.30	37.20	53.50	71.00
Carry forward losses	-15.10				
Set-off Loss		27.30	14.30		
Profit Before Taxes	-11.60		22.90	53.50	71.00
Tax rate (%)	34.9%	34.9%	34.9%	34.9%	34.9%
Taxes			8.00	18.70	24.80

Table22: True-Up of Corporate tax as per Income Tax Act, 1961 for the 1st Control Period is as under: -

Applicable tax rates as per Income Tax Act, 1961

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Tax rates adopted for 1 st C.P	34.94%	25.17%	25.17%	25.17%	25.17%

Table No:23 True Up of Corporate Tax as per Income Tax Act, 1961 for the 1st Control Period is as follows:

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
AERO REV	35.17	68.98	25.60	40.46	67.67	237.87
TOTAL REV	35.17	68.98	25.60	40.46	67.67	237.87
OPEX	48.24	65.70	60.35	67.43	73.96	315.68
DEP. As WDV AS PER INCOME TAX	11.13	12.13	12.31	14.95	17.64	68.16
Interest on working Capital	0.36	0.00	0.41	1.42	0.18	2.37
Interest On Term Loan	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXP.	59.73	77.83	73.06	83.80	91.79	386.21
PBT	-24.57	-8.85	-47.46	-43.34	-24.12	-148.34
set-off of prior period tax losses	0.00	0.00	0.00	0.00	0.00	0.00
PBT after set-off of prior period tax losses	-24.57	-8.85	-47.46	-43.34	-24.12	-148.34
TAX (FY1819-34.944%) & w.e.f.(FY1920-25.17%)	0.00	0.00	0.00	0.00	0.00	0.00
PAT	-24.57	-8.85	-47.46	-43.34	-24.12	-148.34

Variance in Tax amount due to change in Tax Rate and Fall in PAX & ATM resulting fall in Aero Revenue.

12. Non-Aeronautical revenue (NAR)

12.1. AERA had approved the Non-Aeronautical revenue. This shown in the table given below:

Table 24: Non-Aeronautical revenue as per Authority for 1st Control Period as per Table No.36 (P-57) of Order No. 45/2018-19

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1. Trading concessions						
Restaurant / snack bars	6.20	6.82	7.50	8.25	9.08	37.85
T.R. stall	3.59	4.30	4.73	5.20	5.72	23.54
Hoarding & display	6.40	7.04	7.74	8.51	9.36	39.05
2. Rent and services						
Land leases	0.75	0.75	0.75	0.75	0.81	3.81
Building (residential)	0.02	0.02	0.02	0.02	0.02	0.1
Building (non-residential)	1.33	1.47	1.61	1.77	1.95	8.13
4. Miscellaneous						
Car rentals	0.61	0.67	0.74	0.81	0.89	3.72
Car parking	2.18	2.40	2.63	2.90	3.19	13.3
Admission tickets	0.26	0.28	0.31	0.34	0.38	1.57
Other income / sale of scrap	0.47	0.50	0.52	0.55	0.57	2.61
Total	21.80	24.24	26.56	29.11	31.98	133.69

Table 25: True Up of Non-Aeronautical revenue for 1st Control Period is as under

REVENUE (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
1. TRADING CONCESSIONS						
RESTAURANT / SNACK BARS*	5.79	6.97	1.48	0.84	7.09	22.17
T.R. STALL	3.23	5.77	1.36	2.41	2.65	15.42
HOARDING & DISPLAY	2.67	5.52	1.18	2.21	5.65	17.22
2. RENT AND SERVICES						
LAND LEASES	0.63	0.39	0.86	0.94	0.98	3.80
BUILDING (RESIDENTIAL)	0.02	0.02	0.02	0.03	0.03	0.12
BUILDING (NON-RESIDENTIAL)	2.22	3.48	1.16	1.91	1.53	10.30

3. MISCELLANEOUS						
CAR RENTALS	0.60	0.00	0.16	0.18	0.26	1.21
CAR PARKING	1.67	0.61	0.11	0.20	0.56	3.14
ADMISSION TICKETS	0.26	0.33	0.17	0.17	0.18	1.12
OTHER MISC INCOME	2.18	-0.04	1.19	0.76	1.30	5.39
TOTAL	19.26	23.05	7.68	9.65	20.23	79.88

Reason for Variance is given below:

- AERA had taken 10% YoY for 1st Control period
- Concession Support Scheme had been provided to all the concessionaire due to Covid-19 resulting lower Non-Aero revenue.

