



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

F.A. AAI/JVC/Kol-Tariff/2021-22

Dated 28.01.2022

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 3rd control period (01.04.2021 to 31.03.2026) and True-up of 2nd control period (01.04.2016 to 31.03.2021) in respect of NSCBI Airport Kolkata.

Reference: Submission of AAI's Comments in response to Consultation Paper No. 25/2021-22 issued by Airports Economic Regulatory Authority of India (AERA).

Sir,

This has reference to AERA's Consultation paper No. 25/2021-22 dated 29.12.31 in the matter of determination of Aeronautical tariff in respect of NSCBI Kolkata Airport for the 3rd Control period (01.04.2021 to 31.03.2026).

AAI's response to Consultation paper No. 25/2021-22 is enclosed.

This issues with the approval of the Competent Authority.

Thanking you,

Your faithfully,

(V. Vidya)

Executive Director (JVC & PPP)-I

Encl: As above



NSCBI AIRPORT KOLKATA

Response to Airports Economic Regulatory Authority (AERA)'s Consultation Paper No. 25/2021-22 dated 29th December 2021 Determination Of Aeronautical Tariff for NSCBI Airport Kolkata (CCU) for the Third Control Period (01.04.2021 - 31.03.2026)

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1.Introduction

Airports Economic Regulatory Authority of India ('AERA') has released Consultation Paper No. 25/2021-22 on Aeronautical services in respect of NSCBI Airport Kolkata ('CCU') for Third Control Period (01.04.2021 to 31.03.2026), ('Consultation Paper' or 'CP') on 29th December, 2021.

We hereby present our observations, suggestions, and request in respect of determination of Aeronautical Tariffs for CCU for the Tariff Determination for the Third Control Period – from 1st April 2021 to 31st March 2026 and True Up of Second Control Period from 1st April 2016 to 31st March 2021.

2. True- Up the Second Control Period (SCP)

2.1 Financing Allowance

AERA's Contentions

[Para 3.3.24 & 3.3.25 of CP]

- The Authority noted that AAI has computed Rs. 45.42 (Cr) as Financing allowance on the asset additions capitalized in the Second Control period.
- The Authority considers that giving an assured return on the equity investment even on the work-in-progress assets would result in reducing the risks associated with equity investment in capital projects. Further, the airport operator is given a fair rate of return on equity when the capital assets are capitalised.
- Further, the Authority notes that developments at greenfield airports inherently take longer durations to commission and operationalise. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, the Authority had earlier provisioned for financing allowance in initial stages to such airports. It may be further noted that the Authority has never provided financing allowance in the case of brownfield airports. The Authority also notes that NSCBIA, Kolkata, being one of the oldest airports in India, would not be eligible for such an allowance on the equity portion of newly funded capital projects. Financing allowance is a notional allowance and is different from the actual investment incurred by airport operators which includes interest during construction, amongst other things. Therefore, the provision of financing allowance on the entire capital work in progress would lead to a difference between the projected capitalisation and actual cost incurred, especially when the airport operator funds the projects through a mix of equity and debt.

AAI's Submission

- Direction 5 of AERA (which entails the methodology of aeronautical tariff determination) allows Airport operators to be eligible for Financing Allowance as a return on the value invested in construction phase of an asset including the Equity portion, before the Asset is put to use.
- The concept of Financing Allowance, its computation and how the Work in Progress Asset includes the Financing Allowance is provided in Paragraph 5.2.7 of the Direction No.05-2010-11. Extract of the same is provided below:

“5.2.7. Work In Progress assets (a) Work in Progress Assets (WIPA) are such assets as have not been commissioned during a Tariff Year or Control period, as the case may be. Work in Progress assets shall be accounted for as:

WIPAt = WIPAt-1 + Capital expenditure + Financing allowance – Capital receipts of the nature of contributions from stakeholders (SC) - Commissioned Assets (CA)

Where:

WIPAt = Work in progress Assets at the end of Tariff Year t

WIPAt-1 = Work in progress Assets at the end of the Tariff Year t-1

Capital Expenditure= Expenditure on capital projects and capital items made during Tariff Year t.

The Financing allowance shall be calculated as follows:

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

Where

Rd is the cost of debt determined by AERA according to Clause 5.1.4.

SC are capital receipts of the nature of contribution from stakeholders (including capital grants and subsidies) pertaining to the capital expenditure incurred in Tariff year t.

CA are Commissioned Assets which pertain to the accumulated value of the WIPA attributable to all assets that have been put into effective operation during Tariff Year t.

- AERA has further provided an Illustration on Page 28 detailing the working. The extract of the illustration is as under:

Illustration 7: The following example illustrates this approach for calculation of Work in progress assets, financing allowance and commissioned assets. The numbers in the illustration have been rounded to the nearest integers.

Forecast Work in Progress Assets		2010-11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening WIP: WIP_{t-1}	OW	-	-	-	558	638	-
Capital Expenditure	CE	-	833	521	-	-	-
Financing Allowance	$FA = R_d \times (OW + (CE - CA - SC) / 2)$	-	-	37	80	43	-
Capital Receipts	SC	-	200	-	-	-	-
Commissioned Assets	CA	-	633	-	-	681	-
Closing WIP: WIP_t	$CW = OW + CE + FA - SC - CA$	-	-	558	638	-	-

- The cost of debt, R_d , used for calculation of financing allowance, is the cost of debt determined by the Authority under Clause 5.1.4.
 - The example illustrates that those assets, which have been acquired or commissioned within the same Tariff Year (i.e. Tariff Year 1), have been included both in Capital Expenditure and Commissioned Assets.
 - The value of commissioned assets, as calculated, shall be used for forecasting RAB for the Control Period.
- Further, Para 5.2.5 of Direction No. 05 details the forecasting of RAB wherein the commissioned assets (including the Financing Allowance on the assets, when it was in Work in Progress stage) has been added to RAB and forms part of the closing and average RAB workings. The Illustration 4 in Page 23 is given below:

Forecast RAB		2010-11	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Opening RAB _{t-1}	OR	22,750	20,500	18,826	16,462	13,998	12,277
Commissioned Assets	CA	-	633	-	-	681	-
Depreciation	DR	2,250	2,307	2,364	2,364	2,402	731
Disposals	Di	-	-	-	100	-	-
Incentive Adjustments	IA	-	-	-	-	-	-
Closing RAB _t	$CR = OR + CA - DR - Di + IA$	20,500	18,826	16,462	13,998	12,277	11,547
RAB for calculating ARR	$RA = (OR + CR) / 2$	-	19,663	17,644	15,230	13,138	11,912

- The Clause (d) of Para 5.2.6 defines Commissioned Assets as below:
"Commissioned Assets: Represents investments brought into use during Tariff Year t, consistent with Clause 5.2.7 herein below."
- Thus, from the above clauses it is clear that the Financing Allowance is computed on the Work in Progress balance based on Capital Expenditure incurred which is funded by Equity/Internal accruals and is capitalized as part of Commissioned assets for RAB Computation. In the case of AAI, financing allowance is computed on the equity portion and IDC is computed on the debt portion of the capital spend.

- Thus, Direction 5 provides an explicit, detailed elaboration of Financing allowance. Manner and formulae of computation and addition of the “commissioned assets” into RAB including the Financing allowance are elucidated in detail with examples is contained in the same Direction.
- The regulatory principles laid down by AERA and based on which the tariff orders are determined provide a fundamental foundation of the regulatory clarity to the stakeholders on the manner in which different components of costs and revenues are treated. Following are the examples and extracts of inclusion of financing allowance in RAB by AERA in various Orders:
- **CIAL TCP Order:** Vide para 4.4.52 of CIAL order for third control period, for true up of SCP, AERA noted that, in the tariff order for the SCP, it was decided that FA would be trued up based on the final capex. In its MYTP submission, CIAL had proposed an addition of Rs. 11.9 crores in FY 2021 only as Financing Allowance for true up of SCP. Accordingly, AERA recomputed FA based on actual WIP capitalized and allowed for inclusion in the Order.
- **BIAL TCP Order:** Vide para 3.3.78 of BIAL Order for the third control period, AERA has agreed to allow the financing allowance for the second control period.
- Financing allowance was approved and given by AERA in the First and Second Control period for BIAL and in second control period order of CIAL.
- **MIAL and DIAL:** It is further to be noted that MIAL and DIAL are governed by tariff determination principles set forth in SSA and OMDA. SSA and OMDA do not contain the concept of financing allowance. Hence, AAI submits that these 2 airports are not comparable with AAI airports.

AAI's Request

- The AERA Act requires AERA to consider “*timely investment in improvement of airport facilities*”; and “*economic and viable operation of major airports*”. The statement of objects and reasons of the AERA Act requires Authority to encourage investment in airport facilities, create a level playing field and foster healthy competition. The Airports Infrastructure Policy of 1997 and NCAP 2016 also emphasize the need to provide a commercial orientation and encourage private sector participation in the airport sector.
- Financing allowance computation is fully in compliance with Direction 5, affirmed by Authority in its various Orders in the past.
- Based on the above submissions, AAI submits that by non-consideration of Financing allowance amounts to violating AERA’s own guidelines Further, allowing Financing allowance for private airports and not for AAI airports vitiates the principle of laying a level playing field for all airports – public or private in India and AAI airports would be denied of revenues that they are rightfully entitled to.
- AAI therefore requests AERA to consider the financing allowance of Rs. 45.42 crores computed for SCP additions. Further, it is requested to consider Dep and return on RAB of FCP and SCP on Financing allowance amounting to Rs. 407 (Cr).

