



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
Airports Economic Regulatory Authority of India

शिरडी अंतरराष्ट्रीय हवाईअड्डा, शिरडी (एसएजी) के संबंध में प्रथम नियंत्रण अवधि  
(01 अप्रैल, 2022 से 31 मार्च, 2027) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में/

IN THE MATTER OF  
DETERMINATION OF AERONAUTICAL TARIFF FOR  
SHIRDI INTERNATIONAL AIRPORT, SHIRDI (SAG)  
FOR THE FIRST CONTROL PERIOD  
(1<sup>ST</sup> APRIL, 2022 TO 31<sup>ST</sup> MARCH, 2027)

जारी करने की तारीख : 18 जून, 2024

Date of Issue: 18<sup>th</sup> June, 2024

तृतीय तल, उड़ान भवन/ 3rd Floor, Udaan Bhawan  
सफदरजंग एयरपोर्ट/ Safdarjung Airport  
नई दिल्ली/New Delhi – 110003

### Stakeholders' Comments

Shirdi International Airport was notified as a Major Airport in accordance with the provisions of the AERA Act 2008, read with AERA (Amendment) Act 2019 & AERA (Amendment) Act 2021, by Ministry of Civil Aviation (MoCA) on 01<sup>st</sup> November 2021 through notification in Gazette No. S.O. 4596 (E). The annual passenger throughput / designated capacity of Shirdi International Airport in FY 2021-22 was less than 3.5 MPPA.

Shirdi International Airport has been developed and commissioned by Maharashtra Airport Development Company Limited (MADC) on 1<sup>st</sup> October 2017. Shirdi International Airport was the first greenfield airport to be made operational by MADC.

As the Shirdi Airport was notified as a Major Airport on 1<sup>st</sup> November 2021, in order to consider a full 5-year Regulatory Period, the Authority proposes to consider 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2027 as the First Control Period for the Airport. The Authority has also considered financial results for the period from the date of notification of the airport as a Major Airport (i.e. 1<sup>st</sup> November 2021) up to 31<sup>st</sup> March 2022 in the determination of the ARR for the First Control Period.

MADC had submitted MYTP for aeronautical tariff determination in the following manner:

- Determination of Tariff from 1<sup>st</sup> October 2017 to 31<sup>st</sup> March 2022.
- Multi Year Tariff Proposal (MYTP) for First Control Period (FCP) starting from FY 2022-23 to FY 2026-27.

For this Consultation Paper, the Authority has considered the audited figures submitted by MADC for FY 2022-23. Accordingly, the Authority's proposals on various aspects of the Tariff determination process have been explained in detail in this Consultation Paper. Further, the audited figures for FY 2023-24 have not been made available by the Airport Operator. The Airport Operator is advised to submit the audited figures for FY 2023-24 during the stakeholders' consultation process.

The Authority, after considering all information currently available and analyzing various scenarios and the views of the Airport Operator (MADC) has reviewed the necessary adjustments in various building blocks. However, these adjustments would be finalized only after consideration of the comments from the stakeholders.

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 a suitable Order determining the tariff for aeronautical services. The Authority would like to emphasize that the consultation process timelines are sacred 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, 2008, the written comments on Consultation Paper No. 02/2024-25 dated 18.06.2024 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)

Airports Economic Regulatory Authority of India (AERA),

3<sup>rd</sup> Floor, Udaan Bhawan,

Safdarjung Airport, New Delhi – 110003, India

Email: [director-ps@aera.gov.in](mailto:director-ps@aera.gov.in), [satish.kr@aera.gov.in](mailto:satish.kr@aera.gov.in), [trilok@aera.gov.in](mailto:trilok@aera.gov.in)

copy to [secretary@aera.gov.in](mailto:secretary@aera.gov.in)

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| Stakeholders' Consultation Meeting           | 02.07.2024 |
| Last Date for submission of comments         | 18.07.2024 |
| Last Date for submission of counter comments | 27.07.2024 |

Comments and Counter Comments will be posted on AERA website [www.aera.gov.in](http://www.aera.gov.in)

For any clarification / information, Director (P&S, Tariff) may be contacted at [director-ps@aera.gov.in](mailto:director-ps@aera.gov.in).

## Table of Contents

|  |           |
|--|-----------|
| <b>List of Tables .....</b>  | <b>7</b>  |
| <b>List of Abbreviations .....</b>   | <b>12</b> |
| <b>1 BACKGROUND.....</b>   | <b>14</b> |
| 1.1 Introduction.....  | 14        |
| 1.2 Profile of Shirdi International Airport.....   | 14        |
| 1.3 Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft (CGF Services) .....  | 15        |
| <b>2 TARIFF DETERMINATION OF SHIRDI INTERNATIONAL AIRPORT .....</b>  | <b>16</b> |
| 2.1 Tariff setting principles .....  | 16        |
| 2.2 Authority's Orders applied in Tariff Proposals in this Consultation Paper .....  | 17        |
| 2.3 Control Period.....  | 18        |
| 2.4 Past tariff determination history.....   | 18        |
| 2.5 MYTP submission by MADC.....   | 18        |
| 2.6 Revenues from Air Navigation Services (ANS) .....  | 20        |
| 2.7 Construction of this Consultation Paper .....  | 20        |
| 2.8 Authority's proposal regarding Control Period.....   | 21        |
| <b>3 DETERMINATION OF TARIFF FOR THE PERIOD FROM 1<sup>ST</sup> NOVEMBER 2021 TO 31<sup>ST</sup> MARCH 2022 .....</b>                          | <b>22</b> |
| 3.1 Background.....  | 22        |
| 3.2 MADC's submission on shortfall for the period from FY 2017-18 to FY 2021-22.....   | 22        |
| 3.3 Authority's examination of period (prior to FCP) for which over/ under recovery is determined.....   | 23        |
| 3.4 Traffic .....  | 24        |
| 3.5 Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB).....   | 25        |
| 3.6 Return on Land.....  | 30        |
| 3.7 Fair Rate of Return (FRoR) .....   | 32        |
| 3.8 Operating and Maintenance (O & M) Expenses .....   | 33        |
| 3.9 Non-Aeronautical Revenue (NAR) .....   | 41        |
| 3.10 Aeronautical Revenue.....   | 43        |
| 3.11 Taxation .....  | 45        |
| 3.12 Aggregate Revenue Requirement (ARR) for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 .....                | 49        |
| 3.13 Authority's proposal regarding Aeronautical Tariff for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ..... | 50        |
| <b>4 TRAFFIC FOR THE FIRST CONTROL PERIOD.....</b>   | <b>51</b> |
| 4.1 MADC's submission regarding Traffic for the First Control Period .....   | 51        |
| 4.2 Authority's examination regarding Traffic for the First Control Period .....   | 51        |
| 4.3 Authority's proposal regarding Traffic for the First Control Period .....  | 58        |
| <b>5 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD .....</b>                          | <b>59</b> |
| 5.1 Background.....  | 59        |
| 5.2 MADC's submission regarding Capital Expenditure (CAPEX) for the First Control Period .....   | 60        |
| 5.3 Authority's examination regarding Revised Capital Expenditure (CAPEX) for the First Control Period .....                                   | 64        |

|           |   |            |
|-----------|---|------------|
| 5.4       | MADC's submission regarding Depreciation and Regulatory Asset Base (RAB) for the First Control Period.....                                  | 79         |
| 5.5       | Authority's examination regarding Depreciation and Regulatory Asset Base (RAB) for the First Control Period.....                            | 80         |
| 5.6       | Authority's proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period ..... | 81         |
| <b>6</b>  | <b>RETURN ON LAND FOR THE FIRST CONTROL PERIOD.....</b>   | <b>82</b>  |
| 6.1       | MADC's submission regarding Return on Land for the First Control Period .....   | 82         |
| 6.2       | Authority's examination regarding Return on Land for the First Control Period.....  | 82         |
| 6.3       | Authority's proposal regarding Return on Land for the First Control Period.....   | 84         |
| <b>7</b>  | <b>FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD .....</b>  | <b>85</b>  |
| 7.1       | MADC's submission regarding Fair Rate of Return (FRoR) for the First Control Period.....  | 85         |
| 7.2       | Authority's examination regarding Fair Rate of Return (FRoR) for the First Control Period.....  | 85         |
| 7.3       | Authority's proposal regarding Fair Rate of Return (FRoR) for the First Control Period.....   | 86         |
| <b>8</b>  | <b>INFLATION FOR THE FIRST CONTROL PERIOD .....</b>   | <b>87</b>  |
| 8.1       | MADC's submission regarding Inflation for the First Control Period .....  | 87         |
| 8.2       | Authority's examination regarding Inflation for the First Control Period.....   | 87         |
| 8.3       | Authority's proposal regarding Inflation for the First Control Period.....  | 87         |
| <b>9</b>  | <b>OPERATING &amp; MAINTENANCE (O&amp;M) EXPENSES FOR THE FIRST CONTROL PERIOD .....</b>  | <b>88</b>  |
| 9.1       | MADC submission regarding Operating & Maintenance (O&M) expenses for the First Control Period..   | 88         |
| 9.2       | Authority's examination regarding Operating & Maintenance (O&M) expenses for the First Control Period.....                                  | 89         |
| 9.3       | Authority's proposal regarding Operating and Maintenance Expenses for the First Control Period .....  | 103        |
| <b>10</b> | <b>NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD .....</b>  | <b>104</b> |
| 10.1      | MADC's submission regarding Non-Aeronautical Revenue for the First Control Period .....   | 104        |
| 10.2      | Authority's examination regarding Non-Aeronautical Revenue for the First Control Period .....   | 105        |
| 10.3      | Authority's proposal regarding Non-Aeronautical Revenue for the First Control Period.....   | 112        |
| <b>11</b> | <b>TAXATION FOR THE FIRST CONTROL PERIOD .....</b>  | <b>113</b> |
| 11.1      | MADC's submission regarding Taxation for the First Control Period .....   | 113        |
| 11.2      | Authority's examination regarding Taxation for the First Control Period .....   | 113        |
| 11.3      | Authority's proposal regarding Taxation for the First Control Period .....  | 114        |
| <b>12</b> | <b>QUALITY OF SERVICE FOR THE FIRST CONTROL PERIOD.....</b>   | <b>115</b> |
| 12.1      | MADC's submission regarding Quality of Service for the First Control Period .....   | 115        |
| 12.2      | Authority's examination regarding Quality of Service for the First Control Period .....   | 115        |
| 12.3      | Authority's proposal regarding Quality of Service for the First Control Period.....   | 115        |
| <b>13</b> | <b>AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD .....</b>   | <b>116</b> |
| 13.1      | MADC's submission regarding Aggregate Revenue Requirement (ARR) for the First Control Period..  | 116        |
| 13.2      | Authority's examination regarding Aggregate Revenue Requirement (ARR) for the First Control Period.....                                     | 116        |

|           |   |            |
|-----------|---|------------|
| 13.3      | Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the First Control Period...                        | 119        |
| <b>14</b> | <b>SUMMARY OF AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS' CONSULTATION.....</b>                                     | <b>120</b> |
|           | Chapter 2: Tariff Determination of Shirdi Airport.....  | 120        |
|           | Chapter 3: Determination of Tariff for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ..... | 120        |
|           | Chapter 4: Traffic for the First Control Period .....   | 120        |
|           | Chapter 5: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period.....    | 120        |
|           | Chapter 6: Return on Land for the First Control Period.....   | 121        |
|           | Chapter 7: Fair Rate of Return (FRoR) for the First Control Period.....   | 121        |
|           | Chapter 8: Inflation for the First Control Period.....  | 121        |
|           | Chapter 9: Operating & Maintenance (O&M) Expenses for the First Control Period .....                                      | 121        |
|           | Chapter 10: Non-Aeronautical Revenue (NAR) for the First Control Period .....   | 121        |
|           | Chapter 11: Taxation for the First Control Period .....   | 121        |
|           | Chapter 12: Quality of Service for the First Control Period.....  | 121        |
|           | Chapter 13: Aggregate Revenue Requirement (ARR) for the First Control Period.....   | 121        |
| <b>15</b> | <b>STAKEHOLDERS' CONSULTATION TIMELINE.....</b>   | <b>122</b> |
| <b>16</b> | <b>ANNEXURE .....</b>   | <b>123</b> |

### List of Tables

|   |    |
|---|----|
| Table 1: Technical and Terminal Building details of Shirdi International Airport submitted by MADC .....  | 14 |
| Table 2: Sequence of events with regard to submission of MYTP by MADC .....   | 19 |
| Table 3: MADC's submission of shortfall for the period from FY18 to FY22.....   | 22 |
| Table 4: Basis of apportionment of various building blocks between the period from 1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021 and the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ..... | 24 |
| Table 5: MADC's submission on Passenger Traffic and ATM for the period from FY18 to FY22 .....  | 24 |
| Table 6: Difference in actual traffic between MADC's Submission and AAI website for the period from FY18 to FY22 .....  | 25 |
| Table 7: Domestic Passenger Traffic and Domestic ATM proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 .....   | 25 |
| Table 8: MADC's submission of Average RAB for the period from FY18 to FY22.....   | 25 |
| Table 9: Breakup of Capital Expenditure for the period from FY17 to FY22 as per MADC's submission .....   | 26 |
| Table 10: Asset category wise breakup of depreciation for the period from FY17 to FY22 as per MADC's submission.....  | 26 |
| Table 11: Comparison of classification of assets as on 31 <sup>st</sup> March 2022 as per MADC and the Authority .....  | 27 |
| Table 12: Ratio for segregating common assets into aeronautical and non-aeronautical considered by the Authority .....  | 28 |
| Table 13: Aeronautical CAPEX proposed by the Authority for the period from FY18 to FY22.....  | 28 |
| Table 14: Statement of Utilization of Grant received from Shri Saibaba Sansthan Trust as submitted by MADC .....  | 28 |
| Table 15: Aeronautical depreciation recalculated by the Authority .....   | 29 |
| Table 16: Regulatory Asset Base as proposed by the Authority for the period FY18 to FY22 .....  | 30 |
| Table 17: MADC's submission on Return on Land for the period FY18 to FY22 .....   | 30 |
| Table 18: MADC's submission on the basis of computation of Return on Land for FY18 to FY22 .....  | 30 |
| Table 19: Details of land area in use as of November, 2021.....   | 31 |
| Table 20: Return on land proposed by the Authority for the period 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022.....   | 32 |
| Table 21: FRoR submitted by MADC for the period FY18 to FY22.....   | 32 |
| Table 22: Operating and Maintenance (O&M) expenses submitted by MADC for the period FY18 to FY22 .....  | 33 |
| Table 23: Gross Block Ratio proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022..  | 35 |
| Table 24: Allocation Ratios proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ...  | 35 |
| Table 25: Break up and nature of Administration and General (A&G) Expenses for FY 22 as submitted by MADC..   | 36 |
| Table 26: Aeronautical Administration and General (A&G) Expenses for FY22 as per MADC submission and as proposed by the Authority.....  | 36 |
| Table 27: Break up and nature of Airport Operating Expenses for FY22 as submitted by MADC .....   | 37 |
| Table 28: Airport Operating Expenses for FY22 as per MADC and as proposed by the Authority .....  | 38 |
| Table 29: Aeronautical Employee Expenses for FY22 as per MADC submission and as proposed by the Authority ..  | 39 |
| Table 30: Repair and Maintenance Expenses for FY 22 as proposed by the Authority .....  | 40 |
| Table 31: Adjustments to Total O&M expenses proposed by the Authority for FY22.....   | 41 |
| Table 32: Aeronautical Operating & Maintenance (O&M) expenses proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022.....   | 41 |
| Table 33: MADC's submission on Non-Aeronautical Revenue for the period from FY18 to FY22.....   | 41 |
| Table 34: Non-Aeronautical Revenues proposed by the Authority for FY22.....   | 42 |
| Table 35: Reconciliation of Non-Aeronautical Revenue for FY22 between MADC submission and the Authority's proposal.....   | 43 |

