

ऐरा/20010/एमवाईटीपी/जेआईएल/सीपी-III/2021-26
AERA/20010/MYTP/JIAL/CP-III/2021-26

परामर्श पत्र संख्या 26/2023-24
Consultation Paper No. 26/2023-24



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

जयपुर अंतरराष्ट्रीय हवाईअड्डा, जयपुर (जेआई) के संबंध में तृतीय नियंत्रण अवधि
(01.04.2022 -31.03.2027) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में।

IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
JAIPUR INTERNATIONAL AIRPORT, JAIPUR (JAI)
FOR THE THIRD CONTROL PERIOD
(01.04.2022 - 31.03.2027)

जारी करने की तारीख : 11.03.2024
Date of issue: 11.03.2024

ऐरा भवन/AERA Building
प्रशासनिक कॉम्प्लेक्स/Administrative Complex
सफदरजंग हवाईअड्डा/Safdarjung Airport
नई दिल्ली/New Delhi - 110003

STAKEHOLDERS' COMMENTS

Jaipur International Airport (JIA) is a Major Airport as per the definition outlined in Section 2 (i) of the AERA Act 2008 read with AERA (Amendment) Acts of 2019 and 2021, based on annual passenger throughput volume. It had passenger throughput of about 5.03 MPPA in the FY 2019-20 (being the pre-pandemic year). The Airport witnessed a steady recovery in the passenger traffic from FY 2021-22, in the aftermath of COVID-19 pandemic and has achieved 4.76 MPPA in FY 2022-23.

Jaipur International Airport (JIA) was operated by Airports Authority of India (AAI), which had entered into a Concession Agreement with the current Airport Operator (Jaipur International Airport Limited) on January 19, 2021, for the Operation, Management and Development of JIA for a period of 50 years from the Commercial Operation Date (COD). The COD was achieved on October 11, 2021. The period from FY'17 to FY'21 was Second Control Period, the period starting from 1st April'2021 to October 10, 2021 (COD) has been considered as pre-COD period and the period from COD till March 31, 2022, has been considered as post-COD period. In this tariff determination exercise, as two airport operators are involved i.e., Airports Authority of India (Second Control Period and pre-COD) and Jaipur International Airport Limited (post-COD and third control period). For the sake of clarity in this Consultation Paper, the Authority has used AAI for Airports Authority of India for prior to COD and JIAL for Jaipur International Airport Limited after the COD including third control period.

JIAL, on 15th April 2022 sought clarification from the Authority related to control period for Jaipur International Airport. The Authority vide its Public Notice No. 05/2022-23 dated 20th June 2022 decided the following:

- *“To shift the Control Period for Jaipur Airport from 01.04.2021-31.03.2026 to 01.04.2022-31.03.2027. The periodicity of the Control Period will be five years only.*
- *To consider the true up for 01.04.2021 to 31.03.2022 at the time of determination of tariff for the Third Control Period as per AERA policy.”*

As per the provisions of the Concession Agreement, AAI and the JIAL have submitted their Multi Year Tariff Proposal (MYTP) as follows:

- True up submission of AAI for the Second Control Period and for the period from April 01, 2021 up to COD
- True up submission of JIAL for the post-COD period from the COD up to March 31, 2022
- MYTP for the Third Control Period from April 1, 2022, to March 31, 2027 submitted by JIAL.

For this Consultation Paper, the Authority has considered the audited figures submitted by AAI for Jaipur International Airport for the Second Control Period and for the period from April 01, 2021 up to COD (FY 2016-17 to COD) and the audited financials submitted by JIAL from COD till March 31, 2022 and from April 1, 2022 till March 31, 2023.

The Authority has released this Consultation Paper putting forward its proposals in the background of involvement of two airport operators in the tariff determination process.

The Authority shall consider written evidence-based feedback, comments, and suggestions from all the stakeholders on the proposals made in the Consultation Paper and pass suitable Order determining the tariff for aeronautical services taking on board the feedback from the stakeholders, on merit. The Authority would like to emphasise that the consultation process timelines are sacrosanct and hereby requests the stakeholders to provide their comments/ inputs within the timelines specified in this Consultation Paper, beyond which the same will not be considered by the Authority.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 26/2023-24 dated 11th March 2024, are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)

Airports Economic Regulatory Authority of India (AERA),

AERA Administrative Complex,

Safdarjung Airport, New Delhi – 110003, India

Email: director-ps@aera.gov.in, rajan.gupta1@aera.gov.in, inderpal.s@aera.gov.in copy to secretary@aera.gov.in

Stakeholders' Consultation Meeting (Virtual)	26 th March 2024
Last Date for submission of comments	10 th April 2024
Last Date for submission of counter comments	22 nd April 2024

Comments and Counter Comments will be posted on AERA's website: www.aera.gov.in.

For any clarification/ information, Director (P&S, Tariff) may be contacted at Telephone Number: Tel: 011-24695048.

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GLOSSARY

Abbreviation	Full Form
A&G	Administrative & General
AAHL	Adani Airport Holdings Limited
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
ACI	Airports Council International
ADP	Automatic Data Processing
AERA / The Authority	Airports Economic Regulatory Authority of India
AERA Act	Airports Economic Regulatory Authority of India Act, 2008
AEL	Adani Enterprises Limited
AFS	Air Freight Station
AIC	Aeronautical Information Circulars
ANS	Air Navigation Services
AO	Airport Operator
AOCC	Airport Operations Control Centre
ARFF	Aircraft Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASQ	Airport Service Quality
Asset Allocation Study Report	Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport
ATC	Air Traffic Control
ATF	Aviation Turbine Fuel
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BDDS	Bomb Detection and Disposal Squad
BHS	Baggage Handling System
BIAL	Bangalore International Airport Limited
BOQ	Bill of Quantities
BPCL	Bharat Petroleum Corporation Limited
Cr.	Crores
CA	Concession Agreement
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAO	Chief Airport Officer
CAPEX	Capital Expenditure
CAR	Civil Aviation Regulations
CBR	California Bearing Ratio
CFT	Crash Fire Tender

Abbreviation	Full Form
CGF	Cargo Facility, Ground Handling and Supply of Fuel to Aircraft
CHQ	Corporate Headquarters
CIAL	Cochin International Airport Limited
CISF	Central Industrial Security Force
CNS	Communication, Navigation and Surveillance
COD	Commercial Operation Date
CP	Consultation Paper
CPWD	Central Public Works Department
CSR	Corporate Social Responsibility
CUSS	Common User Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Works in Progress
DG Sets	Diesel Generator Sets
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DSR	Delhi Schedule of Rates
DVOR	Doppler Very High Frequency Omni Range
EHCR	Employee Head Count Ratio
e-PoS	Electronic Point of Sale
ESS	Environmental Support Services
ETD	Explosive Trace Detectors
FA	Financing Allowance
FAR	Fixed Asset Register
FCP	First Control Period
FICCI	Federation of Indian Chambers of Commerce and Industry
FIDS	Flight Information Display System
FOD	Foreign Object Debris
FRoR	Fair Rate of Return
FTC	Fuel Throughput Charge
FY	Financial Year
GA	General Aviation
GBR	Gross Block Ratio
GDP	Gross Domestic Product
GHA	Ground Handling Agent
GHIAL	GMR Hyderabad International Airport Limited
GoI	Government of India
GSE	Ground Support Equipment
GST	Goods and Services Tax
HIAL	Hyderabad International Airport Limited

Abbreviation	Full Form
HPCL	Hindustan Petroleum Corporation Limited
HR	Human Resources
HVAC	Heat Ventilation and Air Conditioning
IAF	Indian Air Force
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICD	Inland Container Depot
ICT	Integrated Cargo Terminal
IDC	Interest During Construction
ILBS	Inline Baggage Screening
ILS	Instrument Landing System
IMG	Inter-Ministerial Group
IOCL	Indian Oil Corporation Limited
IT	Information Technology
JIA	Jaipur International Airport
JIAL	Jaipur International Airport Limited
KL	Kilo Litres
KLD	Kilo Litres per day
LED	Light Emitting Diode
LIAL	Lucknow International Airport Limited
LOA	Letter of Award
MESS	Mechanized Environmental Support Services
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MPPA	Million Passengers per Annum
MYTP	Multi-Year Tariff Proposal
MIAL	Mumbai International Airport Limited
MT	Metric Tonne
NAR	Non-aeronautical revenue
NITB	New Integrated Terminal Building
O&M	Operation and Maintenance
O&M study report	Study on Efficient Operations & Maintenance expenses for Jaipur International Airport
OMCs	Oil Marketing Companies
OPEX	Operating Expenditure
ORAT	Operational Readiness and Airport Transfer
OWS	Oil Water Separator
PAX	Passenger
PBB	Passenger Boarding Bridge

Abbreviation	Full Form
PBG	Performance Bank Guarantee
PBT	Profit Before Tax
PCN	Pavement Classification Number
PHP	Peak Hour Passenger
PIDS	Perimeter Intrusion Detection System
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
PV	Present Value
QSD	Quality and Service Delivery
QTR	Quarters Ratio
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RBI	Reserve Bank of India
RCS	Regional Connectivity Scheme
RESA	Runway End Safety Area
RFP	Request for Proposal
RHQ	Regional Headquarters
Sq.m.	Square Metre
SCP	Second Control Period
SITC	Supply, Installation, Testing & Commissioning
SPV	Special Purpose Vehicle
STP	Sewage Treatment Plant
TB	Terminal Building
TB Ratio	Terminal Building Ratio
TCP	Third Control Period
UDF	User Development Fees
VDGS	Visual Docking Guidance System
WDV	Written Down Value
WIP	Work In Progress
WPI	Wholesale Price Index
XBIS	X-ray Baggage Inspection System
YPP	Yield per Passenger
Y-o-Y	Year on Year
YTD	Year to Date

1 INTRODUCTION

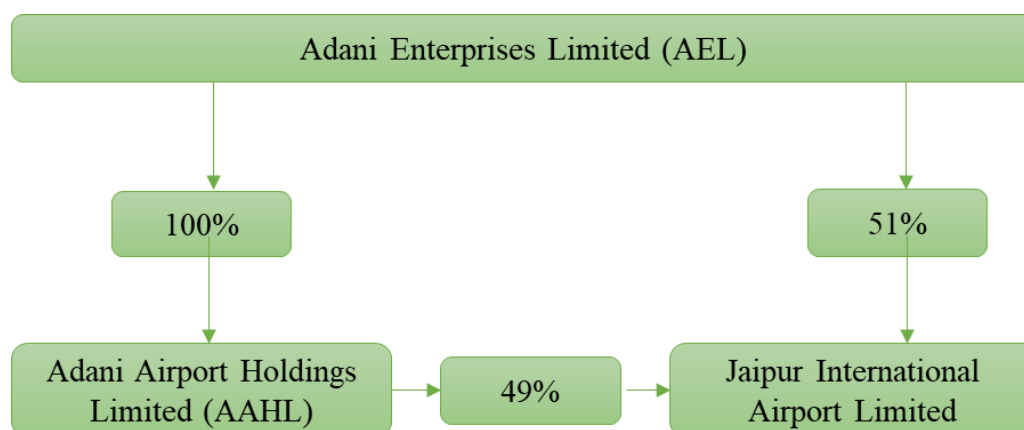
1.1 Background

- 1.1.1 Jaipur International Airport (IATA: JAI, ICAO: VIJP), situated about 13 km south of Jaipur City, is an International Airport serving the capital of Rajasthan. It is the only International Airport in Rajasthan and was granted the status of an international airport on December 29, 2005. It stood as the 11th busiest airport in India in terms of daily scheduled flight operations, in FY2022-23.
- 1.1.2 JIA has single runway with orientation 09-27 and is ILS CAT III-B compliant. It can accommodate aircraft up to Category 4E. JIA is connected by direct flights to major cities in the Middle East and South-East Asia, apart from multiple daily flights to all major cities in India.
- 1.1.3 JIA is currently operated and managed by Jaipur International Airport Limited (JIAL) (Airport Operator), a Special Purpose Vehicle (SPV), promoted and incorporated by Adani Enterprises Limited (AEL). AEL has incorporated a 100% subsidiary named Adani Airport Holdings Limited (AAHL). As on date, AEL holds 100% shareholders equity in JIAL, directly or indirectly through AAHL. The current shareholding pattern of JIAL is shown in the table below:

Table 1: Shareholding pattern of JIAL

S.no.	Name of Shareholder	% Shareholding
1	Adani Enterprises Limited (AEL)	51%
2	Adani Airport Holdings Limited (AAHL)	49%
	TOTAL	100%

Figure 1: Ownership Structure



1.2 Profile of Jaipur International Airport (JIA)

- 1.2.1 JIA is a Major Airport as per the definition of Major Airport under section 2(i) of the Airports Economic Regulatory Authority of India Act, 2008 (read with AERA Amendment Act 2019 and AERA Amendment Act 2021).
- 1.2.2 Technical and Terminal Building details of JIA submitted by JIAL are provided in the table below:

Table 2: Technical and Terminal Building details of JIA submitted by JIAL

Particulars	Details
Total airport area	776.19 acres Carved Out approx. 11.08 Acres Demised approx. 765.11 Acres
Total covered area of Terminal Building including other operational buildings	Existing area – Terminal I - 11,529 Sq.m. (non-operational) Terminal II - 29,246 Sq.m.
Passenger Capacity	Existing 5 MPPA (Terminal 2)
Main Runway orientation and length (currently in use for all commercial flights)	Runway 09/27, dimension 3407m x 45m Category 4E
Apron	<ul style="list-style-type: none"> ➤ Apron C : 14 nos. bays (total) <ul style="list-style-type: none"> ○ Code E: 3 nos. bays (B747/A346) ○ Code D: 3 nos. bays (B767) ○ Code C: 4 nos. bays (A321/B737) + 4 nos. bays (ATR72/Q400) ➤ Apron D : 19 nos. bays <ul style="list-style-type: none"> ○ Code C: 19 nos. bays (A321/B737)
Boarding Bridges	2 Contact Boarding Bridges + 4 Remote Boarding Gates
Security Gates	Domestic - 5 and International - 2

1.2.3 JIA became the 11th busiest airport in India in FY23, with passenger traffic of 4.76 MPPA. It was the 13th busiest airport during FY 2019-20 (pre-COVID period) and 14th busiest airport during FY 2020-21¹. As per the passenger mix, the domestic passengers during FY 2022-23 were 4.36 MPPA (91% of total passenger traffic) and international passengers during FY 2022-23 were 0.40 MPPA (9% of total passenger traffic).

1.3 Development of JIA through PPP mode

1.3.1 JIA was operated by the Airports Authority of India (AAI) which had entered into a Concession Agreement with Jaipur International Airport Limited (Airport Operator) on January 19, 2021, for the Operation, Management and Development of JIA for a period of 50 years from the Commercial Operation Date (COD). The COD was achieved on October 11, 2021, in accordance with the terms and conditions mentioned in the Concession Agreement. In consideration for the grant of such concession, the Airport Operator shall pay the AAI a monthly concession fee during the concession period, namely, specified amount of 'Per Passenger' fee for both domestic and international passengers (refer to Para 17.3.2 of Annexure 3 in Chapter 17 for the relevant clause of the Concession Agreement).

1.3.2 However, as per the relevant provisions of the Concession Agreement and MoU dated August 25, 2021, only the AAI and other designated GoI agencies, shall be authorized to undertake the 'reserved services' at the airport, namely, CNS/ATM services, Security services, Meteorological services, Mandatory health services, Customs control, Immigration services, Quarantine services and any other services as may be notified by GoI (refer to Para 17.3.2 of Annexure 3 of Chapter 17 for the relevant clause of the Concession Agreement).

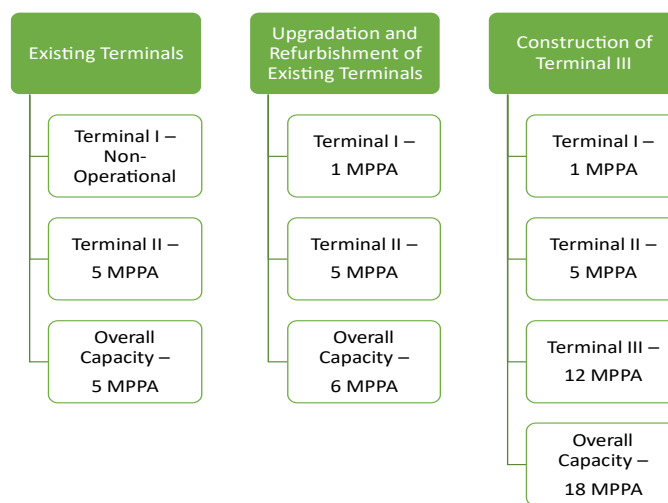
1.3.3 Jaipur International Airport has two terminals. Terminal I located at south side of the runway,

¹ As per data on top 50 busiest airports for FY 2019-20 and FY 2020-21, published by AAI

currently is non-operational and Terminal II, located at north side of runway, handles all domestic and international passenger operations. The terminal I has an area of approximately 11,529 sqm and having passenger handling capacity of 400 Peak Hour Passengers (PHP). Refurbishment works for Terminal I was commissioned in 2019 by AAI and is expected to cater international traffic up to FY’27 with minor upgradation. Terminal II, with an area of approximately 29,246 sqm with handling capacity of around 900 passengers, is an integrated terminal and handles domestic & international passengers. Terminal I is proposed to cater international operations thus releasing load from Terminal II. The relevant portion of Schedule T (containing list of existing revenue contracts, capital works-in-progress of the ongoing projects) and Schedule U (detailing list of Construction works proposed to be implemented by AAI as on the date of signing of the Agreement) forming part of the terms of Concession Agreement, have been provided in Para 17.3.3 of Annexure 3 of Chapter 17.

1.3.4 Refurbishment works are proposed by JIAL for Terminal II, to improve the user experience and operational efficiency. JIAL has submitted further plans for a new integrated Terminal III, near Terminal II so as to cater the traffic growth as per the forecasts discussed in Chapter 6 of this Consultation Paper. The new Terminal III is proposed with a built-up area of approximately 1,50,000 sqm. The new terminal will be an integrated terminal having capacity of 12 MPPA. The pictorial representation of the phase wise terminal capacity of JIA (as proposed by JIAL) at the end of the Third Control Period (FY 2023 - FY 2027) is given as under:

Figure 2: Passenger Terminal Expansion Plan at JIA



1.4 Cargo Operations

1.4.1 Currently, the domestic and international air cargo is handled by AAI Cargo Logistics and Allied Services (AAICLAS) through a carved-out facility as per the Concession Agreement, hence, same is retained by AAI. Additionally, the international cargo is also handled by Rajasthan State Industrial Co. (RAJSICO) and Jaipur Gemstone Exchange (JGE). JGE as of date has vacated the facility and RAJSICO is expected to vacate by Mar’2024. JIAL has undertaken a structural audit of the facility. As per the report, these are not fit for commercial use and accordingly, JIAL may require to build new structure synched with interim cargo facility.

1.4.2 In accordance with the terms of the Concession Agreement JIAL is required to upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of the Concession Agreement (refer to Para 17.3.5 of Annexure 3 of Chapter 17).

1.4.3 JIAL has commenced domestic cargo operations from an interim facility having an area of 550 sq. m with capacity of 2,750 MT p.a. In addition to domestic cargo facility, JIAL proposes to operate International Cargo Facility with an area of 852 sq. m. and annual handling capacity of 4,260 MT. Pursuant to the terms of the Concession Agreement and in order to cater to the growing demands at the Jaipur International Airport, JIAL has planned to develop a new Integrated Cargo Complex (ICC) of approx. 4,500 sq mtr with handling capacity of 22,500 MT p.a. and is proposed to be made operational in FY24-25.

1.5 Ground handling operations

1.5.1 The Clause 19.2 of the Concession Agreement mentions JIAL's obligations towards provision of infrastructure required for ground handling services at the Jaipur International Airport and the extract of the relevant Clause has been provided in Para 17.3.6 of Annexure 3 of Chapter 17.

1.5.2 Further, subject to the provisions of the Concession Agreement JIAL has the right to grant License to any entity for providing Ground Handling Services at Jaipur International Airport on such terms and conditions as mentioned in the License Agreement between JIAL and the potential service providers.

1.5.3 Pursuant to above terms of the Concession Agreement JIAL has engaged two ground handling agencies for providing ground handling services at the Airport. (1) GSEC Indo Thai Ground Handling Private Limited (valid till February 2027), (2) AI Airport Services Limited (AIASL) (valid till June 30, 2024).

The revenue share/royalty from both agencies has been set at 45% on gross revenue from ground handling services. Revenue shall mean and include all revenue, consideration, benefit and amount earned and/or accrued at the Airport, whether invoiced or not.

1.6 Fuel Facility Operations

1.6.1 The Clause 19.3. of the Concession Agreement mentions the JIAL's obligations towards providing aircraft fueling services, which has been provided in Para 17.3.7 of Annexure 3 of Chapter 17.

1.6.2 At present, the fuel facilities are being managed by the Oil Marketing Companies (OMCs) such as, IOCL, RIL, BPCL and HPCL. These facilities namely IOCL, RIL, BPCL and HPCL have their own respective fuel tanks and refueling facilities with capacities 610KL, 220KL, 450KL and 30KL respectively. OMCs manage the operations on their own, and currently operating expenditure and other charges are embedded in Aviation Turbine Fuel (ATF) fuel price. Therefore, as on date there is no concept of open access facility at the Airport.

1.6.3 JIAL has proposed to initially purchase the existing assets of IOCL, RIL and BPCL having fuel storage capacity of 1280 KL, and subsequently convert it into Open Access facility by building a new facility of approx. 5,000 KL with hydrant system of approx. 4 kms.

2 TARIFF DETERMINATION OF JAIPUR INTERNATIONAL AIRPORT

2.1 Introduction

2.1.1 AERA was established by the Government of India vide notification No. GSR 317(E) dated May 12, 2009. The functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') read with AERA (Amendment) Act 2019 and 2021, which are as below:

- a) To determine the tariff for Aeronautical services taking into consideration –
 - i. the capital expenditure incurred and timely investment in the improvement of airport facilities.
 - ii. the service provided, its quality and other relevant factors.
 - iii. the cost for improving efficiency.
 - iv. economic and viable operation of Major Airports.
 - v. revenue received from services other than the Aeronautical services.
 - vi. the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and
 - vii. any other factor which may be relevant for the purpose of the Act.
- b) To determine the amount of the development fees in respect of Major Airports.
- c) To determine the amount of the passengers' service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
- d) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.
- e) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and
- f) To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act, 2008.

2.1.2 As per the AERA Act, 2008 the following are the Aeronautical services for which tariff is determined by the Authority

- i. Aeronautical services provided by the Airport Operators.
- ii. Cargo, Ground Handling and Fuel Supply Services; and
- iii. Air Navigation Services.

2.1.3 AAI shall be handling the Air Navigation Systems (ANS) at JIA. Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.

2.2 Authority's orders applied in tariff proposals in this Consultation Paper

- 2.2.1 Detailed Guidelines laying down information requirements, periodicity and procedure for Tariff determination have been issued by the Authority. The details of Orders and Guidelines issued in this regard are as under:
- i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators); and
 - ii. Order No. 05 dated 02.08.2010 ((Regulatory philosophy and approach in Economic Regulation of the services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts); Order No. 12 dated 10.01.2011 and Direction No. 4 dated 10.01.2011 (Terms and conditions for determination of tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts).
 - iii. Order No. 07/2016-17 dated 13.06.2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).
 - iv. Order No. 14/2016-17 dated 23.01.2017 (Aligning certain aspects of AERA's regulatory approach with the provisions of the National Civil Aviation Policy – 2016).
 - v. Order No. 20/2016-17 dated 31.03.2017 (Allowing concession to RCS flights under Regional Connectivity Scheme (RCS)).
 - vi. Order No. 35/2017-18 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2017-18 dated 09.04.2018 (In the matter of determination of useful life of Airport assets).
 - vii. Order No. 42/2018-19 dated 05.03.2019 (Determination of FRoR to be provided on the cost of Land incurred by various Airport Operators in India).

2.3 Background to tariff determination process of Jaipur International Airport

- 2.3.1 JIA is a Major Airport as per the definition of Major Airport under section 2(i) of the Airports Economic Regulatory Authority of India Act, 2008 (read with AERA Amendment Act 2019 and AERA Amendment Act 2021).
- 2.3.2 The Authority vide Order No. 13/2015-16 dated April 17, 2015, allowed JIA to continue ad hoc tariff for first control period and asked AAI to submit the MYTP for the 2nd Control Period well in time as per the guidelines by incorporating the actual financials of 2014-2015 along with the aggregate revenue requirements for the 1st control period.
- 2.3.3 With respect to the Second Control Period of JIA commencing from FY 2016-17 to FY 2020-21, the Authority had determined the Aeronautical tariff vide its Order No. 10/2017-18, dated August 4, 2017. Also, the Authority had issued Order No. 18/ 2020-21 dated July 1, 2020, with respect to provision of compensation in lieu of Fuel throughput charges at JIA.
- 2.3.4 AAI and JIAL entered into a Concession agreement on January 19, 2021 for exclusive right of Operation, Management and Development of JIA, for a period of 50 (fifty) years from the Commercial Operations Date (COD). JIAL achieved Commercial Operations Date (COD) on October 11, 2021.
- 2.3.5 JIAL has been provided an exclusive right to demand, collect and appropriate fees from COD onwards at the rates determined by AERA. As an interim measure, JIAL applied to AERA vide letter with reference no. AJIAL/CO/AERA-IT/2021/1 dated 27th August, 2021 to allow the existing rates at JIA from COD till March 31, 2022. Accordingly, AERA from time to time issued multiple orders extending

the existing rates:

Table 3: Chronology of AERA orders with regard to extension of tariff at JIA

JIAL application letter and Date	AERA Order and Date	Rates Extended up to
AJIAL/CO/AERA-IT/2021/1 dated 27 th August, 2021	22/2021-22 dated 6 th October 2021	31 st March 2022
JIAL/CO/AERA-IT/2022/1 dated 23 rd February 2022	42/2021-22 dated 14 th March 2022	30 th September 2022
JIAL/CO/AERA-IT/2022/3 dated 1 st September 2022	22/2022-23 dated 20 th September 2022	31 st March 2023
JIAL/CO/AERA-IT/2023/1 dated 2 nd March 2023	41/2022-23 dated 22 nd March 2023	30 th September 2023
JIAL/CO/AERA-IT/2023/4 dated 5 th September 2023	19/2023-24 dated 20 th September 2023	31 st March 2024 or till determination of regular tariffs for the Control Period, whichever is earlier.

- 2.3.6 JIAL vide letter no. JIAL/CO/AERA-IT/2023/2 dated 10th March 2023 requested AERA for an ad-hoc approval of domestic cargo charges to be levied at JIA for cargo handling services in line with approved cargo charges for AAICLAS. AERA vide Order No. 03/2023-24 dated 20th April 2023 allowed JIAL to levy Ad Hoc Tariff for Domestic Cargo Handling Services till 30th September 2023. Further, AERA vide Order No. 20/2023-24 dated 27th September 2023 allowed JIAL to extend the existing tariffs for a further period of 06 (six) months w.e.f. 1.10.2023 to 31.03.2024 or till the determination of regular tariffs for the Control Period, whichever is earlier.
- 2.3.7 It is to be noted that as per Order no. 10/2017-18 the second control period starts from 1st April 2016 and ends on 31st March 2021. AERA considering the transition phase had vide public notice no. 05/2022-23 dated 20th June 2022, decided to shift the third control period of Jaipur Airport from 1st April 2021 – 31st March 2026 to 1st April 2022 – 31st March 2027.

2.4 Multi Year Tariff Proposal submission

- 2.4.1 As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the Estimated Deemed Initial RAB as on March 31, 2018, was determined to be ₹ 253 Crores. Further, it is stated in the Concession Agreement that the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA. *The extract of the relevant clauses 28.11.3, 28.11.4 and 28.11.5 from the Concession Agreement have been provided in Para 17.3.8 of Annexure 3 under Chapter 17.*
- 2.4.2 In compliance with the above terms in the Concession Agreement, AAI and JIAL have submitted MYTP to the Authority for the following period:
- Submission by AAI for true up of the period from FY 2016-17 up to COD.
 - Submission by JIAL for true up of the period from COD up to March 31, 2022
 - MYTP for the Third Control Period.

Tariff determination for Pre- COD and Post-COD period

i. Pre-COD period

- 2.4.3 AAI had submitted initial true up for the Pre-COD period from FY 2016-17 up to COD vide letter dated

May 17, 2023. The Authority based on its preliminary scrutiny of the true up figures submitted by AAI, observed various discrepancies and upon enquiry, AAI provided information from time to time till March 2024. To ensure clarity and understanding, a chronological timeline was established to represent the sequence of events leading up to the issue of Consultation Paper. The timeline captures key milestones such as the submission of the proposal, the preliminary scrutiny, the identification of discrepancies, the commencement of the inquiry, and the subsequent provision of information by AAI which has been presented in the table below:

Table 4: Sequence of events regarding true up submissions by AAI

S. No.	Event	Date
1	Submission of original true up proposal of AAI	May 17, 2023
2	Review of true-up submission and documentation provided by AAI	May 2023 to June 2023
3	Additional information on CAPEX and OPEX	July 2023
4	Additional information on Fixed Asset Register	August 2023
5	Additional information on left out assets	October 2023
6	Additional information on Capital Expenditure in FY22 till COD	October 2023
7	Additional clarification on under recovery and tax implications	February 2024
8	Additional clarification on space rentals from airlines	March 2024

ii. Post COD period

2.4.4 The tariff determination for the post-COD period has been considered for JIAL under the following categories:

- True up of the period from COD till March 31, 2022
- Tariff determination for the Third Control Period i.e. from April 1, 2022 to March 31, 2027.

2.4.5 JIAL submitted its MYTP for true up of Post COD period and determination of aeronautical tariff for Third Control Period on April 22, 2023. The document is available on the AERA's website.

Table 5: Sequence of events regarding true up and MYTP submissions by JIAL

S. No.	Events	Date
1	Submission of MYTP by AO	April 22, 2023
2	Additional information on RAB, Operating Expenses, Traffic & FRoR	June 2023
3	Clarifications and details relating to Operating Expenditure	July 2023
4	Clarifications and details relating to CAPEX	August 2023
5	Additional information and Clarification on Capital Expenditure Projects	September 2023 to October 2023
6	Submission of financials for FY 2022-23	November 2023
7	Clarifications relating to Capital Expenditure and Operating Expenditure	November 2023
8	Additional information relating to Capital Expenditure and Operating Expenditure	December 2023
9	Clarifications relating to Traffic and OPEX	January 2024
10	Clarifications with respect to Actual Capital Expenditure in FY23	February 2024

2.4.6 As the Jaipur International Airport was taken over and operated by JIAL from the COD i.e. October 11, 2021, the Authority has considered to true up the necessary building blocks of JIAL for the six month period commencing from October 11, 2021 up to March 31, 2022.

2.4.7 The Authority has appointed an Independent Consultant, M/s Deloitte Touche Tohmatsu India LLP to assess the MYTP submitted by JIAL for the Third Control period. Accordingly, M/s Deloitte Touche

Tohmatsu India LLP has assisted the Authority in examining true up submission of AAI and JIAL for the pre and post COD period respectively, the MYTP of JIAL, including verifying the data from various supporting documents such as audited financials, Fixed Asset Register (FAR) submitted by JIAL, examining the building blocks in tariff determination, and ensuring that the treatment given to it is consistent with the Authority's methodology and approach.

- 2.4.8 Further to the presentation on MYTP made by JIAL, the Authority advised JIAL to re-evaluate the Capital Expenditure projects proposed by it as part of the MYTP submission, inter alia, considering the current passenger handling capacity at the Airport, traffic trends for present and future etc. together with the need to ensure modular construction of facilities as mandated by the Concession Agreement. Revised Capital Expenditure estimates have not been submitted by JIAL. Therefore, the Authority has, in this Consultation Paper, assessed the Capital Expenditure requirements based on the assessment of current traffic scenario, available capacities, future traffic estimates, and the need to ensure modular development of infrastructure at the Airport, with a view to ensure determination of optimal Aeronautical charges to be levied on the airport users.
- 2.4.9 In carrying out the analysis of MYTP submitted by JIAL, the Authority, through its independent consultant, has carried out review of all details, break up of cost items etc. provided by JIAL together with considering the financials of FY 2022-23 and status of projects as of December 2023. Wherever details have not been provided/ not completely provided, the Authority has carried out appropriate rationalisation of such costs. The Authority also has, in its analysis, indicated certain activities where the costs are proposed to be considered on incurrence basis. These have been elaborated in the relevant paragraphs.
- 2.4.10 The Authority notes that clause 5.7.1 of Direction 5/ 2010-11 pertaining to Terms and Conditions for determination of Tariff for Airport Operators Guidelines, 2011 states that “ *For any service provided by the Airport Operator for (i) ground handling services relating to aircraft, passengers and cargo at an airport; (ii) the cargo facility at an airport and (iii) supplying fuel to the aircraft at an airport, the Authority shall follow the regulatory approach and process for tariff determination as mentioned in the Direction No. 4/ 2010-11 on Terms and Conditions for determination of Tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to the Aircraft Guidelines, 2011*”.

Further, clause 1.2 of the Direction No.4/ 2010-11 states that “*these Guidelines shall apply to Service Provider(s) for (i) the Cargo facility at a Major Airport, (ii) ground handling relating to aircraft, passengers and cargo at a major airport and for (iii) supplying fuel to the aircraft at a major airport: Provided that Airport Operator providing the Regulated Service(s) as defined herein shall be excluded from the application of these Guidelines.*”

Taking cognizance of the above provisions laid out under Direction 5/ 2010-11 and Direction 4/ 2010-11 and the fact that the Airport Operator is providing the services on cargo facility and supplying fuel to the aircraft, the Authority has examined the Assets, Expenses and Revenues pertaining to Cargo and Fuel farm of JIAL separately under the relevant chapters in this Consultation Paper, for the purpose of determining Aggregate Revenue Requirement of JIAL.

Related Party Transactions

The Authority, through its Independent Consultant, got details regarding the tendering procedures implemented by JIAL and has examined the associated contract agreements concerning operating expenses and revenues entered into with related parties.

The Authority, on a sample review of contracts, notes that JIAL has involved certain Related Parties as detailed hereunder.

Table 6: Services provided to JIAL by related parties

S. No.	Nature of Services	Name of Related Party	Description of Relationship
1	Master Service Agreement to operate and manage Non-Aeronautical Facilities	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL
2	Corporate Support Service	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL
3	Corporate Support Service	Adani Enterprises Limited	Holding Company
4	Borrowing	Adani Airport Holdings Limited	Company holding 49% shareholding in JIAL

The Authority also notes the following from the Concession Agreement signed between JIAL and AAI:

“5.6.1 The Concessionaire agrees and undertakes that it shall procure contracts, goods and services for the operations, management and development of the airport in a fair, transparent and efficient manner and without any undue favour or discrimination in this behalf. In pursuance hereof, it shall, within six (6) months from the COD, frame policy specifying the principles and procedures that it shall follow in awarding for supply of goods and services, and shall place the policy on its website for the information of general public and all interested parties, The policy shall:

(a) include the principles and procedures followed for sub-leasing, sub-licensing or grant or allocation of any space, building, rights or privileges to private entities in the Airport

(b) be approved by the Board of Directors of the Concessionaire

*5.6.2 For procurement of goods, works, services, sub-lease(s), sub-license(s) or any other rights or privileges where the consideration (including deposits in any form or respect thereof) exceeds Rs. 25,00,00,000/- (Rupees Twenty Five Crore) in any accounting year (collectively, the **contracts**) the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under clause 5.6.1*

5.6.3 The Parties agree that the Concessionaire should pre-qualify and short-list the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm’s length basis in a manner that is commercially prudent and protects interest of users.”

5.6.4 The Concessionaire hereby agrees not to have any subsidiary or joint venture or any other similar form of arrangement with any other party.

AERA expects that JIAL and the AAI, (Concession granting Authority) will ensure that the contracts with Related Parties are at arm’s length and that the Related Party has relevant experience of providing similar service to ensure protection of interest of all stakeholders, as per the terms of the Concession Agreement detailed above, which may be followed in letter and spirit.

2.5 Construct of this Consultation Paper

This Consultation paper has been developed in the order of the events as explained above. Chapter-wise details have been summarized as follows:

- The background of the Authority’s tariff determination process is explained in this Chapter and in Chapter 3, the framework for determination of tariff is discussed.

- ii. Chapter 4 lists out the submissions of AAI for true up of the Pre- COD period which is from FY 2016-17 to October 10, 2021. This is followed by the Authority's examination and proposals on the specific issues regarding the true up for the Period FY 2016-17 till COD. This chapter also discusses the assessment and the outcome of the studies commissioned by the Authority regarding asset allocation ratios between aeronautical and non-aeronautical assets and efficient cost segregation between aeronautical and non-aeronautical operating expenses. The summary of these reports is given under Annexures to this Consultation Paper and the reports have been appended separately to the Consultation Paper.
- iii. Chapter 5 lists out submission of JIAL for true up of the period from October 11, 2021 (COD) up to March 31, 2022. This is followed by the Authority's examination and proposals on the specific issues regarding the true up for the said post-COD period. This chapter also discusses the assessment and the outcome of the studies conducted by the Authority regarding asset allocation ratios between aeronautical and non-aeronautical assets and efficient cost segregation between aeronautical and non-aeronautical operating expenses. The summary of these reports is given under Annexures to this Consultation Paper and the reports have been appended separately to the Consultation Paper.
- iv. Chapter 6 presents the submissions of JIAL regarding Traffic Projections and the Authority's proposals on the same.
- v. Chapter 7 includes the submissions of JIAL regarding Capital Expenditure (CAPEX), Depreciation and RAB for the Third Control Period along with the Authority's detailed examination, adjustments, rationalisation and proposals on the Aeronautical capital expenditure, depreciation, and RAB for the Third Control Period.
- vi. Chapter 8-13 includes the submissions of JIAL regarding various building blocks pertaining to the Third Control Period including Fair Rate of Return, Inflation, Operating Expenses, Non-aeronautical Revenue, Taxation and Quality of Service along with Authority's examination and proposals on each matter.
- vii. Chapter 14 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals for the Third Control Period.
- viii. Chapter 15 summarizes the Authority's proposals put forward for consultation.
- ix. In Chapter 16 the Authority invites views of all the stakeholders regarding proposals put forward for tariff determination for the Third Control Period in the Consultation Paper.
- x. Chapter 17 contains Annexures.
 - Annexure 1 – Summary of study on allocation of assets between Aeronautical and Non-aeronautical assets
 - Annexure 2 – Summary of study on efficient Operation and Maintenance expenses
 - Annexure 3 – Clauses of the Concession Agreement entered between AAI and JIAL
 - Annexure 4 – List of Strategic Projects
- xi. Chapter 18 contains the list of Appendices.

2.6 Studies commissioned by the Authority

2.6.1 The Authority commissioned the following studies through its Independent Consultant for the purpose

of tariff determination and the resultant recommendations have been used in this Consultation paper:

- a) **Study on allocation of Assets between Aeronautical and Non-Aeronautical Assets:** The Study has carried out a detailed analysis of the Regulatory Asset Base (RAB) of both AAI and JIAL. The study has developed a rationale for classification of assets into Aeronautical, Non-aeronautical, Air Navigation Services (ANS) and Common. It then apportioned the Common assets based on appropriate ratios. Further, the Study has also examined the assets transferred from AAI to JIAL (as on COD) and determined the Deemed Initial RAB as on COD.
- b) **Study on efficient Operation and Maintenance Expenses:** The Study examined the historical trends in the O&M expenses of JIA and assessed how the Airport has been performing in comparison to the select peers in the industry. The Study verified the classification of the various expenses between Aeronautical, Non-aeronautical, ANS and Common and made revisions wherever necessary. The Common expenses were further apportioned based on appropriate ratios. Further, the Study ascertained the expenses that were unreasonably high and rationalized them based on suitable benchmarks.

2.6.2 The recommendations of these studies have been used in this Consultation Paper. The summary of the Study on Allocation of Assets is given in Annexure 1 of this Consultation Paper and the study is attached as Appendix 1 of this Consultation Paper. The summary of the Study on Efficient Operation and Maintenance Expenses is given in Annexure 2 of this Consultation Paper and the study is attached as Appendix 2 of this Consultation Paper.

3 FRAMEWORK FOR TARIFF DETERMINATION FOR JAIPUR INTERNATIONAL AIRPORT FOR THE THIRD CONTROL PERIOD

3.1 Methodology

- 3.1.1 The Methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 read with AERA (Amendment) Act 2019 and 2021, the AERA (Terms and Conditions for determination of Tariff for Airport Operators) Guidelines, 2011 and further Guidelines issued by AERA from time to time.
- 3.1.2 As per the guidelines, the Authority has adopted the Hybrid-Till mechanism for tariff determination for the Third Control Period wherein, 30% of the Non-aeronautical revenues is to be used for cross-subsidizing the Aeronautical charges. The Authority has considered the same methodology in the analysis of true up submission for Second Control Period, pre-COD and post-COD Period.
- 3.1.3 The ARR under hybrid till for the Control Period (ARR) shall be expressed as under:

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

Where,

- t is the tariff year in the control period, ranging from 1 to 5
- ARR_t is the Aggregate Revenue Requirement for tariff year ‘ t ’
- $FRoR$ is the Fair Rate of Return for the Control Period
- RAB_t is the Aeronautical Regulatory Asset Base for tariff year ‘ t ’
- D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘ t ’
- O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘ t ’
- T_t is the Aeronautical taxation expense for the tariff year ‘ t ’
- s is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority, $s = 30\%$.
- NAR_t is the Non-aeronautical revenue in tariff year ‘ t ’.

- 3.1.4 Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

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

- Where, $PV(ARR_t)$ is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. The Authority has considered discounting cash flows, one year from the start of the Control Period.
- VE_t is the passenger traffic in year ‘ t ’.

- 3.1.5 All the figures presented in this Consultation Paper have been rounded off up to two decimals.

3.2 Revenues from Air Navigation Services (ANS)

- 3.2.1 JIAL shall be performing Aeronautical services like landing, parking, ground handling, cargo and fuel farm supply services at Jaipur International Airport and has submitted revenue projections for the same for Third Control Period in its MYTP. However, AAI shall be handling the Air Navigation Systems (ANS) at Jaipur International Airport and hence the MYTP submitted by JIAL does not consider

revenues, expenditure, and assets on account of ANS.

- 3.2.2 Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.

4 TRUE UP OF AAI FOR THE SECOND CONTROL PERIOD FROM FY'17 TILL COD

4.1 Background

- 4.1.1 AAI had entered into a Concession Agreement dated January 19, 2021, with Jaipur International Airport Limited (the 'Concessionaire') for the operations, management and development of Jaipur International Airport for a period of 50 years from the COD, i.e. October 11, 2021.
- 4.1.2 As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA.
- 4.1.3 Pursuant to the above Concession Agreement, AAI has submitted True up workings for the period April 1, 2016 up to October 10, 2021
- 4.1.4 The true up workings submitted by AAI covers the following building blocks:
- i. Traffic
 - ii. Capital Expenditure
 - iii. Aeronautical Depreciation
 - iv. Regulatory Asset Base
 - v. Fair Rate of Return
 - vi. Aeronautical Operation and Maintenance Expenses
 - vii. Non-aeronautical Revenue
 - viii. Aeronautical Taxes
 - ix. Aeronautical Revenue Requirement
- 4.1.5 The Authority has analyzed the AAI's true up submission in detail. Analysis of the Authority, has been organized as follows:
- i. Recorded AAI's submissions for true up under different Regulatory building blocks.
 - ii. Recapped the decisions taken by the Authority in the Tariff Order for the Second Control Period (Order No. 10/ 2017-18 dated August 4, 2017)
 - iii. Provided Authority's examination through its Independent Consultant on each regulatory building block and put forth its proposals.
 - iv. Authority also examined Pre COD period (1st April'2021 to 10th Oct'2021) and considered amount against each regulatory building block in true up exercise.
- 4.1.6 The Authority has considered the following documents for determining true up for the Second Control Period and Pre-COD Period:
- i. Tariff Order for Jaipur International Airport (Order No. 10/2017-18) dated August 4, 2017.
 - ii. Trial balance figures of AAI for the Second Control Period and Pre-COD Period.
 - iii. AERA Guidelines and Orders.
 - iv. Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.

4.2 AAI's submission of True up for SCP and period from 1st Apr'21 to 10th Oct'21

- 4.2.1 As mentioned in Para No. 2.4.3 of this Consultation Paper, AAI has submitted its True Up submission on May 17, 2023. The details of the same have been provided below:

Table 7: Submission of True up by AAI for the SCP and Pre-COD period from FY'17 to COD*(₹ Crores)*

Particulars	FY'17	FY'18	FY'19	FY'20	FY '21	Total till FY'21	FY'22 up to COD	Total till COD
Opening RAB	141.27	253.52	255.03	261.21	318.50		328.94	
Closing RAB	253.52	255.03	261.21	318.50	328.94		516.94	
Average RAB	197.39	254.28	258.12	289.86	323.72	1,323.37	422.94	1,746.31
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%		14%	
Return on Average RAB	27.64	35.60	36.14	40.58	45.32	185.27	31.31	216.58
Depreciation	16.41	18.00	20.80	22.55	23.51	101.29	12.87	114.15
Operating Expenditure	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
Opening RAB - Financing Allowance	-	0.10	0.40	1.11	4.81		5.81	
Additions - Financing Allowance	0.11	0.31	0.78	3.79	1.32	6.31	11.59	17.90
Depreciation - Financing Allowance	0.002	0.01	0.07	0.10	0.32	0.49	0.22	0.72
Closing RAB - Financing Allowance	0.10	0.40	1.11	4.81	5.81		17.18	
Average RAB - Financing Allowance	0.05	0.25	0.76	2.96	5.31	9.33	11.50	20.83
Return on Average RAB - Financing Allowance	0.01	0.04	0.11	0.41	0.74	1.31	0.85	2.16
Interest on Working Capital	-	-	-	-	-	-	2.28	2.28
Corporate Tax	0.21	3.04	12.45	3.02	-	18.73	-	18.73
Corporate Tax on shortfall (under recovery) to be collected from Concessionaire							115.90	115.90
Shortfall in 1st Control Period as on 01.04.2016	123.90	-	-	-	-	123.90	-	123.90
Less: Deductions for Non-aeronautical Revenues	4.05	5.34	7.45	7.66	4.52	29.02	1.41	30.43
Total Gross ARR	230.23	139.28	174.66	183.84	176.39	904.41	255.07	1,159.48
Revenue earned from Aeronautical Services	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
(Excess) / Shortfall	140.89	12.00	1.82	18.74	112.88	286.32	220.82	507.15
PV Factor	1.81	1.59	1.39	1.22	1.07		1.00	
PV of (Excess) / Shortfall on COD 11-Oct'2021	254.93	19.05	2.53	22.89	120.93	420.33	220.82	641.15

4.3 Authority's examination of True up submitted by AAI for Second Control Period and pre-COD period

The Authority has taken cognizance of the decisions taken at the time of determination of tariff for the Second Control Period and has then proceeded to examine the same as part of the tariff determination for the current Control Period.

The decisions taken at the time of determination of tariff for Aeronautical services for the Second Control Period vide Order No. 10/2017-18 dated August 4, 2017 have been reproduced below:

- **Decision No.2 – True Up for the 1st Control Period**
 - 2.a. *The Authority decides to true-up the 1st Control Period on the basis of Single Till*
 - 2.b. *The Authority decides to adopt CHQ/ RHQ overheads apportionment on revenue basis.*
 - 2.c. *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.*
 - 2.d. *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. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.*
 - 2.e. *The Authority decides to consider short fall of ₹ 123.9 crores in the 1st control period to be added to ARR for the 2nd Control Period.*
- **Decision No. 3 – Traffic Forecast**
 - 3.a. *The Authority decides to consider the ATM and passenger traffic as per Table 19.*
 - 3.b. *The Authority decides to true up the traffic volume (ATM and passengers) based on actual traffic in 2nd Control period while determining tariffs for the 3rd control period.*
- **Decision No. 4 – Allocation of assets between Aeronautical and Non-Aeronautical services**
 - 4.a. *The Authority decides to allocate assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 23.*
- **Decision No. 5 – Opening Regulatory Asset Base for the 2nd control period**
 - 5.a. *The Authority decides to consider the opening regulatory base for the 2nd control period under Hybrid Till as ₹ 136 crores.*
- **Decision No. 6 – Capital Expenditure**
 - 6.a. *The Authority decides to consider allowable project cost of ₹ 256.4 crores and accordingly reckon the amount of ₹ 256.4 crores as additions to total assets during the 2nd control period.*
 - 6.b. *The Authority directs AAI to undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines.*
 - 6.c. *The Authority expects AAI to undertake capital works in the 2nd control period in accordance with Order No. 07/ 2016-17 dated 13 June, 2016 on normative approach.*
 - 6.d. *The Authority decides to true up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalization of underlying assets in a given year.*
- **Decision No. 7 – Treatment of Depreciation**
 - 7.a. *The Authority decides to adopt depreciation rates as per Table 28 and depreciation for the 2nd control period as per Table 29.*

7.b. *The Authority proposes to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.*

- **Decision No. 8 – RAB for 2nd control period**

8.a. *The Authority decides to consider RAB for 2nd control period as given in Table 31.*

8.b. *The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the Authority's decision on the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.*

- **Decision No. 9 – FRoR**

9.a. *The Authority decides to consider the FRoR at 14% for JIA for the 1st and 2nd control period.*

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

- **Decision No. 10 – Non-Aeronautical Revenues**

10.a. *The Authority decides to consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.*

10.b. *The Authority decides to consider the Non-Aeronautical revenue as per Table 35.*

10.c. *The Authority decides that Non-Aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues.*

- **Decision No. 11 – Operation and Maintenance Expenditure**

11.a. *The Authority decides to consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.*

11.b. *The Authority expects AAI to reduce O&M expenditure over a period of time.*

11.c. *The Authority decides to true up the O&M expenditure for 2016-17 to 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.*

- **Decision No. 12 – Taxation**

12.a. *The Authority decides the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.*

12.b. *The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.*

- **Decision No. 13 – Tariff rate card**

13.a. *The Authority decides to accept Annual Tariff Proposal for 2017-18 as given in Table 46 (and Annexure) for determination of tariff during 2nd control period as the present value of proposed revenues (yield) by AAI is lower than the present value of ARR (yield) as per*

Authority. The Authority decides to accept the increase in tariffs for subsequent years of the second control period as below:

- i. Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger*
- ii. Yearly increase of 4% every subsequent year (FY 2018-19 onwards) on landing charges*
- iii. Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period*

13.b. The Authority decides to continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001- AAI dated 9th Feb 2004 in order to encourage and promote intra-regional connectivity at JIA.

13.c. The Authority decides to provide waiver of landing and other charges in line with the Order No. 20/2016-17 dated 31.03.2017 of the Authority.

13.d. The Authority decides to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

13.e. The Authority decides to consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

4.4 True up of Traffic

4.4.1 The actual passenger and ATM traffic of JIA for the Second Control Period submitted by AAI is as follows:

Table 8: AAI's submission for True up of traffic for the Second Control Period for JIA

(in Nos.)

Financial Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
FY'17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
FY'18	4,229,961	527,217	4,757,178	38,069	4,220	42,289
FY'19	4,866,742	604,481	5,471,223	42,019	4,166	46,185
FY'20	4,502,569	528,992	5,031,561	35,872	3,612	39,484
FY'21	1,719,937	130,250	1,850,187	17,753	1,180	18,933
Total	18,651,705	2,241,902	20,893,607	162,309	16,922	179,231
FY'22 (till COD)	896,769	40,109	936,878	8,674	356	9,030
Total (till COD)	19,548,474	2,282,011	21,830,485	170,983	17,278	188,261

4.4.2 The Authority verified the actual Passenger traffic and ATM (as per Table 8) for the Second Control Period based on the details available on AAI's website and noted no variances.

4.4.3 The Authority examined the actual passenger traffic and ATM of JIA with the traffic projections approved by the Authority in the Tariff Order No. 10/ 2017-18 for the Second Control Period, which is as follows:

Table 9: Passenger traffic and ATM approved by the Authority for the Second Control Period*(in Nos.)*

Financial Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
FY'17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
FY'18	3,745,163	487,011	4,232,174	31,647	3,938	35,584
FY'19	4,208,931	525,943	4,734,873	35,023	4,141	39,164
FY'20	4,730,127	567,986	5,298,114	38,759	4,354	43,114
FY'21	5,315,865	613,390	5,929,255	42,894	4,579	47,473
Total	21,332,582	2,645,292	23,977,874	176,919	20,756	197,675

4.4.4 The Authority notes from the above table that the actual Passenger and ATM traffic for the first three tariff years of the Second Control Period (as per Table 8) is in excess of what was approved by the Authority in the Tariff Order for the Second Control Period.

4.4.5 The Authority notes that there has been a decrease in the Passenger and ATM traffic particularly in the FY 2019-20 (pre-COVID year), due to the closure of operations by Jet Airways with no replacement for those vacant slots and the impact of COVID pandemic in the last quarter of the FY 2019-20.

4.4.6 The actual traffic for the 5th tariff year viz., FY 2020-21 is significantly lower than the projections in Tariff order for the Second Control Period, due to the adverse impact of the ongoing COVID-19 pandemic.

4.4.7 Based on the above facts, the Authority proposes to consider the actual passenger and ATM traffic as submitted by AAI (Table 8) for true up of the Second Control Period (up to COD), in line with its decision no. 3.b. of the Tariff Order No. 10/ 2017-18 dated August 4, 2017, which states "The Authority decides to true up the traffic volume (ATM and passengers) based on actual traffic in 2nd Control period while determining tariffs for the 3rd control period."

4.5 True up of CAPEX

AAI's submission for true up of RAB for the Second Control Period and Pre-COD Period:

4.5.1 AAI has submitted the details of RAB during the Second Control Period and Pre-COD period as follows:

Table 10: RAB for Second Control Period as per AAI's Submission*(₹ Crores)*

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total till FY21	FY22 (till COD*)	Total till COD
Opening RAB	141.27 [^]	253.52	255.03	261.21	318.50		328.94	
Additions to RAB during the year	129.34	19.52	26.98	79.84	33.96	289.64	200.86	490.49
Deletions from RAB during the year	0.67	-	-	-	-	0.67		0.67
Depreciation for the year	16.41	18.01	20.80	22.55	23.51	101.28	12.87	114.15
Closing RAB for the year	253.52	255.03	261.21	318.50	328.94		516.94	

* April 1,2021 to October 10, 2021

[^] includes left out assets worth ₹ 4.18 Crores and cost apportionment worth 1.03 Crores in First Control Period

4.5.2 AAI has classified the above capital additions into Aeronautical, Non-aeronautical and ANS as shown below:

Table 11: Allocation of assets as per AAI's submission

Asset Category	Asset Sub-Category / Description	Asset Classification
Boundary	Fencing of residential colony	Aeronautical
	Boundary in CPWD Quarters	Aeronautical
	Operational boundary walls	Aeronautical
	Boundary walls for land and drainage	Aeronautical
Building	Drainage construction in airside	Aeronautical
	Walking pathways for solar plant	Aeronautical
	Road construction for fuel farm	Aeronautical
	AOCC Civil Works	Aeronautical
	Security Watch Towers	Aeronautical
	Provision of PAPI, Wind Sock	Aeronautical
	Expansion and modification T2 and related works	Aeronautical
	RRR of T1 and related works	Aeronautical
	Construction of fire station and related works	Aeronautical
	Frangible Huts for Transformer Installations	Aeronautical
	Solar control rooms, underground borewells and tanks	Aeronautical
	Construction of CCR Hall	Aeronautical
	Solid waste store rooms	Aeronautical
	Construction of STPs	Aeronautical
	Construction of BCAS offices	Aeronautical
	CISF Barracks and related works including water harvesting systems	Aeronautical
	Toilet Block in City Side of T2	Aeronautical
	ASR/MSSR Building	ANS
	Vehicle shed in T1	Non Aero
Furniture & Fixtures	Furniture & Fixtures at administrative offices	Aeronautical
	Artwork at T2	Aeronautical
	RRR of T1	Aeronautical
	Hostel Bunk Beds	Aeronautical
	Furniture and Fixtures for ANS use	ANS
Office appliances	IT assets and other office equipment at the airport, BCAS and CISF offices	Aeronautical
	IT assets and other office equipment at ANS offices	ANS
Plant & Equipment	Metal Detectors, threat containment and Disposal Systems and other safety and security related assets	Aeronautical
	OFC, power supply and other works for ASMGCS	Aeronautical
	CAT III lighting works	Aeronautical
	RRR of T1 Electric works	Aeronautical
	Equipment for T2 expansion and modification	Aeronautical
	BCAS office electric works	Aeronautical
	OFC for NAVAIDS	Aeronautical
	ALCMS for SMC unit at ATC tower	Aeronautical
	Passenger boarding bridges, AVDGS and baggage trolleys	Aeronautical
	Biometric access control systems and other electronic and electrical equipment in the Terminal Building	Aeronautical
	Lighting and Electrical Works on the Airside and perimeter	Aeronautical
	Check-In Information Display System (CIDS)	Aeronautical

Asset Category	Asset Sub-Category / Description	Asset Classification
	FIDS, CUTE, CUSS	Aeronautical
	Baggage Handling Systems	Aeronautical
	Assets related to sub-station, including earthing and wiring, generators, rainwater harvesting and water supply	Aeronautical
	CCTV	Aeronautical
	Signages	Aeronautical
	Water Handling Units	Aeronautical
	Air Conditioning at terminal building and other areas	Aeronautical
	Elevators and escalators	Aeronautical
	Firefighting and protection equipment	Aeronautical
	Solar grid systems	Aeronautical
	Equipment at CISF Barracks	Aeronautical
	Other equipment	Aeronautical
	Leased baggage screening equipment	Aeronautical
	SITC of e-PoS	Non-Aero
	Equipment related to ANS/CNS facilities	ANS
Runways, Taxiways and Apron	Construction and extension of Runways, Taxiways and Aprons	Aeronautical
Vehicles	Fire trucks, ambulance, SUVs and other vehicles for airside operations	Aeronautical
	Vehicles for ANS operations	ANS
Computer Software	Software for airport operations	Aeronautical
	Software for ANS/CNS activities	ANS

4.5.3 Further, AAI has submitted the following ratios:

Table 12: Allocation ratios as per AAI's submission

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 till COD
Employee Ratio (Aeronautical : Non-aeronautical)	96.27:3.73	97.08:2.92	97.41:2.59	97.31:2.69	96.95:3.05	97.41:2.59
Year-wise specific allocation ratio for CHQ & RHQ allocation of Admn.. Expenses (Aeronautical : Non-aeronautical)	95:5	95:5	95:5	95:5	95:5	95:5
Year-wise specific allocation ratio for CHQ allocation of Retirement Benefits (Aeronautical : Non-aeronautical)	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03	96.97:3.03
Terminal Building ratio (Aeronautical : Non-aeronautical)	90.59:9.41	90.43:9.57	90.28:9.72	93.44:6.56	95.02:4.98	95.02:4.98 (T2) 90:10 (T1& T2)
Electricity ratio (Aeronautical : ANS : Non-aeronautical)	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 till COD
Staff Quarters ratio (Aeronautical : ANS)	82.41:17.59	80.36:19.64	86.32:13.68	89.47:10.53	91.58:8.42	91.58:8.42
Vehicle Ratio	97:3	97:3	97:3	97:3	97:3	97:3

Recap of decision taken by the Authority for RAB at the time of tariff determination for the Second Control Period

4.5.4 The Authority vide its decision no. 5, 6 and 8 of Order no. 10/2017-2018 dated August 4, 2017 decided the following with respect to Opening Aeronautical RAB, Additions and RAB for Second Control Period:

- Decision no. 5.a The Authority decides to consider the opening regulatory base for the 2nd Control Period under Hybrid Till as ₹ 136 crore.
- Decision no. 6.a. The Authority decides to consider allowable project cost of ₹ 256.4 crores and accordingly to reckon the amount of ₹ 256.4 crores as addition for total assets during the 2nd control period.
- Decision no. 6.d. The Authority decides to true up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalization of underlying assets in a given year.
- Decision no. 8.a. The Authority decides to consider RAB for 2nd Control Period as given in Table 31.

Table 13: RAB as approved by Authority in the Tariff Order for Second Control Period (Table 31 of the Order)

(₹ Crores)

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	Total
Opening RAB (A)	136.0	255.1	271.9	262.1	324.0	
Addition (B)	133.8	34.3	8.0	80.3	0.0	256.4
Sales/Disposals/Transfers (C)	-	-	-	-	-	-
Depreciation (D)	14.7	17.5	17.8	18.4	17.3	85.7
Closing RAB (E = A + B – C – D)	255.1	271.9	262.1	324.0	306.8	
Average RAB [(A + E) ÷ 2]	195.5	263.5	267.0	293.1	315.4	

- Decision no. 8.b. The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the Authority's decision on the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.

Authority's examination and proposal for RAB as part of tariff determination for the Second Control Period and Pre-COD Period:

4.5.5 The Authority had undertaken the "Study on Allocation of Assets between Aeronautical and Non-Aeronautical Assets" to carry out a detailed analysis of the Regulatory Assets, apportion the common assets based on appropriate ratios, and examine the assets transferred from AAI to JIAL.

4.5.6 Allocation Ratios

- Revision of Terminal Building ratio:** It was observed that as per AAI's True up submission for the period up to October 10, 2021, Jaipur International Airport (JIA) had an average terminal building ratio of 92.47:7.53 based on actual utilization. The Authority in its order 10/2017-18 for SCP of JIA,

had decided to adopt 90% as aeronautical area based on terminal area ratio calculations submitted by AAI for FY 2015-16.

This is also consistent with the IMG norms, which has recommended the Non-Aeronautical area within the terminal building for airports having passenger traffic less than 10 MPPA to be in the range of 8% to 12% of the total terminal area and for airports having passenger traffic greater than 10 MPPA to be up to 20%. The Authority in case of other similar airports, has considered 90:10 (Aero: Non-Aero) terminal building ratio to encourage Airport Operators to achieve full potential in non-aeronautical revenue. With an actual passenger traffic of ~5.5 MPPA in FY 2019-20 (pre-Covid year), JIA falls into the similar airport category.

The Authority had commissioned an independent study on the Allocation of Assets (summary of the study is given in Annexure 1 and the study is attached as Appendix 1 of this Consultation Paper). Based the outcome of the study, the Authority proposes to consider the Terminal Building ratio of 90:10 (Aeronautical: Non-Aeronautical) as was approved by the Authority in the Tariff Order for the Second Control Period. The same has been explained in para 4.5.1 of the Asset Allocation study report.

- b. **Changes in Employee Headcount ratio:** The Authority proposes to consider the five-year average Employee Head Count Ratio of AAI, i.e. 86.18:13.82 (Aeronautical: Non-aeronautical) for the purpose of allocation of assets during the period from FY 2016-17 up to COD, as the Authority considers the same to be a reasonable basis for allocation of assets. The same has been explained in para 4.5.3 of the *Efficient Operation and Maintenance Expenses report* and the same is presented in the table below:

Table 14: Allocation Ratios proposed by the Authority

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	FY22 till COD
Employee Ratio (Aero : Non-Aero)	84.91:15.09	85.02:14.98	87.42:12.58	87.51:12.49	86.35:13.65	85.85:14.15
Terminal Building Ratio (Aero : Non-Aero)	90% : 10%					
Staff Quarters Ratio (Aeronautical : ANS)	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05	86.95:13.05

4.5.7 The Authority notes the following while comparing the RAB as submitted by AAI for true up (Table 10) and that approved in Second Control Period tariff order (Table 13):

- There is a difference between Opening RAB as on 1st April 2016 as submitted by AAI and that approved by AERA in the Second Control Period Order. This variation has been discussed in para 4.5.9.
- AAI has incurred excess CAPEX of ₹ 38.50 Crores for Second Control Period (FY16-21) and ₹ 200.86 Crores during FY22 till COD (10th October, 2022); which was not considered by the Authority in tariff order for Second Control Period. The same has been discussed in para 4.5.16.

4.5.8 The Authority notes that at the time of determination of tariff for the Second Control Period, in the Tariff Order, the Opening RAB for FY 2016-17 was determined to be ₹ 136.0 crores (Decision No. 5a, Tariff Order No. 10/2017-18 dated August 4, 2017). The details are as follows:

Table 15: Opening RAB of Second Control Period approved by AERA in the Second Control Period Order*(₹ Crores)*

Particulars	Ref.	Amount
Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	A	270.5
Aeronautical asset addition during the First Control Period	B	21.7
Cost of Aeronautical Assets as on 31.03.2016	C = A + B	292.2
Accumulated Depreciation as on 31.03.2016	D	156.2
Closing RAB as on 31.03.2016	E = C – D	136.0
Opening RAB as on 01.04.2016	F = E	136.0

- 4.5.9 For true-up, AAI has considered a slightly different value for Opening RAB for FY 2016-17 from what was approved by AERA in the Tariff Order for JIA for the Second Control Period. The opening RAB submitted by AAI as part of the true up proposal submission is ₹ 141.27 crores. On seeking clarification, AAI has submitted the following justification – “Assets to the tune of INR 26.08 Crores (net value INR 4.18 Crores) were left out at the time of finalisation of Tariff for Second Control Period and hence, these assets have been added to the True up of Second Control Period”. Further, AAI has added an amount of ₹ 1.03 Crores shown as ‘Improvement’ to the Opening RAB of Second Control Period. AAI in its justification has mentioned that this amount represents the booking of remaining cost of assets which were not available with Jaipur Airport at the time of capitalization during First Control Period up to 31.03.2016. These costs primarily relate to the projects which were transferred to Jaipur Airport later by CHQ/RHQ after clearing the EOT (Extension of Time) or withholds or booking of Custom Duty Cost, and was apportioned later retrospectively during Second Control Period. Hence these additional costs were added as ‘Improvement’ cost over same assets.
- 4.5.10 Based on the explanation provided by AAI and the comparison of the left-out assets and improvements (the list of left out assets and improvements are detailed in Annexure II of Asset Allocation Report) with the fixed asset register, it is noted that these assets exclusively belong to JIA. Hence, the Authority proposes to include these assets as part of the Opening RAB for FY 2016-17 of the Second Control Period.
- 4.5.11 Further, the Authority notes that the classification of the left-out assets by AAI aligns with the allocation principles determined by the Authority in the Second Control Period for Opening RAB, as stated in para 8.3 of Order No. 10/2017-18 dated August 4, 2017.
- 4.5.12 The Authority, based on the above facts, proposes to consider the opening RAB for true-up of the Second Control Period as submitted by AAI i.e., ₹ 141.27 Crores.

Capital additions submitted by AAI for Second Control Period and Pre-COD Period

- 4.5.13 The Authority notes differences between the approved figures in the Tariff Order for the Second Control Period and the actual capitalization of aeronautical assets. The Tariff Order for the Second Control period had projected a capitalization of aeronautical assets worth ₹ 256.4 crores by FY 2020-21, but as per AAI's submission, ₹ 490.49 crores worth of aeronautical assets have been capitalized until the COD (Commercial Operation Date).
- 4.5.14 The Authority reviewed the actual capital additions to RAB during the Second Control Period, which is explained as follows:

Table 16: Capital additions submitted by AAI for the SCP and Pre-COD Period for JIA

(₹ Crores)

S. No	Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
1	Runways/Taxiway	102.35	0.41	0.00	1.38	14.25	118.40	135.50	253.90
3	Roads Bridges & Culverts	0.57	1.04	11.72	9.05	0.00	22.37	0.00	22.37
4	Terminal Building	1.46	3.90	0.25	34.07	5.53	45.21	41.68	86.90
5	Temp. Building	0.46	0.00	0.00	0.00	0.00	0.46	0.00	0.46
6	Residential Building	0.00	0.00	0.00	2.87	0.00	2.87	0.00	2.87
7	Temp. B/Wall	0.24	0.00	0.00	0.00	0.00	0.24	1.05	1.30
8	Operational B/Wall	1.61	0.00	0.00	0.03	0.00	1.65	0.00	1.65
9	Computers	0.25	0.02	0.09	0.00	0.01	0.37	0.00	0.37
10	Software	0.01	0.00	0.02	0.00	0.00	0.03	0.00	0.03
11	Machinery	22.30	12.63	3.38	29.63	12.95	80.90	22.04	102.94
12	Tools & Plant	0.00	0.96	11.50	0.83	0.64	13.92	0.00	13.92
13	Furniture-Office	0.04	0.01	0.00	0.00	0.57	0.62	0.59	1.21
14	Vehicles	0.03	0.53	0.01	0.00	0.00	0.57	0.00	0.57
15	Office Eqpt	0.01	0.00	0.01	0.03	0.00	0.06	0.00	0.06
16	X-Ray	0.00	0.00	0.00	1.96	0.00	1.96	0.00	1.96
Total		129.34	19.52	26.98	79.84	33.96	289.63	200.86	490.49

4.5.15 The Authority compared the total capital additions provided by AAI with the capital additions approved in the Second Control Period order as detailed below:

Table 17: Reconciliation of Additions considered in the Second Control Period Order and Actuals incurred by AAI

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY22 till COD*	Total
Amount approved as per Tariff Order (A)	133.80	34.30	8.00	80.30	0.00	-	256.40
Actual additions to RAB (B)	129.34	19.52	26.98	79.84	33.96	200.86	490.49
Variance (B-A)	(4.46)	(14.78)	18.98	(0.46)	33.96	200.86	234.09

* up to October 10, 2021

4.5.16 Clarifications were sought from AAI on the excess CAPEX spend in FY22 till COD i.e., ₹ 200.86 crores. AAI vide its email dated July 20, 2023, has stated that “the unplanned CAPEX had to be done as per the operational requirement and direction of BCAS/ICAO/DGCA/MoCA”. Further, AAI has submitted the Administrative Approvals and Expenditure Sanction (AA & ES) and other relevant documents for these capital projects.

Further, the Authority has examined the variances between the approved CAPEX and actual CAPEX incurred and observed that the CAPEX has been incurred due to operational requirements.

4.5.17 Based on the above analysis, the Authority notes that the justification for the difference between the capital additions as approved in the Tariff Order of the Second Control Period and the actual additions submitted by AAI as explained above appear to be reasonable being incurred towards safety, security and smooth conduct of airport operations. Thus, the Authority proposes to allow the actual capital expenditure submitted by AAI till COD for the purpose of true up.

Reclassification and Reallocation of assets submitted by AAI for the Second Control Period and Pre-COD Period

4.5.18 The Authority has commissioned an independent study through the Consultant appointed by AERA on allocation of assets between Aeronautical and Non-aeronautical services for JIA for the Second Control Period and FY 2021-22 (Pre and Post COD of AAI and JIAL respectively) (summary of the study is given in Annexure 1 and the Study is attached as Appendix 1) and used the recommendation of the study, while truing up the RAB till COD for AAI.

4.5.19 The Authority notes that the Independent Study has provided a broad framework for allocation of various classes of airport assets into Aeronautical, Non-aeronautical and Common. The process followed by the Study is as follows:

- The assets responsible for/ used exclusively for the provision of aeronautical (as defined in section 2 (a) of the AERA Act,2008) services have been classified as 'Aeronautical' for the purposes of Study. Additionally, the decisions of AERA on allocation of certain assets in the previous control periods and in the case of other airports have also been taken into consideration for this exercise.
- Assets which are solely used for the provision of services other than aeronautical services are classified as 'Non-Aeronautical'.
- If any asset is not exclusively used for the provision of either Aeronautical service or Non-Aeronautical service, it has been classified as 'Common'.
- Apart from being an airport operator, AAI is also responsible for the provision of Air Navigation Services (ANS) over the Indian airspace. Therefore, certain ANS assets also form part of the books of AAI. However, since this service is managed separately by AAI and the tariff for the same are presently regulated by Ministry of Civil Aviation (MoCA), the assets related to the same are not considered under the RAB of AAI. Therefore, such assets have been excluded from the Aeronautical Gross Block of AAI.
- However, certain ANS related assets were also transferred to JIAL as on COD. As per the terms of the Concession Agreement, AAI would continue to provide ANS services at JIA. As mentioned in Schedule Q of Clause 20.2.1 of the Concession Agreement, JIAL is required to make available all necessary civil infrastructure and necessary support to AAI for providing ANS services. Therefore, the ANS related assets, when transferred to the books of the JIAL, would be considered as aeronautical in nature considering that JIAL is not providing or charging for ANS services at JIA whereas it is required to provide the supporting infrastructure.
- Aeronautical assets (e.g. aerobridges, among others) are directly added to RAB and assets identified to be Non-Aeronautical (e.g. commercial complex) are excluded from it. The assets that have been classified as Common assets need to be further bifurcated into aeronautical and non-aeronautical based on a suitable ratio. This ratio has been determined based on the underlying proportion of their expected utilization for Aeronautical and Non-aeronautical services and activities at the Airport.
- Based on the examination of the submission made by AAI, the Authority considers the asset allocation methodology adopted in the submission made by AAI through its independent consultant, except as specifically identified in the table below. Further, assets have been analysed on a case-to-case basis and in case of any discrepancies identified in allocation, appropriate reclassification has been made for such assets.

4.5.20 Reclassification of assets transferred by AAI to JIAL

The Authority has conducted an independent study on allocation of assets for the period FY 2016-17 till COD and used the outcome of the study to true up the RAB as on COD for AAI.

The Authority has considered the opening RAB submitted by AAI, Capital additions and corresponding depreciation based on the results of the Asset Allocation report (refer Annexure 1 for the Summary of the report and Appendix 1 for the detailed report on *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport.*)

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common. Based on the same, the Authority has reclassified some portion of assets submitted by AAI for true up of the Pre-COD Period.

(i) Terminal building:

Details of Asset: Expansion and Modification of T2, Refurbishment, Retrofitting and Renovation of T1, Craftwork at T1

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of terminal building, craftwork of terminal buildings and other works have been considered as Aeronautical assets by AAI. However, as these assets are within / pertaining to the terminal building, wherein both Aeronautical and Non-aeronautical activities are carried out, the same is reclassified as Common asset and segregated in the Terminal Building ratio (90:10).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 7.59 Crores.

(ii) Temporary Boundary Wall:

Details of Asset: Chain link fencing in residential colony

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of boundary wall in residential colony have been considered as Aeronautical assets. However, as these assets are for the residential purposes of the staff, wherein both Aeronautical and ANS employees reside, the same is reclassified as Common asset and segregated in the Staff Quarters ratio (86.95:13.05).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 0.03 Crores.

(iii) Tools and Machinery:

Details of Asset: Fans, AC, Lights, CCTV, Escalator/Elevator, DG Sets, Solar Grid, Water Handling Unit, Biometric Access Control

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to the various equipment at several locations in the airport have been classified as Aeronautical assets by AAI. As these assets are used for servicing both Aeronautical and Non-aeronautical activities within the terminal building, these are reclassified as Common assets and have been reallocated in the ratio of the Terminal Building (90:10).

Biometric Access Control System has been classified as Aeronautical asset by AAI. However, since these assets are for staff use, they have been reclassified as Common assets and have been reallocated

in the ratio of the Employee Head Count.

Asset related to elevator for restaurant at T2 has been classified as Aeronautical asset by AAI. Since this asset pertains to Non-aeronautical activity within the terminal building, it is reclassified as Non-Aeronautical asset.

Asset related to Breath Analyzers at ATC Building has been classified as Aeronautical asset by AAI. However, since these assets are for ANS staff use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 3.72 Crores.

(iv) Furniture & Fixtures:

Details of Asset: Furniture at T1, Foldable ladders in CNS Section

Allocation proposed by AAI: Aeronautical

Observation: The furniture at the terminal building have been classified as Aeronautical assets by AAI. As these assets are used for both Aeronautical and Non-aeronautical activities, these assets are reclassified as Common assets and have been reallocated using the Terminal Building ratio (90:10).

Asset related to Foldable Ladders at CNS Section has been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.1 Crores.

(v) Office Appliances:

Details of Asset: Biometric Attendance Machine, Laptop, Mobile

Allocation proposed by AAI: Aeronautical

Observation: The biometric attendance machines at the cargo building and ATC have been classified as Aeronautical assets by AAI. As these assets are not used for Aeronautical purpose, these assets are reclassified as Non-Aeronautical and ANS assets.

Asset related to Laptop and Mobile phone at ATC Tower and CNS Section respectively have been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.001 Crores.

- a. The impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD is presented in Table 18.
- b. Accordingly, the year-wise impact on depreciation on asset additions as determined by the independent study conducted by the Authority (due to reclassification and other adjustments) is summarized in the table below:
 - The following table presents the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD.