2.2 Allocation Ratios for Additions in the Second Control Period

AERA's Contentions

[Para 3.3.26 of CP]

The Authority has noted that allocation ratios between aeronautical and non-aeronautical assets have been used for common assets.

S No	Allocation Ratio (in %)	As submitted by AAI	No. Allocation Ratio (in %) As submitted by AAI Approved by Authority in SCP Order (excl. Cargo)	Proposed to be considered by the Authority in true up of Second Control Period
1	TBLR	94.35	92.50	92.50
2	EHCR	98.27	98.27	98.27

The Authority notes a difference between the Terminal Building Ratio (TBLR) as submitted in the MYTP submission and the TBLR approved in the Second Control Period Order. Since NSCBIA, Kolkata has not witnessed capitalization/added new areas in the terminal building, the TBLR ratio is unlikely to undergo any changes vis-à-vis the approved ratio in the Second Control Period. Thus, the Authority proposes to use the approved TBLR and Employee Ratio to segregate the value of common assets.

AAI's Submission

- AERA proposed to consider the ratio of 92.50% : 7.50% (Aero : Non-aero) for common assets within the Terminal building during the Second Control Period.
- AAI submits that the ratios submitted are based on actual floor space usage and considering the ratio of SCP i.e. 94.35% : 5.65% (Aero : Non-aero) by comparing with other airports/generally accepted ratios may not reflect the true ground scenario in Kolkata Airport.
- Detailed workings for all the aeronautical ratios applied for various assets was submitted during MYTP stage to AERA for its perusal.
- In SCP order, the ratio of 92.5% for TBLR was based on actual submission of AAI's TBLR ratio of 93.27%. It is requested to consider the average ratio computed on actual TBLR ratio from the F.Y 2016 to F.Y 2021 comes out 94.35%.
- Considering the fact that true up of the ratio, AAI has submitted the aero ratio working based on actual aero additions for SCP.
- **2.3 Fair Rate of Return**

AERA's Contentions

[Para 3.5.4 of CP]

The Authority notes that there is a change in the debt-equity composition of NSCBIA, Kolkata in FY 2020-21 because the capital additions in FY 2020-21 were funded using a debt:equity ratio of 60%:40%. As per AAI's submission, the cost of debt considered at NSCBIA, Kolkata is 6.21%, based on the term loan facility of Rs. 2,100 Cr. that AAI had taken from M/s. Axis Bank. Thus, after considering a cost of equity of 14%, the Authority recalculates the FRoR for the Second Control Period to be 13.96%.

AAI's Submission

In SCP order, FROR was considered @14% by AERA.

The Equity estimation can also yield a range of values depending on the assumptions employed.

- COE depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%.

In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.

2.4 Return on Land

AERA's contentions

[Para 3.6.5 of CP]

- The Authority notes that AAI has submitted Rs. 1.55 Cr. for return on land for the First Control Period and Rs. 0.85 Cr. for return on land for the Second Control Period. The Authority sought additional information from AAI regarding this land. AAI has not provided the required information. Moreover, since return on land should be sought prospectively and not retrospectively, the Authority is of the opinion that return on land will not be included in the true up calculation of the Second Control Period

AAI's submission

- Since these are for aeronautical purposes only, requests AERA to provide return on Land.
- These have been calculated based on the value of the Land appearing in the books of NSCBIA Airport since 1980, which has been commuted in favour of AAI already. Considering the period in question, AERA is requested to allow the return on Land to NSCBI Airport, Kolkata.

2.5 Vehicle Ratio

AERA's Contentions

[Para 3.7.13 of CP]

- The Authority proposes to consider a vehicle ratio of 98.27% (similar to the employee ratio), in line with the Second Control Period Order that mentions the use of an employee ratio to segregate common vehicular assets.

AAI's Submission

Detailed working for vehicle Ratio submitted by AAI on the basis of Actual usage year-wise given below:-

S.No.	Vehicle Reg. No.	Vehicle Type & Date of Purchase	User Department of Vehicle For the year 2016-17	User Department of Vehicle For the year 2017-18	User Department of Vehicle For the year 2018-19	User Department of Vehicle For the year 2019-20	User Department of Vehicle For the year 2020-21
1	WB-26X-1544	M&M / SCORPIO & 2016	GM(OPS-ASM)	GM(OPS-ASM)	GM(OPS-ASM)	GM(OPS-ASM)	GM(OPS-ASM)
2	WB-26BB-1451	M&M / BOLERO & 2018		GM(Ops-TM)	GM(Ops-TM)	GM(Ops-TM)	GM(Ops-TM)
3	WB-26T-6521	M&M / BOLERO & 2015	GFS	GFS	GFS	GFS	GFS
4	WB-26-AX-3696	M&M / BOLERO & 2017		Ops-TM	Ops-TM	Ops-TM	Ops-TM
5	WB-26S-8543	TOYOTA / INNOVA & 2014	VIP	VIP	VIP	VIP	VIP
6	WB-26S-8544	TOYOTA / INNOVA VIP-2 & 2014	VIP	VIP	VIP	VIP	VIP
7	AR-192	TATA / COMMAND POST & 2003	Fire	Fire	Fire	Fire	Fire
8	WB-26T-7128	M&M / THAR & 2015	CISF	CISF	CISF	CISF	CISF
9	WB-25C-5063	M&M / BOLERO QRT. & 2009	CISF	CISF	CISF	CISF	CISF
10	WB-26AQ-8659	HERO MOTOR CYCLE & 2016	CISF	CISF	CISF	CISF	CISF
11	WB-25G-7910	BDDS-DOG SQUAD & 2016	CISF	CISF	CISF	CISF	CISF
12	WB-26T-6516	M&M / BOLERO & 2015	AOCC	AOCC	AOCC	AOCC	AOCC
13	WB-26T-6519	M&M / BOLERO & 2015	Stand by	Stand by	Stand by	Stand by	Stand by

14	WB-26T-6523	M&M / BOLERO & 2015.	AOCC	AOCC	AOCC	AOCC	AOCC
15	WB-26T-6518	M&M / BOLERO & 2015	AOCC	AOCC	AOCC	AOCC	AOCC
16	WB-26T-1917	HYUNDAI / VERNA & 2014	APD	APD	APD	APD	APD
17	WB-26-AX - 3683	M&M / BOLERO & 2017		MT	MT	MT	MT
18	WB-25F-8345	M&M / PICK UP & 2015	Ops	Ops	Ops	Ops	Ops
19	AR-349	RMM	GFS	GFS	GFS	GFS	GFS
21	AR-346	WATER BLASTING RDR & 2019				GFS	GFS
22	AR - 263	MAN / TRACK JET & 2009	GFS	GFS	GFS	GFS	GFS
23	AR - 274	HMT / TRACTOR & 2010	GFS	GFS	GFS	GFS	GFS
24	AR - 298	HMT / TRACTOR & 2016	GFS	GFS	GFS	GFS	GFS
25	AR- 305	ACE / EXCAVATOR		GFS	GFS	GFS	GFS
26	AR - 306	NEW HOLLAND / TRACTOR		GFS	GFS	GFS	GFS
27	AR - 316	NEW HOLLAND / TRACTOR & 2017		GFS	GFS	GFS	GFS
28	AR - 317	NEW HOLLAND / TRACTOR & 2017		GFS	GFS	GFS	GFS
29	AR - 318	NEW HOLLAND / TRACTOR & 2017		GFS	GFS	GFS	GFS

30	WB-25K-2716	TATA / TIPPER & 2020					GFS
31	AR-347	TRILO GCCM				GFS	GFS
32	AR - 237	AFFRV - 2 / RB07004 & 2008	Fire	Fire	Fire	Fire	Fire
33	AR - 256	AFFRV - 3 RB08013 & 2008	Fire	Fire	Fire	Fire	Fire
34	AR - 257	AFFRV - 4 / RB08014 & 2008	Fire	Fire	Fire	Fire	Fire
35	AR - 258	AFFRV - 5 / RB08015 & 2008	Fire	Fire	Fire	Fire	Fire
36	RIV-6	RIV - 6 / RIV 15004	Fire	Fire	Fire	Fire	Fire
37	RB - 7	AFFRV - 7 / RB17096 & 2017		Fire	Fire	Fire	Fire
38	RB - 8	AFFRV - 8 / RB17097 & 2017		Fire	Fire	Fire	Fire
39	WB-26T-6513	M&M / BOLERO & 2015	Fire	Fire	Fire	Fire	Fire
40	WB-26T-6515	M&M / BOLERO & 2015	Fire	Fire	Fire	Fire	Fire
41	WB-26T-6524	M&M / BOLERO & 2015	Fire	Fire	Fire	Fire	Fire
42	WB-25G-2072	SML / AMBULANCE & 2016	Fire	Fire	Fire	Fire	Fire
43	WB-25G-2073	SML / AMBULANCE & 2016	Fire	Fire	Fire	Fire	Fire
44	WB-25H-4281	SML / AMBULANCE	Fire	Fire	Fire	Fire	Fire
45	WB-25H-4290	SML / AMBULANCE	Fire	Fire	Fire	Fire	Fire
46	AR-98	TATA - 407 (HIGH MAST LIGHT)	Fire	Fire	Fire	Fire	Fire

47	WB-26T-6514	M&M / BOLERO & 2015	CMD-I	CMD-I	CMD-I	CMD-I	CMD-I
48	WB-26T-6517	M&M / BOLERO & 2015	CMD-II	CMD-II	CMD-II	CMD-II	CMD-II
49	WB-26T-6520	M&M / BOLERO & 2015	EMD(shift)	EMD(shift)	EMD(shift)	EMD(shift)	EMD(shift)
50	WB-26BB-1463	M&M / BOLERO & 2018			Electrical	Electrical	Electrical

- In the above table, all vehicle used for the AERO purpose, accordingly AAI submitted 100% ratio for vehicle.
- 10% of Hire Vehicle expenses have been allocated as Non-Aero expenses.