13. Aeronautical revenue

13.1. AERA had approved the Non-Aeronautical revenue. This shown in the table given below

Table 26: Aeronautical revenue considered by Authority for the 1st Control Period as per Table No.65 (P-87) of Order No. 45/2018-19

Particulars (₹ Crore)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Total PV of ARR including true up	319.89					
Landing charges:						
Domestic	12.4	18.2	20.5	23.0	25.8	99.9
International	-	-	-	-	-	-
Parking and housing charges:						
Domestic	0.0	0.1	0.1	0.1	0.1	0.4
International	-	-	-	-	-	-
Fuel Throughput charges	0.6	0.8	0.9	1.1	1.2	4.6
Ground handling charges	1.1	1.2	1.3	1.4	1.5	6.5
Land lease - Oil companies / Ground Handling	0.8	0.8	0.8	0.8	0.8	4
CUTE charges	2.7	3.2	3.7	4.4	5.2	19.2
Notional revenue from AAICLAS to AAI	0.9	1.0	1.2	1.3	1.5	5.9
Total - before UDF						
PV factor	1.00	0.88	0.77	0.67	0.59	3.91
PV of above	18.6	22.2	21.9	21.7	21.4	105.8
∑ PV of above	105.86					
Shortfall before UDF	214.03					
UDF:						
Domestic	11.9	54.8	64.6	76.1	89.6	297
International	-	-	-	-	-	-

PV of UDF	11.9	48.1	49.7	51.3	53.0	214
∑ PV of UDF	214.03					
Shortfall / (surplus)	-					

Table 27: True Up of Aeronautical revenue for 1st Control Period is as under

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Landing Charges - Domestic	15.99	19.17	7.82	12.60	20.11	75.69
Landing Charges- Intl.	0.00	0.27	0.02	0.07	0.14	0.50
Housing & Parking Charges	0.15	0.53	0.82	0.44	0.35	2.28
PSF-Domestic	11.93	0.19	0.00	0.00	0.00	12.12
PSF-Intl.	0.00	0.00	0.00	0.00	0.00	0.00
UDF-Domestic	0.00	41.80	12.56	23.70	40.36	118.43
UDF-Intl.	0.00	0.40	0.00	0.11	0.22	0.72
Oil Companies	-0.09	0.91	0.94	0.82	1.01	3.58
Ground handling	0.00	0.00	0.00	0.03	0.07	0.10
Throughput Charges*	1.93	0.63	0.00	0.00	0.00	0.63
Ground Handling Services	1.67	1.39	0.74	0.21	0.70	4.72
Cute Charges	2.56	2.67	1.62	1.38	3.38	11.61
Extn. Of watch hours	0.01	0.00	0.11	0.07	0.00	0.19
Cargo Income	0.00	0.00	0.00	0.00	0.00	0.00
Royalty fm.cargo	1.01	1.02	0.99	1.03	1.33	5.38
Total Aero Revenue	35.16	68.98	25.60	40.46	67.67	237.87

- From the above tables it can be concluded that there has been a shortfall of in Aeronautical Revenue amounting to INR 85.27 Crores owing to Covid-19 pandemic. (For FY 2020-21 to FY 2022-23).