Table 18: Impact due to reclassification of AAI assets proposed by the Authority

(₹ Crores)

Additions - WIP Capitalization	Tariff Year 1 (2016-17)	Tariff Year 2 (2017-18)	Tariff Year 3 (2018-19)	Tariff Year 4 (2019-20)	Tariff Year 5 (2020-21)	Tariff Year 6 (2021-22) COD	Total
Terminal Building	-	-	-	-3.35	-0.07	-4.17	-7.59
Temporary Boundary Wall	-0.03	-	-	-	-	-	-0.03
Computers	-0.01	-	-	-	-0.01	-	-0.02
Machinery	-0.20	-1.18	-	-0.64	-0.33	-1.33	-3.67
Tools & Plant	-	-	-	-0.04	-0.01	-	-0.05
Furniture-Office	-0.002	-	-	-	-0.04	-0.06	-0.10
Office Equipment	-	-	-	-	-0.001	-	-0.001
Total Impact on Additions	-0.25	-1.18	-	-4.04	-0.46	-5.55	-11.47

Table 19: Reclassification of assets capitalized in the Second Control Period and Pre-COD Period proposed by the Authority

(₹)

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
Building Freehold	50011372	EXP/MODI - T2: CIVIL WORK (SGB INFRA)	Aero	285,226,135	Common (TB)	256,703,522	-28,522,613
Building Freehold	50011373	EXP/MODI - T2: ASSOCIATED ELECT WORK (SGB & OTHER)	Aero	49,945,388	Common (TB)	44,950,849	-4,994,539
Building Freehold	50011737	RRR OF T1 CARFT WORK- EAST CARFT DESIGN	Aero	6,552,728	Common (TB)	5,897,455	-655,273
Building Freehold	50011738	RRR OF T1: CIVIL WORK INCL STAFF/VEHICLE SGB INFRA	Aero	416,811,539	Common (TB)	375,130,386	-41,681,153
Boundary-Freehold	70001474	Prov. of Chain link fencing in residential colony	Aero	2,432,387	Common (QR)	2,114,960	-317,427
Office Appliances-Fr	150011195	17 Nos. Bio-metric attendance machines (ATC Tower & Cargo Building)	Aero	167,399	Non-Aero	-	-167,399
Office Appliances-Fr	150016788	LAPTOP DELL 3410 CORE I7 FOR ATM_JINTECH SOLUTION	Aero	60,508	ANS	-	-60,508

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
Plant & Equipment-Fr	90035354	SITC of 100 kwp roof top grid connected solar	Aero	4,473,000	Common (TB)	4,025,700	-447,300
Plant & Equipment-Fr	90041179	2 NOs ONLINE UPS SYSTEM WITH 20 BATTERY	Aero	935,000	Common (TB)	841,500	-93,500
Plant & Equipment-Fr	90038386	SCCTV	Aero	14,344,179	Common (TB)	12,909,761	-1,434,418
Plant & Equipment-Fr	90038444	FAN/AC/Lights & oth. Elect. Installation for Intl.	Aero	843,833	Common (TB)	759,450	-84,383
Plant & Equipment-Fr	90038434	43 Nos. CCTV Camera	Aero	12,353,205	Common (TB)	11,117,884	-1,235,321
Plant & Equipment-Fr	90038417	8 Nos 4 TR & 1 No 3TR CHILLED WATER HANDLING UNIT	Aero	1,923,133	Common (TB)	1,730,820	-192,313
Plant & Equipment-Fr	90038398	SITC of 1800 KWp solar plant Jaipur - NIT cost	Aero	101,891,513	Common (TB)	91,702,362	-10,189,151
Plant & Equipment-Fr	90038383	2nos 30KVA ups and 2 no battery banks	Aero	653,532	Common (TB)	588,179	-65,353
Plant & Equipment-Fr	90044998	SITC THYSSENKRUP 10PAX LIFT AT T2 RESTAURANT	Aero	3,249,500	Non Aero	-	-3,249,500
Plant & Equipment-Fr	90043101	Exp/Modi -T2 Escalator/Elevator in Departure Area	Aero	10,090,000	Common (TB)	9,081,000	-1,009,000
Plant & Equipment-Fr	90044875	EXP/MODI - T2: CENTRALIZED AC PLANT (HEMCOOL ENGG	Aero	18,870,119	Common (TB)	16,983,107	-1,887,012
Plant & Equipment-Fr	90045194	SITC OF 3 NO. 20HP AC OUTDOOR UNIT OF VOLTAS MAKE	Aero	1,414,316	Common (TB)	1,272,884	-141,432
Plant & Equipment-Fr	90045195	SITC OF 1 NO. 10HP AC OUTDOOR UNIT OF VOLTAS MAKE	Aero	444,835	Common (TB)	400,352	-44,483
Plant & Equipment-Fr	90045196	SITC OF 5 NOS CASSETTEE 4TR AC UNITS VOLTAS MAKE	Aero	250,761	Common (TB)	225,685	-25,076
Plant & Equipment-Fr	90045197	SITC OF 19 NOS CASSETTEE 2TR AC UNITS VOLTAS MAKE	Aero	214,565	Common (TB)	193,109	-21,456

Asset Name	Asset No.	Asset Description	Classification as per AAI	Aero Cost as per AAI (A)	Classification as per Study*	Aero Cost as per Study* (B)	Impact (B-A)
Plant & Equipment-Fr	90045198	SITC OF 4 NOS SPLIT AC UNIT 1.5TR AC VOLTAS MAKE	Aero	299,343	Common (TB)	269,409	-29,934
Plant & Equipment-Fr	90048010	SITC of Biometric Access Control System at Jaipur	Aero	20,961,064	Common (ER)	18,064,245	-836,347
Plant & Equipment-Fr	90048614	RRR of T1 Prov of Elevators (M/s Johnsons Lift)	Aero	4,196,165	Common (TB)	3,776,549	-419,616
Plant & Equipment-Fr	90048609	RRR OF T1 500 KVA DG SET - (PRAGYA ELECTRIC)	Aero	3,612,823	Common (TB)	3,251,541	-361,282
Plant & Equipment-Fr	90048612	RRR of T1 Electric work (SGB Infra)	Aero	128,941,596	Common (TB)	116,047,436	-12,894,160
Plant & Equipment-Fr	90044831	SITC SURVEILLIANCE CCTV SYSTEM (CORPORATE INFOTEC)	Aero	4,421,961	Common (TB)	3,979,765	-442,196
Plant & Equipment-Fr	90046977	BREATH ANALYZER_QTY 2 NOS_WESTERN MARKETING	Aero	75,200	ANS	-	-75,200
Furniture & Fixtures	110013257	2 Nos. foldable ladders	Aero	21,810	ANS	-	-21,810
Furniture & Fixtures	110017781	ARTWORK AT TERMINAL 2_EAST CRAFT DESIGN PVT LTD	Aero	4,359,992	Common (TB)	3,923,993	-435,999
Furniture & Fixtures	110018703	RRR OF T-1 FURNITURE SAMRIDDHI ASSOCIATES	Aero	5,867,816	Common (TB)	5,281,034	-586,782
Office Appliances-Fr	150016784	MOBILE SAMSUNG M114/64_APD_QTY 1 NO._SMART WORLD	Aero	8,475	ANS	-	-8,475
Total Impact							-
							114,690,883

* As per the independent study conducted by the Authority

4.5.21 Further the Authority as part of its review noted the following with respect to the RAB submitted by AAI:

The RAB submitted by AAI as on October 10, 2021, is based on the extract of its audited trial balance.

Certain assets amounting to ₹ 0.01 crores related to ANS activities (such as ATC Tower) had been included in the RAB as per AAI's submission. Since AERA does not determine the regulatory tariff

for ANS-related activities, the ANS related assets have been excluded from the RAB (as also explained in para 3.5.3 of the *Asset Allocation report*). Further, assets related to Cargo activities included in the RAB has been excluded by the Authority, as the Cargo activities of AAI performed by its subsidiary, AAICLAS for which tariff is determined separately. The total value of such assets excluded from RAB amounts to ₹ 0.02 crores.

4.5.22 Based on the revision of asset allocation methodology adopted for assets of Jaipur International Airport as discussed above, a revision in the Aeronautical Gross block has been proposed. The year-wise revised value of assets from FY 2016-17 to FY 2020-21 has been summarized in the tables below:

Table 20: Gross Block proposed by the Authority for Second Control Period and Pre COD period
(₹ Crores)

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	FY22 till COD
As per AAI Submission						
Aeronautical Gross Block (A)	425.56	445.08	472.06	551.90	585.86	786.72
Non-Aeronautical Gross Block (B)	14.09	14.37	14.37	14.37	14.37	14.37
Total Gross Block (C = A + B)	439.65	459.45	486.43	566.27	600.23	801.09
Percentage Aeronautical (D = A ÷ C)	96.80%	96.87%	97.05%	97.46%	97.61%	98.21%
Proposed by the Authority as per the Independent Study						
Aeronautical Gross Block (E)	425.32	443.66	470.64	546.44	579.94	775.25
Non-Aeronautical Gross Block (F)	14.33	15.79	15.79	19.83	20.27	25.82
Total Gross Block (G = E + F)	439.65	459.45	486.43	566.27	600.21	801.07
Percentage Aeronautical (H = G ÷ E)	96.74%	96.56%	96.75%	96.50%	96.62%	96.78%
Variance (I = H - D)	-0.06%	-0.31%	-0.30%	-0.96%	-0.99%	-1.43%

4.6 True up of Financing Allowance

The Authority notes that AAI has claimed financing allowance as part of RAB. The Authority has the following views on the aspect of Financing Allowance:

- Providing return on capital expenditure from the very beginning of construction will significantly lower the risks for an airport operator and may require revisiting the return on equity allowed to airport operators as the investment in the asset class will then be equated to risk free rate of return.
- Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, a return should be provided only when the assets are made available to the airport users except in the case of certain costs like IDC that will have to be incurred if debt is used for funding projects.
- Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. The airport operator is adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.
- Developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, financing allowance was provisioned in the initial stages to such airports. It may be further noted that financing allowance was never provided in the case of brownfield airports like MIAL, DIAL and other AAI airports. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.

- e. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional, and JIAL keeps on enjoying the charges from the users. In the case of JIA, the Airport ought to be considered as a brownfield airport, which would not be eligible for an allowance on the equity portion of newly funded capital projects.
- f. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.
- g. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that *“different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)”*.

In view of above, the Authority proposes not to consider any expense related to financing allowance as a part of ARR.

4.7 True up of Depreciation

- 4.7.1 The Authority notes that while submitting the True up for the Pre-COD period for the Jaipur International Airport, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (Order No. 35/2017-18 dated January 12, 2018 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'). Accordingly, the rates of depreciation approved by AERA have been applied by AAI for JIA from FY 2018-19 onwards. For the FY 2016-17 and FY 2017-18, AAI has computed depreciation as per its Accounting Policy. The Authority considers the same to be reasonable.
- 4.7.2 For the additions to RAB, AAI has calculated the depreciation during year of capitalization based on number of days, the asset was put to use. The Authority proposes to consider the same.
- 4.7.3 Accordingly, the year-wise impact on depreciation on asset additions as determined by the independent study conducted by the Authority (due to reclassification and other adjustments) is summarized in the table below:

Table 21: Impact on depreciation due to reclassification of AAI assets for the SCP and pre-COD period

(₹ Crores)

Depreciation on Additions during the Year	FY'17	FY'18	FY '19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-0.01	-0.11	-0.06	-0.1840
Temporary Boundary Wall	-0.01	-0.02	-	-	-	-	-0.0317
Computers	-0.001	-0.003	-0.005	-0.005	-0.002	-0.001	-0.0159
Machinery	-0.004	-0.03	-0.09	-0.1	-0.15	-0.09	-0.4636

Depreciation on Additions during the Year	FY'17	FY'18	FY '19	FY'20	FY'21	FY'22 till COD	Total
Tools & Plant	-	-	-	-0.002	-0.003	-0.002	-0.0067
Furniture-Office	-	-0.0002	-0.0003	-0.0003	-0.005	-0.004	-0.0089
Office Equipment	-	-	-	-	-	-0.0001	-0.0001
Total Impact of Adjustments on Depreciation on Additions	-0.0183	-0.0519	-0.0969	-0.1196	-0.2697	-0.1547	-0.7110

4.7.4 The Authority has computed depreciation for the Second Control Period and Pre-COD period, after making necessary adjustments to the assets excluded from RAB and the same is presented as follow:

Table 22: Depreciation considered by the Authority for True up of the SCP and Pre-COD Period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Depreciation as per AAI (A)	16.41	18.00	20.80	22.55	23.51	101.27	12.87	114.15
Depreciation impact on reclassification (B)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.56	-0.15	-0.71
Depreciation as per the independent study conducted by the Authority (C=A-B)	16.39	17.95	20.71	22.44	23.24	100.73	12.71	113.44

Reference: Table 12 of the Study on Allocation of assets between Aeronautical and Non-aeronautical assets for JIA

The Authority, based on this examination and recommendation of the independent study on asset allocation proposes to consider depreciation as per Table 22 for true up of the pre-COD period.

4.8 True up of RAB

4.8.1 The Authority compared the year-wise additions to RAB submitted by AAI to the Aeronautical capital expenditure approved by it in the Tariff Order for the Second Control period and the same is summarized in Table 17.

4.8.2 Subsequent to the reclassifications and revisions in asset allocation ratios, the adjusted RAB has been derived by the Authority as under:

Table 23: Adjusted RAB submitted by AAI and proposed by the Authority post re-classification for SCP and pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
As per AAI							
Opening RAB (A)	141.27*	253.52	255.03	261.21	318.50	328.94	
Additions to RAB during the year (B)	129.34#	19.52	26.98	79.84	33.96	200.86	490.49
Deletions from RAB during the year (C)	0.67	-	-	-	-		0.67
Depreciation for the year (D)	16.41	18.01	20.80	22.55	23.51	12.87	114.15
Closing RAB for the year (E=A+B-C-D)	253.52	255.03	261.21	318.50	328.94	516.94	
As per Authority							

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	Total
						till COD	
Opening RAB (F)	141.27*	253.29	253.68	259.96	313.32	323.58	-
Reclassification adjustments							
- Reclassification impact (other than depreciation) (G)	-0.25	-1.18	0.00	-4.04	-0.46	-5.55	-11.47
- Depreciation impact on reclassification (H)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.15	-0.71
Total reclassification impact (I=G+H)	-0.26	-1.23	-0.10	-4.16	-0.72	-5.71	-12.18
Additions as per Study [^] (J=B+G)	129.09	18.34	26.98	75.80	33.50	195.31	479.03
Deletions as per Study (K=C)	0.67	-	-	-	-	-	0.67
Depreciation as per Study [^] (L=D+H)	16.39	17.95	20.71	22.44	23.24	12.71	113.44
Closing RAB (M=F+J-K-L)	253.29	253.68	259.96	313.32	323.58	506.18	-
Average RAB (N=(F+M)/2)	197.28	253.49	256.82	286.64	318.45	414.88	-

* includes left out assets worth ₹ 4.18 Crores and Cost Apportionment worth 1.03 Crores in First Control Period

excludes left out asset and cost apportionment as the same has been included in Opening RAB

[^]As per the independent asset allocation study conducted by the Authority

4.8.3 Deemed Initial RAB

- a. The extract of the Concession Agreement with respect to determination of “Deemed Initial RAB” has been provided hereunder:

Clause 28.11.3 states that:

- i. *“It is agreed by the Parties that the Concessionaire shall be liable to pay to the Authority an amount equivalent to the investments made by the Authority in the Aeronautical assets as of the COD and considered by the Regulator as part of the Regulatory Asset Base, subject to requisite reconciliation, true-up and final determination by the Regulator of the quantum of such investment (“Deemed Initial RAB”).*
- ii. *The estimated depreciated value of investments made by the Authority in the Aeronautical assets at the Airport as on March 31, 2018, is ₹ 253,00,00,000 (Rupees Two Hundred and Fifty Three Crores) (“Estimated Deemed Initial RAB”). It is agreed by the Parties that the Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.”*

Clause 28.11.4 states that:

“Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following (“Adjusted Deemed Initial RAB”):

- (a) *reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period; or*
- (b) *increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.*

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the

Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.”

Clause 28.11.5 states that:

“Upon reimbursement of such amount by the Concessionaire to the Authority, the Deemed Initial RAB will, in addition to the investments made by the Concessionaire, be considered for the purpose of determination of Aeronautical Charges by the Regulator.

- (a) *The Authority undertakes to make any required supporting submissions to the Regulator towards such consideration and determination by the Regulator.*
- (b) *The Parties shall submit to and request the Regulator to separately identify the Deemed Initial RAB in future determinations of Aeronautical Charges with regard to consideration of depreciation, required returns, etc.”*
- b. The Authority notes that in January 2023, both the AAI and JIAL had collaborated to conduct a physical verification of the assets. Following this verification, they jointly signed the joint asset reconciliation statement (JARS) to confirm the assets transferred as on COD. JIAL has accepted that the value of aeronautical assets transferred by AAI as on COD was ₹ 514.31 crores and that the value of ANS related assets transferred was ₹ 4.34 crores as detailed in Joint Asset Reconciliation Statement.

Table 24: Joint Asset Reconciliation Statement of AAI and JIAL as on COD

(₹ Crores)

S. No.	Particulars	No. of Asset	Amount
A1	Aeronautical assets handed over to JIAL	760	514.31
A2	Non-Aeronautical assets handed over to JIAL	144	0.06
A3	ANS assets handed over to JIAL	40	4.34
	Total (A1+A2+A3)	944	518.71

- c. Taking cognizance of the above clauses in the Concession Agreement and adjustments & reclassification proposed by the Authority based on the outcome of the independent study conducted by the Independent Consultant appointed by AERA on allocation of assets for JIA, including disallowance of Financing Allowance, exclusion of Financial lease assets, inclusion of IDC and the left out assets, reclassification of assets and the resulting change in depreciation, the Authority has determined the Deemed Initial RAB as on COD, as follows:

Table 25: Determination of Deemed Initial RAB by the Authority

(₹ Crores)

Particulars	Aeronautical assets (A)	Non-aeronautical assets (B)	ANS assets (C)	Total D = (A + B + C)
Total assets of AAI as on COD (Net block) as per submission (a)	516.92 [#]	0.31	30.99	548.22
Reclassification of RAB (b)	(10.75)	10.74	0.01	
Total assets of AAI as on COD (Net block), after reclassification and other adjustments (c = a+b)	506.17	11.05	31.00	548.22
Less Assets retained by AAI (d)	(1.56)	(0.25)	(26.65)	(28.46)
Net assets transferred by AAI to JIAL as on COD (e=c+d)*	504.61	10.80	4.35	519.76

Particulars	Aeronautical assets (A)	Non-aeronautical assets (B)	ANS assets (C)	Total D = (A + B + C)
Deemed Initial RAB as on COD for JIAL (includes value of Aero and ANS assets at 'e' above) (f)				508.96

* Refer Annexure III of Study on Allocation of assets between Aeronautical and Non-aeronautical assets for JIA

includes Rs. 1.05 Cr. towards payment of vacation of quarters from CPWD taken into RAB as aeronautical asset as on COD

- d. The deemed initial RAB as on COD is thus subsequently determined by including only Net Aeronautical (₹ 504.61 Cr.) and ANS assets (₹ 4.35 Cr.) transferred by AAI to JIAL as on COD; and derived to be ₹ 508.96 Crores.

4.9 True up of Fair Rate of Return

- 4.9.1 AAI had considered the FRoR at 14% in line with the decision taken by the Authority for Chennai, Kolkata, Guwahati and Lucknow airports for the First Control Period.
- 4.9.2 The Authority notes that AAI had not availed any debt during second control period till COD.
- 4.9.3 At the time of determination of tariff for the Second Control Period, the Authority had decided to consider FRoR for JIA as 14%. In line with its decision of second control period order no. 10/2017-18, the Authority proposes to consider the FRoR at 14% for true up of second control period till COD.
- 4.9.4 However, it is to be noted that AAI has operated the Airport in FY 2021-22 only till October 10, 2021. Therefore, AAI is eligible to claim return on RAB only till COD. Hence, for FY 2021-22, the Authority proposes to pro-rate the FRoR for 193 days during which AAI operated the Airport. The pro-rated FRoR for FY 2021-22 (till COD-193 days) has been computed as follows:

$$\text{FRoR}_{\text{COD}} = \text{FRoR} * n / 365$$

Where, FRoR is the fair rate of return for entire FY 2021-22, FRoR_{COD} is the pro-rated FRoR for the period till COD and n is the number of days in operation in FY 2021-22.

Based on the above approach the pro-rated FRoR for FY 2021-22 has been computed as follows:

Table 26: Pro-rated FRoR for FY'22 considered by the Authority for true up of pre-COD period

Particulars	Value (%)
FRoR for FY'22 (A)	14%
Number of days of operations in FY'22 (B)	193
Pro-rated FRoR for FY'22 (till COD) (A*B/365)	7.40%

- 4.9.5 Based on the above analysis, the Authority proposes to consider FRoR as 14% for the FYs 2016-17 to 2020-21 and as 7.40% for FY 2021-22 (up 10th Oct'2021) for true up of the pre-COD period.

4.10 True up of Aeronautical Operation and Maintenance (O&M) expenses

- 4.10.1 The component wise break up of Aeronautical Operation and Maintenance expenses submitted by AAI for the Second Control Period and Pre-COD period is as follows:

Table 27: O&M expenses submitted by AAI for True up of the SCP and Pre-COD Period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Employee benefit expenses	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76
Administrative and other expenses	32.47	37.58	56.50	67.45	60.96	254.96	61.53	316.49
Repairs & Maintenance	8.35	12.75	13.86	14.74	16.34	66.05	9.27	75.32
Utilities (Operating) and other outsourcing expenses	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50

4.10.2 The Authority notes that in the Tariff Order of the Second Control Period vide Order No. 10/2017-18, it had approved the O&M expenses of ₹ 290.20 Crores for JIA, which is as follows:

Table 28: Aeronautical O&M expenses approved by the Authority for the Second Control Period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total
Employee Benefit Expenses	23.80	29.80	31.80	34.00	36.40	155.80
Administrative & General Expenses including CHQ/RHQ	10.10	10.70	11.40	12.10	12.80	57.10
Repairs & Maintenance expenses	8.60	9.50	10.40	11.50	12.60	52.60
Utility & Outsourcing expenses	4.00	4.00	4.00	4.00	4.00	20.00
Consumption of Stores and Spares	0.40	0.40	0.40	0.50	0.50	2.20
Other Outflows	0.30	0.40	0.40	0.50	0.50	2.10
Total	47.30	54.80	58.60	62.60	66.90	290.20

4.10.3 On comparing the actual expenses incurred by AAI for the second control period till FY2020-21, with the expenses approved in the Tariff Order for the Second Control Period, the Authority observed following:

- Payroll Expenditure:** The Authority observed that the payroll expenditure increased by 48% in FY'18, and by 24% in FY'19, compared to 25% and 7% approved respectively in the tariff order for Second Control Period. The Authority further noted that the payroll expenditure is slightly higher than the approved amount in FY'19 and FY'20 of the Second Control Period. The Authority sought clarification from AAI in this regard. AAI clarified that the variance is due to pay revision as per 7th Pay Commission Report which was implemented from Jan 2017 and payment of arrears were paid to Executives in December 2017 (FY'18) and to Non-Executives in FY'19. The Authority also noted that the total Employee benefit expenses of ₹ 142.24 Crores incurred by AAI is lower than the approved amount of ₹ 155.8 Crores for the Second Control period. Based on the above factors, the Authority considers the payroll expenditure of JIA, as submitted by AAI for the Second Control Period to be reasonable.
- Administrative and General Expenses:** The Authority notes that the Administrative and General expenses of ₹ 254.96 Crores claimed by AAI for Second Control Period are significantly higher than the amount approved by the Authority for the Second Control Period. The Authority on analysis observed that variance is mainly on account of the increase in CHQ & RHQ expenses. The amount of CHQ & RHQ expenses as per the Tariff Order of Second

Control Period was ₹ 39.10 Crores whereas the actual expenses allocated by AAI up to FY21 was ₹ 235.38 Crores (in FY22 it stood at ₹ 59.29 Crores totaling to ₹ 294.67 Crores till COD). Based on the above factors, the Authority is of the view that the CHQ/ RHQ expenses need to be rationalized and the same is explained in para 4.10.5 of this Consultation Paper.

- c. **Repairs and Maintenance (R&M):** The Authority notes that the total Repairs & Maintenance expenses of ₹ 66.04 Crores (including amortisation of runway recarpeting expenses of ₹ 2.65 Crores) claimed by AAI for the Second Control Period (till FY21) is higher than the amount ₹ 52.60 Crores approved in the tariff order for the Second Control Period. It is also noted that as per the tariff order of the Second Control Period, the Authority had not allowed any cost for runway recarpeting expenditure. The Authority further observed that the R&M expenses had remained within 6% of Opening RAB for all tariff years and which seems to be reasonable. Accordingly, the Authority proposes to consider the same.
- d. **Utilities and Outsourcing Expenses:** The Authority notes that the Utility and Outsourcing expenses of ₹ 33.57 Crores claimed by AAI is higher than the approved expenses of ₹ 22.20 Crores as per the Tariff Order for the Second Control Period. The overall variation works out to 51 % on the total Utility expenses. It is observed that the variation is mainly on account of ₹ 7.94 Crores, incurred by AAI up to FY21 under the head of 'Other Hire Charges'. The Authority sought clarification from AAI in this regard. AAI as part of its response submitted that Jaipur airport has limited ownership of vehicles and permanent drivers on its payrolls. In order to meet the operational requirement, vehicles and drivers are being hired from outsourcing agencies on monthly basis. These agencies are being hired by AAI as per defined SOPs. The provision of these expenses could not be envisaged in the Second Control Period order. Based on the operational requirements stated above, the Authority acknowledges AAI's submission with respect to this expenditure and proposes to allow this expense as part of true up exercise.

Further, the Authority also notes that the electricity expense has increased by 16.5% as against the values approved in the Tariff Order for Second Control Period. The increase in electricity expenses in SCP as per AAI submission, is attributed to the load increase due to extension of arrival & departure area in Terminal-2 and apron with additional 19 bays. Additionally, there were further developments including new sub fire station, control room at ATC, CCR room, and installation of CAT-III lightning system.

In conclusion, it is evident that the utility expenses exceeded the projections, primarily due to hiring of vehicles through outsourcing agencies on a need basis, and the increase in electricity expenses due to increase in demand. Considering the same, the Authority proposes to consider the actual expense towards Utility and Outsourcing expenses for true up of the pre-COD period.

- e. **Other Outflows:** Expenses related to Other Outflows comprises of collection charges on UDF, PSF(F), and charges paid to IATA. The Authority in its order for Second Control Period approved ₹ 2.10 Crores for other outflows mainly towards collection charges on UDF. AAI as part of its true up submission stated that the actual expense incurred was ₹ 5.63 Crores under this head. This comprised of ₹ 3.50 Crores towards collection charges on PSF(F) (till FY20), and UDF, and ₹ 2.13 Crores on account of collection charges paid to IATA (facilitating collection of airline charges on behalf of AAI). The Authority notes that prior to Second Control Period IATA Collection Charges were included as part of CHQ/RHQ expense allocation. However, Second Control Period onwards, expenses related to IATA collection charges have

been allocated as per actuals to JIA. Since these expenses were not included in “Other Outflows” prior to SCP, the same was not envisaged as part of Tariff Order for SCP and thus correspondingly the projections were lower. Accordingly, basis the aforementioned reasons, the higher expense on account of “Other Outflows” found in order and has been considered by the Authority.

4.10.4 **Reallocation of Common O&M expenses by the Authority**

The Authority has commissioned an independent study through the Consultant appointed by AERA to determine efficient Aeronautical Operation and Maintenance costs for the Second Control Period and for the period from April '21 up to COD). The Authority used the outcome of the study to true up the O&M expenses for the pre-COD period for AAI.

The common O&M expenses have been segregated by AAI between Aeronautical and Non-aeronautical expenses based on a suitable ratio. This ratio has been determined based on the underlying proportion of their expected utilisation for Aeronautical and Non-aeronautical services and activities at the Airport.

The Authority has analyzed the submission made by AAI on allocation of Common expenses into Aeronautical and Non-aeronautical on a case-to-case basis and applied appropriate re-classification and re-allocation of the expenses, wherever it noted any discrepancies in the allocation of expenses by AAI (*refer Table 15 for Allocation of O&M expenses of AAI as per the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport*). Accordingly, the following common expenses have been re-allocated by the Authority by using appropriate ratios such as Employee Head Count ratio, Terminal Building ratio, Gross Fixed Assets ratio and Electricity ratio (*Refer para 4.5 of the Study report on Efficient Operation and Maintenance Expenses for Jaipur International Airport regarding the ratios used by the Authority for allocation of common expenses.*)

- a) Employee benefit/Payroll expenses
- b) Administrative and General expenses
- c) Utility expenses
- d) Repairs and Maintenance expenses

The total impact on re-allocation of each of the above expenses and other adjustments have been summarised in the following paragraphs.

a) Employee Benefit expenses

Observation: The Authority noted that in the case of AAI, the costs directly pertaining to ANS employees have been excluded from the O&M expenses, but the cost for ANS employees involved in support services have not been excluded from Common expenses. Accordingly, the Authority has considered the common expenses allocated to ANS employees as deemed Non-aeronautical employees and has re-worked the Employee Head Count ratio. The Authority further noted that for non-aeronautical allocation of ‘Retirement benefits of Jaipur Employees (Provisions made at CHQ)’, AAI had used the ratio 5/165 (3.03%) for all tariff years. Also, for the year FY2021-22 up to COD, AAI had not segregated non-aeronautical portion and assumed full amount as aeronautical. This expense was eventually segregated into Aeronautical: Non-Aeronautical ratio of 95:5, as per clause 14.8 of Order No. 10/2017-18 in respect of JIA for Second Control Period, by the Authority.

Impact: The impact of the reallocation of Employee Benefit expenses based on revised Employee

Headcount ratio and based on other adjustment described above, results in reduction of the aforementioned expenses by ₹ 3.61 Crores for the Second Control Period till COD.

Reference: Para 4.6.1 and Table 23 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

b) Administrative and General expenses

Observation: The submissions by AAI have been analyzed and it has been observed that the Administrative and General expenses include certain expenses such as tender, rent and rates and taxes, which directly relate to the Aeronautical activity and certain expenses such as insurance of vehicles, manpower hiring, printing & stationery, conveyance, employee training etc., which are linked to Common expense. Therefore, each component of the Administrative and General expenses has been examined and subsequently allocated as per suitable ratio.

Impact: The impact of the reallocation results in reduction of Administrative and other expenses by ₹ 1.13 Crores for the Pre- COD period.

Reference: Para 4.6.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

c) Utility expenses

Observation: AAI's submission has been analyzed for expenses related to electricity and water charges. It was noted that AAI had made recoveries from concessionaires and the same had been netted off from the total expenses. Expenses under the head of 'Consumption of Stores and Spares' included petrol for vehicles and other usage, tyres, paper glass, m-fold papers, cuss roll papers, fire foam, PPE items, electrical spares, and other consumable items. Certain expenses among them directly relate to Aeronautical activities while some are linked to Common expense. Therefore, each component of these expenses have been examined and subsequently allocated as per suitable ratio.

Impact: The impact of the reallocation results in reduction of Utility expenses by ₹ 0.23 Crores for the Pre- COD period.

Reference: Para 4.6.3 and 4.6.4 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

d) Repairs and Maintenance expenses

Observation: AAI's true up submission was analyzed, and it was observed that certain Repair & Maintenance expenses such as repair of runway and maintenance of AOCC pertain only to Aeronautical activity, while some such as repair of furniture for terminal building and maintenance of IT hardware are related to the terminal building and airport employees respectively. Hence, a detailed scrutiny of all expenses was undertaken, and as per norms allocation of such expenses was done in the ratio of Gross Fixed Assets/ Terminal Building/ revised Employee ratio depending on the nature of each ledger.

The Authority also noted that Repairs & Maintenance expenses included the amortisation of runway recarpeting expenses of ₹ 3.32 Crores starting from FY 2017-18 till COD. The same was allowed by the Authority to be considered for Second Control Period.

Impact: The impact of the reallocation results in reduction of Repairs and Maintenance expenses by ₹ 0.81 Crores for the period FY 2016-17 till COD.

Reference: Para 4.6.5 of the Study on Efficient Operation and Maintenance Expenses for Jaipur

International Airport.

4.10.5 Rationalization of Aeronautical O&M expenses

Based on the Internal benchmarking analysis performed for O&M expenses through the *Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport*, the Authority proposes to rationalize the following expenses for the period FY 2017 to COD.

- a. CHQ/ RHQ expense allocation (included under Administrative and General expenses)
- b. Repairs and Maintenance expenses

a. CHQ/ RHQ expense allocation (included under Administrative and General expenses)

The Authority reviewed the basis adopted by AAI for allocation of CHQ and RHQ expenses to Jaipur International Airport and other airports and noted the following:

- All expenses incurred by CHQ and RHQ (like staff costs, Admin and Gen. expenses, Repairs and Maintenance, utilities, outsourcing expenses etc.) are allocated to all the AAI airports, in the ratio of revenues earned by each Airport.
- Expenses such as legal costs, interest/ penalties are related to some specific airports. However, these have been allocated to the common pool and apportioned to all the AAI airports.

The Authority is of the view that the above process followed by AAI for allocating the expenses is not correct and necessitates adoption of a scientific/ rational approach for justifiable allocation of expenses to the Airports. Towards this objective, the Authority has examined the major expense components of CHQ and RHQ for the FY'17 to FY'21 submitted by AAI and has proposed the following views on allocation of CHQ/ RHQ expenses:

i. Pay and Allowances of CHQ and RHQ:

- AAI has considered pay and allowances of Commercial department at CHQ and RHQ as Aeronautical expenses, whereas such expenses are Non-aeronautical in nature.
- AAI has excluded pay and allowances of employees involved in ATM, CNS and Cargo departments at CHQ and RHQ while working out the allocation to the airport. However, no exclusion has been done for support services of the departments relating to HR, Finance, Civil, Terminal Management (Housekeeping), etc.
- Manpower of CHQ and RHQ also provide services to Non-aeronautical activities, ATC, and CNS cadres at respective airports. Hence, pay and allowances need to be adjusted accordingly.

Considering all the facts and figures as stated above, the Authority is of the view that 20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:

- Support services to ANS, Cargo and Commercial at CHQ, RHQ and Airports
- Officials of Directorate and Commercial

Balance 80% of pay and allowances of CHQ and RHQ can be allocated to Airports.

ii. Administration & General Expenses of CHQ and RHQ:

- AAI has incurred Legal & Arbitration Expenses at both CHQ and RHQ level. The Authority is of the view that this expense should be analyzed and distributed to stations on a case-to-case basis. As the above details have not been provided by AAI, the same has not been

allocated to the stations.

- AAI has paid interest/penalties to Government of India at both CHQ and RHQ levels. The Authority is of the view that the stakeholders should not be burdened with interest/penalties paid to Government of India, due to various lapses/delays on the part of the Airport Operator. Hence such expenses have not been allocated to the airports.

Additionally, it was observed that the CHQ/RHQ overhead expense for FY21-22 was determined through escalation of 5% over the previous year value and the same was considered for full year. The CHQ/RHQ overhead expense for FY21-22 up to COD was thus recomputed through suitable ratio determined as per the actual number of days.

Based on the above methodology, the Authority has derived the revised CHQ and RHQ expenses for the Second Control Period and Pre-COD period, which is proposed to be allocated to Jaipur International Airport, as part of True up of the Second Control Period and Pre-COD period.

Table 29: CHQ/ RHQ expenses proposed by the Authority as part of True up of O&M expenses for the Second Control Period and pre-COD period

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	(₹ Crores)		
						Total till FY'21	FY'22*	Total till COD
As per AAI								
CHQ/RHQ Overhead expenses as per AAI (A)	30.90	36.11	54.77	66.55	59.44	247.77	62.41	310.18
Aeronautical component as per AAI (95%) (B)	29.36	34.30	52.03	63.22	56.47	235.38	59.29	294.67
As per the independent study conducted by the Authority								
Total CHQ/RHQ Overhead expenses after rationalisation as per the independent study conducted by the Authority (C)	23.77	27.82	42.53	53.91	49.55	197.59	27.51	225.10
Total Impact (D = C – B)	(5.59)	(6.48)	(9.50)	(9.32)	(6.91)	(37.79)	(31.78)	(69.57)

Reference: Para 4.6.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

The Authority is of the view that the users should pay only for the services availed by them. Further, in line with section 13 of the AERA Act, 2008 the Authority has a scope of determining tariff in respect of Aeronautical services provided/ capital expenditure incurred only by that particular airport. This view is also consistent with ICAO's principle of 'Cost-relatedness'. Based on the above principles, the Authority had tried to rationalize the CHQ/ RHQ expenses being allocated to Jaipur International Airport. The Authority feels that the allocation of CHQ & RHQ expenses by AAI on the basis of revenue is high, as it brings large variation in such expenses Year on Year, due to change in revenue and is against the basic principle of cost relatedness in tariff determination. Further, as the revenue from these airports goes up due to higher tariffs, it further leads to higher allocation of CHQ/RHQ expenses with chain of cascading effect. The Authority, therefore, expects AAI to examine these issues in detail and devise an effective and efficient method for allocation of CHQ & RHQ expenses on priority.

Further, the Authority feels that AAI should exploit the potential of its non-traffic avenues fully so that 30% of the same, by cross subsidisation can be used to cover Aeronautical expenses.

b. Repairs and Maintenance expenses

The Authority has reviewed Repairs & Maintenance expense (excluding the amortisation of runway recarpeting expenses) claimed by AAI was undertaken rationalisation. The intent was to examine whether the Aeronautical R&M expense was within 6% of the Opening RAB for each tariff year as determined in the study titled “Study on Allocation of Assets for Jaipur International Airport, (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)”.

Table 30: Adjusted R&M expenses proposed by the Authority for True up of the Second Control Period and Pre-COD period

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	(₹ Crores)	
							FY'22 up to COD	Total till COD
Total Aeronautical Repairs & Maintenance expenses (post reclassification in Chapter 4 of O&M study report) <i>including</i> Amortisation of runway recarpeting expenses - (A)	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Amortisation of Runway recarpeting expenses (B)		0.66	0.66	0.66	0.66	2.65	0.66	3.32
Net Aeronautical Repairs & Maintenance expenses (post reclassification in Chapter 4) <i>excluding</i> Amortisation of runway recarpeting expenses (C)	8.23	11.94	13.18	13.94	15.46	62.75	8.45	71.19
Opening RAB (as per Table 12 of <i>Asset Allocation Report</i>) (D)	141.27	253.29	253.68	259.96	313.32	-	323.58	-
Repairs & Maintenance expenses calculated at 6% on Opening RAB (E)	8.48	15.20	15.22	15.60	18.80	73.30	19.41	92.71
Amount proposed to be allowed as per the independent study conducted by the Authority (F = C or E whichever is lower)	8.23	11.94	13.18	13.94	15.46	62.75	8.45	71.19
Amount proposed <i>not</i> to be allowed as per the independent study	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
conducted by the Authority (G) = (C – F)								
Total Aeronautical Repairs & Maintenance expenses – post rationalization (H = A – G)	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51

The Authority from the above table notes that Repairs and Maintenance expenses submitted by AAI for True up of the Second Control Period and Pre-COD period is within the range of 6% for each tariff year. Accordingly, the Authority proposes to consider the Repairs and Maintenance expenses for the Second Control Period and Pre-COD Period as per AAI true up submission. (Refer Para 4.7 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport).

4.10.6 The total year-wise adjustment of AAI's Aeronautical O&M expenses as a result of the adjustments and reallocations proposed by the Authority in previous sections have been summarized below:

Table 31: Impact of proposed reallocation of AAI's Aeronautical O&M expenses as per the independent study conducted by the Authority

(₹ Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY 2021-22*	Total till COD
Employee benefit / Payroll	(0.65)	(0.70)	(0.30)	(0.62)	(0.79)	(3.05)	(0.56)	(3.61)
Administrative and General	(5.79)	(6.64)	(9.68)	(9.52)	(7.15)	(38.79)	(31.91)	(70.70)
Repairs & Maintenance	(0.12)	(0.15)	(0.03)	(0.14)	(0.21)	(0.65)	(0.16)	(0.81)
Utilities & Outsourcing	(0.11)	(0.03)	(0.03)	(0.04)	(0.04)	(0.24)	0.01	(0.23)
Other Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

* Up to COD (October 10, 2021)

4.10.7 Based on the recommendations, with respect to reclassification and changes in allocation ratio, of the independent study commissioned by the Authority, the proposed Aeronautical O&M expenses for the period FY 2016-17 up to COD is summarized in the table below:

Table 32: Aeronautical O&M expenses considered by the Authority for True up of the Second Control Period and Pre-COD period

(₹ Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
<u>O&M Expenses as per AAI</u>								
Employee benefit / Payroll	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Administrative and General excluding CHQ/RHQ overheads	3.11	3.28	4.47	4.23	4.49	19.58	2.24	21.82
Apportionment Of Admn. Expenses CHQ/RHQ (Overhead Expenses)	29.36	34.3	52.03	63.22	56.47	235.38	59.29	294.67
Repairs & Maintenance	8.35	12.75	13.86	14.74	16.34	66.05	9.27	75.32
Utilities & Outsourcing	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
O&M Expenses as per Independent Study commissioned by the Authority								
Employee benefit / Payroll	18.15	27.17	34.36	33.73	25.78	139.18	15.97	155.15
Administrative and General	26.69	30.94	46.82	57.92	53.81	216.17	29.62	245.80
Repairs & Maintenance	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Utilities & Outsourcing	5.13	8.30	6.22	6.76	6.91	33.32	5.63	38.95
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Impact	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

4.11 True up of Non-aeronautical revenue

4.11.1 AAI as part of true up submission vide letter dated 17th May'2023 submitted actual Non-aeronautical revenue earned by JIA for the Second Control Period and Pre-COD period. The details of head wise Non Aeronautical Revenue achieved are as follows:

Table 33: Non-aeronautical revenue submitted by AAI for SCP and up to Pre-COD period

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	(₹ Crores)		
						Total till FY'21	FY'22 till COD	Total till COD
Trading Concession	6.55	9.16	14.26	15.42	3.35	48.75	2.43	51.18
Restaurant/Snack Bar	0.57	1.49	4.44	4.56	0.64	11.70	0.14	11.84
TR Stall/others	3.43	3.33	4.97	5.56	1.22	18.50	1.61	20.11
Hoarding & Displays	2.55	4.34	4.85	5.30	1.50	18.54	0.68	19.22
Rent & Services	1.94	2.87	3.12	3.02	6.26	17.22	0.37	17.59
Land Lease	0.00	0.28	-0.10	0.00	0.01	0.19	0.01	0.20
Building Residential	0.02	0.04	0.03	0.03	0.02	0.14	0.01	0.15
Building Non-Residential	1.92	2.44	3.20	2.99	6.23	16.77	0.36	17.13
Hanger Rent	0.00	0.11	0.00	0.00	0.00	0.11	0.00	0.11
Miscellaneous	5.02	5.78	7.46	7.08	5.43	30.77	1.90	32.68
Duty Free	1.06	1.39	2.08	2.23	0.63	7.39	0.58	7.97
Car rental	0.58	0.11	0.11	0.63	0.00	1.44	0.00	1.44
Car parking	2.00	2.50	2.44	1.36	0.58	8.87	0.39	9.26
Admission ticket	0.27	0.27	0.29	0.20	0.11	1.12	0.04	1.16
Other	1.11	1.52	2.54	2.66	4.12	11.95	0.90	12.85
Total	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44

4.11.2 The Authority compared the actual Non-aeronautical revenue submitted by AAI as per Table 33 with the projections given in the Tariff Order for the Second Control Period and the same is as follows:

Table 34: Comparison of Actual NAR with Projections submitted by AAI for the Second Control Period and Pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
NAR Projections as per Tariff Order for the Second Control Period (A)	19.70	21.60	23.70	26.00	29.50	120.50	-	120.50
Actual NAR as per AAI's submission (B)	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44
Variance (B-A)	(6.19)	(3.79)	1.14	(0.48)	(14.45)	(23.76)	-	-

4.11.3 The Authority notes that the Non-Aero Revenue in Second Control Period is 20% short against the Non-Aero Revenue approved by the Authority as part of Second Control Period Order. Authority observed that the significant variance between the actual and approved NAR is in FY 2020-21 which is attributable to the adverse impact of the COVID-19 pandemic. In this respect, the Authority recalls its decision no. 10.c vide Tariff No. 10/ 2017-18 which states as follows: *“The Authority decides that Non-Aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues”*.

4.11.4 Authority verified the Non-aeronautical revenue submitted by AAI with the audited figures and found that the numbers in AAI submission are matching with the audited numbers.

4.11.5 The Authority is of the view that the variance between the projected and actual NAR for FY 2020-21 is due to adverse impact of COVID-19 pandemic which was beyond AAI control.

4.11.6 The Authority vide email dated March 2, 2024, requested AAI to share the details regarding “Space rentals collected from Airlines”. AAI, vide email dated March 6, 2024, responded with the following table:

Table 35: Breakup of “Space rentals collected from Airlines” as shared by AAI

(₹ Crores)

Particulars	FY17	FY18	FY19	FY20	FY21	SCP Total (A)	Pre-COD (B)	Total (A+B)
AI Airport Services Limited	-	-	-	0.49	-	0.49	-	0.49
Air Arabia PJSC	-	0.03	0.04	0.04	0.04	0.15	0.02	0.17
Air India Limited	-	0.08	0.06	0.06	-	0.2	0.02	0.22
AIX Connect Private Limited	0.04	0.07	0.45	0.12	0.07	0.75	0.04	0.79
Etihad Airways	-	0.10	-	-	-	0.1	-	0.1
Go Airlines (India) Limited	0.08	0.06	0.05	0.06	0.06	0.31	0.03	0.34
InterGlobe Aviation Limited	0.60	0.38	0.43	0.41	0.47	2.29	0.24	2.53
Jet Airways India Limited	0.42	0.14	0.23	0.01	-	0.8	-	0.8
Oman Air S A O C	-	0.10	0.12	0.13	0.13	0.48	0.07	0.55
Spice Jet Limited	0.19	0.51	0.26	0.16	0.15	1.27	0.07	1.34
Supreme Transport Organization Pvt	-	0.01	0.01	0.01	-	0.03	-	0.03
Total	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38

4.11.7 The Authority is of the view that space rentals from agencies providing aeronautical services should be treated as Aeronautical Revenue. Hence, the Authority proposes to consider “Space rentals collected from Airlines” amounting to ₹ 7.38 Crores as Aeronautical Revenue.

4.11.8 Based on its analysis, the Authority proposes to consider the actual Non-aeronautical Revenue as given in the table below for true up of AAI for the Second Control Period and Pre-COD period.

Table 36: Total Non-Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period

(₹ Crores)

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Trading Concession	6.55	9.16	14.26	15.42	3.35	48.75	2.43	51.18
Restaurant/Snack Bar	0.57	1.49	4.44	4.56	0.64	11.70	0.14	11.84
TR Stall/others	3.43	3.33	4.97	5.56	1.22	18.50	1.61	20.11
Hoarding & Displays	2.55	4.34	4.85	5.30	1.50	18.54	0.68	19.22
Rent & Services	1.94	2.87	3.12	3.02	6.26	17.22	0.37	17.59
Land Lease	0.00	0.28	-0.10	0.00	0.01	0.19	0.01	0.20
Building Residential	0.02	0.04	0.03	0.03	0.02	0.14	0.01	0.15
Building Non-Residential	1.92	2.44	3.20	2.99	6.23	16.77	0.36	17.13
Hanger Rent	0.00	0.11	0.00	0.00	0.00	0.11	0.00	0.11
Miscellaneous	5.02	5.78	7.46	7.08	5.43	30.77	1.90	32.68
Duty Free	1.06	1.39	2.08	2.23	0.63	7.39	0.58	7.97
Car rental	0.58	0.11	0.11	0.63	0.00	1.44	0.00	1.44
Car parking	2.00	2.50	2.44	1.36	0.58	8.87	0.39	9.26
Admission ticket	0.27	0.27	0.29	0.20	0.11	1.12	0.04	1.16
Other	1.11	1.52	2.54	2.66	4.12	11.95	0.90	12.85
Total (A)	13.51	17.81	24.84	25.52	15.05	96.74	4.71	101.44
Less: Space rentals collected from Airlines (B) (refer para 4.11.7)	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38
Total Non-Aero Revenue (A-B)	12.18	16.32	23.19	24.03	14.13	89.86	4.21	94.06

4.12 True up of Aeronautical Revenue

4.12.1 AAI as part of true up submission vide letter dated 17th May'2023 submitted actual Aeronautical revenue earned by JIA for Second Control Period and the Pre-COD period, following are the details of actual Aeronautical Revenue as per AAI for true up period:

Table 37: Aeronautical revenue as per AAI for the Second Control Period and Pre-COD period

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Landing Charges								
Landing Charges -Domestic	15.98	22.38	28.26	27.49	15.84	109.96	9.56	119.52
Landing Charges- Intl.	5.41	6.79	9.26	8.51	2.36	32.34	1.14	33.48
Total Landing Charges	21.40	29.18	37.53	36.00	18.20	142.30	10.70	153.00
Housing & Parking Charges	0.13	0.38	0.68	1.40	4.11	6.69	0.72	7.41

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
PSF(Facilitation)								
PSF-Domestic	12.40	7.19	0.00	0.00	0.00	19.58	0.00	19.58
PSF-Intl.	2.56	1.01	0.00	0.00	0.00	3.57	0.00	3.57
Total PSF	14.95	8.19	0.00	0.00	0.00	23.15	0.00	23.15
UDF								
UDF-Domestic	21.65	65.06	88.42	112.21	35.26	322.61	20.45	343.05
UDF-Intl.	20.15	14.75	33.67	3.87	1.11	73.55	0.10	73.65
Total UDF	41.80	79.81	122.09	116.08	36.37	396.16	20.54	416.70
Throughput Charges								
Throughput Charges	1.05	1.16	1.59	1.24	0.05	5.10	0.01	5.11
Ground Handling Services								
Ground Handling Services	2.91	3.54	3.98	3.80	1.04	15.26	0.27	15.53
Cute Charges								
Cute Charges	2.54	1.99	4.76	4.36	1.53	15.19	0.76	15.95
Cargo Revenue								
Cargo Revenue	2.22	0.00	0.00	0.00	0.00	2.22	0.00	2.22
Revenue from AAICLAS								
Revenue from AAICLAS	0.00	0.73	0.97	1.02	1.41	4.13	1.17	5.30
Land Lease Revenue								
from Oil Companies	2.35	2.56	2.21	2.21	2.22	11.54	1.25	12.79
from GHA	0.00	0.48	0.00	0.00	0.00	0.48	0.00	0.48
Total Land Lease Revenue	2.35	3.04	2.21	2.21	2.22	12.02	1.25	13.27
Total Revenue	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34

4.12.2 Table 37 is compared with the Aeronautical revenue considered in the Tariff Order for the Second Control Period and the same is as follows:

Table 38: Comparison of Actual Aeronautical revenue and Projections submitted by AAI for the Second Control Period and Pre-COD Period

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	(₹ Crores)		
						Total till FY'21	FY'22 till COD	Total till COD
Aeronautical revenue Projections as per Tariff Order for the Second Control Period (A)	115.10	134.10	156.30	182.20	212.40	800.00	-	-
Actual Aeronautical revenue (B)	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
Variance (B-A)	(25.76)	(6.82)	16.54	(17.10)	(148.88)	(181.92)	-	-

4.12.3 The Authority notes that there is a minor variance between Projected and Actual Aeronautical revenue till FY 2019-20 and a significant variance in FY 2020-21, which is attributable to lower passenger traffic and ATM due to the adverse impact of the COVID-19 pandemic on the Aviation sector.

4.12.4 Further, the Authority recalls its decision no. 13.e in the Tariff Order No. 10/ 2017-18, which states that "The Authority decides to consider shortfall/ excess in revenues for the 2nd control period based on

proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.”

4.12.5 The Authority reviewed the Aeronautical revenue submitted by AAI with the Audited figures for the Financial Years (FY 2017 up to COD) and found the same to be in line with the Audited figures. Considering the reason of lower Aeronautical Revenue is attributable to COVID pandemic, which was beyond control of AAI.

4.12.6 As observed in para 4.11.7, the Authority proposes to make certain adjustments to the aeronautical revenue by reclassifying “Space rentals collected from Airlines” as aeronautical revenue. Hence, the Authority proposes to recompute and consider the Aeronautical Revenue for true up of AAI for the Second Control Period and Pre COD period as shown in the following table.

Table 39: Total Aeronautical revenue as per Authority for the Second Control Period and Pre-COD period

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	(₹ Crores)		
						Total till FY'21	FY'22 till COD	Total till COD
Landing Charges								
Landing Charges -Domestic	15.98	22.38	28.26	27.49	15.84	109.96	9.56	119.52
Landing Charges- Intl.	5.41	6.79	9.26	8.51	2.36	32.34	1.14	33.48
Total Landing Charges	21.40	29.18	37.53	36.00	18.20	142.30	10.70	153.00
Housing & Parking Charges								
Housing & Parking Charges	0.13	0.38	0.68	1.40	4.11	6.69	0.72	7.41
PSF(Facilitation)								
PSF-Domestic	12.40	7.19	0.00	0.00	0.00	19.58	0.00	19.58
PSF-Intl.	2.56	1.01	0.00	0.00	0.00	3.57	0.00	3.57
Total PSF	14.95	8.19	0.00	0.00	0.00	23.15	0.00	23.15
UDF								
UDF-Domestic	21.65	65.06	88.42	112.21	35.26	322.61	20.45	343.05
UDF-Intl.	20.15	14.75	33.67	3.87	1.11	73.55	0.10	73.65
Total UDF	41.80	79.81	122.09	116.08	36.37	396.16	20.54	416.70
Throughput Charges								
Throughput Charges	1.05	1.16	1.59	1.24	0.05	5.10	0.01	5.11
Ground Handling Services								
Ground Handling Services	2.91	3.54	3.98	3.80	1.04	15.26	0.27	15.53
Cute Charges								
Cute Charges	2.54	1.99	4.76	4.36	1.53	15.19	0.76	15.95
Cargo Revenue								
Cargo Revenue	2.22	0.00	0.00	0.00	0.00	2.22	0.00	2.22
Revenue from AAICLAS								
Revenue from AAICLAS	0.00	0.73	0.97	1.02	1.41	4.13	1.17	5.30
Land Lease Revenue								
from Oil Companies	2.35	2.56	2.21	2.21	2.22	11.54	1.25	12.79
from GHA	0.00	0.48	0.00	0.00	0.00	0.48	0.00	0.48
Total Land Lease Revenue	2.35	3.04	2.21	2.21	2.22	12.02	1.25	13.27
Total Revenue	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.34
Add: Space Rentals collected from Airlines (B)	1.33	1.49	1.65	1.49	0.92	6.88	0.50	7.38

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Total Aeronautical revenue (A+B)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72

4.13 True up of Taxation

4.13.1 AAI as part of true up submission submitted detail of aeronautical taxation for the Second Control Period and Pre-COD period, same is as follows:

Table 40: Taxation submitted by AAI for the Second Control Period and Pre-COD period

(₹ Crores)

Particular	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 till COD	Total till COD
Aeronautical Revenues	89.34	127.28	172.84	165.10	63.52	618.08	34.25	652.33
O&M	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.49
Interest on Working Capital	-	-	-	-	-	-	2.28	2.28
Depreciation as per IT Act	22.62	30.55	24.66	28.27	31.67	137.78	40.44	178.22
PBT	0.60	8.79	35.64	12.00	-79.17	-22.14	-101.53	-123.67
Tax for Aeronautical Services	0.21	3.04	12.45	3.02	0.00	18.73	0.00	18.73
Corporate Tax on shortfall (under recovery) to be collected from Concessionaire	-	-	-	-	-	-	115.89	115.89
Total Tax								134.62

- The Authority notes that AAI claimed tax of ₹ 115.89 crores on the shortfall amount of ₹ 641.15 crores which is the present value of difference between Target Revenue and Actual Aeronautical revenue i.e. under recovery for Second Control Period and Pre-COD period (refer
-
- Table 7). Authority in this regard sought clarification from AAI over the basis consideration of such tax liability, AAI has provided following clarification in this regard:
- Under recovery of ARR till COD approved by AERA and thereafter recoverable from Concessionaire will be treated as Revenue receipts and will be liable to income tax.
- Jaipur Airport is one of the unit/station of AAI (Airports across India). Since AAI is dealt with single PAN no., The tax liability of the Jaipur Airport will be merged in common pool of AAI as whole and thereafter tax liability will be paid by AAI as whole considering Income and expenses of Airports across India including Jaipur Airport. Tax liability / tax paid computed for AAI as a whole are not allocated to Airports.

In view of the above, Authority observed that the AAI will be liable to pay income tax over the under recovery reimbursed by JIAL. Since, the recovery will be of aeronautical nature, Authority considers the same as part of ARR calculation for the true up exercise undertaken for Second Control Period and Pre-Control Period. In corollary, the Authority also proposes to consider the reimbursement of under recovery by the JIAL as revenue expenditure while calculating tax liability for JIAL for the Third Control Period.

4.13.2 The Authority vide order no. 10/2017-18 dated August 4, 2017 had decided the following for taxation in second control period:

Decision no 12.a. The Authority decides to consider the corporate tax for aeronautical activities as per

Table 43 for the 2nd Control Period.

Decision no 12.b. The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.

4.13.3 In view of above, Authority considers the tax calculation submitted by AAI. However, the Authority notes that AAI should set off its prior period losses incurred while calculating profit before tax and consideration of the outcomes of the true up exercise undertaken by the Authority for Second Control Period and Pre-Control Period. Accordingly, Authority re-computed taxation amount and the same is presented in the table below:

Table 41: Taxation proposed by the Authority for the Second Control Period and Pre-COD period
(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Revenue (A)								
Aeronautical Revenue (refer Table 37)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72
Total (A)	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.72
Shortfall (B)								
Shortfall/ under recovery proposed to be collected as on COD (B) - (refer Table 42)							538.55	538.55
Expenses (C)								
O&M expenses (refer Table 32)	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Depreciation (as per Income Tax Act, 1961)	22.60	30.43	24.47	27.89	31.09	136.48	39.60	176.07
Total (C)	82.06	110.84	126.98	142.40	133.90	596.19	100.04	696.23
Profit /Loss D= (A+B-C)	8.61	17.93	47.51	24.19	-69.46	28.77	473.26	502.03
Carry forward of prior period loss (E)								
Carry forward of prior period loss (E)							-69.46	-69.46
Net loss/profit after setting off prior period losses* (D+E)	8.61	17.93	47.51	24.19	-69.46	28.77	403.80	432.57
Tax Rates	34.61%	34.61%	34.94%	25.17%	25.17%		25.17%	
Tax	2.98	6.20	16.60	6.09	0.00	31.87	101.64	133.51

* The set off of prior period loss has been computed only for the purpose of determining taxes.

4.13.4 As per table above the unadjusted losses of FY'21 is adjusted while arriving taxable profit for FY'22. The Authority proposes to consider tax as per Table 41 for True up of Second Control Period and Pre-COD period.

4.14 True up of Aggregate Revenue Requirement (ARR) for Second Control Period and the Pre-COD period

4.14.1 Based on its analysis of the various building blocks, the Authority has revised the Aggregate Revenue Requirement (ARR) of JIA for Second Control Period and Pre-Control Period and eventually arrived at under recovery/over recovery for JIA for the same period. The detailed ARR calculation is presented in the table below:

Table 42: ARR proposed by the Authority for Second Control Period and Pre-COD Period*(₹ Crores)*

Particulars	Ref	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22 up to COD	Total till COD
Average RAB (Refer Table 23)		197.28	253.49	256.82	286.64	318.45		414.88	
Fair Rate of Return (FRoR)		14%	14%	14%	14%	14%		7.40% [#]	
Return on Average RAB @14%	A	27.62	35.49	35.95	40.13	44.58	183.78	30.71	214.49
Depreciation (refer Table 23)	B	16.39	17.95	20.71	22.44	23.24	100.73	12.71	113.44
Operating Expenditure (Table 32)	C	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Taxation (Refer Table 41)	D	2.98	6.20	16.60	6.09	-	31.87	101.64	133.51
Carry forward of shortfall of First Control Period**	E	123.90					123.90		123.90
ARR (Sum A: E)	F	230.35	140.06	175.77	183.17	170.63	899.99	205.50	1,105.49
Non-aeronautical revenue (NAR) (Refer Table 33)	G	12.18	16.32	23.19	24.03	14.13	89.85	4.21	94.06
Less: 30% of NAR	H	3.65	4.90	6.96	7.21	4.24	26.96	1.26	28.22
Net ARR (F-H)	I	226.70	135.17	168.81	175.96	166.40	873.03	204.24	1,077.27
Revenue earned from Aeronautical Services (refer Table 37)	J	90.67	128.77	174.49	166.59	64.44	624.96	34.75	659.71
(Over recovery) / Under recovery (I-J)	K	136.03	6.40	(5.68)	9.37	101.96	248.07	169.49	417.56
Discount factor (@ 14%) as on October 11, 2021	L	1.81	1.59	1.39	1.22	1.07		1	
PV of (Over recovery) / Under recovery as on October 11, 2021 (K*L)	M	246.14	10.15	(7.90)	11.44	109.23	369.06	169.49	538.55
Discount factor @ 14% as on March 31, 2022	N								1.066
PV of (Over recovery) / Under recovery as on March 31, 2022 (M*N)	O								574.08
Discount factor @ 12.21% as on March 31, 2023*	P								1.12
PV of (Over recovery) / Under recovery as on March 31, 2023 (O*P)	Q								644.17

* PV factor has been derived for the FYs from FY 2016-17 till COD, by assuming the discount factor as 1 on COD

FRoR for FY 2021-22 has been computed as 7.40% for the period up to COD

** Shortfall obtained from Tariff Order of the Second Control Period.

4.14.2 The ARR proposed by the Authority is ₹ 1,074.12 Crores (refer Table 42), as against Rs. 1,159.48 crores submitted by AAI. The variance is on account of the following:

- Re-classification of assets, due to which there is reduction in the Return on RAB and Depreciation derived by the Authority.
- Rationalization of O&M expenses claimed by AAI, based on O&M Study report.
- Non-consideration of financing allowance in RAB and depreciation on financing allowance

- iv. Reduction in Corporate taxes on account of setting off of prior period losses.

4.15 Adjusted Deemed Initial RAB

Clause 28.11.4 of the CA states the following with respect to Adjusted Deemed Initial RAB:

“Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("Adjusted Deemed Initial RAB"):

- (a) *reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period; or*
- (b) *increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.*

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.”

The Authority has derived the Adjusted Deemed Initial RAB as on COD which is as follows:

Table 43: Determination of Adjusted Deemed Initial RAB as on COD by the Authority

(₹ Crores)		
Particulars	Ref.	Amount
A. Deemed Initial RAB as on COD	Table 25	508.96
B. Estimated Deemed Initial RAB	Clause 28.11.3 (b) of CA	(253.00)
C. Difference (C=A-B)		255.96
D. PV of Under-recovery of AAI as on COD	Table 42	538.55
E. Adjusted Deemed Initial RAB as on COD E= (C+D)		794.51

COD – 11th Oct'2021

4.15.1 In accordance with the provisions of clause 28.11.4 of the CA, AERA has computed the Adjusted Deemed Initial RAB as on COD i.e. ₹ 794.51 crores (shown in Table 43) and derived the future value of such Adjusted Deemed Initial RAB by applying the compounding factor of FRoR and assuming a future expected date of payment by the Concessionaire (JIAL) to the Airports Authority of India as follows:

- i. The Authority has assumed future expected date of payment of Adjusted Deemed Initial RAB as May 31, 2024, based on the assumption that the Tariff Order for Jaipur International Airport (wherein the Deemed Initial RAB is finally determined by the Regulator) is issued on or before May 20, 2024.
- ii. The Authority has applied a compounding factor to determine future value of the Under-recovery as on COD by applying:
 - FRoR @ 14% from COD up to March 31, 2022 and

- FRoR @ 12.21% from April 1, 2022 up to May 31, 2024 (based on the FRoR determined by AERA for the Third Control Period for Jaipur International Airport, as discussed under Chapter 8 of this Consultation Paper).
- iii. The Adjusted Deemed Initial RAB computed as on COD, March 31, 2022, March 31, 2023, March 31, 2024 and May 31, 2024 has been presented in the table below:

Table 44: Determination of Adjusted Deemed Initial RAB as on Specified and Future Payment Dates
(₹ Crores)

Particulars	As on COD	Mar 31, 2022*	Mar 31, 2023 [#]	Mar 31, 2024 [#]	May 31, 2024 [#]
Adjusted Deemed Initial RAB	794.51	846.93	950.34	1066.37	1088.13

* Compounding for the period from COD up to March 31, 2022 has been done using FRoR of 14%.

[#] Compounding for period beyond March 31, 2022 has been done using FRoR of 12.21%, determined by AERA for JIA for the First Control Period.

- 4.15.2 It is likely that the actual date of payment is different from May 31, 2024 as presented in the above table. In that scenario, following formula may be used for determining the Adjusted Deemed Initial RAB on a particular payment date:

$$\text{Adjusted Deemed Initial RAB} = A \times \left(1 + r \times \frac{t}{365}\right)$$

- where, A = Adjusted Deemed Initial RAB computed as on March 31, 2024
r = FRoR for First Control Period, computed as 12.21% (refer Chapter 8).
t = Number of days elapsed between actual date of payment and May 31, 2024

The projection of Adjusted Deemed Initial RAB on a particular payment date is illustrated through the following example:

Assuming that the actual date of payment is June 10, 2024, then

A = ₹ 1066.37 crores

r = 12.21% or 0.1221

t = 71 days (Number of days between March 31, 2024 and June 10, 2024)

The Adjusted Deemed Initial RAB based on the above example is:

$$\text{₹ } 1066.37 \times (1 + 0.1221 \times 71 / 365) = \text{₹ } 1091.70 \text{ Crores.}$$

- 4.15.3 The Authority has proposed the Adjusted Deemed Initial RAB as explained above and requests the Stakeholders to provide their comments on the same.
- 4.15.4 The Authority proposes to consider Under recovery of ₹ 644.17 crores as on 31st March'2023 (as per Table 42) for True up of AAI for the Pre-COD period and readjust the same in the ARR computation of JIA for the Third Control Period. The under-recovery has arisen mainly on account of reduction in aeronautical revenue resulted on account of lessor traffic due to COVID-19 pandemic in FY 2020-21 and higher allocation of CHQ/RHQ cost.

4.16 Authority's proposals regarding true up for SCP and pre-COD period (FY17 up to COD)

Based on the material before it and its examination, the Authority proposes the following with respect to True up of the Pre-COD period for Jaipur International Airport:

- 4.16.1 To consider Deemed Initial RAB as ₹ 508.96 crores on October 10, 2021, as per Table 25

- 4.16.2 To consider true up of RAB for the pre-COD period as per Table 23.
- 4.16.3 To consider true up of depreciation for the pre-COD period as per Table 22.
- 4.16.4 To consider true up of FRoR for the pre-COD period as per para 4.9.
- 4.16.5 To consider true up of Aeronautical O&M expenses for the pre-COD period as per Table 32.
- 4.16.6 To consider true up of Non-aeronautical revenue for the pre-COD period as per Table 37.
- 4.16.7 To consider true up of Aeronautical revenue for the pre-COD period as per Table 39.
- 4.16.8 To consider true up of Aeronautical Taxation for the pre-COD period as per Table 41.
- 4.16.9 To consider true up of ARR for the pre-COD period as per Table 42.
- 4.16.10 To consider the present value of under recovery of ₹ 644.17 crores for True up of AAI for the Pre-COD period as per Table 42 and readjust the same in the ARR for the Third Control Period.
- 4.16.11 To consider Adjusted Deemed Initial RAB as per Table 44 or based on formula provided in paragraph 4.15.2 as appropriate for actual date of payment.

5 TRUE UP OF JIAL FOR THE PERIOD FROM COD TILL MARCH 31, 2022

5.1 Background

5.1.1 AAI had entered into a Concession Agreement dated January 19, 2021, with Jaipur International Airport Limited (the 'Concessionaire') for the Operations, Management and Development of Jaipur International Airport for a period of 50 years from the COD, i.e. October 10, 2021. As per the Concession Agreement between AAI and JIAL (clause 28.11.3), the amount which was due and payable by the Concessionaire to AAI, is subject to reconciliation, true up and final determination by AERA.

5.1.2 Pursuant to the above Concession Agreement, JIAL has submitted True up workings for the period from COD up to March 31, 2022.

5.1.3 The true up workings submitted by JIAL covers the following building blocks:

- i. Traffic
- ii. Capital Expenditure
- iii. Aeronautical Depreciation
- iv. Regulatory Asset Base
- v. Fair Rate of Return
- vi. Aeronautical Operation and Maintenance Expenses
- vii. Non-aeronautical Revenue
- viii. Aeronautical Taxes
- ix. Aeronautical Revenue Requirement

5.1.4 The Authority has examined JIAL's true up submission in detail and has performed the following analysis:

- i. Recorded JIAL's submissions for True up under different Regulatory building blocks.
- ii. Provided the Authority's examination and proposals regarding the True up calculation of each building block of JIAL.

5.2 Airport Operator's submission of True up for the period from COD till March 31, 2022

5.2.1 JIAL has submitted true up for the period from COD till March 31, 2022 as follows:

Table 45: True Up submitted by JIAL from COD till March 31, 2022

Particulars	Amount
Opening RAB	518.71
Addition During the year	3.65
Financing Allowance	1.10
Depreciation during the year	(29.98)
Closing RAB	493.49
Average RAB	506.10
FRoR on Average RAB (@ 14% for 6 months) (A)	33.39
Operating expenses (B)	46.64
Depreciation (C)	29.98
Bank and Finance Charges (D)	0.24
Working Capital Loan Interest (E)	0.35
Independent Engineer Fee (F)	1.80
Pre-COD Expenses (G)	7.24
Tax (H)	0.00

Particulars	Amount
Gross ARR (Sum A:H) = (I)	119.64
Non-aeronautical Revenue	9.42
Less: 30% of Non-aeronautical revenue (J)	(2.83)
Net ARR (I-J) = K	116.81
Actual Aero Revenues earned (L)	63.00
Shortfall/ under-recovery (K-L) = M	53.81
PV of Under-recovery	61.76

5.3 Authority's examination of the true up submitted by JIAL for the period from COD till March 31, 2022

5.4 True up of Capital Expenditure (CAPEX)

- 5.4.1 As part of the Concession Agreement the Regulatory Asset Base held by AAI as on COD were transferred to JIAL. The Authority proposes to consider the value of RAB in the hands of AAI as on COD as Opening RAB for JIAL as per the outcome of the asset allocation study undertaken by the Authority for Second Control Period and Pre-COD period.
- 5.4.2 Based on the adjusted RAB of AAI for the Pre-COD period, the Authority has derived the adjusted RAB of JIAL as on COD as ₹ 508.96 crores (refer Table 25).
- 5.4.3 The Authority notes that JIAL has added following additional items in RAB amounting to ₹ 3.65 crores during the period COD till March 31, 2022:

Table 46: Additional items included in RAB by JIAL from COD till March 31, 2022

(₹ Crores)

Details	Amount
Software	0.08
IT equipment	1.68
Plant and Machinery	0.42
Furniture & fixtures	0.60
Vehicles	0.11
Office Equipment	0.76
Total	3.65

- 5.4.4 The Authority noted that the addition towards Plant & Machinery has been considered as ₹ 0.42 crore whereas as per audited financials as well as the FAR submitted by JIAL the addition towards Plant and Machinery was ₹ 0.22 Crore. A clarification was sought in this regard from JIAL, JIAL in its response requested to consider addition towards Plant and Machinery as ₹ 0.22 Crore instead of ₹ 0.42 Crore. Authority has accordingly revised the asset addition for the post COD period.

Table 47: Revised Additional items included in RAB by JIAL from COD till March 31, 2022

(₹ Crores)

Details	Amount
Software	0.08
IT equipment	1.68
Plant and Machinery	0.22
Furniture & fixtures	0.60
Vehicles	0.11
Office Equipment	0.76
Total	3.45

5.4.5 Reclassification of assets of JIAL

The Authority has conducted an independent study on allocation of assets for the Second Control Period and FY2022, and used the outcome of the study to true up the RAB for the post COD period i.e. as on March 31, 2022 for JIAL.

The Authority has considered the adjusted RAB of JIAL as on COD (which is ₹ 508.96 crores), Capital additions and corresponding depreciation based on the results of the Asset Allocation Study report (refer Appendix 1 for *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport*).

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common assets. Authority noted that JIAL also procured employee related asset which needs to be allocated as per Employee Ratio. The Authority considers the employee ratio derived as part of the *Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport*. As per para 5.3.3. of the said study the Employee Head Count Ratio for JIAL is 90.91:9.09 (Aeronautical: Non-aeronautical).

The Authority has reclassified assets addition made by JIAL for the period from COD till March 31, 2022, based on applicable allocation ratio. The allocation basis is detailed hereunder:

i. Software

Details of Asset: Software

Allocation proposed by JIAL: Aeronautical

Observation: The assets pertaining to Software have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09).

Allocation proposed by the Authority: Employee Head Count Ratio

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.01 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*.

ii. Furniture

Details of Asset: Furniture, Sofa, Tables, Queue Management System.

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as furniture, table, racks, etc. have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, Queue Management System which was classified as Aeronautical by JIAL is allowed to be considered as Aeronautical asset.

Allocation proposed by the Authority: Employee Head Count Ratio / Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.05 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*

iii. IT Equipment

Details of Asset: Laptop, Desktop, Display, e-PoS Implementation, and other IT equipment

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as laptops, desktops, display screens have been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, e-PoS Implementation which was classified as Aeronautical by JIAL has been reallocated as Non-Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.17 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*

iv. Office Equipment

Details of Asset: Telephone, Megaphone, Security and Safety Equipment, Projector, CCTV Technology, Queue Management System, and other Office equipment

Allocation proposed by JIAL: Aeronautical

Observation: All office equipment has been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). Further, CCTV Technology for Terminal 2 has been re-allocated as per Terminal Building Ratio (90:10). In addition, Queue Management System which was classified as Aeronautical by JIAL has been retained as Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Terminal Building Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.07 Crores.

Reference: Para 4.10 of the *Asset Allocation Study report*

The following table illustrates the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of JIAL between COD and March 31, 2022.

Table 48: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022

(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.05)
IT equipment	(0.17)
Office equipment	(0.07)
Software	(0.01)
Grand Total	(0.29)

5.5 True up of Financing Allowance

The Authority notes that JIAL has claimed financing allowance as part of RAB. The Authority has the following views on the aspect of Financing Allowance:

- Providing return on capital expenditure from the very beginning of construction will significantly lower the risks for an airport operator and may require revisiting the return on equity allowed to airport operators as the investment in the asset class will then be equated to risk free rate of return.

- b. Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, a return should be provided only when the assets are made available to the airport users except in the case of certain costs like IDC that will have to be incurred if debt is used for funding projects.
- c. Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. The airport operator is adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.
- d. Developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, airport operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, financing allowance was provisioned in the initial stages to such airports. It may be further noted that financing allowance was never provided in the case of brownfield airports like MIAL, DIAL and other AAI airports. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.
- e. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional, and JIAL keeps on enjoying the charges from the users. In the case of JIA, the Airport ought to be considered as a brownfield airport, which would not be eligible for an allowance on the equity portion of newly funded capital projects.
- f. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.
- g. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that *“different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)”*.

In view of above, the Authority proposes not to consider any expense related to financing allowance as a part of ARR.

5.6 True up of Depreciation

- 5.6.1 For the purposes of True up submission, JIAL had calculated depreciation for the period from COD up to March 31, 2022, based on their determination of remaining useful life.
- 5.6.2 The Authority has proposed to consider the same rates of depreciation as applied by AAI for the period up to COD, on the assets transferred by AAI to JIAL for the period from COD to March 31, 2022. Further, the assets added by JIAL have been depreciated based on the useful life prescribed under Order No. 35/ 2017-18 dated January 12, 2018, of AERA. The Authority has proposed the

useful life for all the assets of Jaipur International Airport post COD as per Table 112

- 5.6.3 Depreciation has not been computed on the Intangible asset and Notional Lease Asset as the same is excluded from the RAB.
- 5.6.4 Accordingly, the depreciation on Aeronautical assets of ₹ 0.412 Crores as submitted by JIAL has been revised (post reclassification) to ₹ 0.381 Crores, thereby resulting a reduction in depreciation of ₹ 0.032 Crores. The following table illustrates the impact on depreciation due to reclassification adjustments in Asset Addition/WIP Capitalization values of JIAL between COD and March 31, 2022.

Table 49: Impact on Depreciation post reclassification and revised useful life by the Authority

(₹ Crores)

Asset Category as per MYTP	Reclassification Impact (Period: COD till March 31, 2022)
Furniture & fixtures	(0.00)
IT equipment	(0.021)
Office equipment	(0.00)
Plant and Machinery	(0.007)
Software	(0.00)
Vehicles	(0.004)
Grand Total	(0.032)

- 5.6.5 Adjustments were also made in the depreciation of the assets handed over to JIAL by AAI for the post COD period, as per the asset reclassification carried out in the independent study conducted by the Authority and the revised useful life as per Table 112. The total impact on depreciation in post COD period due to reclassification of assets has been summarized in the table below.

Table 50: Depreciation impact due to Reclassification of Asset Additions (Post-COD Period)

(₹ Crores)

Particulars	Values	Impact
Depreciation on pre-COD assets as per JIAL	29.57	
Depreciation on pre-COD assets after reclassification and revised useful life as per the independent study conducted by the Authority	16.21	
Impact on Depreciation for pre-COD Assets due to reclassification		(13.36)
Depreciation on post-COD assets as per JIAL	0.41	
Depreciation on post-COD assets after reclassification	0.38	
Impact on Depreciation for post-COD Assets due to reclassification and revised useful life as per the independent study conducted by the Authority		(0.03)
Total Impact on Depreciation for all Assets in post-COD period		(13.39)

- 5.6.6 The Adjusted RAB and Depreciation determined by the Authority for the period from COD till March 31, 2022, post reclassifications and other adjustments are as follows:

Table 51: Average RAB considered by the Authority from COD till March 31, 2022

(₹ Crores)

Particulars	Amount
Adjusted RAB as on COD, transferred to Jaipur International Airport Limited (A) (refer Table 25)	508.96

Particulars	Amount
Additions to RAB from COD to March 31, 2022, proposed by JIAL (Refer Table 47)	3.45
Sub-total (C = A + B)	512.41
Reclassifications on asset additions	
Furniture & fixtures (D)	-0.05
IT equipment (E)	-0.17
Office equipment (F)	-0.07
Software (G)	-0.01
Total reclassifications (H) Sum (D : G)	-0.29
Adjusted RAB (I = C + H)	512.12
Depreciation on Initial RAB from COD to March 31, 2022, proposed by JIAL (J)	29.98
Adjustment in Depreciation for the period from COD to March 31, 2022 (K)	-13.39
Total Adjusted Depreciation for the period from COD to March 31, 2022 (L=J+K)	16.59
Opening RAB as on 1st April'2022 for Third Control Period M=I –L	495.53
Average RAB M=(A+M)/2	502.24

Based on its analysis, the Authority proposes to consider CAPEX, depreciation and RAB as per Table 51 for true up of the period from COD till March 31, 2022.

5.7 True up of FRoR

5.7.1 JIAL has submitted FRoR as 14.0% for true up of the period from COD till March 31, 2022. The Authority proposes to consider the same, in line with the Authority's proposal for true up of AAI from FY 2017 to FY 2022 (up to COD) and also as approved for other similar airports. From the next Control Period for JIAL, AERA will consider FRoR, in line with other PPP airports.

5.7.2 However, it is to be noted that JIAL has operated the Airport in FY 2021-22 only for the period from COD till March 31, 2022. Therefore, JIAL is eligible to claim return on RAB only for the period from COD till March 31, 2022. Hence, for FY 2021-22, the Authority proposes to pro-rate the FRoR for 172 days during which JIAL operated the Airport. The pro-rated FRoR for FY 2021-22 has been computed as follows:

$$\text{FRoR}_{\text{post COD}} = \text{FRoR} * n / 365$$

Where, FRoR is the fair rate of return for the entire FY 2021-22, $\text{FRoR}_{\text{post COD}}$ is the pro-rated FRoR for the period from COD till March 31, 2022 and n is the number of days in operation in FY 2021-22.