|   |    |
|---|----|
| Table 36: Non-Aeronautical Revenue proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 .....   | 43 |
| Table 37: Aeronautical Revenue submitted by MADC for the period FY18 to FY22 .....  | 43 |
| Table 38: Reconciliation of Aeronautical Revenue for FY22 between MADC submission and the Authority's proposal.....   | 44 |
| Table 39: Basis of split for Aeronautical Revenue for FY22 between the periods 1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021 and 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ..... | 44 |
| Table 40: Aeronautical Revenue proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 .....   | 44 |
| Table 41: MADC's submission on Taxation for the period from FY18 to FY22 .....  | 45 |
| Table 42: Breakup of Aeronautical O&M Expenses .....  | 47 |
| Table 43: Useful life considered by MADC for existing assets for computing IT Depreciation .....  | 47 |
| Table 44: Depreciation rates used by the Authority for re-computation for Income Tax depreciation.....  | 47 |
| Table 45: Income tax depreciation recomputed by the Authority .....   | 48 |
| Table 46: Aeronautical losses carried forward proposed by the Authority as on 31 <sup>st</sup> October 2021.....  | 48 |
| Table 47: Aeronautical Tax proposed by the Authority for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 ...   | 49 |
| Table 48: ARR and Shortfall proposed by the Authority for FY 21-22 (for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022) .....   | 50 |
| Table 49: MADC's submission of Passenger Traffic, ATM, Belly Cargo and Air Cargo and corresponding growth rates.....  | 51 |
| Table 50: Past trend in growth of Traffic at Shirdi International Airport (based on AAI Data) .....   | 51 |
| Table 51: Difference in actual traffic between MADC's Submission and AAI website for the period for FY23 .....  | 52 |
| Table 52: Passenger Traffic for the period FY 2019-20 and FY 2023-24 .....  | 52 |
| Table 53: Passenger Traffic proposed by the Authority for First Control Period .....  | 53 |
| Table 54: ATM for the period FY 2019-20 and FY 2023-24 .....  | 53 |
| Table 55: ATM proposed by the Authority for First Control Period.....   | 54 |
| Table 56: Historical Scheduled and Non-Scheduled ATMs .....   | 54 |
| Table 57: Apportionment of ATMs proposed by the Authority on the basis of Historical trend.....   | 55 |
| Table 58: Scheduled ATRs exempted for the purposes of computation of Landing Charges .....  | 55 |
| Table 59: ATMs considered for computation of Landing Charges .....  | 55 |
| Table 60: Belly Cargo Volume proposed by the Authority for First Control Period .....   | 56 |
| Table 61: Air Cargo Volume proposed by the Authority for the First Control Period .....   | 57 |
| Table 62: Traffic proposed by the Authority for the First Control Period for Shirdi International Airport.....  | 57 |
| Table 63: MADC's submission on Capital Expenditure (CAPEX) for the First Control Period for Shirdi International Airport .....  | 60 |
| Table 64: Asset Category wise breakup of the CAPEX submitted by MADC for the First Control Period.....  | 61 |
| Table 65: Justification for CAPEX Projects for the First Control Period as submitted by MADC.....   | 61 |
| Table 66: Status of WIP CAPEX for the First Control Period as submitted by MADC .....   | 62 |
| Table 67: MADC's proposal of Aeronautical additions to RAB for the First Control Period for Shirdi International Airport.....   | 63 |
| Table 68: Comparison of the revised capex costs vis-à-vis the original capex costs as submitted by MADC for Shirdi International Airport for the First Control Period.....  | 63 |
| Table 69: Comparison of classification of assets considered in FY23 as per the Authority .....  | 65 |
| Table 70: Cost components of the project "Development / Redevelopment of Cityside infrastructure and ancillary buildings at Airside and Cityside" as estimated by MADC .....                                      | 65 |



|  |    |
|--|----|
| Table 71: Cost proposed to be considered by the Authority for the project “Development / Redevelopment of Cityside infrastructure and ancillary buildings at Airside and Cityside” in the First Control Period ..... | 66 |
| Table 72: Cost components of the project “Construction of Apron” as estimated by MADDC .....   | 67 |
| Table 73: Inflation adjusted normative rate considered by the Authority for Apron/Runway/Taxiway .....   | 67 |
| Table 74: Cost proposed to be considered by the Authority for the project “Construction of Apron” in the First Control Period and its comparison with normative cost .....   | 68 |
| Table 75: Cost proposed to be considered by the Authority for the project “Extension of existing runway and RESA” in the First Control Period .....  | 69 |
| Table 76: Cost components of the project “Construction of Isolation Bay and associated work on airside” as estimated by MADDC .....  | 70 |
| Table 77: Cost proposed to be considered by the Authority for the project “Construction of Isolation Bay and associated work on airside” in the First Control Period.....  | 70 |
| Table 78: Cost proposed to be considered by the Authority for the project “Construction of Seating Lounges – city side” in the First Control Period .....  | 71 |
| Table 79: Cost proposed to be considered by the Authority for the project “Construction of Seating Lounges – air side” in the First Control Period .....   | 71 |
| Table 80: Comparison of WIP CAPEX submitted by MADDC and the Authority proposal for First Control Period .....   | 72 |
| Table 81: Cost proposed to be considered by the Authority for the project “Construction of Water Pond” in the First Control Period .....   | 73 |
| Table 82: Cost proposed to be considered by the Authority for the project “Air cargo facility and hangars” in the First Control Period .....   | 74 |
| Table 83: Cost per Sq.m. for the proposed NITB as submitted by MADDC in its revised submission.....  | 75 |
| Table 84: Details of Inflation adjusted normative cost derived by the Authority .....  | 76 |
| Table 85: Cost proposed to be considered by the Authority for the project “New integrated Terminal Building” in the First Control Period.....  | 76 |
| Table 86: Comparison of Planned Capital Expenditure submitted by MADDC and proposed by the Authority for the First Control Period .....  | 77 |
| Table 87: Comparison of Total Capital Expenditure submitted by MADDC and proposals made by the Authority .....   | 77 |
| Table 88: Aeronautical additions to RAB proposed by the Authority for the First Control Period for Shirdi International Airport .....  | 78 |
| Table 89: Additions to CAPEX and RAB proposed by the Authority for the First Control Period.....   | 79 |
| Table 90: Head wise breakup of depreciation for the First Control Period as per MADDC submission .....   | 79 |
| Table 91: MADDC’s submission of Average RAB for the First Control Period.....  | 79 |
| Table 92: Useful life considered by MADDC for proposed addition from FY24 to FY27 .....  | 80 |
| Table 93: Depreciation as proposed by the Authority for the First Control Period for Shirdi International Airport .....  | 80 |
| Table 94: RAB proposed by the Authority for the First Control Period for Shirdi International Airport .....  | 81 |
| Table 95: MADDC’s submission on Return on Land for Shirdi International Airport for the First Control Period .....   | 82 |
| Table 96: Usage of Land at Shirdi International Airport during the First Control Period .....  | 82 |
| Table 97: Return on land proposed by the Authority for the First Control Period.....   | 84 |
| Table 98: Fair Rate of Return submitted by MADDC for the First Control Period.....   | 85 |
| Table 99: Inflation rates submitted by MADDC for the First control period .....  | 87 |
| Table 100: Inflation rates proposed by the Authority for the First control period .....  | 87 |
| Table 101: Details of increase in terminal building area as projected by MADDC.....  | 88 |
| Table 102: O&M Expenses submitted by MADDC for the First Control Period .....  | 88 |
| Table 103: Growth rates assumed by MADDC for Aeronautical O&M Expenses for the First Control Period .....  | 89 |

|   |     |
|---|-----|
| Table 104: Revised Gross Block Ratio proposed by the Authority for the First Control Period .....   | 91  |
| Table 105: Allocation Ratios proposed by the Authority for the First Control Period.....  | 91  |
| Table 106: Break up Administration & General (A&G) Expenses as submitted by MADC.....   | 91  |
| Table 107: Administration and general expenses proposed by the Authority for the First Control Period .....   | 92  |
| Table 108: Breakup of Airport operating expenses submitted by MADC for the First Control Period .....   | 93  |
| Table 109: Re-classification of expenses from Airport Operating expenses to other heads as per the Authority .....  | 93  |
| Table 110: Airport operating expenses claimed by MADC and proposed by the Authority for the First Control<br>Period .....   | 94  |
| Table 111: License Fees claimed by MADC and proposed by the Authority for the First Control Period .....  | 95  |
| Table 112: Employee Cost submitted by MADC for the First Control Period .....   | 95  |
| Table 113: Employee costs proposed by the Authority for the First Control Period.....   | 96  |
| Table 114: Power expenses claimed by MADC and proposed by the Authority for the First Control Period .....  | 97  |
| Table 115: Water expenses claimed by MADC for the first Control Period .....  | 97  |
| Table 116: Revised Water expenses submitted by MADC on 5-Jan-2024.....  | 98  |
| Table 117: Water expenses claimed by MADC and proposed by the authority for the First Control Period .....  | 98  |
| Table 118: Water Withdrawal charges claimed by MADC for the First Control Period.....   | 98  |
| Table 119: Revised Water Withdrawal Expenses projected by MADC .....  | 99  |
| Table 120: Water withdrawal expenses projected by MADC and proposed by the authority for the First Control<br>Period .....  | 99  |
| Table 121: Repair and maintenance expense claimed by MADC for First Control Period .....  | 100 |
| Table 122: Repair and maintenance expense claimed by MADC as a percentage of opening RAB as proposed by the<br>Authority .....  | 100 |
| Table 123: Repair and maintenance expenses claimed by MADC and proposed by the authority for the First Control<br>Period .....  | 100 |
| Table 124: Return on unamortized portion of Runway recarpeting expenses proposed by the Authority for Shirdi<br>International Airport for the First Control Period..... | 101 |
| Table 125: Total Runway recarpeting Expenses for the First Control Period as proposed by the Authority for Shirdi<br>International Airport .....                        | 102 |
| Table 126: Aeronautical Operating and Maintenance expenses proposed by the Authority for the First Control<br>Period .....  | 102 |
| Table 127: Streams of Non-Aeronautical Revenue projected by MADC for the First Control Period .....   | 104 |
| Table 128: MADC's Submission on Non-Aeronautical Revenue for Shirdi International Airport for the First Control<br>Period .....   | 104 |
| Table 129: Y-o-Y Growth Rate assumed by MADC for Non-Aeronautical Revenue for the First Control Period.....   | 105 |
| Table 130: Comparison of License fee for FY23 as provided by MADC and as proposed by the Authority .....  | 106 |
| Table 131: License fee from Non-Aeronautical Concessionaires from the existing terminal proposed by the<br>Authority for the First Control Period .....                 | 106 |
| Table 132: License fee from non-aeronautical concessionaires proposed by the Authority for FY27.....  | 107 |
| Table 133: License fee from Non-Aeronautical Concessionaires from the new terminal proposed by the Authority<br>for the First Control Period .....                      | 107 |
| Table 134: License fee from Car Parking from the existing terminal proposed by the Authority for the First Control<br>Period .....                                      | 107 |
| Table 135: Revenue from Advertising in the existing terminal proposed by the Authority for the First Control Period.....  | 108 |
| Table 136: Advertising revenue in new terminal building proposed by the Authority for FY27 .....  | 109 |
| Table 137: Revenue from advertising in the new terminal proposed by the Authority for the First Control Period ...  | 109 |

|   |     |
|---|-----|
| Table 138: Taxi Rentals from the existing terminal proposed by the Authority for the First Control Period .....                   | 109 |
| Table 139: Miscellaneous from the existing terminal proposed by the Authority for the First Control Period.....                   | 110 |
| Table 140: Non-Aeronautical Revenue for Shirdi International Airport proposed by the Authority for the First Control Period ..... | 111 |
| Table 141: Taxation submitted by MADC for Shirdi International Airport for the First Control Period.....                          | 113 |
| Table 142: MADC's submission regarding ARR and UDF for the First Control Period .....   | 116 |
| Table 143: ARR proposed by the Authority for the First Control Period.....  | 118 |

## List of Abbreviations

| Abbreviation         | Expansion  |
|----------------------|--|
| A&G                  | Administration & General   |
| AAI                  | Airports Authority of India  |
| AERA / the Authority | Airports Economic Regulatory Authority of India                    |
| AFS                  | Air Freight Station  |
| ANS                  | Air Navigation Services  |
| ARR                  | Aggregate Revenue Requirement                                      |
| ASQ                  | Airport Service Quality  |
| ATC                  | Air Traffic Control  |
| ATM                  | Air Traffic Movement   |
| ATR                  | Avions de Transport Regional                                       |
| AUCC                 | Airport Users Consultative Committee                               |
| BOQ                  | Bill of Quantity   |
| CAPEX                | Capital Expenditure  |
| CAPM                 | Capital Asset Pricing Model  |
| CGF                  | Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft |
| CISF                 | Central Industrial Security Force                                  |
| CNS                  | Communication, Navigation and Surveillance                         |
| COD                  | Cost of Debt   |
| COE                  | Cost of Equity   |
| COVID-19             | Corona Virus Disease of 2019                                       |
| CP                   | Consultation Paper   |
| CTC                  | Cost to Company  |
| CUSS                 | Common User Self Service   |
| CUTE                 | Common User Terminal Equipment                                     |
| DG Set               | Diesel Generator Set   |
| DGCA                 | Directorate General of Civil Aviation                              |
| DVOR                 | Doppler Very High Frequency Omni Range                             |
| EBIT                 | Earnings Before Interest and Taxes                                 |
| EBITDA               | Earnings Before Interest, Taxes, Depreciation and Amortisation     |
| EHCR                 | Employee Head Count Ratio  |
| ESR                  | Elevated Surface Reservoir   |
| FAR                  | Fixed Asset Register   |
| FCP                  | First Control Period   |
| FIDS                 | Flight Information Display System                                  |
| FRoR                 | Fair Rate of Return  |
| GBR                  | Gross Block Ratio  |
| GHA                  | Ground Handling Agency   |
| GST                  | Goods & Service Tax  |
| HDPE                 | High Density Polyethylene  |
| HPCL                 | Hindustan Petroleum Corporation Limited                            |
| ICAO                 | International Civil Aviation Organization                          |
| IMD                  | Indian Meteorological Department                                   |
| IOCL                 | Indian Oil Corporation Limited                                     |
| ISP                  | Independent Service Provider                                       |
| IT                   | Information Technology   |
| MADC                 | Maharashtra Airport Development Company Limited                    |

| Abbreviation                | Expansion                                       |
|-----------------------------|---|
| MAT                         | Minimum Alternate Tax                           |
| MIHAN                       | Multi-Modal International Hub Airport at Nagpur |
| MoCA                        | Ministry of Civil Aviation                      |
| MoU                         | Memorandum of Understanding                     |
| MYTP                        | Multi-Year Tariff Proposal                      |
| NAR                         | Non-Aeronautical Revenue                        |
| NCAP                        | National Civil Aviation Policy                  |
| NID                         | Nashik Irrigation Department                    |
| NITB                        | New Integrated Terminal Building                |
| O&M                         | Operating and Maintenance expenses              |
| OPEX                        | Operating Expenditure                           |
| PAPI                        | Precision Approach Pathway Indicator            |
| PBT                         | Profit Before Tax                               |
| PCN                         | Pavement Classification Number                  |
| PHP                         | Peak Hour Passenger                             |
| PSF                         | Passenger Service Fee                           |
| PV                          | Present Value                                   |
| R&M                         | Repair and Maintenance                          |
| RAB                         | Regulatory Asset Base                           |
| RBI                         | Reserve Bank of India                           |
| RCC                         | Reinforced Cement Concrete                      |
| RESA                        | Runway End Safety Area                          |
| RFP                         | Request for Proposal                            |
| SBI                         | State Bank of India                             |
| TBLR                        | Terminal Building Ratio                         |
| TNLC                        | Terminal Navigational Landing Charges           |
| UDF                         | User Development Fee                            |
| WDV                         | Written Down Value                              |
| WIP                         | Work in Progress                                |
| WPI                         | Wholesale Price Index                           |
| YPP                         | Yield Per Passenger                             |
| <b>Units of measurement</b> |   |
| FY                          | Financial Year                                  |
| MPPA                        | Million Passengers per Annum                    |
| MT                          | Metric Tonnes                                   |
| PAX                         | Passenger                                       |
| Sq.ft.                      | Square feet                                     |
| Sq.m.                       | Square meters                                   |
| Crs                         | Crores  |
| Ha.                         | Hectares  |
| Nos.                        | Numbers   |
| Y-o-Y                       | Year on year                                    |

# 1 BACKGROUND

## 1.1 Introduction

- 1.1.1 Shirdi International Airport is located at Kakadi village, about 14 km south-west of the town of Shirdi in Maharashtra.
- 1.1.2 The Government of Maharashtra (GoM) appointed Maharashtra Airport Development Company Limited (MADC) as the nodal agency for development of Shirdi International Airport. The operations in Shirdi International Airport commenced on 1<sup>st</sup> October 2017 leading to it becoming the first operational Greenfield airport under MADC.
- 1.1.3 MADC was constituted in the year 2002 by GoM as a special purpose vehicle to develop Multi-modal International Hub Airport at Nagpur (MIHAN) and Aviation Infrastructure in the State of Maharashtra and to provide regional air connectivity.
- 1.1.4 MADC had prepared and filed the Multi-Year Tariff proposal for the control period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2025 to MoCA in March 2021. MoCA, on 1<sup>st</sup> November 2021 through gazette no. S.O. 4596 (E) notified Shirdi International Airport as Major Airport. Consequently, the tariff determination activity is being undertaken by Airports Economic Regulatory Authority of India (AERA/ Authority).
- 1.1.5 MADC in its initial submission considered the first control period to be from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2026. However, the Authority, considering that the submission was received in February 2022 and that the tariff determination process is a time consuming and exhaustive exercise, directed MADC to re-submit the MYTP considering the First Control Period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2027.
- 1.1.6 MADC in its revised MYTP submission made in July 2023, has submitted the details of various building blocks for First control period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2027 together with shortfall computation for the period from 1<sup>st</sup> April 2017 till 31<sup>st</sup> March 2022 being carried forward to be recouped in First control period.