Aggregate Revenue required for the 1st control Period (True Up)

Table 28: Projected ARR Considered by Authority for the 1st Control Period as per Table No.57 (P78) of Order No. 45/2018-19 is as follows:

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average RAB	98.72	137.75	156.40	145.61	135.97	674.45
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	13.82	19.29	21.90	20.39	19.04	94.44
O&M expenses	32.45	34.81	37.18	38.26	40.37	183.07
Depreciation	14.14	13.53	12.48	10.30	10.18	60.63
Tax expense	-	-	8.01	18.71	24.82	51.54
Less: 30% NAR	-6.54	-7.27	-7.97	-8.73	-9.59	-40.1
ARR per year	53.87	60.36	71.59	78.92	84.82	349.56
Add: True up	54.50					

PV of ARR based @14%	53.87	52.94	55.09	53.27	50.22	265.39
Total present value of ARR	319.89					
Total traffic (million passengers)	21.94					
Yield per passenger (Y) (INR)	145.77					

Table 29: True Up for ARR and Yield for 1st Control Period is as follows:

Particulars (₹ Crore)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Average RAB	86.39	93.29	100.77	132.16	164.72	577.33
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	12.10	13.06	14.11	18.50	23.06	80.83
O&M expenses	48.24	65.7	60.34	67.44	73.96	315.68
Depreciation	10.13	9.71	10.85	9.05	10.84	50.58
Tax expense	0	0	0	0	0	0
Intt. on Working capital	0.36	0.00	0.41	1.42	0.18	2.37
Return on Land			0.17	0.17	0.19	.53
Add: True up (shortfall previous CP)	54.50					
Less: 30% NAR	5.78	6.92	2.30	2.90	6.07	23.96
ARR per year	119.55	81.55	83.58	93.67	102.16	480.52
PV Factor (Compound)	14%	14%	14%	14%	14%	
PV of ARR	230.18	137.73	123.83	121.74	116.47	729.96
Actual Revenue	35.17	68.98	25.60	40.46	67.67	237.87
PV of Actual Revenue	67.71	116.50	37.93	52.58	77.14	351.86
PV Shortfall	162.47	21.23	85.91	69.16	39.32	378.09

Significant reasons for variations in ARR and yield are as follows:

- There are variances in Aeronautical revenue for 1st Control Period on account of COVID-19 pandemic. There were no air traffic movement due to imposition of lockdown across country leading to fall in revenue in FY 2020-21. Adverse impacts of COVID-19 pandemic can be seen in revenue of FY-2021-22 also.
- Major downfall in Aeronautical revenue is under Landing and UDF charges in FY 2020-21 due to the adverse impact of COVID-19 pandemic.

- ARR for the 1st control period includes the interest on working capital amounting to INR 2.37 Crores.
- ARR for the 1st control period includes the Financing allowance to INR 8.24 Crores.
- ARR for the 1st control period includes return on Land Rs. 0.53 (Cr).
- Shortfall for FY 2016-17 & FY 2017-18 amounting compounded to INR 54.50 Crores has been included in the Shortfall for 1st Control Period.

MYTP for the 2nd Control Period (01.04.2023 to 31.03.2028)

14 Traffic Growth

Passenger Traffic and ATM of Indore International Airport for the 2nd Control Period.

The Projected Passenger traffic and ATM at the airport has been shown in the table 31 & 32 below:

Year	PAX					
	Dom (Nos)	%	INTL (Nos)	%	Total (Nos)	Combined (%)
2023-24	3350838	19.11%	31437	103.6%	3382275	19.57%
2024-25	3886972	16.0%	55015	75.0%	3941987	16.55%
2025-26	4431149	14.0%	60516	10.0%	4491665	13.94%
2026-27	5051509	14.0%	66568	10.0%	5118077	13.95%
2027-28	5657691	12.0%	83210	25.0%	5740901	12.17%

Year	ATM					
	Dom (Nos)	%	INTL(Nos)	%	Total (Nos)	Combined (%)
2023-24	27157	8%	260	113%	27417	8.87%
2024-25	30688	13%	416	60%	31104	13.45%
2025-26	34370	12%	450	8%	34820	11.95%
2026-27	38494	12%	485	8%	38979	11.94%
2027-28	42344	10%	602	24%	42946	10.18%

MYTP has been prepared considering the above growth of PAX & ATM for projecting the Aeronautical Revenue for the 2nd Control period.

15 Allocation of Assets

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 Terminal Building Ratio, Quarter Ratio, Employee Ratio etc.