In View of above it is requested to consider Vehicle Ratio 100% instead of Employee Ratio for the purpose of allocation.

3.CHQ/RHQ Expenses

3.1 Pay & Allowances of CHQ/RHQ

AERA's Contentions

[Para 3.7.19 & 3.7.20 of CP]

With respect to the apportionment of pay and allowance costs incurred at the CHQ, the Authority has the following observations:

- AAI has considered pay and allowance costs of commercial department at CHQ as airport expenses, despite such expenses being non-airport related in nature.
- AAI has excluded pay and allowance costs of employees involved in ATM, CNS & Cargo department at CHQ while working out the allocation to AAI profit centres. However, AAI has not bifurcated the pay and allowance costs of common support service departments such as HR, finance, civil, terminal management (housekeeping), etc. between airport and non-airport related activities.
- AAI has considered 5% of the CHQ expenses (after netting off revenue) as non-airport related expenses. The Authority is of the view that a percentage share of expenses should be worked out on total outflow of pay and allowances
- Manpower of CHQ is also providing services to non-airport related activities such as ATC, CNS services at airports. Hence, pay and allowances need to be adjusted accordingly
- Considering all the facts and figures as stated above, the Authority is of the following view:
 - 20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:
 - Support services to ANS, Cargo & Commercial at CHQ, RHQ and airport
 - Officials of Directorate of Commercial
 - Balance 80% of pay and allowances of CHQ & RHQ can be allocated to Airport

AAI's Submission

- AERA has considered the actual CHQ/RHQ expenses for determination of aeronautical tariff charges in case of Amritsar, Varanasi, Trichy and Raipur airports.
- AAI has resubmitted the CHQ/RHQ Allocations for the F.Y. 2016-17 to 2020-21 vide e-mail dated 24.12.2021 after a detailed analysis which has not been considered in CP.
- In respect of 20% of exclusion of Pay and Allowances excluded by AERA, AAI has submitted 5% of the Net Expenses of CHQ & RHQ to be considered as non-aero expenses that includes commercial, Land and Common Staff those who are working for ANS as well for land and Commercial departments.
- As per AERA view, that percentage share of expenses should be worked out on total outflow of pay and allowances. AAI has calculated/worked on same. The detail workings for the F.Y. 2016-17, 2017-18 & 2020-21 are as under:

Refer CHQ RHQ Allocations for the F.Y.2016-17, 2017-18, 2019-20 and 2020-21 provided to AERA vide e-mail dated 24.12.2021

Statement showing that AAI has considered Expenditure in the Ratio of 50:50 instead of 30:70 among ANS & Airport respectively.

PARTICULARS	2016-17				2017-18			
	11000 CHQ		11000 CHQ		11000 CHQ		11000 CHQ	
	Ratio		Ratio		Ratio		Ratio	
	0.50	0.50	0.30	0.70	0.50	0.50	0.30	0.70
	ANS	APT	ANS	APT	ANS	APT	ANS	APT
ADMN. AND GENERAL EXPENSES								
INSURANCE	312.63	312.64	187.58	437.69	530.85	530.95	318.53	743.27
ADVT. AND PUBLICITY	346.83	346.83	208.10	485.56	317.71	317.71	190.63	444.79
TELEPHONE CHARGES	29.46	29.46	17.67	41.24	33.03	33.03	19.82	46.24
PRINTING AND STATIONARY	64.75	64.75	38.85	90.65	103.61	103.61	62.17	145.06
LEGAL EXP.	167.89	167.89	100.73	235.04	872.21	872.21	523.33	1221.09
TRAVELLING EXP.	889.46	889.46	533.68	1245.25	1141.61	1141.61	684.97	1598.26
UPKEEP EXP.								
MUNICIPAL TAXES	29.49	29.49	17.69	41.28	29.49	29.49	17.69	41.28
WATCH & WARD EXP.	3.35	3.35	2.01	4.69	8.73	8.73	5.24	12.22
HIRING OF MANPOWER	6.78	6.78	4.07	9.49	20.96	20.96	12.58	29.34
FUEL TO AIRCRAFTS								

METEOROLOGICAL CHARGES	12296.08	0.00	12296.08	0.00	12877.54	0.00	12877.54	0.00
IMPORT LICENSE,ETC	0.00	124.59	0.00	124.59	6.85	241.50	6.85	241.50
ADMISSION FEE					-522.44	-223.90	-522.44	-223.90
INTEREST	812.66	1577.51	812.66	1577.51	512.70	911.47	512.70	911.47
AOCC EXP.								
PRIOR PERIOD EXP.	-216.93	-216.93	-130.16	-303.70	-9.25	-9.25	-5.55	-12.95
OTHER EXP.	890.56	876.42	528.32	1238.65	815.95	818.32	490.79	1143.48
TOTAL	15633.01	4212.23	14617.29	5227.95	16739.54	4796.43	15194.82	6341.16
REPAIR & MAINT. EXP.								
R&M CIVIL	200.18	200.18	120.11	280.25	282.62	307.07	169.57	420.12
R&M ELECTRICAL	129.47	129.47	77.68	181.26	152.87	152.87	91.72	214.02
R&M VEHICLES	19.61	38.03	15.45	42.20	5.44	15.56	5.29	15.71
R&M FURNITURE & FIXTURES	7.00	7.00	4.20	9.80	22.87	22.87	13.72	32.01
R&M ELECTRONICS	6961.18	37.48	6946.18	52.47	6011.67	60.90	5987.32	85.25
R&M IT Hardware	439.33	439.33	263.60	615.06	482.83	482.83	289.70	675.96
R&M IT S/W	486.43	486.43	291.86	681.00	875.29	875.29	525.18	1225.41
TOTAL	8243.20	1337.92	7719.08	1862.04	7833.59	1917.39	7082.49	2668.49
UTILITIES AND OUTSOURCING								
ELECTRICITY EXPENSES	182.64	182.64	109.59	255.70	202.69	202.69	121.61	283.77
CONSUMPTION OF STORES AND SPARES	1008.28	1.76	1008.28	1.76	1.53	1.53	0.92	2.14
WATER CHARGES	0.00	0.00	0.00	0.00				
FEES PAID TO OUTSIDERS/CONSULTANCY CHARGES	3016.41	3016.41	1809.84	4222.97	1856.66	1856.92	1113.89	2599.69
HIRE CHARGES CAR/JEEP & OTHERS	17.74	51.64	17.42	51.96	10.11	24.75	8.99	25.87
TOTAL	4225.07	3252.45	2945.14	4532.39	2070.99	2085.89	1245.42	2911.46

DEPRECIATION	668.91	670.65	401.69	937.86	810.09	810.40	486.11	1134.37
Total	668.91	670.65	401.69	937.86	810.09	810.40	486.11	1134.37
CSR	1695.23	3290.73	1695.23	3290.73	803.19	1427.89	803.19	1427.89
TOTAL	1695.23	3290.73	1695.23	3290.73	803.19	1427.89	803.19	1427.89
RESEARCH AND DEVELOPMENT EXPENSES	0.00	641.60	0.00	641.60	64.74	0.00	64.74	0.00
TOTAL	0.00	641.60	0.00	641.60	64.74	0.00	64.74	0.00
TOTAL EXPENDITURE	30465.41	13405.59	27378.43	16492.57	28322.14	11038.00	24876.77	14483.37
	43871.00		43871.00		39360.14		39360.14	
		3086.99	lakhs			3445.37	lakhs	
		16.00	lakhs			18.00	lakhs	
Employees considered for CHQ Allocations		192.94	No. of Employees			191.41	No. of Employees	
Employees should have been considered		100.2	No. Employees			164.0	No. Employees	

Actual Employees for Airport Segment

Segment	Employees	No. of Fin & HR common employees	REVISED STRENGTH		Employees	No. of Fin & HR common employees	REVISED STRENGTH	
ANS	245.0	28.0*	217.0	217.0	330.0	23.0*	307.0	307.0
Airport	1360.0	776.0	584.0	1388.0	1281.0	737.0	544.0	1304.0
				1605.0				1611.0
Cargo	0.0		0.0		11.0		11.0	
Commercial	9.0		9.0		18.0		18.0	
land	6.0		6.0		12.0		12.0	
				1403.0				1334.0
Total	1620.0	804.0	816.0		1652.0	760.0	892.0	
	1620.0				1652.0			
	0.0				0.0			

Proportion of HR & Fin to ANS		104.9	No. Employees			140.4	No. Employees
Proportion of HR & Fin to Non-aero		8.3	No. Employees			16.6	No. Employees
Total No. common employees salary should have been gone to ANS & NON AERO		100.2	No. Employees			164.0	No. Employees

*28 Nos and 23 Nos of employee of Finance and HR is already included in ANS segment for the F.Y 16-17 & F.Y 17-18 respectively.