## 1.2 Profile of Shirdi International Airport

- 1.2.1 In FY 2017-18, i.e. the year of commencement of airport operations, Shirdi International Airport handled 37,234 passengers. The airport had quantum growth and reached 0.23 million passengers in FY 2018-19 registering a 515% growth as compared to FY 2017-18 with around 3,000 aircraft movements annually. Before the impact of COVID-19 pandemic, a growth of 130% as compared to FY 2018-19 was recorded by the airport with passenger traffic reaching 0.57 million in FY 2019-20. This makes Shirdi the 4<sup>th</sup> busiest airport in Maharashtra after Mumbai, Pune, and Nagpur.
- 1.2.2 Technical and Terminal Building details of Shirdi International Airport submitted by MADC are provided in the table below:

**Table 1: Technical and Terminal Building details of Shirdi International Airport submitted by MADC**

| Particulars                            | Details   |
|--|---|
| Airport Area                           | Existing airport is spread over 350.85 Ha. (866.97 acres) |
| Terminal Building Area                 | Terminal building covers an area of 2,750 Sq.m.           |
| Designated Passenger Handling Capacity | 0.68 MPPA   |

| Particulars       | Details  |
|-------------------|--|
| Check-in Counters | 08 Nos.  |
| Boarding Gates    | 02 Nos.  |
| Runway            | 2,500m x 45 m (Runway extended up to 3200 m x 45 m, however extended portion of runway will be put to use after recarpeting of runway)               |
| Taxiway & Apron   | 3 Taxiways (27891.41 Sq.m.)<br>Apron area - 23625 Sq.m. Able to accommodate 04 aircrafts   |
| Nav aids          | DVOR (Doppler Very High Frequency Omni-Directional Radio Range) and PAPI (Precision Approach Path Indicator) available as navigational/ landing aids |

### 1.3 Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft (CGF Services)

#### Cargo Handling Services

- 1.3.1 MADC exclusively handles belly cargo at Shirdi International Airport. There is no other Independent Service Provider (ISP) for handling Cargo services.

#### Ground Handling Services

- 1.3.2 MADC has the right to grant license to any entity for providing Ground Handling Services at Shirdi International Airport on such terms and conditions as mentioned in the License Agreement between MADC and the potential service provider.

The Authority notes that the ground handling operations are presently being performed by the airlines themselves for scheduled operations. MADC has engaged a Ground Handling Agent (GHA), M/s Krystal Services Pvt Ltd, for provision of Ground Handling services at Shirdi International Airport for non-scheduled operators with a revenue share of 25%.

#### Supply of Fuel to the Aircraft

- 1.3.3 In accordance with the terms and conditions outlined in the License Agreements signed between MADC and the service providers, MADC has designated Indian Oil Corporation Ltd. (IOCL) and Hindustan Petroleum Corporation Ltd. (HPCL) to establish Aviation Fuel Farm at Shirdi International Airport.
- 1.3.4 MADC has allotted a land parcel of 1600 Sq.m. to IOCL and 1200 Sq.m. to HPCL to construct and operate the Aviation Fuel Facilities at the Airport for a period of 20 years.
- 1.3.5 Two Oil Marketing Companies (OMCs) namely M/s IOCL and M/s HPCL have set up their Aviation Fuel Facilities at the Shirdi Airport and are supplying Aviation Turbine Fuel (ATF) to aircrafts. These OMCs are paying applicable Land Rentals to the Airport Operator.

## 2 TARIFF DETERMINATION OF SHIRDI INTERNATIONAL AIRPORT

### 2.1 Tariff setting principles

2.1.1 AERA was established by the Government of India vide notification No. GSR 317(E) dated 12<sup>th</sup> May 2009. The functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airport 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 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 aeronautical services;
  - (vi) Any Concession offered by the Central Government in any agreement or memorandum understanding or otherwise;
  - (vii) Any other factor which may be relevant for the purposes of the Act:

Provided 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).

- b) To determine the amount of development fees in respect of major airports;
- c) To determine the amount of passenger service fee levied under rule 88 of the Aircrafts Rules, 1937 made under 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 by it in this behalf;
- e) To call for such information as may be necessary to determine the tariff under clause 13(1)(a).
- f) To perform such other functions relating to tariffs, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act.

2.1.2 As per the AERA Act, 2008 the following are the Aeronautical services:

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

Tariff determination for ANS is carried out by the Ministry of Civil Aviation (MoCA) across all airports to maintain uniformity.

2.1.3 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.

2.1.4 As per the Guidelines, the Authority has adopted the Hybrid-Till mechanism for tariff determination for the First Control Period wherein, 30% of the non-aeronautical revenues is to be used for cross-subsidizing the aeronautical charges.

2.1.5 The ARR for a given Control Period, under Hybrid Till is calculated as



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

$$ARR = (FroR \times RAB_t) + D_t + O_t + T_t - \alpha \times NAR_t$$

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 Operating and Maintenance expenditure for the tariff year 't'

$T_t$  is the Aeronautical taxation expense for the tariff year 't'

$\alpha$  is the cross-subsidy factor for revenue from services other than Aeronautical services under the Hybrid Till methodology followed by the Authority,  $\alpha = 30\%$ .

$NAR_t$  is the Non-Aeronautical Revenue in tariff year 't'.

2.1.6 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. 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'

## 2.2 Authority's Orders applied in Tariff Proposals in this Consultation Paper

2.2.1 The Authority's Orders applied in the tariff proposals in this Consultation Paper (CP) are:

- i. Order No. 13/2010-11 dated 12<sup>th</sup> January 2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28<sup>th</sup> February 2011 (Terms and conditions for determination of tariff for Airport Operators);
- ii. Order No. 05/2010-11 dated 2<sup>nd</sup> August 2010 (Regulatory philosophy and approach in Economic Regulation of the services provided for Cargo facility, Ground Handling and Supply of Fuel to aircraft), Order No. 12/2010-11 dated 10<sup>th</sup> January 2011 and Direction No. 4 dated 10<sup>th</sup> January 2011 (Terms and conditions for determination of tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to aircraft).
- iii. Order No. 07/2016-17 dated 13<sup>th</sup> June 2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).
- iv. Order No. 14/2016-17 dated 23<sup>rd</sup> January 2017 in the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India.

- v. Order No. 35/2017-18 dated 12<sup>th</sup> January 2018 and Amendment No. 01 to Order No. 35/2017-18 dated 9<sup>th</sup> April 2018 in the matter of determination of useful life of Airport assets.
- vi. Order No. 42/2018-19 dated 5<sup>th</sup> March 2019 in the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India.

## 2.3 Control Period

- 2.3.1 The Authority notes that MADC has submitted the MYTP for the initial period starting from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022 together with 5-year period from FY 2022-23 to FY 2026-27 (First Control Period).
- 2.3.2 The Authority notes that the Airport started its commercial operation on 1<sup>st</sup> October 2017 and was declared as a Major Airport on 1<sup>st</sup> November 2021. Further, the Authority notes that the first financial year after being notified as major airport contains only 5 months of operations. To give effect of a full term of 5 years, the Authority proposes to consider the Control Period as effective from FY 2022-23 to FY 2026-27 together with determining shortfall / excess recovery of revenues for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

## 2.4 Past tariff determination history

- 2.4.1 The Authority, through Order No. 41/2022-23 dated 22<sup>nd</sup> March 2023 and addendum to the Order No 41/2022-23 dated 7<sup>th</sup> June 2023, allowed MADC to levy and collect tariff at Shirdi International Airport as per AIC No. 34/2020 dated 25<sup>th</sup> September 2020, on an interim basis w.e.f. 1<sup>st</sup> April 2023 to 30<sup>th</sup> September 2023.

The Authority, vide above referred addendum dated 7<sup>th</sup> June 2023 further allowed MADC to increase Landing Charges and User Development Fees (UDF) at Shirdi Airport w.e.f 16.06.2023 to 30.09.2023, or, till the determination of regular tariffs, whichever is earlier. In addition, the Authority through the same addendum dated 7<sup>th</sup> June 2023 also decided to allow MADC to levy and collect Parking & Night Parking Charges, Charges for Extension of Watch Hours and Cargo Screening Charges as requested by MADC.

- 2.4.2 Thereafter, the Authority issued Order No. 19/2023-24 dated 20<sup>th</sup> September 2023, allowing MADC to levy the existing tariff, applicable as on 30<sup>th</sup> September 2023, on an interim basis, for a further period of 6 (six) months w.e.f. 1<sup>st</sup> October 2023 to 31<sup>st</sup> March 2024.
- 2.4.3 Subsequently, the Authority, vide Order No.40/ 2023-24 dated 15<sup>th</sup> March 2024 has further allowed MADC to levy and collect the existing tariff, applicable as on 31<sup>st</sup> March 2024, on an interim basis, for a further period of 6(six) months w.e.f. 1<sup>st</sup> April 2024 to 30<sup>th</sup> September 2024, or, till the determination of regular tariff for the relevant Control Period, whichever is earlier.

## 2.5 MYTP submission by MADC

- 2.5.1 As per proviso to clause 3.1 of the Airport Guidelines, the Airport Operator(s) are required to submit to the Authority for its consideration, a Multi-Year Tariff Proposal (MYTP) for the respective Control Periods within the due date as specified by the Authority.
- 2.5.2 Post notification of Shirdi International Airport as a major airport, MADC had submitted the initial MYTP the period commencing from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2026 for Shirdi International Airport on 31<sup>st</sup> January 2022. As a response to the first set of queries raised by the Authority vide mail dated 7<sup>th</sup>

April 2022, MADC had submitted a revised MYTP on 11<sup>th</sup> August 2022 with First Control Period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2027. In response to the second set of queries raised by the Authority vide mail dated 20<sup>th</sup> September 2022, MADC has submitted a revised MYTP on 21<sup>st</sup> November 2022. In response to the third set of queries raised by the Authority vide mail dated 25<sup>th</sup> January 2023, MADC had submitted the revised MYTP on 3<sup>rd</sup> April 2023. Based on the discussions held with the Authority on 11<sup>th</sup> May 2023, MADC has submitted the final MYTP model on 7<sup>th</sup> July 2023. The MYTP is available on the AERA's website.

**Table 2: Sequence of events with regard to submission of MYTP by MADC**

| Date                            | Event  |
|---------------------------------|--|
| 1 <sup>st</sup> November 2021   | Notification of Shirdi International Airport as a major airport  |
| 31 <sup>st</sup> January 2022   | Submission of MYTP for FCP from FY22 to FY26   |
| 7 <sup>th</sup> April 2022      | First Set of queries raised by the Authority   |
| 11 <sup>th</sup> August 2022    | Submission of MYTP for FCP from FY23 to FY27   |
| 20 <sup>th</sup> September 2022 | Second Set of queries raised by the Authority  |
| 21 <sup>st</sup> November 2022  | Submission of revised MYTP for FCP from FY23 to FY27   |
| 25 <sup>th</sup> January 2023   | Third Set of queries raised by the Authority   |
| 3 <sup>rd</sup> April 2023      | Submission of revised MYTP for FCP from FY23 to FY27   |
| 11 <sup>th</sup> May 2023       | Discussion regarding previous submissions with the Authority by MADC   |
| 7 <sup>th</sup> July 2023       | Submission of final MYTP model for FCP from FY23 to FY27   |
| 6 <sup>th</sup> September 2023  | Initial data request list (Set 1) shared with MADC   |
| 11 <sup>th</sup> September 2023 | Discussion with MADC on Set 1 queries  |
| 14 <sup>th</sup> September 2023 | Data Requirement Set 2 sent to MADC  |
| 19 <sup>th</sup> September 2023 | Data Requirement Set 3 sent to MADC  |
| 18 <sup>th</sup> October 2023   | Follow-up on queries to MADC   |
| 18 <sup>th</sup> October 2023   | Partial data shared by MADC pertaining to Initial data requirement list  |
| 20 <sup>th</sup> October 2023   | Further queries and request for clarification shared regarding reply received  |
| 23 <sup>rd</sup> November 2023  | Partial data shared by MADC  |
| 14 <sup>th</sup> December 2023  | Discussion with MADC on queries raised and further queries raised (Set 4)  |
| 21 <sup>st</sup> December 2023  | Site visit by the Independent Consultant   |
| 28 <sup>th</sup> December 2023  | Mail received requesting for extension of time till 5 <sup>th</sup> January 2024 for submission of response to queries |
| 3 <sup>rd</sup> January 2024    | Partial response shared by MADC  |
| 8 <sup>th</sup> January 2024    | Partial response shared by MADC  |
| 16 <sup>th</sup> March 2024     | Further queries on capex raised  |
| 22 <sup>nd</sup> March 2024     | Revised Capex submission by MADC   |
| 26 <sup>th</sup> March 2024     | Meeting with MADC for queries on documents submitted – capex related   |
| 28 <sup>th</sup> March 2024     | Further responses on capex related queries raised on 26 <sup>th</sup> March 2024                                       |
| 8 <sup>th</sup> April 2024      | Actual Traffic data for FY 2023-24 received from MADC  |

- 2.5.3 The Authority notes that there were considerable delays in getting the required details / documents and clarifications from MADC, which has delayed the issuance of this Consultation Paper. The Authority advises MADC to ensure that in future there is no delay in submission of requisite information/ data to AERA. The Authority also notes that MADC has also submitted updated estimates on Capital Expenditure and certain other building blocks, during the course of review by the Authority. These have been considered by the Authority appropriately in Authority's analysis as detailed in the relevant chapters.
- 2.5.4 The Authority has appointed an Independent Consultant, M/s PKF Sridhar & Santhanam LLP, to assess the MYTP submitted by MADC for Shirdi International Airport. Accordingly, M/s PKF Sridhar & Santhanam LLP has assisted the Authority in examining the submission of MADC by verifying the data

from various supporting documents submitted by MADC such as audited financial statements, Fixed Asset Register (FAR), documentary evidence of the process of approval of Capital expenditure (CAPEX), Operation and Maintenance (O&M) expenses, examining the building blocks in tariff determination and ensuring that the treatment given to it is consistent with the Authority's methodology, approach, etc.

- 2.5.5 The Authority, through its Independent Consultant, has examined the MYTP submitted by MADC, verified the data and the projections for the First Control Period including CAPEX and obtained clarifications on the information provided by MADC from time to time, for finalizing this Consultation Paper. The Authority, through its independent consultant, has reviewed the audited financial statements for the period ended 31<sup>st</sup> March 2023 and considered the same appropriately in the computation of Aggregate Revenue Requirement in Chapter 13. The Authority notes that the actual / audited financial statements for FY 2023-24 is not available as yet. The Authority directs MADC to submit the Financials of FY 2023-24 during the Consultation stage which will be reviewed and considered appropriately by the Authority, at the time of finalization of the Tariff order.
- 2.5.6 The Independent Consultant has visited the Shirdi International Airport on 21<sup>st</sup> December 2023 for the site visit and sought clarifications on the information provided by MADC from time to time, by correlating the facts with the physical status of the Airport.
- 2.5.7 The Authority visited Shirdi International Airport on 16<sup>th</sup> February 2024 to carry out a review and assess the status of ongoing projects and review of CAPEX planned to be executed in the First Control Period.
- 2.5.8 All the figures presented in this Consultation Paper have been rounded off up to two decimals.

## **2.6 Revenues from Air Navigation Services (ANS)**

- 2.6.1 AAI provides Air Navigation Services (ANS) at Shirdi International Airport. This Consultation Paper discusses the determination of Tariffs for Aeronautical Services at the airport, excluding ANS provided by AAI, as the tariff for ANS is presently being determined by the Ministry of Civil Aviation (MoCA) for all the airports, at the central level, to ensure uniformity in ANS charges across all the airports in the Country.
- 2.6.2 As present policy of AAI relating to provision of CNS/ATM Facilities & Services, at the non-AAI airports on the Cost Recovery Basis is under review, in consultation with AAI. At this stage, this Consultation Paper has not considered the CNS/ATM Costs payable by the MADC to AAI. However, AERA will review the present treatment of CNS/ATM Charges (payable by Airport Operator to AAI), once final view in the matter is taken.

## **2.7 Construct of this Consultation Paper**

- 2.7.1 This Consultation Paper has been developed in the order of the events and as explained above. Chapter-wise details have been summarized as follows:
  - i. A background on Shirdi International Airport is explained in Chapter 1.
  - ii. Tariff determination of Shirdi International Airport has been detailed in this Chapter i.e. Chapter 2.
  - iii. Chapter 3 presents the submission of MADC on the period prior to the First Control Period and the Authority's proposals on the tariff for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

- iv. Chapter 4 presents the submissions of MADC regarding Traffic Projections for the First Control Period and the Authority's proposals on the same.
- v. Chapter 5 includes the submissions of MADC regarding Capital Expenditure (CAPEX), Depreciation and RAB for the First Control Period along with the Authority's detailed examination, adjustments, rationalization and proposals on the Aeronautical capital expenditure, depreciation and RAB for the First Control Period.
- vi. Chapter 6-12 includes the submissions of MADC regarding various building blocks pertaining to the First Control Period including Return on Land, Fair Rate of Return, Inflation, Operating and Maintenance Expenses, Non-aeronautical Revenue, Taxation and Quality of Service along with the Authority's examination and proposals on each matter.
- vii. Chapter 13 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals for the First Control Period.
- viii. Chapter 14 summarizes the Authority's proposals put forward for consultation.
- ix. In Chapter 15, the Authority invites views of all the stakeholders regarding proposals put forward for tariff determination for the First Control Period in the Consultation Paper.
- x. Chapter 16, contains Annexures
  - Annexure 1: Gross Value of Capital Additions as of 31<sup>st</sup> March 2022 by the Authority
    - Annexure 1A: Gross Value - Aeronautical
    - Annexure 1B: Gross Value - Common
    - Annexure 1C: Gross Value – Non – Aeronautical

## **2.8 Authority's proposal regarding Control Period**

Based on the material before it and its examination, the Authority proposes the following with regard to Control Period for Shirdi International Airport:

- 2.8.1 To consider the First Control Period in respect of Shirdi International Airport effective from FY 2022-23 to FY 2026-27.