Based on the above approach the pro-rated FRoR for FY 2021-22 has been computed as follows:

Table 52: FRoR proposed by the Authority from COD to March 31, 2022

Particulars	Value (%)
FRoR for FY'22 (A)	14%
Number of days of operations in FY'22 (B)	172
Pro-rated FRoR for FY'22 (from COD till March 31, 2022) (A*B/365)	6.60%

5.7.3 The Authority proposes to consider FRoR for true up of the period from COD till March 31, 2022 as 6.60%, as shown in Table 52.

5.8 True up of Aeronautical O&M expenses

5.8.1 The component-wise break up of Aeronautical Operation and Maintenance expenses submitted by

JIAL for the period from COD till March 31, 2022 is as follows:

Table 53: O&M expenses submitted by JIAL for the period from COD till March 31, 2022
(₹ Crores)

Expense Category	Amount
Manpower expenses - AAI employees	15.19
Manpower expenses - JIAL employees	4.53
Utility expenses	2.72
IT expenses	0.67
Rates & taxes	0.06
Security expenses	2.68
Corporate Allocation	5.18
Administrative Expenses - Collection Charges on UDF	0.23
Administrative Expenses - Others	2.99
Insurance	0.58
R&M	7.05
Others	2.96
Independent Engineer Fees	1.80
Total	46.64

5.8.2 True up of Bank and Finance Charges

It is observed that JIAL has considered Bank charges as entirely Aeronautical. However, the Authority proposes to consider the same as Common and reallocate it on Gross Fixed Assets ratio of 97.88:2.12 (*Table 24 of Asset Allocation Study Report*) based on the nature of expense and in line with other similar airports. The impact of such difference is downward adjustment of ₹ 0.01 Crores.

Table 54: Bank & Finance Charges considered by the Authority for Post COD Period
(₹ Crores)

Particular	Aero Expense
Bank and Finance Charges considered by JIAL (A)	0.24
Bank and Finance Charges considered by Authority (B)	0.23
Impact (B-A)	(0.01)

5.8.3 True up of Working Capital Loan Interest

It is observed that JIAL has included Working Capital Loan Interest amount of ₹ 0.35 Crores for ARR computation as Aeronautical. Authority sought clarification from JIAL for providing basis and terms of the working capital loan. As per JIAL, the working capital interest has been calculated on best estimation basis since the ICD loan is a mix of working capital and other debt. Since, there is no exclusive working capital facility availed by JIAL and the terms of working capital loan is not clear, Authority is unable to relate with working capital loan vis a vis actual requirement. Accordingly, the Authority proposes that cost towards that cannot be considered as pass through in tariff.

5.8.4 True up of pre-COD Expenses

The Authority notes that JIAL has submitted pre-COD expenses amounting to ₹ 7.16 Crores for true-up of the post-COD period. This expense included ₹ 0.68 Crores related to manpower cost including corporate cost allocation.

The Authority takes cognizance of the fact that AAI deputed its staff and management personnel to

the Airport during the transition period, including prior to the COD to ensure that the relevant knowledge and experience of the operation and management of JIA is transferred to JIAL. Therefore, the deputation of such staff is relevant towards the objective of smooth transition of the airport from AAI to AO, and fulfilment of the terms of the CA.

Furthermore, the Authority also notes that as per Clause 15.1.2 of the Concession Agreement, the Concessionaire is mandated to achieve COD within 180 days from the date of the Concession Agreement.

Based on the above factors, the Authority notes that AAI deputed its staff and management personnel to the Airport during the transition period, including prior to the COD and the cost of such personnel was paid by the Airport Operator. Additionally, Adani Group also deputed its own manpower from other group entities. The Authority has accordingly decided to consider salary expenses pertaining to such Adani Group entities for the period of six months prior to COD, i.e., from 11th April 2021 to 10th October 2021, for the purpose of tariff determination.

The Authority proposes to consider only this manpower cost for true-up based on the following:

- The Authority, after making a detailed study on the provisions of the Concession Agreement, decided that there is no provision in the Concession Agreement to include in the true up, the remaining costs incurred by JIAL prior to COD.
- The Authority proposes that the bid expenses incurred prior to the date of Letter of Award of JIAL, and expenses incurred between the date of Concession Agreement and COD (other than as specifically considered above), as submitted by JIAL are not considered for tariff determination.

Based on the above considerations, the total costs pertaining to manpower cost prior to COD, as allowed for the purpose of true-up of JIA is as follows:

Table 55: Pre-COD expenses proposed by the Authority for the Third Control Period

(₹ Crores)

Particular	Nature of expense	Total	% Allowable	Proposed Pre-COD Expense
Expense till Letter of Award-setting up Airport business	Corporate Cost Allocation	1.72	NIL	-
Project Cost for setup for Airport Business - Allocation by parent companies	Corporate Cost Allocation	2.38	NIL	-
Other Preliminary expense prior to COD	Incurred by JIAL	2.38	NIL	-
Pre-COD Payroll Cost	On roll employee cost	0.68	100%	0.68
Total		7.16		0.68

5.8.5 Reallocation of O&M expenses

The Authority has conducted an independent study to determine efficient Aeronautical Operation and Maintenance costs for the period FY 2016-17 till FY 2021-22 and used the outcome of the study to true up the O&M expenses for the period from COD till March 31, 2022 for JIAL.

All O&M expenses have been allocated as Aeronautical by JIAL. The Authority has analyzed the submission made by JIAL on a case-to-case basis and applied appropriate re-classification and re-allocation of the expenses, wherever it noted any discrepancies in the allocation of expenses by JIAL (refer Table 46 for Allocation of O&M expenses of Airport Operator as per the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport). Accordingly, the following

expenses have been re-allocated by the Authority by using appropriate ratios such as Terminal Building ratio, Gross Fixed Assets ratio, Employee Head Count ratio and Electricity ratio (*Refer para 5.3 of the Study report on Efficient Operation and Maintenance Expenses for Jaipur International Airport regarding the ratios used by the Authority for allocation of common expenses.*)

i. **Manpower expenses**

Manpower expenses – AAI employees

Observation: The Authority notes that pursuant to Clause 6.5 of the Concession Agreement read with Clause 28.4.3 entered into between AAI and Jaipur International Airport Limited, the cost of AAI employees deputed at the Jaipur International Airport shall be eligible for pass-through in the determination of Aeronautical charges. The Authority notes that JIAL has considered the Manpower expenses as 100% Aeronautical. However, the Authority proposes to re-allocate the same in the ratio of Employee Head Count of AAI employees (99.19:0.81), resulting in a downward adjustment of ₹ 0.12 Crores.

Impact: The impact of the re-allocation results in reduction of Manpower expenses by ₹ 0.12 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.1 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

Manpower expenses – JIAL employees

Observation: It is observed that the total manpower expenses of the employees of JIAL have been considered as 100% Aeronautical. However, the Authority proposes to allocate the total manpower expenses of JIAL based on JIAL's Employee Ratio of 90.91:9.09. The impact of such difference is downward adjustment of ₹ 0.41 Crores.

Impact: The impact of the re-allocation results in reduction of Manpower expenses by ₹ 0.41 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.1 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

ii. **Corporate Allocation Cost**

Observation: It is observed that the Aeronautical Corporate Allocation Cost of ₹ 5.18 Crores has been incurred by JIAL towards Corporate Support Services received from the Holding Companies, namely, Adani Enterprises Limited (AEL) and Adani Airports Holding Limited (AAHL) for the period from Post-COD till March 31, 2022. This cost includes ₹ 3.06 Crores from AAHL and ₹ 2.12 Crore from AEL.

However, as the services provided by AAHL & AEL are mainly in the nature of provided specialised resources and knowledge and also it benefits whole airport ecosystem, the cost needs to be allocated in the same ratio as the employee cost of JIAL manpower cost has been allocated. The impact of such difference is a decrease of ₹ 0.05 Crores

Further, it is noted that the Corporate Allocation Cost claimed by JIAL includes an amount of ₹ 0.05 Crores allocated towards In-house Legal department, which is in addition to the cost of one (01) employee of Legal department, already considered under the manpower expenses of JIAL and is not justified. Hence, the Study proposes to exclude ₹ 0.47 Crores from the Corporate Allocation cost submitted by JIAL.

Impact: The impact of the reallocation results in reduction of Corporate Allocation expenses by ₹ 0.52 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.2 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

iii. **Administrative Expenses - Others**

Observation: JIAL has submitted administrative expenses of ₹ 2.99 Crores incurred towards Professional & Consultancy, Travelling & Conveyance, Auditing and Miscellaneous expenses and has considered these expenses as 100% Aeronautical. The Authority proposes to reallocate these expenses based on Gross Fixed Asset ratio (97.88:2.12) / revised Employee Head Count Ratio (90.91:9.09) / revised Terminal Building ratio (90:10) depending upon the nature of expenses and also consider AOCC services as Aeronautical, in line with the ratio allocation followed for AAI up to COD.

Impact: The impact of such reallocation is a decrease of ₹ 0.11 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.3 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

iv. **Repair and Maintenance Expenses**

Observation: JIAL has incurred an amount of ₹ 7.05 Crores towards Repairs & Maintenance which includes maintenance of various assets and has considered these expenses as 100% Aeronautical. The Authority proposes to reallocate these expenses based on Gross Fixed Asset ratio (97.88:2.12) / revised Employee Head Count Ratio (90.91:9.09) / revised Terminal Building ratio (90:10) depending upon the nature of expenses.

Impact: The impact of such reallocation is a decrease of ₹ 0.36 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.4 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

v. **Other Operating Expenses such as IT, Rates & Taxes, Insurance etc.**

Observation: It is observed that the Other Operating expenses totalling to ₹ 7.42 Crores includes amount incurred towards IT expenses, Rates & Taxes, Security expenses, Collection Charges, Insurance, Outsource manpower, Housekeeping, Bank & Finance Charges. JIAL has considered Other Operating expense as 100% Aeronautical. The Authority proposes these expenses to be allocated as per applicable allocation ratio.

Impact: The impact of the reallocation results in reduction of Other Operating Expenses by ₹ 0.37 Crores for the period from COD till March 31, 2022.

Reference: Para 5.4.5 of the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

vi. The impact on the Aeronautical O&M expenses of JIAL on account of the proposed reallocation of expenses is as follows:

Table 56: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses
(₹ Crores)

Particular	Net Impact
Manpower expenses - AAI employees	-0.12
Manpower expenses - JIAL employees	-0.41
Corporate Allocation	-0.52
Administrative Expenses - Others	-0.11
R&M	-0.36
Other Operating Expenses	-0.37
Total	(1.89)

5.8.6 Based on the above adjustments and reclassification, the revised Aeronautical O&M expenses for the period from COD to March 31, 2022 as summarized in the table below:

Table 57: Reallocated Aeronautical O&M expenses of JIAL from COD to March 31, 2022
(₹ Crores)

Particular	Aero Expense
Manpower expenses - AAI employees	15.07
Manpower expenses - JIAL employees	4.12
Utility expenses	2.72
IT expenses	0.61
Rates & taxes	0.06
Security expenses	2.68
Corporate Allocation	4.66
Administrative Expenses - Collection Charges on UDF	0.23
Administrative Expenses - Others	2.89
Insurance	0.57
R&M	6.69
Others	2.66
Independent Engineer Fees	1.80
Total	44.76

5.8.7 Rationalization of O&M expenses

Based on the Internal benchmarking analysis performed for O&M expenses through *the Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport Limited*, the Authority proposes to rationalise the following expenses for the period from COD till March 31, 2022.

Repairs and Maintenance

In respect of Repairs & Maintenance expenses, it is observed that JIAL has submitted an amount of ₹ 7.05 Crores for the period from COD to March 31, 2022. However, the same has already been adjusted due to reclassification done in above section and post reclassification the revised amount of ₹ 6.69 Crores is compared with 6% of Opening RAB to arrive at the amount proposed by the Authority for JIAL.

The post reclassification amount of Repairs & Maintenance expenses and its comparison with 6% of Opening RAB is summarized below:

Table 58: R&M expenses of JIAL considered by the Authority for True up from COD till March 31, 2022
(₹ Crores)

Particulars		COD to March 31, 2022
Aeronautical Repairs & Maintenance expenses submitted by JIAL	A	7.05
Aeronautical Repairs & Maintenance expenses post-reclassification as per the independent study conducted by the Authority	B	6.69
Proportionate Repairs & Maintenance expenses for entire year, i.e., 12 months (B *365/172)	C	14.19
Opening RAB as on COD as per Authority	D	508.10
Proportionate Repairs & Maintenance as % of RAB (E= (C/D*100))	E	2.79%
Proportionate amount of 6% of Opening RAB for 172 days (D* 6% *(172/365))	F	14.36
Repairs & Maintenance expenses proposed by Authority for JIAL	G	6.69
Amount proposed not to be considered (H = B – G)	H	0.00

5.8.8 Based on the above analysis, the Authority has derived the O&M expenses that it proposes to consider for True up for JIAL from COD till March 31, 2022 and the same is as follows:

Table 59: Aeronautical O&M expenses considered by the Authority for True up from COD till March 31, 2022
(₹ Crores)

Particulars	Aero Expense
Manpower expenses - AAI employees	15.07
Manpower expenses - JIAL employees	4.12
Utility expenses	2.72
IT expenses	0.61
Rates & taxes	0.06
Security expenses	2.68
Corporate Allocation	4.66
Administrative Expenses - Collection Charges on UDF	0.23
Administrative Expenses - Others	2.89
Insurance	0.57
R&M	6.69
Others	2.66
Independent Engineer Fees	1.80
Total	44.76

5.9 True up of Non-aeronautical revenue (NAR)

5.9.1 JIAL has submitted the following components of NAR for the period from COD till March 31, 2022, which the Authority has verified with the Books of Account of JIAL.

Table 60: NAR submitted by JIAL for True up from COD till March 31, 2022

(₹ Crores)

Particulars	Revenue
Car parking	0.12
Lounge	-
Building rent	3.26
Other Income	1.05
Revenue from other than master concessionaire	-

Particulars	Revenue
Master Concessioner	5.00
Total Non-aero revenue	9.42

5.9.2 The Authority, on verification of the NAR of JIAL, notes that ₹ 0.28 crores relate to space rentals from airlines. The Authority is of the view that space rentals from agencies providing aeronautical services should be treated as aeronautical revenue. The authority, therefore, proposes to exclude Space Rentals from airlines providing aeronautical services from the NAR for the post-COD period.

5.9.3 The Authority proposes to consider NAR for the period from COD till March 31, 2022 as per table below:

Table 61: NAR proposed by the Authority for True up from COD till March 31, 2022

(₹ Crores)

Particulars	Amount
Actual Non-Aeronautical Revenue as submitted by JIAL (A)	9.42
Less: Revenue from space rentals from airlines (B)	0.28
Non-Aeronautical Revenue as per the Authority (A-B)	9.14

5.10 True up of Aeronautical Revenue

5.10.1 JIAL has submitted the following components of Aeronautical Revenue for the period from COD till March 31, 2022, which the Authority through its independent consultant has verified with the Books of Account of JIAL and noted the same to be in order. The same is presented in the Table below:

Table 62: Aeronautical Revenue submitted by JIAL for True up from COD till March 31, 2022

(₹ Crores)

Particulars	Revenue
Landing revenue	16.69
Parking & housing revenue	0.59
Ground handling charges	0.42
Passenger UDF revenue	43.46
CUTE Revenue	1.76
CGF rentals	0.08
Cargo/Fuel/Other	-
Total Aero revenues	63.00

5.10.2 The Authority proposes to include aeronautical revenue of ₹ 0.28 crores that was submitted as part of the NAR by JIAL but was not included as part of NAR proposed by the Authority (refer para 5.9.2).

5.10.3 The Authority proposes to consider revised Aeronautical Revenue for the period from COD till 31st March 2022 as per table given below.

Table 63: Aeronautical Revenue proposed by the Authority for True up from COD till March 31, 2022

(₹ Crores)

Particulars	Amount
Actual Aeronautical Revenue as submitted by JIAL (A)	63.00
Add: Revenue from space rentals from airlines (B)	0.28
Aeronautical Revenue as per the Authority (A+B)	63.28

5.11 True up of Taxation

JIAL has submitted 'Nil' tax for the period from COD till March 31, 2022. The Authority notes that the actual Aeronautical revenue earned by JIAL for the above period is lesser than the Operating expenses and Depreciation incurred by JIAL, thereby resulting in losses and 'Nil' Aeronautical Taxation. The same is presented in the table below:

Table 64: Taxation proposed by the Authority for true up (COD till 31st March 2022)

		(₹ Crores)
Particulars	Ref.	Amount
Aero Revenues (refer Table 63)	A	63.28
Aero O&M Expenses (refer Table 59:)	B	44.76
Bank & Finance Charges (refer Table 54)	C	0.23
Interest Expense	D	11.47
Depreciation as per IT Act	E	28.39
Aero Profit Before Tax	$G=A-(B+C+D+E)$	(21.57)
Previous loss adjustment	H	-
Taxable Profit	$I=MAX(0, (G-H))$	0
Tax rate (%)	J	25.17%
Aeronautical Tax	$K=I*J$	0
Opening Losses	L	-
Current period (loss)/profit	$M=G$	(21.57)
Closing Losses	$N=L+M$	(21.57)

5.12 True up of ARR of JIAL

5.12.1 Based on its analysis of the various building blocks, the Authority has determined the ARR and Shortfall (Under recovery) for True up of the Pre-COD period and same is presented in the table below:

Table 65: ARR and Shortfall proposed by the Authority (COD till March 31, 2022)

		(₹ Crores)
Particulars	Ref.	Amount
Average RAB (refer Table 51)		502.24
FRoR on Average RAB (@ 14% for 172 days)	A	33.15
Operating expenses (Refer Table 59:)	B	44.76
Bank and Finance Charges (refer Table 54)	C	0.23
Pre COD Expenses	D	0.68
Depreciation (refer Table 51)	E	16.59
Tax	F	0
ARR (Sum (A:F))	G	95.41
Non-aeronautical revenue (refer Table 60)	H	9.14
Less: 30% of Non-aeronautical revenue	I	2.74
Net ARR (G-I)	J	92.67
Actual Aeronautical Revenue (refer Table 63)	K	63.28
Shortfall/ under-recovery (J-K)	L	29.39

Particulars	Ref.	Amount
Discount factor as on March 31, 2022	M	1
PV of Under-recovery as on March 31, 2022 (L*M)	N	29.39
Discount factor (@ 12.21%) as on March 31, 2023	O	1.122
PV of Under-recovery as on March 31, 2023= O*N	P	32.97

- 5.12.2 The Authority proposes to consider Under recovery of ₹ 32.97 crores for the post-COD period. Authority also proposes to consider the same as a post-COD true up while calculating ARR of JIA for the Third Control Period.
- 5.12.3 The ARR proposed by the Authority is ₹ 92.58 crores (refer Table 65), as against ₹ 116.81 crores submitted by JIAL. The variance is on account of the following
- Re-classification of assets, due to which there is reduction in the Return on RAB and Depreciation derived by the Authority.
 - Revision in Useful Life of Assets considered by the Authority,
 - Rationalization of O&M expenses claimed by JIAL,
 - Exclusion of certain expenses such as working capital loan interest and Pre-COD expenses

5.13 Authority's proposal regarding True up for the period from COD till March 31, 2022

Based on the material before it and its examination, the Authority proposes the following with respect to True up of the period from COD till March 31, 2022 for Jaipur International Airport:

- 5.13.1 To consider true up of CAPEX, depreciation and RAB for the period from COD till March 31, 2022 as per Table 51.
- 5.13.2 To consider true up of FRoR for the period from COD till March 31, 2022 as per Table 52.
- 5.13.3 To consider true up of Aeronautical O&M expenses for the period from COD till March 31, 2022 as per Table 59:.
- 5.13.4 To consider true up of Non-aeronautical revenue for the period from COD till March 31, 2022 as per Table 61.
- 5.13.5 To consider true up of Taxation for the period from COD till March 31, 2022 as per Table 64.
- 5.13.6 To consider true up of Aeronautical revenue for the period from COD till March 31, 2022 as per Table 63.
- 5.13.7 To consider Under recovery of ₹ 32.97 crores as per Table 65 for Post-COD period to be considered while calculating the ARR for the Third Control Period.

6 TRAFFIC PROJECTIONS FOR THE THIRD CONTROL PERIOD

6.1 JIAL's submission regarding Traffic projections for the Third Control Period

6.1.1 The historical passenger traffic² and ATM at the Airport has been shown in the table below:

Table 66: Historical passenger, ATM and Cargo traffic at Jaipur International Airport

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Traffic									
2010-11	1,407,838	247,374	1,655,212	12,716	2,273	14,989	8,177	398	8,575
2011-12	1,595,655	232,649	1,828,304	16,733	1,870	18,603	6,475	235	6,710
2012-13	1,574,801	227,678	1,802,479	16,460	1,800	18,260	6,488	189	6,677
2013-14	1,723,240	258,696	1,981,936	17,772	2,037	19,809	6,460	245	6,705
2014-15	1,863,493	334,503	2,197,996	17,110	2,742	19,852	2,544	715	3,259
2015-16	2,523,824	363,371	2,887,195	21,111	2,923	24,034	7,912	1,458	9,370
2016-17	3,332,496	450,962	3,783,458	28,596	3,744	32,340	13,503	2,623	16,126
2017-18	4,229,961	527,217	4,757,178	38,069	4,220	42,289	12,822	3,482	16,304
2018-19	4,866,742	604,481	5,471,223	42,019	4,166	46,185	14,918	3,595	18,513
2019-20	4,502,569	528,992	5,031,561	35,872	3,612	39,484	15,186	2,313	17,499
2020-21	1,719,937	130,250	1,850,187	17,753	1,180	18,933	11,784	420	12,204
2021-22	2,768,167	175,004	2,943,171	25,790	1,367	27,157	13,982	198	14,180
2022-23	4,358,994	405,388	4,764,382	38,211	2,945	41,156	15,425	1,016	16,441

6.1.2 The passenger traffic, ATM and cargo traffic along with their expected annual growth rates, as submitted by JIAL for the Third Control Period are as given in the table below: follows:

Table 67: Traffic and growth (%) Y-o-Y proposed by JIAL

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Traffic									
2022-23	4,442,927	413,883	4,856,810	40,647	2,942	43,589	16,472	1,916	18,388
2023-24	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
2024-25	7,569,363	659,835	8,229,198	64,889	4,759	69,648	27,481	2,862	30,343
2025-26	8,259,979	713,221	8,973,200	70,520	5,119	75,639	30,238	3,104	33,342
2026-27	8,984,088	769,387	9,753,475	76,395	5,498	81,893	33,158	3,360	36,519
Total	35,753,608	3,165,609	38,919,216	307,607	22,660	330,267	131,048	13,875	144,924
Growth rates									
2022-23	60.50%	136.50%	65.02%	57.61%	115.22%	60.51%	17.81%	867.62%	29.67%
2023-24	46.24%	47.21%	46.32%	35.70%	47.59%	36.50%	43.88%	37.44%	43.20%
2024-25	16.50%	8.30%	15.80%	17.65%	9.60%	17.06%	15.96%	8.68%	15.23%
2025-26	9.12%	8.09%	9.04%	8.68%	7.56%	8.60%	10.03%	8.46%	9.88%
2026-27	8.77%	7.87%	8.70%	8.33%	7.40%	8.27%	9.66%	8.26%	9.53%

6.1.3 JIAL has also submitted that it expected to process certain cargo volumes out of the total volume at its own cargo facility. The following table summarizes the total cargo volumes proposed to be handled by JIAL out of the total cargo traffic at JIA during the Third Control Period.

² Source: Traffic News from AAI website

Table 68: Cargo volumes to be handled by JIAL out of the total cargo traffic during the Third Control Period

Particulars (in MT)	FY 23	FY 24	FY 25	FY 26	FY 27
Domestic - Interim Facility		2,750	2,750		
International – Interim Facility		4,260	4,260		
Integrated Cargo Complex				22,500	22,500
Total by JIAL (A)		7,010	7,010	22,500	22,500
Total Cargo Traffic at JIA (B)		26,332	30,343	33,342	36,519
% Share (B/A)	-	27%	23%	68%	62%

6.1.4 JIA had engaged an independent agency – M/s Mott Macdonald for assessing passenger traffic, aircraft movement and cargo traffic for Jaipur Airport. Based on its analysis, Mott Macdonald has provided high, base, and low estimate scenarios of projected traffic for the Third Control Period. The traffic projections submitted by JIAL in Table 67 is adopted from Mott Macdonald’s ‘base case scenario’.

6.1.5 The Passenger traffic and ATM projected above has been adjusted by JIAL to account for billable passenger traffic (excluding certain categories of passengers such as Transit/transfer passengers, Children below 2 years, Diplomatic passport holders, Airline Crew etc. for whom UDF charges are not leviable) and billable domestic ATMs (other than ATMs pertaining to less than 80-seater capacity flights, and flights operating under Regional Connectivity Scheme (RCS); that are exempted from landing charges). Based on the historical trends, the exempt traffic has been submitted by JIAL as 3% of the total passengers, and 20% of total ATMs for the Third Control Period, as shown in the table below.

Table 69: Traffic growth rates (Y-o-Y) submitted by JIAL, after adjustment of exempt traffic

Year	Passenger (in Nos.)			ATM (in Nos.)		
	Domestic	International	Combined	Domestic	International	Combined
Traffic						
2022-23	4,309,639	409,744	4,719,383	32,518	2,942	35,460
2023-24	6,302,333	603,190	6,905,523	44,125	4,342	48,467
2024-25	7,342,282	653,237	7,995,519	51,911	4,759	56,670
2025-26	8,012,180	706,089	8,718,269	56,416	5,119	61,535
2026-27	8,714,566	761,693	9,476,259	61,116	5,498	66,614
Total	34,681,000	3,133,953	37,814,953	246,086	22,660	268,746
Growth rates						
2022-23	-	-	-	-	-	-
2023-24	46.24%	47.21%	46.32%	35.70%	47.59%	36.68%
2024-25	16.50%	8.30%	15.78%	17.65%	9.60%	16.93%
2025-26	9.12%	8.09%	9.04%	8.68%	7.56%	8.58%
2026-27	8.77%	7.87%	8.69%	8.33%	7.40%	8.25%

6.2 Authority’s examination regarding JIAL’s submission of Traffic for the Third Control Period

6.2.1 The Authority notes that JIAL appointed Mott Macdonald as its Consultant who has derived traffic forecast based on Regression forecast methodology, developed through econometric analysis of historical data combined with projections of key demand drivers as given below:

- Passenger forecasts were derived basis Gross Domestic Product (GDP) growth forecasts from the International Monetary Fund (IMF) World Economic Outlook April 2021, as well as the US Department of Agriculture (USDA) and the Organization for Economic Co Co-Operation and

Development (OECD).

- The aircraft movement forecasts for the Airport were derived based on the historical development of both domestic and international average passengers per ATM.
- For cargo forecasts, the historical development of both domestic and international average cargo per ATM metrics, along with the potential cargo-carrying capacity of aircraft using the airports were considered.

6.2.2 The Authority notes that JIAL has assumed the ‘base case scenario’ estimates of traffic forecasts submitted by Mott Macdonald for forecasting passenger traffic, ATM and cargo (both domestic and international).

6.2.3 The Authority notes that JIAL has considered only billable ATM, after excluding ATM traffic that are exempted from landing charges. However, the Authority is of the view that RCS scheme is promoted by the GoI with the objective of making regional air connectivity affordable by supporting airline operators through concessions offered by Central Government, State Government and the Airport Operators. As this scheme is promoted to encourage small aircrafts, therefore the flights operating under this scheme are not eligible to be claimed as a passthrough/ exemption. The Authority notes that, as per JIAL’s submission, currently there is only one RCS flight which runs thrice a week. This translates to less to ~0.5% of overall traffic volume. Based on the above fact, the Authority has estimated traffic projections after excluding ATMs that pertain to less than 80-seater capacity flights which fall under non-RCS category and being exempted from landing charges. The Authority further notes JIAL’s submission that, Jaipur being the capital city airport, acts as a hub to destinations like Varanasi, Agra, Dehradun, Jodhpur, Jaisalmer, Udaipur, Pantnagar etc. in the regional connectivity model where, some of these destinations have restrictions for larger aircraft to operate. Limited seat loads on these routes do not permit airlines to operate larger aircraft as demand from smaller cities are generally inadequate. In addition, Jaipur besides being a tourist hotspot, is also a destination for weddings, MICE, corporate business travel (gems/ handicraft/ textile etc.), and part of high-end golden triangle circuit. These events lead to substantial movement through corporate jets/ general aviation.

6.2.4 The Authority, after rationalization has derived the exempted traffic as 19% for each tariff year and has considered the same for determining the billable domestic ATM. Based on the above factors, the exempt traffic considered by the Authority (after excluding ATMs that pertain to less than 80-seater capacity flights which fall under non-RCS category) for determining billable domestic ATM for the Third Control Period for JIA is as follows:

Table 70: Exempt traffic considered by the Authority for the Third Control Period

Particulars	FY’23	FY’24	FY’25	FY’26	FY’27
Exempt Domestic ATM considered by the Authority	19%	19%	19%	19%	19%

Similarly, Government of India has allowed exemption of UDF to certain categories of passengers through Order No. AIC 14/ 2019 read with AIC 20/ 2019. JIAL cannot claim any passthrough regarding UDF on such categories and this is followed by AERA across at all Major Airports.

6.2.5 As part of its examination of traffic forecast submitted by JIAL, the Authority has calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic, ATM, and Cargo from, FY 2017-18 to FY 2019-20 (3-year CAGR), FY 2015-16 to FY 2019-20 (5-year CAGR), FY 2010-11 to FY 2018-19 (9-year CAGR), and FY 2010-11 to FY 2019-20 (10-year CAGR)

6.2.6 The 3-year, 5-year and 10-year CAGRs have been computed for the respective periods up to FY 2019-20, as FY 2020-21 being an exceptional event year, may not provide an appropriate basis for arriving at

CAGR. However, the computation of 9-year CAGR is based on the periods FY 2010-11 to FY 2018-19, in order to remove certain extraneous events of FY 2019-20 as detailed in para 6.2.8 below. The table below provides the details of the CAGR for passenger traffic, ATM, and Cargo:

Table 71: CAGR for passenger traffic, ATM, and Cargo

Year	Passenger			ATM			Cargo		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
3 year CAGR	3.17%	0.17%	2.84%	-2.93%	-7.48%	-3.37%	8.83%	-18.50%	3.60%
5 year CAGR	15.57%	9.84%	14.90%	14.17%	5.43%	13.21%	17.70%	12.23%	16.90%
9 year* CAGR	16.77%	11.82%	16.12%	16.11%	7.87%	15.10%	7.81%	31.67%	10.10%
10 year CAGR	13.79%	8.81%	13.15%	12.21%	5.28%	11.36%	7.12%	21.60%	8.25%

* For the period FY 2010-11 to FY 2018-19

6.2.7 The Authority has noted that there is a variation in traffic and volatility in data, which causes the CAGR for 5-year and 3-year period to be inappropriate for future traffic projections.

6.2.8 The Authority notes that there has been a decrease in the Passenger and ATM traffic particularly in the FY 2019-20, which is a pre-COVID year, mainly due to the closure of operations by Jet Airways with no replacement for those vacant slots and the impact of COVID pandemic towards the end of the FY 2019-20.

6.2.9 It was observed that there was a de-growth of 61.80% and 75.38% in domestic passenger traffic and international passenger traffic respectively for FY 2020-21 (compared to FY 2019-20), due to the adverse impact of COVID-19 pandemic on the domestic and international travels (Refer Table 66). Similarly, it was observed that there was a de-growth of 50.51% and 67.33%, respectively in domestic ATM and international ATM for FY 2020-21 (compared to FY 2019-20) as well as a de-growth of 22.40% and 81.84% respectively in domestic Cargo and international Cargo for FY 2020-21 (compared to FY 2019-20). (Refer Table 66)

Computation of traffic forecasts by the Authority, considering the impact of COVID-19 pandemic

The traffic forecasts have been computed by the Authority, after taking into account the analysis by the following agencies regarding the impact of COVID-19 pandemic on the Aviation sector, apart from the study report provided by Mott Macdonald for Jaipur International Airport.

6.2.10 Airports Council International (ACI)

ACI in its latest report available has projected the following air passenger traffic outlook:

- Prior to the COVID-19 pandemic, the global passenger volume was estimated to reach 10.5 billion passengers in 2023. However, the current projection of global passenger volume in 2023 is approximately 8.6 billion passengers, which is 94.2% of the 2019 level.
- The year 2024 is expected to be a milestone for global passenger traffic recovery as it reaches 9.4 billion passengers, surpassing the year 2019 that welcomed 9.2 billion passengers (102.5% of the 2019 level). Compared to the pre-COVID forecast that predicted 10.9 billion passengers in 2024, the effects of the pandemic represent a potential loss of 13.9%.
- While the Asia-Pacific region is expected to have a substantial jump in passenger traffic in the first half of 2023 along with the ongoing opening of the Chinese market, its recovery is predicted to slow down significantly in the second half of the year due to challenges in overseas tourism and looming economic concerns. By the end of the year, the region is expected to reach 2.9 billion passengers, or

87.3% of the 2019 level. With the uncertainty from both upside and downside factors, the region is expected to reach approximately 3.4 billion passengers, or 99.5% of the 2019 level, in 2024.

6.2.11 International Air Transport Association (IATA)

IATA in its latest market analysis report has reported the following:

- Industry-wide revenue passenger-kilometers (RPKs) increased 29.7% year-on-year (YoY) in November and closed the gap to 2019 levels to within 1%.
- Available seat-kilometers (ASKs) rose by 28.6% YoY, recovering to 98.2% of pre-pandemic capacity. Global passenger load factor increased over the year and compared to 2019, now standing at 81.8%.
- Domestic RPKs grew 6.7% over pre-pandemic levels with an annual growth rate of 34.8%. International RPKs 94.5% of pre-pandemic levels and increased 26.4% YoY.
- Air passenger traffic, measured in revenue passenger-kilometers (RPKs), continued to grow in November with a 29.7% increase over the year. Global RPKs are now just 0.9% lower than pre-pandemic levels. In seasonally adjusted terms, growth continued although at a slightly slower pace compared to the previous months with 0.6% month-on-month (MoM) growth.

Conclusion on traffic forecasts based on the above assumptions

6.2.12 Considering the extraordinary adverse impact of COVID-19 pandemic on domestic and international air travel, the Authority has taken into consideration the forecasted data published by ACI and IATA cited in para 6.2.10 and 6.2.11 for arriving at the revised traffic projections.

6.2.13 The Authority has reviewed the actual Passenger traffic, ATM and Cargo traffic data for FY 2022-23 (from AAI website) and has considered the same for estimating traffic for the Third Control Period:

Table 72: Comparison of Passenger, ATM and Cargo traffic at JIA of FY2019-20 vs FY 2022-23

Traffic	FY'20			FY'23			Traffic of FY'23 as a % of FY'20 traffic		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Passenger (in Nos.)	4,502,569	528,992	5,031,561	4,358,994	405,388	4,764,382	96.81%	76.63%	94.69%
ATM (in Nos.)	35,872	3,612	39,484	38,211	2,945	41,156	106.52%	81.53%	104.23%
Cargo (in MT)	15,186	2,313	17,499	15,425	1,016	16,441	101.57%	43.93%	93.95%

6.2.14 The Authority has noted the actual passenger traffic and ATM data for FY 2022-23 from AAI’s website (as shown in the table above) and has compared with the forecasted traffic submitted by JIAL. The Authority also compared the actual traffic achieved during YTD January 2024 (i.e., April 2023 to January 2024) with that of the forecasted traffic submitted by JIAL. It is noted that the actual Passenger and ATM traffic of YTD January 2024 is ~63% with that of forecasted traffic of JIAL. The details of the same are as follows:

Table 73: Comparison of Actual and Forecasted Passenger, ATM, Cargo traffic submitted by JIAL for FY'23 and FY'24

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY23									
Forecasted by JIAL (A)	4,442,927	413,883	4,856,810	40,647	2,942	43,589	16,472	1,916	18,388

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
Actuals (B)	4,358,994	405,388	4,764,382	38,211	2,945	41,156	15,425	1,016	16,441
% achieved C=(B/A) *100%	98%	98%	98%	94%	100%	94%	94%	53%	89%
FY24									
Forecasted by JIAL till Mar'24 (D)	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
Actuals till Jan '24 (E)	4,144,593	346,612	4,491,205	34,574	2,469	37,043	15,167	1,074	16,241
% achieved till Jan '24 F=(E/D)* 100%	63.79%	56.89%	63.20%	62.68%	56.86%	62.26%	64.00%	40.79%	61.68%

6.2.15 The Authority upon review of actual traffic presented in Table 73 proposes to revise the traffic forecasts for FY24, in light of the low YTD achieved till January 2024 and just two months remaining in the financial year. The Authority proposes to extrapolate the traffic attained till January 2024 for the entirety of FY24 and proposes for FY24 as follows:

Table 74: FY 24 Forecasts for Passenger, ATM, and Cargo proposed by Authority

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY24									
Forecasted by JIAL till Mar '24 (A)	6,497,250	609,283	7,106,533	55,156	4,342	59,498	23,699	2,633	26,332
Actuals till Jan '24 (B)	4,144,593	346,612	4,491,205	34,574	2,469	37,043	15,167	1,074	16,241
Derived till Mar '24 (C)	4,973,512	415,934	5,389,446	41,489	2,963	44,452	18,200	1,289	19,489
% assumed to achieve till Mar '24 (D=C/A)	76.55%	68.27%	75.84%	75.22%	68.24%	74.71%	76.80%	48.95%	74.01%

6.2.16 The Authority on the basis of the traffic forecasts derived for FY24 in Table 74, thus proposes to rationalize the traffic forecasts submitted by JIAL for FY25. The Authority proposes to apply the percentage of achieved traffic forecasts from FY24 to JIAL's FY25 forecasts.

Table 75: FY 25 Forecasts for Passenger, ATM, and Cargo proposed by Authority

Year	Passenger (in Nos.)			ATM (in Nos.)			Cargo (in MT)		
	Domestic	International	Combined	Domestic	International	Combined	Domestic	International	Combined
FY25									
Forecasted by JIAL for FY25 (A)	7,569,363	659,835	8,229,198	64,889	4,759	69,648	27,481	2,862	30,343
% of forecasts in FY24 (refer Table 74) (B)	76.55%	68.27%	75.84%	75.22%	68.24%	74.71%	76.80%	48.95%	74.01%
Forecasted by Authority for FY25 C=(A*B)	5,794,192	450,444	6,240,852	48,810	3,247	52,035	21,105	1,401	22,458

- 6.2.17 The Authority reviewed the CAGR (3-year, 5-year, 9-year and 10-year) derived by it as per Table 71, and considering the positive outlook provided by the Expert Agencies, the Authority proposes to consider the passenger, ATM, and cargo traffic proposed by JIAL for the last two (2) tariff years (FY 2025-26 till FY 2026-27).
- 6.2.18 The Authority is of the view there is a significant potential for traffic growth at JIA, but the same is restricted due to space constraints. The Authority further notes that operationalization of T-I is scheduled in Q4 of FY2023-24, and the refurbishment of T-II is scheduled in FY 2024-25 thereby increasing the terminal building area by 53.4% (42% at T-I and 11.4% for T-II) from the existing terminal area. Due to increase in area it is expected that traffic will pick up from FY2024-25 onwards and in FY2025-26 and FY2026-27, JIAL will be able to achieve the forecasted traffic.
- 6.2.19 Based on the above analysis, the Authority thus proposes to consider actual passenger traffic, ATMs, and cargo for FY2022-23; derived traffic for FY24 and FY25 as per Table 74 and Table 75; and JIAL’s submission with respect to the traffic in each category, for the remaining two tariff years of the Third Control Period. The ratio of domestic exempted and billable ATMs considered by the Authority is as per Table 70.
- 6.2.20 The Authority also notes that, as per the MYTP submission, JIAL was expected to begin the international cargo operation from 1st April 2023. However, JIAL in its response dated December 5, 2023, has informed that the international cargo operation is expected to begin post March 2024. Considering the revised start date, the Authority proposes to not consider any international cargo volume being handled by JIAL in FY 2023-24. JIAL has further stated in its response that development of Integrated Cargo Complex (ICC) is currently in design stage and is likely to be completed only by February 2026. The Authority thus proposes to consider cargo volumes for ICC from FY2026-27 onwards. The Authority also proposes to consider volume for FY 2024-25 as submitted by JIAL.

The Authority has assumed the same volumes for FY2025-26 due to cargo being handled from interim facility in absence of ICC. The Authority further proposes to consider 50% of the total cargo volumes forecasted for Jaipur Airport in FY 2026-27.

- 6.2.21 The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the Third Control Period are given in the table below:

Table 76: Traffic proposed to be considered by the Authority for the Third Control Period

Domestic Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic PAX submitted by JIAL	45.03	44.43	64.97	75.69	82.60	89.84	357.54
Domestic PAX proposed by the Authority		43.59	49.74	57.94	82.60	89.84	323.71
JIAL's submission as a % of FY 2019-20 traffic		98.68%	144.30%	168.11%	183.45%	199.53%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic		96.81%	110.46%	128.69%	183.45%	199.53%	
International Passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International PAX submitted by JIAL	5.29	4.14	6.09	6.60	7.13	7.69	31.66
International PAX proposed by the Authority		4.05	4.16	4.50	7.13	7.69	27.54
JIAL's submission as a % of FY 2019-20 traffic		78.24%	115.18%	124.73%	134.83%	145.44%	

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Proposed traffic as per Authority as a % of FY 2019-20 traffic		76.63%	78.63%	85.15%	134.83%	145.44%	
Total passengers (Lacs)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total PAX as per JIAL's submission	50.32	48.57	71.07	82.29	89.73	97.53	389.19
Total PAX (Domestic and International) proposed by the Authority		47.64	53.89	62.45	89.73	97.53	351.25
Proposed total PAX as per JIAL's submission as a % of FY 2019-20 traffic		96.53%	141.24%	163.55%	178.34%	193.85%	
Proposed total PAX as per Authority as a % of FY 2019-20 traffic		94.69%	107.11%	124.11%	178.34%	193.85%	
Domestic ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic ATM submitted by JIAL	35.87	40.65	55.16	64.89	70.52	76.40	307.61
Domestic ATM proposed by the Authority (A)		38.21	41.49	48.81	70.52	76.40	275.42
AO's submission as a % of FY 2019-20 total ATM		113.31%	153.76%	180.89%	196.59%	212.97%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		106.52%	115.66%	136.07%	196.59%	212.97%	
Domestic exempted ATM %	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL		20%	20%	20%	20%	20%	
As per the Authority (B)		19%	19%	19%	19%	19%	
Domestic Billable ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Submitted by JIAL		32.52	44.13	51.91	56.42	61.12	246.10
As per the Authority C = A*(1-B)		30.95	33.61	39.54	57.12	61.88	223.09
International ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International ATM submitted by JIAL	3.61	2.94	4.34	4.76	5.12	5.50	22.66
International ATM proposed by the Authority		2.95	2.96	3.25	5.12	5.50	19.77
JIAL's submission as a % of FY 2019-20 ATM		81.45%	120.21%	131.76%	141.72%	152.21%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM		81.53%	82.03%	89.90%	141.72%	152.21%	
Total ATM (in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total ATM (Domestic and International) as per JIAL's submission	39.48	43.59	59.50	69.65	75.64	81.89	330.27
Total ATM (Domestic and International) proposed by the Authority		41.16	44.45	52.06	75.64	81.89	295.20
AO's submission as a % of FY 2019-20 total ATM		110.40%	150.69%	176.40%	191.57%	207.41%	

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Proposed total ATM as per Authority as a % of FY 2019-20 ATM		104.23%	112.58%	131.84%	191.57%	207.41%	
Domestic Cargo traffic (in MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Domestic cargo submitted by JIAL	15.19	16.47	23.70	27.48	30.24	33.16	131.05
Domestic cargo proposed by the Authority		15.43	18.20	21.10	30.24	33.16	118.13
JIAL's submission as a % of FY 2019-20 total Domestic Cargo		108.47%	156.06%	180.96%	199.12%	218.35%	
Proposed total ATM as per Authority as a % of FY 2019-20 Domestic Cargo		101.57%	119.85%	138.98%	199.12%	218.35%	
International Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
International cargo submitted by JIAL	2.31	1.92	2.63	2.86	3.10	3.36	13.88
International cargo proposed by the Authority		1.02	1.29	1.40	3.10	3.36	10.17
JIAL's submission as a % of FY 2019-20 Cargo		82.84%	113.83%	123.74%	134.20%	145.27%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		43.93%	55.72%	60.57%	134.20%	145.27%	
Total Cargo (MT in '000)	FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total cargo submitted by JIAL	17.50	18.39	26.33	30.34	33.34	36.52	144.92
Total cargo proposed by the Authority		16.44	19.49	22.51	33.34	36.52	128.30
JIAL's submission as a % of FY 2019-20 total Cargo		105.08%	150.48%	173.40%	190.54%	208.69%	
Proposed Cargo traffic as per Authority as a % of FY 2019-20 Cargo		93.95%	111.37%	128.61%	190.54%	208.69%	
JIAL's share of Cargo Traffic (MT in '000)		FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Domestic cargo			2.75	2.75			5.50
International cargo			4.26	4.26			8.52
Integrated Cargo Complex					22.50	22.50	45.00
Total cargo handled			7.01	7.01	22.50	22.50	59.02
JIAL Market Share			27%	23%	68%	50%	
As per the Authority							
Domestic			2.75	2.75	2.75		8.25
International				4.26	4.26		8.52
Integrated Cargo Complex						22.50	22.50
Total cargo handled			2.75	7.01	7.01	18.26	35.03
JIAL Market Share			10%	23%	21%	50%	

6.2.22 The Authority has considered the traffic proposed in Table 76 above, to assess the need for the Capital expenditure proposed by JIAL for the Third Control Period and accordingly, the Authority has

rationalized the CAPEX submitted by JIAL for the Third Control Period for JIA.

6.3 Authority's Proposal regarding Traffic for the Third Control Period

Based on the available facts and analysis thereupon, the Authority proposes the following with regard to traffic forecast for the Third Control Period:

- 6.3.1 To consider the ATM, Passenger traffic and Cargo traffic for the Third Control Period for Jaipur International Airport as per Table 76.
- 6.3.2 To true up the traffic volume (ATM, Passengers and Cargo) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.

7 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE THIRD CONTROL PERIOD

7.1 Background

7.1.1 RAB is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.

7.1.2 The Authority notes that as part of the Concession Agreement (CA), JIAL has proposed to plan and develop JIA in a phased manner during the Concession period, as well as cater to the annual passenger throughput capacity (domestic and international) and annual cargo handling capacity, along with ancillary facilities as per its demand projections. Further, development of the airport includes construction and procurement of various assets as described in the Concession Agreement such as:

- Runways, taxiways, apron, aircraft parking bays, air traffic control tower, Cargo facilities, Parking, flight kitchens, MRO facilities, warehousing facilities, airline offices, administrative offices and associated facilities.
- Construction and procurement of Terminal Building and facilities and
- Construction of required approach roads.

7.1.3 The Authority notes that JIAL is mandated to develop an integrated terminal building which is efficiently planned, flexible for phase-wise development, sustainable and economical, as stipulated in Schedule B of Annex I of the CA. Further, as per Clause 23.7.1 of the CA - "*The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council international ("ACI") or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 (four point five) out of 5.0 (five) and/ or shall appear within top 20 (twenty) percentile of all airports, in its category in the world in such survey within 5 (five) years from the COD and maintain the same throughout the rest of the Concession Period.*"

7.1.4 The Authority understands that as part of the Concession Agreement (CA), JIAL shall be liable to pay to AAI amounts incurred by AAI as on the COD in respect of works-in-progress as set forth in Schedule T of the CA. As per section 3.5 of the MYTP submitted by JIAL the AAI has raised an invoice of ₹15.56 Crore (excluding GST). As per JIAL these assets are capitalized in the books of account as and when completed. Accordingly, Authority notes that these assets are captured on Fixed Asset Register and forms part of Regulatory Asset Base.

7.1.5 The Independent Consultant appointed by the Authority has performed an in-depth analysis of the submissions made by JIAL towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:

- i. Sought various technical and study reports of the Consultant appointed by JIAL, Drawings and Plans, BOQs, Cost estimates and break-up, detailed justification and explanation, Demand vs Requirement statement, Copies of Letter of Intent (LOI), Letter of Award (LOA), Purchase Orders and Work Orders, etc., provided by JIAL and
- ii. Sought documentary evidence and the process of approval of capital addition projects including competitive bidding process for award of various work orders to the contractors, if applicable.
- iii. The consultants also visited Jaipur International Airport for a site visit on 24th November 2023.

Focusing specifically on review of current airport operation and proposed airport development plans.

Based on the review of documents as stated above and the essentiality and necessity for Airport operations, the Authority has rationalized the CAPEX projects submitted by JIAL, by shifting the capitalization date of some of the projects within the Third Control Period and deferring certain others to the next Control Period.

- 7.1.6 In the background of the facts stated above, the Authority has examined the capital expenditure proposed by JIAL, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Third Control Period. This is done with a view to encourage the investment and maintain a balanced approach between sustainable operations of the JIAL and the interest of the airport users. Further, the Authority take cognizance of the fact that, if any excessive capex is allowed in this Control Period, it would be against the regularity framework, as tariff would have no link to the services/facilities created at the Airport and the resultant high aeronautical charges would be unfair to the end users.

Hence, the Authority has examined the entire CAPEX plan in detail including CWIP projects and the New CAPEX for Jaipur Airport, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Third Control Period with a view to encourage the investors and maintain a balanced approach between the sustainable operations of JIAL and the interest of the airport users.

- 7.1.7 Based on the above, the Authority has rationalized the capital expenditure for all the projects and accordingly proposed capital additions for the Third Control Period. Further, the Authority has not considered some of the projects on account of the expected completion of the proposed project may occur either just at the end of control period or in next control period.

- 7.1.8 Towards this objective, the Authority has examined in detail the Aeronautical Capital Expenditure, Depreciation and RAB submitted by JIAL and has presented its views in the following order:

- i. Capital expenditure proposed by JIAL for the Third Control Period
- ii. Capital Additions initiated by AAI during the pre-COD period and transferred to JIAL as part of the Concession Agreement.
- iii. Interest during Construction/financing allowance
- iv. Aeronautical allocation of capital expenditure for the Third Control Period
- v. Aeronautical Depreciation for the Third Control Period
- vi. Regulatory Asset Base for the Third Control Period

- 7.1.9 The Authority's Independent Consultant, interacted with the technical team of JIAL on the aspects of airport planning, traffic estimation and its short, mid and long term impact on Airport Economics as provided in the Concession Agreement.

Based on the response provided by JIAL, the Authority observed that prima facie, JIAL has not demonstrated desired understanding of optimal planning and execution of capex projects related to airport. This is evident from the fact that the proposed CAPEX has not been linked with expected outturn of traffic and is multifold as compared to other airports which handle similar traffic levels. JIAL has projected a capex to the tune of ₹ 5998.15 Crores for handling traffic of 9.7 Mn in FY'27, which has no rational justification. This approach of the Airport Operator is not in the overall interest of the stakeholders of the airport. It appears that the CAPEX has been projected by JIAL without linking it with the mandate provided under Schedule B of the Concession Agreement.

In view of these facts, the Authority notes that the Capital Expenditure estimates submitted by JIAL are

not reasonable / their need is not justifiable. Therefore, the Authority has considered various applicable factors such as current capacity, traffic estimates, normative cost benchmarks, need assessment etc. together with the need for modular development of facilities as mandated by the Concession Agreement and has rationalized the Capital Expenditure proposed as detailed below.

7.2 JIAL’s submission of Capital Expenditure proposed for the Third Control Period

7.2.1. Jaipur International Airport submitted Aeronautical Capital Expenditure of ₹ 5998.15 Crores in the MYTP submitted for the Third Control period as given below:

Table 77: Asset-wise Aero Capex submitted by JIAL for the Third Control Period

(₹ Crores)

Asset Category	FY 23	FY 24	FY 25	FY 26	FY 27	Total
Terminal Building	4.67	912.53	972.24	1,028.64	907.53	3,825.60
Runway, Taxiway & Apron	0.00	152.93	168.84	36.83	0.00	358.60
Boundary walls	0.00	2.09	13.38	42.24	0.00	57.71
Roads	0.00	81.63	120.43	145.63	114.50	462.20
Cargo	7.49	42.04	69.49	0.00	0.00	119.02
Fuel Far	0.00	170.21	184.62	3.33	0.00	358.15
Vehicles	2.46	0.00	23.77	25.67	42.09	94.00
Plant & Machinery	18.49	62.67	93.66	70.37	68.70	313.90
Other Buildings	1.00	21.16	58.42	30.44	2.73	113.75
Information Technology	13.62	24.60	49.96	49.74	55.29	193.21
Furniture and Fixtures	0.25	0.36	2.34	1.43	1.16	5.54
Security Equipment	0.00	0.00	0.43	0.26	0.00	0.69
Total (A)	47.98	1,470.23	1,757.56	1,434.58	1,192.01	5,902.36
Add: Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes (B)	0.00	0.00	23.12	72.66	0.00	95.79
Grand Total (A+B)	47.98	1,470.23	1780.68	1507.24	1192.01	5998.15

7.3 Authority’s examination of Capex, Depreciation and RAB for the Third Control Period

The Authority as part of its examination of the Aeronautical Capital Expenditure submitted by JIAL for the Third Control Period, had raised various queries and sought clarification on the essentiality of the capital expenditure and enquired for necessary documents such as project cost estimates, Technical Consultant’s report and inspection report issued by various authorities etc., substantiating the capital expenditure proposed by JIAL in the MYTP. The aforementioned documents and clarifications were provided in a phased manner by JIAL. The Consultation Process is an exhaustive exercise which involves analysis of significant data and facilitates, in reaching conclusions and recording the resultant proposals keeping in mind the interest of all stakeholders. Accordingly, the Authority had relied on the information made available by JIAL and made appropriate analysis and made changes wherever necessary.

7.3.1 The Authority has noted that out of total Aeronautical CAPEX submitted by JIAL as on April 22, 2023, 0.29% pertains to CWIP projects taken over from AAI and the balance 99.71% pertains to the new CAPEX proposed by JIAL for the Third Control Period. While analyzing the MYTP of JIA regarding Capital Expenditure for the Third Control Period, the Authority has taken into consideration the traffic as per Table 76. Capex has been rationalized based on various factors including post COVID 19 developments.

7.3.2 The capital additions as stated in para 7.2 above are further explained as project wise in the table below and evaluated by the Authority in the same sequence.

Table 78: Project wise Capital Expenditure submitted by JIAL for the Third Control Period*(₹ Crores)*

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
	Passenger Terminal and Associated Works			
A.1	New Integrated Terminal-III (NITB)	2027	2191.18	2476.19
A.2	Elevated Departure and Arrival Road for new T-III	2027	276.46	312.42
A.3	New electrical substation for proposed new infrastructure	2027	104.00	117.53
A.4	STP for proposed new T-III	2027	5.80	6.55
A.5	Extension of North-West Apron for NITB	2026	30.78	33.38
	Total		2,608.22	2946.07
A.6	Existing Terminal 1 upgradation and associated works	2025	2.86	3.01
A.7	Operational capex for commencement of Terminal 1	2023-2027	4.02	4.02
A.8	Terminal 2 upgradation and associated works	2025	262.9	278.98
	Total		269.78	286.01
	Runways, Taxiway & Aprons			
B.1	Airside Drainage Works	2026	44.7	49.57
	Apron and Taxiway related works			
	Construction of Apron near Cargo Terminal	2025	5.35	5.74
	Construction of associated Taxiways for North-West Apron	2025	92.01	98.75
B.2	Construction of Code E Taxiway for Terminal 1 Apron	2025	13.04	13.99
	Construction of New Link Taxiways	2025	11.68	12.53
	Construction of New Rapid Exit Taxiway	2025	15.46	16.59
	Construction of T1 Apron	2025	29.47	31.63
B.3	GSE Staging - (Rigid Pavement)	2026	4.89	5.31
B.4	Refurbishment of RESA 09 & 27	2025	4.03	4.27
B.5	Improvement of CBR value of basic strip	2026	11.8	13.33
	Total		232.42	251.71
	Construction of Boundary Wall			
C.1	Airport Boundary Wall (New Construction)	2026	4.4	4.94
C.2	Airside Perimeter & Service Road including streetlights	2026	4.82	5.26
C.3	Perimeter Intrusion Detection System (PIDS)	2026	31.6	36.33
	Total		40.82	46.53
	Access Road			
D	Fire access road on south of Runway & perimeter road repair	2023-2027	17.7	20.16
	Total – Access Roads		17.7	20.16
	Cargo Complex			
E.1	Interim Cargo Facility	2024	79.27	9.26
E.2	Integrated Cargo Terminal	2026	9.11	85.81
	Total – Cargo Complex		88.38	95.07
	Fuel Farm Infrastructure			
F.1	Fuel Farm facility	2026	118.05	127.41
F.2	Hydrant Line	2026	95.17	102.72

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S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
F.3	Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	2024	29.5	30.97
	Equipment (Dispenser and Bowsers)	2026	18.15	19.59
	Total – Fuel		260.87	280.69
G	Vehicles			
	G.1 Ambulance (4 Nos) for ARFF & Recovery Vehicle	2023-2027	1.24	1.37
	G.2 CFTs(4Nos.) for ARFF	2023-2027	61.36	71.96
	G.3 Conversion of vehicles to EVs	2023-2027	6.49	7.06
	G.4 Modified Vehicle for BDDS equipment	2023-2027	0.3	0.33
	G.5 EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2023-2027	0.3	0.33
	Total – Vehicles		69.68	81.03
H	Plant and Machinery			
	H.1 Oil Water Separators (OWS)	2026	12.54	13.6
	H.2 Triturator	2025	2.96	3.17
	H.3 Hazardous Waste Storage	2026	0.37	0.41
	H.4 Reticulation of utilities to new facilities	2027	5.6	6.33
	H.5 HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2023	0.59	0.59
	H.6 Terminal 1 -Immigration counters, glass partition and water proofing	2023	0.13	0.13
	H.7 Augmentation of water supply from PHED , Govt. of Rajasthan at Jaipur Airport.	2023	1.77	1.77
	H.8 SITC of CAT-IIIB lights and associated works for Parallel taxiway phase II	2024	8.26	8.58
	H.9 Construction of view cutter for Tango Apron area	2025	4.47	4.93
	H.10 Modification in PAPI, Runway centerline circuits, separate guard light circuits and provision of interleaving AGL circuits.	2024	2.6	2.7
	H.11 Gas suppression system -NAV-AIDs site	2024	0.8	0.83
	H.12 Special repair/modernization of Thyssenkrupp make lifts in ATC Tower.	2023	0.09	0.09
	H.13 Modernization of existing hydro pneumatic system & water storage/distribution in airport from T2 to operation area and T1	2023	0.3	0.3
	H.14 33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2024	6.61	6.67
	H.15 Power factor improvement at 33 KV Substation	2024	0.59	0.62
	H.16 Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	0.3	0.31
	H.17 Enhancing solar plant capacity by 500 KW	2024	2.95	3.1
H.18 Replacement of all type of AGL halogen lights with LED lights	2027	21.24	24.81	

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2023-2027	1.24	1.25
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2023-2027	0.01	0.01
H.21	Organic waste converter (OWC)	2025	0.18	0.2
H.22	Night Vision Device (NVD)	2023-2027	3.29	3.71
H.23	BP Jackets	2023-2027	1.09	1.17
H.24	BP Helmet	2023-2027	0.45	0.49
H.25	Bullet Proof Shield	2023-2027	0.64	0.71
H.26	Bullet Proof Morcha	2023-2027	1.27	1.41
H.27	Binocular Device	2023-2027	0.2	0.22
H.28	Hands Free Communication RT	2023-2027	0.01	0.01
H.29	Convex Mirror (Blind Curve)	2023-2027	0.03	0.03
H.30	Printer with photocopy	2023-2027	0.11	0.11
H.31	Body Scanner	2023-2027	11.33	12.89
H.32	BDDS Equipment's (Set)	2023-2027	2.32	2.64
H.33	CISF Mess Equipment	2023-2027	0.41	0.46
H.34	CISF Barrack Lodging Material	2023-2027	0.71	0.82
H.35	CISF - Gym equipment	2023-2027	0.15	0.16
H.36	Ghumti/ security cabin	2023-2027	0.06	0.07
H.37	CTSR (Containerized Tubular Shooting Range)	2023-2027	2.36	2.6
H.38	Miscellaneous	2023-2027	1.36	1.53
H.39	Bollards	2023-2027	2	2.03
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2023-2027	1.12	1.29
H.41	Signage - New procurement for emergency route identification etc. - T1	2023-2027	0.2	0.23
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2023-2027	0.07	0.08
H.43	Cones, Barricades	2023-2027	0.05	0.05
H.44	WHM Equipment	2023-2027	0.35	0.39
H.45	Separate Storage of Fire Crackers for Bird scaring	2023-2027	0.07	0.07
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	0.14	0.15
H.47	ASMA for Safety use by Safety officers	2024	0.02	0.02
H.48	FOD MAT for collection FODs	2023-2027	0.52	0.57
H.49	Gym Equipment / Table Tennis	2023-2027	0.06	0.07
H.50	Green walls at terminal-1/2 (1000 sq.)	2023-2027	0.98	1.1
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)	2023-2027	4.29	4.81
H.52	Polyhouse 500Sqm.	2023-2027	0.57	0.64
H.53	Planters and pots for terminal 1 & 2	2023-2027	1.39	1.55
H.54	Purchase indoor and outdoor Plants T1/2	2023-2027	2.26	2.51
H.55	Irrigation Development	2024	0.35	0.37
	Total – Plant and Machinery		113.82	125.36

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
	Other Buildings			
I.1	Bomb Cooling Pit (New Construction)	2025	0.8	0.85
I.2	CCR Room East & West	2026	7.57	8.21
I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	4.13	4.5
I.4	New Airside Gates - 1	2026	0.56	0.62
I.5	Relocation of MSSR	2026	5.41	5.9
I.6	Relocation of SMR	2025	0.66	0.71
I.7	Construction of Administration Building	2026	45.26	50.34
I.8	Police Station (New Construction)	2025	3.7	3.99
I.9	Solid Waste Facility	2026	1.85	2.05
I.10	Installation of EV charging stations	2023-2027	0.14	0.14
I.11	Solid waste management yard	2025	0.41	0.46
I.12	Unified Security Control Room for CISF	2026	0.59	0.67
I.13	Upgradation of RLCC Control Rooms infra	2023-2027	0.3	0.34
I.14	Additional/ Relocation & Refurbishment of Watch towers	2023-2027	0.68	0.76
I.15	Upgradation/ Refurbishment of Antihijack Control Room	2023-2027	0.58	0.58
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2023-2027	1.44	1.63
I.17	Setup of Apron Office, Fire Station Movement	2023-2027	0.35	0.39
	Total – Other Buildings		74.43	82.15
	IT equipment			
J.1	Card Printer for Biometric AEP	2023-2027	0.16	0.18
J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network Switches and passive cabling)	2023-2027	5.12	5.29
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2023-2027	1.45	1.6
J.4	CCTV workstation and display	2023-2027	0.05	0.06
J.5	Access control system	2023-2027	0.54	0.58
J.6	Biometric Access control system for CISF	2023-2027	0.12	0.13
J.7	Desktop and monitors for CISF & AEP Section	2023-2027	0.39	0.42
J.8	Guard Tour System	2023-2027	0.02	0.03
J.9	Readers for Biometric AEP	2023-2027	0.47	0.51
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2023-2027	1.16	1.29
J.11	Mobile phone for CISF outer duty post	2023-2027	0.02	0.02
J.12	Automation of AEP Section/ security process	2023-2027	0.35	0.41
J.13	POC and New Tech evaluation	2023-2027	1.11	1.19
J.14	NEW AOS-SITA	2023-2027	0.97	1.03
J.15	AOS - INFRA @ MS Azure	2023-2027	3.26	3.62
J.16	INTEGRATION	2023-2027	0.82	0.89
J.17	IT Infra & DC	2023-2027	3.84	4.07

S. No.	Particular	Year of Capitalization (as per JIAL)	Base Cost	Capex with Indexation
J.18	Cyber	2023-2027	1.41	1.48
J.19	Strategic Projects - (Refer Annexure – 4)	2023-2027	111.14	126.84
J.20	BU Growth & Sustainable	2023-2027	1.11	1.19
J.21	Asset level Technology Refresh	2023-2027	12.93	14.87
J.22	Software for ADP/AVP through HQ, Ahmedabad	2023-2027	0.26	0.27
J.23	GPS Satellite watches	2023-2027	0.02	0.03
J.24	Software for Aerodrome Safeguarding & AIS	2023-2027	0.24	0.26
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report (SOR) etc. for use by Apron Control	2023-2027	0.04	0.05
J.26	Software for maintaining Safety Data and retrieval of reports	2023-2027	0.24	0.26
	Total – IT equipment		147.26	166.56
	Furniture & fixtures			
K	K.1 Furniture & Fixtures (Chairs, Stool, Tables, etc)	2023-2027	1.3	1.45
	K.2 Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	2023-2027	1.36	1.53
	K.3 Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	2023-2027	1.57	1.79
	Total – Furniture & fixtures		4.23	4.77
	Security equipment			
L	Security equipment for Gates	2026	0.5	0.56
	Total – Security equipment		0.5	0.56
	Runway Recarpeting and other related work			
M	Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes#		70.80	80.97
Total Project Cost of New Capital Expenditure Projects				
Total			3998.92	4467.64

#The capex towards Runway Recarpeting work has not been considered as part of RAB. It has been considered as OPEX.

Apart from the base cost, JIAL has considered soft cost, IDC and Financing allowance as part of total capex, details of total capex are as follows:

Table 79: Details of Total CAPEX as submitted by JIAL

S. No.	Project Name	Cost
I	Basic cost (Including indexation) as tabled above	4467.64
II	Soft Cost	714.83
III	Interest During Construction	530.16
IV	Financing Allowance	285.47
	Grand Total	5998.15

7.3.3 Airport User Consultation Committee (AUCC)

- The Authority noted that JIAL conducted its Airport User Consultation Committee (AUCC) Meeting on March 27, 2023 with all the stakeholders and discussed about Capital Expenditure proposed to be

undertaken during the Third Control Period of FY 2022-23 to FY 2026- 27. The meeting was attended by various airport stakeholders including but not limited to International Airport Transport Association (IATA), Federation of Indian Airlines (FIA), Federation of Indian Chambers of Commerce and Industry (FICCI), Indigo, Spicejet, Air India, AirAsia, Go First, ISPs, AAI, Immigration, Local Trade Bodies among others. As per the minutes of the meeting, the Authority observed that the JIAL had broadly discussed the following with the stakeholders:

- a. Background of the project and JIAL future strategy
 - b. Traffic forecast
 - c. Existing infrastructure and proposed master plan.
 - d. Capex project including new terminal, existing terminal improvement works, airside improvement work and other minor projects.
- ii. From the perusal of the minutes it turns out that the stakeholders made important observations in relation to the aspects of normative costing, cost estimates for the capex projects, sources of funding, option for design of RESA, requirement of Terminal-III, issues relating to cargo processes, tariff impact due to ongoing and newly planned projects, ATM facility which has been withdrawn and early operationalization of T1 so that the existing congestion at the Airport can be taken care.
- iii. Some of the key observations made by the stakeholders are as below:
- a. FIA insisted on adoption of AERA normative norms for capital projects and mentioned to increase non aero revenue to minimize airport charges.
 - b. IATA suggested to evaluate overall capacity of the Jaipur Airport vis a vis projected traffic while planning for new terminal. IATA also mentioned that T1 and T2 should be utilized efficiently with technology upgradation and capex toward new terminal may be prudently deferred.
 - c. Industry association such as Chamber of Commerce urged to operationalize T1 as soon as possible to reduce congestion.
 - d. Indigo Airline appreciated master plan and proposed project, also agreed to provide necessary support.
- iv. The Authority notes from the Minutes of the AUCC meeting that, stakeholders have emphasized to carry out only the necessary and essential projects during the Third Control Period, after fully utilizing the existing infrastructure. The Authority also notes that certain observations were made by some of the stakeholders relating to the aspects of normative costing, cost estimates projected for the capex projects, improvement of existing facilities, etc.
- v. The Authority also notes JIAL response to the stakeholder comments, some of the responses to the key observations raised by the stakeholders are as below:
- a. The cost for the proposed expansion is within the normative cost with indexation.
 - b. There is a limitation to increase non-aero revenue due to limited space availability with the current infrastructure and increasing passenger flow. However, necessary provision will be made in new infrastructure.
 - c. The existing terminal facility will not be able to meet the demand along with the desired SLAs, thus T-III is proposed which is in line with AAI's plan.
- vi. The Authority has examined the capital expenditure projects submitted by JIAL and has rationalized it based on present and future designated capacity of the Airport to handle the forecasted traffic and with the perspective of keeping the tariff rates at a reasonable level.

7.3.4 Inflation-adjusted normative cost for capital projects

- i. The Authority vide its Order No. 07 / 2016-17 dated June 6, 2016 (Normative Order), had considered normative cost of ₹ 65,000/- per Sqm. for Terminal Building. The normative cost specification provided as Annexure-1 of Normative Order. This mainly includes cost toward structural works of the terminal building, air conditioning, fire-fighting system, water supply, sanitary, substation equipment for power supply including stand by system, passenger facilities viz FIDS, Furniture, Signages and Security surveillance, airlines related services viz Check-in, CUTE, CUSS and Baggage Reconciliation System, In-line X ray screening, Standalone screening , BHS for arrival and departure, Escalators, Elevators, Travelators and PBB are included. The cost of other items required for terminal building such as elevated connection to the terminal building etc. is not covered in the aforementioned list, the cost of such items will be derived separately and added to the overall cost of the project.
- ii. In this respect, the Authority notes that it has considered a normative cost of ₹ 1,00,000 per sqm for FY 2020-21 in some of the recent tariff orders of Ahmedabad, Lucknow, Patna, etc, based on the superior specifications, processes and the architectural features of modern Terminal Buildings. In view of the same, the Authority in case of JIAL, proposes to consider ₹ 100,000 per sqm in the base year FY'2021 for terminal building works.
- iii. The proposed capital expenditure for third control period is spread across the control period. JIAL has applied the inflation index of 5% over the base cost to capture inflationary impact. As per JIAL the 5% YoY growth has been considered based on RBI forecaster survey Dec 2022. Authority has reviewed the same and observed that same needs to be aligned as per latest inflation index data issued by RBI Forecaster Survey.
- iv. The Authority has derived the inflation adjusted normative rates for the proposed capex in the current Control Period by considering the rate of inflation as follows:
 - FY 2021-22 –The Authority observes that FY 2021-22 was an exceptional year due to COVID -19 pandemic, wherein the inflation rate was 12.97%. However, during the period FY 2016-17 to FY 2020-21, the rate of inflation was in the range of 1.31% to 4.26%. Considering this extraordinary situation, the Authority feels that the inflation rate of FY 2021-22 needs to be rationalized. Hence, instead of considering the inflation rate of 12.97% for FY 2021-22 (as per press release dated April 18'2022, by Dept. for Promotion of Industry and Internal Trade, Government of India), the Authority has considered the average rate of inflation of FY 2020-21 (1.29%) and of FY 2021-22 (12.97%), which works out to 7.14%. The Authority has considered this average rate of inflation for FY 2021-22, in order to smoothen out the volatility in commodity price caused by COVID-19 pandemic and the supply side disruptions.
 - FY 2022-23 – 9.42% (considered as per the data published by the Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade) and
 - FY 2023-24 to FY 2026-27 – 0.20% in FY 2023-24 and 3.80% thereafter (considered as per 86th Round of Survey of Professional Forecasters on macroeconomic indicators).

In the Order No.07/2016-17 dated 13th June 2016 on “In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports – Capital costs Regarding” the ceiling cost mentioned is inclusive of taxes applicable at that time i.e. 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Hence, the inflation adjusted normative cost is worked out below by considering the additional 6% resulting in a total GST rate of 18%. The Authority, in this regard notes that the proposed normative cost of ₹ 1,00,000 per sqm is inclusive of GST, Accordingly, the Authority first arrived normative cost excluding of GST and then applied 18% GST which comes to ₹ 1,05,357 per sqm, the amount so arrived is indexed with inflation to arrive normative rates for following years.

The inflation adjusted normative costs, thus derived is presented in the below table:

Table 80: Inflation Adjusted normative rates for the Terminal Building

Financial Year	Inflation rate	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
FY'21	-	100000	1,05,357
FY'22	7.14%	107140	1,12,880
FY'23	9.42%	117233	1,23,513
FY'24	0.20%	117467	1,23,760
FY'25	3.80%	121931	1,28,463
FY'26	3.80%	126565	1,33,444
FY'27	3.80%	131374	1,38,411

*Note

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 1,00,000 per sqm

Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112) = Rs. 89,286 per sqm

Add GST @ 18% (C=B*18%) = Rs. 16,071 per sqm

Normative cost including GST (D = B+C) = Rs. 1,05,357 per sqm

The Authority has considered normative cost for the terminal expansion projects considered in this control period. In view of the above, the Authority has considered the applicable normative cost as per the project schedule submitted by JIAL.

Further, the Normative Order also provide normative cost for pavement related works for Apron, taxiway, runway. The normative cost for the Runway/taxiway/Apron (excluding earthwork up to sub grade level) was ₹ 4700/- per sqm based on the project executed in FY 2015-16. The Authority has adjusted the normative cost on account of additional tax impact of 6% on account of GST in line with the adjustment made in arriving normative cost for terminal cost across all Airports uniformly. The inflation adjusted normative rate for Runway/taxiway/Apron excluding earthwork up to sub grade level proposed to be as follows:

Table 81: Inflation adjusted Normative Cost considered by the Authority

Financial Year	Inflation rate	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
FY'16-Base Year		4700	4952
FY'17	1.73%	4781	5038
FY'18	2.96%	4923	5187
FY'19	4.26%	5133	5408
FY'20	1.67%	5218	5498
FY'21	1.31%	5287	5570
FY'22	7.14%	5664	5968
FY'23	9.42%	6198	6530
FY'24	0.20%	6210	6543
FY'25	3.80%	6453	6799
FY'26	3.80%	6718	7077
FY'27	3.80%	6993	7368

*Note

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 4700 per sqm

Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112) = Rs. 4196 per sqm

Add GST @ 18% (C=B*18%) = Rs. 756 per sqm

Normative cost including GST ($D = B+C$)

= Rs. 4952 per sqm

7.3.5 The Authority notes that there are capital projects initiated by AAI during the Pre-COD period and subsequently handed over to JIAL as part of the Concession Agreement (Schedule T and U of the Concession Agreement). Authority considers the capital additions as capitalized by JIAL during the year.

7.3.6 The Authority's examination of the Capital Expenditure projected for the Third Control Period has been explained in detail in the ensuing paragraphs:

A. Passenger Terminal and Associated works

A.1 New Integrated Terminal-III (NITB) (₹ 2476.19 Crores)

- i. As part of the capital expenditure for the Third Control Period, JIAL has proposed the commissioning of New Integrated Terminal Building, Phase I of the NITB is proposed to be commission in January 2027 at an estimated cost of ₹ 2191.8 Cr. (without indexation and soft costs) with a planned capacity of 12 MPPA. The area for Terminal-III is 1,50,000 SQM. The project was presented to the stakeholders at the AUCC meeting held on 27 March 2023. The terminal would be connected on the landside with elevated departure road and at-grade road network at arrival level. The location of Phase I of the proposed NITB is shown below.

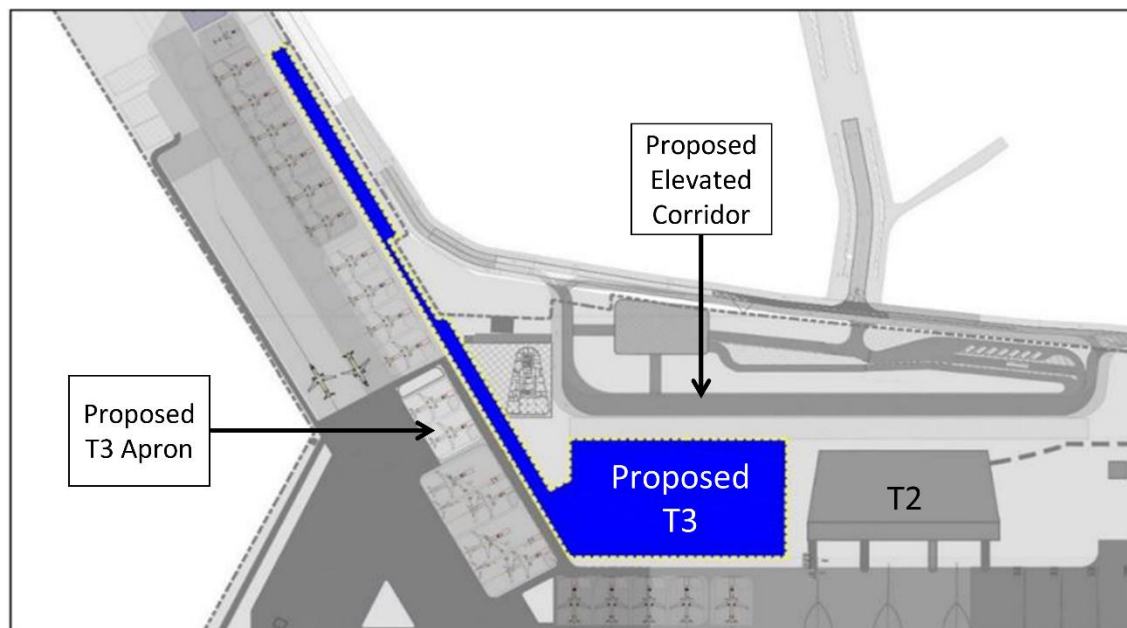


Figure 2 Proposed location of Terminal-III

- ii. As per JIAL, the present terminals have a combined capacity of 6 MPPA (T-II - 5 MPPA and T-I- 1 MPPA). JIAL proposed the modification refurbishment, and expansion of the existing terminals, in addition to constructing NITB to augment the capacity to 18 MPPA (T-I – 1.0 MPPA and T-II – 5.0 MPPA and NITB – 12 MPPA) by end of FY' 27.
- iii. Jaipur Airport has handled 5.4 Mn pax in FY'19 i.e. pre-Covid year and is expected to handle 5.39 Mn pax in FY'24 based on the actual traffic achieved from Apr'24 to Jan'24 4.49 Mn passenger. JIAL is expected to handle 9.75 Mn Pax in FY'27.
- iv. In Second Control Period, previously AAI has proposed the expansion of T-II for 1,45,000 sqm which was approved by AERA on incurrence basis. However, due to COVID-19 AAI did not incur that capex. JIAL after re-assessing the master planning has proposed a New

Integrated Terminal-III of 1,50,000 sqm (against AAI proposal of 1,45,000 sqm) alongside Terminal-II. As per JIAL, in order to meet the Service Quality requirements of the CA, additional passenger boarding bridges as well as additional processors are required to cater the passenger growth as per the forecast.