Refer CHQ RHQ Allocations for the F.Y.2016-17, 2017-18, 2019-20 and 2020-21 provided to AERA vide e-mail dated 24.12.2021

Statement showing that AAI has considered Expenditure in the Ratio of 50:50 instead of 30:70 among ANS & Airport Respectively.

PARTICULARS	Amount in Lakhs			
	2020-21			
	11000 CHQ		11000 CHQ	
	Ratio		Ratio	
	0.50	0.50	0.30	0.70
	ANS	APT		
ADMN. AND GENERAL EXPENSES				
INSURANCE	1967.74	1968.06	1180.71	2755.09
ADVT. AND PUBLICITY	94.16	94.16	56.49	131.82
TELEPHONE CHARGES	22.37	22.37	13.42	31.32
PRINTING AND STATIONARY	38.86	38.86	23.32	54.40
LEGAL EXP.	923.94	923.94	554.37	1293.52
TRAVELLING EXP.	176.33	176.33	105.80	246.86
UPKEEP EXP.	0.65	0.65	0.39	0.90
MUNICIPAL TAXES	29.57	29.57	17.74	41.40
WATCH & WARD EXP.	7.75	7.75	4.65	10.86
HIRING OF MANPOWER	58.11	58.11	34.87	81.36
FUEL TO AIRCRAFTS				
METEOROLOGICAL CHARGES	13913.69	0.00	13913.69	0.00
IMPORT LICENSE,ETC				
ADMISSION FEE	461.87	197.94	461.87	197.94

INTEREST				
AOCC EXP.	0.10	0.10	0.06	0.15
PRIOR PERIOD EXP.	-373.74	-373.74	-224.24	-523.23
OTHER EXP.	4975.03	4931.22	2973.86	6932.38
TOTAL	22296.44	8075.34	19117.00	11254.77
REPAIR & MAINT. EXP.				
R&M CIVIL	804.27	804.27	482.56	1125.97
R&M ELECTRICAL	342.21	342.21	205.33	479.10
R&M VEHICLES	4.08	9.24	4.03	9.29
R&M FURNITURE & FIXTURES	0.14	0.14	0.08	0.19
R&M ELECTRONICS	8808.79	137.78	8753.67	192.90
R&M IT Hardware	551.81	551.81	331.08	772.53
R&M IT S/W	706.11	706.11	423.67	988.55
TOTAL	11217.40	2551.56	10200.43	3568.53
UTILITIES AND OUTSOURCING				
ELECTRICITY EXPENSES	228.44	228.44	137.06	319.81
CONSUMPTION OF STORES AND SPARES	0.13	0.15	0.08	0.20
WATER CHARGES	0.37	0.37	0.22	0.52
FEES PAID TO OUTSIDERS/CONSULTANCY CHARGES	1141.29	1141.29	684.77	1597.81
HIRE CHARGES CAR/JEEP & OTHERS	3.19	6.70	2.62	7.28
TOTAL	1373.42	1376.94	824.76	1925.61
DEPRECIATION	1527.54	1527.60	916.53	2138.60
Total	1527.54	1527.60	916.53	2138.60
CSR	118.58	304.93	118.58	304.93
TOTAL	118.58	304.93	118.58	304.93
RESEARCH AND DEVELOPMENT EXPENSES				
TOTAL	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	36533.38	13836.37	31177.30	19192.44
	50369.74		50369.74	
		5356.07	lakhs	
		25.00	lakhs	
Employees considered for CHQ Alocations		214.24	No. of Employees	
Employees should have been considered		171.4	No. Employees	
Actual Employees for Airport Segment				
Segment	Employees	No. of Fin & HR common employees	REVISED STRENGTH	
ANS	341.0	21.0*	320.0	320.0
Airport	1195.0	692.0	503.0	1216.0

				1536.0
Cargo	15.0		15.0	
Commercial	19.0		19.0	
land	12.0		12.0	
				1247.0
Total	1582.0	713.0	869.0	
	1582.0			
	0.0			
Proportion of HR & Fin to ANS			144.2	No. Employees
Proportion of HR & Fin to Non-aero			17.2	No. Employees
Total No. employees salary should have been gone to ANS & AERO			171.4	No. Employees

*21 Nos of employees of Finance & HR is already included in ANS segment for the F.Y 2020-21.

- Based on the above, detailed workings have been done for the F.Y. 2016-17, 2017-18 and 2020-21 wherein, it has been found that the ANS and Airport Employee Strength is 1620 Nos., 1652 Nos. & 1582 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.

Particulars	2016-17	2017-18	2020-21
	No. of Employees		
Airport	1360	1281	1195
ANS	245	330	341
Common (Non-Aero & ANS)	85	123	122
Non-Aero	15	41	49
Total (Common + Non-Aero)	100	164	171
Airport + ANS	1605	1611	1536
Total strength	1620	1652	1582
Ratio of Airport & ANS	78:22	79:21	78.22

- The Common Finance & HR Employees for ANS & Non-Aero and Non-Aero i.e. commercial & Land comes out to 100 Nos, 164 Nos., & 171 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- The Engg department Civil, Electrical etc and other departments at CHQ are delicately working for stations.
- The Average Salary for the calculation has been taken as Rs. 16 Lakh, Rs. 18 Lakhs & Rs. 25 Lakhs per employee for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- The revised ratio of Airport & ANS after considering the common employees are hovering around 78:22.

- In the calculations of CHQ & RHQ allocations, Expenditures (excluding pay & allowance) ratio of 50:50 has been applied among Airport & ANS whereas, the ratio should have been 70:30 among Airport & ANS on the basis of Number of employees as calculated above.
- By applying 70:30 Ratio instead of 50:50 in the above expenditure , the excess amount in F.Y. 2016-17, 2017-18 & 2020-21 comes out to Rs. 31 crores, Rs. 34 crores & Rs. 54 Crores respectively.
- With Average salary assumed and the excess amount of the expenditure for the above mentioned Financial Years the number of employees comes out to 192 Nos, 191 Nos., & 214 Nos. for the F.Y. 2016-17, 2017-18 & 2020-21 respectively.
- In view of above, it is requested to consider Net expenses of CHQ/RHQ as per SCP order i.e. @ 5% as non-aero and common expenses instead of 20%.
- Also, AAI will undertake a study for CHQ & RHQ allocations to devise a robust methodology for allocation.

3.2 Admn. & General Expenses of CHQ & RHQ

AERA's Contentions

[Para 3.7.21 of CP]

With respect to the apportionment of admin and general expenses incurred at the CHQ, the Authority has the following observations:

- With respect to AAI's legal & arbitration expenses at CHQ level, the Authority is of the view that this expense should be analysed and distributed to stations on a case-to-case basis. Since such details have not been provided by AAI, the Authority proposes to exclude the same from the amount allocated to stations.
- With respect to interest/penalties to Government of India at CHQ level, the Authority is of the view that stakeholders should not be burdened with interest/penalties paid to the Government of India, due to various lapses/delays on part of the airport operator. Therefore, such expenses have not been allocated to NSCBIA, Kolkata.
- The Authority proposes to reduce overall cost by 5% from FY 2019-20 for estimating the figures of FY 2020-21 due to impact of COVID-19 and non-availability of actual data.

AAI's Submission

- AAI has provided all the replies to the queries in respect of CHQ/RHQ allocations from time to time. Further, AAI has provided the General Ledgers of all the expenses sought by the Consultant. In view of this , AAI submits that the Legal & Arbitration Expenses at CHQ & RHQ level may be considered by AERA.

The Impact of Legal & Arbitration Expenses of CHQ (Profit Centre 11000)						
Particulars	Total	2016-17		2017-18		
		ANS	AIRPORT	ANS	AIRPORT	
		50%	50%	50%	50%	50%
TB Figure	TB Figure	50%	50%	TB Figure	50%	50%
OAAI/802001000 LEGAL FEES & EXP	322.91	161.46	161.46	702.43	351.21	351.21

OAAI/800021000 Arbitration Exp.	12.86	6.43	6.43	27.60	13.80	13.80
OAAI/729005050 Arbit-Award Other Cost				1014.39	507.20	507.20
Total	335.77	167.89	167.89	1744.42	872.21	872.21

Particulars	2018-19			2019-20		
	Total	ANS	AIRPORT	Total	ANS	AIRPORT
	TB Figure	50%	50%	TB Figure	50%	50%
OAAI/802001000 LEGAL FEES & EXP	818.25	409.12	409.12	632.08	316.04	316.04
OAAI/800021000 Arbitration Exp.	618.58	309.29	309.29	118.42	59.21	59.21
OAAI/729005050 Arbit-Award Other Cost	912.09	456.05	456.05	7.99	3.99	3.99
Total	2348.92	1174.46	1174.46	758.49	379.24	379.24

Above figures do not include the following expenditure

2016-17	Rs.4.87 lakhs deducted on account of legal & arbitration pertaining to DIAL & MIAL
2017-18	Rs.13.74 lakhs deducted on account of legal & arbitration pertaining to DIAL & MIAL
2018-19	Rs. 118.50 pertains to DIAL & MIAL , Not considered
2019-20	Rs. 255.64 Lakhs legal and prof expenses of DIAL MIAL

- The Legal and arbitration Expenses details are provided for the F.Y. 2016-17 to 2019-20, wherein, it has been clearly shown that all the expenses are allocated to ANS and Airport in the Ratio of 50:50. The Expenses pertaining to JVC's have been deducted before allocating to ANS and Airport. It is to be noted that the legal and arbitration expenses are mainly for the Airport Segment, but allocations to ANS have been done for 50%.
- It is very difficult at this stage to segregate Legal & Arbitration Expenses to a particular profit centre. From F.Y 2021-21 AAI will book Legal & Arbitration Expenses to specific profit centre.
- The impact of Legal & Arbitration Expenses to Airport Segment is only Rs. 26 Crores and Whereas, similar expenses have been shifted to ANS Segment also.