### 3 DETERMINATION OF TARIFF FOR THE PERIOD FROM 1<sup>ST</sup> NOVEMBER 2021 TO 31<sup>ST</sup> MARCH 2022

#### 3.1 Background

3.1.1 Shirdi International Airport commenced its commercial operations on 1<sup>st</sup> October 2017. MADC has submitted its computation of shortfall for the period from FY 2017-18 to FY 2021-22 along with details of the First Control Period starting from FY 2022-23 to FY 2026-27 as part of its MYTP submission dated 7<sup>th</sup> July 2023. The computation submitted by MADC covers the following building blocks:

- i. Traffic
- ii. Capital Expenditure, Regulatory Asset Base and Depreciation
- iii. Return on Land
- iv. Fair Rate of Return (FRoR)
- v. Operating and Maintenance (O&M) Expenses
- vi. Non-Aeronautical Revenue
- vii. Taxation
- viii. Aeronautical Revenue

3.1.2 The Authority has analyzed MADC's submission in detail. Analysis of the Authority, has been organized as follows:

- i. The Authority's analysis of the period for which shortfall carry forward is to be considered.
- ii. Review and analysis of MADC's submission regarding different regulatory building blocks.
- iii. Set out the Authority's proposal regarding each regulatory building block for the period proposed by the Authority in (i) above.

3.1.3 The Authority has considered the following documents for determining the tariff for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022:

- i. MoCA Gazette no. S.O. 4596 (E) dated 1st November 2021, declaring Shirdi International Airport as a Major airport.
- ii. Ledger details and financial statements submitted for FY 2021-22
- iii. AERA Guidelines and Orders
- iv. The Authority's decisions on the regulatory building blocks as per previously issued Tariff Orders of other airports.

#### 3.2 MADC's submission on shortfall for the period from FY 2017-18 to FY 2021-22

3.2.1 MADC has submitted its computation for the period from FY 2017-18 to FY 2021-22 as part of MYTP submission dated 7<sup>th</sup> July 2023. Details of the same are as follows:

**Table 3: MADC's submission of shortfall for the period from FY18 to FY22**

(₹ in crores)

| Particulars                     | Ref.    | FY18 | FY19  | FY20   | FY21   | FY22   | Total        |
|---------------------------------|---------|------|-------|--------|--------|--------|--------------|
| Average RAB                     | A       | 2.64 | 67.75 | 131.58 | 130.83 | 136.26 |              |
| FRoR                            | B       | 14%  | 14%   | 14%    | 14%    | 14%    |              |
| Return on RAB                   | C = A*B | 0.37 | 9.49  | 18.42  | 18.32  | 19.08  | <b>65.68</b> |
| Depreciation                    | D       | 0.67 | 5.79  | 6.53   | 7.45   | 9.48   | <b>29.92</b> |
| Amortization owing to land cost | E       | 6.13 | 6.13  | 6.13   | 6.13   | 6.13   | <b>30.65</b> |

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars                           | Ref.                   | FY18         | FY19         | FY20         | FY21         | FY22         | Total         |
|---------------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| O & M Expenses                        | F                      | 7.49         | 22.33        | 23.43        | 5.70         | 23.47        | <b>82.42</b>  |
| Taxation                              | G                      | -            | -            | -            | -            | -            | -             |
| Less: 30% of Non-Aeronautical Revenue | H                      | 0.00         | 0.17         | 0.38         | 0.41         | 0.46         | <b>1.42</b>   |
| <b>Net ARR</b>                        | <b>I = C+D+E+F+G-H</b> | <b>14.66</b> | <b>43.57</b> | <b>54.13</b> | <b>37.19</b> | <b>57.70</b> | <b>207.25</b> |
| Actual Aeronautical Revenue           | J                      | 0.21         | 1.93         | 5.86         | 1.50         | 2.72         | <b>12.22</b>  |
| <b>Shortfall</b>                      | <b>K = I-J</b>         | <b>14.45</b> | <b>41.64</b> | <b>48.27</b> | <b>35.69</b> | <b>54.98</b> | <b>195.03</b> |
| Present Value of Shortfall            |                        | 27.80        | 70.33        | 71.52        | 46.37        | 62.68        | <b>278.70</b> |

### 3.3 Authority's examination of period (prior to FCP) for which over/ under recovery is determined

3.3.1 The Authority notes that MoCA has declared Shirdi International Airport as major airport from 1<sup>st</sup> November 2021. During its initial submission dated 31<sup>st</sup> January 2022, MADC submitted the computation of shortfall for the period FY 2017-18 to FY 2020-21 along with the details of First Control period from 1<sup>st</sup> April 2021 until 31<sup>st</sup> March 2026. Post the submission by Shirdi International Airport, the Authority directed MADC to re-submit the MYTP with First Control Period beginning from 1<sup>st</sup> April 2022. Pursuant to this, MADC has submitted the revised MYTP with the computation for the First Control Period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2027 together with the shortfall for the period from FY 2017-18 to FY 2021-22.

3.3.2 The Authority notes that MADC, as part of its revised MYTP submission, has submitted the computation of shortfall for the period from FY 2017-18 to FY 2021-22. The Authority notes that MADC has considered the date of commencement of commercial operations (COD) as the beginning of the period from which the over-recovery / under-recovery is to be determined.

3.3.3 However, the Authority's tariff determination process commences only from the date the Airport is notified as a major airport and accordingly, the Authority proposes to consider the period from 1<sup>st</sup> November 2021 (i.e. the date the notification as major airport) for the purpose of its evaluation. Accordingly, the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 proposed to be considered by the Authority for computation of excess/shortfall to be carried forward for the First Control Period.

3.3.4 The Authority has, in the ensuing Chapters, detailed its principles and analysis with respect to different building blocks which have been used for computing the ARR and shortfall for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

3.3.5 The Authority, in order to segregate the various building blocks for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022, from the audited financial statements of FY 2021-22, sought from MADC the financial information for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022. MADC in its reply dated 18<sup>th</sup> October 2023 submitted as follows:

*"MADC has no internal process for preparation of the financial statements on interim/monthly basis. Thus, it will not be possible for us to bifurcate the financials of the FY 2021-22 into April - October and November - March."*

3.3.6 In view of absence of financial information for the period 1st November 2021 to 31st March 2022, the Authority proposes to adopt the following methodology for segregating revenues, cost and RAB in order to compute the under-recovery / over-recovery for the period from 1st November 2021 to 31st March 2022:

**Table 4: Basis of apportionment of various building blocks between the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> October 2021 and the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

| Building Block                     | Basis of segregation   |
|------------------------------------|--|
| Traffic                            | Actual Traffic (based on the data from AAI website) for the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022   |
| RAB                                | Opening Fixed Assets Balance as per audited financials as of 1 <sup>st</sup> April 2021, adjusted for actual additions from 1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021  |
| Depreciation                       | Actual Depreciation for period 1 <sup>st</sup> November to 31 <sup>st</sup> March 2022 based on the RAB as computed above  |
| Operating and Maintenance Expenses | Expenses for FY 2021-22 pro-rated based on the number of months in the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022  |
| Return on Land                     | Pro-rated based on the number of months in the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022  |
| Non-Aeronautical Revenue           | Pro-rated based on the number of months in the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 since the nature of revenues is such that these accrue over a period of time   |
| Aeronautical Revenue               | <ul style="list-style-type: none"> <li>Based on the actual ATM / passenger traffic during the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 for the nature of revenues that are based on the ATM / passenger traffic i.e: Landing fees, Parking fees, UDF etc.</li> <li>Pro-rated based on the number of months in the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 for the nature of revenues that accrue over a period of time i.e : Space rental from Airlines, Revenue from Ground handling etc.</li> </ul> |

3.3.7 The Authority's examination of each of the building blocks has been detailed below.

### 3.4 Traffic

#### MADC's Submission

3.4.1 MADC has submitted the following Passenger and ATM Traffic for Shirdi International Airport for the period from FY 2017-18 to FY 2021-22:

**Table 5: MADC's submission on Passenger Traffic and ATM for the period from FY18 to FY22**

| Particulars              | FY18          | FY19            | FY20            | FY21          | FY22            |
|--------------------------|---------------|-----------------|-----------------|---------------|-----------------|
| Domestic Passengers      | 37,531        | 2,29,248        | 5,67,585        | 85,978        | 1,77,223        |
| International Passengers | -             | -               | -               | -             | -               |
| <b>Total Passengers</b>  | <b>37,531</b> | <b>2,29,248</b> | <b>5,67,585</b> | <b>85,978</b> | <b>1,77,223</b> |
| Domestic ATM             | 802           | 3,342           | 6,384           | 1,520         | 1,860           |
| International ATM        | -             | -               | -               | -             | -               |
| <b>Total ATM</b>         | <b>802</b>    | <b>3,342</b>    | <b>6,384</b>    | <b>1,520</b>  | <b>1,860</b>    |

#### Authority's Examination

3.4.2 On review of the traffic details (Passenger and ATM) submitted by MADC for the period beginning FY 2017-18 to FY 2021-22, the Authority notes that traffic details submitted by MADC do not match with actual traffic as per AAI's website as detailed below:



**Table 6: Difference in actual traffic between MADC's Submission and AAI website for the period from FY18 to FY22**

| Year | Traffic as per MADC submission (A) |       |       | Traffic as per AAI Website (B) |       |       | Difference (C=A-B) |     |       |
|------|------------------------------------|-------|-------|--------------------------------|-------|-------|--------------------|-----|-------|
|      | Passenger                          | ATM   | Cargo | Passenger                      | ATM   | Cargo | Passenger          | ATM | Cargo |
| FY18 | 37,531                             | 802   | -     | 37,234                         | 745   | -     | 297                | 57  | -     |
| FY19 | 2,29,248                           | 3,342 | -     | 2,29,040                       | 3,064 | -     | 208                | 278 | -     |
| FY20 | 5,67,585                           | 6,384 | -     | 5,68,968                       | 6,226 | -     | (1,383)            | 158 | -     |
| FY21 | 85,978                             | 1,520 | -     | 85,673                         | 1,452 | -     | 305                | 68  | -     |
| FY22 | 1,77,223                           | 1,860 | 38    | 1,76,787                       | 1,716 | 38    | 436                | 144 | -     |

3.4.3 On enquiry of the difference as above, MADC responded as follows:

*"1. Infant is counted by AAI in the arrival data whereas we do not count it in our data.  
2. Infant and Transit data for indigo Airlines is included in the AAI Data, whereas we do not include infant in the Passenger data."*

3.4.4 The Authority notes that the explanation provided by MADC does not clarify the difference as detailed above, as the numbers are higher in MADC submission as compared to AAI data. The Authority proposes to consider traffic as per AAI data.

3.4.5 The Authority, has reviewed the actual traffic for Shirdi International Airport available from the AAI website for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 (Pre-Control Period), as indicated in para 3.3.3 which is presented below:

**Table 7: Domestic Passenger Traffic and Domestic ATM proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

| Particulars                            | Nov'21 | Dec'21 | Jan'22 | Feb'22 | Mar'22 | Total Nov'21 to Mar'22 |
|--|--------|--------|--------|--------|--------|------------------------|
| Passenger Traffic as per the Authority | 33,488 | 39,982 | 15,794 | 21,742 | 49,757 | <b>1,60,763</b>        |
| ATM as per the Authority               | 310    | 356    | 224    | 212    | 412    | <b>1,514</b>           |

3.4.6 The Authority accordingly proposes to consider the actual passenger traffic and ATM for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 based on the data from AAI website as per Table 7.

### **3.5 Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB)**

#### **MADC's Submission**

3.5.1 MADC has submitted the following Average RAB for Shirdi International Airport for the period from FY 2017-18 to FY 2021-22:

**Table 8: MADC's submission of Average RAB for the period from FY18 to FY22**

(₹ in crores)

| Particulars                           | Ref.    | FY18 | FY19   | FY20   | FY21   | FY22   | Total         |
|---------------------------------------|---------|------|--------|--------|--------|--------|---------------|
| Opening RAB                           | A       | -    | 5.29   | 130.22 | 132.95 | 128.72 |               |
| Commissioned Assets in FY17*          | B       | 5.90 | -      | -      | -      | -      | <b>5.90</b>   |
| Commissioned Assets in respective FYs | C       | 0.41 | 137.94 | 10.11  | 3.80   | 26.37  | <b>178.63</b> |
| Total Commissioned Assets             | D = B+C | 6.31 | 137.94 | 10.11  | 3.80   | 26.37  | <b>184.53</b> |

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars  | Ref.               | FY18        | FY19         | FY20          | FY21          | FY22          | Total         |
|--|--------------------|-------------|--------------|---------------|---------------|---------------|---------------|
| (Table 9)  |                    |             |              |               |               |               |               |
| Aeronautical portion                                 | E                  | 95%         | 95%          | 95%           | 95%           | 95%           |               |
| Aeronautical portion of Commissioned Assets          | F = D*E            | 5.99        | 131.02       | 9.61          | 3.60          | 25.06         | <b>175.28</b> |
| Add: Asset created out of the grant received**       | G                  | 50.00       | -            | -             | -             | -             | <b>50.00</b>  |
| Total of Aeronautical portion of Commissioned Assets | H = F+G            | 55.99       | 131.02       | 9.61          | 3.60          | 25.06         | <b>225.28</b> |
| Grant  | I                  | 50.00       | -            | -             | -             | -             | <b>50.00</b>  |
| Depreciation (Table 10)                              | J                  | 0.70        | 6.10         | 6.87          | 7.84          | 9.98          | <b>31.49</b>  |
| Closing RAB  | K = A+H-I-J        | 5.29        | 130.22       | 132.95        | 128.72        | 143.80        |               |
| <b>RAB for Calculating ARR</b>                       | <b>L = (A+K)/2</b> | <b>2.64</b> | <b>67.75</b> | <b>131.58</b> | <b>130.83</b> | <b>136.26</b> |               |

\*The assets acquired in FY17 (prior to commencement of commercial operations) were added to the additions in FY18 as MADC has considered the Period from FY 2017-18 onwards.

\*\*The assets created out of the grant of ₹ 50 crores from Shri Saibaba Sansthan Trust is added as part of the commissioned assets and then adjusted as part of grant, thus having 'Nil' impact on RAB.