- v. Further, construction of New Integrated Terminal Building-III is part of list of works proposed to be executed by the JIAL as per the Schedule-U of the Concession Agreement.
- vi. In line with the MYTP, subsequent clarification and discussions with JIAL, through its Independent Consultant, Authority notes that the procurement process and design for New Integrated Terminal Building-III is currently at very preliminary stage. As per MYTP, the construction of New Terminal Building-III was expected to start in Jun'23 and expected to complete by Jan'27. Based on the site visit made by the Independent Consultant on 24th November'2023, it is understood that neither design has been finalized nor work awarded. Therefore, no construction activity has taken place at the site. Thereby, it appears that due to above delays, NITB may get commissioned during next control period only. Accordingly, New Terminal Building-III is not considered as part of RAB within this control period.
- vii. Further, The Authority has drawn inference from Schedule B of the Concession Agreement and has analyzed the CAPEX proposed by JIAL for NITB -III, keeping in view the need to maintain a balanced approach between the investors and the Airport Users. It is pertinent to note here that, Schedule B (para 2 relating to 'Description of Terminal Building') clearly mentions about modular and phase-wise development of Terminal Building thereby allowing flexibility and ease of expansion. The relevant portion of the Concession Agreement relating to Schedule B para 2 is reproduced below:
2 Description of Terminal Building

The guiding principles for planning and design of the Terminal Building are provided below. The Concessionaire shall develop an integrated terminal building, which is efficiently planned, flexible for phase-wise development, sustainable and economical.

The organization of the spaces and structural design of the terminal should be modular thereby allowing flexibility and ease of expansion. The terminal processor should allow for phase-wise development of key functions such as baggage claim halls and processing areas.
- viii. The Authority, thereby directs the Airport Operator to suitably examine the sizing and process requirements of the New Terminal preferably in modular fashion as prescribed in Concession Agreement in line with IMG/IATA norms, Airports being developed in the vicinity of the Jaipur Airport, latest BCAS guidelines, Concession Agreement requirements before commencing the construction.

A.2 Elevated Departure and Arrival Road for new T-III (₹ 312.42 Crores)

- i. Along with the construction of the NITB Phase I, JIAL has also proposed the construction of multilevel roadway system of elevated and at-grade roads connecting to the terminal's kerbs. All the terminal roadway system (3 lanes in each direction) - elevated and at-grade shall be unidirectional near the terminal to avoid conflict of vehicle flows and provide direct guidance to incoming and out-going traffic of NITB Phase I. The elevated departure road to the proposed new Terminal T-III is a uni-directional roadway for direct vehicular connectivity to T-III departure level at +11.3m level. The arrival road is located at ground level.

- ii. The proposed infrastructure will be constructed in coordination with Jaipur Development Authority (JDA), as the up ramp and down ramp including elevated portion of the access road falls outside the airport land which is with Jaipur Development Authority.

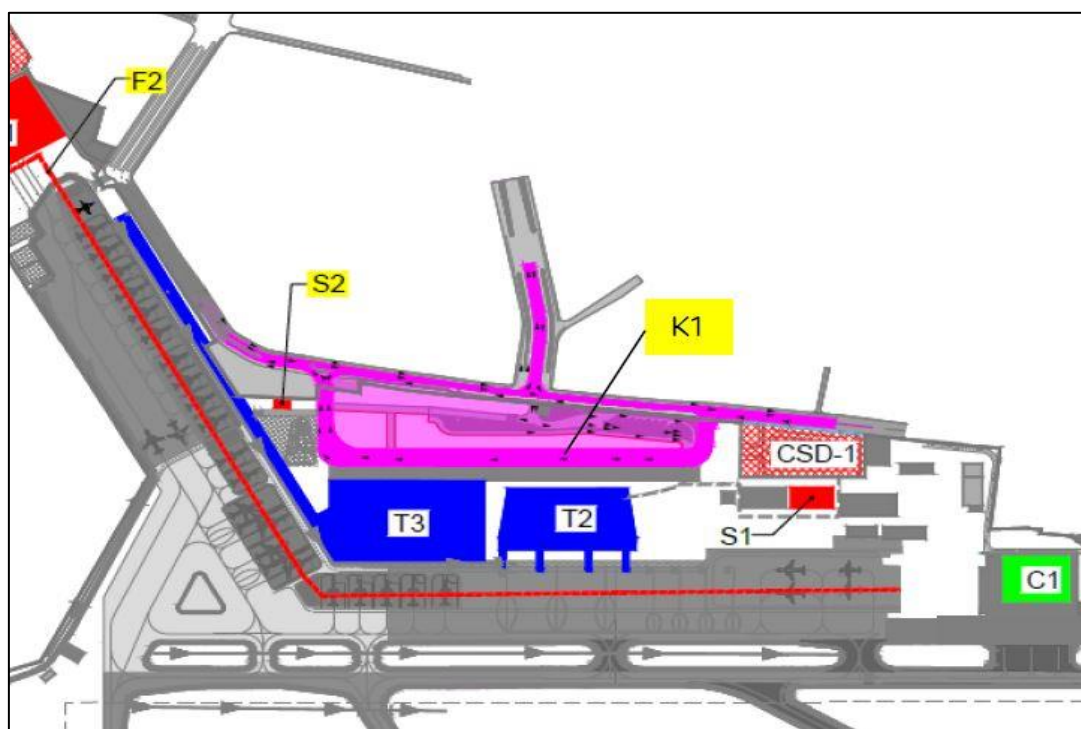


Figure 3 Elevated Access and Egress Corridor

- iii. JIAL has estimated construction of elevated road to Terminal III, the submission considers construction of road within and outside airport boundary. Following are the details of construction area within and outside airport boundary:

Table 82: JIAL’s submission on Elevated Departure and Arrival Road for new T-III

New Pavement	Area (Sqm)	Inside Boundary Area (Sqm)	Outside Boundary Area (Sqm) subject to approval from JDA
At grade (flexible pavement)	58,000	47,750	10,250
Elevated Road	6,000		6,000
Elevated Departure Corridor	20,000	20,000	
Ramps	8,250		8,250
Total	92,250	67,750	24,500

- iv. As per the tariff determination guidelines the Regulatory Asset Base considers assets within airport boundary only. Accordingly, any development outside airport boundary cannot be considered as part of Regulatory Asset Base. JIAL should take this into account while planning the proposed connection for Terminal III.
- v. Based on the Authority’s analysis, the project relating to elevated departure and arrival road is required to provide the access to NITB-III. Accordingly, the phasing should be aligned to Terminal III project and thus not considered in the RAB for third control period.

A.3 New electrical substation for proposed new infrastructure (₹ 117.53 Crores)

- i. JIAL has proposed the commissioning of a new Substation building in FY 2027 at an

estimated base cost of ₹ 104.00 Cr (excluding indexation and soft cost). The Authority notes that the proposed sub-station is to cater to the increased power demand of the airport.

- ii. New 132 KV/11 KV, 2x20 MVA substation is proposed for Terminal-III, administration office, police station, and other infrastructure proposed in third control period. The proposed works include reticulation of the power supply to these new infrastructures.
- iii. The requirement for the substation is mainly for Terminal-III. Since this project is directly linked with Terminal-III, the phasing should be aligned to Terminal-III project. Accordingly, Authority proposes not to consider this project for the purpose of RAB calculation for third control period.

A.4 STP for proposed new T-III (₹ 6.55 Crores)

- i. JIAL in its submission has stated the following: *“Existing STP is of 100 KLD capacity and will not be able to take additional load. STP used for recycling of sewage is proposed to cater for the increased sewage generated from the new T-III. This facility shall be compact, odor free and consume low power. Wastewater after treatment shall be utilized for air conditioning cooling tower make-up, irrigation system and flushing.”*

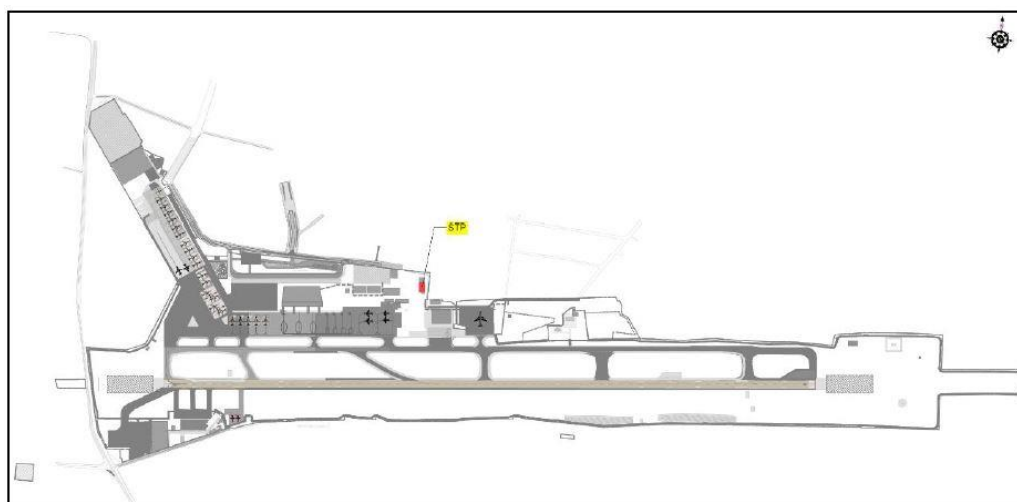


Figure 4 STP for Terminal-III

- ii. Based on Authority’s analysis, this project is required for NITB-III. Accordingly, the phasing should be aligned to Terminal-III project. Thus, the Authority proposes not to consider this project in third control period.

A.5 Extension of North-West Apron for NITB (₹ 33.38 Crores)

- i. JIAL has proposed *“to convert part of existing taxiway T from flexible pavement to rigid pavement and thus use this area for aircraft parking stands. This project involves construction of approx. 26,700 sqm of apron works including HOS road of 3,900 sqm. The North-West Apron currently has 19 code C stand with one taxi lane only. This brings in inefficient stand occupancy time, as the taxi lane will be a bottleneck. After the modifications of taxiway works, and converting part of the apron into a taxiway, and providing the proposed additional stands, the total number of code C stands will be 17. Please refer to the below figure for the proposed project.”*

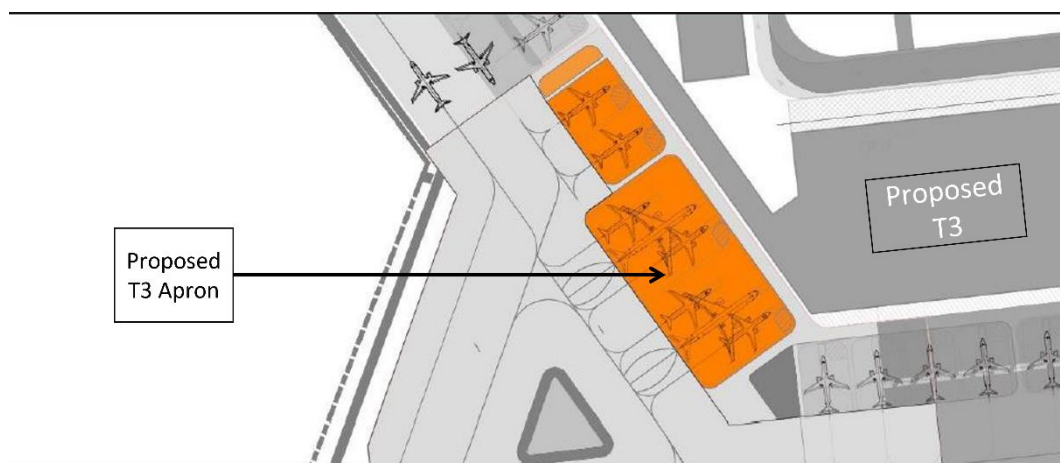


Figure 5 - Details of North West Apron for NITB

- ii. As per Authority’s assessment through its Independent Consultant, the progress on the development of NITB-III is at preliminary stage as neither design has been finalized nor any work has been awarded. The NITB-III is not expected to get commissioned in this control period. Since, this project is required to support NITB-III, the phasing of extension of north-west apron should be aligned to NITB-III project. Accordingly, the Authority proposes not to consider the same for the purpose of RAB for third control period.

A.6 Existing Terminal I upgradation and associated works (₹ 3.01 Crores)

- i. Terminal-I located at south side of the runway, currently is non-operational due to non-compliant apron area. The Terminal-I has an area of approximately 11,529 sqm and having peak hour capacity (PHP) of 400 passengers. Terminal-I was commissioned in 1985 and the refurbishment process initiated by AAI in 2019. Considering the ongoing demand, it is necessary to commission Terminal-I. As per JIAL submission, the current PHP capacity of Terminal 2 is 900 whereas the expected requirement for FY’24 is 2839 PHP. Accordingly, to release some load from Terminal-II, JIAL has proposed to use Terminal-I to handle international passengers till the commissioning of Terminal-III.
- ii. The Authority further noted that there is no change in the existing terminal footprint area. However, to effectively utilize the existing terminal footprint, and to enhance terminal capacity, changes in the layouts are proposed to achieve the desired passenger experience. These include relocation of emigration, international security lanes, re-aligning duty free areas, improvements in custom red & green channel area, statutory offices, provision of custom hand baggage screening area at the arrival, departure & arrival kerbs etc.
- iii. Considering that the Terminal-I will be used as interim terminal for international operations till the commissioning of new terminal, the Authority proposes to consider this capex as part of Regulatory Asset Base for third control period.
- iv. JIAL has proposed following cost towards the proposed refurbishment work at Terminal-I:

Table 83: Cost towards T-I modification submitted by JIAL

				(In ₹)
Particulars	Unit	Rate	Quantities	Amount
Demolition Works				
Demolition of Existing Structure	Sqm	3,300	300	990,000
Demolition of garbage huts, miscellaneous structures	Sqm	3,300	150	495,000

Particulars	Unit	Rate	Quantities	Amount
Structure				
Terminal Amenities	Sqm	54,300	500	27,150,000
Total				28,635,000

- v. The Authority has reviewed JIAL submission with respect to this project, The Terminal amenities work mainly include civil and MEP works along with operational requirement such as CCTV, signages and furniture works. Authority has observed that while estimating terminal amenities, JIAL considered 10% overhead due to working constraints in airside area. As per the MYTP as well as site visit it was observed that currently Terminal-I is non-operational due to airside non-compliance and have sufficient access at both airside and landside. Also, majority of the proposed work is to be undertaken inside the terminal which is non-operational. Accordingly, Authority proposes to not consider the 10% overhead as considered by JIAL in its BoQ. The per sqm rate for terminal amenities is thus revised to ₹ 49417.30 against ₹ 54,300.00 proposed.
- vi. The Authority observes that at many airports the demolition of Terminal Building and other buildings are being carried out through auctioning, which results in earning of some revenue. Similarly, for JIAL, In Authority views the demolition of Terminal Building, T-I may result in earning some revenue by the way of auction sale. Based on the same, the Authority proposes not to allow any cost toward demolition works of the buildings.
- vii. The Authority also observed that JIAL has applied 5% inflation index while accounting inflation impact. In view of above analysis, the same need to be revised.
- viii. A comparison of base cost for Terminal-I upgradation and associated works between JIAL and the Authority is as follows:

Table 84: Cost of Terminal-I works proposed by the Authority

Particular	(₹ Crores)	
	As per JIAL	As per Authority
Demolition works	0.15	0.00
Terminal Amenity works	2.72	2.47
Total	2.86	2.47
Inflation adjusted cost	3.01	2.47

In view of the above, Authority proposes to consider ₹ 2.47 Crores for Terminal-I upgradation and associated works planned in FY'24.

A.7 Operational capex for commencement of Terminal-I – (₹ 4.02 Crores)

- i. JIAL has considered ₹ 4.02 crore operational capex toward commencement of Terminal-I. Authority has sought clarification against this capex along with purchase order in case the projects have been awarded.
- ii. JIAL has shared the purchase orders which have been awarded for the commencement of Terminal-I. The Authority notes that the list of PO comprises procurement of QRT vehicle, X-Ray, ETDs, DFMD, HHMD, CCTV and conveyor belt.
- iii. The total cost of the purchase order comes to ₹ 3.44 Crores. In view of the operational and security requirement, Authority proposes to consider the actual award cost for this project i.e. ₹ 3.44 Crores.

A.8 Terminal-II upgradation and associated works (₹ 278.98 Crores)

- i. The Terminal-II at Jaipur Airport is the single terminal handling both domestic and

international traffic. It spans over 29,246 sqm area with current peak hour passenger handling capacity of 900. As per JIAL the passenger demand has touched over 2000 PHP in FY'23 which is double the capacity of Terminal 2.

- ii. As per the master plan, until the commissioning of new integrated terminal the international passenger will be handled at Terminal-I and Terminal-II is upgraded as Domestic Terminal.
- iii. JIAL has submitted that the existing terminals are in need of extensive refurbishment since there are multiple issues such as deteriorating ceiling, sections of cracked flooring in many places, inadequate seating, suboptimal passenger flows etc. Hence, JIAL has proposed the following:
 - Straightening Check-in Hall, realigning and reconfiguring Check-in counters to accommodate Self-bag drops (SBDs)
 - Relocating all Domestic Security Check lanes in one location and enhancing Security lanes by adding Automated Tray Retrieval System (ATRS)
 - Provision of additional contact gates on First Floor & Second Floor
 - BHS Improvement
 - Curbside Improvement
- iv. JIAL has submitted following cost for Terminal-II upgradation and associated works:

Table 85: Cost towards Terminal-II modification submitted by JIAL

(₹ Crores)

S.no	Particular	Unit	Rate	Qty	Amount	
1	Demolition of Rigid Pavement	Sqm	1440	8585		1.24
2	Removal and relocation of existing high mast towers	Each	1050000	5		0.52
3	Terminal Amenities					
A	Terminal Refurbishment				25.14	
B	Landside Works				31.91	
C	Forecourt Works				19.70	
D	BHS Civil Works				6.48	
E	BHS Equipment				23.83	
F	Terminal Interior Works				21.47	
G	PBB Works				10.81	
H	SBD				7.45	
I	Other Security Equipment's				37.41	
	Total- Terminal Amenities					184.20
4	Terminal Expansion	Sqm	146000	5269.8		76.94
	Total (1+2+3+4)					262.90

- v. As per JIAL, currently Terminal-II has capacity to handle 900 Peak Hour Passenger against the demand of 2000 Peak Hour Passenger. In this regard, the Authority would like to mention that PHP is not the only criteria to assess the capacity. The Terminal Capacity can still be increased with automation like CUTE & CUSS, Automatic Baggage drop and improvisation in passenger flow. Accordingly, JIAL should strive to achieve maximum out of existing terminal by using IT system and better planning.
- vi. JIAL plans to expand total area of 5270 sqm for Terminal-II along with terminal amenities, demolition, and relocation of existing assets. This will increase Terminal-II area from 29246 sqm to 34516 sqm which will increase passenger handling capacity as well. Considering the

brownfield airport conditions it is proposed to consider normative cost only to the extent of additional area developed in Terminal-II and the capex towards terminal amenities work will be considered based on the proposal submitted by JIAL. However, same will be subject to true up based on efficiency test in next control period.

- vii. In case of area expansion, Authority has noted that JIAL has considered Rs 146000 per sqm rate to estimate cost. The normative cost for the Terminal expansion works for the financial year 2023 ₹ 123513 inclusive of GST as explained at 7.3.4 above. Authority proposes to consider the same for the expansion of additional area at Terminal-II instead of ₹146000 per sqm proposed by JIAL. The Authority proposed following as base cost for Terminal-II:

Table 86: Cost for Terminal-II renovation and upgradation plan proposed by the Authority (₹ Crores)

S. No.	Particular	Unit	Rate	Qty	Amount
1	Demolition of Rigid Pavement	Sqm	1440	8585	1.24
2	Removal and relocation of existing high mast towers	Each	1050000	5	0.52
3	Terminal Amenities				184.20
4	Terminal Expansion		123513	5270	65.09
	Total				251.05

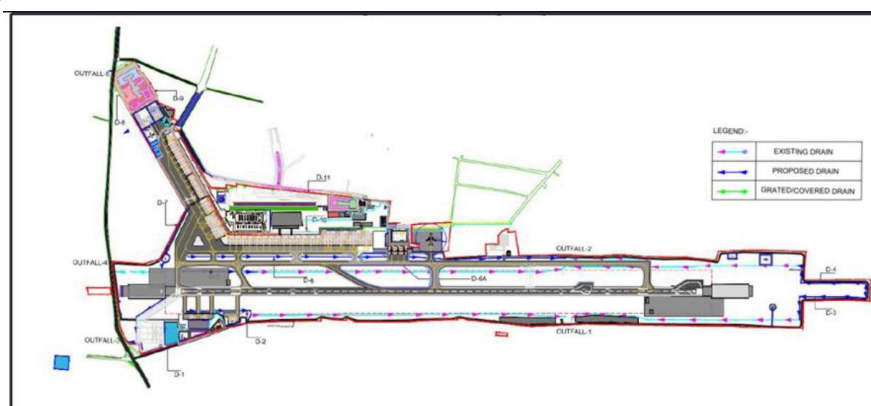
- viii. The Authority also observed that JIAL has applied 5% inflation index while accounting inflation impact for third control period. The same need to be revised as per the inflation index considered at para 7.3.4 above.

The inflation adjusted cost for Terminal-II renovation and upgradation proposed to be ₹ 253.58 crores against ₹ 278.98 considered by JIAL. Authority proposes to consider the same for this project.

B. Runways, Taxiways & Aprons: The work towards Runway, Taxiway and Apron along with its status of completion is as follows:

B.1 Airside Drainage Works (₹ 49.57 Crores)

- i. The proposed airside expansion will result into an increase in storm water run-off in the existing drainage network so there is a need to enhancement of existing airside and landside storm water drainage system. JIAL has submitted following indicative layout of the proposed drainage system:



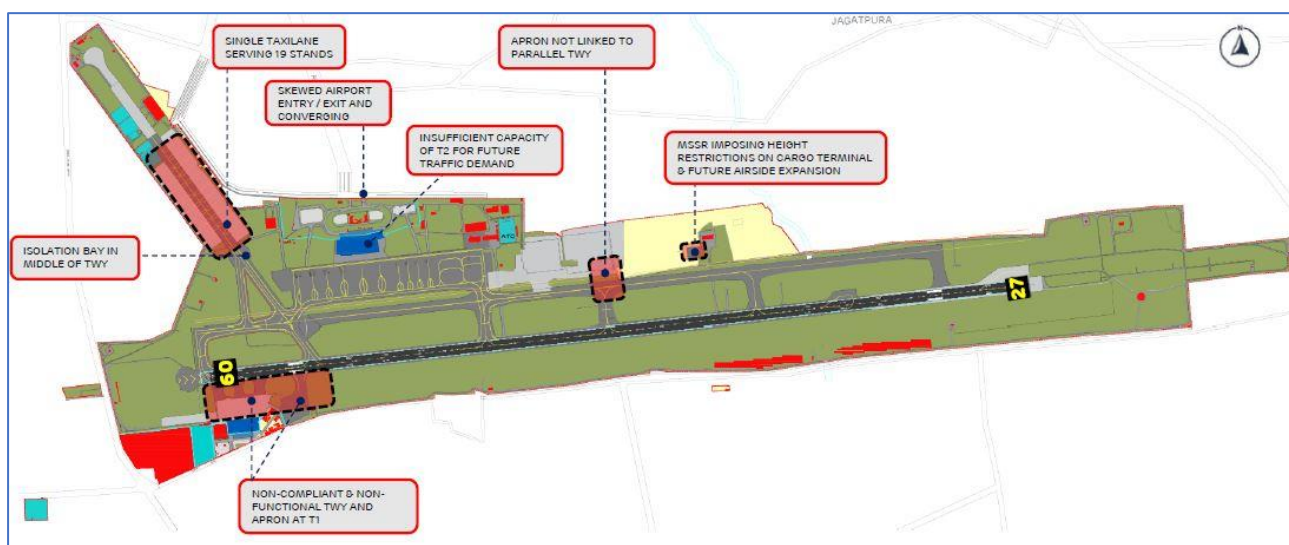
- ii. The total length of drainage network is 13,868 m out of which 10,376 m is existing and the new proposed network is about 3,492 m.

- iii. Authority has noted the requirement of new drainage system due to proposed expansion work and accordingly proposed to consider this project as part of Regulatory Asset Base for third control period. Authority has however, evaluated the cost of proposed work and observed following:
- Authority notes that the airside drainage system is much larger and required trenching & other activities which may not be part of normal drainage work accordingly, CPWD PAR 21 norms may not be relatable. Accordingly, Authority has compared the proposed cost with the similar works at other airports.
 - The Authority has compared the estimated cost of similar airside drainage works for Lucknow airport and noted that the material cost of Airside drain awarded is in the same range.
 - The Authority also notes that JIAL has considered 10% additional cost towards working in operational areas, in certain BOQ line items. However, the Authority is of the view that the provision made by JIAL towards additional cost for working in operational area is quite high and therefore proposes to consider the allowance for extra cost over applicable rates for working in operational areas to the maximum allowable level, i.e. 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.
 - In view of above, the Authority has revised the base cost of drainage works to ₹ 42.60 crores against ₹ 44.70 crores submitted by JIAL.
 - Authority further notes that JIAL while accounting inflationary impact has applied 5% inflation index, however, the same needs to be revised as per the inflation index considered at para 7.3.4 above.
 - The inflation adjusted cost for airside drainage works comes to ₹ 44.50 crores against ₹ 49.57 considered by JIAL. The Authority proposes to consider the same for this project.

B.2 Apron and Taxiways related works (₹ 179.23 Crores)

- i. The work has been projected by JIAL for an amount of ₹ 167 Crores based on the detailed cost estimate submitted by JIAL. The cost of this project has been claimed in one FYs, namely, FY 2024-25.
- ii. The Authority observes that the following works have been proposed under this head –
 - Construction of Apron near cargo terminal
 - Construction of associated Taxiways for North-West Apron
 - Construction of Code E Taxiway for Terminal-I Apron
 - Construction of New Link Taxiways
 - Construction of New Rapid Exit Taxiway
 - Construction of T1 Apron

iii. The locations of above projects are depicted in the pictures below:



- iv. JIAL has submitted the layout plan and cost estimates towards the proposed projects. The Authority noted that these works are necessary to meet the operational requirements for the upcoming facilities in JIA.
- v. Authority has reviewed the cost submitted by JIAL in this regard and observed that the JIAL has considered 10% airside operational constraints. Same has been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.
- vi. The Authority also noted that as per JIAL submission the cost of new construction comprises site development works.
- vii. The Authority considered normative rates to assess Apron and Taxiways related works as provided under order no. 07/2016-17 dated 13.06.2016 (Normative Order), the normative cost related to Runway/taxiway/Apron provided under the Normative Order excludes cost towards site development activities. Accordingly, Authority compared the proposed construction cost excluding site development works with normative rates and observed that the proposed cost by JIAL is within range.
- viii. In view of above Authority proposes to consider the base cost as submitted by JIAL. However, while accounting inflationary impact JIAL has applied 5% inflation index every year, the same needs to be revised as per the para 7.3.4 above.
- ix. The inflation adjusted cost for Apron and Taxiways estimated to be ₹ 162.82 crores against JIAL’s submission of ₹ 179.23 crores. Authority proposes to consider the same for the third control period. Following is the project wise summary of the proposed work under Runways, Taxiways and Apron section:

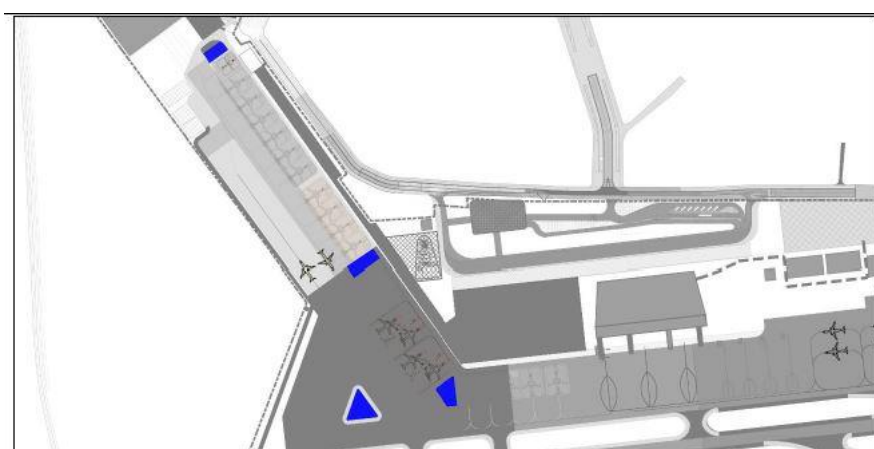
Table 87: Cost of Runways, Taxiways and Apron related works proposed by the Authority
(₹ Crores)

Particular	JIAL submission		Authority’s Proposal	
	Base Cost	Cost with indexation	Base Cost	Cost with indexation
Construction of Apron near Cargo Terminal	5.35	5.74	5.11	5.21
Construction of associated Taxiways for North-West Apron	92.01	98.75	87.99	89.65
Construction of Code E Taxiway for Terminal-I Apron	13.04	13.99	12.46	12.69

Particular	JIAL submission		Authority's Proposal	
	Base Cost	Cost with indexation	Base Cost	Cost with indexation
Construction of New Link Taxiways	11.68	12.53	11.16	11.37
Construction of New Rapid Exit Taxiway	15.46	16.59	14.77	15.05
Construction of T1 Apron	29.47	31.63	28.31	28.85
Total	167.01	179.23	159.80	162.82

B.3 GSE Staging - (Rigid Pavement) – (₹ 5.31 Crores)

- i. As per JIAL the existing Ground Support Equipment (GSE) staging area near Terminal 2 apron comes in the footprint of new airside development and hence a portion of it will be demolished for airside infrastructure improvement works. GSE area of 5,320 sqm is proposed at different locations indicated in the figure below. The proposed relocation will be undertaken in phase wise manner over three-year period between FY'24 to FY'26.



- ii. The JIAL has proposed ₹ 4.89 Crores for this work as base cost and ₹ 5.31 Crores as inflation adjusted cost.
- iii. Authority has reviewed the cost submitted by JIAL in this regard and observed that the JIAL has considered 10% airside operational constraints same has been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.
- iv. Considering the operational requirement Authority proposes to consider the proposed work, however the cost has been corrected on account of adjustment towards airside constraints and inflation adjustment in line with para 7.3.4 above.
- v. In view of the above, Authority proposes to consider base cost of this project as ₹ 4.68 Crores and ₹ 4.81 Crores as inflation adjusted cost for GSE staging project.

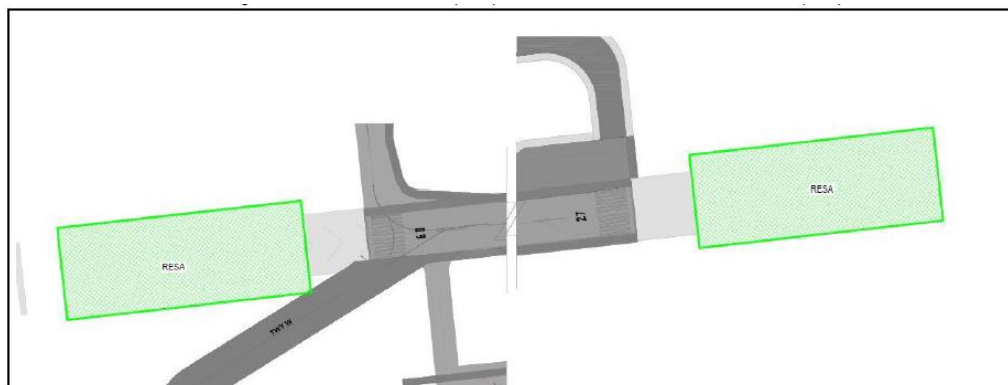
B.4 Refurbishment of RESA 09 and RESA 27: (₹ 4.27 Crores)

- i. As per the ICAO standard there is a requirement to maintain Runway End Safety Area (RESA) to reduce the risk of damage to an airplane undershooting or overrunning the runway, enhance deceleration and facilitate the movement of rescue and firefighting vehicle. In case of JIAL as part of pre licensing inspection, DGCA in Aug'2022 raised an observation on refurbishment of RESA. JIAL has submitted following observation made by DGCA with respect to RESA:

“DGCA has given observations on refurbishment of RESA during pre-licensing inspection in the month of August 2022. In line with the requirements and guidance,

this project is proposed to refurbish both the RESA, that is, RESA 09 and RESA 27. The current dimensions (240 m X 90 m) of both RESA are as per the recommendations of ICAO Annex 14 and shall be maintained as part of the refurbishment process.”

The following picture provides the location of proposed construction works for RESA:



- ii. JIAL has proposed ₹ 4.03 Crores as base cost for this work and inflation adjusted cost to be ₹ 4.27 Crores.
- iii. Authority has reviewed the cost submitted by JIAL in this regard and observed that the JIAL has considered 10% airside operational constraints. The same has been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.
- iv. Considering the operational and compliance with DGCA observation, Authority proposes to consider this capex under third control period. However, the cost has been corrected on account of adjustment towards airside constraints and inflation adjustment in line with para 7.3.4 above.
- v. In view of the above, the Authority proposes to consider ₹ 3.85 Crores as base cost and ₹ 3.88 Crores as inflation adjusted cost.

B.5 Improvement of CBR Value of Basic Strip: The proposal from JIAL stresses the essential need to either increase or maintain the load-bearing capacity of the airstrip. The Authority further notes following submission made by JIAL:

- As per clause 5.3.25 of ICAO aerodrome design manual 9157, to ensure Aircraft safety, it is recommended that the soil at a depth of 15 CM below the finished strip surface be prepared to have a bearing strength of California Bearing Ratio (CBR) value of 15 to 20.
- JIAL also submitted the CBR test report wherein the CBR value ranges between 8 to 11 at various runway locations.

JIAL has proposed base cost of ₹ 11.80 Crores and ₹ 13.33 Crores inflation adjusted cost. The Authority recognizes the importance of this project not just for operational reasons but also for ensuring the safety of passengers and compliance with regulations. Simultaneously, Authority also notes that detailed estimate has not been provided by JIAL for the project. Hence, Authority proposes to allow this project on incurrence basis.

C. Construction of Boundary walls

C.1 Airport Boundary Wall (₹ 4.94 Crores):

- i. As part of MYTP, JIAL has submitted that in line with the proposed airside developments and terminal expansion, the existing airside boundary wall needs to be re-constructed. Similarly, some of the existing airport site area which were not utilized earlier but now needs

to be included within airside area. Thus, new airside boundary wall needs to be built at these locations. A total of 2,393 m of airside boundary wall is proposed by JIAL.

- ii. JIAL has proposed for ₹ 4.40 Crores as base cost for this project.
- iii. The Authority compared the rates from CPWD PAR 21 and found that the rate considered by JIAL are not aligned. CPWD PAR 21 envisaged boundary wall cost at ₹ 11,662/Sqm for FY 23 against which JIAL has considered ₹ 18,400/Sqm.
- iv. As the proposed capex is necessary for airport operation, expansion, safety and security of the airside operational area, the Authority proposes to consider the updated capex during this Control Period. However, the Authority revised the rate as per FY'23 rates available in CPWD PAR 21. Accordingly, the base cost of the project is revised to ₹ 2.79 Crores.
- v. Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the para 7.3.4 above.
- vi. The inflation adjusted cost for Airport boundary wall estimated to be ₹ 2.94 Crores against ₹ 4.94 Crores considered by JIAL. Authority proposes to consider the same for this project.

C.2 Airside Perimeter & Service Road including streetlights (₹ 5.26 Crores):

- i. As part of Airport improvement works, JIAL has considered ₹ 4.82 Crores towards airside perimeter & service road including streetlights. Authority in view of safety and security of the airport proposes to consider this project. However, the Authority has sought detailed BoQ for this project. JIAL vide E-mail dated 09th Aug'23 shared a detailed BOQs for this project.
- ii. The Authority has reviewed the BoQ submitted by JIAL and observed that the JIAL has considered 10% airside operational constraints. The same has been revised to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.
- iii. The base cost of the project is accordingly revised to ₹ 4.69 Crores against ₹ 4.82 Crores submitted by JIAL.
- iv. Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same needs to be revised as per the para 7.3.4 above.
- v. The inflation adjusted cost for Airside Perimeter & Service Road estimated to be ₹ 4.84 Crores against ₹ 5.26 Crores considered by JIAL. Authority proposes to consider the same for this project.

C.3 Perimeter Intrusion Detection System (PIDS) (₹ 36.33 Crores):

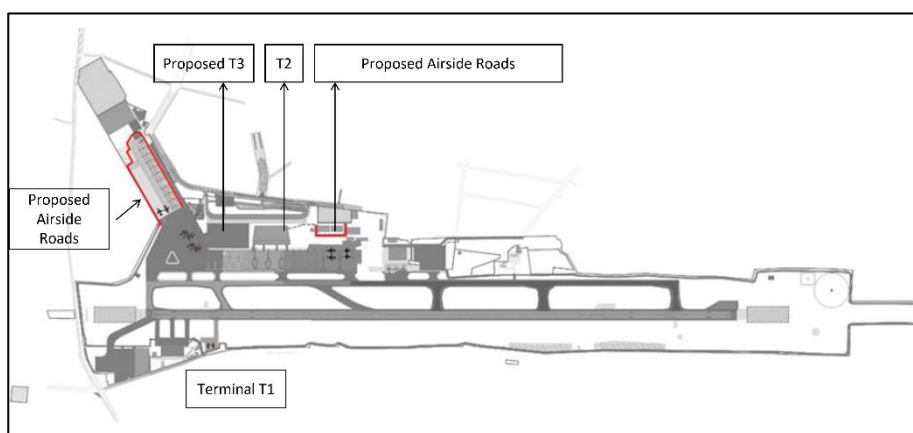
- i. The Jaipur airport presently does not have Perimeter Intrusion Detection System (PIDS) at its airside boundary wall. Due to security considerations, the airport requires PIDS as part of its airport security infrastructure. Therefore, installation of PIDS is proposed for approximately 14,430 m on the boundary wall.
- ii. The Authority further notes that as per BCAS the Jaipur Airport has been categorized as Hypersensitive Airport. Accordingly, considering security requirement Authority proposes to consider this project.
- iii. In terms of the project cost, Authority compared the rates submitted by JIAL with the quotations received for PIDS at Lucknow and Ahmedabad Airport. JIAL proposed ₹ 10,700 per running meter which is higher than the rates considered at abovementioned airports Authority has corrected the unit cost considered by JIAL in line with these airports. The base cost of the project is accordingly revised to ₹ 15.44 Crores vis a vis ₹ 31.60 Crores proposed by JIAL.
- iv. Authority further observed that JIAL has applied 5% inflation index while accounting

inflation impact. The same need to be revised as per the para 7.3.4 above.

- v. The inflation adjusted cost for Airport Perimeter Intrusion Detection System estimated to be ₹ 16.58 Crores against ₹ 36.33 Crores considered by JIAL. Authority proposes to consider the same for this project.

D. Access Roads (₹ 20.16 Crores)

- i. **Fire access road on south of Runway & perimeter road repair:** As part of operational requirements JIAL has proposed new airside roads to connect the airside areas to airside infrastructures for emergency and operational needs. The project includes construction of fire access road parallel to the Runway, DVOR, Radar and other Nav-Aids. It also includes perimeter road repair/widening and additional perimeter road due to development under master planning. As per MYTP, JIAL has submitted ₹ 20.16 Crores inflation adjusted cost over base cost of ₹ 17.70 Crores. The figure below indicates the airside road connectivity.



Authority has sought further details on the proposed capex. JIAL vide email dated 11th Aug'2023 has shared break-up of the proposed cost. As per the BoQ, the total cost this project estimated to be ₹ 17.10 Crores against initial submission of ₹ 17.70 Crores. Authority has also compared the rate with CPWD PAR 21 (5.2.2) and opined that the rates considered by JIAL in the BoQ shared are in line. However, the Authority noted that JIAL has considered an additional 10% on account of airside working constraints. The Authority has revised the same to 5% as per the public works guidelines (generally where NOTAM is issued), in the BOQ items where JIAL has claimed 10% additional cost.

The above has resulted into revision of base cost of this project to ₹ 16.66 Crores against JIAL revised submission of ₹ 17.10 Crores.

Considering operational requirement Authority proposes to consider this capex based on revised submission by JIAL. However, the cost has been corrected on account of inflationary adjustment as provided under para 7.3.4.

The inflation adjusted cost for this work proposed by Authority is ₹ 17.76 Crores against ₹ 20.16 Crores submitted by JIAL.

E. Cargo

Jaipur International Airport handled around 17,500 MT in 2019 (Pre-Covid) level. This comprises of 15,200 MT domestic volume and 2300 MT international volume. Prior to the COD, the domestic and international air cargo was handled by AAICLAS (carved out facility) at Jaipur International Airport.

Additionally, some of the international cargo was also handled by RAJSICO and Jaipur Gemstone Exchange (JGE). As informed by JIAL, the JGE facility already been vacated.

Further, the Authority notes that as per clause 19.4.1 (a) of the Concession Agreement, the JIAL requires to develop new cargo facility. Following is relevant clause:

The Concessionaire shall upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of this Agreement, Applicable Laws, Applicable Permits, relevant ICAO Documents and Annexes and Good Industry Practice.

JIAL as part of the MYTP has proposed following capex phasing with respect to cargo operations:

E.1 Interim Cargo Facility (₹ 9.26 Crores)

As per MYTP submitted by JIAL, it is understood that JIAL is planning to operate air cargo terminal at Jaipur International Airport and in this regard, they have already commissioned an interim domestic cargo facility with capacity of 2750 MT and also plan to process international cargo through refurbishment of RAJSICO and JSE facility with an annual handling capacity of 4260 tonnes. The cost of basic investment including the domestic facility and the interim facility will be approx. ₹ 9.26 Crores (soft cost, interest during construction and financing allowance will be separate) largely in building refurbishment and equipment.

Authority in this regard has sought the stability report of existing structure to assess the feasibility of the refurbishment. JIAL has conducted a structural audit of existing cargo facility owned by RAJSICO & JGE and shared structural audit report with the Authority. The study report highlights that any destruction to building will cause further distress to the building and accordingly recommended to discontinue these buildings. Authority has sought a detailed BoQ for the proposed capex. JIAL as part of their response has submitted a detailed BoQ having following details:

Table 88: Item-wise BOQ submitted by JIAL for the proposed Capex

Particular	Amount
Civil work for Domestic Cargo Terminal	5.08
Equipment for Domestic Terminal	1.57
Equipment for International import Cargo	2.46
Total	9.11

Authority has analyzed the BoQ and observed that in case of Civil work, JIAL has considered 593 sqm area at the rate of ₹ 85,600 per sqm for Interim Cargo Terminal. The Authority through its Independent Consultant identifies that the cost considered by the Authority for the cargo infrastructure at the similar airport was ₹ 60,300 per Sqm for cargo terminal. The cost of ₹ 60,300 per Sqm was estimated in 2021 which can be indexed to arrive cost for 2023. The inflation adjusted cost for 2023 comes to ₹ 64,521 per Sqm. The Authority proposes to consider ₹ 64,521 per Sqm instead of ₹ 85,600 per Sqm cost proposed by JIAL for cargo civil works. On the basis of above, the Authority has revised the cost of interim facility and propose following as base cost for interim cargo terminal:

Table 89: Revised cost of Interim Cargo Terminal proposed by the Authority

(₹ Crores)

Particular	Amount
Civil work for Domestic Cargo Terminal	3.83
Equipment for Domestic Terminal	1.57
Equipment for International import Cargo	2.46
Total	7.86

JIAL proposes to incur this capex during 2023 and 2024. Authority adjusted the proposed cost as per inflation index considered at para 7.3.4 above. The Authority proposes to consider inflation adjusted cost of ₹ 7.87 Crores against ₹ 9.26 Crores submitted by JIAL.

E.2 Integrated Cargo Terminal (₹ 85.81 Crores)

JIAL has planned a new Integrated Cargo Complex (ICC) of approx. 4500 sq. mtr. with handling capacity of 22500 MT p.a. The planned facility is proposed to be made operational in FY'24-25. The ICC facility at JIA will have office and warehouse space dedicated for cargo operations. The equipment of ICC shall be meeting the needs of the cargo operations and regulations. It will include battery operated forklifts, tractors, temperature-controlled facilities for perishable cargo, cargo dedicated dollies, weighing scales (that are integrated with Warehouse Management System, build/break workstations, etc. The security systems will include regulatory compliant dual view X-ray machines in both international and domestic terminals, ETDs, CCTV, etc. The facility will be well equipped with the required firefighting equipment and systems that will be fully integrated with the airport systems.

As per JIAL, the proposed cost for new cargo terminal is ₹ 86 Crores excluding soft cost, interest during construction and financing allowance.

As per JIAL, the capacity planned is correlated with the market demand. As part of MYTP, JIAL proposed to commission this facility in FY'26. However, as per clarification submitted by JIAL, the ICC facility is currently at the design stage. In view of the JIAL submission, Authority shifts the cargo capex to the next financial year i.e. FY'27. The Authority notes that there is an existing cargo facility operated by AAICLAS at Jaipur Airport. However, in view of the Concession requirement and encouraging market competition, Authority proposes to consider second cargo terminal at Jaipur Airport. JIAL has estimated 75% market share in first year. However, considering the AAICLAS facility, Authority has considered 50% market share. At 50% market share, JIAL is able to utilize 81% of its facility. Considering the long-term horizon, Authority proposes to allow 22,500 MT cargo facility to JIAL. Following is the market share and corresponding capacity submitted by JIAL and proposed by the Authority:

Table 90: Air Cargo demand projections, capacity of JIAL facility submitted by JIAL

Particular	2020	2021	2022	2023	2024	2025	2026	2027
Volume in MT	17,500	12,204	14,180	22,160	26,332	30,343	33,342	36,519
Market share					25.52%	23.10%	75.00%	75.00%
JIAL expected Volume (In MT)					6,721	7,010	25,006	27,389
JIAL capacity (In MT)								

Particular	2020	2021	2022	2023	2024	2025	2026	2027
Domestic-Interim					2,750	2,750		
International-Interim					4,260	4,260		
Integrated Cargo Complex					-	-	22,500	22,500
Total					7,010	7,010	22,500	22,500
As per Authority								
JIAL Market Share					10.44%	23.10%	21.02%	50.00%
JIAL expected volume (In MT)					2,750	7,010	7,010	18,260
JIAL Capacity (In MT)					2,750	7,010	7,010	22,500

JIAL, as part of MYTP has submitted project cost for New ICC as ₹ 85.81 Crores. Authority as part of clarification has sought further details on cost estimated by JIAL. JIAL as part of their response has submitted details of base cost amounting to ₹ 79.29 Crores which with inflationary adjustment comes to ₹ 85.81 Crores. Following is the break-up of the base cost proposed by new ICC facility:

Table 91: Cost proposed by JIAL towards ICC Facility

(₹ Crores)

Particular	Amount
Demolition works	1.36
New pavement	4.71
Structural cost	48.93
MHE equipment	21.00
Drainage	3.29
Total	79.29

Authority has reviewed the cost proposed by JIAL and have following observations:

- In case of new pavement works, JIAL plans to construct 6825 sqm of landside road, for this purpose JIAL has assumed a rate of ₹ 6900 per sqm. Authority has verified these rates with CPWD. As per para 5.2.2. of CPWD PAR 2021 the construction cost for landside road is ₹ 1850 per sqm. Authority has updated this rate in the BoQ proposed by JIAL and revised the proposed project cost. This has resulted into reduction of new pavement cost to ₹ 1.26 Crores against ₹ 4.71 Crores estimated by JIAL.
- The structure cost submitted by JIAL comprises of site circulation of ₹ 1.76 Crores, Cargo complex ₹ 38.52 Crores, Annex building ₹ 8.34 Crores and streetlight ₹ 0.32 Crores. Authority has sought detailed BoQ of the cost proposed. As per JIAL submission the Cargo complex structure cost has been arrived considering ₹ 85600 per sqm rate for the structural work on the basis of Ahmedabad ICT complex.
- Authority has reviewed the structure cost and observed that the proposed structure cost is very high compared to the cost already approved by the Authority in case of similar Airports. Authority in its previous order for third control period of Lucknow Airport allowed ₹ 60,300/- per Sqm cost for cargo terminal and ₹ 8,300 per Sqm cost for parking and trucking area. A total cost of ₹ 68,600 per Sqm was estimated in 2021 which can be indexed to arrive cost for

2023. The inflation adjusted cost comes to ₹ 73,402 per Sqm. Authority proposes to consider the same to arrive the base cost for cargo structural works. The revised based cost considered for cargo structure is ₹ 43.44 Crores against JIAL submission of ₹ 48.93 Crores.

- iv. Following are the revise cost estimates considered by the Authority as base cost for the newly proposed Cargo Terminal.

Table 92: Cost proposed by Authority towards ICC Facility

(₹ Crores)	
Particular	Amount
Demolition works	1.36
New pavement-landside road	1.26
Structural cost	43.44
MHE equipment	21.00
Drainage	3.29
Total	70.36

- v. Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the inflation index considered at para 7.3.4 above.
- vi. The inflation adjusted cost for new ICC facilities proposed to be rationalized at ₹ 73.58 Crores against ₹ 85.81 Crores considered by JIAL. Authority proposes to consider the same for the purpose of capex in third control period of JIAL.

F. Fuel Farm Infrastructure

F.1 Fuel Farm Facility (₹ 127.41 Crores)

JIA currently doesn't have an open access facility at the Airport for fuel. All OMCs viz. IOCL, RIL, BPCL and HPCL have their own refueling and fuel storage facility of 610KL, 220KL, 450KL and 30KL respectively. In terms of the Concession Agreement, JIAL is required to provide open access facility for fuel farm. Following is the relevant extract of the Concession Agreement:

“19.3 The Concessionaire shall provide or cause to be provided the infrastructure required for operation of fueling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice.”

JIAL in this regard proposed to end current arrangement and plan to introduce open access facility with fuel hydrants. As a short-term measure JIAL plan to buy existing facilities from the current operator to convert it to open access facility. As a long-term plan JIAL is proposing to build a new facility of approx. 5,000 KL with hydrant system of approx. 4 Kms, this will have 8 days storage capacity. As per JIAL the new facility will be operational during FY25-26.

JIAL as part of MYTP submitted project cost of ₹ 230 Crores (excluding soft costs, interest during construction and financing allowance) which includes four storage tanks, admin facilities, refilling / offloading area, Fuel Hydrant System, Pit Flushers, dead stock. However, there was no breakup provided for this cost. Authority has sought further details on the proposed capex. As per JIAL the base cost of the proposed fuel farm infrastructure is ₹ 213.87 Crores which comprises of ₹ 118.05 Crores towards Fuel Farm Facility and ₹ 95.17 Crores towards Hydrant line, this cost has been adjusted with inflation which resulted into an estimated cost of ₹ 230 Crores.

Authority has reviewed the capacity requirement of the proposed fuel farm facility for next 10 years as submitted by JIAL. JIAL has estimated the reasonable storage days required to meet the fuel throughput demand at the Airport considering all eventuality like disruption of global crude

oil supply, disruption in fuel logistics facilities, any breakdown at refinery level etc. Authority notes that considering various scenario, an airport should have a reasonable storage capacity for the Fuel to avoid any disruption in airport operations. JIAL as part of MYTP has submitted following estimation for the storage requirement based on IATA guidance on Airport Fuel Storage capacity, which seem to be in line with the industry standards.

Table 93: Fuel Tank capacity Assessment submitted by JIAL

S.No.	Fuel Supply Chain Parameter –(A)	Avg. lead time –(B)	Avg. lead time in worst case scenario (C)	Difference between Average & Max (D)
1	Product readiness, storage	2	2	0
2	Product storage & settling	1	2	1
3	Product receipt, logistic contingency, OMC’s issue	0	4	4
4	Total (Average) (B1+B2+B3)	3		
5	Total (difference) (D1+D2+D3)			5
6	85% of total difference (D5*85%)			4.3
7	Overall Total (B4+D6)			7.3
	Recommended ATF storage days			7.3 (say 8 days)

In view of above storage demand, JIAL has submitted the storage requirement which has been updated by the Authority with respect to actual fuel uptake in FY’23. Based on the actual fuel uptake for FY’23, following are the fuel storage days based on planned capacity:

Table 94: Fuel storage days at JIAL for third control period

Particular		FY’23*	FY’24	FY’25	FY’26	FY’27
Domestic ATM	‘000	38.21	41.49	48.81	70.52	76.40
International ATM	‘000	2.95	2.96	3.25	5.12	5.50
Total ATM -A	‘000	41.16	44.45	52.06	75.64	81.89
Fuel throughput per ATM - B	KL	2.4	2.4	2.4	2.4	2.4
Annual Fuel Throughput Volume- (C=A*B*1000)	KL	98784	106680	124944	181536	196536
Daily Fuel Throughput Volume-D=(C/365)	KL	271	292	342	497	538
Available Capacity –(E)	KL	1280	1280	1280	5000	5000
Storage days (F=E/D)	No	5	4	4	10	9

*Actual data

Considering above, Authority notes that the JIAL submission to create tank capacity of 5000 KL will suffice the fuel storage requirement by end of third control period.

Further, with respect to cost of the fuel farm, JIAL vide email dated 9th Aug’23 has submitted detailed bill of quantities with CPWD rates with respect to fuel facility. Authority has verified the rates with relevant standards and observed that in case of fuel tank facility JIAL has considered ₹ 180000 per KL rate on the basis of cost related to underground RCC, steel frame structure, fuel resistance coating etc. Authority noted that in case of prefabricated steel tanks JIAL has considered

₹ 134.34 per Kg rate based on CPWD DSR 2021, whereas as per the standard the rate should be ₹ 78.20 per KG. Authority has updated the rates and the revised effective rate comes to ₹ 161,900 per KL instead of ₹ 180,000 proposed by JIAL. Authority has considered the same for the purpose of cost estimation and revised the cost of fuel tanks. Following is the comparison of the base cost submitted by JIAL and proposed by the Authority:

Table 95: Fuel farm cost proposed by Authority vis a vis JIAL

Particular	(₹ Crores)	
	Amount as proposed by JIAL	Amount as proposed by Authority
Demolition works	0.28	0.28
Fuel Tanks	90	80.95
Admin & Support	14.32	14.32
Refilling & uploading area	13.44	13.45
Total	118.05	109.00

Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the para 7.3.4 above. The inflation adjusted cost for the proposed fuel farm facilities proposed to be rationalized at ₹ 111.54 Crores against ₹ 127.41 Crores considered by JIAL. Authority proposes to consider the same for the purpose of capex planned in third control period of JIAL.

F.2 Hydrant line (₹ 102.72 Crores)

JIAL intends to lay down 4 KM hydrant line with inflation adjusted cost of ₹ 102.72 Crores in FY 2025-26. While noting the need for laying the fuel hydrant line as submitted by JIAL, the Authority observes that no detailed estimate has been provided by JIAL. Further, if work is carried out during this Control Period, cost will be allowed by the Authority on incurrence basis at the time of true up exercise during next Control Period, subject to reasonability and efficiency.

F.3 Acquisition of existing assets (BPCL, IOCL, RIL), Dead Stock and equipment (₹ 30.97 Crores)

- i. The Authority that notes JIAL has planned to acquire the facilities of the existing Oil Marketing Companies in order to provide open access facility as required under Concession Agreement.
- ii. JIAL has submitted a total base cost of ₹ 29.50 Crores under this head which includes the estimated cost of purchase of assets from existing OMCs (for ₹ 13.50 Crores) and estimated value of deadstock material (for ₹ 16.00 Crores).
The cost submitted by JIAL appears reasonable in view of similar cost considered in Ahmedabad. The same will be subject to actual MoU or agreement signed between JIAL and existing Oil Marketing Companies. The estimated cost has been corrected on account of indexation.
The inflation adjusted acquisition cost of existing fuel farm facilities proposed to be ₹ 29.55 Crores against ₹ 30.97 Crores considered by JIAL. Authority proposes to consider the same for the purpose of capex in third control period of JIAL.
- iii. Apart from the existing asset procurement from OMCs, JIAL will also require fuel equipment (12 Nos. bowsers) for which JIAL has submitted a cost of ₹ 18.15 Crores. The Authority notes that the Cost estimate for the same is considered based on actual purchase cost at Ahmedabad Airport and hence seems reasonable. The Authority has considered the

same subject to correction on account of indexation.

The inflation adjusted acquisition cost proposed for fuel equipment is ₹ 18.57 Crores against ₹ 19.59 Crores considered by JIAL. Authority proposes to consider the same for the purpose of capex in third control period of JIAL.

G. Vehicles (₹ 81.03 Crores)

As part of MYTP, JIAL has proposed to procure various vehicles during third control period for operational requirement. Authority has reviewed the list of vehicles provided by JIAL and have following observations:

- i. In case of Crash Fire Tenders (CFT), JIAL estimated a cost of ₹ 61.36 Crores for four CFTs. Authority has reviewed the cost submitted by JIAL along with similar Airports. Authority noted that in case of Lucknow Airport the Airport Operator has received quotation of ₹ 9.00 Crores per CFT. As part of clarification, JIAL has provided Trivandrum PO which doesn't seem to be a formal proposal/document. Accordingly, the quotation received in case of Lucknow airport has been considered for JIAL. Other vehicles proposed by the JIAL are also operationally required.
- ii. Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the para 7.3.4 above.
- iii. In view of the above, Authority proposes ₹ 47.93 Crores cost toward vehicles proposed to be procured during third control period against the cost of ₹ 81.03 Crores estimated by JIAL. Following is the asset wise comparison of JIAL proposal vis a vis cost proposed by the Authority:

Table 96: Cost proposed toward Vehicles by the Authority for the Third Control Period

(₹ Crores)

S. No.	Particular	Year of capitalization	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
G.1	Ambulance (4 Nos) for ARFF & Recovery Vehicle	2025	1.24	1.37	1.24	1.29
G.2	CFTs (4 Nos.) for ARFF	2025-2027	61.36	71.96	36.00	39.25
G.3	Conversion of vehicles to EVs	2023-2027	6.49	7.06	6.49	6.78
G.4	Modified Vehicle for BDDS equipment	2025	0.30	0.33	0.30	0.31
G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2025	0.30	0.33	0.30	0.31
	Total		69.69	81.03	44.33	47.93

H. Plant & Machinery (₹ 125.36 Crores)

JIAL has proposed procurement of various equipment for operational requirements. The Authority noted that JIAL has planned for the procurement of machinery and equipment towards achievement of green initiatives and norms and to ensure safety and security of operations and the fulfilment of regulatory requirements mandated by agencies like BCAS. Following are the key capital items proposed in third control period:

Oil Water Separator – As part of environment compliance, JIAL has proposed to install oil water separator at select locations on the airside. It separates oil from the wastewater from aprons, hangar, cargo facility, GA & GSE workshop etc.

Triturator- As per JIAL, this facility is required for safe and hygienic disposal of waste from aircraft toilets to ensure compliance with safety and environment regulations. Liquid waste from aircraft shall be treated at Triturator as a primary treatment & further will be pumped to STP for secondary treatment. This facility is proposed on the northeast side of T2.

Construction of view cutter- At Jaipur Airport some of the airside sections are close to residential and commercial area which pose threat to airside operational area, accordingly, in view of the airside safety and security JIAL has proposed to install view cutter at certain locations.

Airside improvement work – JIAL has proposed capex towards installation of CAT-IIIB lights at parallel taxiways and conversion of AGL halogen lights with LED lights. Authority in view of airside facility improvement and energy conservation propose to consider the same for third control period.

Safety and Security related capex- JIAL has envisaged to incur some of the capex to meet the airport safety and security requirement during third control period. These include procurement of body scanner, night vision devices (NVDs), Bullet proof equipment, bollards, cones, barricades, CISF related equipment, BDDS equipment, Security staff establishment related capex etc. Authority notes that this capex is generally mandated by designated security agency and required to ensure safety and security of the Airport. In view of this, Authority proposes to consider the same however JIAL need to procure these assets in consultation with the designated security agency and ensure the efficiency and reasonableness of the capital expenditure.

Landscape related capex- JIAL has proposed capital expenditure towards various landscape development work during third control period. The Authority, in view of the JIAL MYTP as well as the site visit believes that currently JIAL needs to prioritise terminal space towards passenger facility and convenience over terminal landscaping works. Also, Authority notes that landscaping is a discretionary expenditure and there is a scope in optimization in landside and airside softscape development as well. In view of this, Authority proposes to allow 50% of the proposed landscape capital expenditure proposed by JIAL. Following is the comparison of capex proposed by the Authority vis a vis JIAL:

Table 97 Details of landscape capex for third control period

(₹ Crores)

Particular	Year of capitalization	JIAL		Authority	
		Base cost	Indexed Cost	Base cost	Indexed Cost
Green walls at terminal-1/2 (1000 sq.ft)	2023-2027	0.98	1.10	0.49	0.52
Land side & airside Garden (Softscape) developments (2 Ha.)	2023-2027	4.29	4.81	2.15	2.28
Polyhouse 500 sqm	2023-2027	0.57	0.64	0.29	0.30
Planters and pots for terminal 1 & 2	2023-2027	1.39	1.55	0.70	0.74
Purchase of indoor and outdoor plants T1/2	2023-2027	2.26	2.51	1.13	1.20
Irrigation development	2023-2027	0.35	0.37	0.18	0.18
Total		9.84	10.98	4.94	5.22

JIAL has proposed other minor capex which Authority believes are require for safe and sustainable operation. In view of this Authority proposes to consider the same. The Authority further observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the para 7.3.4 above.

In view of the above, Authority proposes ₹ 113.63 Crores cost toward plant and machinery proposed to

be procured during third control period against the cost of ₹ 125.36 Crores estimated by JIAL. Following is the asset wise comparison of JIAL proposal vis a vis cost proposed by the Authority:

Table 98: Cost proposed toward Plant & Machinery by the Authority for the Third Control Period
(₹ Crores)

S. No.	Particular	Year of Capitalisation	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
H.1	Oil Water Separators (OWS)	2026	12.54	13.6	12.54	12.88
H.2	Triturator	2025	2.96	3.17	2.96	3.01
H.3	Hazardous Waste Storage	2026	0.37	0.41	0.37	0.39
H.4	Reticulation of utilities to new facilities	2027	5.6	6.33	5.6	5.93
H.5	HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2024	0.59	0.59	0.59	0.59
H.6	Terminal-I -Immigration counters, glass partition and water proofing	2024	0.13	0.13	0.13	0.13
H.7	Augmentation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport	2024	1.77	1.77	1.77	1.77
H.8	SITC of CAT-IIIB lights and associated works for Parallel taxiway phase II	2024	8.26	8.58	8.26	8.28
H.9	Construction of view cutter for Tango Apron area	2025	4.47	4.93	4.47	4.65
H.10	Modification in PAPI, Runway centreline circuits, separate guard light circuits and provision of interleaving AGL circuits.	2024	2.60	2.70	2.60	2.60
H.11	Gas suppression system -NAV-AIDs site	2024	0.80	0.83	0.80	0.80
H.12	Special repair/modernization of THYSSANKRUPP make lifts in ATC Tower.	2024	0.09	0.09	0.09	0.09
H.13	Modernization of existing hydro pneumatic system & water storage/distribution in airport from T2 to operation area and T1	2024	0.30	0.30	0.30	0.30
H.14	33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2023,2024	6.61	6.67	6.61	6.62
H.15	Power factor improvement at 33 KV Substation	2024	0.59	0.62	0.59	0.59
H.16	Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	0.30	0.31	0.30	0.30
H.17	Enhancing solar plant capacity by 500 KW	2024	2.95	3.10	2.95	2.96
H.18	Replacement of all type of AGL halogen lights with LED lights	2025, 2026, 2027	21.24	24.81	21.24	23.08
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2023, 2024	1.24	1.25	1.24	1.24
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2024	0.01	0.01	0.01	0.01
H.21	Organic waste converter (OWC)	2025	0.18	0.20	0.18	0.18
H.22	Night Vision Device (NVD)	2024, 2025, 2026, 2027	3.29	3.71	3.29	3.48
H.23	BP Jackets	2024, 2025, 2026, 2027	1.09	1.17	1.09	1.13

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S. No.	Particular	Year of Capitalisation	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
H.24	BP Helmet	2024, 2025, 2026, 2027	0.45	0.49	0.45	0.47
H.25	Bullet Proof Shield	2024, 2025	0.64	0.71	0.64	0.67
H.26	Bullet Proof Morcha	2024, 2025, 2026	1.27	1.41	1.27	1.33
H.27	Binocular Device	2024, 2025, 2026, 2027	0.2	0.22	0.2	0.21
H.28	Hands Free Communication RT	2025	0.01	0.01	0.01	0.01
H.29	Convex Mirror (Blind Curve)	2025,2027	0.03	0.03	0.03	0.03
H.30	Printer with photocopy	2024, 2025,2027	0.11	0.11	0.11	0.11
H.31	Body Scanner	2025, 2026, 2027	11.33	12.89	11.33	12.07
H.32	Bomb Detection and Disposal System (BDDS) Equipment's (Set)	2024, 2025, 2026, 2027	2.32	2.64	2.32	2.47
H.33	CISF Mess Equipment	2024, 2025, 2027	0.41	0.46	0.41	0.43
H.34	CISF Barrack Lodging Material	2024, 2025, 2026, 2027	0.71	0.82	0.71	0.76
H.35	CISF - Gym equipment	2024,2025	0.15	0.16	0.15	0.15
H.36	Ghumti/ security cabin	2027	0.06	0.07	0.06	0.07
H.37	CTSR (Containerized Tubular Shooting Range)	2025	2.36	2.6	2.36	2.45
H.38	Miscellaneous	2023, 2024, 2025, 2026, 2027	1.36	1.53	1.36	1.44
H.39	Bollards	2024	2.00	2.03	2.00	2.00
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2025, 2026, 2027	1.12	1.29	1.12	1.20
H.41	Signage - New procurement for emergency route identification etc. - T1	2025, 2026, 2027	0.2	0.23	0.2	0.21
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2024, 2026	0.07	0.08	0.07	0.07
H.43	Cones, Barricades	2024,2026	0.05	0.05	0.05	0.05
H.44	Wildlife Hazard Management (WHM) Equipment	2024,2026	0.35	0.39	0.35	0.37
H.45	Separate Storage of Firecrackers for Bird scaring	2024	0.07	0.07	0.07	0.07
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	0.14	0.15	0.14	0.14
H.47	ASMA for Safety use by Safety officers	2024	0.02	0.02	0.02	0.02
H.48	FOD MAT for collection FODs	2024,2026	0.52	0.57	0.52	0.54
H.49	Gym Equipment / Table Tennis	2025	0.06	0.07	0.06	0.06
H.50	Green walls at terminal 1/2 (1000 sq.ft)	2024,2025, 2026,2027	0.98	1.1	0.49	0.52
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)	2024,2025, 2026,2027	4.29	4.81	2.15	2.27
H.52	Polyhouse 500Sqm.	2024,2025, 2026,2027	0.57	0.64	0.29	0.30
H.53	Planters and pots for terminal 1 & 2	2024,2025, 2026,2027	1.39	1.55	0.70	0.73
H.54	Purchase indoor and outdoor Plants T1/2	2024,2025, 2026,2027	2.26	2.51	1.13	1.19
H.55	Irrigation Development	2024	0.35	0.37	0.18	0.18
	Total		113.83	125.36	108.93	113.63

I. Other Buildings (₹ 82.14 Crores)

JIAL has proposed construction of various building owing to security requirements, relocation due to various development activities, administrative building, police station and various utilities etc. Authority has reviewed the same and have following observations:

- i. In case of administrative building, the JIAL has proposed to construct 5000 Sqm office building. As part of clarification Authority has sought further detail and business case for requirement of this much area for an administrative office. However, as part of response no further clarity was shared by JIAL. In view of this Authority noted that a significant part of staff requirement of JIAL will be operational such as airport operation, screening, security, runway operation etc. which will be deployed at respective work location outside administrative building. Accordingly, considering the staff strength there is significant optimization required in the administrative office space area. In absence of adequate plan, Authority proposes to consider on 50 % of the admin building i.e. 50% of employee which are expected to deployed at admin building to overall staff. Authority has accordingly revised the building area to 2500 sqm however maintained the same quantities related to demolition works, landside road and site circulation. Further, JIAL has considered the rates as per the rates derived in case of some of the office building at Ahmedabad Airport. The Authority has reviewed the rates submitted by JIAL with the comparable statistics issued by CBRE³ and found the same in the range of similar kind of construction. Following is the comparison of the cost details submitted by JIAL and proposed by the Authority:

Table 99: Cost of administrative building as per JIAL and proposed by the Authority
(₹ Crores)

Particular	UoM	JIAL			Authority		
		Qty	Rate	Amount	Qty	Rate	Amount
Demolition works							
Demolition of Flexible Pavement	Sqm	470	300	0.01	470	300	0.01
New Pavement							
Landside Road	Sqm	6900	600	0.41	6900	600	0.41
Structure							
Site circulation	Sqm	638	3,900	0.25	638	3,900	0.25
Building Area	Sqm	5000	89,227	44.61	2500	89,227	22.31
Total				45.28			22.98

- ii. Authority, while reviewing cost for CCR Room observed that JIAL has considered 10% overhead on account of airside constraints, Authority has revised the same to 5% in view of public works guidelines (generally where NOTAM is issued).
- iii. JIAL has proposed fuel station including EV charging station to support increase in airside vehicles and introduction of EVs. Authority in view of airport operation requirement consider the same for third control period.
- iv. Authority considers balance capital expenditure towards other building owing to operational requirements.
- v. Further, Authority observed that JIAL has applied 5% inflation index while accounting inflation impact. The same need to be revised as per the para 7.3.4 above.
- vi. In view of the above, Authority proposes ₹ 53.79 Crores cost toward other buildings proposed during third control period against the cost of ₹ 82.14 Crores estimated by JIAL. Following is the asset wise

³ India Construction Cost Trends 2023 issued by CBRE

comparison of JIAL proposal vis a vis cost proposed by the Authority:

Table 100: Capex proposed toward Other Buildings by the Authority for Third Control Period
(₹ Crores)

S. No.	Particular	Year of Capitalization	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
I.1	Bomb Cooling Pit (New Construction)	2025	0.80	0.85	0.80	0.81
I.2	Constant Current Regulator (CCR) Room East & West	2026	7.57	8.21	7.20	7.40
I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	4.13	4.50	4.13	4.26
I.4	New Airside Gates – 1	2026	0.56	0.62	0.56	0.59
I.5	Relocation of Mono-pulse Secondary Surveillance Radar (MSSR)	2026	5.41	5.90	5.41	5.58
I.6	Relocation of SMR (Surface Movement Radar)	2025	0.66	0.71	0.66	0.67
I.7	Construction of Administration Building	2026	45.26	50.34	22.98	24.06
I.8	Police Station (New Construction)	2025	3.70	3.99	3.70	3.79
I.9	Solid Waste Facility	2026	1.85	2.05	1.85	1.93
I.10	Installation of EV charging stations	2024	0.14	0.14	0.14	0.14
I.11	Solid waste management yard	2025	0.41	0.46	0.41	0.43
I.12	Unified Security Control Room for CISF	2026	0.59	0.67	0.59	0.63
I.13	Upgradation of RLCC Control Rooms infra	2026	0.30	0.34	0.30	0.32
I.14	Additional/ Relocation & Refurbishment of Watch towers	2026	0.68	0.76	0.68	0.71
I.15	Upgradation/ Refurbishment of Antihijack Control Room	2024	0.58	0.58	0.58	0.58
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2027	1.44	1.63	1.44	1.53
I.17	Setup of Apron Office, Fire Station Movement	2025	0.35	0.39	0.35	0.37
	Total		74.43	82.14	51.78	53.79

J. IT Equipment (₹ 166.57 Crores)

As part of MYTP, JIAL has submitted proposal to procure various IT equipment for operational requirement and upgradation. Authority has reviewed the same and have following observations:

- JIAL has proposed to implement ₹ 147.24 Crores worth of IT project out of which one of the key projects is related to IT strategic projects worth of ₹ 111.14 Crores. Authority has sought itemized details of this line item. JIAL has shared list of PO already raised against this line item along with

- the list of items which planned to be procure to facilitate airport operations and passenger satisfaction. This includes Traffic Management System, passenger Wi-Fi, passenger processing system, Digi yatra, lost and found system, BMS, VDGS application, Airport 4.0, AOCC, e-gates etc.
- ii. IT Infra & DC includes - various IT infrastructure and Data Centers related cost which includes one-time migration to Google Cloud Platform, various equipment and accessories as part of active and passive IT network components (cables, switches, etc). It will support the running services like FIDS, E-gates, PA system, AFAS, Digi-yatra, Commvault backup solution, WhatsApp gold and Wi-Fi Disappear (for international passenger who doesn't carry any mobile operator)
 - iii. Cyber related capex includes cybersecurity implementations will work to protect the IT Infra and end user services from various external virus/hacking type of threats.
 - iv. Asset level technology refresh include:
 - a. PA Systems- It is used for terminal & airlines for emergency announcement and compliances.
 - b. LED Walls- IT is used for passenger to provide flight information.
 - c. Others incl. AOCC video wall, FIDS screen and media controller master clock
 - v. AOS - INFRA @ MS Azure - Incase of increasing the servers and other services to support the services. And integration with other system (ATM, CUTE, AVDGS and E-gate)
 - vi. Authority has reviewed the details shared by JIAL with respect to IT strategic projects and observed that some of this capex is related to Phase-2 and expected to incur in FY'27. The Authority has noted that as of today there is no visibility of this capex, benefit of this capital expenditure will not occur to the passenger travelling during this control period and also IT technology is very dynamic in nature. Accordingly, Authority decides not to consider the capex which is related Phase-2 and/or expected to incur in FY'27. It includes data lake creation, middleware platform, BMS, VDGS upgradation, Airport 4.0, Vehicle monitoring system, cloud and data center, Airside SAGA, Next gen AOCC, traffic management system, prompt support, e-gates etc. The total base cost of such capex is ₹ 43.70 Crores.
 - vii. The Authority accordingly revise the base cost of IT strategic project to ₹ 67.44 Crores against JIAL submission of ₹ 111.14 Crores.
 - viii. Considering operational requirement and improvement in existing terminal processor Authority has considered this capex subject to inflationary correction. Accordingly, Authority proposes to consider ₹ 109.74 Crores against ₹ 166.57 Crores of JIAL submission.
 - ix. Following are the proposed capex along with corrected cost by the Authority:

Table 101: Capex proposed toward IT equipment by the Authority for Third Control Period
(₹ Crores)

S. No.	Particular	Capitalization Year	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
J.1	Card Printer for Biometric AEP	2024,2025	0.16	0.18	0.16	0.17
J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network Switches and passive cabling)	2023, 2024, 2025	5.12	5.29	5.12	5.17
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2024, 2025,2026, 2027	1.45	1.6	1.45	1.51
J.4	CCTV workstation and display	2024,2027	0.05	0.06	0.05	0.06

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S. No.	Particular	Capitalization Year	JIAL		Authority	
			Base cost	Indexed Cost	Base cost	Indexed Cost
J.5	Access control system	2023, 2024, 2026	0.54	0.58	0.54	0.55
J.6	Biometric Access control system for CISF	2025	0.12	0.13	0.12	0.12
J.7	Desktop and monitors for CISF & AEP Section	2024, 2025, 2026	0.39	0.42	0.39	0.40
J.8	Guard Tour System	2025	0.02	0.03	0.02	0.02
J.9	Readers for Biometric AEP	2023, 2024, 2025	0.47	0.51	0.47	0.48
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2024, 2025, 2026	1.16	1.29	1.16	1.21
J.11	Mobile phone for CISF outer duty post	2024, 2025, 2027	0.02	0.02	0.02	0.02
J.12	Automation of AEP Section/ security process	2025, 2026, 2027	0.35	0.41	0.35	0.38
J.13	POC and New Tech evaluation	2024,2025, 2026, 2027	1.11	1.19	1.11	1.15
J.14	NEW AOS-SITA	2024,2025, 2026, 2027	0.97	1.03	0.97	1.00
J.15	AOS - INFRA @ MS Azure	2024,2025, 2026, 2027	3.26	3.62	3.26	3.43
J.16	INTEGRATION	2024,2025, 2026, 2027	0.82	0.89	0.82	0.85
J.17	IT Infra & DC	2023	3.84	4.07	3.84	3.84
J.18	Cyber	2024,2025, 2026, 2027	1.41	1.48	1.41	1.44
J.19	Strategic Projects (Ref. Annexure-4)	2023,2024, 2025, 2026, 2027	111.14	126.84	67.44	72.04
J.20	BU Growth & Sustenance	2023,2024, 2025, 2026, 2027	1.11	1.19	1.11	1.15
J.21	Asset level Technology Refresh	2024, 2025, 2026, 2027	12.93	14.87	12.93	13.92
J.22	Software for ADP/AVP through HQ, Ahmedabad	2024	0.26	0.27	0.26	0.26
J.23	GPS Satellite watches	2025	0.02	0.03	0.02	0.02
J.24	Software for Aerodrome Safeguarding & AIS	2025	0.24	0.26	0.24	0.25
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report (SOR) etc. for use by Apron Control	2025	0.04	0.05	0.04	0.04
J.26	Software for maintaining Safety Data and retrieval of reports	2025	0.24	0.26	0.24	0.25
	Total		147.24	166.57	103.56	109.74

K. Furniture & fixtures (₹ 4.77 Crores)

JIAL proposed to procure various furniture & fixtures for official purpose and terminal operations during third control period. Authority noted that majority of furniture is related to passenger Terminal-I & Terminal-II. Authority proposes to consider the same subject to adjustment of proposed cost on account of inflation as suggested under para 7.3.4 above.

Authority proposes to consider inflation adjusted cost of ₹ 4.48 Crores against JIAL submission of ₹ 4.77 Crores.

L. Security Equipment's (₹ 0.56 Crores)

JIAL proposed to procure security equipment for Gates. Considering the security requirement Authority proposes to consider the same subject to inflationary adjustment to the cost suggested by JIAL. Authority proposes to consider inflation adjusted cost of ₹ 0.53 Crores against JIAL submission of ₹ 0.56 Crores.

M. Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes (₹ 80.97 Crores):

As per JIAL, there is requirement of runway recarpeting at Jaipur Airport. As per JIAL, the proposed capex under this head are related to runway recarpeting works. JIAL submitted following in this regard:

“The runway at JAI requires recarpeting in order to ensure the minimum quality required for future use. The previous runway recarpeting was done in FY 2016-17 by AAI. As per AAI practice the runway is recarpeted every 5 years and accordingly the next runway-recarpeting was due in FY21-22 considering the traffic movement, wear & tear and weather condition. However, considering the low traffic movement in FY20 and FY21 due to COVID restricted travel, the runway recarpeting has been postponed to FY25-26. This will help to restore the PCN value of the runway. The cost of runway re-carpeting proposed in FY2025-26 is considered at approx. ₹ 81 Crores.”

Authority has further sought detail of the basis of capex estimation submitted by JIAL. JIAL in this regard submitted that the basis of cost is same as planned for other similar airport, a detailed costing can be arrived based on pavement design which will be undertaken as part of detailed design.

Authority has noted that there is more than five years since the last runway recarpeting undertaken at Jaipur Airport, considering this Authority proposes to consider this capex in third control period. The proposed capex amount has been adjusted on account of inflationary adjustment. However, same will be reassessed based on actual pavement design developed as part of detailed design process. Authority proposes inflation adjusted cost of ₹ 76.18 Crore against ₹ 80.97 Crore submitted by JIAL. Authority also considered soft cost over this project as per para 7.3.11 below. JIAL also considered IDC of ₹ 1.21 Crores which has been revised to ₹ 0.59 Crores based on the para 7.3.13 below.

As per the provisions of AERA Order no. 35/2017-18 dated 12th January 2018 in respect of useful life of assets, the expense incurred on re-carpeting of runways, taxiways and apron is allowed as O&M expenses as amortization over a period of 5 years. The proposed capex towards runway recarpeting including soft cost and IDC estimated to be ₹ 82.86 Crore. This is further dealt in Opex Chapter of this Consultation Paper.

7.3.7 Based on above proposals, the summary of New Capital Expenditure projects proposed by the Authority

for the Third Control Period is as follows:

Table 102 Capital Expenditure proposed by the Authority for the Third Control Period

(₹ Crores)

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
Passenger Terminal and Associated works								
A.1	New Integrated Terminal III (NITB)	2027	-	2476.19	0.00	(2476.19)	As per the milestones evaluated, this capex is not considered at this stage.	
A.2	Elevated Departure and Arrival Road for new T-III	2027	-	312.42	0.00	(312.42)		
A.3	New electrical substation for proposed new infrastructure	2025	-	117.53	0.00	(117.53)		
A.4	STP for proposed new T-III	2023	-	6.55	0.00	(6.55)		
A.5	Extension of North-West Apron for NITB	2026	-	33.38	0.00	(33.38)		
	Total			2946.07	0.00	(2946.07)		
A	A.6	Existing Terminal 1 upgradation and associated works	2024	2024	3.01	2.47	(0.54)	Cost adjusted on account of Inflation adjustment, Demolition cost not considered and estimate of extra cost over approved rates for working in operational area rationalised to 5%.
	A.7	Operational capex for commencement of Terminal-I	2023, 2024	2023, 2024	4.02	3.44	(0.58)	Security and Operational procurement allowed based on actual purchase order.
	A.8	Terminal -II upgradation and associated works	2023, 2024, 2025	2023, 2024, 2025	278.98	253.58	(25.40)	Applied Normative cost as per the Authority. Estimate of extra cost over approved rates for working in operational area rationalised to 5%.
	Total			286.01	259.49	(26.52)		
Runways, Taxiway & Aprons								
B	B.1	Airside Drainage Works	2026	2026	49.57	44.50	(5.07)	Cost adjusted on account of inflation.
	B.2	Apron and Taxiway related works						
		Construction of Apron near Cargo Terminal	2025	2025	5.74	5.21	(0.53)	Cost adjusted on account of adjustment of

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
	Construction of associated Taxiways for North-West Apron	2025	2025	98.75	89.65	(9.10)	operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.	
	Construction of Code E Taxiway for Terminal 1 Apron	2025	2025	13.99	12.69	(1.30)		
	Construction of New Link Taxiways	2025	2025	12.53	11.37	(1.16)		
	Construction of New Rapid Exit Taxiway	2025	2025	16.59	15.05	(1.54)		
	Construction of T1 Apron	2025	2025	31.63	28.85	(2.78)		
	B.3	GSE Staging - (Rigid Pavement)	2026	2026	5.31	4.81	(0.50)	Cost adjusted on account of inflation
	B.4	Refurbishment of RESA 09 & 27	2026	2026	4.27	3.88	(0.39)	Cost adjusted on account of inflation
	B.5	Improvement of CBR value of basic strip	2026	2026	13.33	0.00	(13.33)	Allowed on incurrence basis.
	Total			251.71	216.02	(35.69)		
Construction of Boundary Wall								
C	C.1	Airport Boundary Wall (New Construction)	2026	2026	4.94	2.94	(2.00)	Cost adjusted on account of the rates prescribed under CPWD PAR 21, adjustment of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	C.2	Airside Perimeter & Service Road including streetlights	2026	2026	5.26	4.84	(0.42)	Cost adjusted on account of operational area constraint rationalised from 10% to 5% and adjustment on account of inflation.
	C.3	Perimeter Intrusion Detection System (PIDS)	2026	2026	36.33	16.58	(19.75)	Cost adjusted on account of the rates considered at other Airports, adjustment on account of inflation.
		Total			46.53	24.37	(22.16)	
Access Road								
D	Fire access road on south of Runway &	2026	2026	20.16	17.76	(2.40)	Cost adjusted on account of operational area	

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
	perimeter road repair						constraint rationalised from 10% to 5% and adjustment on account of inflation.	
	Total – Access Roads			20.16	17.76	(2.40)		
	Cargo Complex							
E	E.1 Interim Cargo Facility	2023, 2024	2023, 2024	9.26	7.87	(1.39)	Cost adjusted on account of the rates considered at other Airports and inflation.	
	E.2 Integrated Cargo Terminal	2024	2024	85.81	73.58	(12.23)	Cost adjusted on account of the rates considered at other Airports, CPWD PAR 21 rates and inflation.	
	Total – Cargo Complex			95.07	81.45	(13.62)		
	Fuel Farm Infrastructure							
F	F.1 Fuel Farm facility	2026	2026	127.41	111.54	(15.87)	Cost adjusted on account of CPWD PAR 21 rates and Inflation.	
	F.2 Hydrant Line	2026	2026	102.72	0.00	(102.72)	Allowed on incurrence basis.	
	F.3	Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	2024	2024	30.97	29.55	(1.42)	Based on the average per KL rate for Ahmedabad Airport and inflation adjustment
		Equipment (Dispenser and Bowsers)	2026	2026	19.59	18.57	(1.02)	
	Total – Fuel			280.69	159.66	(121.03)		
	Vehicles							
G	G.1 Ambulance (4 Nos) for ARFF & Recovery Vehicle	2025	2025	1.37	1.29	(0.08)	Considered as per operational requirement subject to inflationary adjustment.	
	G.2 CFTs(4Nos.) for ARFF	2025,2026, 2027	2025,2026, 2027	71.96	39.25	(32.71)	Adjusted cost on account of cost adopted at Lucknow Airport and adjustment on account of inflation.	

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
G.3	Conversion of vehicles to EVs	2023, 2025, 2026, 2027	2023, 2025, 2026, 2027	7.06	6.78	(0.28)	Considered as per operational requirement subject to inflationary adjustment.	
	G.4	Modified Vehicle for BDDS equipment	2024-2027	2024-2027	0.33	0.31		(0.02)
	G.5	EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	2025	2025	0.33	0.31		(0.02)
	Total – Vehicles				81.05	47.93		(33.12)
Plant and Machinery								
H	H.1	Oil Water Separators (OWS)	2026	2026	13.60	12.88	(0.72)	Considered as per operational requirement subject to inflationary adjustment.
	H.2	Triturator	2025	2025	3.17	3.01	(0.16)	
	H.3	Hazardous Waste Storage	2026	2026	0.41	0.39	(0.02)	
	H.4	Reticulation of utilities to new facilities	2027	2027	6.33	5.93	(0.39)	
	H.5	HVAC improvement work in SHA second floor- T2. and Chiller plant capacity Enhancement	2023	2024	0.59	0.59	0.00	
	H.6	Terminal 1 - Immigration counters, glass partition and water proofing	2023	2024	0.13	0.13	0.00	
	H.7	Augmentation of water supply from PHED , Govt. of Rajasthan at Jaipur Airport.	2023	2024	1.77	1.77	0.00	
	H.8	SITC of CAT-IIIB lights and associated works for Parallel taxiway phase II	2024	2024	8.58	8.28	(0.31)	
	H.9	Construction of view cutter for Tango Apron area	2025	2025	4.93	4.65	(0.28)	

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
H.10	Modification in PAPI, Runway centerline circuits, separate guard light circuits and provision of interleaving AGL circuits.	2024	2024	2.70	2.60	(0.10)	Considered as per operational requirement subject to inflationary adjustment.
H.11	Gas suppression system -NAV-AIDs site	2024	2024	0.83	0.80	(0.03)	
H.12	Special repair/modernisation of THYSSANKRUPP make lifts in ATC Tower.	2023	2024	0.09	0.09	0.00	
H.13	Modernisation of existing hydro pneumatic system & water storage/distribution in airport from T2 to operation area and T1	2023	2024	0.30	0.30	0.00	
H.14	33 KV substation Capacity enhancement and relocation, cable re-routing from JVVNL, Alternative 33 KV power supply source from JVVNL, Replacement of 11 KV Power Cable from 33 KV Substation and Ring main from T-1	2023, 2024	2023, 2024	6.67	6.62	(0.05)	
H.15	Power factor improvement at 33 KV Substation	2024	2024	0.62	0.59	(0.03)	
H.16	Revamping of Fire Fighting Pump house & Apron Office, WHM Crackers storage	2024	2024	0.31	0.30	(0.01)	
H.17	Enhancing solar plant capacity by 500 KW	2024	2024	3.10	2.96	(0.14)	
H.18	Replacement of all type of AGL halogen lights with LED lights	2025, 2026, 2027	2025, 2026, 2027	24.81	23.08	(1.72)	

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
H.19	Conversion of refrigerants to lower Global Warming Potential (GWP)	2025	2025	1.25	1.24	(0.00)	Considered as per operational requirement subject to inflationary adjustment.
H.20	Conversion of CO2 type fire extinguishers to lower GWP	2023	2024	0.01	0.01	0.00	
H.21	Organic waste converter (OWC)	2025	2025	0.20	0.18	(0.01)	
H.22	Night Vision Device(NVD)	2027	2027	3.71	3.48	(0.22)	
H.23	BP Jackets	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.17	1.13	(0.05)	
H.24	BP Helmet	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.49	0.47	(0.03)	
H.25	Bullet Proof Shield	2024-2025	2024-2025	0.71	0.67	(0.04)	
H.26	Bullet Proof Morcha	2024, 2025, 2026	2024, 2025, 2026	1.41	1.33	(0.08)	
H.27	Binocular Device	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.22	0.21	(0.01)	
H.28	Hands Free Communication RT	2025	2025	0.01	0.01	(0.00)	
H.29	Convex Mirror (Blind Curve)	2025, 2027	2025, 2027	0.03	0.03	(0.00)	
H.30	Printer with photocopy	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.11	0.11	(0.00)	
H.31	Body Scanner	2025, 2026, 2027	2025, 2026, 2027	12.89	12.07	(0.82)	
H.32	BDDS Equipment's (Set)	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	2.64	2.47	(0.17)	
H.33	CISF Mess Equipment	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.46	0.43	(0.02)	
H.34	CISF Barrack Lodging Material	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	0.82	0.76	(0.05)	
H.35	CISF - Gym equipment	2024, 2025	2024, 2025	0.16	0.15	(0.01)	

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Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
H.36	Ghumti/ security cabin	2027	2027	0.07	0.07	(0.01)	
H.37	CTSR (Containerised Tubular Shooting Range)	2025	2025	2.60	2.45	(0.15)	
H.38	Miscellaneous	2023, 2024, 2025, 2026, 2027	2023, 2024, 2025, 2026, 2027	1.53	1.44	(0.09)	
H.39	Bollards	2024	2024	2.03	2.00	(0.02)	
H.40	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs - T1	2025, 2026, 2027	2025, 2026, 2027	1.29	1.20	(0.08)	
H.41	Signage - New procurement for emergency route identification etc. - T1	2025, 2026, 2027	2025, 2026, 2027	0.23	0.21	(0.02)	
H.42	Fire Exit Signages (apx. 300 each) 1000nos.	2024, 2026	2024, 2026	0.08	0.07	(0.00)	
H.43	Cones, Barricades	2024, 2026	2024, 2026	0.05	0.05	(0.00)	
H.44	WHM Equipment	2024, 2026	2024, 2026	0.39	0.37	(0.02)	Considered as per operational requirement subject to inflationary adjustment.
H.45	Separate Storage of Fire Crackers for Bird scaring	2024	2024	0.07	0.07	(0.00)	
H.46	Stretchers /O2 Gas cylinder purchase/ other equipment	2024	2024	0.15	0.14	(0.01)	
H.47	ASMA for Safety use by Safety officers	2024	2024	0.02	0.02	(0.00)	
H.48	FOD MAT for collection FODs	2024, 2026	2024, 2026	0.57	0.54	(0.03)	
H.49	Gym Equipment / Table Tennis	2025	2025	0.07	0.06	(0.00)	
H.50	Green walls at terminal-1/2 (1000 sq.)			1.10	0.52	(0.58)	
H.51	Land side & air side Garden (Softscape) developments (2 Ha.)	2023, 2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	4.81	2.27	(2.54)	Considered 50% of the proposed cost and inflationary adjustment owing to limited space available in existing terminal facility.
H.52	Polyhouse 500Sqm.			0.64	0.30	(0.34)	
H.53	Planters and pots for terminal 1 & 2			1.55	0.73	(0.82)	

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks	
		Submitted by JIAL	Proposed by the Authority					
	H.54	Purchase indoor and outdoor Plants T1/2			2.51	1.19	(1.32)	
	H.55	Irrigation Development	2024	2024	0.37	0.18	(0.19)	
		Total – Plant and Machinery			125.36	113.63	(11.72)	
	Other Buildings							
I	I.1	Bomb Cooling Pit (New Construction)	2025	2025	0.85	0.81	(0.04)	Considered as per operational requirement subject to inflationary adjustment.
	I.2	CCR Room East & West	2026	2026	8.21	7.40	(0.82)	
	I.3	Fuel Station (Petrol Pump)/ EV Charging Station including rooftop solar panels and circulation area	2025	2025	4.50	4.26	(0.24)	
	I.4	New Airside Gates - 1	2026	2026	0.62	0.59	(0.04)	
	I.5	Relocation of MSSR	2026	2026	5.90	5.58	(0.32)	
	I.6	Relocation of SMR	2025	2025	0.71	0.67	(0.04)	
	I.7	Construction of Administration Building	2026	2026	50.34	24.06	(26.28)	Out of total capex 50% has been considered. JIAL is required to optimise administrative building area requirement.
	I.8	Police Station (New Construction)	2025	2025	3.99	3.79	(0.21)	Considered on account of operational requirement subject to inflationary adjustment.
	I.9	Solid Waste Facility	2026	2026	2.05	1.93	(0.12)	
	I.10	Installation of EV charging stations	2023	2024	0.14	0.14	0.00	
	I.11	solid waste management yard	2025	2025	0.46	0.43	(0.03)	
	I.12	Unified Security Control Room for CISF	2026	2026	0.67	0.63	(0.04)	
	I.13	Upgradation of RLCC Control Rooms infra	2026	2026	0.34	0.32	(0.02)	
	I.14	Additional/ Relocation & Refurbishment of Watch towers	2026	2026	0.76	0.71	(0.05)	
	I.15	Upgradation/ Refurbishment of Antihijack Control Room	2023	2024	0.58	0.58	0.00	

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
I.16	Misc. Expenses of Cones, Barrier, Foot mat, Single seater chairs -T2	2027	2027	1.63	1.53	(0.10)	
I.17	Setup of Apron Office, Fire Station Movement	2025	2025	0.39	0.37	(0.02)	
	Total – Other Buildings			82.15	53.79	(28.36)	
IT equipment							
J.1	Card Printer for Biometric AEP	2024, 2025	2024, 2025	0.18	0.17	(0.01)	Considered on account of operational requirement subject to inflationary adjustment.
J.2	CCTV & Video Surveillance System Tech Refresh (Including servers, Storage, network Switches and passive cabling)	2023, 2024, 2025	2023, 2024, 2025	5.29	5.17	(0.12)	
J.3	CCTV & Video Surveillance System Additional (Including servers, Storage, network Switches and passive cabling)	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	1.60	1.51	(0.09)	
J.4	CCTV workstation and display	2024, 2027	2024, 2027	0.06	0.06	(0.00)	
J.5	Access control system	2023, 2034, 2026	2023, 2034, 2026	0.58	0.55	(0.03)	
J.6	Biometric Access control system for CISF	2024, 2025, 2026	2024, 2025, 2026	0.13	0.12	(0.01)	
J.7	Desktop and monitors for CISF & AEP Section	2024, 2025, 2026	2024, 2025, 2026	0.42	0.40	(0.02)	
J.8	Guard Tour System	2025	2025	0.03	0.02	(0.00)	
J.9	Readers for Biometric AEP	2023, 2024, 2025	2023, 2024, 2025	0.51	0.48	(0.03)	
J.10	RoIP Infrastructure/Additional RoIP Handset/RoIP Base stations/Vehicle sets	2024, 2025, 2026	2024, 2025, 2026	1.29	1.21	(0.07)	
J.11	Mobile phone for CISF outer duty post	2024, 2025, 2027	2024, 2025, 2027	0.02	0.02	(0.00)	
J.12	Automation of AEP Section/ security process	2025, 2026, 2027	2025, 2026, 2027	0.41	0.38	(0.03)	

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Reference	Description of the Project	Year of Capitalization		Submitted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submitted by JIAL	Proposed by the Authority				
J.13	POC and New Tech evaluation	2024, 2025, 2026,2027	2024, 2025, 2026,2027	1.19	1.15	(0.04)	
J.14	NEW AOS-SITA	2024, 2025, 2026,2027	2024, 2025, 2026,2027	1.03	1.00	(0.03)	
J.15	AOS - INFRA @ MS Azure	2024, 2025, 2026,2027	2024, 2025, 2026,2027	3.62	3.43	(0.19)	
J.16	INTEGRATION	2024, 2025, 2026,2027	2024, 2025, 2026,2027	0.89	0.85	(0.04)	
J.17	IT Infra & DC	2023	2023	4.07	3.84	(0.23)	
J.18	Cyber	2024, 2025, 2026,2027	2024, 2025, 2026,2027	1.48	1.44	(0.04)	
J.19	Strategic Projects – (refer Annexure 4)	2023, 2024, 2025, 2026,2027	2023, 2024, 2025, 2026,2027	126.84	72.04	(54.81)	Evaluated list of projects and shifted/rationalised capex where there are no significant development and the capex proposed in FY'26 or FY'27.
J.20	BU Growth & Sustainable	2023, 2024, 2025, 2026,2027	2023, 2024, 2025, 2026,2027	1.19	1.15	(0.04)	
J.21	Asset level Technology Refresh	2024, 2025, 2026, 2027	2024, 2025, 2026, 2027	14.87	13.92	(0.96)	
J.22	Software for ADP/AVP through HQ, Ahmedabad	2024	2024	0.27	0.26	(0.01)	Considered on account of operational requirement subject to inflationary adjustment.
J.23	GPS Satellite watches	2025	2025	0.03	0.02	(0.00)	
J.24	Software for Aerodrome Safeguarding & AIS	2025	2025	0.26	0.25	(0.01)	
J.25	Tablets for Airside Mobile Application (ASMA) for online filling of Audit, Inspections, Safety Occurrence Report	2025	2025	0.05	0.04	(0.00)	

CAPEX, DEPRECIATION AND RAB FOR THE THIRD CONTROL PERIOD

Referen ce	Description of the Project	Year of Capitalization		Submit ted by the AO (1)	Proposed by the Authority (2)	Difference (3) = (2) - (1)	Remarks
		Submit ted by JIAL	Proposed by the Authority				
	(SOR) etc. for use by Apron Control						
J.26	Software for maintaining Safety Data and retrieval of reports	2025	2025	0.26	0.25	(0.01)	
	Total – IT equipment			166.56	109.74	(56.82)	
	Furniture & fixtures						
K.1	Furniture & Fixtures (Chairs, Stool, Tables, etc)	2024	2024	1.45	1.37	(0.08)	Considered on account of operational requirement subject to inflationary adjustment.
K.2	Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	2027	2027	1.53	1.43	(0.09)	
K.3	Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	2025	2025	1.79	1.68	(0.11)	
	Total – Furniture & fixtures			4.77	4.48	(0.29)	
	Security equipment						
L	Security equipment for Gates	2026	2026	0.56	0.53	(0.03)	Considered on account of operational requirement subject to inflationary adjustment.
	Total – Security equipment			0.56	0.53	(0.03)	
	Runway Recarpeting and other related work						
M	Runway Recarpeting work, taxiway repair job, Pavement block work near signages, Frangible boxes			80.97	0.00	(80.97)	Considered as part of operating expense
Total Project Cost of New Capital Expenditure Projects							
Total				4467.66	1088.80	(3378.86)	

*Considered as part of operating expense.

Note: The variation in the capex allowed by the Authority vis a vis submitted by JIAL is mainly on the account of deferment of Terminal III and associated capex, inflation adjustment, adoption of rates based on industry benchmarks, capacity optimization, capex prioritization and likelihood of the capex to be incurred within third control period.

7.3.8 Authority has further sought details from JIAL with respect to the actual capitalization for FY'23. JIAL has shared the details for capital expenditure capitalized as on Mar'23. Actual capitalization for FY'23

was ₹ 56.76 Crores. Out of which, ₹ 23.36 Crores worth of assets are related to the project which were submitted as part of MYTP, ₹ 19.06 Crores worth of capitalization of AAI CWIP and ₹ 14.34 Crores worth of asset capitalized other than the project envisaged in MYTP. Authority has adjusted the cost of the projects envisaged in the MYTP as well as AAI CWIP as per actual capitalization. Authority has reviewed capitalization worth of ₹ 14.34 Crores and observed that it consists of ₹ 3.95 Crores worth of IND-AS asset adjustment, since the tariff is determined based on IGAAP financial, Authority proposes to not consider this adjustment, The balance ₹ 10.39 Crores of capex has been considered for the purpose of RAB calculation. Further, Authority also notes in case of one of the capex head IT Infra and DC, the estimated base cost of the project was ₹ 3.84 Crores in MYTP, however, JIAL has actually incurred ₹ 4.13 Crores in FY'23. Authority proposes to consider the same, this resulted into increase in capex by ₹ 0.29 Crores. The actualization of FY'23 capex leads to increase in RAB by ₹ 10.68 Crores. It is further noted that these capex items will be subject to examination by the Authority at the time of tariff determination exercise for the next control period. In view of the above, Authority has adjusted the capital expenditure schedule proposed by JIAL.

7.3.9 Capital Work in Progress

- i. In terms of the clause 6.4.5 of the Concession Agreement, JIAL has to take over CWIP from AAI and reimburse the cost of such CWIP to AAI. Following is the relevant extract of the Concession Agreement:

“6.4.5 Notwithstanding anything to the contrary in this Clause 6.4, the Concessionaire shall be liable to pay to the Authority such amounts as may have been incurred by the Authority as on the COD in respect of the contracts relating to works-in-progress as have been set forth in Schedule T. Such amounts shall be intimated by the Authority with supporting documents and details within 30 (thirty) days of COD and shall be due and payable by the Concessionaire to the Authority within a period of 90 (ninety) days thereon.

The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works, and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress. The Concessionaire shall be responsible to incur any additional cost towards completion of such work-in-progress assets after COD.

Upon reimbursement by the Concessionaire to the Authority, of amounts as may have been incurred by the Authority as on the COD for such work-in-progress assets as provided for above, and completion of such works-in-progress by the Concessionaire, such works-in-progress assets shall form part of the Airport.

The amounts reimbursed by the Concessionaire to the Authority and additional amounts incurred by the Concessionaire for completion of such work-in-progress assets shall be considered as investments made by the Concessionaire in creation of such assets for the purpose of determination of Aeronautical Charges by the Regulator. In the event that any part of the amounts reimbursed by the Concessionaire to the Authority pursuant to this Clause 6.4.5 are not considered for pass-through by the Regulator due to any act or omission on the part of the Authority, the adjustment towards any differences in the amounts reimbursed by the Concessionaire to the Authority and the amounts considered for pass-through by the Regulator shall be undertaken as part of the Balancing Payment that becomes due and payable as per Clause 31.4 immediately after the determination of the Aeronautical Charges by the Regulator.”

- ii. As per MYTP for third control period, JIAL received CWIP invoices from AAI totaling ₹ 15.56 Crores (excluding GST). Authority understands from the MYTP submission made by JIAL that these CWIP are subsequently completed and capitalized in the books of account of JIAL. JIAL has

submitted following capitalization schedule of total CWIP of ₹ 23.48 Crores.

Table 103: CWIP capitalization details submitted by JIAL

(₹ Crores)				
Particular	FY'22	FY'23	FY'24	Total
Runway, Taxiway & Apron	-	19.06	0.88	19.94
IT equipment	-	-	3.15	3.15
Plant & Machinery	0.20	-	-	0.20
Furniture & Fixtures	-	-	0.01	0.01
Office equipment	-	-	0.18	0.18
Total	0.20	19.06	4.22	23.48

- iii. Authority has considered ₹ 23.28 Crores (FY'23 & FY'24) for the capitalization schedule for the purpose of RAB calculation for third control period.
- iv. The Authority notes that JIAL has not paid any GST amount (on the value of RAB and CWIP invoices) to AAI. Further, in future, if AAI is required to bear the GST, then based on the indemnity bond provided by JIAL, the same will be recovered by AAI from JIAL. As the GST amount has not been paid by JIAL, the Authority has not considered the same for determining RAB for the Third Control Period. However, the Authority will consider the statutory payments relating to GST amount on RAB and CWIP invoices, on actual incurrence basis, at the time of true up of the Third Control Period, while determining tariff of the next Control Period.

7.3.10 The Authority notes that JIAL would be eligible to claim GST Input Tax Credits on procurement of certain movable property. The Authority expects that JIAL would properly account for such credits in its submissions in accordance with Chapter V of The Central Goods And Services Tax Act, 2017 at the time of true up of the RAB for the Third Control Period. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the Fourth Control Period.

7.3.11 Soft Cost – Technical Consultancies, Contingencies, Pre-Operative cost, design cost, PMC, Preliminary expenses

- i. JIAL as part of proposed project cost for third control period has considered soft cost of ₹ 714.83 Crores. JIAL has considered 16% of capital expenditure as soft cost on account of technical consultancies, contingencies, preoperative Cost, design cost, PMC, preliminary expenses.
- ii. The Authority upon review of JIAL's explanation and relevant documents has the following views with respect to soft cost:
 - a. The Authority notes that for other PPP airports such as HIAL, BIAL, DIAL etc. the above-mentioned costs had been considered in the past in the range of 8% - 11% of the project costs. The Authority is of the view that 16% claimed by JIAL is on the higher side, as compared to other PPP Airports and hence not justified.
 - b. Many of the capex allowed to JIAL are bought out items, wherein orders are placed on Supply, installation, Testing & Commissioning (SITC) basis, Hence, soft cost such as Project Management Consultancy (PMC), Design etc. need not be incurred on such items.
 - c. New Capital Expenditure allowed to JIAL includes works on air side. On air side works such as Apron, Taxiway, Runway overlay, Fuel farm etc. PMC charges are normally in the range of 1% to 3% maximum.
 - d. Soft cost claimed by the JIAL includes, contingencies also, which do not come as a separate line item while capitalizing the assets and is not to be claimed without any contingent activity.

- e. JIAL has considered 18% soft cost unilaterally over all capex items including bought out items. These include items such as procurement of vehicles, plant & machinery items, security equipment etc.

Accordingly, the Authority proposes to consider the aforementioned costs to the extent of 8% of the Aero CAPEX of the projects allowed by the Authority for the current Control Period. The Authority has thus derived the amount proposed to be allowed towards the aforementioned costs as ₹ 93.98 Crores against ₹ 714.83 Crores proposed by JIAL.

7.3.12 The Authority proposes to reduce 1% of the uncapitalised project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalisation schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of JIAL or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The re-adjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by JIAL and is also encouragement for JIAL to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

7.3.13 Financing Allowance/Interest During Construction

As part of the MYTP, JIAL had considered 65% debt funding for the proposed capex and balance 35% from equity portion. JIAL has considered Interest During Construction at the rate of 12% over debt portion and financing allowance at the rate of 12% over equity portion. This has resulted into Financing Allowance (FA) of ₹ 285.47 Cr. and interest during construction of ₹ 530.1. This had been considered by JIAL while capitalization of proposed capex in third control period. The details of FA and IDC submitted by JIAL is given below:

Table 104: The FA and IDC submitted by JIAL

Particular	(₹ Crores)					Total
	FY'23	FY'24	FY'25	FY'26	FY'27	
Financing Allowance	0.14	21.55	71.07	94.26	98.46	285.47
IDC	0.28	40.00	131.97	175.05	182.85	530.16
Total	0.42	61.55	203.04	269.31	281.31	815.63

The Authority examined JIAL's claim as well as the justification provided for the same in detail and has summarized its view as shown below:

- i. The Authority considered that providing return on capital expenditure from the very beginning of construction will significantly lower the risks for an airport operator and may require revisiting the return on equity allowed to airport operators as the investment in the asset class will then be equated to risk free rate of return.
- ii. Further, provision of Financing Allowance will disincentivize the Airport Operators from ensuring timely completion of projects and delivery of services to the users. Therefore, the Authority is of the view that a return should be provided only when the assets are made available to the airport users except in the case of certain costs like IDC that will have to be incurred in case debt is used for funding of projects.
- iii. Furthermore, the future returns from the project should generate adequate returns to cover the cost of equity during the construction stage. JIAL is adequately compensated for the risks associated with the equity investments in a construction project once the project is capitalized by means of a reasonable cost of equity.

- iv. Developments at greenfield airports inherently take longer durations to commission and operationalize. 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 in its any of the Tariff Orders. Further, financing allowance for greenfield airports of BIAL, HIAL, CIAL etc. was allowed only for the initial stages of their development, after which IDC was permitted on the debt portion of the proposed capital expenditure.
- v. It is pertinent to note that in case of a greenfield airport, investment in regulatory blocks by the Airport Operator would not make the airport facilities available to the passengers. Brownfield and Greenfield airports can't be equated on this issue. In greenfield airports, the tariff is not applicable, and no revenue is available to the Airport Operator till the aeronautical services have been created and put to use. However, in the case of brownfield airports, where JIAL brings in additional investments, the airport facilities are mobilized and enabled to other functional parts of the airport, which remains functional and JIAL keeps on enjoying the charges from the users. In the case of JIA, since new projects have included mobilization of existing operations, the said Airport is ought to be considered as a brownfield airport, which in the opinion of the Authority would not be eligible for an allowance on the equity portion of newly funded capital projects.
- vi. Financing Allowance is a notional allowance and different from interest during construction. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt. Further, the Authority opines that only IDC should be provided on the debt borrowings availed for execution of a project.
- vii. AERA Guidelines, 2011 does not specifically state that Financing Allowance is to be provided on equity portion of the capital expenditure. The proviso to Section 13 (1) (a) of the AERA Act states that "different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii) of Section 13 (1) (a)".
- viii. In respect of IDC, the Authority is inclined to allow the same and accordingly, the Authority has considered IDC to be provided on the debt portion of the value of average CWIP derived on the basis of revised Capitalization schedule proposed by the Authority. Further, the Authority proposes to consider the notional gearing ratio (debt-equity ratio of 48:52) followed for other PPP airports and cost of debt @ 9% (refer para 8.2.4 onwards) for the Third Control Period for calculating the value of IDC. Based on the same, the Authority has derived an amount of ₹ 28.17 Crores and proposes to allow the same as against ₹ 815.63 Crores (as Financing Allowance and IDC) claimed by JIAL for the Third Control Period.
- ix. One of the key reasons of variation in IDC amount is that the Authority has considered capital addition of ₹ 1088.86 Crores against the capital addition proposed by JIAL of ₹ 4467.64 Crores (refer Table 102)
- x. The IDC proposed by the Authority towards the capital expenditure for the Third Control Period at the Consultation Stage is given below.

Table 105: The IDC proposed by the Authority for the Third Control Period

Particular						(₹ Crores)
	FY'23	FY'24	FY'25	FY'26	FY'27	Total
IDC	-	6.61	13.53	5.38	0.19	25.72

7.3.14 Summary of the Capital expenditure considered by the Authority for third control period:

- a. With reference to above following is the summary of the capex proposed by Authority for the purpose of regulatory asset base for third control period in case of Jaipur Airport:

Table 106: Summary of the CAPEX considered by the Authority for Third Control Period
(₹ Crores)

S. No.	Project Name	Reference	Amount in ₹ Crore	
			JIAL	Authority
A	Basic cost (Including indexation) as tabled above	Para 7.3.7	4467.64	1088.80
B	Soft Cost*	Para 7.3.11	714.83	85.25
C	Interest During Construction	Para 7.3.13	530.16	25.72
D	Financing Allowance	Para 7.3.13	285.47	-
	Total – New Capex		5998.15	1199.77
E	FY'23 as per actual capex incurred	Para 7.3.8	-	10.68
F	CWIP projects		-	23.28
	Grand Total			1233.73

*the soft cost is not provided over the capex incurred in FY'23

7.3.15 Allocation of capital expenditure

- a. JIAL has submitted following with respect to RAB allocation methodology for third control period:

9.1 As per AERA Order No 14/2016-17 and as mandated under the Concession Agreement, the Hybrid-Till with 30% cross subsidization of non-Aeronautical revenues is the applicable methodology. The relevant extract from AERA order and Concession Agreement is as follows:

9.1.1 Extract from AERA order:

The authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory of India Act 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that: -

(i) The Authority will in future determine the tariffs of major airports under “Hybrid Till” where in 30% of non-aeronautical revenues will be used to cross-subsidize aeronautical charges. Accordingly, to that extent the airport operator guidelines of the Authority shall be amended. The provisions of the Guidelines issued by the Authority, other than regulatory till, shall remain the same.

(ii) In case of Delhi and Mumbai airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective airport operators at Delhi and Mumbai.

9.1.2 Extract from Concession Agreement:

28.3.2 The GOI has, through the National Civil Aviation Policy dated June 15,2016, approved, (“Shared-Till Approval”) the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval.

28.3.3 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, terms of this Agreement including the terms set out in Schedule R (Memorandum of Understanding) and the Applicable Laws.

9.1.3 Extract from Schedule R of the Concession Agreement:

2.2 Principles for Determination and Revision of Fees

2.2.1 The GOI has, through the National Civil Aviation Policy dated June 15, 2016 approved the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all Airports in India (“Shared-Till Approval”), and the same shall be accordingly considered by AERA, for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement.

2.2.2 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, the terms of the Concession Agreement and the Applicable Laws.

9.2 As per Clause 5.2 of the AERA Guidelines:

5.2.1. Scope of the RAB

(a) In normal course, all airport fixed assets will come under the scope of the RAB. However, the Authority may, based on due consideration of relevant factors, include or exclude certain fixed assets from the scope of RAB.

(b) The relevant RAB assets shall be all the fixed assets proposed by the Airport Operator(s), after providing for such exclusions therefrom or such inclusions therein, as may be determined by the Authority in respect of specific assets based on following principles:-

(i) The assets that substantially provide amenities / facilities/ services that are not related to, or not normally provided at an airport, may be excluded from the scope of RAB;

(ii) The assets that in the opinion of the Authority do not derive any material commercial advantage from the airport (for example from being located close to the airport) may be excluded from the scope of RAB;

(iii) Responses by stakeholders in relation to their inclusion or exclusion during consultations.

(iv) Specification of, to the Authority's satisfaction, sufficient accounting separation to ensure that the costs and revenues associated with the assets shall be clearly identified for the preparation and audit of regulated airport accounts;

(v) Specification of, to the Authority's satisfaction wherever appropriate (where the Authority considers there may be substantial financial risks associated with any asset), sufficient legal separation to protect the Airport Operators, and thus airport Users, in the event of any substantial financial risks materialising. The Authority shall require the Airport Operator(s) to insulate the Users by suitably ring fencing the assets excluded from the scope of RAB. The principles governing the ring fencing are mentioned in the paragraph 7.5 of Order Number 13/2010-11 of the Authority issued on 12-Jan-2011.

(vi) Notwithstanding the principles mentioned under points (i) to (v) above, assets with fixed locations inside terminal buildings shall be considered within the scope of RAB.

(c) Any exclusion/ inclusion shall only be considered if it is proposed to be executed in the Control Period for which the Multi Year Tariff Proposal is submitted.

(d) The Authority may also, in its discretion, consider any other relevant factors for exclusion or inclusion of assets.

(e) The assets related to any service(s) provided by the Airport Operator that are subject to separate control and regulated as per Clause 5.7, shall be excluded from the scope of RAB.

9.2.1 It is observed that as per AERA Guidelines, 5.2.1 (b) (vi) all the assets which are part of the terminal building shall be considered as part of RAB. Therefore, terminal building as a whole should be considered as RAB /Aeronautical asset and not required to be allocated into Aero and Non-Aero.

- b. Authority has examined JIAL submission and have following observations:
- i. As per tariff guidelines 2011 for Airport Operators the tariff for an Airport needs to be calculated as per single till methodology. According to which all building block of ARR considered 100% as aeronautical.

- ii. Authority in order to adopts uniform tariff policy across all major airports had amended its tariff guideline to the extent of adoption of Hybrid Till instead of Single Till prescribed in the guidelines vide order 14/2016-17. The Hybrid Till in principle considers only aeronautical portion of OPEX and CAPEX as pass through in tariff with 30% cross subsidy from Gross Non-Aero Revenue.
- iii. The revenue, cost and asset are interlinked and should be aligned in accordance with the till methodology adopted for tariff determination. Thus, as part of asset allocation exercise, we would require identification and allocation of Assets and OPEX into Aero and Non-Aero
- iv. Authority has adopted following basis for allocation of RAB addition during third control period:

Terminal Building Ratio - It was observed that JIAL has classified the entire area of the terminal building as aeronautical. Upon enquiry, JIAL stated that this was done in accordance with the AERA Act.

Terminal Building Area is planned in an airport considering the facilities to be provided for Aeronautical activities and provision of space for certain Non-Aeronautical activities such as Food & Beverage, Duty Free etc. Also, in case of PPP airports, the focus on Non-Aeronautical activities is expected to be more as these would generate revenues and a part of the same would also cross subsidize the Aeronautical charges. The Non-Aeronautical activities are over 10% of terminal building area at other similar size PPP airports. Prescriptions of IMG norms also provide for non-aeronautical area to be between 8% and 12%, with the range being higher for larger airports. Considering the above, the Authority proposes to consider the ratio of 90:10 towards Aeronautical and Non-Aeronautical in line with its decision in Order No. 03 /2017-18 dated 2nd June 2017 for JIAL for the Third Control Period.

Employee Ratio- JIAL has submitted expected deployment of employees during third control period. Basis on employment schedule and rationalization, the employee ratio has been calculated at operating expense chapter, please refer Table 138 of O&M chapter of this consultation paper for detailed calculation. The effective employee ratio for third control period comes to 96.82%.

Gross Block Asset Ratio – As per the asset allocation study the gross block asset ratio is 97.88% as on 31st Mar’2022, same has been considered for third control period for the purpose of asset allocation.

- v. It is to be further noted that Authority has considered above ratios to allocate assets planned to be procured as part of third control period, the allocation ratio will be revised as per asset allocation exercise undertaken by the Authority in the next control period.

Following is the asset wise allocation for asset addition proposed in third control period:

Table 107: The asset wise allocation for asset addition proposed in third control period

Particular	Allocation Basis	Aeronautical portion
Terminal Building	Terminal Ratio	90.00 %
Runway, Taxiway and Apron	Aeronautical	100.00 %
Cargo building	Aeronautical	100.00 %
Cargo Equipment	Aeronautical	100.00 %
Boundary wall	Aeronautical	100.00 %
Software	Employee Ratio	97.23 %
IT equipment	Employee Ratio	97.23 %
Security equipment	Aeronautical	100.00 %
Plant and Machinery	Gross Block Asset	97.88 %
Other Buildings	Gross Block Asset	97.88 %

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Access Road	Aeronautical	100.00 %
Terminal Building	Terminal Ratio	90.00 %
Fuel	Aeronautical	100.00 %
Furniture & fixtures	Gross Block Asset	97.88 %
Vehicles	Aeronautical	100.00 %
Office equipment	Employee Ratio	97.23%

7.4 Capital addition for third control period

- a) Total capital addition as per Authority for third control period is ₹ 1233.73 Crore (₹ 1199.83 plus FY'23 and CWIP impact of ₹ 33.90 Crores)
- b) The Authority considers following capitalization schedule for the purpose of third control period.

Table 108: Capitalization schedule proposed by the Authority for the Third Control Period

(₹ Crores)

Particular	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Terminal Building	11.42	0.77	272.10	0.00	0.00	284.29
Runway, Taxiway and Apron	19.06	0.88	184.64	57.28	0.00	261.86
Cargo Facility	0.43	8.14	0.00	83.38	0.00	91.96
Boundary wall	0.00	0.00	0.00	26.32	0.00	26.32
IT equipment	8.67	23.22	29.08	28.82	31.50	121.29
Security equipment	0.00	0.00	0.00	0.57	0.00	0.57
Plant and Machinery	11.60	34.19	33.24	29.42	25.64	134.08
Other Buildings	0.00	1.03	12.54	45.41	0.29	59.27
Access Road	0.00	0.00	6.24	12.95	0.00	19.18
Fuel	0.00	32.17	0.00	146.08	0.00	178.25
Furniture & fixtures	0.00	0.56	2.05	1.24	1.00	4.85
Vehicles	1.63	0.00	14.63	13.95	21.42	51.63
Office equipment	-	0.18	-	-	-	0.18
Total	52.81	101.14	554.52	445.42	79.84	1233.73

- c) Capital addition proposed above is further allocated into Aeronautical asset for the purpose of Regulatory Asset Base for third control period. The year wise details for Regulatory Asset Base are as follows:

Table 109: Year wise details for Regulatory Asset Base proposed by the Authority for Third Control Period

(₹ Crores)

S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
A	Passenger Terminal and Associated works								
	A.1	New Integrated Terminal III (NITB)	-	-	-	-	-	-	-
	A.2	Elevated Departure and Arrival Road for new T-III	-	-	-	-	-	-	-
	A.3	New electrical substation for proposed new infrastructure	-	-	-	-	-	-	-

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S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
A.4	STP for proposed new T-III	-		-	-	-	-	-	-
A.5	Extension of North-West Apron for NITB	-		-	-	-	-	-	-
	Total	-		-	-	-	-	-	-
A.6	Existing Terminal 1 upgradation and associated works	2.57	90.00%	1.71	0.61	-	-	-	2.31
A.7	Operational capex for commencement of Terminal-I	3.44	90.00%	3.04	0.06	-	-	-	3.10
A.8	Terminal -II upgradation and associated works	278.28	90.00%	5.52	-	244.93	-	-	250.45
	Sub-Total (A)	284.29		10.27	0.66	244.93	-	-	255.86
	Runways, Taxiway & Aprons								
B.1	Airside Drainage Works	50.69	100.00%	-	-	-	50.69	-	50.69
	Apron and Taxiway related works	-							
	Construction of Apron near Cargo Terminal	5.77	100.00%	-	-	5.77	-	-	5.77
	Construction of associated Taxiways for North-West Apron	99.24	100.00%	-	-	99.24	-	-	99.24
B.2	Construction of Code E Taxiway for Terminal 1 Apron	14.05	100.00%	-	-	14.05	-	-	14.05
	Construction of New Link Taxiways	12.58	100.00%	-	-	12.58	-	-	12.58
	Construction of New Rapid Exit Taxiway	16.66	100.00%	-	-	16.66	-	-	16.66
	Construction of T1 Apron	31.93	100.00%	-	-	31.93	-	-	31.93
B.3	GSE Staging - (Rigid Pavement)	5.38	100.00%	-	-	-	5.38	-	5.38
B.4	Refurbishment of RESA 09 & 27	4.27	100.00%	-	-	4.27	-	-	4.27
B.5	Improvement of CBR value of basic strip	-		-	-	-	-	-	-
	Sub-Total (B)	240.59		-	-	184.51	56.08	-	240.59
	Construction of Boundary Wall								
C.1	Airport Boundary Wall (New Construction)	3.25	100.00%	-	-	-	3.25	-	3.25
C.2	Airside Perimeter & Service Road including streetlights	5.44	100.00%	-	-	-	5.44	-	5.44
C.3	Perimeter Intrusion Detection System (PIDS)	18.32	100.00%	-	-	-	18.32	-	18.32
	Sub-Total (C)	27.01		-	-	-	27.01	-	27.01
D	Access Road								

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S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
	Fire access road on south of Runway & perimeter road repair	19.18	100.00%	-	-	6.24	12.95	-	19.18
	Sub-Total (D)	19.18		-	-	6.24	12.95	-	19.18
E	Cargo Complex								
	E.1 Interim Cargo Facility	8.57	100.00%	0.43	8.14	-	-	-	8.57
	E.2 Integrated Cargo Terminal	83.38	100.00%	-	-	-	83.38	-	83.38
	Sub-Total (E)	91.96		0.43	8.14	-	83.38	-	91.96
F	Fuel Farm Infrastructure								
	F.1 Fuel Farm facility	125.23	100.00%	-	-	-	125.23	-	125.23
	F.2 Hydrant Line	-		-	-	-	-	-	-
	F.3 Acquisition of existing assets (BPCL, IOCL, RIL) and Dead Stock of Material	32.17	100.00%	-	32.17	-	-	-	32.17
	Equipment (Dispenser and Bowsers)	20.85	100.00%	-	-	-	20.85	-	20.85
	Sub-Total (F)			-	32.17	-	146.08	-	178.25
G	Vehicles								
	G.1 Ambulance (4 Nos) for ARFF & Recovery Vehicle	1.39	100.00%	-	-	1.39	-	-	1.39
	G.2 CFTs(4Nos.) for ARFF	42.39	100.00%	-	-	9.33	12.11	20.95	42.39
	G.3 Conversion of vehicles to EVs	7.19	100.00%	1.63	-	3.25	1.84	0.48	7.19
	G.4 Modified Vehicle for BDDS equipment	0.33	100.00%	-	-	0.33	-	-	0.33
	G.5 EV for Aerodrome safeguarding at City Side for monitoring of Obstacles and Site verification for NOC	0.33	100.00%	-	-	0.33	-	-	0.33
	Sub-Total (G)	51.63		1.63	-	14.63	13.95	21.42	51.63
H	Plant and Machinery								
	Plant and Machinery - H1-H55	134.04	97.88%	11.35	33.47	32.53	28.75	25.09	131.20
	Sub-Total (H)	134.04	97.88%	11.35	33.47	32.53	28.75	25.09	131.20
I	Other Buildings								
	Other Buildings - I-1 - I-17	59.94	97.88%	-	1.00	12.40	44.98	0.28	58.67
	Other Buildings	59.94	97.88%	-	1.00	12.40	44.98	0.28	58.67
J	IT equipment								
	IT equipment - J.1-J.26	118.14	97.23%	8.43	19.56	28.23	28.02	30.63	114.87
	IT equipment	118.14	97.23%	8.43	19.56	28.23	28.02	30.63	114.87
K	Furniture & fixtures								
	K.1 Furniture & Fixtures (Chairs, Stool, Tables, etc)	1.48	97.88%	-	0.44	0.32	0.34	0.35	1.45
	K.2 Furniture Expenses- Furniture purchase Terminal (Passengers) - T1	1.55	97.88%	-	-	1.10	0.20	0.21	1.51

S. No.	Description of the Project	Total Cost	Aero %	Aero Capitalization					Total
				FY'23	FY'24	FY'25	FY'26	FY'27	
K.3	Furniture Expenses- Furniture purchase Terminal (Passengers) - T2	1.81	97.88%	-	0.10	0.58	0.67	0.42	1.78
	Total – Furniture & fixtures	4.84	97.88%	-	0.54	2.01	1.21	0.98	4.74
L	Security equipment								
	Security equipment for Gates	0.58	100%	-	-	-	0.58	-	0.58
	Total – Security equipment	0.58	100%	-	-	-	0.58	-	0.58
M	AAI CWIP transferred to JIAL								
	Runway, Taxiway and Apron	19.06	100.00%	19.06					19.06
	IT equipment	0.88	97.23%		0.86				0.86
	Plant and Machinery	3.15	97.88%		3.08				3.08
	Furniture & fixtures	0.01	97.88%		0.01				0.01
	Office equipment	0.18	97.23%		0.18				0.18
	Total-AAI CWIP			19.06	4.12	-	-	-	23.18
Total				51.18	99.66	525.49	443.01	78.40	1197.73

7.5 Depreciation for the Third Control Period

JIAL's submission

7.5.1 JIAL follows the policy of determining the rates of depreciation based on the 'useful life' of different asset classes. While submitting the Multi-Year Tariff Proposal for the Third Control Period for JIA, JIAL has taken cognizance of the rates of depreciation approved by the Authority in its order vide Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35 / 2017-18 on 'Determination of Useful Life on Airport Assets'. However, JIAL has considered different rates for certain asset classes based on the recommendations of the "Technical Study report of useful life of assets" submitted by an Independent Expert (Kanti Karamsey & Co., Govt. Registered Valuers) engaged by JIAL in May 2021 and the same are as per the table given below -:

Table 110: Depreciation rates determined by JIAL for the Third Control Period

Asset Class	Depreciation as per JIAL's submission
Terminal Building	4.00%
Runway, Taxiway and Apron	5.00%
Cargo Building	4.00%
Cargo Equipment	13.33%
Boundary wall	20.00%
Computer Servers, networks, etc.	33.33%
Computer End-user devices	33.33%
Security equipment	13.33%
Plant and Machinery	13.33%
Other buildings	3.33%
Access road	10.00%

Asset Class	Depreciation as per JIAL's submission
Fuel farm facility assets	13.33%
Furniture & fixtures	14.29%
Vehicles	20.00%
Office Equipment	20.00%

- 7.5.2 Depreciation has been computed separately on opening block of assets and on the proposed additions.
- 7.5.3 For the additions to RAB, JIAL has calculated the depreciation during year of capitalization on 50% of the asset value (assuming that the asset is capitalized in the middle of the financial year).
- 7.5.4 The depreciation amount submitted by JIAL for the Third Control Period has been presented in the table below.

Table 111: Depreciation submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Terminal Building	8.16	8.32	15.16	21.95	91.51	145.10
Runway, Taxiway and Apron	15.48	16.02	21.85	30.82	33.91	118.08
Cargo building	0.00	0.23	2.61	4.76	4.76	12.37
Cargo Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Boundary wall	0.01	0.01	0.00	5.77	11.54	17.33
Software	0.05	0.05	0.04	0.00	0.00	0.14
IT equipment	1.12	10.69	22.97	39.29	56.79	130.87
Security equipment	0.00	0.00	0.00	0.05	0.09	0.14
Plant and Machinery	25.12	25.57	23.76	26.47	38.81	139.73
Other Buildings	0.11	0.13	0.38	2.10	3.73	6.45
Access Road	0.00	0.00	0.38	1.55	24.28	26.20
Terminal Building	0.00	0.00	0.00	0.00	0.00	0.00
Land	0.00	0.00	0.00	0.00	0.00	0.00
Fuel	0.00	2.45	4.89	26.32	47.74	81.40
Furniture & fixtures	0.34	0.40	0.59	0.85	1.04	3.21
Vehicles	0.41	0.54	2.91	7.86	14.62	26.35
Office equipment	0.32	0.35	0.35	0.34	0.27	1.62
Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	51.13	64.76	95.90	168.12	329.09	709.00

Authority's examination regarding Depreciation for the Third Control Period

- 7.5.5 The Authority duly examined the recommendations of the Technical Study Report on 'useful life of assets' submitted by JIAL and observed that the expert appointed by JIAL has prescribed the useful lives of assets component wise after technical assessment.
- 7.5.6 The Authority noted the methodology adopted by the Valuer to evaluate the useful lives of assets is as follows:
- "Physical inspection of some of the assets
 - Detailed discussions with the Projects, Finance & Engineering and Maintenance team of MIA and the General Manager (Engineering – Civil) of Airports Authority of India pertaining to usage of the assets.
 - Guidance for determination of Useful Life given in Depreciation under Companies Act, 2013

Schedule 2, Airports Economic Regulatory Authority of India ("AERA"), Marshall & Swift Valuation Service (MVS) and American Society of Appraisers (ASA)

- *Our understanding and experience as qualified engineers "*

7.5.7 The Authority has observed the recommendations given in the study report for adopting shorter useful life and noted the following:

- The Independent Expert appointed by JIAL has considered the various components of the Terminal Building such as False Ceiling, Sanitation works, Glass façade, Flooring works etc. for assessing the useful life of the Terminal Building. The Expert has calculated the contribution of each of the components to the overall structure of the Terminal Building along with the estimated useful life of such components wherein shorter useful lives have been adopted for False Ceiling, Sanitation works, Glass façade and Flooring works due to frequent renovation works in the building, weather conditions, wear and tear, etc., and arrived at the weighted average useful life of the entire structure of Terminal Building as approximately 25 years Further, the Authority notes that JIAL has adopted the same shorter useful life of 25 years for the projected capital expenditure on construction of new Cargo Terminal Building.
- Similarly, the Independent Expert has recommended shorter useful life for Runways, Taxiways and Apron based on the useful life followed by various international regulators and associations.
- Further, in respect of Plant and machinery items, as per the technical report, these items are broadly used at Jaipur International Airport for 24 hours per day as the Airport is working all three shifts and hence, as prescribed under the Companies Act 2013, Schedule II for assets used during the year for double shift or triple shift, the Expert has recommended to adopt useful life of 7.5 years instead of 15 years. The Authority also notes that JIAL has adopted the same shorter useful life of 7.5 years for Cargo and Security Equipment.
- JIAL has adopted shorter useful life of 3 years for Flight Information Display System (FIDS) and AOCC Equipment (included under the category of 'Information and Technology equipment') in its MYTP submission.

7.5.8 Apart from the above, the Authority notes that in respect of Fuel Farm facility, JIAL has adopted 'weighted average' useful life of 7.5 years. Since the major portion of the assets are in the nature of Plant and Machinery, JIAL has estimated the useful life of the Fuel facility as 7.5 years and adopted higher depreciation of 13.33% for the entire capital expenditure projected for this facility.

7.5.9 The Authority on perusal of all the above, has summarized its view as under:

Asset class - Building: The Expert has recommended shorter life for False Ceiling, Sanitation works, Glass façade and Flooring works which appear to be integral part of the Airport Terminal Building. Authority's Order No.35 does not provide for reducing the life of assets under Asset class -Buildings. The Authority observes that various components mentioned above are also an integral part of the Terminal Building and should be added to the Terminal Building cost by applying the same rate of depreciation as that of buildings. While the technical report provided by JIAL has determined the shorter life to be adopted, it has not provided sufficient rationale for adopting such shorter useful life. Since these assets are all part of the building, the Authority is of the view that the same rate applicable to building should be applied to these assets and no reduction in life of these assets are called for. Further, the Authority notes that adequate maintenance expenditure is allowed to enable JIAL to maintain the assets in good working condition during its entire life. The Authority has issued Order No.35 as part of its normative approach to various Building Blocks in Economic regulation of Major Airports where it has stated that, "The Authority has been of the considered view, that it would be preferable to have as far as practicable, a broad year to year consistency in what Depreciation is charged by the companies as

certified by the relevant statutory auditors and what the Authority would take into account in its process of tariff determination. Issue of a notification will ensure this objective." In view of all the above, the Authority is not inclined to deviate from ensuring this objective and therefore proposes not to consider the shorter useful life of 25 years claimed by JIAL for both the Terminal Building and newly projected Cargo terminal building.

Asset Class -Runways, Taxiways and Aprons: The Expert has recommended adopting a shorter life of 20 years based on useful life followed by certain international associations and regulators, like, Federation Aviation Administration -US Department of Transportation, Civil Aviation Authority – UK, Australian Airports Association – Australia etc., which the Authority feels does not provide proper justification for adopting a shorter useful life. Therefore, the Authority finds no reason to reduce the life of the Runway which enhances the burden of Airport users by increasing the tariff.

Other Asset Classes: Order No.35 provides for specific determination of life through technical evaluation for specific assets other than those listed in the Order based on specific requirement of the Airport. The Authority finds that none of the asset in these classes where a shorter life has been adopted as specific assets are based on specific requirement of the Airport. Therefore, the Authority finds no merit in reducing the life of such asset for tariff purposes.

Fuel farm facility – The Authority examined the list of items forming part of Fuel facility including assets planned to be purchased and observed that there are assets belonging to different asset category, namely Buildings, Roads, Plant and Machinery, Vehicles etc., and based on the same, proposes not to consider the weighted average useful life of 7.5 years claimed by JIAL. Instead, the Authority proposes to adopt the specific depreciation rate prescribed as per Order No.35 for such asset category in line with depreciation rates adopted for similar facility at other airports.

7.5.10 Based on all the above, the Authority has proposed the following useful life for all the assets of Jaipur International Airport during the Third Control Period:

Table 112: Useful Life proposed by the Authority for all the assets in the Third Control Period
(In Years)

Asset Class	Useful life submitted by JIAL	Useful life proposed by the Authority
Terminal Building	25	30
Runway, Taxiway and Apron	20	30
Cargo Building	25	30
Cargo Equipment	7.5	15
Boundary wall	5	5
Computer Servers, networks, etc. / Software	3	3
Computer End-user devices / IT equipment	3	3
Security equipment	7.5	15
Plant and Machinery	7.5	15
Other buildings	30	30
Access road	10	10
Furniture & fixtures	7	7
Vehicles	5	8
Office Equipment	5	5
Fuel farm facility assets		
(i) Plant and machinery items	7.5	15

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Asset Class	Useful life submitted by JIAL	Useful life proposed by the Authority
(ii) Roads	7.5	10
(iii) Buildings	7.5	30
(iv) Furniture & fixtures	7.5	7
(v) Vehicles	7.5	8
(vi) Refuellers	7.5	15

7.5.11 Considering the above changes in depreciation rates, revision in the value of opening gross block of assets and proposed capital expenditure, the Authority proposes the following depreciation for the Third Control Period.

Table 113: Aeronautical depreciation proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Terminal Building	5.61	5.81	9.89	13.97	13.97	49.25
Runway, Taxiway and Apron	9.52	9.88	12.95	16.98	17.93	67.27
Cargo building	0.01	0.15	0.29	1.68	3.07	5.18
Boundary wall	0.01	0.01	0.00	2.63	5.26	7.92
Software	0.05	0.05	0.04	0.00	0.00	0.13
IT equipment	1.05	7.62	15.84	24.91	34.68	84.09
Security equipment	0.00	0.00	0.00	0.02	0.04	0.06
Plant and Machinery	8.62	10.51	12.68	14.49	16.28	62.59
Other Buildings	0.13	0.15	0.37	1.31	2.06	4.01
Access Road	0.00	0.00	0.31	1.27	1.92	3.50
Fuel	0.00	0.80	1.61	5.26	8.91	16.59
Furniture & fixtures	0.31	0.35	0.53	0.76	0.91	2.85
Vehicles	0.21	0.30	1.20	2.97	5.14	9.82
Office equipment	0.30	0.32	0.33	0.32	0.25	1.52
Total	25.82	35.94	56.03	86.56	110.42	314.78

7.5.12 The depreciation claimed by JIAL in comparison with that proposed by the Authority for each financial year is shown in the table below:

Table 114: Depreciation claimed by JIAL and proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Depreciation claimed by JIAL	51.13	64.76	95.90	168.12	329.09	709.00
Less: Adjustments made by the Authority on account of change in useful life and revision in asset addition.	(25.31)	(28.82)	(39.87)	(81.56)	(218.67)	(394.22)
Depreciation proposed by the Authority	25.82	35.94	56.03	86.56	110.42	314.78

The Authority proposes to consider depreciation for Jaipur International Airport for the Third Control Period as ₹ 314.78 Crores.

7.6 Regulatory Asset Base (RAB) for the Third Control Period

JIAL has submitted RAB for the Third Control Period as follows:

Table 115: RAB proposed by JIAL for Jaipur International Airport for the Third Control Period
(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Opening RAB (1)	492.38	504.32	539.38	1,263.81	1,816.08	
Additions (2)	62.89	99.81	820.34	720.39	4,222.03	5,925.46
Disposal/Transfers (3)	-	-	-	-	-	
Depreciation (4)	51.13	64.76	95.90	168.12	329.09	709.00
Closing RAB (5) = [(1) +(2) – (3) – (4)]	504.32	539.38	1,263.81	1,816.08	5,709.02	
Average RAB = [(1) + (5)]/2	498.35	521.85	901.60	1,539.95	3,762.55	

7.6.1 Opening RAB

The Authority noted that Opening RAB has been revised from ₹ 492.38 Crores (submitted by JIAL) to ₹ 495.53 Crores based on adjustments made to the RAB and mentioned as per the Table 51 of this Consultation Paper. Following are the key consideration in revision of opening RAB:

- Adjustment on account of revision in asset classification as detailed in asset allocation study.
- JIAL has considered higher useful life of asset which has been aligned to the useful life recommended as per order no 35/2017-18 dated 12th Jan'2018. This is resulted into reduction in depreciation and increase in regulatory asset base.
- As part of asset transfer to JIAL, AAI has to pay ₹ 1.05 Crores towards payment of vacation of quarters from CPWD. Since, CPWD asset handed over to JIAL as part of transition process, same has been considered by the Authority as part of opening RAB.

7.6.2 Authority's examination of RAB for the Third Control Period

Authority in line with above consideration proposed following Regulatory Asset Base schedule for the Third Control Period:

Table 116: RAB proposed by the Authority for JIA for the Third Control Period

(₹ Crores)

Particulars	Ref.	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Opening RAB (1)	Table 51	495.53	520.89	584.61	1054.07	1410.51	
Capital Additions (2)	Table 109	51.18	99.66	525.49	443.01	78.40	1,197.74
Disposal/Transfers (3)		-	-	-	-	-	
Depreciation (4)	Table 114	25.82	35.94	56.03	86.56	110.42	314.78
Closing RAB (5) = [(1) +(2) – (3) – (4)]		520.89	584.61	1054.07	1410.51	1378.49	
Average RAB = [(1) + (5)]/2		508.21	552.75	819.34	1232.29	1394.50	

7.6.3 The Authority proposes to consider RAB for the Jaipur International Airport for the Third Control Period

as detailed in Table 116.

7.7 Authority's proposal regarding CAPEX, Depreciation and RAB for Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to CAPEX, depreciation and Regulatory Asset Base for the Third Control Period.

- 7.7.1 To consider the revised Terminal Building ratio of 90:10 in line with the Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport, IMG norms and as approved for other similar Airports.
- 7.7.2 To allow IDC during the Third Control Period and not to allow Financing Allowance as mentioned in Para 7.3.13.
- 7.7.3 To adopt the capitalization of Aeronautical Expenditure for the Third Control Period in accordance with Table 109.
- 7.7.4 To reduce (adjust) 1% of uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in para 7.3.12. The same will be examined at the time of tariff determination of next Control Period.
- 7.7.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the Third Control Period.
- 7.7.6 To true up the Aeronautical Capital expenditure based on actuals subject to, cost efficiency and reasonableness at the time of determination of tariff for Fourth Control Period.
- 7.7.7 To adopt Aeronautical Depreciation as per Table 113 for the Third Control Period.
- 7.7.8 To true up the Depreciation of the Third Control period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fourth Control Period.
- 7.7.9 To consider average RAB for the Third Control Period for Jaipur International Airport as per Table 116.
- 7.7.10 To true up the RAB based on actuals at the time of tariff determination for the Fourth Control period.

8 FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD**8.1 JIAL's submission of FRoR for the Third Control Period****Cost of equity**

8.1.1 JIAL has considered the Cost of equity as 17.30% based on a report by PwC.

8.1.2 JIAL has submitted the following assumptions for estimating the Cost of equity:

- Risk-free rate was calculated by taking 10-year average yield on a daily basis, for 10-year Government of India securities.
- Asset beta was derived based on five-year weekly regressed beta computed for comparable listed airports (weighted), and adjusted for appropriate leverage to determine the levered Equity beta
- Although various debt-equity (leverage or gearing) ratios had been analyzed, the assumed leverage for computation of Cost of equity was the normative approach and standard adopted in earlier tariff determination exercises of the Authority, i.e., debt-equity ratio of 48:52. For such leverage ratio, the Equity beta was computed to be in the range of 1.35 – 1.38.
- Equity risk premium over risk-free rate was computed as 7.06%, based on an average of equity risk premiums computed by a list of studies and standard market indices taken for the analysis.

Table 117: Cost of equity computation as per JIAL's submission

Parameter	Value
Risk-free rate	7.57%
Equity Risk Premium	7.06%
Debt-equity ratio (leverage)	48:52
Equity beta	1.35 - 1.38
Cost of equity (rounded off)	17.11% – 17.28%

Cost of debt

8.1.3 JIAL has submitted that Cost of debt assumed for the Third Control Period was 12%, based on actual debt taken as of date.

8.1.4 In May 2022, Adani Airport Holdings Limited had raised a 3-year External Commercial Borrowing facility from a consortium of Standard Chartered Bank and Barclays Bank PLC. The all-in borrowing cost of this facility is 12.10% p.a., the breakdown of which is provided in the table below:

Table 118: Breakdown of all-in External Commercial Borrowing cost of Adani Airport Holdings Limited

Particulars	Value
Secured Overnight Financing Rate (SOFR) reference	2.28%
Spread over SOFR	4.25%
Withholding tax gross up (at 5% of SOFR + spread)	0.33%
One-year forward Dollar-Rupee hedge cost (mandatory as per RBI guidelines)	4.51%
Upfront fees (annualised)	0.73%
All-in Cost of External Commercial Borrowing	12.10%

8.1.5 It was mentioned that a part of the proceeds raised from this facility are being on-lent to Jaipur International Airport Limited for the purpose of financing its capital expenditure at the rate of 12.25% p.a. For the purposes of computation of weighted average cost of capital, cost of debt has been assumed as 12% p.a.

Weighted average cost of capital

8.1.6 Based on the Cost of equity, Cost of debt and gearing ratio, JIAL has submitted the following FRoR for the Third Control Period:

Table 119: FRoR computation submitted by JIAL

Parameter	Value
Cost of equity	17.30%
Cost of debt	12.00%
Weighted average gearing of equity	52.00%
Weighted average gearing of debt	48.00%
FRoR	14.76%

8.2 Authority's Examination of FRoR for the Third Control Period

Cost of equity

- 8.2.1 The Authority had commissioned independent studies for the evaluation of cost of capital separately, in case of each PPP Airport, namely DIAL, MIAL, GHIAL, BIAL and CIAL through a premier institute, namely IIM Bangalore and proposes to use these study reports as a basis, to the extent applicable and relevant, to ascertain the Cost of equity of Jaipur International Airport for the Third Control Period.
- 8.2.2 The independent study reports have drawn from the international experience of airports and their conclusions have been evaluated to the extent comparable with Jaipur Airport in terms of hybrid till, ownership structure, size, scale of operations and regulatory framework. The median and average Cost of equity arrived at by the independent study reports are 15.16% and 15.18%, respectively, as shown in the table below:

Table 120: Computation of Cost of equity as per IIM Bangalore independent study reports

Particulars	CIAL	MIAL	BIAL	DIAL	GHIAL	Average
Risk-free rate (A)	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%
Equity beta (B)	0.9427	0.9391	0.9732	0.9296	0.9442	0.94576
Equity risk premium (C)	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%
Cost of equity $A + (B * C)$	15.16%	15.13%	15.40%	15.05%	15.17%	15.18%
Average Cost of equity						15.18%

- 8.2.3 Based on the above reports, the Authority proposes the Cost of equity of 15.18% for Jaipur International Airport for the Third Control Period. This is also in line with the considerations of the Authority for other similar airports including Lucknow.

Cost of debt

- 8.2.4 JIAL has considered Cost of Debt for the Third Control Period at 12% based on its current borrowing rate from a related party and based on Adani Airport Holdings Limited's all-in borrowing cost of 12.10%.
- 8.2.5 Since the Airport has not obtained any credit rating from an external rating agency, there is no direct comparable entity or market data for determining cost of debt for JIA.
- 8.2.6 The Authority recommends that the Airport bring in further efficiencies in its cost of borrowing by leveraging its parent entity's financial strength in order to reduce the interest rates. This suggestion is also in keeping with the spirit of PPP whereby it is expected that the financial strength of PPP airports will be maintained at an optimal level and their cost of capital will be within reasonably allowable limits. JIAL should avail the synergies and benefits owed to it by its strong shareholding and balance sheet of its Parent companies and therefore work towards bringing down the cost of debt to the same level as other PPP airports.
- 8.2.7 Further, it may also be noted that as the traffic growth and associated revenue from Aeronautical & Non-

Aeronautical services improve; and the timely execution of capital projects, approved by the Authority, are completed and start to yield benefits. It is expected that the debt profile of Jaipur International Airport is bound to improve and its inherent financial risk, as reflected in the cost of debt will reduce to the levels of other PPP airports.

- 8.2.8 The Authority expects JIAL to exercise its best endeavor to undertake the financing towards capital expenditure at competitive rates as in other PPP airports and take all steps as detailed above, with support from its Parent company to optimize the cost of debt and follow all requisite procedures of financing including following all Government guidelines, obtaining efficient credit rating etc. in order to ensure that debt is contracted at optimum rates to ensure that the users of the airport are not burdened.
- 8.2.9 The Authority also notes that the average cost of debt of the other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL is 8.96%.
- 8.2.10 Accordingly, the Authority has considered the Cost of Debt of 9% for the computation of Fair Rate of Return. The Authority also directs JIAL to ensure that Related Party transactions, if any, with respect to borrowing of funds are benchmarked with most optimum rates available and is well justified.

Fair Rate of Return

- 8.2.11 Based on the above, the Authority proposes to consider the following FRoR for the Third Control Period for Jaipur Airport:

Table 121: Fair Rate of Return proposed by the Authority for the Third Control Period

Parameter	Value
Cost of equity	15.18%
Cost of debt	9.00%
Weighted average gearing of equity	52.00%
Weighted average gearing of debt	48.00%
Fair Rate of Return	12.21%

- 8.2.12 The above independent study reports have used the Capital Asset Pricing Model (CAPM) and a notional gearing (Debt: Equity) ratio of 48:52 to determine the levered Equity beta and accordingly, derive the Cost of equity. The Authority would like to mention that FRoR is computed on the basis of Cost of Equity and Cost of Debt. It has determined the CoE based on the IIM Bangalore independent study reports for the other PPP Airports whereas, the Cost of Debt shall be computed as per the Cost of Debt of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. Since the debt equity mix has been proposed by the Authority considering the efficient capital structure and the interest of all the Stakeholders, the notional gearing ratio of 48: 52 will not be trued up during the tariff determination for the next Control Period.

8.3 Authority's proposals regarding FRoR for the Third Control Period

Based on the materials before it and based on its analysis, the Authority proposes the following:

- 8.3.1 To consider the Cost of equity at 15.18% as per CAPM formula.
- 8.3.2 To consider the notional debt to equity (gearing) ratio of 48%:52% in line with target gearing ratio being considered in case of other PPP airports.
- 8.3.3 To consider cost of debt of 9% for the Third Control Period.
- 8.3.4 To consider FRoR of 12.21% for the Third Control Period based on above mentioned Cost of equity, Cost of debt and gearing ratio.

9 INFLATION FOR THE THIRD CONTROL PERIOD

9.1 JIAL's submission regarding Inflation for the Third Control Period

9.1.1 JIAL has submitted inflation as 10.4% for FY22-23 and 5% from FY23-24 onwards every year, while projecting capital expenditure and operating expenditure for JIA for the Third Control Period.

9.1.2 The inflation rate has been submitted by JIAL based WPI inflation forecasts as summarized in the table below:

Table 122: CPI inflation rate submitted by JIAL

Calendar Year	WPI All Commodities	Source
FY22-23	Mean as 10.4%	RBI Forecaster Survey 79 th round dated 07 th Dec 2022
FY23-24	Mean as 5%	

9.2 Authority's examination regarding Inflation for the Third Control Period

9.2.1 The Authority has examined the submission made by JIA on inflation to be considered for the Third Control Period.

9.2.2 The Authority proposes to consider mean of WPI inflation forecasts (All Commodities) for FY 2023-24 and FY2024-25 as per the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 86" released on February 8, 2024, by the Reserve Bank of India (RBI). An extract of the results is reproduced below:

Table 123: WPI inflation rates as per RBI's annual forecast

Calendar Year	WPI All Commodities	Source
FY22-23 (Cumulative YoY)	9.42%	Index Numbers of Wholesale Price in India for the Month of March, 2023 (Base Year: 2011-12) published by Ministry of Commerce & Industry
FY23-24	Mean as 0.2%	RBI Forecaster Survey 86 th round dated February 8, 2024
FY24-25	Mean as 3.8%	

9.2.3 The Authority has considered the inflation rate of FY 2024-25 for the subsequent tariff years of the Third Control Period. Accordingly, the following table shows the inflation rates as proposed by the Authority for the Third Control Period.

Table 124: Inflation rates proposed by the Authority for Third Control Period

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27
WPI inflation	9.42%	0.2%	3.8%	3.8%	3.8%

9.3 Authority's proposal relating to inflation for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following:

9.3.1 To consider WPI inflation as per Table 124.

10 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE THIRD CONTROL PERIOD

10.1 JIAL’s submission of Operation and Maintenance (O&M) Expenses for the Third Control Period

10.1.1 JIAL in its MYTP submission has stated that the Aeronautical Operation and Maintenance (O&M) expenses for the Third Control Period has been estimated based on the following assumptions:

- Refurbishment and operationalization of T-I would lead to an addition of 13,739 sq.m. during FY 2023-24 to terminal area. Refurbishment of T-II would add another 5,270 sq.m. to the existing T2 area of 32,647 sq.m. in FY 2024-25. Accordingly, the increase in terminal area due to T1 and T2 would be 42% in FY 2023-24 and 11.4% in FY 2024-25, respectively.

Table 125: Details of increase in the Terminal Building area projected by JIAL

Financial Year	T1* (sq. m.)	T2 (sq. m.)	Total (sq. m.)	YoY % increase in area
FY’22		32,647	32,647	
FY’23		32,647	32,647	0%
FY’24	13,739	32,647	46,386	42%
FY’25	13,739	37,917	51,656	11.4%
FY’26	13,739	37,917	51,656	0%

*T1 is non-operational at the moment. It is expected to get operationalize in Q4 FY23-24.

Considering the expansion of the Terminal Building area (phase wise), as shown in the above table, JIAL has projected proportionate increase in various expenses such as Utilities, IT expenses, Rates & Taxes, Security and Other Operating expenses.

- 10% increase in the O&M expenses has been considered, taking into account the current economic scenario, Concession Agreement obligations and the expansion of Terminal Building.
- Inflationary increase of 10.4% for FY 2022-23 as per RBI forecasters survey 79th round dated December 7, 2022, and 5% from FY 2023-24 onwards every year, has been considered towards all expenses for the Third Control Period.
- FY 2022-23 has been considered as the base year and relevant growth percentages have been applied over the same to estimate expenses for other Financial Years.
- The operations of Fuel facility are to be outsourced to a third-party vendor in FY 2023-24 on a ‘Cost plus margin’ basis, which includes employee cost, repairs and maintenance expenses and facility operating expenses. Annual inflation of 5% is considered in the O&M fee increase.
- Cargo expenses have been estimated for the Third Control Period based on the assumption of constructing new Cargo facility in FY 2024-25. Further, Cargo expenses have been increased by 10% per annum for the Third Control Period.

10.1.2 JIAL has submitted the following categories of O&M expenses in its MYTP submission:

Table 126: O&M expenses (category wise) claimed by JIAL for the Third Control Period

Type of O&M Expense	Expense Category
Aeronautical Operating Expenses	Manpower Expenses – AAI employees
	Manpower Expenses – JIAL employees
	Utility Expenses
	IT Expenses
	Rates and Taxes
	Security Expenses

Type of O&M Expense	Expense Category
	Security Others
	Corporate Allocation
	Administrative Expenses
	Insurance
	Repair and Maintenance Expenses
	Other Operating Expenses and
	Amortisation of Runway recarpeting expenses
Fuel Operating Expenses	O&M Expenses
	Bowser Rental
Cargo Operating Expenses	JIAL Staff Salary
	O&M expenses
	Customs cost recovery

10.1.3 The above expenses do not include Concession Fee, since it is not considered as part of Aeronautical O&M expenses, as per Clause 27.1.2 of the CA, which states that:

“The Monthly Concession Fee paid/ payable by the Concessionaire to the Authority under and pursuant to the terms of this Agreement shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same.”