In view of above, it is requested to consider the Legal & Arbitration Expenses as provided by AAI for CHQ Allocations.

3.3 AAI's Submission on Corporate Social Responsibility

In accordance with the requirements of the DPE guidelines on CSR and Sustainability and Section 135 of the Companies Act, 2013, two percent of the average net profits (to be calculated in accordance with the provisions of the Act) during the three immediately preceding financial years will be allocated for CSR activities every year.

AAI has constituted a CSR Committee. The composition and terms of reference of the CSR Committee is provided in the Report on Corporate Governance, which forms part of this Annual Report. AAI has also formulated a Corporate Social Responsibility Policy, which is available on AAI's website.

The overview of various CSR projects and programme undertaken by AAI and detail amount spent on CSR across India in different projects are there in the Annual Report at AAI website.

CSR Budget will be utilized for implementing CSR projects approved by the Board on an annual basis. The budget allocation to the CSR Schemes shall be made in the beginning of every financial year after considering the CSR budget for that year. AAI is committed to play a larger role in India's sustainable development by embedding wider economic, social and environmental objectives

CSR provisions are made on the basis of 2% of Average profits of preceding 3 financial years at Corporate Headquarter Level.

CSR calculation for 2nd control period of Kolkata Airport has been carried out on the basis of Aeronautical and Non-Aeronautical Revenue for the F.Y. 2013-14, 2014-15 & 2015-16 (Single Till basis) whereas, 30% of the Non-aeronautical Revenue has been considered w.e.f. 2016-17 onwards.

In case of Kolkata Airport, the CSR amount to be reimbursed are as under:

Statement of Calculations for CSR Expenditure in respect of Kolkata Airport										In Crores
Particulars		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total (5 Years)
Revenue from Regulated Services	A	442.4	513.7	647.1	802.5	914.14	1137.64	1138.42	509.39	4,502.09
Revenue from Non-Aeronautical Services 30%	B	108.7	134.1	133.3	49.64	66.86	72.77	68.32	35.80	293.41
Operating Expenditure	C	229.3	287.3	296.3	341.14	326.75	339.51	426.6	388.65	1,822.65
Working Capital Interest	D				-	-	-	-	-	
Depreciation	E	83.5	154	156.6	147.13	150.9	161.71	169.66	180.77	810.17
Total Expenditure	F=C+D+E	312.80	441.30	452.90	488.27	477.65	501.22	596.26	569.42	2,632.82

Regulatory operating Profit before tax	G=A+B-F	238.30	206.50	327.50	363.87	503.35	709.20	610.48	-24.22	2,162.68
Average of previous 3 FY's Aeronautical profits	H=G/3				257.43	299.29	398.24	525.47	607.68	
2.00% of the average PBT (mandatory spend) (I=2%*k)	I=G*2%				5.15	5.99	7.96	10.51	12.15	41.76

NOTE: In the F.Y. 2013-14, 2014-15 & 2015-16 Tariff was determined on the basis of Single Till, therefore 100% Non-Aero Rev. Considered for these Years. From F.Y. 2016-17 onwards Hybrid Till is considered.

On the basis of the above statement, an amount of Rs. 41.76 Crores is required to be reimbursed by AERA for Kolkata Airport as AAI has incurred expenditure on account of CSR as per the provisions of Section 135 of the Act, the Companies (CSR Policy) Rules, 2014 and the DPE Guidelines, 2014.

AAI as a whole has incurred CSR Expenses from F.Y. 2016-17 to 2020-21 are as under:

Particulars	In Crores				
	2016-17	2017-18	2018-19	2019-20	2020-21
CSR Expenses	60.19	71.91	83.79	125.70	40.23

In view of above, like income tax reimbursement it is requested to reimburse an amount of Rs 41.76 crores for Kolkata Airport during 2nd control period on account of CSR Expenditure.

The CSR cost for TCP is required to be considered in the same line as proposed by AAI in the SCP submission.

4.Third control Period (TCP)

4.1 Traffic for the Third Control Period

AERA's Contentions

[Para 4.2.4,4.2.5, 4.2.6 & 4.2.7 of CP]

- The Authority has taken note of AAI's comment regarding traffic for the Third Control Period. Considering the ongoing Covid-19 pandemic, the Authority has reviewed various reports by international agencies and its own traffic assessment based on discussion with various industry bodies. Based on this, the Authority projected passenger and ATM traffic for the Third Control Period at NSCBIA, Kolkata.
- Further, the Authority has also benchmarked the traffic growth rates at NSCBIA, Kolkata with other comparable airports such as those of BIAL, CIAL and HIAL. Since the tariff orders of these airports have been issued, a detailed stakeholder discussion has been conducted on the same, thus ensuring that the traffic growth rates at NSCBIA, Kolkata are in line with industry expectations
- The Authority notes that AAI has very conservatively estimated the passenger traffic that does not reflect the reality. Accordingly, the Authority is of the view that the estimate submitted by AAI needs to be revisited. Based on the recent trend, the Authority proposes to consider that traffic in FY 2021-22 will reach 62% of FY 2019-20 level.
- The Authority proposes to use the 3-year CAGR for projecting domestic passenger traffic and ATM for the last 3 tariff years (FY 2023-24 & FY 2025-26), as in the Authority's view the 3-year CAGR represents normalized economic scenarios, weeding out short-term macro-economic fluctuations. For International passenger traffic and ATM for the last 2 tariff years (FY 2024-25 & FY 2025-26), the Authority has considered a growth rate of 3% considering that the actuals in the past do not project any clear trend for estimation.

AAI's Submission

- AAI's projection for Pax and ATM for the F.Y. 2020-21 is almost near to actuals.
- Kolkata Airport has achieved 7.79 Million Pax and 72.30 Thousand Aircrafts Movements upto Dec.2021. The Aircraft movements and pax movements for FY 21-22(upto Dec-21) are as under:

Month	Aircraft Movements (in Nos.)			Passenger Movements (in Nos.)		
	International	Domestic	Total	International	Domestic	Total

Apr-21	534	7406	7940	19640	772481	792121
May-21	690	3677	4367	5114	242854	247968
Jun-21	452	3995	4447	4872	330942	335814
Jul-21	392	5835	6227	5409	574571	579980
Aug-21	495	7129	7624	8766	803522	812288
Sep-21	776	7559	8335	26322	858937	885259
Oct-21	865	9656	10521	34076	1207851	1241927
Nov-21	830	10151		36715	1323971	1360686

			10981			
Dec-21	819	11045	11864	53137	1490811	1543948

- AAI has projected 111.88 (Million Passenger) in TCP and 858.6 Thousand Aircraft movement whereas AERA has projected 116 (million Passenger) and 870.99 Thousand Aircraft movement for the entire TCP . Mainly AERA has project 4.1 (million) more International passenger.
- Kolkata Airport may achieve approx. 11 Million Pax and 100 Thousand Aircrafts Movements for the F.Y. 2021-22 Whereas, AERA has proposed 62% i.e. 13.66 Million Pax and 102.04 Thousands Aircraft Movements. AAI proposes 50% of the Pax traffic and 62% ATM Traffic to be achieved in the Year 2021-22 in comparison to Pre-Covid period of 2019-20. ATM traffic & Pax comparison statement are given below: (For the F.Y 2019-20 to F.Y 2025-26)

Particulars	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Pax –Dom (In Mn)	19.08	7.34	10.76	12.84	16.69	20.87	25.04
Pax-Intl (In Mn)	2.94	.11	.24	.29	.66	1.31	2.36

ATM-Dom ('000s)	141.79	62.80	93.02	103.62	129.53	155.43	183.41
ATM-Intl ('000s)	23.97	6.2	8.98	9.3	12.09	14.51	19.59

- AERA has proposed Airport will achieve pre-COVID period traffic in the F.Y 22-23 whereas as per AAI revised projection as mentioned above it will achieve in the F.Y 24-25 .
- The revised projections submitted by AAI for the F.Y. 2022-23 to 2025-26 may be considered as the pandemic has not yet ended.

4.2 Financing Allowance

AERA's Contentions

[Para 5.2.73 of CP]

- The Authority noted that financing allowance and the methodology for computation of the same is detailed by the Authority in the airport guidelines. However, the Airport Operator has computed financing allowance on the entire WIP amount being capitalised, whereas the Authority is of the view that such an allowance is essentially the IDC for a project and should be provided only on the debt portion of the project funds. Accordingly, the Authority has considered IDC to be provided based on revisions in the proposed capital expenditure discussed for the Third Control Period and the notional gearing considered for the Third Control Period.

AAI's Submission

- AAI submits that Direction 05 does not state FA is only for greenfield airports. Irrespective of whether it is brownfield or greenfield airports, there is outlay of funds for significant time when developing new terminals/runways/large project works. Even in CIAL and BIAL, FA has been considered till SCP. In this regard, level playing field may be ensured for AAI and private airports.
- There would be huge outlay of funds for 4th control period due to expansion of Terminal Building. We request AERA to refer to the detailed explanations provided in comments of the Second Control Period True up for consideration of FA.