3.5.2 The head wise additions considered by MADC for the computation of RAB is as follows:

**Table 9: Breakup of Capital Expenditure for the period from FY17 to FY22 as per MADC's submission**

(₹ in crores)

| Head                                       | FY17        | FY18        | FY19          | FY20         | FY21        | FY22         | Total         |
|--|-------------|-------------|---------------|--------------|-------------|--------------|---------------|
| Software                                   | -           | -           | 0.01          | 0.01         | -           | -            | <b>0.02</b>   |
| Computers – End User Devices               | 0.03        | 0.03        | 0.04          | 0.03         | 0.04        | 0.02         | <b>0.19</b>   |
| Computers – Services & Network             | -           | -           | -             | -            | -           | 0.01         | <b>0.01</b>   |
| Furniture and Fixtures other than trolleys | 0.17        | 0.17        | 1.18          | 0.09         | 0.03        | -            | <b>1.64</b>   |
| Furniture & Fixtures – Trolleys            | -           | -           | -             | -            | 0.01        | -            | <b>0.01</b>   |
| Building                                   | -           | -           | 115.80        | -            | -           | -            | <b>115.80</b> |
| Plant & Machinery                          | 5.53        | 0.05        | 0.94          | 9.90         | 0.07        | 16.09        | <b>32.58</b>  |
| Electrical installations                   | -           | -           | 15.46         | -            | 3.47        | 10.25        | <b>29.18</b>  |
| Vehicle                                    | 0.11        | 0.09        | -             | -            | 0.02        | -            | <b>0.22</b>   |
| Office equipment                           | 0.06        | 0.07        | 4.51          | 0.08         | 0.16        | -            | <b>4.88</b>   |
| <b>Total</b>                               | <b>5.90</b> | <b>0.41</b> | <b>137.94</b> | <b>10.11</b> | <b>3.80</b> | <b>26.37</b> | <b>184.53</b> |
| Aeronautical portion                       | 95%         | 95%         | 95%           | 95%          | 95%         | 95%          | <b>95%</b>    |
| Aeronautical portion of Capex              | <b>5.61</b> | <b>0.38</b> | <b>131.02</b> | <b>9.61</b>  | <b>3.60</b> | <b>25.06</b> | <b>175.28</b> |

3.5.3 The Asset category wise depreciation considered by MADC for the computation of RAB is as follows:

**Table 10: Asset category wise breakup of depreciation for the period from FY17 to FY22 as per MADC's submission**

(₹ in crores)

| Head                                       | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | Total |
|--|------|------|------|------|------|------|-------|
| Software                                   | -    | -    | 0.00 | 0.00 | 0.01 | 0.01 | 0.02  |
| Computers - End User Devices               | -    | 0.02 | 0.03 | 0.03 | 0.03 | 0.03 | 0.14  |
| Computers - Services & Network             | -    | -    | -    | -    | -    | 0.00 | 0.00  |
| Furniture and Fixtures other than trolleys | -    | 0.03 | 0.13 | 0.21 | 0.22 | 0.22 | 0.81  |
| Furniture & Fixtures - Trolleys            | -    | -    | -    | 0.00 | 0.00 | 0.00 | 0.00  |
| Building                                   | -    | -    | 3.81 | 3.86 | 3.86 | 3.86 | 15.39 |

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Head                      | FY17 | FY18        | FY19        | FY20        | FY21        | FY22         | Total        |
|---------------------------|------|-------------|-------------|-------------|-------------|--------------|--------------|
| Plant & Machinery         | -    | 0.65        | 0.08        | 0.69        | 1.42        | 2.56         | 5.40         |
| Electrical installations  | -    | -           | 1.51        | 1.49        | 1.73        | 2.83         | 7.56         |
| Office equipment          | -    | 0.02        | 0.84        | 0.94        | 0.95        | 0.96         | 3.71         |
| Vehicle                   | -    | 0.02        | 0.02        | 0.02        | 0.03        | 0.03         | 0.12         |
| <b>Total</b>              | -    | <b>0.74</b> | <b>6.42</b> | <b>7.24</b> | <b>8.25</b> | <b>10.50</b> | <b>33.15</b> |
| Aeronautical portion      | 95%  | 95%         | 95%         | 95%         | 95%         | 95%          | <b>95%</b>   |
| Aeronautical Depreciation | -    | <b>0.70</b> | <b>6.10</b> | <b>6.87</b> | <b>7.84</b> | <b>9.98</b>  | <b>31.49</b> |

**Authority's Examination**

**Additions to Fixed Assets**

- 3.5.4 The Authority notes that Shirdi International Airport commenced its commercial operations on 1<sup>st</sup> October 2017 and has incurred total capital expenditure of ₹ 184.53 crores till FY 2021-22, the breakup of which is given in Table 9.
- 3.5.5 The Authority notes that the financial year-wise additions as per FAR given by MADC does not match the corresponding additions in the respective years as per financial statements. However, the total of additions to fixed assets of the years up to 31<sup>st</sup> March 2022 as per FAR matches with the audited financial statements. No clarifications were received from MADC for the same. The Authority proposes to consider the additions as per FAR as final for the purpose of its examination. The Authority also notes that there are no significant deletions as per audited financial statements for all years up to FY 2021-22.
- 3.5.6 The Authority relies on the information available in the audited financial reports & FAR for its analysis. The Authority expects that the Airport Operator would ensure the accuracy of the information captured in its books of accounts & FAR and that there is no overbilling or duplication of expenses that results in undue enrichment. Further, it is the sole responsibility of the Airport Operator to maintain proper books of accounts & Fixed Asset Register (FAR) diligently and present accurate information in its submissions.
- 3.5.7 The Authority further notes that MADC has considered the aeronautical portion as 95% of all actual additions to Fixed Assets in each of the financial years from FY 2017-18 to FY 2021-22.
- 3.5.8 For the purposes of classifying the assets into aeronautical assets, non-aeronautical assets and common assets, the Authority sought the classification from MADC. The Authority analyzed the classification received from MADC in line with the nature of the assets as per FAR and classified the assets into aeronautical assets, non-aeronautical assets and common assets. Detailed asset wise classification is provided in Annexure 1 of Chapter 16. A comparative analysis of the classification provided by MADC and the classification propose by the Authority is as follows:

**Table 11: Comparison of classification of assets as on 31<sup>st</sup> March 2022 as per MADC and the Authority**

(₹ in crores)

| Type                   | Particulars | FY17 | FY18 | FY19   | FY20  | FY21 | FY22  | Total (A)<br>As per<br>Authority | As per<br>MADC (B) |
|------------------------|-------------|------|------|--------|-------|------|-------|----------------------------------|--------------------|
| Aeronautical<br>Assets | Gross Value | 5.69 | 0.27 | 126.58 | 10.02 | 3.49 | 9.32  | 155.36                           | 183.79             |
|                        | Aero RAB    | 5.69 | 0.27 | 126.58 | 10.02 | 3.49 | 9.32  | 155.36                           | 174.59             |
| Common                 | Gross Value | 0.20 | 0.13 | 11.27  | 0.10  | 0.30 | 17.06 | 29.08                            | 0.67               |
|                        | Aero RAB    | 0.19 | 0.13 | 10.71  | 0.10  | 0.29 | 16.21 | 27.63                            | 0.63               |
| Non-Aero               | Gross Value | 0.01 | -    | 0.06   | -     | -    | -     | 0.07                             | 0.07               |

| Type | Particulars           | FY17        | FY18        | FY19          | FY20         | FY21        | FY22         | Total (A)<br>As per<br>Authority | As per<br>MADC (B) |
|------|-----------------------|-------------|-------------|---------------|--------------|-------------|--------------|----------------------------------|--------------------|
|      | Aero RAB              | -           | -           | -             | -            | -           | -            | -                                | 0.06               |
|      | Total Gross           | 5.90        | 0.41        | 137.93        | 10.11        | 3.79        | 26.38        | 184.53                           | 184.53             |
|      | <b>Total Aero RAB</b> | <b>5.88</b> | <b>0.41</b> | <b>137.31</b> | <b>10.11</b> | <b>3.78</b> | <b>25.53</b> | <b>182.99</b>                    | <b>175.28</b>      |

3.5.9 The Authority further proposes to classify the common assets based on Employee Head Count Ratio (EHCR) and Terminal Building Ratio (TBLR). The ratios considered for arriving at the aeronautical portion of RAB are as follows:

**Table 12: Ratio for segregating common assets into aeronautical and non-aeronautical considered by the Authority**

| Nature                                     | Aeronautical portion | Non-Aeronautical portion |
|--|----------------------|--------------------------|
| Aeronautical Assets                        | 100%                 | 0%                       |
| Common Assets – Based on EHCR (Para 3.8.5) | 95%                  | 5%                       |
| Common Assets – Based on TBLR (Para 3.8.9) | 95%                  | 5%                       |
| Non-Aeronautical Assets                    | 0%                   | 100%                     |

3.5.10 Based on the above allocation ratios, the Authority proposes the following aeronautical additions to capex for the period beginning from FY 2017-18 to FY 2021-22:

**Table 13: Aeronautical CAPEX proposed by the Authority for the period from FY18 to FY22**

(₹ in crores)

| Particulars              | FY18 | FY19   | FY20  | FY21 | 01/04/2021 to<br>31/10/2021 | 01/11/2021 to<br>31/03/2022 | Total         |
|--------------------------|------|--------|-------|------|-----------------------------|-----------------------------|---------------|
| Gross value of additions | 6.31 | 137.94 | 10.11 | 3.80 | 26.37                       | -                           | <b>184.53</b> |
| Aeronautical additions   | 6.28 | 137.29 | 10.11 | 3.78 | 25.53                       | -                           | <b>182.99</b> |

3.5.11 The Authority notes from the discussions with MADC that Shirdi International Airport has received grant from Shri Saibaba Sansthan Trust amounting to ₹ 50 crores in FY 2011-12 (₹ 45 Crores) and FY 2017-18 (₹ 5 Crores). The Authority sought the statement of utilization of the said grant of ₹ 50 crores and the accounting treatment adopted by MADC for the grant of ₹ 50 crores. MADC has confirmed that assets that are constructed / developed / acquired (as per Table 14) out of the said grant are accounted net of grant and hence have not been included as part of the additions in Fixed Asset in the financial statements. The Authority through its independent consultant has reviewed the FAR and ensured that these assets do not form part of the FAR submitted by MADC. The following utilization statement has been provided by MADC:

**Table 14: Statement of Utilization of Grant received from Shri Saibaba Sansthan Trust as submitted by MADC**

(₹ in crores)

| Project Name  | Amount       |
|---|--------------|
| Shifting / rerouting of EHV Transmission Lines around the proposed Airport at Shirdi  | 22.35        |
| Strengthening and widening of access roads from bypass road to Kakdi village  | 7.13         |
| Area grading, construction of runway, taxiway, apron, GSE, Isolation Bay, compound wall, storm water drainage, Security tower, etc. | 16.02        |
| Diversion of MDR-9 along the Compound Wall  | 4.50         |
| <b>Total</b>  | <b>50.00</b> |

- 3.5.12 The Authority notes that MADC has considered the assets in Table 14 as additions and then reduced the grant of ₹ 50 crores from computation of RAB of FY 2017-18 as it is capital receipt in the nature of contribution from stakeholders thereby having ‘NIL’ effect in the computation of average RAB.

**Authority’s examination of Depreciation for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

- 3.5.13 The Authority notes that MADC has considered depreciation as per the financial statements as the base for computation of aeronautical depreciation which is not in line with the useful life as per Order No.35/2017-18 dated 12<sup>th</sup> January, 2018 on “In the matter of Determination of Useful life of Airport Assets”.
- 3.5.14 The Authority also noted an error in the formula used for computation whereby 95% (aeronautical %) has been applied twice to the book depreciation to arrive at depreciation as per MADCs submission for the period prior to the FCP.
- 3.5.15 The Authority, through its independent consultant has re-calculated the Aeronautical depreciation, taking into account depreciation as per financial statements until 1<sup>st</sup> April 2018 and thereafter depreciation as per Order No.35/2017-18 dated 12<sup>th</sup> January, 2018, “In the matter of Determination of Useful life of Airport Assets”.
- 3.5.16 While recomputing the depreciation, it was noted that the depreciation as per FAR shared and that reflected in the financial statement were not matching on a year-to-year basis. This was on account of inconsistencies between the dates of capitalization in books versus FAR. However, the WDV as at 31<sup>st</sup> March 2022 was matching between the FAR and financials. The reason for difference was requested from MADC however there was no response on the same. In the absence of information, the Authority proposes to consider the FAR as the base for computing depreciation.
- 3.5.17 The Aeronautical depreciation recalculated is as follows:

**Table 15: Aeronautical depreciation recalculated by the Authority**

(₹ in crores)

| Particulars                                | FY18        | FY19        | FY20        | FY21        | FY22 - Upto 31 <sup>st</sup> October 2021 | FY22 - After 31 <sup>st</sup> October 2021 | Total        |
|--|-------------|-------------|-------------|-------------|---|--|--------------|
| Furniture and Fixture – Other than trolley | 0.09        | 0.11        | 0.19        | 0.20        | 0.12                                      | 0.07                                       | 0.78         |
| Office Equipment                           | 0.02        | 0.58        | 0.62        | 0.64        | 0.38                                      | 0.27                                       | 2.51         |
| Computer - End User Devices                | 0.02        | 0.03        | 0.03        | 0.03        | 0.02                                      | 0.01                                       | 0.14         |
| Plant and Machinery                        | 0.73        | 0.39        | 0.58        | 1.07        | 1.22                                      | 0.87                                       | 4.87         |
| Vehicle                                    | 0.02        | 0.02        | 0.02        | 0.02        | 0.01                                      | 0.01                                       | 0.12         |
| Operational Building                       | -           | 3.53        | 3.57        | 3.57        | 2.08                                      | 1.49                                       | 14.25        |
| Terminal Building                          | -           | 0.24        | 0.24        | 0.24        | 0.14                                      | 0.10                                       | 0.96         |
| Utility Building                           | -           | 0.04        | 0.04        | 0.04        | 0.03                                      | 0.01                                       | 0.15         |
| Electrical Installation                    | -           | 1.53        | 1.53        | 1.79        | 1.68                                      | 1.20                                       | 7.73         |
| Computer - Software                        | -           | 0.00        | 0.00        | 0.00        | 0.00                                      | 0.00                                       | 0.01         |
| Furniture and Fixture - trolley            | -           | -           | 0.00        | 0.00        | 0.00                                      | 0.00                                       | 0.00         |
| Computers - Service and Network            | -           | -           | -           | -           | 0.00                                      | 0.00                                       | 0.00         |
| <b>Total</b>                               | <b>0.90</b> | <b>6.47</b> | <b>6.82</b> | <b>7.59</b> | <b>5.70</b>                               | <b>4.03</b>                                | <b>31.51</b> |

- 3.5.18 Depreciation for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 is computed considering the actual additions for the period and pro-rating the depreciation on existing assets for the specific period. The RAB as per the Authority's recalculation is as follows:

**Table 16: Regulatory Asset Base as proposed by the Authority for the period FY18 to FY22**

(₹ in crores)

| Particulars                    | Ref              | FY18        | FY19         | FY20          | FY21          | FY22 - Upto<br>31 <sup>st</sup> October<br>2021 | FY22 - After<br>31 <sup>st</sup> October<br>2021 | Total         |
|--------------------------------|------------------|-------------|--------------|---------------|---------------|---|--|---------------|
| Opening RAB                    | A                | -           | 5.38         | 136.20        | 139.49        | 135.68  | 155.51   |               |
| (+) Additions<br>(Table 13)    | B                | 6.28        | 137.29       | 10.11         | 3.78          | 25.53   | -  | <b>182.99</b> |
| (-) Depreciation<br>(Table 15) | C                | 0.90        | 6.47         | 6.82          | 7.59          | 5.70  | 4.03   | <b>31.51</b>  |
| Closing RAB                    | D=A+B-C          | 5.38        | 136.20       | 139.49        | 135.68        | 155.51  | 151.48   |               |
| <b>Average RAB</b>             | <b>D=(A+D)/2</b> | <b>2.69</b> | <b>70.79</b> | <b>137.85</b> | <b>137.59</b> | <b>145.60</b>                                   | <b>153.50</b>                                    |               |

### 3.6 Return on Land

#### MADC's Submission

- 3.6.1 MADC has submitted the following estimated Return on Land for Shirdi International Airport for the period FY 2017-18 to FY 2021-22:

**Table 17: MADC's submission on Return on Land for the period FY18 to FY22**

(₹ in crores)

| Particulars           | FY18 | FY19 | FY20 | FY21 | FY22 | Total |
|-----------------------|------|------|------|------|------|-------|
| Return on Land - Aero | 6.13 | 6.13 | 6.13 | 6.13 | 6.13 | 30.65 |

- 3.6.2 The basis of computation adopted by MADC for the above return on land is as follows:

**Table 18: MADC's submission on the basis of computation of Return on Land for FY18 to FY22**

| Particulars  | Ref.           | Unit               | Value       |
|--|----------------|--------------------|-------------|
| Cost of Land considered by MADC                                | A              | ₹ in crores        | 68.41       |
| SBI Rate   | B              | %                  | 6.65        |
| Rate considered for Equated Annual Instalment                  | C = B+2%       | %                  | 8.65        |
| Equated Annual instalments (for 30 years)                      | D*             | ₹ in crores        | 6.45        |
| Aeronautical Portion   | E              | %                  | 95%         |
| <b>Aeronautical portion of amortization owing to land cost</b> | <b>F = D*E</b> | <b>₹ in crores</b> | <b>6.13</b> |

$$* (A * C * ((1 + C)^{30})) / (((1 + C)^{30}) - 1)$$

#### Authority's Examination

- 3.6.3 The Authority notes that MADC has acquired land of 350.85 Hectares (866.97 acres) for the development of Shirdi International Airport at a cost of ₹ 68.41 crores (₹ 64.80 crores in FY 2017-18 and ₹ 3.61 crores in FY 2021-22).
- 3.6.4 The Authority notes that MADC had considered the entire value of land including the additional cost incurred in FY 2021-22 and calculated return on land from FY 2017-18 for the full amount. The Authority also notes that return on land is being claimed by MADC for the full area of airport i.e. 350.85 Hectares – even though some of the areas of the land parcel are not utilized currently (after considering the developments proposed in the First Control Period).

- 3.6.5 Para 4.1.2 of the land return order No. 42/2018-19 dated 5<sup>th</sup> March 2019, states that *“The return will be given only on the cost of land used for aeronautical activities”*. The Authority, through its independent consultants during their site visit to the Shirdi International Airport noted that there are some areas of the airport premises that are yet to be put to use/ planned for construction in FCP.
- 3.6.6 The Authority requested for details of area of land currently used by the Airport Operator, however, only partial details were received. The Authority through its independent consultant, has re-computed the area of land currently in use – from the master plan of the airport shared by MADC.