10.1.4 JIAL has allocated all O&M expenses as Aeronautical.

Table 127: Segregation of O&M expenses and basis of allocation as per JIAL’s submission

Expense Category	Expense classification	Aeronautical
Manpower expenses – AAI employees	Aeronautical	100 %
Manpower expenses – JIAL employees	Aeronautical	100 %
Utility expenses	Aeronautical	100 %
IT expenses	Aeronautical	100 %
Security expenses	Aeronautical	100 %
Corporate Allocation Cost	Aeronautical	100 %
Administrative expenses	Aeronautical	100 %
Insurance expenses	Aeronautical	100 %
Rates and taxes	Aeronautical	100 %
Repairs and Maintenance expenses	Aeronautical	100 %
Other Operating expenses	Aeronautical	100 %
Runway recarpeting	Aeronautical	100 %
Fuel Operating expenses	Aeronautical	100 %
Cargo Operating expenses	Aeronautical	100 %

10.1.5 The total Aeronautical O&M expenses including Fuel and Cargo Operating Expenses submitted by JIAL for the Third Control Period have been presented as follows:

Table 128: Total Aeronautical Operation and Maintenance expenses submitted by JIAL

(₹ Crores)

Particulars	FY’23	FY’24	FY’25	FY’26	FY’27	Total
<u>Aeronautical Operating Expenses</u>						
Manpower expenses - AAI	33.00	36.30	32.84	27.17	29.88	159.19
Manpower expenses - JIAL	12.20	20.27	38.01	54.80	66.98	192.26
Utility expenses	8.40	10.69	15.23	16.01	16.84	67.17

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
IT expenses	5.00	8.80	15.05	16.20	18.52	63.57
Rates and Taxes	1.50	1.58	1.83	1.92	2.02	8.85
Security expenses	6.00	8.78	11.16	12.17	13.23	51.34
Corporate Allocation Cost	11.00	19.35	33.10	35.65	40.74	139.84
Administrative expenses (excluding Collection charges on UDF)	15.00	34.50	37.95	41.75	45.92	175.12
Collection charges on UDF	1.21	1.78	2.06	2.24	2.44	9.73
Insurance	1.67	1.93	2.91	3.90	8.08	18.49
Repairs and Maintenance	25.00	29.89	38.37	65.87	93.34	252.47
Other Operating expenses	11.00	15.95	22.55	23.67	24.86	98.03
Runway recarpeting	-	-	-	24.64	28.85	53.49
Independent Engineer Fees	4.13	4.13	4.13	4.34	4.56	21.29
Aeronautical Operating Expenses (A)	135.11	193.94	255.18	330.34	396.26	1310.83
<u>Fuel Operating Expenses</u>						
O&M Expenses	-	4.76	10.73	11.73	12.82	40.04
Bowser Rental	-	1.04	1.04	-	-	2.08
Fuel Operating Expenses (B)	-	5.80	11.77	11.73	12.82	42.12
<u>Cargo Operating Expenses</u>						
Insourced salary	-	1.00	1.10	1.21	1.33	4.64
O&M Expenses	-	2.01	2.31	9.08	10.94	24.34
Customs Cost Recovery	-	0.90	1.98	2.18	2.40	7.46
Cargo Operating Expenses (C)	-	3.91	5.39	12.47	14.66	36.43
Total Aeronautical O&M Expenses (A+B+C)	135.11	203.65	272.34	354.54	423.74	1389.38

10.1.6 The growth rates assumed by JIAL for total Aeronautical O&M expenses have been presented in the tables below:

Table 129: Growth rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
<u>Aeronautical Operating Expenses</u>						
Manpower Expenses – AAI employees	Salary Cost	-	10%	10%	10%	10%
Manpower Expenses – JIAL employees	Salary Cost	-	10%	10%	10%	10%
Utility expenses (Power)	Per unit rate	-	15%	5%	5%	5%
	Billable Units	-	10%	-	-	-
Utility expenses (Water)	Total Expense	-	46.3%	15.8%	9%	8.7%
IT expenses	Total Expense	-	75.9%	71.1%	7.7%	14.3%
Rates and Taxes	Total Expense	-	5%	5%	5%	5%
Security expenses	Total Expense	-	46.3%	15.8%	9%	8.7%
Security Others	Total Expense	-	5%	5%	5%	5%
Corporate Allocation Cost	Total Expense	-	75.9%	71.1%	7.7%	14.3%
Administrative expenses (UDF)		-	46%	16%	9%	9%
Administrative	Total Expense	-	-	10%	10%	10%

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
expenses (Others)						
Insurance – on Opening Net block of Assets	Total Expense	-	10%	10%	10%	10%
Repairs and Maintenance – on Opening Net block of Assets	Total Expense	-	10%	10%	10%	10%
Other Operating expenses	Total Expense	-	5%	5%	5%	5%
Fuel Operating Expenses						
O&M Expenses	Total Expense	-	-	5%	5%	5%
Bowser Rental	Total Expense	-	-	-	-	-
Cargo Operating Expenses						
Insourced salary	Total Expense	-	-	10%	10%	10%
O&M Expenses	Total Expense	-	-	10%	10%	10%
Customs Cost Recovery	Total Expense	-	-	10%	10%	10%

Table 130: One-time Escalation rates for Aeronautical O&M expenses submitted by JIAL for the Third Control Period

Particulars	Cost Driver Escalated	FY'23	FY'24	FY'25	FY'26	FY'27
Electricity Charges	Billable Units	-	-	36.4 %	-	-
Water & Fuel Charges	Total Expense	-	-	11.4 %	-	-
Rates & taxes	Total Expense	-	-	11.4 %	-	-
Security expenses	Total Expense	-	-	11.4 %	-	-
R&M	Total Expense	-	-	10.0 %	-	-
Other Operating Expenses	Total Expense	-	40.0 %	36.4 %	-	-

It can be seen from Table 130 above, that JIAL has claimed one-time escalation rates in Utilities, Rates and Taxes, Security expenses and Other Operating expenses for FY 2023-24 and FY 2024-25 based on projected increase in the area of Terminal Building (i.e., T1 operationalization and T2 refurbishment).

10.1.7 JIAL while estimating runway recarpeting amortization has also considered carrying cost on the unamortized balance of the expense incurred on re-carpeting of runways at the rate of FRoR i.e. 14.76%.

10.2 Authority’s examination of Operation and Maintenance (O&M) Expenses for the Third Control Period

Allocation of O&M expenses to Aeronautical and Non-Aeronautical activities

10.2.1 The Authority has examined the Operation and Maintenance expenses based on the following parameters:

- A. Consideration of actual expenses for FY 2022-23 and revision in growth rates of various expenses
- B. Re-allocation of the expenses into aeronautical, non-aeronautical and common.
- C. Rationalization of Employee Head Count

10.2.2 JIAL, in their submission proposes 100% of the operating expenses as Aeronautical. The tariff methodology adopted by the Authority, segregates O&M expenses in to Aeronautical, Non-

Aeronautical and Common considering the nature and purpose of the services for which these expenses are incurred. However, in the absence of any specific information regarding segregation of expenses, due clarifications were sought from JIAL regarding calculation of various allocation ratios such as terminal area. JIAL has maintained that as per the AERA guidelines, airside assets are to be considered as Aeronautical and the Terminal Building is considered as Aeronautical as per the AERA Act. However, if JIAL so desires, they may adopt Single Till methodology wherein all assets and operating expenses are considered as Aeronautical.

10.2.3 The Authority also notes that JIA is a brownfield airport and has been in operation since 1985. The Authority has accordingly considered rationalization of costs in certain categories considering that these were operated at optimal level of costs by AAI earlier.

Manpower Expenses of AAI employees

10.2.4 JIAL has considered the Manpower Expenses of AAI employees as 100% aeronautical, as this expense is considered as pass through in the determination of Aeronautical charges, as per the Clause 6.5 read with Clause 28.4.3 of the Concession Agreement. The Authority, in this regard examined the extract of the relevant clauses of the Concession Agreement which reads as under:

- Clause 6.5.1. states that:

(i) "Select Employees" shall mean those employees of the Authority as set forth in Schedule S (of the rank of assistant general manager and below) who are posted at the Airport by the Authority and shall be deployed at the Airport for the duration of the Joint Management Period and Deemed Deputation Period. The Select Employees shall stand reduced to the extent of employees who retire, are deceased or otherwise separated from Authority's services during the Joint Management Period or Deemed Deputation Period. It is clarified that the Select Employees shall not be reduced to the extent of employees who are transferred by AAI.

(ii) "Joint Management Period" shall mean the period commencing from the COD and ending on the date which is 1 (one) calendar year after the COD.

(iii) "Deemed Deputation Period" shall mean the period commencing from the expiry of the Joint Management Period and ending on the date which is 2 (two) calendar years therefrom."

- Clause 6.5.4 states that:

"The Concessionaire shall bear the Select Employee Costs for the Joint Management Period and Deemed Deputation Period."

- Clause 6.5.10 states that:

"If, at the expiry of the Deemed Deputation Period, the number of Accepting Employees is less than 60% (sixty) percent of the Select Employees (the 'Deficit Employees'), the Concessionaire shall, commencing from the expiry of the Deemed Deputation Period pay to the Authority, on a monthly basis, such amounts as may be indicated in an invoice to be raised by the Authority on the Concessionaire with regard to the emoluments payable by the Authority in respect of such Deficit Employees (the "Deficit Employee Costs")."

(ii) The Deficit Employee Costs shall be considered for pass-through in the determination of the Aeronautical Charges."

- Clause 28.4.3. states that:

“The Parties agree and acknowledge that the Concessionaire expressly waives its right to seek as pass-through in the Aeronautical Charges such costs and/ or expenses which the Concessionaire is restrained under this Agreement from seeking to be passed-through thereunder.”

- 10.2.5 The Authority, on review of the above clauses of the CA, proposes to consider the Manpower Expenses of AAI employees up to ‘Deemed Deputation Period’ as Common since the Manpower of AAI is used for both Aeronautical and Non-aeronautical activities. Accordingly, the Authority proposes to apportion the Manpower Expenses of AAI employees up to ‘Deemed Deputation Period’ to Aeronautical activities in the ratio of 99.1%:0.9% (Aeronautical: Non-aeronautical) based on department-wise Employee Headcount of AAI employees as of March 2023 (refer Table 138).
- 10.2.6 In respect of the Manpower Expenses of AAI employees relating to ‘Deficit Employees’ after the expiry of the Deemed Deputation Period (expires in October 2024), the Authority proposes to consider these expenses as 100% pass through as mandated by Clause 6.5.10. of the CA.

Manpower Expenses of employees of JIAL

- 10.2.7 JIAL has allocated the Manpower Expenses of JIAL employees as 100% Aeronautical. The Authority observes that since total manpower strength includes staff which provides non-aeronautical services also, the aeronautical Employee Headcount of JIAL needs to be suitably derived for appropriate allocation of costs. The Aeronautical Headcount and Employee Headcount Ratio (ECHR) for each tariff year, as well as 5-year average of such ECHR for the entire Third Control Period has been provided in Table 138 below.
- 10.2.8 Based on the revised Employee Headcount of JIAL proposed by the Authority (refer Table 138) has derived the 5-year average of Total Employee Headcount Ratio (i.e., employees of both AAI and JIAL) as 97.98:2.02 and proposes to allocate certain expenses such as Corporate cost allocation on the basis of such ratio. A similar allocation methodology has also been considered in case of other similar airports.

Utility Expenses

- 10.2.9 JIAL has segregated the expenses towards Utilities after netting off the recoveries proposed to be made from the Concessionaires for Non-aeronautical activities and has considered the net Utilities expenses as 100% Aeronautical. The Authority finds this allocation to be in line with that followed in other similar airports and proposes to consider the same.

IT expenses and Insurance expenses

- 10.2.10 JIAL in its MYTP submission has considered the expenses towards IT expenses as 100% Aeronautical. The Authority, however, proposes to apportion the IT expenses in the Terminal Building ratio of 90:10 as prescribed in para 7.3.15 considering the utility and nature of IT services being provided at the Airport which is also in line with the allocation considered for other similar airports.
- 10.2.11 JIAL has considered the Insurance expenses as 100% Aeronautical. However, the Authority proposes to consider the Insurance expenses as Common on the basis that these expenses encompass all assets including Non-Aeronautical assets. The Authority, thus proposes to apportion as per the Gross Fixed Asset Ratio i.e., 97.88:2.12 as proposed by the Study on Efficient Operation and Maintenance Expenses of JIA, and also considered for other similar airports.

Security Expenses

- 10.2.12 The Authority observes that JIAL has considered the expenses towards Security as 100% Aeronautical. The Authority, however proposes to consider the Gross Fixed Asset Ratio i.e., 97.88:2.12, as prescribed

by the *Study on Efficient Operation and Maintenance Expenses of JIA*, for allocating Security expenses.

Administrative Expenses

10.2.13 The Authority observes that JIAL has segregated Administrative expenses including expenses towards Professional & Consultancy, Sales & Marketing, Travelling & Communication, Printing & stationery etc. and considered all as 100% Aeronautical. The Authority apportioned the Administrative Expenses in Gross Fixed Asset Ratio i.e., 97.88:2.12, as proposed by the *Study on Efficient Operation and Maintenance Expenses of JIA* undertaken for Second Control Period.

10.2.14 The Authority observes that JIAL has considered Collection charges on UDF as 100% Aeronautical on the basis that these charges have been paid towards collection of aeronautical revenue and accordingly the Authority has considered the same as Aeronautical which is in line with the approach adopted for other airports.

Corporate Cost Allocation

10.2.15 JIAL has considered expenses towards Corporate Allocation Cost as 100% Aeronautical in its MYTP submission. JIAL has engaged an Independent Consultant for conducting a Study on allocation of Corporate Costs of both AEL and AAHL. JIAL has further shared a Note on the Study report which provides the types of services / costs that have to be allocated to JIAL, along with the basis of allocation of such costs. As per the details shared by JIAL, the corporate costs have been allocated based on applicable costs or revenue drivers such as Ratio of Number of Employees of a SPV to Total Adani Group Employees, Ratio of Per Pax Revenue of SPV to total Per Pax Revenue, Ratio of Debt raised for a SPV to total Debt raised for Airport Group, Ratio of Turnover of a SPV to Total Group Turnover etc. JIAL has further shared details of the total corporate cost allocated to each airport, which is 5.00% for FY23, as apportioned to JIAL.

JIAL has derived the allocable corporate expense based on the aforementioned study. However, the basis for allocation of the costs towards Aeronautical and Non-aeronautical activities has not been provided in the Study report. In the absence of an appropriate basis, the Authority allocated the cost in the ratio of revised Total Employee Headcount Ratio i.e., 97.98:2.02 based on 5-year average ratio of Total Employee Head Count of both AAI and JIAL as is shown in Table 138.

Expenses towards Repairs & Maintenance, Rates & Taxes and Other operating expenses

10.2.16 The Authority observes that JIAL in its MYTP submission has considered expenses towards Repairs and Maintenance as 100% Aeronautical. The Authority has treated R&M expenses as Common expense, since it pertains to assets providing Aeronautical and Non-Aeronautical services. The Authority thus proposes to apportion these expenses as per the Terminal Building Ratio i.e., 90:10.

10.2.17 The Authority observes that JIAL has considered expenses towards Rates and Taxes as 100% Aeronautical. The Authority treated the same as Common expense and apportioned it as per the Gross Fixed Asset Ratio i.e., 97.88:2.12.

10.2.18 The Authority observes that JIAL has considered expenses towards Other Operating expenses as 100% Aeronautical. The Authority considers treating such expenses as Common expense and proposes to allocate as per the Terminal Building ratio of 90:10.

10.2.19 The Authority observes that JIAL has considered expenses towards Independent Engineer Fees as 100% Aeronautical. In accordance with the CA, JIAL has to appoint an Independent Engineer. As per Clause 24.3.1, the cost associated with such Independent Engineer shall be considered as pass-through for determination of Aeronautical Charges by the Regulator. Relevant extract of the CA has been

reproduced below:

Clause 24.3.1.

The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.

Considering the concession provisions quoted above, IE expenses has been considered as 100% Aeronautical by the Authority.

Amortization of runway recarpeting expenses, Fuel and Cargo Operating expenses

10.2.20 JIAL has considered the expense towards Amortization of runway recarpeting, Fuel and Cargo Operating expenses as 100% Aeronautical. The Authority finds the classification of the aforementioned expenses to be reasonable and proposes to consider the same. Further, the Authority notes that the classification of Fuel and Cargo expenses as 100% Aeronautical is as per Section 2(a) of the AERA Act 2008.

10.2.21 The Authority’s proposal for allocation of Total Aeronautical O&M expenses of Jaipur International Airport as compared to that submitted by JIAL has been summarized in the table below:

Table 131: Aeronautical O&M expenses proposed by the Authority for the Third Control Period

Particulars	O&M expense allocation as per		Allocation ratio proposed by the Authority
	JIAL’s Submission	Authority’s Proposal	
Manpower Expenses – AAI employees (up to Deemed Deputation Period)	100.00 %	99.12 %	Employee Headcount ratio of AAI employees
Manpower Expenses – AAI employees (Deficit Employee Cost)	100.00 %	100.00 %	Aeronautical
Manpower Expenses – JIAL employees	100.00 %	97.23 %	Employee Headcount ratio of JIAL’s employees
Utility expenses	100.00 %	100.00 %	Aeronautical
IT expenses	100.00 %	90.00 %	Terminal Building ratio
Rates and Taxes	100.00 %	97.88 %	Gross Fixed Asset ratio
Security expenses	100.00 %	97.88 %	Gross Fixed Asset ratio
Security Others	100.00 %	97.88 %	Gross Fixed Asset ratio
Corporate Allocation Cost	100.00 %	97.98 %	Total Employee Headcount ratio
Administrative Expenses – Others	100.00 %	97.88 %	Gross Fixed Asset ratio
Administrative Expenses – Collection Charges on UDF	100.00 %	100.00 %	Aeronautical
Insurance	100.00 %	97.88 %	Gross Fixed Asset ratio
Repairs and Maintenance	100.00 %	90.00 %	Terminal Building ratio
Other Operating expenses	100.00 %	90.00 %	Terminal Building ratio

Particulars	O&M expense allocation as per		Allocation ratio proposed by the Authority
	JIAL's Submission	Authority's Proposal	
Independent Engineer Fee	100.00 %	100.00 %	Aeronautical
Amortization of Runway recarpeting expenses	100.00 %	100.00 %	Aeronautical
Fuel Operating Expenses	100.00 %	100.00 %	Aeronautical
Cargo Operating Expenses	100.00 %	100.00%	Aeronautical

One time escalation claimed by JIAL

10.2.22 One-time escalation claimed by JIAL for various Operating expenses in FY 2023-24 and FY 2024-25 have been analyzed by the Authority. In this regard, the Authority considers Capitalization schedule proposed by it (refer Table 108), in which only operationalization of T-I and refurbishment of T-II has been considered during the Third Control Period. Accordingly, the Authority proposes to consider only proportionate increase for determining the one-time escalation in the expenses for the current Control Period. Further, the Authority notes that the escalation in operating expenses such as Utilities, Housekeeping and Upkeep expenses, Horticulture expenses and Outsourced manpower / Hiring expenses may not be directly proportional to the increase in the Terminal Building area due to technological innovation, advancements, and economies of scale. Hence the Authority proposes to consider 2/3rd (i.e. 66.67%) of the increase in total terminal area (2/3*(42% + 11.4%)) for one-time escalation of expenses related to Terminal Building. The details of escalation rates submitted by JIAL and that proposed by the Authority for are shown in the table below:

Table 132: One-time escalation claimed by JIAL and Increase % Proposed by the Authority

Type of Expense	Increase % Claimed by JIAL	Increase % proposed by the Authority
Utility expense – Power Expenses	FY 2024-25: 36.4% (25% + 11.4%) for Terminal Area increase	FY 2024-25: One-time 35.6%* (Terminal Area increase)
Utility expense – Water and Fuel Charges	FY 2024-25: 11.4% (Terminal Area Increase)	FY2024-25: One-time 11.4% (Terminal Area increase)
IT expense	-	FY 2024-25: One-time 35.6%* (Terminal Area increase)
Rates & Taxes	FY 2024-25: 11.4% for Terminal area increase (T2 refurbishment)	FY 2024-25: One-time 11.4% (Terminal area increase)
Security expenses	FY 2024-25: 11.4% for Terminal area increase (T2 refurbishment)	FY 2024-25: One-time 11.4% (Terminal area increase)
R&M expenses	FY2024-25: 10% (T1 operationalization)	FY 2024-25: 10% (Terminal area increase)
Other Opex	FY 2023-24: 40% FY 2024-25: 36.4%	FY 2024-25: One-time 35.6%* (Terminal Area increase)

Refer Table 125 (2/3(42% + 11.4%))

The Authority has evaluated the submission made by JIAL relating to various operational expenses and their growth over the Third Control Period and the analysis of such expenses is elaborated below:

Manpower Expenses

10.2.23 The Authority, on its examination of JIAL's submission towards Manpower expenses, notes the following:

- i. **Manpower Expenses of AAI employees** - JIAL has projected the expense towards specified number of AAI employees across all the five (5) tariff years in the Third Control Period as per

clause 6.5.1 of the Concession Agreement entered into between AAI and JIAL, the extract of which has already been provided under paragraph 10.2.4.

- a. JIAL has claimed Manpower Expenses for ‘Select employees’ till the end of Deemed Deputation Period (refer table below for the department wise list) and also ‘Deficit Employee Cost’ for 100 employees (calculated at 60% of ‘Select employee’ number as stated in Clause 6.5.10 of the Concession Agreement) for the remaining portion of the Third Control Period. JIAL has also projected a growth rate of 10% year-on-year towards Manpower Expenses of AAI employees.

The cadre wise details of AAI employee have been provided as part of Schedule S of the signed Concession Agreement. Further, the department wise detail has been provided by JIAL at section 13.2.15 as part of their MYTP submission.

Table 133: Department-wise Select employees of AAI deputed to JIA as submitted by JIAL

Department	No. of Employees on March 31, 2022	No. of Employees on September 30, 2023
Security (includes Safety employees)	1	1
Information Technology	1	1
Terminal and Operation	11	9
Non-Aeronautical Commercial	1	1
Human Resources and Admin	35	34
Finance	7	7
Engineering & Maintenance	46	39
ARFF	65	63
Grand Total	167	155

- b. The Authority observes that the Manpower Expense of AAI employees are accounted by JIAL, based on the invoice raised by AAI for the ‘Select Employees’ deputed at Jaipur International Airport, on a monthly basis. JIAL has arrived at the average annual employee cost of ₹ 20.00 lacs per annum (which includes the estimated cost of retirement benefits for such employees) for FY 2022-23 based on the average of monthly employee cost incurred by JIAL for the period from Post-COD up to March 2022 (details submitted by JIAL vide email dated July 13, 2023), which the Authority considers to be reasonable.
- c. The Authority also observes that the Manpower Expenses of AAI employees were considered as 100% Aeronautical expenses by JIAL.
- d. The Authority proposes to consider the Manpower Expenses – AAI employees up to ‘Deemed Deputation Period’ and after the expiry (October 2024) of such period relating to ‘Deficit Employee cost’ according to the explanation provided in the relevant Clauses of the Concession Agreement for such expenses and accordingly, treat the same which has been explained in paragraph 10.2.5 and 10.2.6
- e. Further, the Authority observes that JIAL has submitted vide e-mail dated November 9, 2023 that they have incurred actual Total Manpower expenses of AAI employees amounting to ₹ 32.52 Crores for the FY 2022-23, as compared to estimate of ₹ 33.00 Crores submitted as part of the MYTP. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 17.14 Crores. The Authority has extrapolated the same to derive the expenses which is approximately ₹ 34.28 Crores up to March 2024. In this respect, the Authority notes that JIAL has considered the same as 100% Aeronautical which

the authority proposes to re-allocate based on the prescribed allocation ratio of 99% (refer para 10.2.5 above) which works out to ₹ 32.19 Crores for the FY 2022-23 and ₹ 33.94 Crores for FY 2023-24. However, the Authority proposes to consider the average annual employee cost of ₹ 20.00 lacs per annum estimated by JIAL, for the remaining four tariff years, i.e., FY 2023-24 to FY 2026-27.

- f. Further, the Authority proposes to revise the 10% Y-o-Y increase in Payroll costs claimed by JIAL to 6% for the remaining three (03) tariff years of the Third Control Period, as approved by the Authority for other similar airports.
- g. The Authority further observes that post completion of Deemed Deputation period, JIAL needs to bear the costs of Deficit Employees (60% of Select Employees) and shall be considered for pass-through in the determination of the Aeronautical Charges and the same has been appropriately accommodated.
- h. The details of Manpower expenses – AAI employees claimed by JIAL and proposed by the Authority are summarized in the table below:

Table 134: Manpower cost of AAI employees claimed by JIAL and proposed by the Authority

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
AAI – employees Growth rate claimed by JIAL	%	10	10	10	10	10	
AAI – employees Manpower Cost claimed by JIAL	₹ in Crores	33	36.3	32.84	27.17	29.88	159.19
As per Authority							
AAI – employees Growth rate proposed by the Authority	%	-	6	6	6	6	
AAI – Employees Manpower Cost derived by the Authority	₹ in Crores	32.52*	34.28**	18.95 [#] + 10.68 [^]	24.31	25.77	
Allocation ratio proposed by the Authority	%	99.12	99.12	99.12 [#] / 100 [^]	100	100	
AAI – Aero Employees Manpower Cost proposed by the Authority	₹ in Crores	32.23	33.98	29.47	24.31	25.77	145.76

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority

[#]for Deemed Deputation Period

[^]for Deficit Period

ii. Manpower Expenses of Employees of JIAL

JIAL has submitted the following regarding projected salary cost per employee per annum and increase in the total employee headcount:

- a. **Salary cost projected per employee per annum** - JIAL has submitted a weighted average employee cost of ₹ 13.00 lacs per annum (₹ 23.00 lacs per annum for executives and ₹ 5.00 lakhs per annum for non-executives) in FY 2022-23 and also projected an increase of 10% year-on-year (Y-o-Y) for each tariff year in the Third Control Period. As per the submission of JIAL, the average employee cost of ₹ 13.00 lacs per annum has been derived after considering the salary cost of projected recruitments for Senior-level positions like Chief Airport Officer, Chief Security Officer and Heads of Departments for Procurement, Legal, Customer Care, Experts for Quality, Corporate Communications and also the salary cost of other-level positions in various departments like Airside management, Security, Terminal Operations, Engineering &

Maintenance, HR, Finance, etc.

JIAL has further submitted that as per Clause 6.5.3. of the Concession Agreement, the Senior Personnel of AAI deputed to JIA shall remain only for a period not exceeding 3 months from the COD and shall be transferred on expiry of three months.

The Authority examined Clause 6.5.3 of the Concession Agreement which states that:

“The senior management staff of the Authority of the rank of deputy general manager and above (“Senior Personnel”) shall remain deputed at the Airport for a period not exceeding 3 (three) months from the COD.

(i) On the expiry of such 3 (three) month period, the Senior Personnel shall be transferred out of the Airport and redeployed by the Authority.

(ii) It is clarified that the Concessionaire shall not be liable to bear any costs in respect of the Senior Personnel, which costs shall be borne entirely by the Authority.”

The Authority has compared the actual average salary of executives and non-executives of ₹ 19.5 lakhs and ₹ 5.0 lakhs respectively, incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 23.0 lakhs and ₹ 5.0 lakhs, and proposes to consider the actual salaries of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual average salaries of executives and non-executives as ₹ 22.0 lakhs and ₹ 6.0 lakhs respectively. The Authority has for the purpose of calculation, considered the same average salaries till March 2024. The Authority finds the same to be reasonable and proposes to consider the same. The Authority shall revisit this on receipt of actual average salaries for complete FY 2023-24. Further, the Authority proposes to rationalise the growth rate by considering only 6% Y-o-Y for all the remaining three (3) FYs, starting from FY 2024-25 in line with what has been considered for Manpower Expenses of AAI employees.

The Authority observes that JIAL has submitted vide e-mail dated November 9, 2023 that they have incurred actual Total Manpower Expenses of JIAL’s employees amounting to ₹ 12.11 Crores for the FY 2022-23 (as against the estimated amount of ₹ 12.20 Crores). Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 7.03 Crores. The Authority has extrapolated the same to derive the expenses which is approximately ₹ 14.06 Crores up to March 2024 and the Aeronautical portion of such expenses works out to ₹ 11.70 Crores for the FY 2022-23 and ₹ 13.58 Crores, which the Authority, proposes to consider for FY 2022-23 and FY 2023-24 respectively.

- b. **Increase in Employee Headcount** – JIAL has projected an increase in Employee Headcount from 108 as at the end March 2022 to 400 (rounded off) as at the end the Third Control period. The table below depicts increase in the total Headcount Y-o-Y with department wise break-up of employees. JIAL in its submission has considered the allocation as 100% Aeronautical.

Table 135: Dept. wise Head Count of Employees as per JIAL’s submission for the Third Control Period

Particulars	FY’23	FY’24	FY’25	FY’26	FY’27	Justification
Chief Airport Office (CAO office)	2	3	3	4	5	"As per Concession Agreement, Clause 6.5.3. AAI employees with designation over DGM and above have been transferred out by AAI and they are not associated with the Airport after 3 months from COD. Accordingly, Airport Director and all HoDs have been transferred out and are not working at JAI Airport.

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						<p>CAO stands for Chief Airport Officer. He is responsible for overall operations and management of the Airport. Department is akin to erstwhile Office of Airport Director. He is supported by 3 staff for analysis, reviews, KPI management, regular review, action taken follow-ups, stakeholder management, etc.</p> <p>One Resource is anticipated to be added as Personal Assistant to take care of the Office functioning of CAO"</p>
Techno Commercial (Procurement department)	5	7	8	10	11	<p>AAI do not have any local purchase department at site. All the procurement at AAI are done centrally through tendering process.</p> <p>Techno commercial function is responsible for procurement of various requirement of user department, management of contract, RFP issue, onboarding of vendor, etc. Composition includes 1 HoD, 8 Buyers (2 each for Operations, Projects, Services and Operations Capex) + 2 resources for Managing Stores operations.</p>
Corporate communication	1	2	3	3	4	<p>Corporate Communications and Managing Social Media has been a critical function. The Head will be supported by 3 resources to support through Print, Digital and External Stake Holder Management.</p>
Corporate Affairs	1	2	2	2	3	<p>Position required to interact with various state government, local municipalities, utility boards, local police etc. on day-to-day basis. The Lead is supported by 2 relevant resources.</p>
Security (including Safety)	2	11	15	18	20	<p>AAI was only performing pass section function with an outsourced support. However, there are various activities which need to be performed by JIAL like CISF Documentation, Airport Security Program, Kerb Side Management, Traffic Management, Airport Operator Security Control Room, Tout Management, Security System Maintenance, Encroachment outside and perimeter area, Intelligence and Vigilance Gathering, Avsec Training and Compliances, Landside Operations, BCAS Compliance requirements.</p> <p>JIAL will be carrying out functions with a combination of On roll and outsourced employees.</p> <p>JIAL has planned for on-roll 15 employees with following composition: 1 CSO, 3 Pass Section, 2 Avsec Audit and Compliances, 4 Loss Prevention and Automation, 4 landside operations, 1 Security Risk Assessment and Process compliance.</p> <p>As per Concession Agreement clause 18.15.4, JIAL is expected to create Airport Safety Management Unit (ASMU) and designate one of its officers to be in-charge of the ASMU.</p> <p>Composition includes 1 Aviation Safety Head, supported by 1 resource and 3 manpower for shift duties</p>

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
Legal	1	1	2	3	3	Composition includes 1 HoD and 2 Team Members to monitor and manage various contractual compliances including compliance with Concession Agreement.
Quality	1	2	3	4	5	Under clause 23.1 of concession Agreement, JIAL is obligated to monitor and measure quality of service on the parameters prescribed in the Concession Agreement. Further as per Concession Agreement, JAI is expected to maintain relevant ISO certification and other quality certifications for all the facilities controlled and managed by JIAL. Composition includes 1 Quality Expert and 2 Project Manager for Schedule H and ASQ, 1 Resource for Implementation of ABEM and 1 Complaint Management and Redressal
Customer Engagement	-	1	1	2	3	JIAL is required to perform ASQ rating and take customer feedback on the various facilities, improvement area at the Airport. Composition includes 1 HOD and 2 associates.
Information Technology	1	3	6	9	12	IT is a backbone of the Aviation, and all the critical systems need to be running with zero downtime. Critical systems includes AODB, FIDS, PDAs, SAP, Business Analytics, Integration with ATC, VGDS, Radio Sets, Desktops, Laptops, Billing Software, Document Management System, Access Control System etc. Composition includes 1 HoD, 3 for IT Initiatives, 3 Cyber Security and 5 for Infra and Application team.
Airside Management	24	35	37	38	48	As per Clause 18.1.1 (d), (f) and (g), JIAL is responsible to maintain and operate Airside including Runway, Taxiways, Apron, Approach Areas etc. Also, it is mentioned in the CNS-ATM Agreement about the airside obligations to be performed by JIAL. JIAL is responsible to establish Apron Management Service, Airside safety, aerodrome safeguarding and aeronautical information services. The composition is as below: a. Head Aero Operations - (1 Headcount) Lead the Airside Operations, Apron control, AOCC and ARFF for JIA. b. AOCC (1 Lead and 12 Associates) - Responsible for allocation of resources such as parking bay or aerobridge, check-in counter and baggage belts, and also control the Flight Information Display System (FIDS) for the passengers. c. BMA / BHS / BBA Operations - 1 lead supported by 3 Shift Managers - Responsible for ensuring availability of systems round the clock. d. Incharge Airside Operations supported by 4 Duty managers and 12 Airside Executives - Round the clock operations. Inspects and patrols all airport facilities,

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						<p>grounds and properties to ensure regulatory compliance. Prepares detailed reports of daily operations, unusual incidents/accidents, hazardous conditions, and inspections.</p> <p>e. Aerodrome Licensing and DGCA Compliance - 1 lead with 4 associates Required for handling and responding to DGCA queries. Documentation and coordination for meetings with respect to observations and their compliance. Continuous monitoring and follow up of CAR requirements. Handling DGCA inspection and License renewal processes</p> <p>f. ADP/AVP Management - 1 lead supported by 3 associate - Responsible for vehicle movements at the airside and authorising driving permits for airside vehicle movement.</p> <p>g. Wildlife & Hazard Management. - 1 lead supported by 4 associates - Responsible for monitoring and recording wildlife activities at the airport and mitigation plan</p>
Regulatory	-	1	1	1	2	<p>1 person planned for co-ordination related to AERA and regulatory matters and another person is planned in last year once additional work for true-up of previous control period will start.</p>
Terminal and Operation	14	25	29	29	43	<p>JIAL is expected to maintain and improve quality of service to passengers. In that connection, JIAL will deploy various positions of Terminal Managers, Duty Managers, Shift Incharge, Protocol services. Two terminal T1 and T2 will have addition of various Passenger Processing Systems and also there will be addition in terminal area.</p> <p>The composition is as below:</p> <p>a. Head Terminal Operations - (1 Headcount) Lead Reports to Chief Airport Officer and is responsible for Terminal (Domestic & International), Passenger Service, Facilities and Horticulture Management.</p> <p>b. Terminal Operations (1 Head, 3 Shift Managers and 15 Associates) - Responsible for the Passenger Experience at T1 and T2. Works in coordination with CISF/Airlines and ensure that the passenger flow is seamless in Terminals.</p> <p>c. Protocol Services & Guest Relations (1 Head, 3 Shift Managers and 9 Associates) - Responsible to facilitate the movement of VIPs with smooth Check-in, VIP Lounge services, Security Check and Boarding after proper coordination with airlines, CISF - Terminal 1 & Terminal 2.</p> <p>d. Facilities Management - (1 Head supported by 4 Associates) - Handles the Facilities and Upkeeping team at the airport to maintain the JAI airport facility (Terminal 1,2 and Land Side) at the highest standards. The role will ensure high standards of cleanliness.</p>

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Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
						e. GA Facilities Manager - (1 Head and 4 Associates) - to manage the GA operations
Non-Aero Commercial	3	4	5	6	6	These resources are planned for various co-ordination & other activities relating to management and monitoring over various concessionaires including the master concessionaire
Human Resources and Admin	4	6	8	9	11	From the current deployment of 4 resources in FY'23, the following will be added. 2 Support to HR operations, 2 Resource for Admin function, 2 Resource to support ER/Compliance and 1 resource to support Employee welfare and engagement activities.
Finance	5	7	8	9	10	Composition includes 1 HoD, and support staff for various functions under finance and accounts (which will include monitoring and control over various activities including Accounts Receivable, Accounts Payable, Monthly/Quarterly/Annual Account Closing, GST and TDS related reconciliations & compliance, MIS and Control)
Engineering & Maintenance	6	12	16	24	32	Currently, AAI has approx. 46 Engineering & Maintenance employees. JIAL is expected to outsource some of the non-core activities. Second there will be new facilities added and increase in Terminal Area, Increase in Airside Facilities, increase in landside facilities, Utilities etc, there will be requirement of more manpower in Engineering and Maintenance department to cater to these increased facilities. Considering all the above factor, JIAL is expected to consolidate the function and will have only 32 people on-roll which will be a mix of Civil, Technical, Mechanical, Electrical including shift engineers and leads in respective disciplines and Maintenance Planning & Scheduling team.
Airline Marketing	-	1	1	2	2	2 persons planned for dealing with Airlines including management of slots to increase ATM
ARFF	-	5	104	104	104	AO has carried out an internal assessment as required by DGCA on ARFF Task Resource Analysis and as per the assessment done, there is requirement for 104 employees in ARFF for category-8. Please Refer Annexure R which details out the justification for no. of ARFF manpower
Environment & Sustainability	1	2	2	2	3	As per Clause 18.1.1 (o) of CA, JIAL is expected to protect and conserve the environment. Also, there is requirement to get the Environment Audit done as per clause 18.13. Accordingly, the manpower requirement of 3 staff has been considered.
Horticulture	1	2	2	2	3	As part of environmental sustainability measures to develop JAI as a green airport, statutory requirements of tree transplantation/plantation and to create natural ambience befitting a landmark international airport, the manpower requirement has been considered.

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Justification
Land Department	1	1	1	1	2	1 resource planned to liaise with various authorities (AAI, Local authorities, State Govt Departments) for the purpose of acquisition of land and related matters.
ILHBS Screeners	35	57	68	68	68	JIAL has inline baggage handling systems which requires specialised Screening manpower. Previously, AAI used to do it through outsourced agency. However, JIAL has decided to insource the function with its own manpower. Please Refer Annexure S which details out the justification for no. of ILHBS manpower
Total Employee Head count	108	190	325	350	400	

The Authority does not agree with JIAL's contention that all employees cost is Aeronautical in nature. The Authority has referred the *Study on the Efficient Operation and Maintenance Expenses of JIA*, and accordingly reallocated employees between aeronautical, common, and non-aeronautical.

The Authority observes that JIAL has estimated this increase in number of employees mainly towards functions relating to Security, Screening, Firefighting, Airside management, Terminal operations, Engineering and Maintenance and IHLBS Screeners, considering the operationalization of the existing Terminal Building T-I in FY 2023-24 and refurbishment of existing Terminal T-II in FY 2024-25 respectively and also that the deemed deputation period of the Select Employees deputed by AAI expires in the FY 2023-24 (October 2024).

In this background, the Authority examined the Aeronautical Employee Head Count of Jaipur International Airport for the period from FY 2016-17 to FY 2019-20 (Pre-COVID year) and notes that the 4-year average employee headcount is 153 and the same is given in below table:

Table 136: Headcount of Aeronautical employees of JIA for the Period from FY'17 to FY'20

Particulars	FY'17	FY'18	FY'19	FY'20	4 – Year Average
Employee Headcount *	137	145	169	163	153

* Refer Table 20 of paragraph 4.5.3.d. of Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport.

The Authority further observes that the Passenger traffic and ATM during the Third Control Period for Jaipur International Airport (refer Table 76) has almost reached Pre-COVID level during FY 2022-23. The same has been presented in the following table:

Table 137: Estimated Passenger and ATM traffic of Jaipur International Airport

Particulars	FY'20 (Pre-COVID)	FY'23	FY'24	FY'25	FY'26	FY'27
Passenger Traffic (in lacs)	50.31	47.64	53.89	62.45	89.73	97.53
ATM Traffic (In '000s)	39.48	41.16	44.45	52.06	75.64	81.89

However, the Authority also considers the following pertinent factors such as:

- The renovation of T-I is expected to be operationalized in last quarter of FY23-24. Further, refurbishment of T-II is anticipated in FY24-25 as per JIAL submission.
- There are existing employees of AAI i.e., 'Select Employees' deputed to JIA and
- The previous airport operator, namely, AAI had been maintaining the prescribed ASQ rating of JIA with the aforementioned employee headcount (refer Table 165).

Considering the growth projected in Passenger traffic and ATM and the current scale of operations, the Authority is of the view that, the Aeronautical Employee Head Count projected by JIAL which is at 400 towards the end of the Third Control Period, is not justified and the same needs to be rationalized. Further the Authority noted the JIAL headcount shared vide email by JIAL dated November 7, 2023 and compared it with the projections submitted during MYTP submission. Accordingly, the Authority has rationalized the headcount projections.

Based on the above, the Authority has analyzed the Employee Headcount projected vis-à-vis the functions of each department mentioned in Table 135. The Authority proposes to consider actual headcount for FY2022-23 as submitted by JIAL. It also proposes to consider the headcount till end of H1 FY2023-24 i.e. till September 30, 2023 as the total headcount for FY2023-24. The Authority shall revisit this on receipt of actual headcount for FY 2023-24.

Further, the Authority proposes the following revision in Aeronautical Employee Headcount projected by AO for the remaining three (3) tariff years Third Control Period:

- (i) **Security and Safety department:** The Authority observes that certain security and safety activities may be suitably outsourced by JIAL, barring specific activities such as coordination with CISF, BCAS compliance etc. Further, it is pertinent to highlight that since T-III is not envisaged in Third Control Period and JIAL has already considered security costs separately under administrative costs, the Authority proposes to consider only 50% of the Employee Headcount projected by JIAL in the 3rd tariff year (FY 2024-25) onwards.
- (ii) **Quality department:** The Authority has assessed that the headcount for the last two years of the control period is not justified and thus proposes to rationalize to 2 (Two) employees in FY2024-25 and 3 (Three) employees for last two tariff years of the control period.
- (iii) **Customer Engagement:** The Authority observes that as per JIAL submission, till September 2023 there are no employee working in this department. The Authority proposes 1 (One) employee in FY2024-25 and FY2025-26 and 2 (Two) employees in the last tariff year of the Third Control Period. The Authority feels that this function relates to ASQ rating activity, which is performed only on a quarterly basis, that too through outsourced Consultancy Firms.
- (iv) **Airside Management:** The Authority observes that the headcount projected by JIAL for all the tariff years is not justified considering the projected traffic levels at the airport. The Authority also observes that ground handling activities at the airport have been outsourced. Based on the above factors, the Authority proposes to consider twenty seven (27), thirty (30), and thirty five (35) employees in the last three years of the Control Period as against 37 / 38 / 48 employees respectively, claimed by JIAL.
- (v) **Terminal Operations:** The Authority observes that the number of Employee Headcount projected by JIAL is not justifiable as there are existing employees of AAI (i.e., Select employees deputed to JIA) at the Airport till the deemed deputation period. Hence, the Authority has rationalized the manpower for Terminal Operations for the FY2024-25 from 29 employees to 22 employees. Further, manpower has been rationalized for FY2025-26 considering the manpower proposed for FY2024-25. The Authority further observes that since NITB-III has not been considered as per the CAPEX plan proposed by the Authority for Third Control Period, the increase in manpower in last tariff year cannot be justified and has thus been rationalized from 43 employees to 30 employees.
- (vi) **Engineering & Maintenance Department:** The Authority observes that there are existing employees of AAI (i.e., 'Select Employees' deputed to JIA) at the Airport during the deemed

deputation period similar to Terminal Operations department and hence the Authority proposes to consider 75% of the Aeronautical Employee Headcount of Engineering & Maintenance department, projected by JIAL, for the third tariff year of the Third Control Period. For the remaining two tariff years of TCP, the Authority proposes to consider the number of employees as submitted by JIAL as the Deemed Deputation Period will end in FY 2024-25.

- (vii) **Aircraft Rescue and Fire Fighting (ARFF) including Fire Fighters:** The Authority observes that the employee headcount projected by the AO is not justified, with the fact that the same services are being delivered by existing employees of the AAI (i.e., Select employees to JIA) at the airport, at a lower manpower strength. The Authority thus proposes to rationalize the manpower in this department for FY2024-25 on the basis of historical manpower deployment. For next two tariff years, manpower has been increased in a staggered manner. Based on the above factors, the Authority proposes to consider sixty five (65), eighty (80), and ninety five (95) employees in the last three years of the Control Period as against 104 / 104 / 104 employees respectively, claimed by JIAL.
- (viii) **Inline Hold Baggage Screening system (ILHBS):** The Authority examined the Employee Headcount projected by the AO ranging from thirty-five (35) in FY 2022-23 to sixty-eight (68) in the last tariff year and compared the same with the number of employees engaged by AAICLAS in FY 20-21, namely, 42 employees (28 Security screeners and 14 Multi tasker) as per the invoice submitted for the month of December 2020.

Considering the projected traffic growth during the current Control Period, the Authority proposes to consider the Employee Headcount of forty five (45) / fifty five (55) / sixty-eight (68) employees respectively as against 68 / 68 / 68 employees claimed by the AO for the FY 2024-25 to FY 2026-27.

Based on the above factors, the Aeronautical Employee Headcount proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 138: Employee Head Count of JIAL and revised EHCR proposed by the Authority for the Third Control Period

Particulars	JIAL Classification	Authority Classification	FY'23	FY'24	FY'25	FY'26	FY'27
Aeronautical Employee Head count claimed by JIAL as per MYTP			108	190	325	350	400
Employee Headcount proposed by the Authority							
CAO Office	Aeronautical	Aeronautical	2	2	3	4	5
Techno Commercial (Procurement department)	Aeronautical	Aeronautical	4	3	8	10	11
Corporate communication	Aeronautical	Aeronautical	1	1	3	3	4
Corporate Affairs	Aeronautical	Aeronautical	1	1	2	2	3
Security including Safety	Aeronautical	Aeronautical	7	7	8	9	10
Legal	Aeronautical	Aeronautical	1	2	2	3	3
Quality	Aeronautical	Aeronautical	1	1	2	3	3
Customer Engagement	Aeronautical	Aeronautical	-	-	1	1	2
Non-Aero Commercial	Aeronautical	Non-Aeronautical	3	3	5	6	6
Information Technology	Aeronautical	Aeronautical	1	1	6	9	12
Airline Marketing	Aeronautical	Aeronautical	-	-	1	2	2
Airside Management	Aeronautical	Aeronautical	26	23	27	30	35

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Particulars	JIAL Classification	Authority Classification	FY'23	FY'24	FY'25	FY'26	FY'27
Regulatory	Aeronautical	Aeronautical	-	-	1	1	2
Terminal and Operation	Aeronautical	Aeronautical	10	10	22	25	30
Human Resources and Admin	Aeronautical	Common	4	5	8	9	11
Finance	Aeronautical	Common	4	5	8	9	10
Engineering & Maintenance	Aeronautical	Aeronautical	3	5	12	24	32
Aviation Rescue and Fire Fighting (ARFF) including Fire Fighters	Aeronautical	Aeronautical	1	1	65	80	95
Environment & Sustainability	Aeronautical	Aeronautical	1	1	2	2	3
ILHBS (Screeners)	Aeronautical	Aeronautical	36	33	45	55	68
Land Department	Aeronautical	Non-Aeronautical	-	-	1	1	2
Horticulture	Aeronautical	Aeronautical	1	1	2	2	3
Air Cargo	Aeronautical	Aeronautical	1	1	1	1	1
Total Employee Head Count of JIAL rationalized by the Authority			108	106	235	291	353
Direct Aeronautical Employees of JIAL			97	93	213	266	324
Direct Non-Aeronautical Employees of JIAL			3	3	6	7	8
Common Employees of JIAL			8	10	16	18	21
Total Aeronautical Employees of JIAL			105	103	228	284	344
Total Non-Aeronautical Employees of JIAL			3	3	6	7	9
Revised Employee Headcount ratio of JIAL derived by the Authority			97.0%	96.9%	97.3%	97.4%	97.6%
5-yr average of Revised EHCR of JIAL			97.23%				
Total AAI Employees			167	155	155	-	-
Direct Aeronautical Employees of AAI			124	113	113	-	-
Direct Non-Aeronautical Employees of AAI			1	1	1	-	-
Common Employees of AAI			42	41	41	-	-
Total Aeronautical Employees of AAI			166	154	154	-	-
Total Non-Aeronautical Employees of AAI			1	1	1	-	-
Revised Employee Headcount ratio of AAI derived by the Authority			99.2%	99.1%	99.1%	-	-
Total Aeronautical Employees of AAI and JIAL			271	257	382	284	343
Total Non-Aeronautical Employees of AAI and JIAL			4	4	7	7	10
Total Employee Headcount (i.e., both AAI and JIAL employees) derived by the Authority			275	261	390*	291	353
Revised Employee Headcount ratio of total AAI and JIAL derived by the Authority			98.5%	98.3%	98.1%	97.4%	97.6%
5-year Average of Revised Total Employee Headcount Ratio (both AAI and JIAL employees) derived by the Authority			97.98%				

*till Deputation Period (October 2024)

The employee cost proposed by the Authority for JIAL's own employees, based on the revised aeronautical employee headcount is shown below:

Table 139: Manpower cost of Aero employees proposed by the Authority for the Third Control Period

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Employee Headcount claimed by JIAL	No.	108	190	325	350	400	
Salary Growth % claimed by JIAL	%	10%	10%	10%	10%	10%	
Manpower Cost of JIAL's employees claimed by JIAL	₹ in Crores	12.20	20.27	38.01	54.80	66.98	192.27
As per Authority							
Employee Head count proposed by the Authority	No.	108*	106**	235	291	353	
Salary Growth % proposed by the Authority	%	-	6%	6%	6%	6%	
JIAL – Employees Manpower Cost derived by the Authority	₹ in Crores	12.11*	14.06**	22.68	36.61	47.55	
Allocation ratio proposed by the Authority	%	97.23%	97.23%	97.23%	97.23%	97.23%	
Aero Manpower Cost of JIAL proposed by the Authority	₹ in Crores	11.82	13.67	22.05	35.59	46.24	129.33

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority

Utility Expenses

10.2.24 The Authority examined the expenses towards Utilities and noted the following:

- i. **Power expenses:** The Authority observes that JIAL in its submission has considered the expenses towards Utilities after netting off the recoveries to be made from the Concessionaires for Non-aeronautical activities. The net utilities expenses thus arrived is considered as 100% Aeronautical.
 - The Authority observes that JIAL has assumed 10% of the total electricity cost as recoveries to be made from the Concessionaires. The Authority further observes that the power recovery percentage is significantly lower than that of comparable airports and proposes that the non-aeronautical operations should increase the power recovery from the Concessionaires, in a gradual manner. Accordingly, the Authority proposes that JIAL shall constitute a Committee to verify the bills relating to Power expenses and submit a report on the same to the Authority as part of Stakeholder comments / feedback. In case such report is not submitted by JIAL, the Authority proposes to consider power recoveries at a notional rate while issuing the tariff order of the Third Control Period.
 - The Authority compared the actual Electricity costs of ₹ 7.39 crores (after recovery) incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 8.10 Crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 5.29 Crores (after recovery). The Authority upon extrapolation to derive the expenses up to March 2024, estimates it to be approximately ₹ 10.6 Crores, which seems to be on higher side and thus suitable justification was sought for the same from the AO. JIAL vide email dated January 17, 2024 stated that, effective December '22, the base rate for electricity which is charged as energy charges in monthly bill, was increased by Jaipur Vidyut Vitran Nigam Limited (JVNL) from ₹ 8.05 per unit to ₹ 8.85 per unit. This has resulted into an overall per unit cost of ₹ 8.56 and ₹ 9.7, in FY 22-23 and HY1 FY23-24, respectively. Further, due to seasonal impact of higher consumption during summer months, the annual cost for FY23-24 shall not be 2x of

HY1 FY23-24. It would be appropriate to assume cost as 1.5 times of FY 22-23 in view of the increase in electricity rates and unit consumption. The Authority in view of the aforementioned response of JIAL proposes to consider the overall unit cost of ₹ 9.7 for FY23-24 and calculate the power expenses basis the forecasted net billable units submitted by JIAL in its MYTP. The total annual power expense for FY2023-24 is derived to be ₹ 8.73 Crores. The Authority further proposes to apply Y-O-Y increase towards inflation for the next three (3) tariff years on the derived expenses of FY 2023-24.

- JIAL has proposed to increase the billable units by 10% in the second tariff year (FY2023-24) of the Third Control Period and an additional increase of 36.4% in FY 2024-25 on account of increase in terminal area. The Authority as part of its review notes that for other similar airports, it had allowed the increase claimed by JIAL which was in proportion to the increase in the area of the Terminal Building. Based on the same, the Authority proposes to consider as per the capitalization schedule an additional increase of 35.6% in billable units only for FY 2024-25. (refer growth rates mentioned in Table 156).
- ii. **Water and Fuel charges:** JIAL has assumed Y-o-Y increase in water and fuel charges as per forecasted growth in passenger traffic for all the five (5) tariff years in Third Control Period and an additional increase of 11.4% for FY 2024-25 on account of the expanded Terminal Building area. The Authority reviewed the submission of JIAL and notes that the fuel charges claimed by JIAL pertain to the diesel fuel required for operating the Generators. Further the Authority examined the actual expenses of ₹ 0.67 Crores incurred by JIAL towards Water and Fuel charges as against ₹ 0.30 Crores projected in the MYTP and proposes to consider the actuals for FY 2022-23. Also, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 0.46 Crores (after recovery). The Authority upon extrapolation to derive the expenses up to March 2024, estimates it to be approximately ₹ 0.92 Crores, which seems to be on higher side and thus suitable justification was sought for the same from JIAL. JIAL had not provided any response on the query and thus the Authority proposes to consider the actual costs for FY2022-23 as the base for forecasting expenses for the remaining four (4) tariff years. The Authority further proposes to apply Y-O-Y increase towards inflation for the next four (4) tariff years on the actual expenses of FY 2022-23.
- The Authority observes that JIAL, has claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority finds to be reasonable and justified. Hence, the Authority proposes to allow the same. The Authority further proposes Y-o-Y increase towards inflationary effect as per Table 124. The details of Utility expenses claimed by JIAL and allowed the Authority are summarized in the table below:

Table 140: Utility expenses claimed by JIAL and proposed by the Authority for the Third Control Period (₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Total Utility Expenses claimed by JIAL	8.4	10.69	15.23	16.01	16.84	67.16
As per the Authority						
i. Power expenses	7.39*	8.73**	12.29	12.75	13.24	54.40
ii. Water expenses	0.67*	0.67	0.77	0.80	0.83	3.75
Total Utilities proposed by the Authority (i) + (ii)	8.06*	9.40	13.06	13.56	14.07	58.15

*as per actuals submitted by JIAL for FY 2022-23

**as per actual unit rates submitted by JIAL for FY2023-24

The increase in Utility Expenses in FY25 is due to increase in terminal area (likely operationalization of T-I and refurbishment of T-II) and inflation effect.

IT expenses, Rates & Taxes and Security expenses

10.2.25 JIAL as per the concession agreement is required to upgrade the existing IT capacity infrastructure. JIAL has based its expense projections on the basis of proportionate increase in JIAL's own employee headcount. Further the Authority notes that JIAL has treated the cost as 100% Aeronautical. In respect of the Y-o-Y growth claimed by JIAL, the Authority proposes to revise the same as per inflation rate proposed in Table 83 above and also reallocate the expense based on the Terminal Building ratio of 90% Aeronautical (refer para 10.2.10).

- i. The Authority has compared the actual expenses of ₹ 4.41 crores incurred by JIAL on IT expenses for FY 2022-23 as against the projected costs of ₹ 5 Crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 2.42 Crores. The Authority has for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which is approximately ₹ 5.0 Crores. The Authority proposes to consider ₹ 5.0 Crores towards IT expenses for FY 2023-24 and use the same as base for future projections. Further, the Authority shall consider a one-time increase of 35.6% on account of increase in Terminal Area. The Authority further proposes to apply Y-O-Y increase towards inflation for the remaining three (3) tariff years on the derived expenses of FY 2023-24 (refer growth rates mentioned in Table 156).

Table 141: IT expense of JIAL as proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
IT expenses claimed by JIAL	₹ in Crores	5.00	8.80	15.05	16.20	18.52	63.57
As per Authority							
IT expense proposed by the Authority	₹ in Crores	4.41*	5.00**	6.97	7.23	7.51	31.12
Allocation Ratio proposed by the Authority	%	90	90	90	90	90	
Aero IT expense proposed by the Authority	₹ in Crores	3.97	4.50	6.27	6.51	6.76	28.01

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2023-24 which is extrapolated for the whole year by the Authority

10.2.26 With respect to Rates and Taxes, JIAL has assumed a 5% y-o-y increase on account of inflation and a one-time increase of 11.4% on account of increase in terminal area. Further the Authority observes that the AO has treated the cost as 100% Aeronautical. The Authority proposes to reallocate the expense based on the Gross Fixed Asset ratio (97.88%).

- i. The Authority has noted the actual expenses of ₹ 1.67 crores incurred by JIAL on Rates and Taxes for FY 2022-23 as against the projected costs of ₹ 1.5 crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 0.85 Crores. The Authority has for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which is approximately ₹ 1.70 Crores. The Authority proposes to consider ₹ 1.70 Crores towards Rates and Taxes for FY 2023-24 and use the same as base for future projections. The Authority notes that JIAL, has claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority finds to be reasonable and justified. Hence, the Authority proposes to allow

the same. The Authority further proposes to apply Y-O-Y increase towards inflation for the next three (3) tariff years on the derived expenses of FY 2023-24 (refer growth rates mentioned in Table 156).

Table 142: Rates and Taxes of JIAL as proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Rates and Taxes claimed by JIAL	₹ in Crores	1.5	1.58	1.83	1.92	2.02	8.85
As per Authority							
Rates & Taxes expense considered by the Authority	₹ in Crores	1.67*	1.70**	1.96	2.03	2.11	9.47
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Aero Rates & Taxes proposed by the Authority	₹ in Crores	1.63	1.66	1.92	1.99	2.06	9.27

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority

10.2.27 As per JIAL's submission expenses related to security includes outsourced manpower, security guards, security operation maintenance, surveillance vehicles, access controls and expenses related to other automation systems. JIAL has based their security cost increase in line with the forecasted growth in passenger traffic. In addition, JIAL has considered a one-time increase of 11.4% in expense on account of refurbishment of Terminal 2 leading to increase in the terminal area. Further the Authority notes that JIAL has treated the cost as 100% Aeronautical. The Authority notes the dual escalation in the expenses wherein JIAL has considered both increase in traffic and terminal area. The Authority proposes to revise the Y-o-Y growth in security expenses, as per inflation rate proposed in Table 124 and also reallocate the expense based on the Gross Fixed Asset ratio of 97.88% Aeronautical (refer para 10.2.12) in line with similar airports.

- i. The Authority has noted the actual expenses on Security of ₹ 5.13 crores incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 6 crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 4.37 Crores. The Authority has for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which is approximately ₹ 8.74 Crores. The Authority proposes to consider ₹ 8.74 Crores towards Security expenses for FY 2023-24 and use the same as base for future projections. The Authority notes that JIAL, has claimed 11.4% increase in FY 2024-25 on account of increase in Terminal area, which the Authority finds to be reasonable and justified. Hence, the Authority proposes to allow the same.

Table 143: Security expense of JIAL as proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Security expense claimed by JIAL	₹ in Crores	6	8.78	11.16	12.17	13.23	51.34
As per Authority							
Security expense proposed by the Authority	₹ in Crores	5.13*	8.74**	10.07	10.45	10.84	45.23

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Aero Security expense proposed by the Authority	₹ in Crores	5.02	8.55	9.85	10.23	10.61	44.27

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority

Corporate Allocation Cost

10.2.28 JIAL has claimed Corporate Allocation Cost of ₹ 11.00 Crores towards Corporate Support Services received from the Holding Companies, namely, AEL and AAHL for the FY 2022-23 and has considered the employee headcount growth of JIAL as basis for Y-o-Y escalation.

- i. The Airport Operator (JIAL) had engaged an independent consultant, to conduct a study on Corporate Cost allocation. The Authority has noted the following points submitted by JIAL in support of their claim for Corporate cost allocation:
 - AEL provides various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, human resource management, etc., and also includes various leadership functions. AAHL through its corporate structure, provides expertise and specialist domain knowledge in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Hospitality, Customer management, Cargo Development and management, Airline Marketing, Non-Aeronautical etc.
 - AEL and AAHL incur costs at the corporate level to provide these services and support to various Group Companies (including Airports) and Airport companies. The major composition of these costs includes salaries and administrative costs. These costs (except shareholders services and non-Aeronautical services) are recovered by AEL and AAHL through a pre-determined, appropriate allocation method.
 - Similar corporate cost allocation process is used by other private airport operators' holding entities, which provide corporate administration services to their respective Airport Operators, and their costs are allocated based on suitable drivers. Similarly, AAI also allocates its Central Head Quarters (CHQ) / Regional Head Quarters (RHQ) costs to various airports based on appropriate cost drivers.
- ii. The Authority observes that AEL on overall basis, extends support and guidance to various Group Companies and AAHL provides expertise and specialist domain knowledge to the Airport Companies, which are essential for the sustainable operations of the business. The major composition of the costs of these services includes salaries and administrative costs that are recovered by AEL and AAHL through an appropriate allocation method (refer para 10.2.15). Further, this process is consistent with the approach followed by other PPP airports for allocation of Corporate costs to the Airports. Based on the above factors, the Authority considers the apportionment of costs of AEL and AAHL to JIAL as reasonable.
- iii. The Authority has observed the actual expenses of ₹ 11.88 crores incurred by JIAL on Corporate Cost expenses for FY 2022-23 against the projection of ₹ 11 Crores claimed in their MYTP. The detailed break-up of the actual cost along with the basis of allocation submitted by JIAL for the FY 2022-23 is as follows:

Table 144: Actual Corporate Cost incurred with allocation basis submitted by JIAL for FY'22*(₹ Crores)*

Particulars	Department	Allocation Key (Basis)	Admin Cost	Salary Cost	Total	
AEL	HR and Admin	Ratio of Number of Employees of a SPV to Total Adani Group Employees	0.57	1.16	1.73	
	Finance, Tax and Internal Audit	Ratio of Debt raised for a SPV to total Debt raised for Adani Group, Ratio of Turnover of a SPV to Total Group Turnover and Ratio of Full Time Equivalents (FTE) allocated to a SPV to total FTEs	0.15	0.30	0.45	
	IT	Ratio of Number of IT users in a SPV to total Group users	0.38	0.77	1.15	
	Legal	Ratio of Legal Budget of a SPV to Total Legal Budget of all airports	0.01	0.02	0.03	
	CMD Office & Support Staff	Ratio of a SPV PBT to Group PBT and Airport budgeted expenditure to Total budgeted expenditure	0.50	1.02	1.52	
	Total (A)			1.61	3.27	4.88
	AAHL	HR & Admin	Ratio of Number of Employees of a SPV to Total Adani Group Employees	0.36	1.42	1.78
Finance		Ratio of Debt raised for a SPV to total Debt raised for Airport Group	0.07	0.29	0.36	
Operations (Airline Marketing, Operation, Security, HSE, Regulatory)		Ratio of Per Pax Revenue of SPV to total Per Pax Revenue	0.63	2.52	3.15	
IT		Ratio of Number of IT users in a SPV to total IT users in all airports	0.12	0.48	0.60	
Inhouse Legal Team		Ratio of Legal Budget of a SPV to Total Legal Budget of all airports	0.01	0.04	0.05	
Cargo Development		Ratio of Per Pax Revenue of a SPV to total Per Pax Revenue of all airports	0.01	0.02	0.03	
CEO Office		Ratio of Per Pax Revenue of SPV to total Per Pax Revenue	0.21	0.83	1.04	
Total (B)			1.40	5.60	7.00	
Total (A) + (B)			3.01	8.87	11.88	

- iv. Considering all the above, the Authority proposes to consider the actual cost of ₹ 11.88 Crores for FY 2022-23, as compared to the projected cost of ₹ 11.00 Crores.
- v. However, the Authority observes that the aforementioned actual cost includes the costs of inhouse legal team, which is in addition to the cost of employees of Legal department, already considered under the manpower expenses of JIAL (refer

- vi. Table 144 above) and is not justified. Hence, the Authority proposes to exclude ₹ 0.08 Crores from the Corporate Allocation cost submitted by JIAL and consider the remaining amount of ₹ 11.80 Crores for FY 2022-23.
- vii. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 4.68 Crores. The Authority has for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which is approximately ₹ 9.5 Crores. The Authority finds the same to be reasonable and proposes to consider ₹ 9.5 Crores towards Corporate Cost expenses for FY 2023-24. The Authority shall revisit this on receipt of actual expenses for FY 2023-24.
- viii. JIAL has escalated expenses related to corporate allocation YoY basis growth in employee count. The Authority observed that salary cost constitutes the major portion of the Corporate cost and hence, proposed to rationalize the increase claimed by JIAL to 6% Y-o-Y across the last three (3) tariff years of the Third Control Period which is in line with the increase proposed for manpower expenses of AAI and JIAL.
- ix. The Authority observed that JIAL has considered corporate cost allocation as 100% aeronautical without any supporting basis for such allocation. In the absence of such basis and in line with the methodology followed by the Authority for similar airports, the Authority proposes to reallocate the expense basis the Total Employee Headcount ratio. Further, as the services provided by AAHL & AEL are mainly in the nature of provided specialized resources and knowledge and also it benefits whole airport ecosystem, the Authority is of the view that the cost needs to be allocated basis the Total Employee Headcount ratio of 97.78% Aeronautical.
- x. The details of Corporate Allocation Expense claimed by JIAL and allowed by the Authority are summarized in the table below:

Table 145: Corporate Cost Allocation expenses claimed by JIAL and Proposed by the Authority

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Corporate Allocation expense claimed by JIAL	₹ in Crores	11	19.35	33.1	35.65	40.74	139.84
As per Authority							
Corporate allocation considered by the Authority	₹ in Crores	11.80*	9.5**	10.07	10.67	11.31	53.44
Allocation Ratio proposed by the Authority	%	97.98%	97.98%	97.98%	97.98%	97.98%	
Aero Corporate Cost expense proposed by the Authority	₹ in Crores	11.56	9.31	9.87	10.46	11.09	52.28

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority

Administrative Expenses

10.2.29 JIAL has projected an increase of 5% Y-o-Y for Administrative Expenses towards Professional & Consultancy, Sales & Marketing, Travelling & Communication, Printing & Stationery etc. In addition, a 5% Y-o-Y increase is provisioned as Contingency. For expenses related to collection charges on UDF, JIAL has escalated the same as per forecasted passenger growth.

- In respect of UDF Collection charges, the Authority has compared the actual expenses of ₹ 0.88 crores incurred by JIAL for FY 2022-23 as against the projected costs of ₹ 1.21 Crores and

proposes to consider the actual expenses of FY 2022-23. The Authority proposes to consider increase in Collection charges for UDF in line with the growth in Passenger traffic proposed for the Third Control period for Jaipur International Airport, as per Table 76. The Authority proposes to apply such rates for the next four (4) tariff years on the actual expenses of FY 2022-23.

- In respect of Other Administrative charges, the Authority has compared the actual expenses of ₹ 12.92 crores incurred by JIAL Administrative expenses for FY 2022-23 as against the projected costs of ₹ 15 Crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 11.74 Crores. The Authority upon extrapolation to derive the expenses up to March 2024, estimated it to be approximately ₹ 23.5 Crores. The estimated expense value seemed to be on the higher side, and thus suitable justification was sought for the same from JIAL. JIAL vide email dated January 17, 2024 stated that, “the increase in administrative expenses is due to increase in professional fees for various activities for improvement in passenger experience and operations.” The Authority while acknowledging the aim to enhance passenger experience, also considers the financial impact on passengers given that such expenses may be ultimately passed through to passengers; and thus, proposes to not consider the extrapolated expense for FY24. Further, considering that JIA is a brownfield airport, the Authority proposes to consider inflationary effect as per Table 124 for the growth in Administrative expenses (other than Collection charges for UDF), across all the remaining four (4) tariff years in the Third Control Period. Further, the Authority is of the view that these expenses which are administrative in nature should be apportioned in the Gross Fixed Asset Ratio i.e., 97.88:2.12.

Table 146: Admin expenses claimed by JIAL and proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Admin expenses claimed by JIAL (incl. UDF charges)	₹ in Crores	16.21	36.28	40.01	43.99	48.36	184.85
As per Authority							
i. Admin expenses (UDF Collection charges) proposed by the Authority (A)	₹ in Crores	0.88*	1.00	1.15	1.66	1.80	6.49
ii. Admin expenses Others considered by the Authority (B)	₹ in Crores	12.92*	12.95	13.44	13.95	14.48	67.7
Allocation Ratio proposed by the Authority	%	97.88	97.88	97.88	97.88	97.88	
Admin expenses Others proposed by the Authority (B1)	₹ in Crores	12.65	12.67	13.15	13.65	14.17	66.29
Total Admin expenses proposed by the Authority (A+B1)	₹ in Crores	13.53	13.67	14.31	15.31	15.97	72.78

*as per actuals submitted by JIAL for FY 2022-23

Insurance expenses

10.2.30 The Authority examined the expense claimed by JIAL towards Insurance and notes the following:

- **Insurance on Initial Asset Base** – JIAL has projected insurance expense of ₹ 1.60 crores on existing assets in FY 2022-23 and an increase of 10% Y-o-Y on the same. The Authority, on review of the actual expenses incurred proposes to consider the same, i.e., approximately ₹ 1.49 Crores for FY 2022-23 and Y-o-Y increase towards inflationary effect as per Table 124 on such actual

expenses for the entire Third Control Period. Further, the Authority has derived the Aeronautical expenses by applying Gross Fixed Assets ratio (97.88%) as per Table 131.

- **Insurance on New Asset Base** – JIAL has also claimed Insurance expense at the rate of 0.10% on new additions to the gross block based on market rates for each tariff year. The Authority reviewed the same and proposes to consider the expense at the same rate of 0.10% on the revised cumulative value of Capitalized Aeronautical Assets that are forming part of RAB (Table 96).
- The Authority has compared the actual expenses of ₹ 1.55 crores incurred by JIAL as Insurance expenses for FY 2022-23 as against the projected costs of ₹ 1.67 Crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 0.90 Crores.
- The Authority proposes to consider Y-o-Y increase as per Table 124 towards inflationary effect for the remaining four (4) years of the Third Control Period, to compute insurance expense on Initial Asset Base. Further, the Authority has derived the Aeronautical expenses for Insurance expense on Initial Asset Base, by applying the Gross Fixed Asset ratio (97.88% Aeronautical). The Authority further proposes to compute insurance expenses on New Asset Base as per revised gross block additions determined in this Consultation Paper.

Table 147: Insurance expenses claimed by JIAL and proposed by the Authority for the Third Control Period

(₹ Crores)						
Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Insurance expenses claimed by JIAL	1.67	1.93	2.91	3.9	8.08	18.49
As per Authority						
Insurance expense considered by the Authority on Initial Asset Base (A)	1.49	1.50	1.55	1.61	1.67	7.83
Allocation ratio proposed by the Authority	97.88%	97.88%	97.88%	97.88%	97.88%	
Insurance on opening net block of assets (A1)	1.46	1.46	1.52	1.58	1.64	7.66
Insurance on New Asset Base (B)	0.06	0.16	0.71	1.24	1.32	3.49
Insurance expenses allowed by the Authority (A1 + B)	1.52	1.62	2.23	2.82	2.96	11.15

Repairs and Maintenance expenses

10.2.31 The Authority examined the expenses towards Repairs and Maintenance and noted that the same has been projected towards Civil, Electrical, Plant and machinery, Electronics and Others.

- Repairs and Maintenance on Initial Asset Base** - JIAL has projected ₹ 25.00 Crores in FY 2022-23 towards Repairs and Maintenance for Opening Net block of Assets and an increase of 10% Y-o-Y (including expected increase in inflation by 5% and another 5% allowance provided for any contingency for change in scope, overtime, escalation etc.). In addition, JIAL has projected a one-time expense increase of 10% in FY 2024-25 on account of increase in terminal area.
- Repairs and Maintenance on New Capital Expenditure** – JIAL has also claimed Repairs and Maintenance expense at the rate of 3% on the cumulative value of Capitalized Total Assets for each tariff year.

- iii. The Authority as part of its review notes that the actual R&M expenses incurred by JIAL for FY 2022-23 is ₹ 25.06 Crores (marginally higher than its estimate of ₹ 25 Crores in the MYTP). Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 12 Crores. The Authority is of the view that JIA is a brownfield airport, wherein Capital Additions have been newly proposed for the Third Control Period. The newly constructed/installed assets need lesser maintenance than the already commissioned ones in use. The Authority, therefore, proposes to consider actuals for FY 2022-23 and restrict the total repairs and maintenance expenses claimed by JIAL to 6% of the Opening Net block of Aeronautical Assets for the remaining respective FYs.
- iv. The amount claimed by JIAL, and the estimate proposed by the Authority is shown in the table below:

Table 148: R&M on Opening Net block of Assets claimed by JIAL and Proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL						
Repairs and Maintenance – For Initial Asset Base claimed by JIAL (C)	25.06	27.50	33.00	36.30	39.93	161.79
Repairs and Maintenance – New Capital Additions claimed by JIAL (D)	0.00	2.39	5.37	29.57	53.41	90.73
Total Repairs and Maintenance – claimed by JIAL (E = C+D)	25.06*	29.89	38.37	65.87	93.34	252.52
As per Authority						
Opening RAB proposed by the Authority (A)	495.53	520.86	584.51	1053.92	1410.35	
6% of the Opening RAB (B)	29.73	31.25	35.08	63.24	84.63	
Total R&M expenses proposed by the Authority (G = MIN{B,E})	25.06*	29.89	35.08	63.24	84.63	237.90

*as per actuals submitted by JIAL for FY 2022-23

Other Operating expenses

10.2.32 JIAL has submitted the Other Operating Expenses and claimed an increase of 5% Y-o-Y for all five (5) tariff years and an additional increase 36.4% in FY 2024-25 on account of expansion of Terminal Building area. JIAL has further submitted that the other Operating Expenses largely includes Cleaning & Housekeeping Services, Pest Control Services, Cleaning of Public Toilet, providing biomedical waste management services, garbage collection services etc. The major agreements were entered during FY22-23 and hence in order to provide its annualized impact necessary increase factor of 40% has been considered in FY23-24.

- The Authority has compared the actual expenses of ₹ 11.15 crores incurred by JIAL on Other Operating expenses for FY 2022-23 as against the projected costs of ₹ 11 Crores and proposes to consider the actual expenses of FY 2022-23. Further, for the first 6 months of FY 2023-24 i.e., April 2023 to September 2023, JIAL has submitted the actual expenses as ₹ 7.21 Crores. The Authority has for the purpose of calculation, extrapolated the expense to derive the expenses up to March 2024 which is approximately ₹ 14.42 Crores. The Authority proposes to consider ₹ 14.42 Crores towards Other Operating expenses for FY 2023-24, and use the same as base for forecasting future expenses. In respect of Y-o-Y growth rate claimed by JIAL, the Authority feels that the increase towards inflationary effect as per Table 124 should

only be considered, instead of 5% increase Y-o-Y claimed by JIAL.

- In respect of additional increase of 40% and 36.4% claimed by JIAL, the Authority proposes to consider increase of 35.6%, with regard to expansion of Terminal Building area within the Airport. However, the Authority proposes to shift the additional increase to FY 2024-25 as the same would take effect only after operationalisation of the extended Terminal Building as per the Capitalization Schedule proposed by the Authority.

Table 149: Other Opex claimed by JIAL and proposed by the Authority for the Third Control Period

Particulars	Units	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Other Operating expenses claimed by JIAL	₹ in Crores	11.00	15.95	22.55	23.67	24.86	98.03
As per Authority							
Other Operating expenses considered by the Authority	₹ in Crores	11.15*	14.42*	20.10	20.87	21.66	88.20
Allocation ratio proposed by the Authority	%	90	90	90	90	90	
Other Operating expenses proposed by the Authority	₹ in Crores	10.04	12.98	18.09	18.78	19.49	79.38

*as per actuals submitted by JIAL for FY 2022-23

**as per actuals submitted by JIAL for H1 FY 2022-23 and extrapolated by the Authority.

Independent Engineer Cost

10.2.33 JIAL has claimed Independent Engineer Cost of ₹ 4.13 crores from FY23 till FY25 and claimed an increase of 5% Y-o-Y from FY26 onwards. As per the information provided, AAI appointed M/s NBCC (India) Limited as the Independent Engineer for 3 years with a total cost of ₹ 12.40 crores (₹ 4.13 crores annually). The extract of the relevant clauses is as below:

Clause 24.1.2 states

“The appointment of the Independent Engineer shall be made within 90 (ninety) days of the date of execution of this Agreement, and such appointment shall be valid for a period of 3 (three) years. On the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule K, and such procedure shall be repeated after expiry of each appointment.”

Clause 24.3.1 states

“The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.”

10.2.34 The Authority notes that AAI had appointed M/s NBCC (India) Limited as the Independent Engineer with effect from 25th October 2021 with the responsibility of reviewing the projects being carried out by JIAL on site and submitting necessary reports to JIAL.

10.2.35 The Authority also notes that as per Clause 24 and Schedule K of the Concession Agreement, AAI is required to appoint the Independent Engineer initially for a period of 3 years and thereafter for every 3 years. AAI has executed the contract with the Independent Engineer at a fee of ₹ 12.40

crores. JIAL has projected the Independent Engineer Cost based on the same together with considering an inflation of 5% for the last two tariff years for the Third Control Period.

10.2.36 However, the Authority proposes not to allow inflation of 5% and retain the amount originally awarded by AAI proportionately for the last two tariff years. The Authority also examined the actual expense of ₹ 4.99 crores for FY 2022-23 but proposes to consider the amount derived as per the contractual terms i.e., ₹ 4.13 crores.

Amortization of Runway recarpeting expenses

10.2.37 JIAL has claimed amortization of ₹ 53.50 Crores projected towards expenditure on Runway Recarpeting works over a period of five (5) FYs starting from FY 2025-26 and based on the Depreciation Order No. 35 / 2017-18 dated January 12, 2018. Additionally, JIAL has submitted carrying cost on the unamortized balance of the expense incurred on re-carpeting of runway.

10.2.38 The Authority proposes to consider the runway recarpeting expense as per the revised capital schedule, indexation and soft costs allowed for Third Control Period. The Authority also notes that the cost incurred on runway recarpeting is proposed to be amortized over five (5) years as per Order No. 35/2017-18. Accordingly, a return equal to FRoR is proposed to be provided on the unamortized portion of runway recarpeting expenses. Computation for the same is as follows:

Table 150: Runway Recarpeting expenses claimed by JIAL and allowed by the Authority for the Third Control Period

Particulars						(₹ Crores)
	FY 23	FY 24	FY 25	FY 26	FY 27	Total
As per JIAL						
Runway Re-carpeting costs (A)	-	-	-	19.03	19.03	38.06
FRoR (B)	-	-	-	14.8 %	14.8 %	
Opening Balance (C)	-	-	-	-	76.11	
Closing Balance (D)	-	-	-	76.11	57.08	
Average Balance (E=(C+D)/2)	-	-	-	38.05	66.60	
Return on unamortized portion (F=E*B)	-	-	-	5.62	9.83	15.45
Total runway recarpeting expenses (G=A+F)	-	-	-	24.64	28.85	53.49
As per Authority						
Runway Re-carpeting costs (H)	-	-	-	16.47	16.47	32.95
FRoR (I)	-	-	-	12.21%	12.21%	
Opening Balance (J)	-	-	-	-	65.90	
Addition (K)	-	-	-	82.37		
Amortized (L)	-	-	-	(16.47)	(16.47)	
Closing Balance (M=J+K+L)	-	-	-	65.90	49.42	
Average Balance (N=(J+M)/2)	-	-	-	32.95	57.66	
Return on unamortized portion (O=N*I)	-	-	-	-	8.05	8.05
Total runway recarpeting expenses (P=H+O)	-	-	-	16.47	24.52	40.99

Fuel Operating Expenses

10.2.39 Clause 19.3. of the Concession Agreement stipulates JIAL’s obligations towards providing aircraft fueling services (refer to paragraph 17.3.7 of Annexure 3 of Chapter 17 of this Consultation Paper)

10.2.40 JIAL has submitted the following assumptions regarding Fuel facility Operating expenses:

- JIAL has projected that the Fuel farm facility operations will commence from October 2023 onwards (i.e., 6-month period in FY 2023-24) and continue for the remaining three (3) tariff years of the Third Control Period.
- JIAL has estimated the Fuel Throughput volume at the rate of approximately 2.4 KL per ATM for

the Total ATM traffic projected in each tariff year.