4.3 Capital Additions During TCP**AERA's Contentions****[para 5.2.37,5.2.38,5.2.52,5.2.60 of CP]****[Para 5.2.37 & 5.2.38 of CP]**

Supply and laying HDPE pipes: Due to the lack of clarity on when the arbitration decision is expected the Authority proposes not to consider the said capital addition in the Third Control Period.

AAI's submission:

- The capital work of Supply and laying HDPE pipes is in progress. Till date progress is 80% and work shall be completed by 15.03.2022. In view of above, this work may please be considered in TCP.

(Para 5.2.45,5.2.51 & 5.2.52 of CP)

K.1.Construction of CISF complex on Narayanpur side: The Authority notes that AAI has not submitted a detailed cost-benefit analysis regarding the construction of CISF complex on Narayanpur side. Further, the Authority notes that AAI has not undertaken its own detailed due diligence of the project requirement which includes, among other things evaluation of the projections of the CISF staff at the airport based on the traffic forecasts and diligence of proposed housing facilities. The Authority is of the view that a cost-benefit analysis needs to be undertaken which accounts for construction costs of the CISF complex and savings from reimbursement of existing house-rent allowance (HRA). Therefore, the Authority proposes to exclude the proposal for construction of CISF complex in the Third Control Period and consider it during the tariff determination of the Fourth Control Period after reviewing the above requirements.

AAI's Submission

- The accommodation has to be provided to the CISF as per BCAS guidelines and this is an operational requirement A/A & E/S for the work has already been accorded by the Competent Authority. The existing CISF barracks were vacated due to the structure falling under F-Taxi track alignment and CISF have been shifted to temporary accommodation. Accordingly, the work is being taken up and shall be completed in 3rd Control period itself. It has a strategic advantage because it is within the Airport complex. In view of above, this work may please be considered in TCP

[Para 5.2.59 &5.2.60 of CP]

Digi Yatra - E Boarding Biometric Boarding System (BBS): AERA supports digital initiatives aimed at operational efficiency and benefit of the users. However, the costs for this project as per the document submitted by AAI contains two elements- Capex and Opex..The Authority is of the opinion that a delay in the capitalisation of works would unfairly burden the airport users without passing on the benefits to them. Keeping this in view, the Authority proposes to not consider the cost of this project in the capital expenditure for the Third Control Period, but true-up it based on actual incurrence and completion at the time of tariff determination of the Fourth Control. AAI shall submit the details in this regard at the time of true up of Third Control Period.

AAI's Submission

- MoCA launched Digi Yatra Policy in August 2018 aiming at seamless & hassle free access through designated check points (Entry gate, Self Check-in-kiosks/Check-in counters & Boarding gates) at the Airports using cutting edge Identity management and “Facial Recognitions” technology.
- Ministry of Civil Aviation (MoCA) had published the Digi Yatra policy document covering guidelines for implementation of the Digi Yatra system at Airports, which would ensure paperless and hassle free journey to all passengers and enhance the security of travel through biometric passenger authentication. Further, DGCA had published the Civil Aviation Requirement (CAR) document mandating the Airports to implement the Digi-Yatra E-Boarding system. AAI had proposed to implement the system in the Third Control Period.
- In this regard, AAI submits that Phase-1 Go-Live at Kolkata, Pune and Vijayawada with Indigo and Air India Airlines is planned by June -2022, whereas Phase – II, for remaining airlines namely Spice Jet, Go First, Air Asia and Air Vistara will be on boarded to Digi Yatra by September 2022. In view of the above , it is requested to consider the capital expenditure amount of Rs 34.51 (Cr) & Rs.3.21 crores per year as R&M expenses from F.Y 2023-24 onwards.

4.4 Allocation Ratios for Additions in the TCP

AERA’s Contentions

[Para 5.2.78 of CP]

- The Authority has reviewed and reclassified the assets according to the nature of asset after analysing the same. The Authority notes that the non-aeronautical component of TBLR is in the range of 5-7%. This is in contrast to the 8-12% that the IATA and IMG norms recommend. Since NSCBI Airport Kolkata attracts a substantial amount of traffic, the Authority encourages AAI to incorporate larger non-aeronautical component at the airport (especially so since a new integrated terminal is being capitalized).
- Thus, the Authority proposes to consider a TBLR of 90:10 for the Third Control Period. The Authority seeks stakeholders’ comments in this regard.

AAI's Submission

- The ratios have been computed based on the actual space in the terminals. Hence, AAI submits that assuming a different ratio based on international benchmarks when there is no substantial change in the terminal building composition during TCP may not be justified. AERA has determined the Terminal Building ratio as 92.50% in SCP. Now again in TCP, AERA proposes 90% as TBLR for the same Old Terminal Building.
- It is requested to keep the same TBLR Ratio as approved in the SCP.

4.5 1% readjustment to the RAB if project not completed

AERA’s Contentions

[Para 5.3.1 of CP]

- To reduce (adjustment) 1% of the project cost and the applicable carrying cost in ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of the project as per the proposed timelines.

AAI's Submission

- AAI submits and request to take it on case to case basis as due to pandemic/other genuine reasons, work delay is unpredictable

4.6 Fair Rate of Return (FRoR) for TCP

AERA's Contentions

[Para 6.2 of CP]

- The Authority has taken note of the cost of debt and the debt projections for the Third Control Period as submitted by AAI. In order to verify the debt taken by NSBIA, Kolkata for the Third Control Period and the cost of debt regarding the same, the Authority had sought details from AAI. In its email vide 16.11.2021 ("Details regarding debt for Kolkata Airport"), AAI responded stating that it availed a term loan facility of Rs. 2,098 Cr. from M/s. Axis Bank. AAI further explained that the interest rate on this loan is at 6.21% per annum and that the borrowings of NSCBIA, Kolkata have been allocated from the borrowings for AAI as a whole.
- The Authority notes that the funding of capital additions in the Third Control Period is done using 60% debt and 40% internal accruals. Considering that the same funding pattern was followed in FY 2020-21, the Authority notes that AAI registers an opening debt of Rs. 50.41 Cr. for FY 2021-22. However, the Authority notes that the FRoR working submitted by AAI does not consider all the projects envisaged to be capitalised in the Third Control Period. Further, as stated in the Authority's analyses of RAB for the Second and Third Control Period, AAI has re-submitted newer capital additions following the submission of the MYTP. Considering the above changes and the three-year moratorium to the repayment structure, the Authority recalculates the debt computation for NSCBIA, Kolkata.
- The Authority has analysed the cost of equity pertaining to NSCBIA, Kolkata as submitted by AAI for the Third Control Period. The Authority acknowledges the debt taken by AAI for NSCBIA, Kolkata in the Third Control Period and its impact on a change in the debt-equity ratio. However the Authority is of the opinion that the gearing ratio is still suboptimal and does not justify a cost of equity of 16.00% per annum as submitted by AAI. The Authority has drawn reference to the independent studies conducted in the tariff determination exercise for DIAL (Refer to Order No. 57/2020-21) and MIAL (Refer to Order No.64/2020-21). The independent study considers an optimal debt-equity ratio of 48%:52% and determines a cost of equity in the range of 15.00% to 15.50%. Given that the debt-equity ratio for NSCBIA, Kolkata ranges between 11%:89% and 5%:95% in the Third Control Period, the Authority proposes to maintain a cost of equity of 14.00% across the Third Control Period. The FRoR as 13.38% recalculated by the Authority after considering the points discussed above.
- The Authority is of the view that the above gearing ratio is sub-optimal and not in the interests of airport users. The Authority encourages AAI to increase the debt composition in their capital structure at NSCBIA, Kolkata. Further, the Authority proposes to consider a notional gearing ratio of 48%:52% from the Fourth Control Period if the gearing ratio continues to remain sub-optimal. The Authority seeks stakeholders' views regarding this matter

AAI's Submission

AAI had appointed M/s KPMG to carry out a study on Cost of Equity during 2011 the results of which are given below:

Table 3: Beta of comparable airports

Airport / Group	Country	Equity Beta	Tax Rate	Debt (in Billion local currency)	Mkt Cap (in Billion local currency)	Debt /Mcap	Asset Beta
Airports of Thailand PCL	Thailand	1.14	30%	56.2	54.3	1.03	0.66
Beijing Capital International Airport	China	1.03	25%	18.5	14.8	1.25	0.53
Guangzhou Baiyun International Airport	China	0.91	25%	0.0	8.3	0.00	0.91
Shanghai International Airport	China	1.04	25%	2.5	22.0	0.11	0.96
Xiamen International Airport	China	0.95	25%	0.0	4.1	0.00	0.95
Grupo Aeroportuario del Sureste SAB de CV (Group of 9 airports in Mexico)	Mexico	0.94	30%	0.6	21.0	0.03	0.92
Grupo Aeroportuario del Pacifico SAB de CV	Mexico	0.84	30%	1.0	27.2	0.04	0.82
Grupo Aeroportuario Centro Norte, S.A. de C.V.	Mexico	0.99	30%	1.0	9.2	0.10	0.92

The median value of asset beta for the above comparable set is 0.92 which is being used as the asset beta for airport operations business of AAI. This needs to be re-levered as per the expected gearing of AAI in the control period to estimate the equity beta for AAI.

Table 4: Equity Beta for AAI

Estimated asset beta for AAI	0.92
Gearing for AAI	8.84%
Tax rate for AAI	32.45%
Equity beta for AAI	0.98

Equity beta for AAI works out to 0.98.