16 Capital Expenditure for the 2nd Control Period (01.04.2023 to 31.03.2028)

Table No:40 Projected capital Expenditure proposed for the 2nd Control Period is as under: -

Particulars (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
TMNL BLDG	-	29.55	-	-	-	29.55
OTHER BLDGS	0.70	10.47	-	-	-	11.17
COMPUTERS : END USER DEVICES	0.17	0.10	0.07	0.07	0.51	0.92
MACHINERY	15.25	10.20	14.30	-	-	39.75
TOOLS & PLANT	3.05	-	-	-	-	3.05
ELECT INSTALLATION	1.71	15.78	-	-	-	17.49
X-RAY BAGGAGE INSPECTION SYSTEM (X-BIS)	0.70	-	1.50	-	-	2.20
CFT & FIRE FIGHTING EQPT.	-	-	-	14.00	-	14.00
Total	21.57	66.10	15.87	14.07	0.51	118.12

List of Proposed Major Capital Expenditure for the 2nd Control Period is as table below:

Sr No	Particulars	Amount (In Lakh)	PDC
1	Modification of existing Terminal Building for international ops	4254	2024-25
2	Fire Station	1176	2024-25
3	Provision of Rain Water Harvesting in Operational Area at D.A.B.H. Airport Indore.	54	2023-24
4	Procurement of IT Equipment (base on replacement of IT Infra as per IT policy)	92	year wise
5	SBD	90	2023-24
6	ETD	90	2023-24
7	Body Scanner	1000	2025-26
8	TCV	1000	2024-25
9	BDDS	400	2024-25
10	Hydraulic Cutter & Spreader with Pump & Accessories - 01 No.	180	2023-24

11	Supply of 08 Nos. Airport Source Friction Tester (ASFT) with Operation & Comprehensive Annual Maintenance Contract at various Airports In India.	125	2023-24
12	Replacement/addition of Internal & External Signages for Terminal Building at DABH Airport, Indore.	80	2023-24
13	SITC of ALCMS at DABH Airport , Indore	60	2024-25
14	Airfield Crash Fire Tender (ACFT) - 02 Nos. of 10 KL Water Tank Capacity.	1400	2026-27
15	In-line Screen Baggage System	1370	2023-24
	Total	11371	

- ❖ Capex (Aero) Rs.118.12 Cr. (Inc. Finance allowance Rs.1.97 Cr) have been proposed for the 2nd control period.

16.1 Depreciation

Depreciation have been proposed in line with the guidelines issued by AERA for the 2nd Control Period is as under: -

Table 41: Proposed Depreciation during FY 23-24 to FY 27-28 is as follows:

Particulars (₹ Crores)	Control period					
	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Depreciation	12.21	14.38	16.57	16.99	16.43	76.57

- Depreciation has been proposed 50% on 1st year or year of capitalization of assets and thereafter full Depreciation has been calculated for the 2nd Control Period.

16.2 Fair Rate of Return (FRoR).

Table No:42 Summary of Projected RAB and Fair Rate of Return on RAB for 2nd Control Period is as follows:

	Particulars (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
A	Opening Aeronautical RAB*	170.3	179.64	231.358	230.6638	227.749	1039.69

B	Aeronautical assets capitalized during year	21.57	66.09	15.87	14.07	0.50	118.12
C	Disposals/ Transfers						
D	Depreciation	12.21	14.38	16.57	16.99	16.43	76.57
E	Closing Aeronautical RAB (A+B-C-D)	179.6	231.35	230.66	227.749	211.83	1081.24
F	Average RAB (A+E)/2	175	205.49	231.01	229.20	219.79	1060.47
G	Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	
H	Return on Average RAB	24.49	28.77	32.34	32.09	30.77	148.47

- Depreciation has been proposed 50% on 1st year or year of capitalization of assets and thereafter full Depreciation has been calculated for the 2nd Control Period.