- Further JIAL has submitted that they planned to outsource the Fuel facility operations to a third-party vendor who will manage the facility on Cost plus margin basis.
- The charges payable to the Vendor by JIAL have been projected based on a ‘Minimum Guarantee’ amount up to specified quantity of 80,000KL (i.e., fixed amount per year) and beyond the specified quantity of 80,000KL, on the basis of agreed Rate/ KL (i.e., variable rate). The vendor rates projected by JIAL, based on experience of Lucknow Airport in FY22, are as follows:

Table 151: Fuel O&M expenses claimed by JIAL for each FY for the Third Control Period

Particulars	Unit	Quantity	Rate (₹)	Amount (₹ in Cr.)
Fixed amount for up to 80,000KL per year	Month	12	64,10,000	7.69
Fee beyond 80,000KL	Per KL	-	290.00	-

- Additionally, JIAL had projected an increase of 5% towards inflation Y-o-Y on both the fixed amount and variable rate /KL payable to the vendor.
- Apart from the above, JIAL had projected Rental cost of refuellers amounting to ₹1.04 crore in FY 2023-24 and FY 2024-25 for 12 numbers of Refuellers. The rental cost has been estimated for FY 2023-24 and FY 2024-25 after which, JIAL expects to have sufficient number of own refuellers to run the operations.

The Authority examined all the above and summarised its view as under:

- a) The Authority has ascertained that JIAL till November 2023 is yet to commence open fuel access facility operations and has till date incurred zero costs on fuel operating expenses. The Authority thus proposes to shift and consider expenses for fuel operations from FY2024-25 onwards.
- b) The Authority proposes to consider the Fuel throughput Volume and related Operations and Maintenance Costs of JIA for the Third Control Period based on the growth rate proposed by the Authority for ATM traffic as per Table 76 and correspondingly derive the O&M expenses.
- c) The Authority proposes to undertake the growth rate towards inflationary effect as prescribed in Table 124 above, for both fixed and variable expenses during each year of the Third Control Period.

Table 152: Fuel Opex claimed by JIAL and allowed by the Authority for the Third Control Period

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per JIAL							
Fuel O&M expenses claimed by JIAL	₹ in Crores	-	5.80	11.77	11.73	12.82	42.11
As per Authority							
ATM traffic growth rate – proposed by Authority	In %	-	8.0%	17.1%	45.3%	8.3%	
Fuel throughput volume (A)	KL	-	106,684	124,938	181,534	196,543	609,698
Fixed Fuel throughput volume (B)	KL	-	80,000	80,000	80,000	80,000	320,000
Variable Fuel throughput volume (C = A -B)	KL	-	26,684	44,938	101,534	116,543	289,698

Particulars	Unit	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Growth rate proposed by Authority towards inflation	In %	-	0.20%	3.80%	3.80%	3.80%	
Fixed Fuel O&M expenses (up to 80,000 KL) (D)	₹ in Crores	-	0.00	8.00	8.30	8.62	24.92
Variable Rate / KL derived by the Authority	₹ Per KL	-	290.58	301.62	313.08	324.98	
Variable O&M expenses (above 80,000KL) (E)	₹ in Crores	-	0.00	1.36	3.18	3.79	8.32
Fuel O&M expenses (F = D + E)			0.00	9.36	11.48	12.41	33.25
Refuelers rentals Charges (G)	₹ in Crores	-	0.00	2.10	0.00	0.00	2.10
Total Fuel expenses proposed by the Authority (H = F + G)	₹ in Crores	-	0.00	11.46	11.48	12.41	35.35

Cargo Operating Expenses

- 10.2.41 Clause 19.4.1. of the Concession Agreement stipulates JIAL's obligations towards upgrading, developing, operating and maintaining the Cargo facilities in accordance with the provisions of the Concession Agreement.
- 10.2.42 JIAL has claimed Cargo Operating Expenditure of ₹ 36.43 Crores for third control period towards in-house salary cost, outsourced O&M expenses and customs cost recovery by considering the FY 2023-24 as base year of operations on the assumption of commencing Cargo Operations from mid FY 2023-24 i.e. Sep'23. JIAL has projected the Insourced salary and Customs Cost recovery based on the Manpower required and the Cargo O&M expenses on the basis of estimated Cargo Volume and Cargo cost / MT for each FY. JIAL has also claimed an increase of 10% Y-o-Y for all the expenses for the next three (3) FYs in the Third Control Period.
- 10.2.43 The Authority observes that JIAL has considered approximately ₹ 3,000 per tonne as basis for determining the O&M cost for JIA. This rate was estimated based on the experience of Ahmedabad and Lucknow airports. The Authority has examined the actual per tonne fee in Ahmedabad and Lucknow airports and proposes to accept the average of the said fees for the two airports, i.e., ₹ 2,860 as the per tonne fee for FY 2023-24. The Authority also proposes to escalate this fee at inflationary growth rate (refer Table 124) as against the increase of 10% submitted by JIAL for arriving at the O&M expenses for the remaining three (3) years of the current control period. The Authority further proposes to consider the cargo volume processed by JIAL as per Table 76 for the determination of O&M expenses.
- 10.2.44 The Authority observes that JIAL has projected salary costs for six (6) of their own employees comprising supervisory staff and duty managers at an average annual salary of Rs. 0.16 crores per employee which works out to a total in-house salary cost of approximately Rs. 1 crore per annum starting from FY 2023-24. Further, this cost has been projected to increase 10% Y-o-Y in each tariff year. The Authority notes that as of December 2023, there is only one (1) employee. The Authority therefore proposes to recompute the inhouse salary cost based on the actual employee strength of FY24 and also to increase the annual average salary by 6% Y-o-Y (as against 10% claimed by JIAL) in line with that allowed for Manpower expense of AAI and JIAL for the remaining three (3) tariff years of the Third Control period.
- 10.2.45 The Authority examined the submission of JIAL and notes that apart from the salary cost of their own employees, JIAL has projected reimbursement of salary cost of Customs officials who will be handling the international cargo operations, under the head 'Customs cost recovery'. The Authority notes that

JIAL has estimated the salary cost of 5 Customs officials as per Para 7 of the Circular issued by the Department of Revenue, Ministry of Finance vide Circular No. 02/2021-Customs dated January 19, 2021 and arrived at 1.80 crores per annum. JIAL has estimated commencement of Cargo operations during middle of FY 2022-23, and thus considered approximately 50% in the first year of operations and entire amount of salary cost from the next FY. However, JIAL in its email dated December 5, 2023, has informed, that the international cargo operation is expected to begin only after March 2024. Considering the revised start date, the Authority proposes to exclude the 'Customs cost recovery' expense for FY 2023-24. The Authority also proposes to consider Y-o-Y increase of 6% as against the 10% claimed by JIAL in line with that allowed for Manpower expense of AAI and JIAL for the remaining three (3) tariff years of the Third Control period. The Authority notes that Customs Cost recovery is waived off based on achievement of certain volume threshold. While the Authority has currently considered the cost estimate provided by JIAL, the Authority directs JIAL to ensure that waiver of charges is obtained as soon as the volume limits are reached. Also, the Authority notes that the Cargo revenue projected by JIAL for the Third Control Period is lower than the Cargo expenses. The Authority is of the view that JIAL should take efforts to substantially increase the Cargo revenue and the same will be examined by the Authority at the time of true up of the Third Control Period.

10.2.46 The Authority's proposal as compared to JIAL's submission is summarized in the table below:

Table 153: Cargo O&M expenses claimed by JIAL and proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Claimed by JIAL						
Insourced Salary	-	1.00	1.10	1.21	1.33	4.64
O&M expenses	-	2.01	2.31	9.08	10.94	24.33
Customs cost recovery	-	0.90	1.98	2.18	2.40	7.45
Total Cargo O&M expenses	-	3.91	5.39	12.47	14.66	36.43
Considered by the Authority						
Insourced Salary	-	0.17	1.06	1.12	1.19	3.54
O&M expenses	-	0.79	2.13	2.25	6.22	11.38
Customs cost recovery	-	0.00	1.80	1.91	2.02	5.73
Total Cargo O&M expenses	-	0.95	4.99	5.28	9.43	20.66

Finance Charges, Working Capital Loan Interest and Annual Fee on Performance Bank Guarantee

10.2.47 JIAL has included a claim for Working Capital Loan Interest and Finance charges as a separate line item than the other operating expenses. The Authority notes that JIAL 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 JIAL, there is a requirement for working capital for all tariff years of the Third Control Period.

Financing Charges

10.2.48 The Authority has reviewed the computation of Financing Charges and notes that JIAL has considered finance charges at the rate of 1.50% of the debt drawn down during the current control period. JIAL has considered 65% of the total capital addition as being funded through debt for arriving at the debt draw down during the current control period. For the FY2022-23, there was no financing charges as per the audited accounts submitted by JIAL. For the remaining four (4) tariff

years, the Authority has recomputed the Finance Charges by considering 48% (refer para 8.3.2) of the revised total capital addition, i.e. ₹ 1,145.96 crores (refer Table 106) as being funded through debt. As per this revised computation, the estimated finance charges amounted to ₹ 8.25 crores for the remaining four (4) years of the Third Control Period. In addition, JIAL has submitted ₹ 0.07 Crores as bank charges for the FY2022-23. Accordingly, the Authority, proposes to consider ₹ 0.07 crores as bank charges for FY 2022-23 and ₹ 8.25 crores as financing charges for the FY2023-24 to FY2026-27.

Working Capital Loan Interest

10.2.49 The Authority has reviewed the computation of interest on working capital loan. The Authority also reworked the cash flows based on the revised aeronautical operating expenses, traffic, and aeronautical revenues. As per this revised computation, the estimated interest on working capital loan amounts to ₹ 10.70 crores for the Third Control Period. The Authority, therefore, proposes to consider ₹ 10.70 crores during computation of ARR for the Third Control Period.

Annual Fee on PBG

10.2.50 The Authority notes that JIAL has taken a Performance Bank Guarantee (PBG) of ₹ 140 crores for which JIAL has to pay an annual fee at 0.50% of the guaranteed amount. The Authority consider the same as part of the costs for the control period.

10.2.51 The Authority ascertained that although the annual fee on PBG worked out to be ₹ 0.70 crores, the actual amount submitted by JIAL for FY2022-23 is ₹ 0.53 Crores. The Authority proposes to consider the actual amount for FY2022-23 and ₹ 0.70 Crores for the remaining four (4) tariff years. The Authority further proposes to true-up the same based on actuals at the time of determination of Tariff for the next control period.

10.2.52 The Authority also proposes to consider the allocation of these expenses as given below:

- Finance Charges based on the revised Gross Block Ratio
- Working Capital Interest to be considered as Aeronautical as the expense is computed based on aeronautical operating expenses and aeronautical revenues.
- PBG charges to be considered as Aeronautical based on the Clause 9.1.1 of the Concession Agreement which states that *“The Concessionaire shall, for the performance of its obligations during Phase I hereunder, provide to the Authority, no later than 120 (one hundred and twenty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Bank for a sum equivalent to Rs. 140,00,00,000 (Rupees One Hundred and Forty Crore) in the form set forth in Schedule E (“Performance Security”). Until such time the Performance Security is provided by the Concessionaire pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect, and upon such provision of the Performance Security.”*

10.2.53 The Authority’s proposal as compared to JIAL’s submission is summarized in the table below:

Table 154: Working Capital Interest, Annual Fees for PBG and Finance Charges claimed by JIAL and proposed by the Authority for the Third Control Period

(₹ Crores)						
Particulars	FY’23	FY’24	FY’25	FY’26	FY’27	Total
As per JIAL						
Finance Charges	-	56.76	-	-	-	56.76
Annual Fees for Performance BG	0.70	0.70	0.70	0.70	0.70	3.50
Working Capital Interest	0.63	3.30	7.88	10.96	12.16	34.93

OPERATION AND MAINTENANCE EXPENSES FOR THE THIRD CONTROL PERIOD

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
As per the Authority						
Finance Charges	0.07*	3.98	5.90	8.87	10.04	28.86
Annual Fees for Performance BG	0.53*	0.70	0.70	0.70	0.70	3.33
Working Capital Interest	0.00*	1.76	2.01	3.36	3.58	10.70

*as per actuals submitted by JIAL

10.2.54 After incorporating the above observations by the Authority, the revised Total Aeronautical O&M expenses including Fuel and Cargo Operating Expenses of Jaipur International Airport have been presented in the tables below:

Table 155: Total Aeronautical O&M expenses proposed by the Authority for the Third Control Period
(₹ Crores)

Particulars	Reference Table	FY'23*	FY'24	FY'25	FY'26	FY'27	Total
Operating Expenses							
Manpower expenses – AAI employees	Table 134	32.23	33.98	29.47	24.31	25.77	145.76
Manpower expenses – JIAL employees	Table 139	11.82	13.67	22.05	35.59	46.24	129.33
Utility expenses	Table 140	8.06	9.40	13.06	13.56	14.07	58.15
IT expenses	Table 141	3.97	4.50	6.27	6.51	6.76	28.01
Rates and Taxes	Table 142	1.63	1.66	1.92	1.99	2.06	9.27
Security expenses	Table 143	5.02	8.55	9.85	10.23	10.61	44.27
Corporate Allocation Cost	Table 145	11.56	9.31	9.87	10.46	11.09	52.28
Administrative Expenses - Others	Table 146	12.65	12.67	13.15	13.65	14.17	66.29
Admin Expenses – Collection Charges on UDF	Table 146	0.88	1.00	1.15	1.66	1.80	6.49
Insurance	Table 147	1.52	1.62	2.23	2.82	2.96	11.15
Repairs and Maintenance	Table 148	25.06	29.89	35.08	63.24	84.63	237.90
Other Operating expenses	Table 149	10.04	12.98	18.09	18.78	19.49	79.38
Independent Engineer Fee	Para 10.2.36	4.13	4.13	4.13	4.13	4.13	20.65
Runway recarpeting	Table 150	-	-	-	16.47	24.52	40.99
Total Operating Expenses (A)		128.52	143.37	166.33	223.40	268.31	929.93
Fuel Operating Expenses							
Fuel O&M Expenses	Table 152			9.36	11.48	12.41	33.25
Refuellers Rentals	Table 152			2.1	0	0	2.10
Total Fuel Operating Expenses (B)		-		11.46	11.48	12.41	35.35
Cargo Operating Expenses							
Insourced salary	Table 153	-	0.17	1.06	1.12	1.19	3.54
O&M Expenses	Table 153	-	0.79	2.13	2.25	6.22	11.38
Customs Cost Recovery	Table 153	-	0.00	1.80	1.91	2.02	5.73
Total Cargo Operating Expenses (C)		-	0.95	4.99	5.28	9.43	20.66
Finance Charges (D)	Table 154	0.07	3.98	5.90	8.87	10.04	28.86
Annual Fees for Performance BG (E)	Table 154	0.53	0.7	0.7	0.7	0.7	3.33
Working Capital Interest (F)	Table 154	-	1.76	2.01	3.36	3.58	10.70

Particulars	Reference Table	FY'23*	FY'24	FY'25	FY'26	FY'27	Total
Total Aeronautical O&M expenses (A+B+C+D+E+F)		129.12	150.75	191.38	253.10	304.46	1028.82

*as per actuals submitted by JIAL for FY 2022-23

10.2.55 Based on above considerations, the Authority proposes the following growth rates in Operation and Maintenance (O&M) expenses for Aeronautical Operating expenses, Fuel Operating expenses and Cargo Operating expenses, as compared to the projections submitted by JIAL.

Table 156: Growth rates in Aeronautical O&M expenses proposed by the Authority for the Third Control Period

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27
Operating Expense (A)					
Manpower Expenses – AAI employees		6%	6%	6%	6%
Manpower Expenses – JIAL's employees	-	6%	6%	6%	6%
Utility expenses	-	16.6% [^]	38.93%* [^]	3.8%	3.8%
IT expenses	-	0.2%	39.7%*	3.8%	3.8%
Rates and Taxes	-	0.2%	15.5%*	3.8%	3.8%
Security expenses	-	0.2%	15.5%*	3.8%	3.8%
Corporate Allocation Cost	-	6%	6%	6%	6%
Administrative Expenses - Others	-	0.2%	3.8%	3.8%	3.8%
Administrative Expenses – UDF Collection Charges#	-	13.12%	15.87%	43.69%	8.70%
Insurance – on Initial Asset Base	-	0.2%	3.8%	3.8%	3.8%
Other Operating expenses	-	0.2%	3.8%	3.8%	3.8%
Amortization of Runway recarpeting	-	-	-	-	-
Fuel operating expense (B)					
Fuel O&M Expenses	-		3.8%	3.8%	3.8%
Cargo operating expense (C)					
Cargo Operating Expenses – Insourced Salary cost	-	-	6%	6%	6%
Cargo Operating Expenses – Other expenses	-	-	3.8%	3.8%	3.8%

* linked to terminal area increase

linked to passenger traffic

[^]linked to per unit charge

10.3 Authority's proposal regarding Aeronautical O&M expenses for Third Control Period

Based on the material before it and on its examination, the Authority proposes the following with regard to the O&M expenses for the Third Control Period:

- 10.3.1 To consider total Aeronautical O&M Expenses including Operating Expenses, Fuel Operating Expenses and Cargo Operating Expenses for the Third Control Period for Jaipur International Airport as per Table 155.
- 10.3.2 To consider the actual total Aeronautical O&M expenses incurred by JIAL during the Third Control Period subject to reasonableness and efficiency, at the time of True up in the Fourth Control period.
- 10.3.3 Considering the size and scale of operations of the Airport, the Authority expects JIAL to bring in efficiencies in the incurrence of O&M expenses.

11 NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD**11.1 JIAL's submission of Non-aeronautical revenue for the Third Control Period**

11.1.1 JIAL in its submission dated April 22, 2023 to AERA had stated that it follows a Master Concessionaire model for managing commercial activities at the Airport.

11.1.2 JIAL had submitted that it outsourced all Non-aeronautical businesses (mentioned below) to the Master Concessionaire, Adani Airport Holdings Limited, vide Master Services Agreement executed on October 25, 2021, and effective from December 2021. As per the Agreement, the scope of the Master Concessionaire is to develop, operate, maintain, manage the Non-aeronautical businesses at Jaipur International Airport, in accordance with best-in-class standards and good industry practices, and at par with facilities at comparable airports as below:

- Duty free stores
- Food and beverages outlets
- Retail outlets
- Lounges
- Advertising, sponsorship, and promotion opportunities
- Car parks and ground transportation facilities
- Airport hotels and transit hotels
- Preferred partners association for including but not limited to pouring rights, services in air (Wi-Fi, Bluetooth, aroma etc.), music and video rights, mobile wallet, payment gateway and other as may be approved by JIAL
- Business Center
- City side development
- Flight catering services
- Foreign exchange services
- Freight consolidators/forwarders or agents
- Left luggage, lost and found, excess baggage
- Messenger services
- Porter service
- Special assistance services (such as paid wheelchair services)
- Vending machines
- Meet and assist services
- Provision of land and space for various stakeholders at Airport
- Various passenger amenities, including but not limited to, banks, foreign exchange, SIM card, child-care room, kids play areas, car rental and hotel reservation counters, digital wallet tie-ups, ATMs, spas, and entertainment areas
- Airport village comprising of various retail, food and beverage, entertainment and amenities

options; and

- Any other services as may be mutually agreed by the parties or permitted pursuant to the Applicable Laws.

11.1.3 As per the terms of the Master Services Agreement, the Service provider (Adani Airport Holdings Limited) shall pay to JIAL an amount which is higher of the following:

- Minimum Guarantee amount of ₹ 15 Crores per annum or
- The amount arrived at by multiplying the Revenue Share Percentage (10%) with Gross Revenue in that year.

Further, it is stated in the Agreement that the Minimum Guarantee amount of ₹ 15 Crores per annum shall remain unchanged for the first five years from the date of signing the Master Services Agreement. Thereafter, this Minimum Guarantee amount shall be increased at the rate of 50% of the Delta Consumer Price Index (CPI) every year.

11.1.4 Based on the above, the Non-aeronautical revenue submitted by JIAL for Jaipur International Airport is given in the table below:

Table 157: Non-aeronautical revenue submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
1. Revenue from Master Concession	15.00	15.00	15.00	15.00	15.00	75.00
2. Other income (not covered under Master Service Agreement)						
a. Space Rental: Govt. Agencies	0.50	0.53	0.55	0.58	0.61	2.76
Total	15.50	15.53	15.55	15.58	15.61	77.76

11.2 Authority's examination regarding Non-aeronautical revenue for the Third Control Period

11.2.1 JIAL vide email dated June 14, 2023, was requested to provide details about the Non-aeronautical concession agreements entered in by JIAL in the post-COD period as also the planned area allocation for the same as per business plan. JIAL in response has not provided any detail regarding planned area allocation.

11.2.2 As per FY2022-23 financials submitted by JIAL, it had earned non-aeronautical revenue to the tune of ₹ 16.22 Crores against the projected value of ₹ 15.50 Crores in the MYTP. The Authority proposes to consider the actual value only for FY2022-23.

11.2.3 The Authority has examined the Non-aeronautical revenue submitted by JIAL for the Third Control Period and reviewed the Master Services Agreement entered into by JIAL with the Master Concessionaire - Adani Airport Holdings Limited with respect to scope of services outsourced to the Master Concessionaire and the revenue sharing arrangement.

11.2.4 The Authority notes that JIAL undertook a two-stage tendering process through e-tender mode vide Request for Proposal (RFP) dated August 17, 2021.

11.2.5 The Authority, in this regard examined the extract of the relevant clauses of the RFP which read as under:

“6.2 Qualifying Eligibility Criteria

Each Bidder shall satisfy the following qualifying Eligibility Criteria:

(a) Technical Eligibility Criteria

The Bidder must have:

- (i) (a) experience in operations or management or development of at least 4 (four) out of the following 6 (six) non-aero businesses at airports at the time of submission of the Technical Proposal, i.e. (I) in-flight catering; (II) duty-free retail; (III) retail and services; (IV) food and beverage services; (V) car parking; and (VI) advertisement; or (b) is an operator of an airport where 4 (four) out of the 6 (six) non-aero businesses (as mentioned above) are being undertaken.
- (ii) experience of leasing out and/ or development and/ or management of commercial real estate with a built up area of at least 1,00,000 (one lakh) square meters.

(b) Financial Eligibility Criteria

Basis the audited balance sheet and profit and loss account along with schedules (“Audited Financial Statements”), the Bidder should have:

- (i) an average annual turnover of at least Rs. 750,00,00,000 (Rupees Seven Hundred and Fifty Crores only) in the last 3 (three) financial years; and
- (ii) net worth as on March 31, 2021 of Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crores only). “Net Worth” shall have the meaning as defined under the Companies Act, 2013.

11.2.6 From the qualifying criteria specified by JIAL, Authority observes that:

Technical Eligibility Criteria

- JIAL has specified experience of leasing out and/or development and/or management of commercial real estate with a built-up area of at least 100000 (one lakh) square meters.
- AERA observation of restrictive criteria: Specifying 100000 sqm commercial space is too high with respect to present scope of work.

Financial Eligibility Criteria

(i) Turnover

- JIAL has specified Average annual turnover of at least Rs. 750 Cr. in the last 3 financial years and net worth as on 31.03.2021 of Rs. 250 Cr.
- AERA observation of restrictive criteria: As per Public Procurement Guidelines average financial turnover should be 30% of the estimate cost. So in place of 30 Cr. average annual turnover, JIAL has specified 750 Cr. turnover (which is 25 times)

(ii) Net Worth

Asking net worth of 250 Cr. is very restrictive for a work value of 100 Cr. (Approx.) as many Airport Operators are specifying only Positive Net Worth.

11.1.1.1 Due to such restrictive criteria, only 2 agencies (out of these 2, one was related party) and other is an Airport Operator, participated in the tender and work was awarded to agency quoting 10% revenue share percentage.

11.1.1.2 In fact, now a days other Airport Operators have dispensed with technical eligibility criteria in Non-Aeronautical activities tenders to attract more and more agencies and to encourage healthy competition.

11.2.7 Pursuant to the above RFP, only two prospective bidders (domestic and global) had submitted their proposals to JIAL. The number of prospective bidders was low due to restrictive technical and financial criteria as mentioned in para 11.2.5. Based on technical qualification, financial parameters and evaluation criteria provided under the RFP, Adani Airport Holdings Limited (parent company of JIAL) was selected as the Service Provider, with whom JIAL had entered into a Master Services Agreement. The Authority notes that the revenues projected by JIAL are in line with the said Agreement.

11.2.8 The Authority notes that the total Non-aeronautical revenue projected by JIAL for the Third Control Period is only ₹ 77.76 Crores (refer Table 157) which is substantially lower than the actual Non-aeronautical revenue earned by AAI in Second Control Period (FY 2016-17 till FY2020-21) which was ₹ 96.74 Crores, and ₹ 101.44 Crores till COD (FY 2016-17 till COD).

11.2.9 The following table and chart show the year wise NAR earned by AAI during the Second Control Period and the projections of JIAL for the Third Control Period:

Table 158: Year wise NAR earned by AAI and projected by JIAL

		(₹ crores)	
Financial Year	AAI	JIAL	
FY'17	13.51	-	
FY'18	17.81	-	
FY'19	24.84	-	
FY'20	25.52	-	
FY'21	15.05	-	
Total (5 years)	96.74	-	
FY'23	-	15.50	
FY'24	-	15.53	
FY'25	-	15.55	
FY'26	-	15.58	
FY'27	-	15.61	
Total (5 years)	-	77.76	

Figure 6: Year wise NAR earned by AAI and projected by JIAL

(₹ crores)

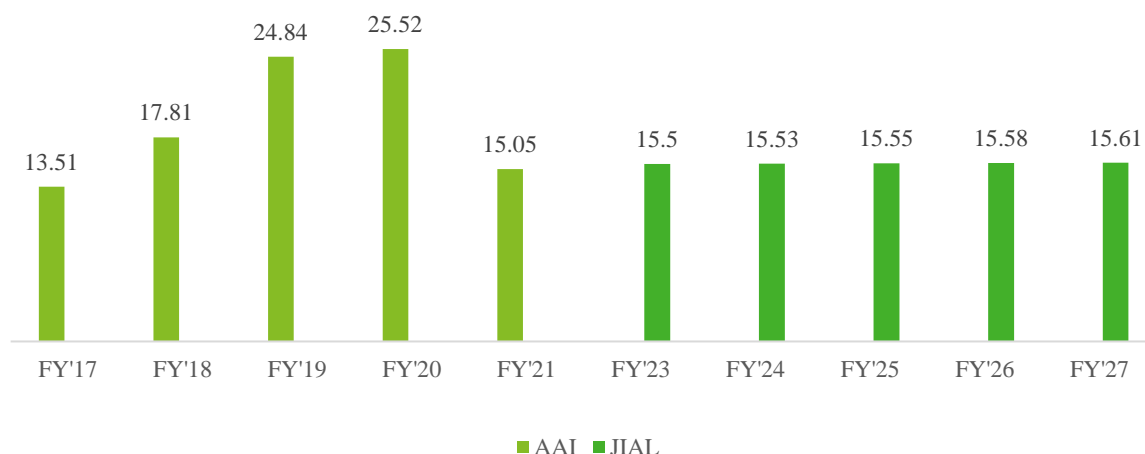
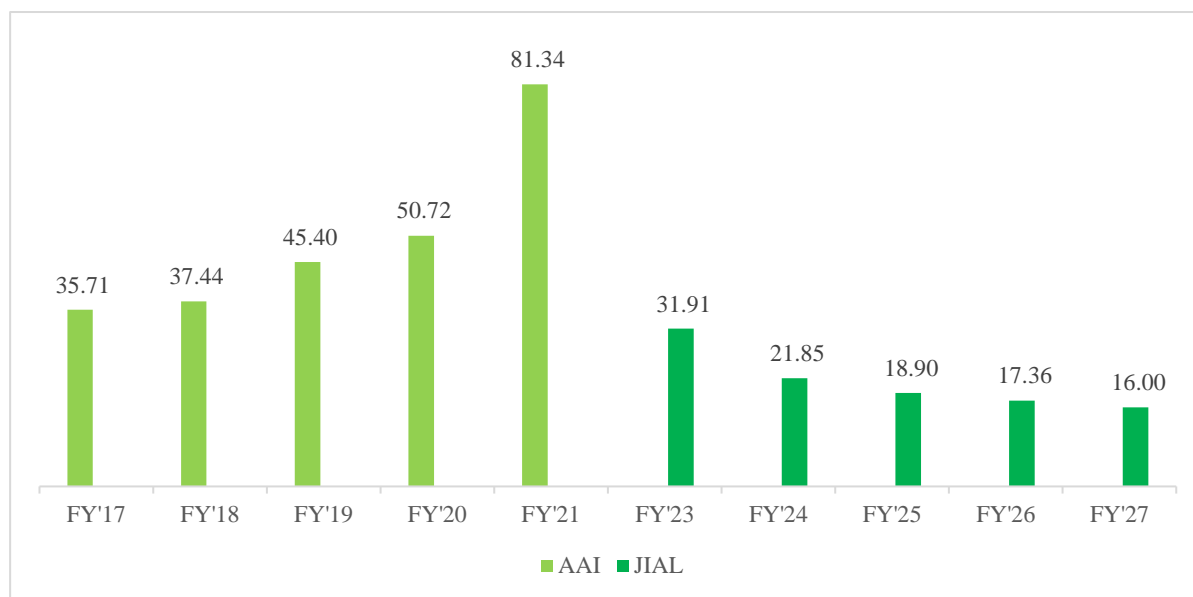


Figure 7: Year-wise NAR per passenger earned by AAI and projected by JIAL
(₹ per pax)



11.2.10 The Authority also observed that the NAR projected by JIAL for the Third Control Period is significantly lower as compared to that of other PPP airports (DIAL, MIAL, BIAL, GHIAL, CIAL), wherein the NAR projected by such PPP airports are at least 50% of the total O&M expenses projected by them for the respective Control Period. Whereas in the case of the JIAL, the Authority notes that the NAR projected by JIAL for the Third Control Period is ₹ 77.76 crores, which is significantly lower as compared to the O&M expenses submitted by JIAL, which is ₹ 1389.38 crores (refer Chapter 10), and eventually defeats the ultimate purpose of PPP.

11.2.11 Jaipur, being a tourist destination, is highly flocked by international and domestic tourists and naturally have more propensity to purchase/spend on non-aeronautical activities at the airport. This behaviour is reflected in the passenger's spending pattern and have direct bearing on the NAR of the airport. Hence, there is a significant potential for non-aeronautical revenues and the aspect of appropriately harnessing the same by the AO and has been taken into consideration by the Authority in the non-aeronautical projections as brought out in Table 161.

11.2.12 Jaipur Airport has been given on PPP mode to bring efficiencies in operations by increasing the non-aeronautical revenues by the Airport Operator so that the benefits may be passed on to the users through cross-subsidization.

11.2.13 The Authority takes cognizance of the fact that non aeronautical revenues projected for the Third Control Period by JIAL considers the pandemic and economic conditions on traffic which will reduce the consumer spending at the airport. However, the Authority is not convinced that the revenue from Master Services Agreement is remaining constant for the period, while all the other costs are increasing substantially across the Third Control Period. Further, the Terminal Building space will increase considerably as is planned in FY 2023-24 (42% due to operationalization of Terminal-I) FY 2024-25 (11.4% due to upgradation of Terminal-II) adding more area for Non-aeronautical services.

11.2.14 The Authority takes cognizance of the fact that there would be a gradual increase in Non-aeronautical operations through increase in the Non-aeronautical area within the Terminal Building in FY 2023-24 and FY 2024-25 respectively, which will lead to increase in the Non-aeronautical revenues for the airport. Further, it is the responsibility of JIAL to ensure to achieve higher NAR in the Third Control Period than was achieved by AAI during the Second Control Period. In this context, there was no

obligation on JIAL to accept the bid of Master Concessionaire offering such low revenue share.

- 11.2.15 When an airport operator takes an initiative, such as undergoing an open global competitive bidding process, it is for the betterment of the airport and is in the interest of the airport users. The Holding Company (Group entity of Adani Enterprises Limited itself) was selected as the Master Concessionaire. However, this does not result in enhancing the material gains to the airport users by higher cross subsidization of NAR. It is pertinent to note that JIAL could have leveraged the technical know-how to bring in efficiencies in generating NAR without the Master Concessionaire. No advantages have been provided to the airport users due to the Master Concession Agreement.
- 11.2.16 Moreover, considering the positive outlook provided by the Expert Agencies, the outlook of the GDP growth predicted by the GoI and the encouraging trend in the traffic numbers reported in FY 2022-23 and the first half of FY 2023-24 (April 2023 to September 2023), the Authority is of the view that the passenger traffic will revert to pre-covid levels by FY 2023-24. Further the traffic is expected to progressively increase during the Third Control Period (as also discussed in Chapter 6).
- 11.2.17 With the steady increase in passenger traffic and expansion of Terminal Building area (T-I operationalization and T-II upgradation), the Authority foresees an increase in passenger related Non-aeronautical revenue across the Third Control Period. Further, the Authority expects JIAL to bring in efficiencies in Non-aeronautical operations as being followed by other PPP airports wherein the proportion of Non-aeronautical revenue projected by JIAL is equal or comparable to the quantum of O&M expenses, whereas, in the case of JIA the situation is peculiar wherein the projection of NAR is substantially lesser than O&M expenses. Further, this will impact the interest of the airport users as 30% of the Non-aeronautical revenue is used for cross subsidization. The Authority urges JIAL that it should make efforts to generate non-aeronautical revenue higher than that was earned by AAI during the Second Control Period.
- 11.2.18 The Authority noted that JIAL in its MYTP submission has estimated Revenues from space rentals to be ₹ 0.50 crores. JIAL has considered a 5% increase in these rates Y-o-Y. The Authority notes that the revenue for FY 2022-23 is ₹ 0.38 crores.
- 11.2.19 On review of the transactions relating to Non-Aeronautical Revenue, the Authority noticed that the NAR submitted by JIAL included ₹ 0.24 crores related to space rented for cargo services as given below.

Table 159: Breakup of revenue from space rentals for FY 2022-23

(₹ crores)

Particulars	Amount
Cargo (RAJSICO and JGE)	0.24
Govt Agencies	0.06
Miscellaneous space rental from other parties like SBI, Quess Corp, Central warehousing corporation etc	0.08
Total	0.38

- 11.2.20 The Authority is of the view that space rentals from agencies providing cargo services should be treated as Aeronautical revenue. Hence, the Authority proposes to consider revenue from space rentals collected from cargo agencies, amounting to approximately ₹ 0.24 crores as Aeronautical revenue. JIAL has not provided any information about space rental from airlines for the FY2022-23.
- 11.2.21 The Authority further observes that out of the total actual non-aeronautical revenue ₹ 16.22 crores in FY 2022-23, ₹ 0.58 crores relate to Notional Income from Security Deposit and proposes to not consider the same while determining NAR for FY 2022-23 as it is an IND AS adjustment. The Authority also notes that ₹ 0.26 crores relate to Aerodrome Entry Permit (AEP) Charges. AEP Charges relate to entry permits for the Airport and its stakeholders. The Authority proposes to consider the same as NAR for FY 2022-

23.

11.2.22 The Authority also notes that JIAL has earned interest income of ₹ 0.90 crores in FY'23. The Authority observed that in the scenario of cash deficit, JIAL has been allowed working capital interest as Aeronautical Opex. Accordingly, on similar lines, the interest earned by JIAL on the cash surplus should also be considered as income in tariff determination exercise. In view of above, Authority proposes to consider interest income as part of non-aeronautical revenue.

11.2.23 Based on the above discussion the adjustments to the actual Non-Aeronautical Revenue for FY 2022-23 are as given below

Table 160: Adjustment to Revenue from Non-Aeronautical Services considered by the Authority for FY 2022-23

(₹ crores)	
Particulars	FY23
Actual Non-Aeronautical Revenue as submitted by JIAL (A)	16.22
Adjustment:	
Revenue from Other Income (B)	0.90
Notional Income on Security Deposit (C)	0.58
Revenue from Cargo Agencies (D)	0.24
Non-Aeronautical Revenue as per the Authority (A + B – C - D)	16.30

11.2.24 Based on the above considerations, the Authority has estimated the total Non-aeronautical revenues for the Third Control Period for JIA as follows:

- i. The NAR earned by AAI in FY 2019-20, which is a pre-COVID year, is considered as the base for estimating the NAR for JIA for the Third Control Period.
- ii. The Authority has considered the actual revenue earned by JIAL for FY 2022-23, as this FY has already passed.
- iii. The Authority proposes not to consider ₹ 0.58 crores of Notional Income on Security Deposit as it relates to IND AS adjustment.
- iv. The Authority proposes to consider the ₹ 0.26 crores of AEP Charges as part of the Non-Aeronautical Revenue.
- v. The Authority also proposes to consider the revenue from space rentals of approximately ₹ 0.24 crores from cargo agencies as Aeronautical revenue and not be considered as part of the NAR for the Third Control period.
- vi. The NAR of ₹ 24.03 crores (after excluding space rental revenue collected from airlines) of FY 2019-20 of AAI has been assumed as base for FY 2023-24, since the traffic has significantly reached the pre-COVID level of FY 2019-20 in FY 2023-24.
- vii. The Authority has taken cognizance of the following facts and projections of the NAR have been revised with effect from FY 2024-25 onwards:
 - Operationalization of T-I to take place in Q4 of FY2023-24 and the refurbishment of T-II is scheduled in FY 2024-25 thereby increasing the terminal building area by 53.4% (42% at T-I and 11.4% for T-II) from the existing terminal area. This will consequently result into increase in the non-aeronautical area at the Jaipur International Airport and expect to augment the non-aeronautical revenue for the Airport Operator on this account.

Further, it is relevant to highlight that increase in the terminal building area may not result into directly proportional increase in the non-aeronautical revenue. Hence, the Authority proposes

to consider Two third (2/3) increase in the non-aeronautical revenue on account of increase in Terminal Building area.

- The effect of increase in traffic has been considered with effect from FY 2024-25 on the base of FY 2023-24.
- Further, the non-aeronautical revenue projections have taken into consideration the impact of inflation as prescribed in Chapter 9 of the Consultation Paper.

Table 161: Total Non-aeronautical revenues estimated by the Authority for Third Control Period

(₹ Crores)

Particulars	NAR of AAI for FY'20	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Total NAR	24.03*	16.30	24.03	37.31	55.03	61.91	194.58
% increase							
Terminal Area				35.60%			
Passenger				15.87%	43.69%	8.70%	
Inflation				3.80%	3.80%	3.80%	

* Refer Table 36 of this Consultation Paper

11.2.25 Based on the total NAR derived as per Table 161, the Authority has bifurcated it component wise as under:

- Revenue from Master Service Agreement:** This has been derived as the difference between total NAR derived as per Table 161 and the Revenue from Other Income not covered under Master Service Agreement.
- Other income (not covered under Master Service Agreement):**
 - Space Rental - Govt. Agencies: The revenue from space rented to Govt. agencies has been computed as per JIAL submission wherein a Y-o-Y increase of 5% was considered.
 - AEP Charges: The Authority has considered the actual revenue for FY 2022-23 and thereafter projected by considering an inflationary increase as per Table 124 for the remaining four (4) tariff years.
 - Interest Income – The Authority proposes to consider only actual value for FY23. The Interest Income for remaining tariff years shall be trued up in next control period.

Table 162: Non-aeronautical revenues proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
1. Revenue from Master Concession	15.00	23.63	36.88	54.52	61.36	191.39
2. Other income (not covered under Master Service Agreement)						
a. Space Rental: Govt. Agencies	0.14	0.14	0.16	0.23	0.25	0.93
b. AEP Charges	0.26	0.26	0.27	0.28	0.29	1.36
c. Other Income (Interest Income)	0.9					0.90
Total (2)	1.30	0.40	0.43	0.51	0.54	3.19
3. Grand Total (1+2)	16.30	24.03	37.31	55.03	61.91	194.58

Note: As submitted by JIAL, there is no space rent from airlines in the actual non-aeronautical revenue submitted by them for the FY2022-23. Non-Aeronautical revenue for the FY2024 – FY2027 has been projected on the basis of non-

aeronautical revenue (after excluding space rentals from airlines) of AAI for the FY2019-20 (pre-COVID year)

11.3 Authority's proposal relating to Non-aeronautical revenue for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Non-aeronautical revenue for the Third Control Period:

- 11.3.1 To consider Non-aeronautical revenues for the Third Control Period for Jaipur International Airport as per Table 162.
- 11.3.2 Non-Aeronautical Revenue will not be trued up at the time of tariff determination of next control period if it is lower than that proposed by the Authority in Table 162.

12 TAXATION FOR THE THIRD CONTROL PERIOD

12.1 JIAL's submission of Taxation for the Third Control Period

12.1.1 JIAL has submitted that the computation of income tax on aeronautical income, has been made on the prevailing Income Tax laws and rules.

12.1.2 JIAL has calculated the revenue generated from Regulated services, Non-aeronautical revenue Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per the Income Tax Act. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The Aeronautical taxes submitted by Jaipur International Airport are shown in the table below:

Table 163: Taxation submitted by JIAL for the Third Control Period

(₹ Crores)

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Aeronautical Revenue with Revised Rates	159.76	481.73	870.72	998.26	1,132.84	3,643.30
Add: 30% of Non-aeronautical revenue	4.65	4.66	4.67	4.67	4.68	23.33
Less: O&M expenses	136.44	264.40	280.92	366.20	436.60	1,484.56
Less: Tax Depreciation	58.74	63.10	106.49	184.76	428.02	841.11
Aero Profit Before Tax	(30.78)	158.88	487.97	451.98	272.91	1,340.96
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	-	39.99	122.82	113.76	68.69	345.27

12.2 Authority's examination of Taxation for the Third Control Period

12.2.1 The Authority notes that JIAL has considered 30% Non-aeronautical revenues in the estimation of Aeronautical PBT, which was then used in the computation of Aeronautical taxes. The fact that a part of Non-aeronautical revenues is used for cross subsidization as per the Hybrid Till mechanism, doesn't change the nature of such revenues to Aeronautical. Further, the cross subsidization as per the Hybrid till mechanism is done in order to reduce tariff pressure on passengers and to incentivize JIAL to make effective investments in Non-aeronautical generating sources.

12.2.2 Therefore, the Authority is of the view that:

- 30% Non-Aeronautical revenues should not be treated as a subsidy for the Airport Operator as the airport operator has already earned it from Non-Aeronautical services and is meant as a cross subsidy to the airport user.
- The consideration of 30% Non-Aeronautical revenues as part of revenues from Aeronautical services would result in undeserved enrichment to the Airport Operator effectively reducing the cross-subsidy benefit to the airport user from the present 30% Non-Aeronautical income.

12.2.3 The Authority thus proposes to consider only Aeronautical revenues and expenses in the calculation of Aeronautical PBT.

12.2.4 The Authority has also noted that JIAL has not considered the interest expense on the long-term borrowings while computing the Aeronautical PBT for the Third Control Period. This has resulted in estimating higher Aeronautical Profit and consequently, higher Aeronautical taxes. The Authority proposes to consider actual interest expense in FY23 as a base for forecasting expenses for future tariff years in the Third Control Period. This expense has been deducted for estimating the Aeronautical P&L.

12.2.5 The Authority has recomputed taxes of JIAL based on the changes proposed to the other building blocks

and based on the proposal discussed above on exclusion of Non-aeronautical revenue.

12.2.6 The Authority has considered the prior period losses during the post COD period till 31st March 2022 in the computation of taxes of JIAL for the Third Control Period

12.2.7 The Authority notes that as per clause 28.11.4 of the CA, the Adjusted Deemed Initial RAB will be reduced for over-recoveries of Aeronautical Revenues, or increased for under-recoveries, impacting Aeronautical Charges for the next Control Period. The Authority has considered that the compensation paid to AAI by JIAL for shortfall, will be claimed as a deduction in the Income Tax computation of JIAL and the same has been considered accordingly in the Income Tax computations.

12.2.8 The following table summarizes the Aeronautical taxes proposed by the Authority for the Third Control Period.

Table 164: Taxation proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Aeronautical Revenue*	A	162.32	450.62	542.37	808.28	911.95	2,875.53
Less: O&M expenses (refer Table 155)	B	129.12	150.75	191.38	253.10	304.46	1028.82
Less: Tax Depreciation	C	56.62	60.38	88.56	133.87	151.47	490.90
Less: Interest Expense	D	37.36	41.66	60.05	56.49	40.74	236.31
Less: Payment to AAI – PV of recovery as on March 31, 2023 (refer Table 42)	E	644.17					644.17
Profit Before Tax	F=A-SUM(B:E)	(704.95)	197.82	202.38	364.81	415.27	475.33
Previous Loss Adjustment	G		197.82	202.38	326.32	-	
Taxable profit	H=F-G	-	-	-	38.49	415.27	
Tax rate (%)	I	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	J=H*I	-	-	-	9.69	104.52	114.21
Opening Losses	K	(21.57)	(726.52)	(528.70)	(326.32)	-	
Current period (loss)/profit	L=F	(704.95)	197.82	202.38	364.81	415.27	
Closing Losses	M=K+L	(726.52)	(528.70)	(326.32)	-		

*This is subject to revision based on tariff rate card which is to be submitted by JIAL (refer para 14.2.8). For FY 2022-23, actual revenue has been considered.

**Computed using WDV method considering useful lives as per IT Act.

12.3 Authority's proposal regarding Taxation for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Taxation for the Third Control Period.

12.3.1 To consider the Taxation for the Third Control Period for Jaipur International Airport as per Table 164.

To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the Fourth Control Period.

13 QUALITY OF SERVICE FOR THE THIRD CONTROL PERIOD

13.1 JIAL's submission relating to Quality of Service

13.1.1 JIAL has submitted that it will abide by the ASQ performance indicators mentioned in Annexure I to Schedule H in the Concession Agreement.

Clause 23.7.1 of the CA states:

“The Concessionaire shall participate in the user survey of ASQ undertaken by Airports Council International (ACI) or any substitute thereof, conducted every quarter and shall ensure that the Airport achieves and maintains a rating of at least 4.5 out of 5.0 and/ or shall appear within top 20 percentile of all airports, in its category in the World in such survey within 5 years from the COD and maintain the same throughout the rest of the Concession Period.”

Clause 23.7.2 of the CA states:

“The Concessionaire shall, within 21 days of the end of each calendar quarter, provide to the Authority a written report on the results of the user survey of ASQ for the immediately preceding quarter, together with its analysis of the results and the action, if any, that it proposes to take for improvement in User satisfaction.”

13.1.2 JIAL has further submitted that adherence and maintenance of these standards will require creation of significant infrastructure, ramp-up of human resource and increase in operations and maintenance costs and that JIAL has considered the cost implications, while preparing future projections as part of its MYTP submission.

13.2 Authority's examination regarding Quality of Service for the Third Control Period

13.2.1 The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *“monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.”*
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration *“the service provided, its quality and other relevant factors.”*

13.2.2 The Authority noted that the ACI ASQ survey results for Jaipur International Airport for the FYs 2017 to 2020 have been in the range of 4.51 to 4.72 (overall score).

Table 165: ASQ rating for Jaipur International Airport for the years 2017-2023

Calendar Year	ASQ rating
2017	4.51
2018	4.57
2019	4.58
2020	4.72
2021 – Q1 & Q2	ASQ was not conducted due to lockdown on account of COVID-19 pandemic
2021- Q3	4.72
2021- Q4	4.94
2022 -Q1	4.89
2022- Q2	4.47
2022-Q3	4.87
2022-Q4	4.90
2023 -Q1	4.93
2023- Q2	4.95

Calendar Year	ASQ rating
2023-Q3	4.97
2023-Q4	4.97

- 13.2.3 The Authority notes that the ASQ rating awarded to Jaipur International Airport post COD lies within the range of average rating of the AAI airports for the FYs 2017 to 2020.
- 13.2.4 The Authority reviewed the MoU between AAI and MoCA for the FY 2019-20 and noted that the ASQ rating target for FY 2019-20 was 4.68. As MoU for FY 2020-21 had not been signed due to COVID-19 pandemic, the Authority has considered the MoU target of FY 2019-20, which is 4.68. The actual ASQ rating achieved by Jaipur International Airport for FY 2019-20 was 4.72, which was higher than the target rating.
- 13.2.5 The Authority also notes that as per the Concession Agreement, JIAL is required to maintain an ASQ rating of at least 4.5 out of 5. In this regard, the Authority notes that JIAL has achieved ASQ rating for CY 2023 in the range of 4.93 to 4.97 which is above the prescribed rating of 4.5 as mentioned in the CA.
- 13.2.6 Based on the above factors, the Authority does not propose any adjustment towards tariff determination for the Third Control Period on account of quality of service maintained by the Jaipur International Airport.

13.3 Authority's proposal relating to Quality of Service for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of Service for the Third Control Period:

- 13.3.1 Not to consider any adjustment towards tariff determination for the Third Control Period with regard to Quality of Service of JIA.
- 13.3.2 JIAL should ensure that service quality at Jaipur International Airport conforms to the performance standards as indicated in the Concession Agreement over the Third Control Period.

14 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD**14.1 JIAL's submission of ARR for the Third Control Period**

14.1.1 JIAL has submitted ARR and Yield per Passenger (YPP) for the Third Control Period as per the regulatory building blocks discussed.

14.1.2 The summary of ARR and YPP has been presented in the table below.

Table 166: ARR submitted by JIAL for the Third Control Period*(₹ Crores)*

Particulars	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Average RAB	498.35	521.85	901.60	1,539.95	3,762.55	
Fair Rate of Return	14.76 %	14.76 %	14.76 %	14.76 %	14.76 %	
Return on average RAB	73.54	77.00	133.04	227.23	555.20	1,066.02
Total O&M expenses (including interest on working capital & financing charges)	136.44	264.40	280.92	366.20	436.60	1,484.56
Depreciation	51.13	64.76	95.90	168.12	329.09	709.00
Tax expense	-	39.99	122.82	113.76	68.69	345.27
Less: 30% NAR	(4.65)	(4.66)	(4.67)	(4.67)	(4.68)	(23.33)
Add: True up for the period from COD till March 31, 2021	61.76					61.76
ARR per year (₹ Crores)	318.21	441.50	628.01	870.64	1,384.90	3,643.27
Discount factor (@ 14.76%)	1.00	0.87	0.76	0.66	0.58	
PV of ARR	318.21	384.73	476.89	576.12	798.58	2,554.53
Sum Present value of ARR (₹ Crores)	2,554.53					2,554.53

14.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the Third Control Period

14.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by JIAL in computation of ARR and Yield in the table above, the Authority proposes to consider the regulatory building blocks as discussed in the above chapters.

14.2.2 The Authority notes that JIAL has on-going capital expenditure projects and other planned works, which have resulted in a higher ARR for the Third Control Period. Whereas the existing traffic base is not sufficient for the complete recovery of ARR in the current Control Period and this would require a significant increase in tariff. Further, a significant increase in Aeronautical tariff, is also attributable on account of the fact that the new Aeronautical tariff proposed by the Authority may be implemented only by the first quarter of next Financial Year, thereby resulting in only lesser tariff years being available for recovery of the ARR.

In this regard, the Authority would like to draw reference to the guiding principles issued by the International Civil Aviation Organization ("ICAO") on charges for Airports and Air Navigation Services (ICAO DoC 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of Airports and the Airport Users. This policy document categorically specifies that *caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operators and end users*. The said policy document also

emphasizes on balancing the interests of airports on one hand and aircraft operators, end users on the other, in view of the importance of the air transport system to States. This should be applied particularly during periods of economic difficulty. Therefore, the policy document recommends that States encourage increased cooperation between airports and aircraft operators to ensure that the economic difficulties facing them all are shared in a reasonable manner.

This may also be read in conjunction with the objectives of the National Civil Aviation Policy (NCAP) 2016, which intends to provide affordable and sustainable air travel for passengers/masses. As per para 12 (c) of the NCAP, “In case the tariff in one particular year or contractual period turns out to be excessive, the Airport Operator and the Regulator will explore ways to keep the tariff reasonable and spread the excess amount over the future.” The above has also been conveyed by AERA vide its Order No. 14/2016-17 dated January 12, 2017.

Further, it is pertinent to note that considerable investments in capacity have already been made which would be sufficient for the foreseeable future. Therefore, the subsequent control periods are expected to witness lower capital expenditure requirements while catering to a larger traffic base.

Determination of Aeronautical charges and UDF requires a delicate balance between cost recovery and its potential impact on air traffic demand. This balance is crucial for the financial viability of the airport and its ability to sustain operations while also ensuring that the tariffs remain competitive enough to attract and retain airlines and passengers. Therefore, the Authority, based on the Tariff Rate Card to be submitted by JIAL would decide the balance between cost recovery and its potential impact on air traffic demand.

Air Freight Station (AFS)

14.2.3 The Authority notes the Policy Guidelines on ‘Air Freight Station’ (AFS) issued by MoCA in October 2014. This Policy shall create an off Airport Common User facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations with a mandate to enable the Cargo Industry as follows:

- Off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/ export goods, loaded and empty Unit Load Devices (ULD) and Cargo in bulk/ loose for outright export.
- Create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the Country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
- Authorizing some of the Inland Container Depots (ICD) to cater to the International Air Cargo operations, the existing facilities in these ICDs could be fully utilized.

14.2.4 The Authority notes that the above Policy Guidelines on AFS has larger national intent and it aims to strengthen and develop air cargo logistics in the Country and the same is expected to reduce the bottlenecks in air cargo logistics and help in ease of doing business, particularly for exporters.

14.2.5 The Authority directs JIAL to submit a separate tariff rate in case the cargo is received from the approved AFS and factor it in the Tariff Rate Card.

14.2.6 The Authority also seeks comments from the stakeholders on application of tariff on AFS Cargo, as the Authority feels that the tariff on AFS Cargo should be significantly lesser than the tariff

levied on the General Cargo.

14.2.7 After considering the above, the Authority proposes the following ARR and YPP:

Table 167: ARR proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	Table/ Para Ref.	FY'23	FY'24	FY'25	FY'26	FY'27	Total
Average RAB (A)	Table 116	508.21	552.75	819.34	1,232.29	1,394.50	
Fair Rate of Return (B)	Table 121	12.21%	12.21%	12.21%	12.21%	12.21%	
Return on average RAB (C= A*B)		62.07	67.51	100.07	150.51	170.32	550.48
O&M expenses (D)	Table 155	129.12	150.75	191.38	253.10	304.46	1,028.82
Depreciation (E)	Table 114	25.82	35.94	56.03	86.56	110.42	314.78
Taxation (F)	Table 164	-	-	-	9.69	104.52	114.21
Add: PV of Under-recovery of AAI as on March 31, 2023 (G)	Table 42	644.17					
Add: PV of Under-recovery of JIAL as on March 31, 2023 (H)	Table 65	32.97					
ARR (I = SUM (C:H))		894.16	254.20	347.48	499.86	689.73	2,685.43
NAR (J)	Table 162	16.30	24.03	37.31	55.03	61.91	194.58
Less: 30% NAR (K)		4.89	7.21	11.19	16.51	18.57	58.37
Net ARR (L = I - K)		889.27	246.99	336.29	483.35	671.16	2,627.05
Discount factor (@ 12.21%) (M)		1.00	0.89	0.79	0.71	0.63	
PV of ARR/ Target Revenue as on 31 March 2023 (N=L*M)		889.27	220.11	267.07	342.08	423.29	2,141.82
Sum Present value of ARR (O)					2,141.82		
Total Traffic (million passengers) (P)	Table 76				35.13		
Yield per passenger on Total Traffic (YPP) (₹) (Q=O/P)					609.74		
Total Departing Passenger traffic (R)					17.56		
Yield per Departing Passenger (₹) (S=O/R)					1,219.48		

14.2.8 The Authority notes that, it is necessary to have the individual year wise tariff card laying down the different aeronautical charges and the workings for the aeronautical revenues, in order to have a constructive stakeholder discussion and hence JIAL is directed to submit the detailed Annual Tariff proposals in line with the ARR and Yield arrived at by the Authority within 7 days of issue of this Consultation Paper.

14.3 Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the Third Control Period:

AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

- 14.3.1 To consider the ARR and YPP for the Third Control Period for Jaipur International Airport in accordance with Table 167.
- 14.3.2 To direct JIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

15 SUMMARY OF AUTHORITY'S PROPOSALS

Chapter 4: True up of AAI for the Second Control period from FY 2017 till COD

- 4.16.1 To consider Deemed Initial RAB as ₹ 508.96 crores on October 10, 2021, as per Table 25
- 4.16.2 To consider true up of RAB for the pre-COD period as per Table 23.
- 4.16.3 To consider true up of depreciation for the pre-COD period as per Table 22.
- 4.16.4 To consider true up of FRoR for the pre-COD period as per para 4.9.
- 4.16.5 To consider true up of Aeronautical O&M expenses for the pre-COD period as per Table 32.
- 4.16.6 To consider true up of Non-aeronautical revenue for the pre-COD period as per Table 37.
- 4.16.7 To consider true up of Aeronautical revenue for the pre-COD period as per Table 39.
- 4.16.8 To consider true up of Aeronautical Taxation for the pre-COD period as per Table 41.
- 4.16.9 To consider true up of ARR for the pre-COD period as per Table 42.
- 4.16.10 To consider the present value of under recovery of ₹ 644.17 crores for True up of AAI for the Pre-COD period as per Table 42 and readjust the same in the ARR for the Third Control Period.
- 4.16.11 To consider Adjusted Deemed Initial RAB as per Table 44 or based on formula provided in paragraph 4.15.2 as appropriate for actual date of payment.

Chapter 5: True up of JIAL for the period from COD till March 31, 2022

- 5.13.1 To consider true up of CAPEX, depreciation and RAB for the period from COD till March 31, 2022 as per Table 51.
- 5.13.2 To consider true up of FRoR for the period from COD till March 31, 2022 as per Table 52.
- 5.13.3 To consider true up of Aeronautical O&M expenses for the period from COD till March 31, 2022 as per Table 59:.
- 5.13.4 To consider true up of Non-aeronautical revenue for the period from COD till March 31, 2022 as per Table 61.
- 5.13.5 To consider true up of Taxation for the period from COD till March 31, 2022 as per Table 64.
- 5.13.6 To consider true up of Aeronautical revenue for the period from COD till March 31, 2022 as per Table 63.
- 5.13.7 To consider Under recovery of ₹ 32.97 crores as per Table 65 for Post-COD period to be considered while calculating the ARR for the Third Control Period.

Chapter 6: Traffic Projections for the Third Control Period

- 6.3.1 To consider the ATM, Passenger traffic and Cargo traffic for the Third Control Period for Jaipur International Airport as per Table 76.
- 6.3.2 To true up the traffic volume (ATM, Passengers and Cargo) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.

Chapter 7: Capital Expenditure (Capex), Depreciation and RAB for the Third Control Period

- 7.7.1 To consider the revised Terminal Building ratio of 90:10 in line with the Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport, IMG norms and as approved for other similar Airports.
- 7.7.2 To allow IDC during the Third Control Period and not to allow Financing Allowance as mentioned in

Para 7.3.13.

- 7.7.3 To adopt the capitalization of Aeronautical Expenditure for the Third Control Period in accordance with Table 109.
- 7.7.4 To reduce (adjust) 1% of uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in para 7.3.12. The same will be examined at the time of tariff determination of next Control Period.
- 7.7.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the Third Control Period.
- 7.7.6 To true up the Aeronautical Capital expenditure based on actuals subject to, cost efficiency and reasonableness at the time of determination of tariff for Fourth Control Period.
- 7.7.7 To adopt Aeronautical Depreciation as per Table 113 for the Third Control Period.
- 7.7.8 To true up the Depreciation of the Third Control period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fourth Control Period.
- 7.7.9 To consider average RAB for the Third Control Period for Jaipur International Airport as per Table 116.
- 7.7.10 To true up the RAB based on actuals at the time of tariff determination for the Fourth Control period.

Chapter 8: Fair Rate of Return (FRoR) for the Third Control Period

- 8.3.1 To consider the Cost of equity at 15.18% as per CAPM formula
- 8.3.2 To consider the notional debt to equity (gearing) ratio of 48%:52% in line with target gearing ratio
- 8.3.3 To consider cost of debt of 9% for the Third Control Period.
- 8.3.4 To consider FRoR of 12.21% for the Third Control Period based on above mentioned Cost of equity, Cost of debt and gearing ratio.

Chapter 9: Inflation for the Third Control Period

- 9.3.1 To consider WPI inflations as per Table 124

Chapter 10: Operation and Maintenance Expenses for the Third Control Period

- 10.3.1 To consider total Aeronautical O&M Expenses including Operating Expenses, Fuel Operating Expenses and Cargo Operating Expenses for the Third Control Period for Jaipur International Airport as per Table 155.
- 10.3.2 To consider the actual total Aeronautical O&M expenses incurred by JIAL during the Third Control Period subject to reasonableness and efficiency, at the time of True up in the Fourth Control period.
- 10.3.3 Considering the size and scale of operations of the Airport, the Authority expects JIAL to bring in efficiencies in the incurrence of O&M expenses

Chapter 11: Non-aeronautical revenue for the Third Control Period

- 11.3.1 To consider Non-aeronautical revenues for the Third Control Period for Jaipur International Airport as per Table 162.
- 11.3.2 Non-Aeronautical Revenue will not be trued up at the time of tariff determination of next control period if it is lower than that proposed by the Authority in Table 162.

Chapter 12: Taxation for the Third Control Period

- 12.3.1 To consider the Taxation for the Third Control Period for Jaipur International Airport as per Table 164.
- 12.3.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the Fourth Control Period.

Chapter 13: Quality of Service for the Third Control Period

- 13.3.1 Not to consider any adjustment towards tariff determination for the Third Control Period with regard to Quality of Service of JIA.
- 13.3.2 JIAL should ensure that service quality at Jaipur International Airport conforms to the performance standards as indicated in the Concession Agreement over the Third Control Period.

Chapter 14: Aggregate Revenue Requirement (ARR) for the Third Control Period

- 14.3.1 To consider the ARR and YPP for the Third Control Period for Jaipur International Airport in accordance with Table 167.
- 14.3.2 To direct JIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

16 STAKEHOLDERS' CONSULTATION TIMELINE

- 16.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 15 – Summary of the Authority's proposals read with the relevant discussion in the other chapters of the Paper is hereby put forth for Stakeholders' Consultation.
- 16.2 For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 16.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 10th April, 2024.

**Secretary,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport New Delhi -110003
Tel: 011-24695044-47**

(Chairperson)

17 ANNEXURES

17.1 Annexure 1 – Summary of study on allocation of assets between Aeronautical and Non-aeronautical assets

Background

17.1.1 RAB is one of the fundamental elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an airport operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport. Assets not directly related to provision of Aeronautical services, if considered as Aeronautical assets, would result in increased charges for the passengers, stakeholders and other users. Therefore, the diligent allocation of assets into Aeronautical and Non-aeronautical assets becomes an important part of the tariff determination process.

17.1.2 RAB evolves on a continuous basis, primarily due to the addition of capital assets required to meet the growing demand and ensure optimal level of service, replacement of obsolete assets at end of their useful life, sales or transfers of assets and depreciation. The allocation of an asset towards RAB depends upon the type of asset (building & civil works, plant & machinery, equipment, etc.), usage (provision of various services such as Aeronautical, Non-aeronautical, or Common), ownership (by airport operator, concessionaire or other entities) and useful life of the asset. Based on these factors, the rationale for allocation of each asset into the appropriate classification needs to be determined diligently.

17.1.3 Towards this objective, AERA has decided to conduct an independent study on allocation of assets and segregation between Aeronautical and Non-aeronautical components in respect of assets appearing in the Fixed Asset Register (FAR) of Jaipur International Airport Limited as on March 31, 2022, based on the audited financial statements for the year ended March 31, 2022 and the True up workings as submitted by AAI to the AERA up to October 11, 2021.

Classification of Assets

17.1.4 The study based on the analysis, classified the aggregate assets of JIA under the following categories:

- a. **Aeronautical assets:** All assets that are exclusively used for the provision of Aeronautical services/ activities have been classified as ‘Aeronautical assets’. Such assets would include runway(s), taxiways, drainage, culverts, aprons, etc.
- b. **Non-aeronautical assets:** All assets that are exclusively used for the provision of Non-aeronautical services/ activities have been classified as ‘Non-aeronautical assets’. Such assets would include land side development, commercial projects, etc.
- c. **Common assets:** All assets that cannot be directly allocated to either Aeronautical assets or Non-aeronautical assets have been classified as ‘Common assets’. Such assets as the name suggests, get utilised for both Aeronautical and Non-aeronautical activities. They would include terminal building, select terminal equipment, etc.

Principles for segregation of assets

17.1.5 The study reviewed the various asset categories and developed a basis for classification of assets

into aeronautical and non – aeronautical activities. The study also determined the appropriate proportion of the Common Assets that may be included as part of Aeronautical activity in order to determine the Aeronautical asset base. The principles of segregation used by the study are as follows:

Aeronautical Assets

- Assets required for the performance of the Aeronautical services at the airport.
- Classification of aeronautical assets are taken as defined in the AERA Act.
- Assets necessary to maintain the service quality of the airport are proposed to be considered as aeronautical except those located in the Non-aeronautical area.

Non-aeronautical Assets

- Assets required for the performance of the Non-aeronautical activities at the airport. Examples include car parking, advertisement, retail etc.

Common Assets

- Common assets are assets which are not directly attributable to either Aeronautical or Non-aeronautical services. These assets include the terminal building, air conditioning, furniture, administrative office of airport company, etc.
- Common assets are bifurcated between Aeronautical and Non-aeronautical assets based upon Terminal Building ratio or Employee Head Count ratio or Staff Quarters ratio. The ratio of Aeronautical to Non-aeronautical as considered by the Study for the period from FY 2016-17 to FY 2020-21 are as follows:

Table 168: The ratio of Aeronautical to Non-aeronautical considered by the Study for the period from FY'17 to FY'22

Particulars	Ratio (Aeronautical: Non-aeronautical)
Terminal Building ratio	90.00 : 10.00
Employee Head Count ratio (up to October 11, 2021)	86.18 : 13.82
Employee Head Count ratio (from October 11, 2021)	90.91 : 9.09
Staff Quarters ratio	97.88 : 2.12 (Aeronautical: ANS)

17.1.6 Details of adjustment to RAB

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common. Based on the same, the Authority has reclassified some portion of assets submitted by AAI for true up of the Pre-COD Period.

(i) Terminal building:

Details of Asset: Expansion and Modification of T2, Refurbishment, Retrofitting and Renovation of T1, Craftwork at T1

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of terminal building, craftwork of terminal

buildings and other works have been considered as Aeronautical assets by AAI. However, as these assets are within / pertaining to the terminal building, wherein both Aeronautical and Non-aeronautical activities are carried out, the same is reclassified as Common asset and segregated in the Terminal Building ratio (90:10).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 7.59 Crores.

(ii) Temporary Boundary Wall:

Details of Asset: Chain link fencing in residential colony

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to development of boundary wall in residential colony have been considered as Aeronautical assets. However, as these assets are for the residential purposes of the staff, wherein both Aeronautical and ANS employees reside, the same is reclassified as Common asset and segregated in the Staff Quarters ratio (86.95:13.05).

Allocation proposed by the Authority: Common

Impact: Reclassifying these assets from Aeronautical to Common reduces the Capital Additions to the extent of ₹ 0.03 Crores.

(iii) Tools and Machinery:

Details of Asset: Fans, AC, Lights, CCTV, Escalator/Elevator, DG Sets, Solar Grid, Water Handling Unit, Biometric Access Control

Allocation proposed by AAI: Aeronautical

Observation: The assets pertaining to the various equipment at several locations in the airport have been classified as Aeronautical assets by AAI. As these assets are used for servicing both Aeronautical and Non-aeronautical activities within the terminal building, these are reclassified as Common assets and have been reallocated in the ratio of the Terminal Building (90:10).

Biometric Access Control System has been classified as Aeronautical asset by AAI. However, since these assets are for staff use, they have been reclassified as Common assets and have been reallocated in the ratio of the Employee Head Count.

Asset related to elevator for restaurant at T2 has been classified as Aeronautical asset by AAI. Since this asset pertains to Non-aeronautical activity within the terminal building, it is reclassified as Non-Aeronautical asset.

Asset related to Breath Analyzers at ATC Building has been classified as Aeronautical asset by AAI. However, since these assets are for ANS staff use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 3.72 Crores.

(iv) Furniture & Fixtures:

Details of Asset: Furniture at T1, Foldable ladders in CNS Section

Allocation proposed by AAI: Aeronautical

Observation: The furniture at the terminal building have been classified as Aeronautical assets by AAI. As these assets are used for both Aeronautical and Non-aeronautical activities, these assets are reclassified as Common assets and have been reallocated using the Terminal Building ratio (90:10).

Asset related to Foldable Ladders at CNS Section has been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Common / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.1 Crores.

(v) Office Appliances:

Details of Asset: Biometric Attendance Machine, Laptop, Mobile

Allocation proposed by AAI: Aeronautical

Observation: The biometric attendance machines at the cargo building and ATC have been classified as Aeronautical assets by AAI. As these assets are not used for Aeronautical purpose, these assets are reclassified as Non-Aeronautical and ANS assets.

Asset related to Laptop and Mobile phone at ATC Tower and CNS Section respectively have been classified as Aeronautical asset by AAI. However, since these assets are for ANS use, they have been reclassified as ANS assets.

Allocation proposed by the Authority: Non-Aeronautical / ANS

Impact: Reclassifying these assets reduces the Capital Additions to the extent of ₹ 0.001 Crores.

17.1.7 The following table presents the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of AAI for the period April 1, 2016 to COD.

Table 169: Impact due to reclassification of AAI assets as per Study

(₹ in Crores)

Additions - WIP Capitalization	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-3.35	-0.07	-4.17	-7.59
Temporary Boundary Wall	-0.03	-	-	-	-	-	-0.03
Computers	-0.01	-	-	-	-0.01	-	-0.02
Machinery	-0.20	-1.18	-	-0.64	-0.33	-1.33	-3.67
Tools & Plant	-	-	-	-0.04	-0.01	-	-0.05
Furniture-Office	-0.002	-	-	-	-0.04	-0.06	-0.10
Office Equipment	-	-	-	-	-0.001	-	-0.001
Total Impact on Additions	-0.25	-1.18	-	-4.04	-0.46	-5.55	-11.47

17.1.8 Accordingly, the year-wise impact on depreciation on asset additions as determined by the Study (due to reclassification and other adjustments) is summarized in the table below:

Table 170: Impact on depreciation due to reclassification of AAI assets

(₹ in Crores)

Depreciation on Additions during the Year	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Terminal Building	-	-	-	-0.01	-0.11	-0.06	-0.1840
Temporary Boundary Wall	-0.01	-0.02	-	-	-	-	-0.0317
Computers	-0.001	-0.003	-0.005	-0.005	-0.002	-0.001	-0.0159
Machinery	-0.004	-0.03	-0.09	-0.1	-0.15	-0.09	-0.4636
Tools & Plant	-	-	-	-0.002	-0.003	-0.002	-0.0067

<i>Depreciation on Additions during the Year</i>	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Furniture-Office	-	-0.0002	-0.0003	-0.0003	-0.005	-0.004	-0.0089
Office Equipment	-	-	-	-	-	-0.0001	-0.0001
Total Impact of Adjustments on Depreciation on Additions	-0.0183	-0.0519	-0.0969	-0.1196	-0.2697	-0.1547	-0.7110

17.1.9 Subsequent to the reclassifications and revisions in allocation ratios, the adjusted RAB has been derived by the Authority as under:

Table 171: Adjusted RAB derived by the Authority post reclassification

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 till COD	Total
Opening RAB (A)	141.27*	253.29	253.68	259.96	313.32	323.58	-
Additions as per AAI (B)	129.34 [#]	19.52	26.98	79.84	33.96	200.86	490.49
Deletions as per AAI (C)	0.67	0.00	0.00	0.00	0.00	0.00	0.67
Depreciation as per AAI (D)	16.41	18.00	20.80	22.55	23.51	12.87	114.15
Reclassification adjustments							
Reclassification impact (other than depreciation) (E)	-0.25	-1.18	0.00	-4.04	-0.46	-5.55	-11.47
Depreciation impact on reclassification (F)	-0.02	-0.05	-0.10	-0.12	-0.27	-0.15	-0.71
Total reclassification impact (G=E+F)	-0.26	-1.23	-0.10	-4.16	-0.72	-5.71	-12.18
Additions as per Study (H=B+E)	129.09	18.34	26.98	75.80	33.50	195.31	479.03
Depreciation as per Study (I=D+F)	16.39	17.95	20.71	22.44	23.24	12.71	113.44
Closing RAB (J=A-C+H-I)	253.29	253.68	259.96	313.32	323.58	506.18	-
Average RAB (K=(A+J)/2)	197.28	253.49	256.82	286.64	318.45	414.88	-

* includes left out assets worth ₹ 4.18 Crores and Cost Apportionment worth 1.03 Crores in First Control Period

[#] excludes left out asset and cost apportionment as the same has been included in Opening RAB

17.1.10 Reclassification of assets of JIAL as on March 31, 2022

The Authority has conducted an independent study on allocation of assets for the period FY 2016-17 till FY 2020-21 and used the outcome of the study to true up the RAB for the post COD period i.e.as on March 31, 2022 for JIAL.

The Authority has considered the adjusted RAB of JIAL as on COD (which is ₹ 507.91 crores), Capital additions and corresponding depreciation based on the results of the Asset Allocation report (refer Annexure III & V for the detailed report on *Study on allocation of assets between Aeronautical and Non-aeronautical assets for Jaipur International Airport*).

The asset allocation study reviewed the various asset categories and developed a basis for segregation of various assets into Aeronautical, Non-aeronautical and Common assets. Based on the same, the Authority has reclassified some portion of assets submitted by the AO for true up of the period from COD till March 31, 2022 which has been detailed hereunder:

v. Software

Details of Asset: Software

Allocation proposed by JIAL: Aeronautical

Observation: The assets pertaining to Software have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09).

Allocation proposed by the Authority: Employee Head Count Ratio

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.01 Crores.

Reference: Para 4.10 of the *Asset Allocation report*.

vi. Furniture

Details of Asset: Furniture, Sofa, Tables, Queue Management System.

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as furniture, table, racks, etc. have been classified as Aeronautical assets by JIAL. However, since these assets are for the use of employees of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, Queue Management System which was classified as Aeronautical by JIAL is allowed to be considered as Aeronautical asset.

Allocation proposed by the Authority: Employee Head Count Ratio / Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.05 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

vii. IT Equipment

Details of Asset: Laptop, Desktop, Display, e-PoS Implementation, and other IT equipment

Allocation proposed by JIAL: Aeronautical

Observation: The assets such as laptops, desktops, display screens have been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). In addition, e-PoS Implementation which was classified as Aeronautical by JIAL has been reallocated as Non-Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common increases the RAB to the extent of ₹ 0.17 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

viii. Office Equipment

Details of Asset: Telephone, Megaphone, Security and Safety Equipment, Projector, CCTV Technology, Queue Management System, and other Office equipment

Allocation proposed by JIAL: Aeronautical

Observation: All office equipment has been classified as Aeronautical assets by JIAL. However, since these assets are for both aero and non-aeronautic activities of JIAL, the same have been reallocated in the ratio of Employee Head Count of JIAL (90.91:9.09). Further, CCTV Technology for Terminal 2 has been re-allocated as per Terminal Building Ratio (90:10). In addition, Queue Management System which was classified as Aeronautical by JIAL has been retained as Aeronautical.

Allocation proposed by the Authority: Employee Head Count Ratio / Terminal Building Ratio

/ Non-Aeronautical

Impact: Reclassifying these assets from Aeronautical to Common decreases the RAB to the extent of ₹ 0.07 Crores.

Reference: Para 4.10 of the *Asset Allocation report*

The following table illustrates the impact of adjustments in Asset Addition/WIP Capitalization values due to reclassification of assets of JIAL between COD and March 31, 2022.

Table 172: Impact of Reclassification of Asset Additions by JIAL from COD till March 31, 2022
(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.05)
IT equipment	(0.17)
Office equipment	(0.07)
Software	(0.01)
Grand Total	(0.29)

17.1.11 The Authority has proposed to consider the same rates of depreciation as applied by AAI for the period up to COD, on the assets transferred by AAI to JIAL for the period from COD to March 31, 2022. Further, the assets added by JIAL have been depreciated based on the useful life prescribed under Order No. 35/ 2017-18 dated January 12, 2018, of AERA. The Authority has proposed the useful life for all the assets of Jaipur International Airport post COD as per below table.

Table 173: Useful Life proposed by JIAL and the Authority

Asset Class	Useful life submitted by JIAL*	Useful life proposed by the Authority*
Terminal Building	25	30
Runway, Taxiway and Apron	20	30
Cargo Building	25	30
Cargo Equipment	7.5	15
Boundary wall	5	5
Computer Servers, networks, etc. / Software	3	3
Computer End-user devices / IT equipment	3	3
Security equipment	7.5	15
Plant and Machinery	7.5	15
Other buildings	30	30
Access road	10	10
Furniture & fixtures	7	7
Vehicles	5	8
Office Equipment	5	5

*All numbers in years

17.1.12 Accordingly, the depreciation on Aeronautical assets of ₹ 0.412 Crores as submitted by JIAL has been revised (post reclassification) to ₹ 0.381 Crores, thereby resulting a reduction in depreciation

of ₹ 0.032 Crores. The following table illustrates the impact on depreciation due to reclassification adjustments in Asset Addition/WIP Capitalization values of JIAL between COD and March 31, 2022.