**Table 19: Details of land area in use as of November, 2021**

(in Sq.m.)

| Particulars  | FY22               |
|--|--------------------|
| Total land area  | 35,08,500.00       |
| <b><u>Details of undeveloped area as of Nov 2021</u></b> |                    |
| Plot 1   | 10,925.00          |
| Plot 2   | 12,375.00          |
| Plot 3   | 7,935.00           |
| Plot 4   | 7,740.00           |
| Plot 5   | 7,509.00           |
| Plot 6   | 7,830.00           |
| Proposed Sewage Treatment Plant                          | 3,967.50           |
| Taxi Parking Future Expansion Phase II                   | 5,462.50           |
| New Terminal Building (-) Existing Terminal Building     | 19,750.00          |
| Terminal Building Expansion Phase III                    | 10,229.31          |
| Extended Runway, RESA and Blast pad                      | 70,200.00          |
| Extended Apron   | 58,394.00          |
| Apron Expansion Phase II                                 | 14,580.00          |
| Apron Expansion Phase III                                | 30,450.80          |
| Proposed Cargo Terminal                                  | 33,089.76          |
| Isolation Bay - Work in Progress                         | 1,79,138.07        |
| Armoury Block, Admin Block, Utility Block, Hangar, etc., | 25,840.00          |
| <b>Total of undeveloped area as of Nov 2021</b>          | <b>5,05,415.94</b> |
| % of undeveloped land area                               | 14%                |
| % of developed land area                                 | 86%                |

- 3.6.7 Order No.42/2018-19 dated 5<sup>th</sup> March, 2019, “In the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India” mentions in para 4.1.4 that, *“in case land is purchased by the airport operating company either from private parties or from government, the compensation shall be in the form of equated annual instalments computed at actual cost of debt or SBI base rate + 2% whichever is lower over a period of thirty years.”* The rate of return should be cost of debt or SBI rate plus 2% whichever is lower.
- 3.6.8 In the case of Shirdi International Airport, there is no debt prior to March 2022. The Authority notes that if MADC had taken debt, it would have been able to obtain the same at a rate similar to SBI rate in force. In view of absence of debt being taken for funding land for Shirdi International Airport, the Authority proposes to consider SBI rate plus 2% to be the rate for return on land i.e. (6.65% plus 2%) as submitted by MADC.
- 3.6.9 The Authority proposes to consider Return on Land, for the Pre-Control Period from 1<sup>st</sup> November 2021 upto 31<sup>st</sup> March 2022.

3.6.10 Return on land as computed by the Authority for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 is given in the following table:

**Table 20: Return on land proposed by the Authority for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

| Particulars  | Ref.              | Unit               | Value       |
|--|-------------------|--------------------|-------------|
| Cost of Land to be considered                                | A                 | ₹ in crores        | 68.41       |
| SBI Rate   | B                 | %                  | 6.65%       |
| Rate considered for Equated Annual Instalment = SBI rate +2% | C = B+2%          | %                  | 8.65%       |
| Area of land under use                                       | D                 | %                  | 86.00%      |
| Aeronautical Portion of Land                                 | E                 | %                  | 95.00%      |
| Equated Annual instalments (for 30 years)                    | F*                | ₹ in crores        | 5.27        |
| <b>Prorated for 5 months (Nov 21 to Mar 22)</b>              | <b>G = F*5/12</b> | <b>₹ in crores</b> | <b>2.20</b> |

$$*(A * C * ((1 + C)^{30}) / (((1 + C)^{30} - 1) * D * E$$

### 3.7 Fair Rate of Return (FRoR)

#### MADC's Submission

3.7.1 MADC has submitted Fair Rate of Return (FRoR) for Shirdi International Airport for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022 at 14% as per the computations below:

**Table 21: FRoR submitted by MADC for the period FY18 to FY22**

(₹ in crores)

| Particulars                | FY18          | FY19          | FY20          | FY21          | FY22           |
|----------------------------|---------------|---------------|---------------|---------------|----------------|
| Debt                       | -             | -             | -             | -             | -              |
| Reserve & Surplus          | (8.40)        | (35.83)       | (60.61)       | (71.99)       | (102.95)       |
| Equity                     | 0.16          | 112.09        | 98.07         | 90.49         | 86.83          |
| <b>Total Equity</b>        | <b>(8.24)</b> | <b>76.25</b>  | <b>37.46</b>  | <b>18.50</b>  | <b>(16.12)</b> |
| Cost of debt               | -             | -             | -             | -             | -              |
| Cost of equity             | 14.00%        | 14.00%        | 14.00%        | 14.00%        | 14.00%         |
| <b>Fair Rate of Return</b> | <b>14.00%</b> | <b>14.00%</b> | <b>14.00%</b> | <b>14.00%</b> | <b>14.00%</b>  |

#### Authority's Examination

3.7.2 The Authority notes that MADC has submitted a Fair Rate of Return of 14% for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

3.7.3 AERA Guidelines prescribe determination of Fair Rate of Return comprising of Cost of Equity and Cost of Debt based on Capital Asset Pricing model as given below:

##### *5.1.3 Cost of Equity*

*The Authority shall estimate cost of equity, for a Control period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit.*

3.7.4 The Authority notes that there are no borrowings in the financial statements for the said period. It is further noted that Shirdi International Airport receives funding for its capital expenditure projects from mainly from the Government of Maharashtra and small portion of funds from others sources.

3.7.5 The Authority further notes the following with respect to evaluation of FRoR for Shirdi International Airport:



- i. The traffic volume at Shirdi International Airport is much lower as compared to other Major Airports. Traffic for the recent year - FY 2023-24 is only 7.24 lakh passengers and during the First Control Period, the traffic is expected to reach a maximum of only up to 1.79 million (FY 2026-27). Passengers by the end of the control period 2026-27, still significantly below the threshold of 3.50 million passengers, which is the minimum passenger volume for considering an Airport as a Major Airport (based on actual annual passenger throughput). It is important for the Airports having very low traffic base to ensure that the operations at the airport are viable by considering charges which are reasonable and optimum so as to attract more traffic.
- ii. Financing of Shirdi International Airport is largely through the funding / Grants by the Government of Maharashtra, which is considered as Shareholders' funds. In order to ensure balanced approach in funding of Airport Projects, the Authority always encourages optimum leverage of debt being considered by Airports. The Authority has, in various earlier tariff determinations, underscored the importance of having efficient funding plan for Airport Capital Expenditure requirements, which will also help in optimizing the Aeronautical charges. Financing the entire project through internal accruals/Govt. funds does not result in optimization of funding sources and in turn, leads to additional charges being levied on the users of the Airport, as the resultant Aggregate Revenue Requirement computed in this scenario is higher.

3.7.6 The Authority, in the recent Tariff Orders for similar Govt. owned airports, has generally considered FRoR @ 14%, where no debt is availed by the Airport Operators. Shirdi Airport is owned & operated by the Govt. Undertaking (MADC) and its CAPEX is primarily funded by the Govt. of Maharashtra. However, considering the factors as explained above, particularly the low traffic base, the Authority, proposes to consider 9% as a Fair Rate of Return for the pre-control period. The Authority invites specific comments from the stakeholders in this regard, on evaluation of which, a final decision will be taken by the Authority.

### 3.8 Operating and Maintenance (O & M) Expenses

#### MADC's Submission

3.8.1 MADC has submitted Aeronautical Operating and Maintenance expense for Shirdi International Airport for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022 as below:

**Table 22: Operating and Maintenance (O&M) expenses submitted by MADC for the period FY18 to FY22**

(₹ in crores)

| Particulars                                      | Ref               | FY18        | FY19         | FY20         | FY21        | FY22         | Total        |
|--|-------------------|-------------|--------------|--------------|-------------|--------------|--------------|
| Administration and General Exp                   | A                 | 0.43        | 0.80         | 0.33         | 0.95        | 0.64         | <b>3.15</b>  |
| Airport Operating Exp                            | B                 | 3.18        | 15.30        | 16.70        | (3.47)      | 7.02         | <b>38.73</b> |
| License Fees                                     | C                 | 0.03        | -            | 0.07         | -           | 0.02         | <b>0.12</b>  |
| Employee expenses (Shirdi International Airport) | D                 | 0.47        | 1.47         | 2.18         | 2.74        | 3.21         | <b>10.07</b> |
| Employee expenses (Headquarters)                 | E                 | 0.37        | 1.16         | 1.39         | 1.37        | 1.40         | <b>5.69</b>  |
| Power expenses                                   | F                 | 0.24        | 1.00         | 1.73         | 1.39        | 1.41         | <b>5.77</b>  |
| Other water expenses                             | G                 | 0.15        | 0.35         | 0.30         | 0.21        | 0.15         | <b>1.16</b>  |
| Water charges paid to NID                        | H                 | 2.23        | 2.28         | -            | -           | -            | <b>4.51</b>  |
| Repair and Maintenance (R&M)                     | I                 | 0.78        | 1.15         | 1.96         | 2.81        | 10.86        | <b>17.56</b> |
| <b>Total O&amp;M Expense</b>                     | <b>J=SUM(A:I)</b> | <b>7.88</b> | <b>23.51</b> | <b>24.66</b> | <b>6.00</b> | <b>24.71</b> | <b>86.76</b> |

| Particulars                         | Ref          | FY18        | FY19         | FY20         | FY21        | FY22         | Total        |
|-------------------------------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|
| Aero %                              | K            | 95%         | 95%          | 95%          | 95%         | 95%          |              |
| <b>Total – Aero O&amp;M expense</b> | <b>L=J*K</b> | <b>7.49</b> | <b>22.33</b> | <b>23.43</b> | <b>5.70</b> | <b>23.47</b> | <b>82.42</b> |

### **Authority's Examination**

3.8.2 The Authority has conducted a detailed analysis of Aeronautical O&M expenses submitted by MADC in the following order:

- I. Allocation Ratios
- II. Examination of reasonableness and necessity of O&M expenses
- III. Allocation into Aeronautical and Non-Aeronautical expenses.

#### **I. Allocation Ratios**

3.8.3 The Authority notes that MADC has allocated all expenses into Aeronautical and Non-Aeronautical in the ratio 95%:5%. However, the Authority, in line with the methodology followed in other airports notes that expenses should be allocated based on relevant ratios as given below. In this regard, the Authority has analyzed and computed the following ratios for appropriate segregation of expenses into Aeronautical and Non-Aeronautical for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

#### **Employee Head Count Ratio (EHCR)**

3.8.4 The Authority observed that MADC has not provided the detailed department-wise split of the employee headcount with segregation into aeronautical, non-aeronautical and common employees / departments. The Authority also noted that MADC, in response to a query raised by the Authority, has provided that the actual head count of employees, department-wise, working at Shirdi International Airport for FY 2021-22 as 112. However, no segregation was provided by MADC on whether the employees perform Aeronautical / Non-Aeronautical or Common functions.

3.8.5 On review of the department-wise list of employees, the Authority notes that there is no dedicated employee who is working on Non-Aeronautical services. Considering the same, the Authority proposes to consider the Aero: Non Aero allocation of Employees to be 95%: 5% as submitted by MADC. The Authority will review the same at the time of review of MYTP during the next control period.

#### **Terminal Building Ratio (TBLR)**

3.8.6 The Authority observed that the data regarding aeronautical areas and non-aeronautical areas were not made available by MADC for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 in the MYTP submission.

3.8.7 The Authority requested MADC to provide a detailed breakup of actual aeronautical and non-aeronautical areas in the Terminal Building. MADC submitted the same via an email dated January 3, 2024. From the detailed break-up, the Authority notes that out of the total terminal area of 2,750 sq.m., 36 Sq.m. were allocated for non-aeronautical services, while the remaining 2,714 Sq.m. were being designated for aeronautical activities. The non-aeronautical area works out to be 1.3%.

3.8.8 The Authority, through its independent consultant, during the site visit noted that the existing passenger terminal building is very congested and there is no scope for further expansion of aeronautical / non-aeronautical activities in the existing building. However, after the commissioning of the New Terminal Building (Refer para 5.3.68 for a detailed analysis on the construction of New Terminal Building),

MADC should endeavor to increase the area in the terminal building for non-aeronautical activities for increasing the share of non-aero revenues, to ensure that cross-subsidization of aeronautical tariff benefit the users of the airport.

- 3.8.9 However, considering the current condition of the Terminal Building and lack of space, the Authority proposes to consider the ratio of 95%:5% as the Terminal Building Ratio (TBLR) for the period from 1st November 2021 to 31st March 2022. The Authority will review the Terminal area allocation in the future control periods.

#### **Gross Block Ratio (GBR)**

- 3.8.10 The Authority proposes to consider the Gross Block Ratio (GBR) determined based on the allocation of Aeronautical Assets, Non-Aeronautical Assets and common assets into Aeronautical and Non-Aeronautical using EHCR and TBLR. The GBR so determined is as given below:

**Table 23: Gross Block Ratio proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

(₹ in crores)

| Particulars                  | Ref   | Table ref | FY22   |
|------------------------------|-------|-----------|--------|
| Aeronautical Gross Block     | A     | Table 13  | 182.99 |
| Non-Aeronautical Gross Block | B     |           | 1.54   |
| Total Gross Block            | C=A+B | Table 13  | 184.53 |
| Gross Block Ratio            | A/C   |           | 99.17% |

#### **Summary of Allocation Ratios proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

- 3.8.11 The Allocation ratios proposed by the Authority for Shirdi International Airport for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 are as follows:

**Table 24: Allocation Ratios proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

| Particulars                      | Aeronautical | Non-Aeronautical |
|----------------------------------|--------------|------------------|
| Employee Head Count Ratio (EHCR) | 95.00%       | 5.00%            |
| Terminal Building Ratio (TBLR)   | 95.00%       | 5.00%            |
| Gross Block Ratio (GBR)          | 99.17%       | 0.83%            |

## **II. Review of O&M expenses and its allocation into Aeronautical and Non-Aeronautical expenses for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

- 3.8.12 The Authority has compared the total O&M expenses as per MADDC submission with the audited financial statements and noted certain differences in FY 2020-21 and FY 2021-22. Upon enquiry, it was informed that these differences pertain to CISF expenses which has been excluded by MADDC for preparation of MYTP submission.
- 3.8.13 The Authority proposes to evaluate the under/ over recovery for the period from 1<sup>st</sup> November 2021 (Date of notification as Major Airport) till 31<sup>st</sup> March 2022 to be added to the ARR of the First Control Period as indicated in para 3.3.3. To this effect, the Authority, after analysis of all heads of expenses of FY 2021-22 proposes to divide the expenses in time proportion i.e. 5 months from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as per the basis detailed in Table 4.

3.8.14 The Authority's examination of different heads of O&M expenses for FY 2021-22 is detailed below:

**A. Administration and General (A&G) Expenses**

3.8.15 The Authority obtained the break-up of Administration and General Expenses and analyzed the nature of such expenses. The breakup and nature of Administration and General Expenses for FY 2021-22 is given below:

**Table 25: Break up and nature of Administration and General (A&G) Expenses for FY 22 as submitted by MADC**

(₹ in crores)

| Particulars                          | FY 22       | Nature of expenses  |
|--------------------------------------|-------------|---|
| Admin - Advertisement                | 0.10        | Advertisement of Various Tender and Recruitments  |
| Admin - Consultancy Charges          | 0.04        | Consultancy charges of Appointed Consultant   |
| Admin – Fuel                         | 0.12        | Procurement of Petrol & Diesel for DG Set & Airport Vehicle                                     |
| Admin - Legal Fees                   | 0.21        | Professional fees paid to Advocate for various matters<br>Court Fees and other charges included |
| Admin – Misc                         | 0.10        | Misc. expenses  |
| Admin - Office Expenses              | 0.06        | Office expenses   |
| Admin - Provisions                   | 0.02        | Provision for Doubtful Debt-Expense   |
| Admin - Travelling Expenses          | 0.00        | Staff Travelling related to office work   |
| <b>Total A&amp;G Expenses</b>        | <b>0.64</b> |   |
| <b>A&amp;G Expenses – Aero (95%)</b> | <b>0.61</b> |   |

3.8.16 The Authority notes that ₹ 0.02 Crores was included in Administration & General Expenses in FY 2021-22 on account of provision for doubtful bad debts. Provision for doubtful debts is an accounting estimate made by entities to account for the possibility that some of their accounts receivable may not be collected. The Authority proposes not to consider Provision for bad and doubtful debts and to consider the expenses excluding the provision on doubtful debts from the computation of expenses for FY 2021-22.

3.8.17 The Authority notes that ₹ 0.21 Crores was included in Administration & General Expenses in FY 2021-22 on account of legal fees which includes fees paid to advocate for various matters in court and other legal charges. The Authority proposes to exclude the legal expenses incurred by the Airport Operator as a part of operating expenses in line with the position considered in other similar airports.