For full Report, please refer Consultation Paper No. 16/2012-13.

Based on the above report, AAI submitted during SCP consultation that the CoE was 16%. AERA in the SCP order had also considered CoE of 16% and since there was low debt, the FRoR was determined to be 14%. AAI submits that the debt was taken only during the end of FY 21 and hence, requests AERA to consider FRoR of 14% for SCP.

- The Equity estimation can also yield a range of values depending on the assumptions employed.
- Cost of Equity depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%
- If AERA considers the debt equity ratio as 48:52 as ideal ratio and provides Asset Beta @ 0.92 then the FRoR will increase to more than 6%.

- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.
- The Equity estimation can also yield a range of values depending on the assumptions employed.
- COE depends on ownership structure, Comparable Airports & Revenue Till
- Asset Beta plays an important role in determination of Equity Beta even if Debt/Equity Ratio is low (low gearing). Cost of Equity depends on both Asset Beta and Equity Beta.
- In 1st Control Period, AAI had submitted a study conducted by M/s KPMG in regards to calculation of Cost of Equity wherein, Estimated Asset Beta was 0.92 and corresponding Equity Beta works out to 0.98. The cost of Equity submitted by AAI works out to 16.82%
- If AERA considers the debt equity ratio as 48:52 as ideal ratio and provides Asset Beta @ 0.92 then the FRoR will increase to >16%. (For Reference Detailed Report by M/s KPMG on Calculation of FRoR is attached)
- In MIAL, DIAL, HIAL and CIAL the Cost of Equity has been considered @ 15+%. Thus AERA is requested to consider the Cost of Equity @ 16% as submitted by AAI.
- It is also requested to consider the FRoR as submitted by AAI instead of an Average FRoR @ 13.38% for TCP.

4.7 RETURN ON LAND FOR TCP

AERA's Contentions

[Para 7.2.1 of CP]

The Authority sought additional information from AAI regarding this land. AAI has not provided the required information along with relevant documentation to substantiate any purchase of land. Thus, the Authority is of the opinion that return on land may not be provided to NSCBIA, Kolkata for the Third Control Period.

AAI's Submission:

- Since these are for aeronautical purposes only, request AERA to provide return on Land.
- These have been calculated based on the value of the Land appearing in the books of NSCBIA Airport since 1980, which has been commuted in favour of AAI already. Considering the period in question, AERA is requested to allow the return on Land to NSCBI Airport, Kolkata on the same lines as done for Private Airport Operators.

4.8 Reduction in Allocation Ratio

AERA's Contentions

[Para 8.2. of CP]

- The Authority observes that AAI has allocated payroll expenses apportioned for CHQ based on the employee ratio at NSCBIA, Kolkata for the true-up of the Second Control Period. The Authority has accordingly proposed to revise the allocation to 95:5 and the projections for the Third Control Period are based on the same. The Authority also observes that the administrative and general expenses apportioned to CHQ are allocated between aeronautical and non-aeronautical components based on a ratio of 95:5. The Authority proposed to revise the same to 90:10 in the true-up of the Second Control Period and proposes projections for the Third Control Period based on the same.
- The Authority proposes the following allocation of O&M expenses into aeronautical and nonaeronautical based on a terminal building ratio of 90:10.

Particulars	AERO	Non-Aero
Payroll expenses –CHQ	95%	5.00%
Adm & Gen -CHQ	90%	10.00%
Repair & Maintenance	96.89%	3.11%
Utilities & Outsourcing	90%	10.00%
Other outflows	96.75%	3.25%

AAI's Submission

The details of allocation Ratios as proposed by AAI as under:

Particulars	AERA	AAI	Remarks
Payroll expenses –CHQ	95%	98.26%	It pertains to retirement benefits expenses of the Kolkata Airport.
Adm & Gen -CHQ	90%	95%	Justification already provided
Repair & Maintenance	96.89%	98.11%	As per actual of SCP
Utilities & Outsourcing	90%	97.62%	As per actual of SCP
Other outflows	96.75%	98.23%	As per actual of SCP

AAI requests AERA to consider Allocation ratio of expenses as per submitted in MYTP for TCP.

4.9 Operating Expenses for TCP

AERA's Contentions

[Para 8.2.5 of CP]

Pay Roll Cost : The Authority notes that the growth rate of 7% for payroll expenses submitted by AAI is higher than how they are expected to grow during the Third Control Period. The Authority finds it reasonable to revise the annual growth rate to 6% p.a. on payroll cost. The Authority proposes to adopt 6% as the rate of increase for Payroll expenses.

AAI's Submission

- 7% is the average increase in the payroll due to annual increment of 3% in salary, increase in HRA, quarterly increase in DA and Employer contribution to PF. In all other Airports AERA has considered 7% increase. The figures for the TCP are genuine as submitted by AAI.
- The following illustration clearly shows that there is an average 7% increase in the Payroll expenditure. Therefore, AAI requests AERA to consider the figures for the TCP as submitted by AAI.
- The following illustration clearly shows that there is an average 7% increase in the Payroll expenditure.

Calculation of incremental increase in Salary (in %age terms)								
								(In Rs.)
Particulars	Per Month	Salary Year 1	Q1	Q2	Q3	Q4	Salary Year 2	Yearly Incremental
Basic Pay	10000	120000	30900	30900	30900	30900	123600	3600
DA	1800	21600	6798	7725	8343	8652	31518	9918
HRA	2700	32400	8343	8343	8343	8343	33372	972
PERKS	3500	42000	10815	10815	10815	10815	43260	1260
EPF	1200	14400	3708	3708	3708	3708	14832	432
Total	19200	230400	60564	61491	62109	62418	246582	16182
Particular	%age Increase							
DA	18%		22%	25%	27%	28%		
HRA	27%		27%	27%	27%	27%		
Perks	35%		35%	35%	35%	35%		

EPF	12%		12%	12%	12%	12%
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Total Increase**(in Rs.) 16182****% increase 7.02****Assumptions :**

- Year 1 Means Previous Year
- Year 2 Means Current Year
- Basic Pay – 3% yearly increase considered.
- Dearness Allowance- Quarterly increase considered.
- HRA, Perks & EPF – Considered Constant
- In the abovementioned example, the Salary expenditure for Year 1 shown as Rs. 230400/- per employee. Whereas, in the year 2 the salary expenditure is shown as Rs. 246582/- per employee. On the basis of above assumptions, the incremental expenditure on the head of salary is Rs. 16182/- per employee which comes out to 7.02% on Year on Year basis.

AAI requests AERA to consider 7% increase on Year on Year basis for the Third Control Period on the basis of above calculations.

4.10 General & Administration Expenses**AERA's Contentions****[para 8.2.10 of CP]**

- The Authority proposes to consider a 5% per annum growth rate for administrative and general expenses – CHQ over that proposed to be considered in the Second Control Period. However, for tariff determination in the future, the Authority proposes the following:
 1. AAI is allocating CHQ expenses to airports in the proportion of revenue earned by them. The Authority notes that AAI manages around 100 non-major airports and that their tariff determination is not conducted on a regular basis and that the revenues at these airports do not cover their expenditures. The Authority further notes that a major portion of the CHQ expenses at these airports are allocated to major airports.
 2. The Authority observes that AAI is not leveraging non-aeronautical revenue sources to its maximum capacity. Due to the same, non-aeronautical revenues remain low at AAI airports. AAI is advised to increase their non-aeronautical revenues so that 30% of the same could be used to effectively cross-subsidize aeronautical expenses.
 3. Allocation of CHQ expenses on the basis of revenue is neither transparent nor efficient, as it brings large variation in such expenses on a year-on-year basis due to change in revenue. The Authority also notes that this is against the basic principle of cost relatedness in tariff determination. Users of the major airports have to pay higher tariff due to higher allocation of CHQ expenses to these airports. Further, as the revenue from these airports increase due to higher tariffs, it leads to higher allocation of CHQ expenses perpetually.

4. The Authority, therefore, expects AAI to examine these issues in detail and devise a robust methodology to allocate CHQ expenses. The Authority reviewed the basis for allocation of CHQ and RHQ expenses to Kolkata International.

AAI's Submission

- AAI had submitted the Revised CHQ & RHQ Allocation for the F.Y. 2016-17, 2017-18, 2018-19, 2019-20 & 2020-21 to AERA vide e-mail dated 24.12.2021. AAI requests AERA to consider the revised amount of allocations during these years. The details have been provided in the SCP.

4.11 Growth in O&M expenses for TCP

AERA's Contentions

[Para 8.2.14 of CP]

- The Authority proposes to consider the following revised growth rates in O&M expenses as given below:

Particulars	Growth Rates
Payroll expenses –CHQ	6%
Adm & Gen –Non-CHQ	9.8% to 12.9%
Repair & Maintenance	5% to 9.5%
Utilities & Outsourcing	5.4% to 5.9%

AAI's Submission

The details of Growth in O&M expenses as proposed by AAI as under:

Particulars	AERA	AAI	Remarks
Payroll expenses – CHQ	6%	7%	7% is the average increase in the payroll due to annual increment of 3% in salary, increase in HRA, quarterly increase in DA and Employer contribution to PF.
Adm & Gen –Non-CHQ	9.8% to 12.9%	10.56% to 12.55%	Not much variation
Repair & Maintenance	5% to 9.5%	9.41% to 18.31%	As per actual of SCP. AMC of DARK, Digi Yatra ,Network monitoring system, CTX Inline Screening, First bag –Last bag etc and to be considered . Rest of R&M 10% YoY growth may be considered .
Utilities & Outsourcing	5.4% to 5.9%	5.67% to 6.11%	Not much variation

AAI requests AERA to consider Growth in O & M expenses as per submitted in MYTP for TCP.