17 Operating Expenses

Table 43: Proposed Operating & Maintenance (O&M) expenses for the 2nd Control Period is as follows:

Particulars (₹ Crore)	Control period					Total
	2023-24	2024-25	2025-26	2026-27	2027-28	
Payroll expenses - Non CHQ/RHQ	19.25	20.59	23.68	25.34	31.68	120.54
Payroll expenses - CHQ/RHQ	0.57	0.61	0.71	0.76	0.95	3.60
Less Common Exps. Of Fin & HR for ANS	1.31	1.41	1.62	1.73	2.16	8.23
Common Employee Expenses pertains to Non-Aero	0.04	0.04	0.05	0.06	0.07	0.26
Total Payroll Expenditure	18.46	19.76	22.72	24.31	30.39	115.64
Administration and General expenses - Non CHQ/RHQ	9.53	10.33	12.79	13.92	15.17	61.74

Administration and General expenses - CHQ/RHQ	31.67	33.26	34.92	36.67	45.83	182.34
Total Admin & General Expenditure	41.20	43.59	47.71	50.59	61.00	244.08
Repairs and maintenance	13.31	15.37	20.04	21.91	23.97	94.61
Utilities and outsourcing expenses	6.11	6.48	7.41	7.88	8.38	36.27
Other outflows - Collection Charges on UDF	0.75	0.88	1.00	1.14	1.28	5.05
Total	79.84	86.07	98.88	105.82	125.01	495.65

17.1 Payroll expenses -Non CHQ/RHQ

An increase of 7% YoY has been proposed for the 2nd control Period.

An additional increase of 8% (Total 15%) has been proposed for FY 2025-26 in proportion of increase in no. of staff due to operationalization of New Terminal building.

An additional increase of 18% (Total 25%) has been proposed for FY 2027-28 because of next wage due from 01.01.2027.

17.2 Payroll expenses -CHQ/RHQ

Actuarial Expenses (Retirement Benefits) for FY 2023-24 has been projected based on the FY 2021-22 as there is negative balance of Rs. .29 lakh in FY 2022-23 due to reverse of excess provision.

The same percentage increase as proposed for Payroll Expenses-Non CHQ/RHQ has been proposed for Payroll expenses-CHQ/RHQ for the 2nd Control Period.

17.3 Administration and General expenses -Non CHQ/RHQ

An increase of 10% YoY has been proposed for the 2nd control Period.(except interest on loan).

An additional increase of 10% has been proposed for Administration & General Expenses (except MESS) for the FY 2025-26.

An additional increase of 30% has been proposed for FY 2025-26 for MESS expense in proportion to increase in area of modification/reconfiguration Terminal Building.

17.4 Administration and General expenses – CHQ/RHQ

An increase of 5% for CHQ/RHQ expenses YoY basis for 2nd control period. An additional increase 20% in FY 2027-28.

17.5 Repairs and maintenance

R&M Civil

An increase of 10% YoY basis has been proposed for the 2nd Control Period.

Due to Reconfiguration/modification of Terminal Building an additional increase of 10% has been proposed for R&M (Civil) for the FY 2025-26.

R&M Electrical

An increase of 10% YoY basis has been proposed for the 2nd Control Period.

An additional increase of 30% has been proposed for FY 2025-26 as per the justification given below: -

- i. Modification of existing Terminal Building/Configuration of existing terminal building will have all new equipment which will have CAMC along with manpower cost from the 1st day of the commencement of the assets.
- ii. Modification of existing terminal building require necessary infrastructure to cadre passengers facilitation Escalators, CCTV camera. Inline X-Bis. lifts, Conveyor, BHS system. It will increase the cost of R&M as well as Electricity expenses.
- iii. Specialized man power require to engage for Screening and hiring charges will have to pay to AAICLAS.
- iv. Other then above, regular AMC expenses for DG set for secondary power supply, Ground light, Air conditioner and Equipment will also increase.

R&M Equipment, Furniture & Vehicle

An increase of 10% YoY basis has been proposed for the 2nd Control Period.

10% additional increase in FY 2025-26 has been proposed due to Modification of Terminal Building.

17.6 Utilities and outsourcing expenses

An increase of 10% YoY basis has been proposed for Utilities and Outsourcing expenses for the 2nd Control Period. (except electricity expenses).

An increase of 3% YoY basis has been proposed for electricity expenses for the 2nd Control Period

Additional 10 % increase is proposed in FY2025-26 for Utilities and outsourcing expenses due to modification of existing Terminal Building (except electricity expenses) and also additional 7% increase is proposed for electricity expenses in FY 2025-26.