Table 174: Impact on Depreciation due to Reclassification of Asset Additions by JIAL and Revised Useful Life as per the Authority from COD till March 31, 2022

(₹ Crores)

Asset Category as per MYTP	Reclassification Impact
Furniture & fixtures	(0.00)
IT equipment	(0.021)
Office equipment	(0.00)
Plant and Machinery	(0.007)
Software	(0.00)
Vehicles	(0.004)
Grand Total	(0.032)

17.1.13 Adjustments were also made in the depreciation of the assets handed over to JIAL by AAI for the post COD period, as per the asset reclassification carried out in this Study and the revised useful life as per Table 112. The total impact on depreciation in post COD period due to reclassification of assets has been summarized in the table below.

Table 175: Total Impact on Depreciation due to Reclassification of Asset Additions from COD till March 31, 2022

(₹ Crores)

Particulars	Values	Impact
Depreciation on pre-COD assets as per JIAL	29.57	
Depreciation on pre-COD assets after reclassification and revised useful life as per Study	16.21	
Impact on Depreciation for pre-COD Assets due to reclassification		(13.36)
Depreciation on post-COD assets as per JIAL	0.41	
Depreciation on post-COD assets after reclassification	0.38	
Impact on Depreciation for post-COD Assets due to reclassification and revised useful life as per Study		(0.03)
Total Impact on Depreciation for all Assets in post-COD period		(13.39)

17.1.14 The Adjusted RAB and Depreciation determined by the Authority for the period from COD till March 31, 2022, post reclassifications and other adjustments are as follows:

Table 176: Average RAB considered by the Authority from COD till March 31, 2022

(₹ Crores)	
Particulars	Amount
Adjusted RAB as on COD, transferred to Jaipur International Airport Limited (A)	508.96
Additions to RAB from COD to March 31, 2022, proposed by JIAL (B)	3.45
Sub-total (C = A + B)	512.41
Reclassifications on asset additions	
Furniture & fixtures (D)	-0.05
IT equipment (E)	-0.17
Office equipment (F)	-0.07
Software (G)	-0.01
Total reclassifications (H) Sum (D : G)	-0.29
Adjusted RAB (I = C + H)	512.12
Depreciation on Initial RAB from COD to March 31, 2022, proposed by JIAL (J)	29.98
Adjustment in Depreciation for the period from COD to March 31, 2022 (K)	-13.39
Total Adjusted Depreciation for the period from COD to March 31, 2022 (L=J+K)	16.59
Opening RAB as on 1 st April'2022 for Third Control Period M=I –L	495.53
Average RAB (N)=(A+M)/2	502.24

17.1.15 Based on the revision of asset allocation methodology adopted for assets of Jaipur International Airport, a revision in the Aeronautical Gross block has been proposed. The year-wise revised value of assets from FY 2016-17 to FY 2020-21 has been summarized in the tables below:

Table 177: Revised Gross block of Assets up to COD as per the Study report

(₹ in Crores)							
Particulars	Tariff Order for SCP	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22 (up to COD)
Aeronautical Gross block (opening) (A)	292.20	296.90	425.32	443.66	470.64	546.44	579.94
Non-aeronautical Gross block (opening) (B)	13.70	13.70	14.33	15.79	15.81	19.83	20.27
Aeronautical Asset Additions / Left Out Assets (C)*	4.70	129.09	18.34	26.98	75.80	33.50	195.31
Aeronautical Asset Disposals (D)*		0.67	-	-	-	-	-
Non Aeronautical Asset Addition (E)		0.63	1.46	-	4.04	0.44	5.55
Aeronautical Gross block (closing) (F=A+C-D)	296.90	425.32	443.66	470.64	546.44	579.94	775.25
Non-aeronautical Gross block (closing) (G=B+E)	13.70	14.33	15.79	15.79	19.83	20.27	25.82
Total Gross block (H = F + G)	310.60	439.65	459.45	486.43	566.27	600.21	801.07
Aeronautical Ratio	95.59%	96.74%	96.56%	96.75%	96.50%	96.62%	96.78%
Non-Aeronautical ratio	4.41%	3.26%	3.44%	3.25%	3.50%	3.38%	3.22%

Table 178: Revised Gross block of Assets as on March 31, 2022 as per the Study(**₹ in Crores**)

Particulars	Assets transferred from AAI on October 10, 2021	ANS assets transferred by AAI	Additions – Post COD	Total as on March 31, 2022
Aeronautical Gross block (A)	504.61	4.35	3.16	512.12
Non-aeronautical Gross block (B)	10.80		0.29	11.09
Total Gross block (C = A + B)				523.21
<i>Aeronautical ratio</i>				97.88%
<i>Non-Aeronautical ratio</i>				2.12%

17.1.16 The Gross block of Aeronautical and Non-aeronautical assets as per AAI's submission, as on October 10, 2021 was ₹ 786.72 Crores and ₹ 14.37 Crores, respectively. The revised Aeronautical and Non-aeronautical Gross block as on October 10, 2021 for AAI, after the proposed adjustments and reclassifications as per the Study, are ₹ 775.25 Crores and 25.82 Crores, respectively.

17.1.17 The Net block of the Aeronautical and Non-aeronautical assets transferred by AAI to JIAL as on COD, were considered as addition to the Gross block as on COD for JIAL as per the Study. The Gross Aeronautical assets and Non-aeronautical assets as on March 31, 2022 has been determined as ₹ 512.12 Crores and 11.09 Crores, respectively.

17.2 Annexure 2 - Summary of study on efficient Operation and Maintenance expenses

Background

17.2.1 Establishing efficient Operation and Maintenance (O&M) expenses is an essential component in tariff determination for Aeronautical services. The allocation of O&M expenses as Aeronautical and Non-aeronautical expenses depends on the nature of expenses, type of assets which they service, the business function which they are deployed for, the end-user that benefits or avails services from those expenses, and reasonableness of the quantum of such expenses.

17.2.2 Towards this objective, AERA has decided to conduct an independent study on efficient Operation and Maintenance expenses, and their allocation as Aeronautical and Non-aeronautical components in respect of O&M expenses appearing in the extract of the audited trial balance of AAI for the period from FY 2016-17 to October 11, 2021 and the audited financial statements of Jaipur International Airport Limited for the period from October 11, 2021 (Commercial Operation Date (COD)) to March 31, 2022, and the True up workings as submitted to AERA by AAI up to October 11, 2021 and by the JIAL up to March 31, 2022.

Comparison of Aeronautical O&M expenses approved as per Tariff Order for the Second Control Period vis-à-vis the actual expenses incurred by AAI and JIAL

17.2.3. The Study compared the Aeronautical O&M expenses as per approved tariff order of Second Control Period (SCP) with actual expenses incurred by both AAI and JIAL and analyzed the reasons for deviation in such O&M expenses. The details of O&M expenses approved as per tariff order and the actuals incurred during the Second Control Period, are shown in the table below:

Table 179: Aeronautical O&M expenses of JIA for the Second Control Period - Approved vs. Actuals

Particulars	O&M Expenses as per Tariff Order for SCP (A)	Actuals as per true-up submission of AAI up to FY 21 (B)	Variance (C = B - A)	Variance (%) (D = C / A)	Total Actuals as per true-up submission of AAI till COD	Actuals as per true-up submission of JIAL post COD till Mar'22	Total Actuals as per true-up submission of AAI and JIAL for SCP till Mar '22
Employee benefit expenses	155.8	142.23	-13.57	-9%	158.76	19.72	178.48
Administrative & Other expenses	57.1	254.96	197.86	347%	316.49	16.92	333.41
Repairs & Maintenance expenses	52.6	66.04	13.44	26%	75.32	7.05	82.37
Utility (Operating) expenses	22.2	33.57	11.37	51%	39.19	2.72	41.91
Other outflows	2.1	5.63	3.53	168%	5.74	0.23	5.97
Total Aeronautical O&M expense for the Second Control Period	290.2	502.43	212.23	73%	595.50	46.64	642.14

17.2.4. The Aeronautical O&M expenses approved by the Authority in the Tariff Order for Second Control Period amounted to ₹ 290.20 Crores. The actual Aeronautical O&M expenses incurred as per AAI's

True up submission aggregates to ₹ 502.44 Crores for Second Control Period. Aeronautical O&M expenses incurred by AAI in FY22 till COD stood at ₹ 93.05 Crores. Thereby, the total Aeronautical O&M Expense incurred by AAI in SCP till COD amounted to ₹ 595.50 Crores. The total Aeronautical O&M expenses as per JIAL's True up submission for the period from post COD i.e., October 11, 2021 to March 31, 2022, aggregates to ₹ 46.64 Crores. The total Aeronautical O&M expenses of ₹ 502.43 Crores incurred as per true up submissions for the Second Control Period excluding FY2021-22, is drastically higher than the amount of ₹ 290.20 Crores approved in the Tariff Order, indicating a deviation of 73%.

- i. It is noted that the major reason for the overall deviation of 73% in the total Aeronautical O&M expenses for the Second Control period, is the increase in the actual CHQ & RHQ expenses incurred by AAI which is higher by 502% till FY21.
- ii. On an overall basis, the actual employee benefit expenses for second control period are well within the range of values approved by AERA in the Tariff Order for the Second Control Period. Therefore, the employee expenses of AAI for the Second Control Period seem to be reasonable as part of this Study.
- iii. The A&G expenses incurred during the period significantly exceeded the projections of the Tariff Order. This expense has been examined in detail, and the underlying factors have been rationalized in the subsequent sections of this report.
- iv. The utility expenses have exceeded the projections, primarily due to hiring of vehicles through outsourcing agencies on a need basis by AAI. Additionally, the rise in electricity expenses is, in part, a result of the power tariff determined by third-party utility vendors. Given the criticality of these expenditures to the core operations and the external factors influencing them, the actual utility expenses incurred has been considered reasonable for the purposes of this study.
- v. Repairs & Maintenance expenses, excluding the amortization of runway recarpeting expenses, were higher than that approved as per the Tariff Order for all the FYs of the Second Control Period. Further, it is observed that the expenses were lower than 6% of the Opening RAB (as approved in AERA tariff orders of other airports) for all the FYs of the Second Control Period. This alignment with the RAB demonstrates a reasonable relationship between expenditures and the assets being maintained. Therefore, for the purpose of this study, these expenses are deemed rational.

Principles for segregation of costs

17.2.5 This Study segregates the O&M expenses of Jaipur International Airport into the following:

- **Aeronautical expenses:** Expenses which are incurred for operation and maintenance of Aeronautical assets have been categorized as Aeronautical expenses.
- **Non-aeronautical expenses:** Expenses which are incurred for operation and maintenance of non-aeronautical assets have been categorized as Non-aeronautical expenses.
- **Common expenses:** Expenses for which the benefits or use cannot be exclusively linked to either Aeronautical or Non-aeronautical activities have been segregated as Common expenses. Expenses primarily incurred for provision of Aeronautical services but are also used for provision of non-aeronautical services are segregated as Common Expenses. Expenses which are used for general corporate purposes including legal, administration, and management affairs are treated as Common Expenses.

17.2.6 The Segregation of the various O&M expenses as per AAI's submission is as below:

Table 180: Segregation ratio for O&M expenses as per AAI's submission

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22
						till COD
Employee Ratio (Aeronautical: Non-aeronautical)	96.27: 3.73	97.08: 2.92	97.41: 2.59	97.31: 2.69	96.95: 3.05	97.41: 2.59
Year-wise specific allocation ratio for CHQ & RHQ allocation of Admn. Expenses (Aeronautical: Non-aeronautical)	95:5	95:5	95:5	95:5	95:5	95:5
Year-wise specific allocation ratio for CHQ allocation of Retirement Benefits (Aeronautical : Non-aeronautical)	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03	96.97: 3.03
Terminal Building ratio (Aeronautical : Non-aeronautical)	90.59: 9.41	90.43: 9.57	90.28: 9.72	93.44: 6.56	95.02: 4.98	95.02: 4.98
Electricity ratio (Aeronautical : ANS : Non-aeronautical)	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8	79.25: 19.95: 0.8
Staff Quarters ratio (Aeronautical : ANS)	82.41: 17.59	80.36: 19.64	86.32: 13.68	89.47: 10.53	91.58: 8.42	91.58: 8.42
Vehicle Ratio	97:3	97:3	97:3	97:3	97:3	97:3

Details of adjustment to O&M expenses

17.2.7 The study on the basis of the expense classification and principles of segregation adopted, as can be seen in the above paragraphs, has considered re-segregation of Operation and Maintenance expenses to determine Aeronautical O&M costs. The study has proposed the following ratios:

Table 181: Revised segregation ratio for O&M expenses as per the study

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22- COD
Terminal Building Ratio	90.60%	90.43%	90.28%	93.44%	95.02%	95.02%
Gross Fixed Assets ratio	96.74:3.26	96.56:3.44	96.75:3.25	96.50:3.50	96.62:3.38	96.78:3.22
Employee Ratio	84.91: 15.09	85.02: 14.98	87.42: 12.58	87.51: 12.49	86.35: 13.65	85.85: 14.15
Electricity ratio (Aeronautical)	79.25%	79.25%	79.25%	79.25%	79.25%	79.25%

17.2.8 Based on the reclassification and change in allocation ratio, the Study has proposed the revised Aeronautical O&M expenses for the period FY 2016-17 up to COD as summarized in the table below:

Table 182: O&M expenses submitted by AAI and as per Study for the SCP and pre-COD Period

(₹ in Crores)

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22*	Total till COD
O&M Expenses as per AAI								
Employee benefit / Payroll	18.79	27.87	34.65	34.35	26.57	142.24	16.52	158.76
Administrative and General	32.47	37.58	56.50	67.45	60.96	254.96	61.53	316.49
Repairs & Maintenance	8.35	12.75	13.86	14.74	16.34	66.05	9.27	75.32

O&M expenses	FY'17	FY'18	FY'19	FY'20	FY'21	Total till FY'21	FY'22*	Total till COD
Utilities & Outsourcing	5.24	8.33	6.24	6.81	6.95	33.57	5.62	39.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	66.12	87.94	112.54	124.84	111.01	502.44	93.05	595.50
O&M Expenses as per Study								
Employee benefit / Payroll	18.15	27.17	34.36	33.73	25.78	139.18	15.97	155.15
Administrative and General	26.69	30.94	46.82	57.92	53.81	216.17	29.62	245.80
Repairs & Maintenance	8.23	12.60	13.84	14.60	16.12	65.40	9.11	74.51
Utilities & Outsourcing	5.13	8.30	6.22	6.76	6.91	33.32	5.63	38.95
Other Outflows	1.26	1.41	1.28	1.49	0.19	5.63	0.11	5.74
Total	59.46	80.42	102.51	114.51	102.81	459.71	60.44	520.15
Impact	(6.66)	(7.52)	(10.03)	(10.32)	(8.20)	(42.73)	(32.61)	(75.35)

* Up to COD (October 10, 2021)

17.2.9 The table below provides a summary of submission of JIAL, revision of OPEX as part of this study and net impact for the period 11th October 2021 to 31st March 2022:

Table 183: Impact of proposed reallocation of JIAL's Aeronautical O&M expenses

(₹ in Crores)

Particular	JIAL Submission			Study		
	Total Expense	Aero %	Aero Expense	Allocation Basis	Aero Expense	Net Impact
Manpower expenses - AAI employees	15.19	100%	15.19	Common (ER-AAI)	15.07	-0.12
Manpower expenses - JIAL employees	4.53	100%	4.53	Common (ER-JIAL)	4.12	-0.41
Utility expenses	2.72	100%	2.72	Aeronautical	2.72	0.00
IT expenses	0.67	100%	0.67	Common (ER-JIAL)	0.61	-0.06
Rates & taxes	0.06	100%	0.06	Common (GB)	0.06	-0.001
Security expenses	2.68	100%	2.68	Aeronautical	2.68	0.00
Corporate Allocation	5.18	100%	5.18	Common (ER-JIAL) Less: Legal Expenses	4.66	-0.52
Administrative Expenses - Collection Charges on UDF	0.23	100%	0.23	Aeronautical	0.23	0.00
Administrative Expenses - Others	2.99	100%	2.99	Common (TB/ER/GB)	2.89	-0.11
Insurance	0.58	100%	0.58	Common (GB)	0.57	-0.01
R&M	7.05	100%	7.05	Common (TB/ER/GB)	6.69	-0.36
Others	2.96	100%	2.96	Common (TB)	2.66	-0.30
Independent Engineer Fees	1.80	100%	1.80	Aeronautical	1.80	0.00
Total	46.64		46.64		44.76	(1.89)

* TB – Terminal Building Ratio

ER – Employee Ratio

GB – Gross Block Ratio

Rationalisation of O&M expenses

17.2.10 Based on the Internal Benchmarking analysis, it was observed that the Operation and Maintenance

expenses for Jaipur International Airport for the period from FY 2016-17 to FY 2019-20 are higher than normal operating efficiency levels, as mentioned below:

- i. Out of the four major components of O&M expenses, three major expenses namely, Employee cost, Administrative expenses, and Repairs & Maintenance expenses have grown at a higher CAGR than that of PAX and ATM traffic during the period FY 2016-17 to FY 2019-20.
- ii. The key reason of such higher growth in O&M expenses is mainly due to pay scale revision and arrears disbursement to Jaipur Airport employees as per 7th Pay Commission report and increase in CHQ/RHQ allocation due to pay revision, inflation, and increase in revenues of Jaipur station.

17.2.11 It is proposed to rationalize such expenses to determine the efficient Aeronautical O&M expenses for the period from FY 2016-17 to FY 2021-22.

Efficient Aeronautical O&M expenses

17.2.12 The year-wise summary of the reclassification and other adjustments to O&M expenses is provided in the table below.

Table 184: Year-wise summary of reclassification and other adjustments to Aero O&M expenses

(₹ Crores)

Particulars	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22*	Total till COD	FY'22#	Total till Mar'22
O&M expenses as per true up submission of AAI and JIAL (A)	66.12	87.94	112.54	124.84	111.01	93.05	595.50	46.64	642.14
O&M expenses as per Study									
Employee benefit expenses	18.15	27.17	34.36	33.73	25.78	15.97	155.15	19.19	174.35
Administrative and other expenses	26.69	30.94	46.82	57.92	53.81	29.62	245.80	15.92	259.92
Utilities and Outsourcing expenses	5.13	8.30	6.22	6.76	6.91	5.63	38.95	2.72	41.67
Repairs & Maintenance expenses	8.23	12.60	13.84	14.60	16.12	9.11	74.51	6.69	81.19
Other Outflows	1.26	1.41	1.28	1.49	0.19	0.11	5.74	0.23	5.97
Total (B)	59.46	80.42	102.51	114.51	102.81	60.44	520.15	44.76	563.10
Impact (B - A)	(6.66)	(7.52)	(10.03)	(10.33)	(8.20)	(32.61)	(75.35)	(1.89)	(79.04)

* Up to the date of COD (October 10, 2021)

From COD till March 31, 2022

17.2.13 The Authority had decided to consider an amount of ₹ 290.20 Crores as the operational and maintenance expenditure in its Tariff Order for SCP of JIA. As per the submission of AAI, the total Aeronautical O&M expenses for the period from FY2016-17 to FY2020-21 was ₹ 502.44 Crores. For the period April 01, 2021 till October 10, 2021 (COD), the total Aeronautical O&M expenses as submitted by AAI is ₹ 93.05 Crores. The total Aeronautical O&M expenses for the period from FY2016-17 till COD as per true-up submission of AAI, was ₹ 595.50 Crores.

17.2.14 Based on the reallocation of the O&M expenses, the downward adjustment in the Aeronautical O&M expenses for the period from FY2016-17 to FY2020-21 is ₹ 42.73 Crores, and for the period from April 01, 2021 till October 10, 2021 (COD) is ₹ 32.61 Crores. The total downward adjustment in the Aeronautical O&M expenses for the period from FY2016-17 till COD is ₹ 75.35 Crores and the reallocated Aeronautical O&M expenses for the period FY 2016-17 to October 10, 2021, has been

determined as ₹ 520.15 Crores. The Aeronautical O&M expenses for the period from FY 2016-17 till COD is reduced by 12.65%.

17.2.15 As per the submission of JIAL the total Aeronautical O&M expenses for the period from COD to March 31, 2022, was ₹ 46.64 Crores. Based on the reallocation of the O&M expenses, the downward adjustment in the Aeronautical O&M expenses for the aforesaid period is ₹ 3.69 Crores and the reallocated Aeronautical O&M expenses (prior to rationalization) for the period from COD to March 31, 2022 has been determined as ₹ 44.76 Crores. The Aeronautical O&M expenses for the period from COD up to March 31, 2022 is reduced by 4.05%.

17.3 Annexure 3 – Clauses of the Concession Agreement entered between AAI and JIAL

17.3.1. The Airports Authority of India (AAI) entered into a Concession Agreement with Jaipur International Airport Limited (JIAL) on January 19, 2021, for the Operation, Management and Development of Jaipur International Airport for a period of 50 years from the Commercial Operation Date (COD) i.e., October 11, 2021 in accordance with the terms and conditions mentioned in the Concession Agreement.

17.3.2. The relevant Clause of the Concession Agreement may be read as under:

3.1.1. *“Subject to and in accordance with the provisions of this Agreement, Applicable Laws and the Applicable Permits, the Authority hereby grants to the Concessionaire, the concession set forth herein including the exclusive right, lease and authority to operate, manage and develop the Airport ("Concession") for a period of 50 (fifty) years commencing from the COD, and the Concessionaire hereby accepts the Concession and agrees to implement the Project subject to and in accordance with the terms and conditions set forth herein”.*

3.1.2. *Subject to and in accordance with the provisions of this Agreement, the Authority, Applicable Laws and the Applicable Permits, the Concession hereby granted shall oblige or entitle (as the case may be) the Concessionaire to:*

- (a) *the Right of Way, access and lease to the Site for the purpose of and to the extent conferred by the provisions of this Agreement.*
- (b) *finance the development and expansion of the Airport.*
- (c) *operate, maintain and manage the Airport and regulate the use thereof by third parties.*
- (d) *demand, collect and appropriate Fee from Users liable for payment of Fee for using the Airport or any part thereof and refuse entry of any such User if the Fee due is not paid.*
- (e) *perform and fulfil all of the Concessionaire's obligations under and in accordance with this Agreement.*
- (f) *save as otherwise expressly provided in this Agreement, bear and pay all costs, expenses, Taxes and charges in connection with or incidental to the performance of the obligations of the Concessionaire under this Agreement; and*
- (g) *neither assign, transfer or create any lien or encumbrance on this Agreement, or the Concession hereby granted or on the whole or any part of the Airport nor transfer, or part possession thereof, save and except as expressly permitted by this Agreement or the Substitution Agreement.*

27.1.1. *Subject to Clause 27.3, the Concessionaire agrees to pay to the Authority, during the Concession Period, a monthly concession fee calculated as follows (the "Monthly Concession Fee"):*

$$\begin{array}{ccccccc} \text{Per Passenger Fee} & & \text{International Passenger} & & \text{Per Passenger} & & \text{Domestic Passenger} \\ \text{for International} & \times & \text{Throughput for that} & + & \text{Fee for Domestic} & \times & \text{Throughput for that} \\ \text{Passengers} & & \text{month} & & \text{Passengers} & & \text{month} \end{array}$$

Where:

"Per Passenger Fee for Domestic Passengers" means ₹ 174 (Rupees One Hundred and Seventy Four), as may be revised pursuant to Clause 27.3;

"Per Passenger Fee for International Passengers" means 2 (two) times the Per Passenger Fee for Domestic Passengers;

"Domestic Passenger Throughput" for any month shall mean the total domestic Passenger Traffic (embarking and disembarking passengers) as provided by the Authority by the 7th (seventh) day of the subsequent month in the form and manner as may be specified by the Authority from time to time.

"International Passenger Throughput" for any month shall mean the total International Passenger Traffic (embarking and disembarking passengers) as provided by the Authority by the 7th (seventh) day of the subsequent month in the form and manner as may be specified by the Authority from time to time.

Provided further that, in the first and that last month of the Concession Period, the International Passenger Throughput and Domestic Passenger Throughput shall be pro-rated by the number of the days in such months as reckoned with respect to the COD or Transfer Date, as relevant.

27.1.2. The Monthly Concession Fee paid/ payable by the Concessionaire to the Authority under and pursuant to the terms of this Agreement shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same.

*20.1.1 The Concessionaire acknowledges and agrees that only the Designated GOI Agencies are authorized to undertake the following services ("**Reserved Services**") at the Airport:*

- (a) CNS/ATM Services;*
- (b) security services;*
- (c) meteorological services;*
- (d) mandatory health services;*
- (e) customs control;*
- (f) immigration services;*
- (g) quarantine services;*
- (h) any other services, as may be notified by GOI;*

Provided that, subject to the Applicable Laws and the Applicable Permits, nothing in this Agreement shall restrict the Authority from requiring the Concessionaire to undertake any or all of the Reserved Services on such terms and conditions as may be mutually agreed between the Parties.

17.3.3. The relevant portion of Schedule T which pertains to the list of capital expenditure contracts already awarded by AAI and handed over to JIAL and Schedule U which pertains to the list of capital expenditure projects proposed / planned by AAI but not yet awarded and forming part of the terms of

the Concession Agreement are given below:

SCHEDULE T

EXISTING CONTRACTS

Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
1	Snack Bar(1St Floor-Sha)	1589 Hotels Pvt. Ltd, Suite No. 8, Near Jaipur Shop, C/o Hotel Clarks Amer, JLN Marg, Jaipur- 302018	12 (3.11.18 to 2.11.19)	Regular
2	Ice Cream Bakery And Confectionary Shop (1St Floor-Sha)	A One Catering Services 222, AUDICHYA WADA, BEDLA, UDAIPUR (RAJ)	12 (2.11.18 to 1.11.19)	Regular
3	Jaipur Razai, Bedsheets And Rajasthanni Garments Shop	Cotton Curio, 3,Aehrol House Scheme, Near Ajmer Pulia, Mini Bazar, Civil Lines, Jaipur	12 (12.5.18 to 11.5.19)	Regular
4	Bangle Shop	Cotton Curio 3,Aehrol House Scheme, Near Ajmer Pulia, Mini Bazar, Civil Lines, Jaipur	12 (13.7.18 to 12.7.19)	Regular
5	Jewellery Shop(Sha-2Nd Floor)	Crafts Emporium HOTEL GEM PALACE JAIN TEMPLE ROAD KHAJURAHO (M P)	12 (16.5.18 to 15.5.19)	Regular
6	Branded T-Shirt Shop (Sha-2Nd Floor)	Offbeat Apparels India Pvt. Ltd. 16 BELCOMBE STREET, GOODWILL APARTMENTS, FIRST FLOOR, PONDICHERRY 605001	12 (15.6.18 to 14.6.19)	Regular
7	Snack Bar Sha-2Nd Floor Gate No.2	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (30.6.18 to 29.6.19)	Regular
8	Snack Bar Sha-2Nd Floor Gate No. 3	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (30.6.18 to 29.6.19)	Regular
9	Sweets Shop (Departure)	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (17.5.18 to 16.5.19)	Regular
10	Cookies Cum Packed Namkeen & Packed Sweets Shop(T-2) 2Nd Floor	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (15.6.18 to 14.6.19)	Regular
11	Snack Bar Sha-Gf	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (6.6.18 to 7.6.19)	Regular
12	Snack Bar SHA-2floor- Near smoking room	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (18.7.18 to 17.7.19)	Regular
13	Snack Bar GF Departure	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (5.8.18 to 4.8.19)	Regular
14	Restaurant outside in the Porch Area	Saptgiri Restaurant New Delhi, L-73/285, MAHIPALPUR EXTN., NEW DELHI-37	12 (1.9.18 to 31.8.19)	Regular
		NEW DELHI-37		

Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
15	GARBAGE REMOVAL	Kavita Enterprises L-323A, NEAR IGI AIRPORT, NH-8, MAHIPALPUR EXTN. NEW DELHI 110037	24 (11.7.18 to 28.6.20)	Regular
16	Passenger Baggage Trolley	Pro Active In and Out Advertising Pvt. Ltd. Samkeet Apartments, B wing, 3rd floor, Sant Janabai Marg, Off. Hanuman Road, Vile Parle(East), Mumbai 400057	12 (1.6.18 to 30.5.19)	Regular
17	Leather accessories shop	Hidesign India Pvt. Ltd.	12 (21.6.18 to 20.6.19)	Regular
18	Tea Coffee vending machine	Instant Trade Agency 2, Shree Narayana Palace, NR Kothawala Flats, Opp. Dadi Dining Hall, Pritam Nagar, Ellisbridge, Ahmedabad-380006	12 (16.10.18 to 15.10.19)	Regular
19	Money Exchange Counter	Thomas Cook India Ltd. 2 A& B, Ground Floor, Jaipur Towers, M.I.Road, Jaipur 302001	12 (16.8.18 to 15.8.19)	Regular
20	Heritage Handicraft Shop(T-2) Sha	Mir Handicraft D-85/1, OKHLA INDUSTRIAL AREA PHASE FIRST NEW DELHI 110020	36 (25.10.14 to 24.10.17)	Running on extension due to O&M
21	Exclusive Advertisement Contract	N.S Publicity India Private Limited 7th floor, shakun Emporia, C-23 A, Ashok Marg, C-Scheme, Jaipur-302001	60 (12.11.16 to 11.11.21)	Regular
22	Tribes India Shop	Tribal Cooperative marketing Development Fed. Of India Ltd. 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	12	Regular
23	Warehouse for DFS	Flemingo (Dfs) Pvt. Ltd 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	84 (1.4.16 to 31.3.23)	Regular
24	Duty Free Shops	Flemingo (Dfs) Pvt. Ltd 406, 4th Floor, sahakar Bhawan, Bhawani Singh Road, Jaipur	84 (1.4.16 to 31.3.23)	Regular
25	Pre Paid Taxi	New Airport Taxi operators association Shop No. 10, Vinayak Complex, Opp. Bank of Baroda, Tonk Road, Sanganer, Jaipur	38 (1.11.15 to 31.12.18)	
26	Car Parking License	Mahesh Sunny Enterprises L-322 MAHIPAL PUR EXTENTION, NEW DELHI - 110037	36 (8.10.15 to 7.10.18)	Running on extension
27	Executive Lounge(T-2)	A One Catering Services 222, AUDICHYA WADA, BEDLA, UDAIPUR (RAJ)	36 (1.7.15 to 30.6.18)	Running on extension due to O&M.
28	ATM at Terminal-2	State Bank Of Bikaner And Jaipur Durgapura Branch, Durgapura, Jaipur.	36 (22.10.15 to 21.10.18)	Running on extension due to O&M.
29	Departmental Store, 2 nd Floor	Shoppers Stop Ltd Eureka tower, B wing , 9th floor. Mindspace Link Road, Malad (West), Mumbai 400064	60 (22.9.13 to 21.9.18)	Running on extension due to O&M.
Sl. No.	Name of Facility / License / Space Allotted / Awarded	Party Name and address	Period of the contract in Months	Regular Contract / Adhoc or extension
30	Hotel Reservation Counter At T-2	Hotel Clarks Amer JAWAHAR LAL NEHRU MARG, JAIPUR-302017	41 (1.7.15 to 30.11.18)	Running on extension due to O&M.
31	Ethnic Handicrafts Shop(GI-Sha)	Crafts Emporium HOTEL GEM PALACE JAIN TEMPLE ROAD KHAJURAHO (M P)	36 (25.8.15 to 24.8.18)	Running on extension due to O&M.
32	Book Shop(GI) Terminal 2	Book Point 52/181, SECTOR-5, PRATAP NAGAR, SANGANER, JAIPUR.	36 (5.8.15 to 4.8.18)	Running on extension due to O&M.
33	Ice Cream Bakery and Confectionary Shop Ground Floor SHA Departure	Clarks Brij Hotels (I) Pvt. Ltd, SUITE 08, HOTEL CLARKS AMER, J.L.N. MARG, JAIPUR-302017	60 (25.1.13 to 24.1.18)	Running on extension due to O&M.
34	Restaurant In Terminal 2	Coffee Day Global Limited, CAFE COFFEE DAY, 112 RAHEJA CHAMBERS, 12 MUSEUM ROAD, BANGLORE-560001	24 (1.2.17 to 28.2.19)	Regular
35	Wi Fi Facility Inside Terminal Building	Reliance Jio Infocomm Limited 1st floor, Anand Bhawan, Sansar Chandra Road, Jaipur-302001	27 (1.9.16 to 30.11.18)	Running on extension due to O&M.
36	Wi Fi Services	Tata Teleservices Ltd. 2A, OLD ISHWAR NAGAR, MAIN MATHURA ROAD. NEW DELHI-110065	27 (16.4.15 to 31.10.18)	

OPERATIONS CONTRACT

S.No	Name of work	Name of agencies	Amount Per Month/ Per Annum	Date of Commencement	Date of Completion
1	MESS(Up-keeping) Contract at Jaipur Airport.	M/s.Master Service Clean Ltd., 28 & 29, Okhla, Phase-I, New Delhi - 20	Rs.7,67,590.00 (Excluding PF,ESI, Bonus and Service Tax as applicable) Per month	18/05/2016	17/05/2019
2	ESS(Up-keeping) Contract at Jaipur Airport.	M/s. NIS Management Pvt.Ltd., 58/99, Prince Anwar Shah Road, Kolkatta - 700 045	Rs. 1,64,798/- (Excluding PF/ESI/Bonus & GST) Per month	01/07/2017	30/06/2020
3	Annual Maintenance Contract for Pest Control & Dis-infestation Treatment	M/s Triveni Pest Control, New Delhi	Rs. 25,166.00 (Excluding GST) Per Month	01/11/2018	31/10/2019
4	City Side Management (Home Guards)	Company Commander, Home Guard Training Centre, Jaipur	Rs.1,21,000/- Appox Per Month	01/07/2018	30/06/2019
5	Mobile Toilets at Terminal-2	M/s.Sulabh International Social Services Organisation, Sulabh Bhawan, J-6-A, Institutional Area, Jhalana Doongi, Jaipur	Use and Pay basis	01/01/2018	31/12/2018
6	VIP Attended for Reserved Lounges at T-2	M/s Jaipur King Security Services, Jaipur	Rs.15,39,482.00 PA (Excluding PF/ESI/Bonus & Service Tax)	15/10/2018	14/10/2019
7	Paper Disposable Glasses	M/s.Triveni Pest Control, New Delhi	Rs.10,95,000/- (Including GST) Per Annum	01/05/2018	30/04/2018
8	M-Fold papers	M/s Nav Bharat Traders, Jaipur	Rs.14,64,380/- (Excluding GST)Per Annum	01/10/2018	30/09/2019

MAINTENANCE CONTRACTS

1. CIVIL CONTRACTS

Sr. No.	Name of work	Name of Agency	Estimated Amount (lakhs)	Tendered Amount (lakhs)	Date of Start	SDOC	Likely date of completion
1	Annual Maintenance contract for Civil works in Terminal-01, Residential colony, CISF Campus Bambala and outer marker at Chatarpura at CA Jaipur during the year 2018-19	M/s Arihant Construction, Jaipur	80.00	80.00	19.04.2018	18.04.2019	18.04.2019
2	Annual Maintenance Contract for Civil works in Terminal-02 at C.A. Jaipur during the year 2018-19	M/s. Vardhman Fabtech, Jaipur	80.00	80.00	03.05.2018	02.05.2019	02.05.2019
3	Annual Maintenance contract for civil works in operational Area, Control Tower, Technical Block, Fire station, MT Section, Power Houses and other equipment rooms at C.A. Jaipur During the year 2018-19	M/s Lok Shail Enterprises, Jaipur	80.00	80.00	03.05.2018	02.05.2019	02.05.2019
4	Environment Mapping of Jaipur Airport for the year 2018-19	M/s SMS Envocare Ltd., Jaipur	5.00	2.8900	02.07.2018	01.07.2019	01.07.2019
5	Renovation of Toilet Terminal-02 at Jaipur Airport. SH: Providing & Fixing 3D wall paper on false ceiling & looking mirror with Acrylic solid surface (Corian) frame.	M/s. Sandeep Builders, Chandigarh	60.00	14.5900	02.08.2018	01.11.2018	31.12.2018
6	Replacement of broken glass and refilling of sealant and Misc. structural work in facade in Terminal-02 building area at Jaipur Airport	M/s Lok Shail Enterprises, Jaipur	22.00	19.4800	16.08.2018	15.11.2018	30.11.2018
7	Removal of Rubber deposits from runway at Jaipur Airport.	M/s Patel Engineering Works (Vizag) Visakhapatanam	35.00	23.3600	21.09.2018	20.12.2018	20.12.2018
8	Placement and maintenance of "Indoor potted plants" at Terminal-02 for the year 2018-19 Jaipur Airport.	M/s Fern n Petals, Jaipur	3.00	2.4600	01.08.2018	31.07.2019	31.07.2019
9	Waste (Solid) Management System for Operational & Residential area at C.A. Jaipur during the year 2018-19	M/s. Sandeep Builders, Chandigarh	14.00	9.00	27.09.2018	26.09.2019	26.09.2019
10	Repairing Distressed Concrete Pavements in Mike Taxiway and Apron at Jaipur Airport.	M/s. Vinayak Technico, Jaipur	40.00	25.00	07.10.2018	06.01.2019	06.01.2019

DETAILS OF ONGOING CAPITAL WORK-IN-PROGRESS AND THEIR LIKELY POSITION IN 30.06.2019 AT THE AIRPORT

Name of work	Estimated Amount (in Lakhs)	Tendered Amount (in Lakhs)		Date of Start	Stipulated date of completion	Likely date of completion	Physical/ Financial Progress on 30.06.2019	Remarks	Financial Progress % on 30.06.2019	Financial Progress Value on 30.06.2019
Construction of Parallel Taxi Track from Tango Taxi to Nallah (Phase I) at C.A. Jaipur.	2937.00	2812.00	2812.00	09.03.2017	08.03.2018	30.04.2019	100%/100%	Work in progress	100%	2812
2 Modification of Existing Terminal Building at Jaipur International Airport, Jaipur. S.H.- Construction of new arrival and departure hall including canopies".	1976.00	1562.00	1562.00	15.12.2017	14.11.2018	31.05.2019	100%/90%	Work in progress	90%	1405.8
3 Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "E" aircraft (alternatively 13 Nos. "4C" type of aircraft i.e. A321-200) and 19 nos. parking bay's on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. - Civil Works	8905.00	7838.00	7838.00	26.02.2018	25.04.2019	31.12.2019	60%/70%	Work in progress	70%	5486.6
4 Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport. PACKAGE-I	4403	4037	4037.00	28.11.2018	27.03.2019	30.06.2019	100%/100%	Work in progress	100%	4037
5 Appointment of Architectural Consultant for Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport.	122	122	122.00	05.05.2018	04.10.2018	30.06.2019	100%/100%	Work is in progress. Architectural, plumbing, ELV, Electrical	100%	122

	Environmental Impact Assessment (EIA)	10	8.25	8.25	14/08/2017	02/09/2021	02/09/2021	30%/15%	and fire-fighting drawings received. Structural design and drawings yet to be received.	15%	1,2375
7	Appointment of Project Management Consultant (PMC) concept to Commissioning of Project, for Development of New Integrated Terminal Building at Jaipur Airport.	4087	4087	4087.00	27/01/2018	26/09/2022	26/09/2022	77 lakhs	Work is at concept stage. Further this work will be taken up along with Terminal Building Phase-II		77
8	Consultancy Services for Civil, Structural, electrical, fire fighting and other services for construction of various type of residential quarters for AAI staff at Jaipur.	170.80	9.91	9.91	09-08-2017	Likely to be completion 30.09.2020	Likely to be completion 30.09.2020	1.48 lakhs	Work in Progress. Further this work will be taken up along with Residential Quarters.		1.48
9	Construction of New C.I.S.F. Barrack in C.I.S.F. Campus Bambala at Jaipur.	279.16	226.73	226.73	18.01.2018	17.01.2019	31.03.2019	100%/100%	Work in Progress.	100%	226.73
	Construction of Sub Fire Station Near Runway 27 end at Jaipur Airport.	380.16	319.77	319.77	03.03.2018	02.03.2019	31.03.2019	100%/100%	Work in Progress.	100%	319.77
	Misc. Civil Works for Provision of Lift in T-02 at Jaipur Airport (Second Call).	19.35	17.82	17.82	29.03.2018	28.07.2018	31.03.2019	100%/100%	Work in Progress.	100%	17.82
12	Extension of Technical Block at Ground Floor at Jaipur Airport.	45.27	34.66	34.66	14.10.2018	13.04.2019	13.04.2019	100%/100%	Work in Progress.	100%	34.66
13	Grading of Operational Area at Jaipur Airport (IInd-call).	16.77	13.21	13.21	03.11.2018	02.02.2019	31.03.2019	100%/100%	Work in Progress.	100%	13.21
14	Construction of drain along runway 09-27 and disused runway 15-33 in operational area at C.A. Jaipur.SH: Construction of drain along runway 09-27	793.45	630.05	630.05	16.12.2017	15.09.2018	31.03.2019	100%/100%	Work in Progress.	100%	630.05
Electrical works											
15	Re-alignment of existing runway edge light alongwith associated GLF work at Jaipur Airport.	260	232	232.00	20.09.218	19.05.2019	19.05.2019	100%/90%	Work in progress	90%	208.8
16	Construction of Apron to accommodate 07 Nos of Code E aircraft or 13 Nos of Code C aircraft with superimpose marking pattern and 03 link taxiways on Eastern side of main Apron. 19 nos. Parking bay's on both side of taxiway tango for Code-"C" type of aircraft and a link taxiway including electrical works (taxiway edge, center line	137	136	136.00	08.10.2018	07.04.2019	07.04.2019	100%/100%	Work in progress	100%	136

	and CAT-IIIB lighting up to new proposed bays) and other associated works at Jaipur International Airport, Jaipur. SH: SITC of Apron Flood Lighting System											
	Construction of New Barracks in CISF Campus at Jaipur Airport. SH: Electrical substation works.	66	53	53.00	16.08.2018	15.12.2018	31.01.2019	100%/100%	Work in progress	100%	53	
18	Provision of Baggage Handling System in Old Terminal Building (T-1) at Jaipur International Airport, Jaipur.	234	191	191.00	08.12.2018	07.03.2019	30.04.2019	100%/100%	Work in progress	100%	191	
19	Provision of 3 x 500 KVA DG sets and AMF cum Synchronizing Panel for T-1 Power House at Jaipur Airport.	194	119	119.00	01.12.2018	28.02.2019	31.03.2019	100%/100%	Work in progress	100%	119	
20	Provision of Elevator and Escalator in Terminal-1 at Jaipur International Airport, Jaipur.	74	40	40.00	13.12.2018	12.04.2019	30.04.2019	100%/100%	Work in progress	100%	40	
21	Providing Passenger Baggage Handling System in new extension area of Arrival and Departure Hall of Terminal-2 at Jaipur International Airport	287	265	265.00	28-04-2018	27-10-2018	31-03-2019	100% / 100%	Work in progress	100%	265	
22	SITC of ILBS system at various Airport in India. SH: Modification of existing departure baggage handling system to accommodate CTX based ILBS system at Jaipur Airport- Supply of Baggage Handling System.	564.39	564.39	564.39	25-06-2018	24-02-2019	30-04-2019	100% / 100%	Work in progress	100%	564.3946	
23	SITC of ILBS system at various Airport in India. SH: Modification of existing departure baggage handling system to accommodate CTX based ILBS system at Jaipur Airport- ITC of Baggage Handling System.	107	107.00	107.00	25-06-2018	24-02-2019	30-04-2019	100% / 100%	Work in progress	100%	107	
24	Provision for dedicated power supply to MLAT/RU installed for ASMGCS in periphery of operational area at Jaipur International Airport.	79	83	83.00	20-07-2018	19-12-2018	31-03-2019	100% / 100%	Work in progress	100%	83	
25	Diversion of power and signal cables for clearance of apron work site near state hanger area at Jaipur International Airport.	119	1.01	1.01	02-08-2018	01-01-2019	31-03-2019	100% / 100%	Work in progress	100%	1.01	
26	Re-routing of pipes, cables and other associated miscellaneous electrical works required for Terminal-2 modification project work at Jaipur International Airport.	36	32.00	32.00	20-05-2018	19-01-2019	31-03-2019	100% / 100%	Work in progress	100%	32	
27	Providing Escalators & Elevators in extended departure area of Terminal-2 Building at Jaipur International Airport.	135	128.00	128.00	28-11-2018	27-04-2019	30-04-2019	100% / 100%	Work in progress	100%	128	
28	Providing central air conditioning plant for expansion / modification of Terminal-2 Building at Jaipur	222	173.00	173.00	11-06-2018	10-11-2018	31-03-2019	100% / 100%	Work in progress	100%	173	
29	Replacement of existing R.O. units in Terminal Building and other ancillary buildings at Jaipur International Airport.	11	80.00	80.00	30-11-2018	29-01-2019	29-01-2019	100% / 100%	Work in progress	100%	80	

ANNEXURES

30	Interim modification in Terminal Building (Departure Side) at Jaipur Airport (SH: Provision of lift for existing restaurant at first floor level).	37	34.00	34.00	25-02-2017	24-06-2017	31-03-2019	100%/100%	Work in progress	100%	34
	Part-B										0
	Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "E" aircraft (alternatively 13 Nos. "4C" type of aircraft i.e. A321-200) and 19 nos. parking bay's on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. - Electrical Works	900.00	Tender under process	900.00	01.02.2019	31.12.2019	31.12.2019	50%/35%	Work is essential required to operationization of Apron	35%	315
2	Civil works for extension and modification of CCR hall at Jaipur International Airport, Jaipur.	116.54	Tender under process	116.54	01.02.2019	30.09.2019	30.09.2019	40%/40%	Tender under process	40%	46.616
3	Construction of view cutter in front of tango taxi at Jaipur International Airport, Jaipur.	498.00	A/A & E/S under process	498.00	01.03.2019	30.11.2019	30.11.2019	20%/20%	A/A & E/S under process	20%	99.6
4	Construction Parallel Taxi Track from nallah to Runway 27 (Phase - II) at Jaipur International Airport, Jaipur. Electrical works & Box Culvert	1033.00	A/A & E/S under process	1033.00	01.03.2019	31.12.2019	31.12.2019	30%/30%	Civil works is being already executed from saving of apron work.	30%	309.9
5	Construction of Cargo Complex & Apron at CA Jaipur SH: Construction of Apron and link taxi including associated work at AAI Colony for parking of 1 no. Code 4E and 2 nos. 4C	5178	Under Process	5178.00	01.05.2019	30.04.2020	30.04.2020	5%/1%	Approval of TS & draft NIT under process at CHQ.	1%	51.78
	type of aircraft at Jaipur International Airport, Jaipur.										
6	Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport. PACKAGE-II - Furniture - Passenger Seating, Decorative Furniture, VIP Lounge & Office Furniture etc.	295		295.00	01.04.2018	30.06.2018	30.06.2018	100%/100%	Details estimate is under preparation. The work is essential required to operationization of Terminal -1	100%	295
7	Refurbishment, Retrofit and Renovation of the old T1 Terminal building at Jaipur Airport. PACKAGE-IV - Art and Mural Works	134.52		134.52	01.04.2018	30.06.2018	30.06.2018	100%/100%	Details estimate is under preparation. The work is essential required to operationization of Terminal -1	100%	134.52
8	Construction of Cargo Complex at CA Jaipur	1437.10	1088.05	1437.10	Likely to be started 22.12.2018	Likely to be completion 21.10.2019	Likely to be completion 21.10.2019	40%/25%	Tender open sept.-2018 and likely to be awarded by 10.12.2018	25%	359.275
9	Power Supply and Parking/ Street Lighting in Cargo Complex at Jaipur Airport.	83.00	-	83.00	Likely to be awarded by 01.02.2019	30.04.2019	30.04.2019	40%/25%	Tender open sept.-2018 and likely to be awarded by 10.12.2018	25%	20.75
10	Construction of Emergency access roads at both end of runway at Jaipur Airport	120.38	Tender under process	120.38	Likely to be started 01.01.2019	Likely to be completion 31.05.2019	Likely to be completion 31.05.2019	100%/100%	Under tender process. Safety assesment submitted to CHQ. DGCA Approval Awaited	100%	120.38

11	Augmantation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport.		760.00	760.00	01.04.2019	31.03.2020	31.03.2020	50%/50%	Submitted for A/A&E/S	50%	380
12	Construction of watch tower etc. at Jaipur Airport.		50.00	50.00	01.02.2019	31.08.2019	31.08.2019	50%/30%	Estimate under preparation	30%	15
	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. SH: SITC of CAT-III B lights and associated works.	1092	-	1092.00	Likely to be awarded by 31.12.2018	-	31.08.2019	50%/70%	A/A & E/S Accorded on 23.01.2018. Tendering stage	70%	764.4
14	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19 nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. SH: SITC of aircraft stand identification & coordinates signages boards.	41	-	41.00	Likely to be awarded by 31.01.2019	-	30.04.2019	100%/100%	A/A & E/S Accorded on 23.01.2018. TS stage	100%	41
15	Construction of Apron on Eastern side of main Apron for parking of 2 Nos. code "E" type of aircrafts (alternatively 4 Nos. code "C" type of aircraft) and 19	1261	-	1261.00	Likely to be awarded by 31.03.2019	-	30.09.2019	10%/10%	A/A & E/S Accorded on 23.01.2018. TS stage	10%	126.1

	nos. parking bays on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur. SH: Provision of advance visual docking guidance system (AVDGS) for parking bays at Jaipur International Airport.										
16	Construction of Apron at AAI colony for parking of 1 no. Code 4E and 2 nos. 4C type of Aircraft at Jaipur International Airport, Jaipur. SH: Electrical works	943	-	943.00	Likely to be awarded by 01.05.2019	-	30.04.2020	2%/1%	A/A & E/S Accorded on 31.08.2018. TS stage	1%	9.43
17	SITC of ALCMS for SMC unit at Jaipur International Airport.	47	-	47.00	Likely to be awarded by 15.12.2018	-	30.04.2019	100%/100%	A/A & E/S received OEM single offer sent to GM Engg.(Project) for acceptance.	100%	47
18	Refurbishing, Retrofit, Renovation of Terminal-1 at Jaipur Airport. Provision of Internal and External Signages for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	118	-	118.00	Likely to be awarded by 28.02.2019	-	31.05.2019	100%/90%	A/A & E/S Accorded on 02.11.2018. Estimation stage	90%	106.2
19	Refurbishing, Retrofit, Renovation of Terminal-1 at Jaipur Airport. Provision of Security Infrastructures for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	80	-	80.00	Likely to be awarded by 28.02.2019	-	31.05.2019	100%/90%	A/A & E/S Accorded on 02.11.2018. Estimation stage	90%	72

20	Construction of Administrative Building at Jaipur Airport. SH: Augmentation of Power Supply System.	339	-	339.00	Likely to be awarded by 31.01.2019	-	30.06.2019	100%/90%	A/A & E/S Accorded on 28.09.2018 TS stage. This work is essential required for commencing of Electrical work for tango apron estran apron PTT Phase-1 and PTT Phase-2	90%	305.1
21	Fire Alarm and Fire Fighting in Cargo Complex at Jaipur Airport.	83	-	83.00	Likely to be awarded by 01.04.2019		31.07.2019	30%/20%		20%	16.6
22	VRV/ VRF AC System in Cargo Complex at Jaipur Airport.	90	-	90.00	Likely to be awarded by 01.05.2019		31.07.2019	15%/10%		10%	9
23	Lifts (Passenger Lift- 02 Nos, Goods Lift- 01 No.) in Cargo Complex at Jaipur Airport.	38	-	38.00	Likely to be awarded by 01.05.2019		31.10.2019	15%/10%		10%	3.8
24	Platform Weighing Scale in Cargo Complex at Jaipur Airport.	9	-	9.00	Likely to be awarded by 01.09.2019		31.10.2019	0%		0%	0

25	Cold Storage Work in Cargo Complex at Jaipur Airport.	6	-	6.00	Likely to be awarded by 01.05.2019		31.10.2019	15%/10%		10%	0.6
26	Miscellaneous Electrical Works in Cargo Complex at Jaipur Airport.	10	-	10.00	Likely to be awarded by 01.05.2019		31.10.2019	0%		0%	0
27	Provision of ILCMS for balance AGL Lighting i/c up gradation of ALCMS system	706	-	706.00	Likely to be awarded by 31.01.2019		31.07.2019	80%/70%	OEM single offer is sent to RHQ on dated 20.08.2018 for A/A & E/S and award on single offer ab-initio negotiation basis with OEM M/s Honeywell	70%	494.2
28	Provision of LT Power supply arrangement at 33KV substation of Jaipur International Airport.	120.00		120.00	15-01-2019		30-06-2019	100% / 100%	AA & ES accorded with Civil work . Estimate sent for TS	100%	120
29	Augmentation of power supply system of T-2 power house and building at Jaipur Airport	40.00		40.00	01-03-2019		31-07-2019	80%/80%	Estimate under preparation	80%	32
30	Replacement of old AC , Water Cooler at NavAids & other location and provision of new AC's at Jaipur Airport.	40.00		40.00	01-04-2019		30-06-2019	100% / 100%	Estimate under preparation	100%	40
				Total	39625.34						21735.81

LAND LEASES AT THE AIRPORT

Sl. No.	Name of Agency	Govt/ Non Govt/PSU	Category	Paved	Un-paved	Others	Purpose	Allotment from	Allotment to	Status of Agreement, valid/invalid /to be executed/Expired(Renewal Under Process)/ No Agreement executed	SD	BG	from	to
1	IOCL	PSU	Oil Company		3346		AIS	01-04-2015	31-03-2018	Agreement under the process since 2017. No agreement with IOCL executed at JAI				
2	BPCI	PSU	Oil Company		4089		AIS	01-04-2015	31-03-2018	executed	Rs. 122333	BG No 2466/10/206/1470004	27-05-06	28-05-19
3	RIL	Non-Govt	Oil Company		1600		AIS	01-04-2015	31-03-2018	executed				
4	JMD	Govt	Central Govt		88	33								
5	Airworks India (Engineering) Pvt Ltd	NON GOVT		34	13	34	Porta Cabin	01-04-2018	30-03-2021	executed				
6	Indigo Airlines	NON GOVT	airlines	1347	2		Ramp/Porta Cabin	01-04-2016	31-03-2020	executed	Combined SD available Rs. 18031567.83			
7	Jet Airways	NON GOVT	airlines	65			Ramp	01-04-2018	30-08-2021	under process	Combined SD available Rs. 15,50,00	BG No 20080041RGP00316		12-09-2019
8	Indo Thai Airport Management Services	NON GOVT	GHA	2433	9		Ramp/Porta Cabin	03-01-2011	31-03-2020	executed	8,90,756/-			
9	Air India	NON GOVT	Airlines	309	4	292	Ramp	01-04-2018	31-03-2021	executed	Rs. 341919			
10	Spicerjet	NON GOVT	airlines	873	66		Ramp/Porta Cabin	01-04-2018	31-03-2021	executed				
11	NCC	Govt	Hangar		1043		Hangar	22-06-2004 (Original allotment from 22-06-2004)	continue					
12	Rajasthan State Dying School	Govt	Hangar		1043		Hangar	22-06-2004 (Original allotment from 22-06-2004)	continue					
13	Govt of Rajasthan	Govt	Land		254	16	office	22-06-2004						
14	BPCI	PSU	land		904	8	AIS	14-12-2016	31-12-2019	EXECUTED	1652500	00398000121217	09-12-2016	10-08-2020

SCHEDULE U**List of Works Proposed by the Authority:**

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
1	Construction of Apron on Eastern side of main Apron for parking of 7 Nos. Code "E" aircraft (alternatively 13 Nos. "4C" type of aircraft i.e. A321-200) and 19 nos. parking bay's on both side of tango taxi for "C" type of aircraft including associated works at Jaipur International Airport, Jaipur.	11000.00	23.01.2018 110.00	14.12.2018 8905	7838	26.02.2018	30.09.2019	13%
2	Construction of Apron and link taxi including associated work at AAI Colony for parking of 1 no. Code 4E and 2 nos. 4C type of aircraft at Jaipur International Airport, Jaipur.	5178.00	31.08.2018/ 5178	Under Process	-	01.08.2019	31.07.2020	-
3	Construction of Parallel Taxi Track from Nallah to 27 Runway (Phase II) & electrical works at Jaipur International Airport, Jaipur.	600.00	Under Process	-	-	-		
4	Construction of view cutter in front of tango taxi at Jaipur International Airport, Jaipur.	400.00						
5	Civil works for extension and modification of CCR hall at Jaipur International Airport, Jaipur.	150.00	Under Process at Jaipur Airport			01.01.2019	30.06.2019	
6	Construction of box culvert at Jaipur International Airport, Jaipur.	200.00	Under Process	-	-	01.02.2019	31.07.2019	
7	C/o administrative block at CA Jaipur	4757.00						
8	C/o Isolation bay at CA Jaipur	1493.00						
9	C/o new control tower at CA Jaipur	2000.00						

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
10	Provision of 2 Nos. PBBs	50.00						
11	Construction of parallel taxi track from Tango taxi to Nallah at Jaipur Airport (Ph-III)	400.00						
12	Construction of hangers and VIP complex for State Government at Jaipur Airport.	4500.00						
13	C/o Cargo Complex & Apron at CA Jaipur	2299.00						
14	Augmantation of water supply from PHED, Govt. of Rajasthan at Jaipur Airport.	760.00						
15	Construction of Parallel Taxi Track (Phase III) from PTT- Ph-II to 27 Runway at Jaipur International Airport, Jaipur.	400.00						
16	Construction of frengible hut in Operational area at Jaipur Airport.	25.00						
17	Construction of Staff canteen at Terminal-02 at Jaipur Airport.	75.00						
18	Construction of MSSR Building at Jaipur Airport.	500.00						
19	Construction of Porta cabin for BCAS office at Jaipur Airport.	100.00						
20	Construction of CISF Barrack for increased strenth for commissining of T-3 at Jaipur Airport.	1000.00						
21	Construction of Boundary wall, perimeter road, watch tower etc. at Jaipur Airport.	600.00						

ANNEXURES

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
22	Under ground water storage tank other related works from PHED supply at Jaipur Airport.	200.00						
23	Construction of additional watach tower at Jaipur Airport.	30.00						
24	Raising of boundary wall at Jaipur Airport.	50.00						
25	Supply, Installation and Maintenance of green wall panel in Terminal-02 at Jaipur Airport	8.00						
26	Annual Maintenance contract for Civil works CA Jaipur during the year 2019-20	600.00						
27	Annual Maintenance contract for Civil works CA Jaipur during the year 2020-21	660.00						
28	Annual Maintenance contract for Civil works CA Jaipur during the year 2021-22	700.00						
29	SITC of lift & escalator in Terminal-2	158.98	3447.00	158.98	-	26-11-2018	31-03-2019	Tender stage
30	Modification of ATC substation	300.00		-	-	15-01-2019	31-08-2019	Estimation stage
31	Provision of ILCMS for balance AGL Lighting i/c up gradation of ALCMS system	705.51	-	-	-	-	06 Months from date of start	OEM single offer is sent to RHQ for A/A & E/S and award on single offer ab-initio negotiation basis with OEM M/s Honeywell.
32	Replacement of existing AGL cable for PAPI units, R,S,M taxies and other associate AGL works.	400.00	-	-	-	-	-	-

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
33	Provision for photometric field test machine for GLF system at Jaipur International Airport.	100.00	-	-	-	-	-	-
34	SITC of ALCMS for SMC unit at Jaipur International Airport.	52.00	-	-	-	-	-	-
35	Modification of AGL signage due to renaming of existing taxiway at Jaipur International Airport.	200.00	-	-	-	-	-	-
36	Modification in ALCMS due to renaming of existing taxiway at Jaipur International Airport.	100.00	-	-	-	-	-	-
37	Provision of remote control of apron flood lights at tango apron, eastern apron and residential colony apron at Jaipur International Airport.	500.00	-	-	-	-	-	-
38	Provision of Baggage Handling System in Old Terminal Building (T-1) at Jaipur International Airport, Jaipur.	289.70	AA&ES awaited.	24.07.2018Rs. 233.50	-	-	-	-
39	Provision of 3 x 500 KVA DG sets and AMF cum Synchronizing Panel for T-1 Power House at Jaipur Airport.	193.87	AA&ES awaited.	26.07.2018 Rs. 193.87	-	-	-	-
40	Provision of Elevator and Escalator in Terminal-1 at Jaipur International Airport, Jaipur.	87.20	AA&ES awaited.	10.09.2018 Rs. 73.51	-	-	-	-
41	Provision of Internal and External Signages for Old Terminal Building (T-1) at	118.00	AA&ES awaited.	-	-	-	-	-

ANNEXURES

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
	Jaipur International Airport, Jaipur							
42	Provision of Security Infrastructures for Old Terminal Building (T-1) at Jaipur International Airport, Jaipur	80.00	AA&ES awaited.					
43	Power Supply and Parking/ Street Lighting in Cargo Complex at Jaipur Airport.	83.37	AA&ES awaited.					
44	Fire Alarm and Fire Fighting in Cargo Complex at Jaipur Airport.	82.67	AA&ES awaited.					
45	VRV/ VRF AC System in Cargo Complex at Jaipur Airport.	90.41	AA&ES awaited.					
46	Lifts (Passenger Lift- 02 Nos, Goods Lift- 01 No.) in Cargo Complex at Jaipur Airport.	37.63	AA&ES awaited.					
47	Platform Weighing Scale in Cargo Complex at Jaipur Airport.	9.00	AA&ES awaited.					
48	Cold Storage Work in Cargo Complex at Jaipur Airport.	6.00	AA&ES awaited.					
49	Miscellaneous Electrical Works in Cargo Complex at Jaipur Airport.	10.00	AA&ES awaited.					
50	Construction of Administrative Building at Jaipur Airport. SH: Augmentation of Power Supply System.	341.89	Accord of AA&ES from the competent authority and TS awaited					

Sr. No.	Name of work	Cost of work	Date of A/A & E/S and amount	Date of TS and amount (lakhs)	Tendered Amount (lakhs)	Stipulated/ likely date of Start	Likely date of completion	Physical Progress/ Current Status
51	Construction of Administrative Building at Jaipur Airport. SH: Electrical Works (I) Fire Fighting with Wet Riser System (II) Automatic Fire Alarm System (III) Passenger Lift (IV) Air Conditioning (V) Building Management System (VI) Miscellaneous Item like hand driers, RO, Water Cooler, Automatic Sliding Door etc. (VII) External Lighting (VIII) Miscellaneous Electrical Works i/c diversion of cables, pipes etc.	1241.89	Accord of AA&ES from the competent authority and Estimation Stage					

Indicative Capital Expenditure to be undertaken by the Concessionaire

Sr. No.	Name of work	Cost of work (lakhs)	Likely date of start	Likely date of completion	Remarks
	Civil				
1	C/o Isolation bay at CA Jaipur	1493	31.10.2019	31.12.2020	PAR estimated submitted to CHQ. State government/JDA is being persuade for clearance of Land issue. Detailed Estimate under preparation.
2	Construction of hangers and VIP complex for State Government at Jaipur Airport.	4500.00	31.08.2019	31.02.2021	Location is to be finalised by planning directorate.
3	Construction of Parallel Taxi Track (Phase III) from PTT-Ph-II to 27 Runway at Jaipur International Airport, Jaipur.	400.00	31.10.2020	31.10.2021	Planning Stage
4	Construction of frengible hut in Operational area at Jaipur Airport.	25.00	01.08.2019	31.12.2019	Planning Stage
5	Construction of MSSR Building at Jaipur Airport.	500.00	30.08.2019	30.06.2020	Planning Stage
6	Construction of Office for BCAS office at Jaipur Airport.	100.00	31.05.2019	31.01.2020	Planning Stage
7	Construction of Boundary wall, perimeter road, watch tower etc. at Jaipur Airport.	400.00	01.08.2019	31.03.2020	Planning Stage
8	Construction of administrative block at CA Jaipur	4757.53	30.04.19	30.10.20	AA & ES received from CHQ. TS Estimate under preparation.
9	Construction of Integrated terminal building phase-II	144100	30.04.19	31.10.21	work is at concept stage.
10	Construction of residential quarters at Jaipur Airport.	7000	30.04.2019	31.10.21	AA & ES received from CHQ. TS Estimate under preparation.
	Electrical Works				
11	Replacement of existing AGL cable for PAPI units, R,S,M taxies and other associate AGL works.	400.00	01.08.2019	30.11.2019	Planning stage
12	Provision for photometric field test machine for GLF system at Jaipur International Airport..	200.00	01.08.2019	30.11.2019	Planning stage
13	Modification of AGL signage due to renaming of existing taxiway at Jaipur International Airport.	200.00	01.08.2019	30.11.2019	Planning stage
14	Modification in ALCMS due to renaming of existing taxiway at Jaipur International Airport.	100.00	01.08.2019	30.11.2019	Planning stage
15	Provision of remote control of apron flood lights at tango apron, eastern apron and residential colony apron at Jaipur International Airport.	500.00	01.08.2019	31.12.2019	Planning stage
16	Replacement of HPSV lights by LED lights in High Mast Tower at Jaipur Airport.	30.00	01-08-2019	31-09-2019	planning stage
17	Construction of Administrative Building at Jaipur Airport. SH: Electrical Works (I) Fire Fighting with Wet Riser System (II) Automatic Fire Alarm System (III) Passenger Lift (IV) Air Conditioning (V) Building Management System (VI) Miscellaneous Item like hand driers, RO, Water Cooler, Automatic Sliding Door etc. (VII) External Lighting (VIII) Miscellaneous Electrical Works i/e diversion of cables, pipes etc.	1242	30.04.19	30.10.20	

17.3.4. **Carved-out Area** - Annexure IV of Schedule A to the Concession Agreement provides details of the carved-out area for Cargo Terminal.

Annex IV
(Schedule A)
(See Clause 10.1)
Carved Out Assets and Areas

It is clarified that the Site and Project Assets shall not include the following:

SL. NO.	ASSET	AREA OF LAND IN SQ.M. (Approx.)	
1.	ATC TOWER	6465	
2.	CARGO TERMINAL	13306	
3.	STATE GOVERNMENT		
	a)	EXISTING HANGAR (2 NOS.) & APRON	5310
	b)	EXISTING FLYING CLUB	2350
	c)	PROPOSED VIP BLOCK	1593
	d)	PROPOSED 2 NOS. HANGAR & LINK TAXI	3525
4.	ANY FUTURE LAND REQUIREMENT FOR CNS/ATM/STAFF QUARTERS		
	a)	FOR RADAR	4225
	b)	AAI QUARTERS	8092
	TOTAL	44866 Sq.m. (11.08 Acres.)	

17.3.5. Clause 19.4.1. of the Concession Agreement relating to obligations of JIAL towards cargo facilities is reproduced below-

- (a) *The Concessionaire shall upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of this Agreement, Applicable Laws, Applicable Permits, relevant ICAO Documents and Annexes and Good industry Practice.*
- (b) *Notwithstanding anything to the contrary provided in this Clause 19.4 and Clause 23.5, it is clarified that, where Cargo Facilities have been earmarked for AAICLAS in Schedule A (i) the Concessionaire will not be responsible for operations, development, maintenance and management thereof, nor shall the Concessionaire be bound by the obligations set out elsewhere in this Clause 19.4; and (ii) AAICLAS shall be granted access to the airside by the Concessionaire free of cost.*
- (c) *It is further clarified that, where Cargo Facilities have been earmarked for AAICLAS in Schedule A, there shall be no restriction on the upgradation and/ or development of Cargo Facilities by the Concessionaire, including on grounds of quantum of cargo volumes at the Airport, business potential or impact of such additional facilities on Cargo Facilities earmarked for AAICLAS.*

17.3.6. Clause 19.2. relating to JIAL's obligation towards Ground Handling Services is given below:

*"The Concessionaire shall provide or cause to be provided as per Applicable Laws and Good Industry Practice, at its own cost and expense, the infrastructure required for operation of the ground handling services required at the Airport for and in respect of the Users, like aircrafts, passengers and cargo, which shall include ramp handling, traffic handling, aircraft handling, aircraft cleaning, loading and unloading ("**Ground Handling Services**"). Such infrastructure shall include luggage conveyor belts, computer terminals, information technology backbone and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."*

17.3.7. The Clause 19.3. of the Concession Agreement is related to JIAL's obligations towards providing aircraft fueling services, which has been reproduced below:

"The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fuelling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."

17.3.8. As per the Concession Agreement, the Estimated Deemed Initial RAB as on March 31, 2018, was determined to be ₹ 253 Crores, which was due and payable by the Concessionaire to AAI. The terms of the Concession Agreement also provide for the value of ₹ 253 Crores to be subject to reconciliation, True up and final determination by AERA. The extract of the relevant clauses from the Concession Agreement shall be read as under:

Clause 28.11.3 states that:

- a) *It is agreed by the Parties that the Concessionaire shall be liable to pay to the Authority an amount equivalent to the investments made by the Authority in the Aeronautical assets as of the COD and considered by the Regulator as part of the Regulatory Asset Base, subject to requisite reconciliation, true-up and final determination by the Regulator of the quantum of such investment ("**Deemed Initial RAB**").*
- b) *The estimated depreciated value of investments made by the Authority in the Aeronautical assets at the Airport as on March 31, 2018, is ₹ 253,00,00,000 (Rupees Two Hundred and Fifty Three Crore) ("**Estimated Deemed Initial RAB**"). It is agreed by the Parties that the Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.*

Clause 28.11.4 states that:

*Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a). any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("**Adjusted Deemed Initial RAB**"):*

- a) *reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period;*
or
- b) *increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the*

Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.

Clause 28.11.5 states that:

Upon reimbursement of such amount by the Concessionaire to the Authority, the Deemed Initial RAB will, in addition to the investments made by the Concessionaire, be considered for the purpose of determination of Aeronautical Charges by the Regulator.

- a) The Authority undertakes to make any required supporting submissions to the Regulator towards such consideration and determination by the Regulator.*
- b) The Parties shall submit to and request the Regulator to separately identify the Deemed Initial RAB in future determinations of Aeronautical Charges with regard to consideration of depreciation, required returns, etc.*

17.3.9. Clause 5.1.1 of the Concession Agreement which states that *“Subject to and on the terms and conditions of this Agreement, the Concessionaire shall, at its own cost and expense, procure finance for and undertake the operations, management and development of the Airport, in accordance with the provisions of the Applicable Permits, Applicable Laws, this Agreement and observe, fulfil, comply with and perform all its obligations set out in this Agreement or arising hereunder”.*

17.3.10. The relevant clause (6.4.5) of the Concession Agreement relating to JIAL’s obligation regarding CWIP handed-over by AAI as on COD and as set forth in Schedule T, has been reproduced below-

“Notwithstanding anything to the contrary in this Clause 6.4, the Concessionaire shall be liable to pay to the Authority such amounts as may have been incurred by the Authority as on the COD in respect of the contracts relating to works-in-progress as have been set forth in Schedule T. Such amounts shall be intimated by the Authority with supporting documents and details within 30 (thirty) days of COD and shall be due and payable by the Concessionaire the Authority within a period of 90 (ninety) days thereon.

The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress. The Concessionaire shall be responsible to incur any additional cost towards completion of such work-in-progress assets after COD.

Upon reimbursement by the Concessionaire to the Authority, of amounts as may have been incurred by the Authority as on the COD for such work-in-progress assets as provided for above, and completion of such works-in-progress by the Concessionaire, such works-in-progress assets shall form part of the Airport.

The amounts reimbursed by the Concessionaire to the Authority and additional amounts incurred by the Concessionaire for completion of such work-in-progress assets shall be considered as investments made by the Concessionaire in creation of such assets for the purpose of determination of Aeronautical Charges by the Regulator. In the event that any part of the amounts reimbursed by the Concessionaire to the Authority pursuant to this Clause 6.4.5 are not considered for pass-through by the Regulator due to any act or omission on the part of the Authority, the adjustment towards any differences in the amounts reimbursed by the Concessionaire to the Authority and the amounts considered for pass-through by the Regulator shall be undertaken as part of the Balancing Payment that becomes due and payable as per Clause 31.4 immediately after the determination of the Aeronautical Charges by the Regulator.”

- 17.3.11. The relevant clause 4.1.3. (h) of the Concession Agreement relating to JIAL’s obligation regarding Conditions Precedent required to be satisfied within 180 days of the agreement relating to works proposed by AAI and as set forth in Schedule U, has been reproduced below-

Except as may have been specifically otherwise provided in this Agreement, the Conditions Precedent required to be satisfied by the Concessionaire within a period of 180 (one hundred and eighty) days from the date of this Agreement shall be deemed to have been fulfilled, when the Concessionaire shall, subject to the satisfaction of the Authority, have -

(h) delivered to the Authority –

(a) a list of Construction works it proposes to undertake in the first 7 (seven) Concession

years having due regard to the works:

a. Currently being implemented by the Authority; and

b. Proposed to be implemented by the Authority as on the date of signing the Agreement and (as set forth in Schedule U),

(b) the scheduled date for completion of such Construction works.

- 17.3.12. The relevant Clauses relating to the Independent Engineer’s appointment, duties & functions and remuneration are reproduced below:

Clause 24.1 Appointment of Independent Engineer

24.1.1 *The Authority (AAI) and the Concessionaire shall appoint a consulting engineering firm substantially in accordance with the selection criteria set forth in Schedule K, to be the independent consultant under this Agreement ("**Independent Engineer**"). The Independent Engineer shall be appointed in accordance with the provisions of Schedule K.*

24.1.2 *The appointment of the Independent Engineer shall be made within 90 (ninety) days of the date of execution of this Agreement, and such appointment shall be valid for a period of 3 (three) years. On the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule K, and such procedure shall be repeated after expiry of each appointment.*

Clause 24.2. Duties and Functions

- 24.2.1 *The Independent Engineer shall discharge its duties and functions substantially in accordance with the terms of reference set forth in Schedule L.*
- 24.2.2 *The Independent Engineer shall submit regular periodic reports (at least once every month) to the Authority in respect of its duties and functions set forth in Schedule L.*
- 24.2.3 *A true copy of all communications sent by the Authority to the Independent Engineer and by the Independent Engineer to the Authority shall be sent forthwith by the Independent Engineer to the Concessionaire.*
- 24.2.4 *All communications required to be sent by the Independent Engineer to the Concessionaire shall be undertaken through the Authority.*

Clause 24.3 Remuneration

- 24.3.1 *The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.*

17.3.13. The relevant Paras relating to Role and functions of the Independent Engineer as stated in Schedule L of the Concession Agreement are reproduced below:

3. Role and functions of the Independent Engineer

3.1 The role and functions of the Independent Engineer shall include the following:

- (a) review of the designs, drawings, and documents as set forth in Paragraph 4.*
- (b) review, inspection and monitoring of Construction Works as set forth in Paragraph 4.*
- (c) reviewing and witnessing the Tests on completion of construction and assisting the Authority in issuing Completion Certificate/ provisional certificate as set forth in Paragraph 4.*
- (d) review, inspection and monitoring of O&M as set forth in Paragraph 5.*
- (e) review, inspection and monitoring of Divestment Requirements as set forth in Paragraph 6.*
- (f) determining, as required under the Agreement, the costs of any works or services and/or their reasonableness.*
- (g) determining, as required under the Agreement, the period or any extension thereof, for performing any duty or obligation.*
- (h) assisting the Parties in resolution of Disputes as set forth in Paragraph 8.*
- (i) undertaking all other duties and functions in accordance with the Agreement; and*
- (j) assisting the Concessionaire in determining the Scheduled Completion Dates and Phase*

Milestones.

- 3.2 *The Independent Engineer shall discharge its duties in a fair, impartial and efficient manner, consistent with the highest standards of professional integrity and Good Industry Practice.*

17.4 Annexure 4 – List of Strategic Projects submitted by JIAL

S. No.	FY	Particulars	Project Status	(Amount in ₹ Cr)	
				JIAL	Authority Proposal
1.	23-24	Traffic Management System	Work In Progress	2.03	2.03
2.	26-27		Phase 2 Budget	2.95	-
3.	23-24	Passenger Wi-Fi	Work In Progress	4.00	4.00
4.	23-24	Passenger Processing System	In Planning	6.03	6.03
5.	23-24	Digi Yatra	In Planning	10.73	10.73
6.	22-23	Desk of Goodness will be help to passenger for enabling the prompt support.	Work In Progress	0.14	0.14
7.	26-27		Phase 2 Budget	0.45	-
8.	22-23	Passive component for system connectivity	In Planning	1.33	1.33
9.	25-26	Meet & Greet	Work In Progress	0.20	0.20
10.	22-23	E-Gates	Work In Progress	0.98	0.98
11.	26-27		Phase 2 Budget	1.63	-
12.	24-25	Wi-Fi Token automations	In Planning	0.22	0.22
13.	24-25	Backup solutions	In Planning	0.22	0.22
14.	24-25	What's Up Gold NMS along with Server	In Planning	0.32	0.32
15.	24-25	CRM Integration Provide visibility and track to reach NPS 30+	Work In Progress	0.08	0.08
16.	25-26		Phase 2 Budget	0.45	-
17.	25-26	Lost & Found System	In Planning	0.47	0.47
18.	25-26	Pax flow monitoring systems for Terminal operations team	In Planning	5.80	5.80
19.	26-27	Data Lake Creation	Budgeted cost	4.00	-
20.	25-26	Middleware Platform	In Planning	0.45	0.45
21.	26-27		Phase 2 Budget	1.91	-
22.	24-25	Airport Network Segmentation network Active component and firewall rack and passive infra	In Planning	19.97	19.97
23.	24-25		In Planning	2.88	2.88
24.	24-25		In Planning	3.30	3.30
25.	25-26	IOT Enabled asset tracking	In Planning	4.62	4.62
26.	25-26	IBS solution will be enable to enhance mobile coverage	In Planning	3.67	3.67
27.	26-27	Building Management System (BMS)	Budgeted cost	6.00	-
28.	26-27	GOS / VDGS Application Upgrade	Budgeted cost	2.31	-
29.	26-27	Airport 4.0	Budgeted cost	10.00	-
30.	26-27	Vehicle Monitoring Projects	Budgeted cost	1.50	-
31.	26-27	Airport cloud and data center	Budgeted cost	5.00	-
32.	26-27	Airside SAGA	Budgeted cost	2.00	-
33.	26-27	Robotic process assistance (RPA)	Budgeted cost	1.00	-
34.	26-27	Business value creation center (next gen AOCC)	Budgeted cost	3.00	-
35.	26-27	Business value creation center (Airside)	Budgeted cost	1.50	-
		Total		111.14	67.44

18 APPENDICES

- I. Appendix I - Study on Allocation of Assets for Jaipur International Airport, Jaipur (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)**
- II. Appendix II – Study on Efficient Operation and Maintenance Expenses for Jaipur International Airport, Jaipur (Second Control Period: FY 2016-17 – FY 2020-21 & FY 2021-22)**