4.12 Non-Aeronautical Revenue for TCP

AERA's Contentions

[Para 9.2.5]

- The Authority has noted that revenues pertaining to rent and services are projected based on the data provided by AAI. The Authority notes that these projections are made after accounting for the relief provided by the airport operator to respective concessionaire/users. This is on account of disruptions caused by the Covid-19 pandemic.
- The Authority is of the view that the projections of non-aeronautical revenues are primarily dependent on passenger traffic. A large terminal area and new facilities help the airport operator to capture the revenue when the traffic increases. However, the Authority notes that the passenger traffic is expected to be lower than FY 2019-20 for 1-2 years due to the Covid-19 pandemic. Thus, the Authority is of the view that it is reasonable to assume passenger traffic as a primary driver for non-aeronautical revenue for those years
- The Authority notes that the non-aeronautical revenue pertaining to rent and services is expected to increase by 72% vis-à-vis its pre-pandemic level. The Authority does not propose any material changes regarding the same.

- The Authority notes that non-aeronautical revenue streams pertaining to trading concessions and other miscellaneous sources are expected to grow based on a yearly percentage increase. The Authority also notes that AAI's projections pertaining to these revenue sources are only 50% of the pre-pandemic level. Moreover, the Authority is of the opinion that the following revenue sources should be linked to the traffic recovery vis-à-vis the pre-pandemic volumes: Restaurant/Snack Bar , T.R. Stalls , Hoarding and Displays , Duty Free shops , Car rentals Car parking & Admission tickets.
- The Authority proposes to consider the traffic rates proposed by the Authority in Section 4 in order to estimate the non-aeronautical revenues proposed for the Third Control Period. AERA has propose total non-Aeronautical Revenue Rs.1508.41 (Cr).

AAI's Submission

- Generally, increase in traffic is not proportionate with increase in NAR.
- It is to mention that in view of Covid-19 pandemic, AAI had provided Concessionaire Support Scheme (CSS) to various contractors linked to the passenger traffic till 31/12/2021. Under the CSS, license/concession fee was charged based on actual passenger traffic during a particular month. In addition, additional discount was also given due to adverse impact on buying behaviour of the passenger.
- In view of the above, revenue growth after 31/12/2021 is not to be linked with passenger traffic growth. Most of the commercial contracts have been awarded by AAI on fixed license fee basis having annual escalation provision of 10%. Therefore, AAI projections are based on the consistent revenue increment trend during pre-Covid years.
- Hence, projections from FY 2022-23 onwards should be delinked with total traffic numbers and AAI circulars 24&26. Further, in the revenue projection for FY 2021-22, additional discount provided under CSS in license fee due to adverse impact on passenger buying behaviour has also to be factored in.
- Certain contracts which are fixed license fee based with annual escalation and not linked to the passenger movements like Restaurant/Snack bar, Hoarding and Display, Car Rentals & Car Parking.
- As regards to TR stalls & Duty free shops , the revenue share of sales figures are considered with a minimum annual guarantee. However, it is to be noted, the direct/ pro-rata increase in the revenue may not happen. Summary of Non- Traffic are given below:

Amount in Crores

Particulars	Proposed by AERA F.Y 21-22	MYTP submission by AAI F.Y 21-22	Actual Achieved by AAI upto Dec' 21	AAI Submission
Restaurants Snack Bar	9.32	5.34	3.24	It is to mention that in view of Covid-19 pandemic, AAI had provided Concessionaire Support Scheme (CSS) to various contractors linked to the passenger traffic till 31/12/2021. Under the CSS, license/concession fee was
TR Stall	28.00	9.26	4.27	

Duty Free Shop	26.91	9.17	3.73	<p>charged based on actual passenger traffic during a particular month. In addition, additional discount was also given due to adverse impact on buying behaviour of the pax.</p> <p>Projected figures submitted by AAI are reasonable. Even projected figure couldn't be achieved for Duty free shop and TR Stall.</p>
Hoarding & Display	31.84	11.41	7.23	
Car Rental	9.05	3.03	2.48	
Car Parking	8.98	2.58	1.40	
Admission	.86	.53	.40	
Total	114.96	41.32	22.75	

AAI submits that the Non-Aeronautical Revenue as submitted in the MYTP may be considered.

4.13 Interest on Term Loan **AERA's Contentions**

[Para 13.1 of CP]

- AAI has included claim for W Interest on term loan a separate line item in the computation of ARR. The Authority has noted that AAI had availed a short-term working capital facility of Rs.1,500 crores and had also availed term loan of Rs. 2,100 crores in FY 2020-21 for all AAI Airports.
- The Authority notes that AAI has computed working capital interest based on the forecasted recovery of revenue and payment of expenses and has considered the entire expense as aeronautical. As per the calculation by AAI, the requirement for working capital will arise in the year of FY 2021-22.
- The Authority has reviewed the computation of interest on working capital loan. The Authority has reworked the cash flows based on the revised operating expenses, traffic, non-aeronautical and aeronautical revenues. As per this revised computation, there appears to be no material deficit between the spends and receipts and hence, there is no requirement to avail the WC facility for NSCBI Airport Kolkata. In case of need for Working Capital facility arising in the Third Control Period, the same will be reviewed and tried up at the time of tariff determination for the Fourth Control Period.
- The Authority proposes to not consider interest on term loans as O&M expenses. This is because the term loan has already been factored in the computation of FRoR, hence this amount is not being considered for reimbursement once again.

AAI's Submission

- With regard to Interest on Term Loan, as per AS 16 :The Borrowing Cost incurred subsequent to the capitalisation of the asset are recognised as financing charges in the period in which they are incurred. It is

requested to allow the borrowing cost after the date of Capitalisation in line with the AS and the accounting policy.

4.14 Spice Jet

AERA's Contentions

[Para 14.2.11]

- In this regard, Airports Authority of India vide letter dated 18.08.2021 submitted that it will consider the request of M/s Spice Jet and accord credit if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1st control period and suitably compensate AAI for amount of credit to be accorded. The Authority proposes to compensate AAI the mutually agreeable principal amount (if any) pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.

AAI's Submission

- AAI had requested AERA to compensate AAI if the Request/ proposal of Spice Jet was being agreed to by AERA. In the instant case the AERA proposes to compensate AAI the mutually agreeable principal amount pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.
- AERA may include it in the ARR calculation for the period AAI has to give credit to M/s Spice Jet. It may be mentioned that no interest & Taxes to be paid to M/s Spice Jet and the amount to be adjusted with the current dues.

4.16 Aggregate Revenue Requirement (ARR) for TCP

AERA's Contentions

- AERA has proposed shortfall to Rs.444.37 (Cr).
- The Revised Tariff commencement date is set to be 1st April 2022

AAI's Submission and Request

- The Revised Tariff as proposed by AERA is on Lessor side as compared to the AAI's Proposed rates.
- After considering all the above changes, the AERA is requested to consider full recovery of ARR.
- AAI agrees with the Tariff Commencement date as proposed by AERA i.e. from 1st April 2022.
- AAI submits to AERA to kindly recompute the IDC, expenses capitalization, interest on working capital/Term Loan, non-aeronautical revenues, R&M and upkeep and other all other building blocks in which there would be consequential changes/impact based on the revised considerations/points submitted in this document and accordingly the tariff may be determined as proposed by AAI.

AAI requests AERA to implement the Airport Charges w.e.f 01.04.2022 after incorporating the submission of AAI in the full recovery model as proposed in TCP.

Abbreviations

Abbreviations	Expansion
AAI	Airports Authority of India
Airport Economic Regulatory Authority	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
C&AG	Comptroller and Auditor General of India
CA	Commissioned Assets
CCEA	The Cabinet Committee of Economic Affairs
CHQ	Corporate Head Quarter
CCJ	Calicut International Airport
CCU	Netaji Subhash Chandra Bose International Airport
CP	Consultation Paper
CWIP	Capital Work In Progress
DFMD	Door Frame Metal Detector
DIAL	Delhi International Airport Limited
DPR	Detailed Project Report
EQTR	Employee Quarter Ratio
ETD	Estimated Time of Travel
FRoR	Fair Rate of Return
FY	Financial Year
HHMD	Handheld Metal Detectors
IATA	International Air Transport Association
IDC	Interest During Construction
IMG	Inter-Ministerial Group
INR	Indian Rupee
KIAL	Kannur International Airport Limited
MIAL	Mumbai International Airport Limited
MOCA	Ministry of Civil Aviation
MYTO	Multi Year Tariff Order
MYTP	Multi Year Tariff Proposal
NCAP	National Civil Aviation Policy
NITB	New Integrated Terminal Building

Abbreviations	Expansion
OMDA	Operations, Management and Development and Agreement
PCN	Pavement Classification Number
PIB	Pre-flight Information Bulletin
PMC	Project Management Contract
PPP	Public Private Partnership
RAB	Regulatory Asset Base
RET	Rapid Exit Taxiways
RHQ	Regional Head Quarters
SSA	State Support Agreement
STP	Sewage Treatment Plant
TBLR	Terminal Building Ratio
UDF	User Development Fee
WIPA	Work in Progress Assets
XBIS	X-ray Baggage Inspection System