17.7 Other outflows - Collection Charges on UDF

Collection charges on UDF is directly linked with Passenger growth and accordingly proposed for the 2nd control Period.

18 Taxation

Table 44: Tax expense Proposed for the 2nd Control Period -INR crores

Particulars (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
AERO REV	78.27	216.88	271.36	336.75	490.81	1394.07
TOTAL REV	78.27	216.88	271.36	336.75	490.81	1394.07
OPEX	79.84	86.08	98.88	105.83	125.02	495.65
DEP. As WDV AS PER INCOME TAX	18.43	21.20	23.46	22.95	21.35	107.39
Interest on working Capital	0.00	0.00	0.00	0.00	0.00	0.00
Interest On Term Loan	1.47	1.38	1.12	0.94	0.69	5.60
TOTAL EXP.	99.74	108.66	123.46	129.72	147.06	608.64
PBT	-21.47	108.22	147.90	207.03	343.74	785.43
set-off of prior period tax losses	0.00	108.22	61.59	0.00	0.00	169.81
PBT after set-off of prior period tax losses	-21.47	0.00	86.32	207.03	343.74	615.62
TAX (FY1819- 34.944%)& w.e.f.(FY1920-25.17%)	0.00	0.00	30.16	52.11	86.52	168.79
PAT	-21.47	0.00	56.15	154.92	257.22	446.83

19 Non-Aeronautical Revenue (NAR)

Table 45: Projected Non-Aeronautical Revenue for 2nd Control Period is as under

REVENUE (₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
1. TRADING CONCESSIONS						
RESTAURANT / SNACK BARS/RETAIL	10.02	9.58	10.91	12.44	13.95	56.90
T.R. STALL	10.44	12.16	13.93	16.02	18.48	71.04
HOARDING & DISPLAY	6.57	7.83	9.40	11.28	13.53	48.61
2. RENT AND SERVICES						
LAND LEASES*	0.98	0.98	1.13	1.13	1.13	5.35
BUILDING (RESIDENTIAL)	0.03	0.03	0.03	0.03	0.03	0.14
BUILDING (NON-RESIDENTIAL)	2.39	2.59	2.80	3.02	3.27	14.07
3. MISCELLANEOUS						
CAR RENTALS	0.47	0.52	0.57	0.63	0.69	2.90
CAR PARKING	0.62	0.68	0.75	0.83	0.91	3.79
ADMISSION TICKETS	0.20	0.22	0.24	0.26	0.29	1.20
OTHER MISC INCOME	1.37	1.44	1.51	1.58	1.66	7.56
TOTAL	33.10	36.03	41.27	47.22	53.95	211.57

Proposed Increase in revenue as given Table No:46 below: -

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
RESTAURANT / SNACK BARS	41%	-4%	14%	14%	12%
T.R. STALL	295%	16%	15%	15%	15%
HOARDING & DISPLAY	16%	19%	20%	20%	20%
2. RENT AND SERVICES					
LAND LEASES	0%	0%	15%	0%	0%
BUILDING (RESIDENTIAL)	0%	0%	0%	0%	0%
BUILDING (NON-RESIDENTIAL)	56%	8%	8%	8%	8%
3. MISCELLANEOUS					
CAR RENTALS	82%	10%	10%	10%	10%
CAR PARKING	11%	10%	10%	10%	10%

ADMISSION TICKETS	10%	10%	10%	10%	10%
OTHER INCOME/ SALE OF SCRAP	5%	5%	5%	5%	5%

20 Aero Revenue

Landing Charges: - Landing charges are directly linked with ATM growth and accordingly proposed for the 2nd control Period.

Parking Charges: -Parking charges are directly linked with ATM growth and accordingly proposed for the 2nd control Period.

UDF: - UDF charges are directly linked with Passenger growth and accordingly proposed for the 2nd control Period.

Royalty on Ground Handling Services: - Royalty on Ground Handling Services are directly linked with ATM growth and accordingly proposed for the 2nd control Period.

Royalty on CUTE Charges: - Royalty on CUTE charges are directly linked with Passenger growth and accordingly proposed for the 2nd control Period.