3.8.18 The Authority notes that while MADC has allocated all expenses between Aeronautical and Non-Aeronautical services using 95% :5% ratio, the Authority proposes to consider the actual expenses submitted by MADC pertaining to Administration and General Expenses in FY 2021-22 using the following ratios as per the below details:

**Table 26: Aeronautical Administration and General (A&G) Expenses for FY22 as per MADC submission and as proposed by the Authority**

(₹ in crores)

| Particulars                     | Basis             | FY 22 |
|---------------------------------|-------------------|-------|
| <b>As per MADC Submission</b>   |                   |       |
| Total Aeronautical A&G Expenses |                   | 0.61  |
| <b>As per the Authority</b>     |                   |       |
| Admin - Advertisement           | Gross Block Ratio | 0.09  |
| Admin - Consultancy Charges     | Gross Block Ratio | 0.04  |
| Admin – Fuel                    | Gross Block Ratio | 0.12  |
| Admin - Misc                    | Gross Block Ratio | 0.10  |
| Admin - Office Expenses         | Gross Block Ratio | 0.06  |

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars                                | Basis | FY 22       |
|--|-------|-------------|
| Admin - Travelling Expenses                | EHCR  | 0.00        |
| <b>Total Aeronautical A&amp;G Expenses</b> |       | <b>0.41</b> |

*Note: Difference between figures as per the MADC and as per AERA is mainly due to exclusion of legal fees & provision for bad & doubtful debts.*

### **B. Airport Operating Expenses**

3.8.19 The Authority obtained the break-up of Airport Operating Expenses and analyzed the nature of such expenses. The breakup and nature of Airport Operating Expenses for FY 2021-22 is given below:

**Table 27: Break up and nature of Airport Operating Expenses for FY22 as submitted by MADC**  
(₹ in crores)

| Particulars  | FY 22       | Nature of expenses  |
|--|-------------|---|
| Others - Employee Related                            | 0.30        | Other Employee related cost e.g: housekeeping, grass cutting staff etc.   |
| Opex – Ambulance                                     | 0.68        | Basic Life supporting Ambulance service at Shirdi Airport   |
| Opex - CNS and ATM Services                          | 3.80        | CNS / ATM Service Charges - related to Manpower and Equipment charges - Services provided by AAI                              |
| Opex - IMD Charges                                   | 0.70        | Manpower from the India Meteorological Department (IMD) is deployed for current weather forecasting– Services provided by AAI |
| Opex – Misc  | 0.50        | Misc. expenses  |
| Outsourcing - Housekeeping                           | 0.39        | Housekeeping Charges  |
| Outsourcing - Vehicle Expenses                       | 0.15        | Hiring of vehicle for AAI, CNS Staff pick up and drop service   |
| Opex - PAPI Maintenance                              | 0.49        | Flight calibration of PAPI DVOR   |
| <b>Total Airport Operating Expenses</b>              | <b>7.02</b> |   |
| <b>Total Airport Operating Expenses – Aero (95%)</b> | <b>6.67</b> |   |

3.8.20 The Authority notes that Airport Operating Expenses contains a ledger called “Others – Employee Related”. On further enquiry with MADC, it was informed that these pertain to costs of outsourced labour. Hence the Authority proposes to classify the same together with “Employee Cost” for FY 2021-22.

3.8.21 The Authority also notes that Airport Operating Expenses include expenses related to CNS / ATM services. The Authority analyzed the CNS/ ATM expenses from FY 2017-18 till FY 2021-22. Over the period, CNS/ATM services account for approximately 57% of the Airport Operating Expenses. The Authority notes that these CNS/ATM charges are of the nature of charges levied by AAI on MADC for the services rendered by AAI – over and above the TNLC collected by it as per the agreement between AAI and MADC.

3.8.22 The Authority, at this stage, as per the discussion in para 2.6.2, proposes not to consider “CNS and ATM Services” expenses and “Outsourcing – Vehicle Expenses” (which are of the nature of hiring vehicle for AAI, CNS staff pick up and drop service) totaling to ₹ 3.95 Crores for the FY 2021-22 claimed by AO under the Airport Operating Expenses for FY 21-22.

3.8.23 The Authority proposes to reclassify “Opex - PAPI Maintenance” to Repairs and Maintenance for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as this is considered to be the appropriate head.

3.8.24 The Authority proposes to consider the other expenses under this head as submitted by MADC in FY 2021-22 and apply the following allocation ratios as below:

**Table 28: Airport Operating Expenses for FY22 as per MADC and as proposed by the Authority**  
(₹ in crores)

| Particulars                             | Basis             | Ref      | FY 22       |
|---|-------------------|----------|-------------|
| <b>As per MADC Submission</b>           |                   |          |             |
| Aeronautical Airport Operating Expenses |                   |          | 6.67        |
| <b>As per the Authority</b>             |                   |          |             |
| Opex - Ambulance                        | Aeronautical      | Table 27 | 0.68        |
| Opex – IMD Charges                      | Aeronautical      | Table 27 | 0.70        |
| Opex – Misc.                            | Gross Block Ratio | Table 27 | 0.49        |
| Outsourcing - Housekeeping              | Gross Block Ratio | Table 27 | 0.39        |
| <b>Total Airport Operating Expenses</b> |                   |          | <b>2.26</b> |

*Note: CNS/ATM expenses not considered & expenses related to PAPI Lights shifted to R&M Expenses*

**C. License Fee**

- 3.8.25 The Authority notes that the License Fee relates to the Aerodrome License which is to be renewed every two years as per Rule 87 of Aircraft Rule 1937. The Authority notes that the total cost of ₹ 0.065 Crores incurred in FY 2021-22 has been apportioned over FY 2021-22 and FY 2022-23 considering the duration of the validity of the license. The Authority proposes to consider ₹ 0.03 Crores for FY 2021-22 and consider the same as 100% Aeronautical in nature.

**D. Employee Expenses (Shirdi International Airport)**  
**&**

**E. Employee Expenses (Headquarters)**

- 3.8.26 The Authority notes that the cost of employees located at Shirdi International Airport amounts to ₹ 10.07 crores for the 5-year period FY 2017-18 to FY 2021-22, out of which the cost of ₹ 3.21 Crores pertains to FY 2021-22.
- 3.8.27 The Authority notes that “other employee expenses” incurred by MADC during FY 2021-22 amounts to ₹ 0.30 crore which was classified under “Airport Operating Expense”. Based on the nature of the expense, the Authority proposes to reclassify the same under “Employee Cost”.
- 3.8.28 The Authority notes that Headquarter employees (of MADC) cost has been allocated to Shirdi International Airport amounting to ₹ 5.69 crores for the 5-year period FY 2017-18 to FY 2021-22 and for FY 2021-22 the allocation amounts to ₹ 1.40 Crores. On enquiry on the basis of allocation of Head quarter employees to Shirdi International Airport, MADC had submitted a working, where the total cost of the Engineering Department, Planning Department, Administration Department and Accounts Department were allocated to Shirdi International Airport considering the percentages of 40%, 25%, 20% and 20% respectively.
- 3.8.29 On further enquiry on the basis for allocation of costs between other airports/ units of MADC and Shirdi International Airport the following explanation was submitted by MADC:
- “MADC has prepared separate financials only for the purpose of the Shirdi Airport MYTP filing. While preparing the financial statements these estimates were considered by the management which was accepted by the auditors as well.*
- These are considered based on the following factors.*

1. Engineering department is predominantly working for the Shirdi Airport and MIHAN project. Thus, the 40% of the expenditure is considered for the Shirdi Airport and rest for MIHAN and other airports.
2. Planning Department was predominantly working for MIHAN Project and then Shirdi Airport. Thus, the allocation for Shirdi Airport is considered at 25%.
3. Administration and Accounts, were considered based on the scale of the operations and 1/5<sup>th</sup> of the HO cost is allocated for Shirdi Airport.”

Considering the above explanation, the Authority proposes to accept MADC submission of Corporate Cost allocation for FY 2021-22.

- 3.8.30 The Authority also proposes to apportion the employee cost into Aeronautical and Non-Aeronautical based on the EHCR as per table below.

**Table 29: Aeronautical Employee Expenses for FY22 as per MADC submission and as proposed by the Authority**

(₹ in crores)

| Particulars   | Ref   | Basis | FY 22       |
|---|-------|-------|-------------|
| <b>As per MADC Submission</b>   |       |       |             |
| Total Aeronautical Employee Expenses                                      | A     |       | <b>4.38</b> |
| <b>As per the Authority</b>   |       |       |             |
| Employee Expenses (Shirdi)  | B     | EHCR  | 3.05        |
| Employee Expenses (HQ)  | C     | EHCR  | 1.33        |
| Total Employee Expenses   | D=B+C |       | <b>4.38</b> |
| Add: Regrouping from Airport Operating Expenses – other employee expenses | E     | EHCR  | 0.30        |
| <b>Total Employee Expenses</b>  | F=D+E |       | <b>4.68</b> |
| <b>Difference#</b>  | G=F-A |       | <b>0.30</b> |

#Difference due to re-grouping of other employee expenses from airport operating expenses

#### **F. Power Expenses**

- 3.8.31 The Authority observed that the actual power expense incurred for FY 2021-22 is ₹ 1.41 Crores and noted that MADC had considered the expense without adjusting for any recoveries from the concessionaires. Based on a query on the same sent on 4<sup>th</sup> September 2023, MADC had submitted the recovery only from certain concessionaires amounting to ₹ 0.02 Crores for FY 2021-22. However, on analysis of the data in ‘Non-Aeronautical Revenue - Miscellaneous Income’, the Authority notes that the total power recovery for FY 2021-22 was ₹ 0.12 Crores. The Authority therefore proposes to reduce ₹ 0.12 crores as recovery from the actual power expenses incurred by MADC and the power cost post-adjustment of recovery from concessionaires of ₹ 1.29 Crores (actual power expense less recoveries from concessionaire) is proposed to be considered as 100% Aeronautical expense by the Authority.

#### **G. Other water expenses**

- 3.8.32 The Authority examined that the actual water expense incurred for FY 2021-22 is ₹ 0.15 Crores and the same seems to be reasonable. The Authority also proposes to apportion the other water expenses into Aeronautical and Non-Aeronautical based on the Gross Block Ratio as per Table 24.

#### **H. Water Charges to NID**

- 3.8.33 The Authority notes that MADC has made payments to Nashik Irrigation Department (NID) in FY 2017-18 and FY 2018-19 only. Since the water charges in FY 2021-22 in NIL this has no impact on the amount to be considered for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

### **I. Repair and Maintenance (R&M)**

- 3.8.34 The Authority notes that R&M expenses had increased by 287% in FY 2021-22 as compared FY 2020-21. This is mainly due to the incurrence of civil-related R&M expenses of ₹ 10.18 Crores (94% of the total R&M expenses incurred) and the balance of ₹ 0.67 Crores pertains to R&M of vehicles, terminal, airside and others.
- 3.8.35 The Authority notes that R&M expenses submitted by MADC for FY 2021-22, were higher than the cap of 6% of the Opening RAB (of that year) generally considered by the Authority, for capping of R&M Expenses to ceiling of 6% of opening RAB of concerned tariff year. Accordingly, the Authority, proposes to cap R&M Expenses at 6% of opening RAB (Net Block) as per Table 30.
- 3.8.36 The Authority, on the aspect of capping of R&M Expenses of the airport at 6% of Opening RAB (Net Block) of the related tariff year, notes the submission of some of the airport operators, wherein they have submitted that capping of R&M Expenses to 6% of Opening RAB (Net Block) needs review. As per the stakeholders, considering that the RAB (Net Block) of the airports, particularly smaller airports, with no major CAPEX additions, gradually decrease due to depreciation; whereas, due to normal wear & tear and aging of Assets, R&M Expenses tend to increase over a period of time. Hence, capping of R&M Expenses at 6% of Opening RAB (Net Block) may be reviewed by the Authority appropriately, as capping of R&M Expenses as per present mechanism impacts adversely the airports (smaller airports) with low Regulatory Asset Base.
- The Authority, taking note of above submission of stakeholders, proposes to revisit the issue relating to capping of R&M Expenses at the ceiling of 6% of Opening RAB (Net Block).
- The Authority seeks the specific views of the stakeholders on the capping of R&M Expenses at 6% of opening RAB (Net Block). The Authority will take a final view in the matter considering the views/ inputs from the stakeholders.
- 3.8.37 The Authority proposes to reclassify the expenses pertaining to PAPI Maintenance which was claimed by MADC in “Airport Operating Expenses” amounting to ₹ 0.49 Crores in FY 2021-22 under “Repair and Maintenance”.
- 3.8.38 The Authority also proposes to apportion the R&M Expenses into Aeronautical and Non-Aeronautical based on the Gross Block Ratio as per Table 24.

**Table 30: Repair and Maintenance Expenses for FY 22 as proposed by the Authority**

(₹ in crores)

| Particulars  | Ref.         | FY 22         |
|--|--------------|---------------|
| <b>As per MADC Submission</b>                                      |              |               |
| Aeronautical R&M Expenses  |              | 10.32         |
| <b>As per the Authority</b>  |              |               |
| R&M - Vehicle  |              | 0.23          |
| R&M - Terminal   |              | 0.02          |
| R&M - Airside  |              | 0.01          |
| R&M - Civil  |              | 10.10         |
| R&M - Others   |              | 0.42          |
| <b>Total R&amp;M Expenses</b>                                      | <b>A</b>     | <b>10.77</b>  |
| Add: regrouping from Airport Operating Expenses - PAPI Maintenance | B            | 0.49          |
| <b>Total R&amp;M Expenses</b>                                      | <b>C=A+B</b> | <b>11.26</b>  |
| <b>Opening RAB (Table 16)</b>                                      | <b>D</b>     | <b>135.68</b> |



DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars  | Ref.                 | FY 22       |
|--|----------------------|-------------|
| 6% of the Opening RAB                                  | E=D*6%               | 8.14        |
| Allowable Expenses                                     | F=Lower of<br>C or E | 8.14        |
| <b>Total R&amp;M Expense proposed by the Authority</b> |                      | <b>8.14</b> |

- 3.8.39 The following adjustments were made to the total operating expenditure of ₹ 24.71 crores submitted by MADC for FY 2021-22:

**Table 31: Adjustments to Total O&M expenses proposed by the Authority for FY22**

(₹ in crores)

| Particulars  | Ref                     | FY 22        |
|--|-------------------------|--------------|
| Total O&M expenses submitted by MADC (Table 22)            | A                       | 24.71        |
| Less: Exclusion of CNS / ATM                               | B                       | 3.80         |
| Less: Power recovery expenses                              | C                       | 0.12         |
| Less: Provisions on doubtful debts                         | D                       | 0.02         |
| Less: Admin – Legal Fees                                   | E                       | 0.21         |
| Less: Outsourcing – Vehicle Expenses (CNS)                 | F                       | 0.15         |
| Less: Rationalization of R&M Expenses to 6% of opening RAB | G                       | 3.11         |
| <b>Total O&amp;M expenses as proposed by the Authority</b> | <b>H =A-B-C-D-E-F-G</b> | <b>17.30</b> |

- 3.8.40 After re-classification of expenses into other categories, the Authority notes that the aeronautical O&M Expenses for FY 2021-22 amounts to ₹ 16.97 crores. Based on the methodology as per Table 4, the Authority proposes to consider ₹ 7.07 crores as Aeronautical O&M expenses for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as presented below:

**Table 32: Aeronautical Operating & Maintenance (O&M) expenses proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

(₹ in crores)

| Particulars                        | Ref | Ref. Table/<br>Para no. | 1 <sup>st</sup> Apr 21 to<br>31 <sup>st</sup> Oct 2021 | 1 <sup>st</sup> Nov 21 to<br>31 <sup>st</sup> Mar 22 | Total<br>FY22 |
|------------------------------------|-----|-------------------------|--|--|---------------|
| Administration and General Exp     | A   | Table 26                | 0.24   | 0.17   | 0.41          |
| Airport Operating Exp              | B   | Table 28                | 1.32   | 0.94   | 2.26          |
| License Fees                       | C   | 3.8.25                  | 0.02   | 0.01   | 0.03          |
| Employee expenses                  | D   | Table 29                | 2.73   | 1.95   | 4.68          |
| Power (net of recovery)            | E   | 3.8.31                  | 0.75   | 0.54   | 1.29          |
| Other Water expenses               | F   | 3.8.32 & 3.8.33         | 0.09   | 0.06   | 0.15          |
| Repair and Maintenance             | G   | Table 30                | 4.75   | 3.39   | 8.14          |
| <b>Total Aero O&amp;M expenses</b> |     |                         | <b>9.90</b>  | <b>7.07</b>  | <b>16.97</b>  |

### 3.9 Non-Aeronautical Revenue (NAR)

#### MADC's Submission

- 3.9.1 MADC has submitted Non-Aeronautical Revenue for Shirdi International Airport for the period from FY 2017-18 to FY 2021-22 as part of its MYTP submission, which is as given below:

**Table 33: MADC's submission on Non-Aeronautical Revenue for the period from FY18 to FY22**

(₹ in crores)

| Particulars             | FY18 | FY19 | FY20 | FY21 | FY22 | Total |
|-------------------------|------|------|------|------|------|-------|
| License Fees - Airlines | -    | 0.29 | 0.47 | 0.67 | 0.57 | 2.00  |

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars                          | FY18     | FY19        | FY20        | FY21        | FY22        | Total       |
|--------------------------------------|----------|-------------|-------------|-------------|-------------|-------------|
| License Fees - Concessionaire        | -        | 0.06        | 0.24        | 0.40        | 0.52        | <b>1.22</b> |
| Miscellaneous (Inc. Other Royalties) | -        | 0.08        | 0.31        | 0.28        | 0.39        | <b>1.06</b> |
| Taxi rentals                         | -        | -           | 0.11        | 0.02        | 0.02        | <b>0.15</b> |
| Car parking - license fee            | -        | 0.00        | 0.02        | 0.00        | 0.00        | <b>0.02</b> |
| Car parking - via new tender         | -        | -           | -           | -           | 0.04        | <b>0.04</b> |
| Advertisement                        | -        | 0.14        | 0.10        | -           | -           | <b>0.24</b> |
| <b>Total</b>                         | <b>-</b> | <b>0.57</b> | <b>1.26</b> | <b>1.37</b> | <b>1.54</b> | <b>4.73</b> |

### **Authority's Examination**

- 3.9.2 The Authority proposes to consider the non-aeronautical revenue pertaining to the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022, as indicated in para 3.3.3, for the purpose of determination of ARR for the said period.