Land lease from oil companies and Ground handling: - Land lease from oil companies and Ground handling are increases 15% in every three year.

Table 47: Projected ARR for the 2nd Control Period is as follows:

Particulars(₹ Crore)	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Average RAB	175	205.499	231.011	229.2065	219.791	1060.47
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	24.49	28.77	32.34	32.09	30.77	148.47
O&M expenses	79.84	86.07	98.88	105.82	125.01	495.65
Depreciation	12.21	14.38	16.57	16.99	16.43	76.57
Tax expense	0.00	0.00	30.16	52.11	86.52	168.79
Intt. on Working capital	0.00	0.00	0.00	0.00	0.00	0.00
Return On Land	0.22	0.22	0.22	0.22	0.22	1.10
Interest on term Loan	1.47	1.38	1.12	0.94	0.69	5.60
Add: True up (Short Fall 1 st CP)	378.09					378.09
Less: 30% NAR	9.93	10.81	12.38	14.17	16.19	63.47
ARR per year	108.31	120.01	166.92	194.01	243.47	832.72
PV Factor (Compound) @14%	1.00	0.88	0.77	0.67	0.59	

PV of ARR	486.40	105.28	128.44	130.95	144.15	995.22
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- ARR for the 2nd Control Period includes the interest on Term Loan amounting to INR 5.60 Crores.
- ARR for the 2nd Control Period includes the Financing allowance to INR 1.97 Crores.
- ARR for 2nd Control Period amounting to INR 995.22 cr. Include Rs.378.09 Crores Shortfall for 1st Control Period.

21 Debt/Equity Ratio

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

22 Financing the ARR for the 2nd control period

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

- Landing Charges:** - Landing charges have been increase based on the average landing charges of the aircraft and is proposed to increase to Rs. 25681 & Rs. 35821 for Domestic landing and international Landing respectively from the existing Average Landing Charges of Rs. 16051 and Rs. 22388 respectively w.e.f. 01.04.2024 till 31.03.2025. An increase of 6% thereafter on year on year basis from FY 2025-26 to FY 2027-28. is proposed for Domestic and International Landing Charges.
- Existing and Proposed Landing charges are as under:**

Landing Average	Existing (Rs.)	Proposed (Rs) (01.04.2024)
Average Revenue per ATM (Dom) Rs.	16051	25681
Average Revenue per ATM (Intl) Rs.	22388	35821

iii New Points add in Tariff Card

- Non-Schedule Flights:** "A minimum fee of Rs.4000/- per flight or applicable landing charges shall be charged as per landing for all types of aircraft flights, helicopter flights including but not limited to domestic landing, international and general aviation landing for the control period."

- b. Domestic leg of International routes of foreign carriers shall be treated as International Flights.

iv **Parking Charges (Dom & Intl.)**

Parking charges have been increase based on the average Parking charges of the aircraft and is proposed to increase to Rs. 580 for Domestic as well international Parking Charges from the existing Average Parking Charges w.e.f. 01.04.2024 till 31.03.2025. An increase of 6% thereafter on year on year basis from FY 2025-26 to FY 2027-28 is proposed for Domestic and International Parking Charges.

Parking Charges	Existing (Rs)	Proposed (Rs) (01.04.2024)
Average revenue per ATM Rs.	276	580

v **User Development Fee (UDF)**

The above charges have been proposed to recover ARR and balance is proposed to recover from the UDF.

The existing and revised rates of UDF per Pax are as under:

Particulars	Existing (Rs)	Proposed (Rs)			
	FY 2023-24	FY24-25	FY25-26	FY26-27	FY27-28
Dom per embarking Pax	302	850	950	1050	1121
Intl per embarking Pax	302	910	1010	1110	1210

With the proposed Tariff Proposal, the shortfall will be nil as per following details.

Particulars (₹ in Cr)	Amount
Present Value of Target Revenue as on 01.04.2023 (including PV of S/Fall 1CP of Rs.378.09 Cr.)	995.22
Total PV of projected Revenue at Proposed Rates as on 01/04/2023	995.22
Short fall carry forward for the next Control Period.	nil