### **License Fees - Airlines and License Fees Concessionaires**

- 3.9.3 The Authority notes that license fee from airlines ₹ 0.24 Crores (for 5 months ended 31<sup>st</sup> March 2022) are in the nature of lease rentals for the space used by the airlines and GHA in the terminal building and MADC has considered the same as part of Non-Aeronautical Revenue for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022. The Authority proposes to consider license fee from airlines as Aeronautical Revenue similar to that considered in other airports.
- 3.9.4 The Authority obtained a concessionaire wise break up for the license fee received from concessionaires and notes that these relate to the lease rentals received from non-aeronautical concessionaires. Accordingly, the Authority proposes to consider the same as Non-Aeronautical Revenues.

### **Other Non-Aeronautical Revenue**

- 3.9.5 The Authority notes that Miscellaneous Income relates to Interest from Fixed Deposits and recovery of electricity charges from concessionaire to the tune of ₹ 0.12 crores for FY 2021-22. The Authority proposes to exclude this amount of recovery of electricity charges from NAR and reduce the same from electricity expenses as part of Aeronautical O&M expenses for the year.
- 3.9.6 Based on the above analysis, Non-Aeronautical Revenues for FY 2021-22 computed by the Authority is as detailed below:

**Table 34: Non-Aeronautical Revenues proposed by the Authority for FY22**

(₹ in crores)

| Particulars                          | Ref.       | FY22        |
|--------------------------------------|------------|-------------|
| License Fees - Concessionaire        | para 3.9.4 | 0.52        |
| Miscellaneous (Inc. Other Royalties) | para 3.9.5 | 0.27        |
| Taxi rentals                         |            | 0.02        |
| Car parking - license fee            |            | 0.00        |
| Car parking - via new tender         |            | 0.04        |
| <b>Total for FY22</b>                |            | <b>0.85</b> |

- 3.9.7 The reconciliation of Non-Aeronautical Revenue for FY 2021-22 between MADC submission and the Authority's proposal is as follows:

**Table 35: Reconciliation of Non-Aeronautical Revenue for FY22 between MADC submission and the Authority's proposal**

(₹ in crores)

| Particulars   | Ref.             | Amount      |
|---|------------------|-------------|
| Non-Aero Revenue for FY 22 as per MADC (Table 33)               | A                | 1.54        |
| Less:   |                  |             |
| Electricity recovery reduced from Operating Expenses            | B                | 0.12        |
| Less: License fee – Airlines considered as Aeronautical revenue | C                | 0.57        |
| <b>Non-Aero Revenue computed by the Authority for FY 22</b>     | <b>D = A-B-C</b> | <b>0.85</b> |

- 3.9.8 Based on the methodology in Table 4, the Authority proposes to consider ₹ 0.35 crores as non-aeronautical revenue for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as computed in the below table:

**Table 36: Non-Aeronautical Revenue proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

(₹ in crores)

| Particulars   | Ref.              | Amount      |
|---|-------------------|-------------|
| Total Non-Aeronautical Revenue for FY22 as per the Authority (Table 34)                                   | A                 | 0.85        |
| <b>Non-Aeronautical Revenue for the period 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022</b> | <b>B = A*5/12</b> | <b>0.35</b> |

### 3.10 Aeronautical Revenue

#### MADC's Submission

- 3.10.1 MADC has submitted Aeronautical Revenue for Shirdi International Airport for the period from FY 2017-18 to FY 2021-22 as follows:

**Table 37: Aeronautical Revenue submitted by MADC for the period FY18 to FY22**

(₹ in crores)

| Particulars                              | FY18        | FY19        | FY20        | FY21        | FY22        | Total        |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Landing fee                              | 0.03        | 0.66        | 2.49        | 0.43        | 0.91        | <b>4.52</b>  |
| Parking fee                              | 0.00        | 0.01        | 0.00        | 0.00        | 0.01        | <b>0.03</b>  |
| PSF - facility                           | 0.15        | 1.06        | 2.78        | 0.01        | -           | <b>3.99</b>  |
| Fuel throughput                          | -           | 0.07        | 0.18        | -           | -           | <b>0.25</b>  |
| Royalty on license fee - Ground Handling | 0.03        | 0.06        | 0.07        | 0.03        | 0.04        | <b>0.23</b>  |
| Cargo screening revenue (X-ray)          | -           | -           | -           | -           | 0.01        | <b>0.01</b>  |
| License fee Refueller                    | -           | 0.08        | 0.34        | 0.62        | 0.66        | <b>1.70</b>  |
| UDF                                      | -           | -           | -           | 0.42        | 1.09        | <b>1.51</b>  |
| <b>Total</b>                             | <b>0.21</b> | <b>1.93</b> | <b>5.86</b> | <b>1.50</b> | <b>2.72</b> | <b>12.23</b> |

#### Authority's Examination

- 3.10.2 The Authority, as indicated in para 3.3.3, proposes to consider aeronautical revenue pertaining to period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 for the computation of ARR.
- 3.10.3 The Authority analyzed the nature of various heads under Aeronautical Revenue for FY 2021-22 as per MADC submission and proposes to consider the same as Aeronautical in nature.
- 3.10.4 As indicated in para 3.9.3, the Authority proposes to reclassify the license fee from airlines as “Aeronautical Revenue”, amounting to ₹ 0.57 crores for FY 2021-22.

DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

3.10.5 The reconciliation of Aeronautical Revenue for FY 2021-22 between MADC submission and the Authority's proposal is as follows:

**Table 38: Reconciliation of Aeronautical Revenue for FY22 between MADC submission and the Authority's proposal**

(₹ in crores)

| Particulars  | Ref.           | Amount      |
|--|----------------|-------------|
| Aero Revenue for FY 22 as per MADC (Table 37)                  | A              | 2.72        |
| Add: License fee – Airlines considered as Aeronautical revenue | B              | 0.57        |
| <b>Aero Revenue computed by the Authority for FY 22</b>        | <b>C = A+B</b> | <b>3.29</b> |

3.10.6 Based on the methodology as per Table 4, the basis of segregation of revenues of FY 2021-22 to into the periods 1<sup>st</sup> April 2021 to 31<sup>st</sup> October 2021 and 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 is as below.

**Table 39: Basis of split for Aeronautical Revenue for FY22 between the periods 1<sup>st</sup> April 2021 to 31<sup>st</sup> October 2021 and 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

| Particulars<br>(in No's)                       | Basis                          | Total Traffic for the<br>period 01/04/2021 to<br>31/10/2021 | Total traffic for the<br>period 01/11/2021 to<br>31/03/2022 | Total Traffic<br>for FY22 |
|--|--------------------------------|---|---|---------------------------|
| Landing fee                                    | Actual - No. of<br>ATM's       | 202   | 1,514   | 1,716                     |
| Parking fee                                    | Actual - No. of<br>ATM's       | 202   | 1,514   | 1,716                     |
| Royalty on<br>license fee -<br>Ground Handling | Actual - No. of<br>ATM's       | 202   | 1,514   | 1,716                     |
| Cargo screening<br>revenue (X-ray)             | Actual - No. of<br>Passenger's | 16,024  | 1,60,763  | 1,76,787                  |
| License fee<br>Refueller                       | Actual - No. of<br>ATM's       | 202   | 1,514   | 1,716                     |
| UDF  | Actual - No. of<br>Passenger's | 16,024  | 1,60,763  | 1,76,787                  |
| License Fee -<br>Airlines                      | No. of months                  | 7   | 5   | 12                        |

3.10.7 Based on the methodology in Table 4 and Table 39, the Authority proposes to consider ₹ 2.68 crores as Aeronautical revenue for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as computed in the below table:

**Table 40: Aeronautical Revenue proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

(₹ in crores)

| Particulars                                 | 1 <sup>st</sup> April to 31 <sup>st</sup><br>October 2021 | 1 <sup>st</sup> Nov 21 to 31 <sup>st</sup><br>Mar 22 | Total FY22  |
|---|---|--|-------------|
| Landing fee                                 | 0.12  | 0.80   | 0.92        |
| Parking fee                                 | 0.00  | 0.01   | 0.01        |
| Royalty on license fee - Ground<br>Handling | 0.00  | 0.03   | 0.03        |
| Cargo screening revenue (X-ray)             | 0.00  | 0.01   | 0.01        |
| License fee Refueller                       | 0.07  | 0.59   | 0.66        |
| UDF   | 0.10  | 0.99   | 1.09        |
| License Fees - Airlines                     | 0.33  | 0.24   | 0.57        |
| <b>Total</b>                                | <b>0.62</b>   | <b>2.67</b>  | <b>3.29</b> |

### 3.11 Taxation

#### MADC's Submission

3.11.1 MADC has submitted the following taxation values for Shirdi International Airport for period from FY 2017-18 to FY 2021-22 based on the building blocks submitted:

**Table 41: MADC's submission on Taxation for the period from FY18 to FY22**

(₹ in Crores)

| Particulars                           | Ref.                    | FY18         | FY19          | FY20          | FY21          | FY22          | Total         |
|---------------------------------------|-------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Aeronautical Revenue                  | A                       | 0.21         | 1.93          | 5.86          | 1.50          | 2.72          | <b>12.22</b>  |
| Non-Aeronautical Revenue              | B                       | -            | 0.57          | 1.26          | 1.37          | 1.54          | <b>4.74</b>   |
| <b>Total Revenue</b>                  | <b>C=A+B</b>            | <b>0.21</b>  | <b>2.50</b>   | <b>7.12</b>   | <b>2.87</b>   | <b>4.26</b>   | <b>16.96</b>  |
| Total O&M Expenses                    | D                       | 7.88         | 23.52         | 24.66         | 6.00          | 24.71         | <b>86.77</b>  |
| <b>EBITDA</b>                         | <b>E=C-D</b>            | <b>-7.67</b> | <b>-21.02</b> | <b>-17.54</b> | <b>-3.13</b>  | <b>-20.45</b> | <b>-69.81</b> |
| Depreciation (ARR)                    | F                       | 0.74         | 6.42          | 7.24          | 8.25          | 10.50         | <b>33.15</b>  |
| <b>EBIT</b>                           | <b>G=E-F</b>            | <b>-8.41</b> | <b>-27.44</b> | <b>-24.78</b> | <b>-11.38</b> | <b>-30.95</b> | <b>-</b>      |
| Interest Cost on Debt                 | H                       | -            | -             | -             | -             | -             | -             |
| Interest Cost on Working Capital      | I                       | -            | -             | -             | -             | -             | -             |
| <b>PBT</b>                            | <b>J=G-H-I</b>          | <b>-8.41</b> | <b>-27.44</b> | <b>-24.78</b> | <b>-11.38</b> | <b>-30.95</b> | <b>-</b>      |
| Add: Depreciation (ARR)               | F                       | 0.74         | 6.42          | 7.24          | 8.25          | 10.50         | <b>33.15</b>  |
| Less: Depreciation for Taxation       | K                       | 0.44         | 6.99          | 7.17          | 7.03          | 8.63          | <b>30.26</b>  |
| <b>PBT for Taxation</b>               | <b>L=J+F-K</b>          | <b>-8.11</b> | <b>-28.01</b> | <b>-24.71</b> | <b>-10.16</b> | <b>-29.08</b> | <b>-100.1</b> |
| Loss Carried Forward (Opening)        | M                       | -            | -8.11         | -36.12        | -60.83        | -70.99        | -             |
| Current Loss                          | N                       | -8.11        | -28.01        | -24.71        | -10.16        | -29.08        | -100.1        |
| Set Off                               | O                       | -            | -             | -             | -             | -             | -             |
| Loss Carried Forward (Closing)        | <b>P=M+N+O</b>          | -8.11        | -36.12        | -60.83        | -70.99        | -100.1        | -             |
| Net Taxable Income                    | <b>Q</b>                | -            | -             | -             | -             | -             | -             |
| Tax Rate Applicable                   | R                       | 34.94%       | 34.94%        | 34.94%        | 34.94%        | 34.94%        | -             |
| <b>Tax (As per normal provisions)</b> | <b>S=Q*R</b>            | -            | -             | -             | -             | -             | -             |
| MAT Rate                              | T                       | 17.47%       | 17.47%        | 17.47%        | 17.47%        | 17.47%        | -             |
| <b>MAT</b>                            | <b>U=Q*T</b>            | -            | -             | -             | -             | -             | -             |
| <b>Tax Payable</b>                    | <b>Higher of S or U</b> | -            | -             | -             | -             | -             | -             |

#### Authority's Examination

3.11.2 The Authority, as indicated in para 3.3.3, proposes to consider taxation pertaining to income and expense for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 for the computation of ARR. The Authority proposes to consider the carried forward aeronautical loss till 31<sup>st</sup> October 2021 from the date of commercial operations for the purpose of determining the aeronautical tax for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

3.11.3 The Authority also notes that MADC has considered Shirdi Airport as a whole (including Non-Aeronautical Revenue, cost etc.) for the purpose of determining the aeronautical taxation. The Authority proposes to consider only the Aeronautical P&L for the purpose of arriving at the aeronautical taxation for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 and to determine the carried forward aeronautical loss till 31<sup>st</sup> October 2021.

**Aeronautical O&M Expenses:**

- 3.11.4 The Authority has examined the Aeronautical O&M expenses submitted by MADC for the period FY 2017-18 to FY 2021-22 for the purposes of calculation of carry forward tax loss as at 31st October 2021 and has analysed, rationalized and regrouped such expenses on the basis of EHCR and GBR or considering as 100% aeronautical in nature, as appropriate. The Authority has considered such expenses until 31<sup>st</sup> October 2021, which are discussed in the following paragraphs:

**Employee Expenses**

- 3.11.5 MADC has submitted employee expenses of ₹ 15.76 crores pertaining to Employee expenses (Shirdi) - ₹ 10.07 crores and Employee expenses (Mumbai) - ₹ 5.69 crores. The Authority proposes to consider ₹ 8.40 crores for Employee expenses (Shirdi) and ₹ 4.94 crores for Employee expenses (Mumbai) after allocating such expenses on the basis of EHCR, for the purposes of computation of aeronautical tax.

**Administration and General expenses**

- 3.11.6 The Authority notes that MADC has submitted an Administration and General expense of ₹ 3.15 crores for the period FY 2017-18 to FY 2021-22. The Authority proposes to consider ₹ 2.29 crores for the purposes of computation of tax and the cause for the variance are non-allowance of legal expenses & provision for doubtful debts and allocation on the basis of GBR.

**Repairs and Maintenance (R&M)**

- 3.11.7 MADC has submitted Repairs and Maintenance expenses amounting to ₹ 17.56 crores. The Authority proposes to consider ₹ 11.42 crores after allocating such expenses on the basis of GBR, re-classification of PAPI maintenance expenses from “Airport Operating expenses” and limiting the total R&M expenses to 6% of Opening RAB, for the purposes of computation of aeronautical tax.

**Water Expenses**

- 3.11.8 The Authority notes that an amount of ₹ 5.67 crores on account of Water expenses and Water charges paid to NID. The Authority proposes to consider an amount of ₹ 5.59 crores towards the same, after allocating on the basis of GBR, for the purposes of computation of tax.

**Power Costs**

- 3.11.9 The Authority notes that MADC has submitted Power costs to the tune of ₹ 5.77 crores for the period FY 2017-18 to FY 2021-22. Further, MADC has submitted such expenses without reduction of power recoveries as explained in para 3.8.31. Hence the Authority proposes to consider ₹ 4.78 crores for the purposes of computation of tax.

**Airport Operating Expenses**

- 3.11.10 MADC has submitted Airport Operating expenses to a tune of ₹ 38.73 crores. The Authority proposes to consider an amount of ₹ 12.69 crores for the purposes of computation of aeronautical tax. The major reasons for the variance in figures, as per the AO & as per the Authority, are non-consideration of CNS & ATM expenses, re-classification of “PAPI Maintenance expenses” to “Repairs & Maintenance” and “Others – Employees” to “Employee expenses”, and application of GBR for allocating the expenses, as appropriate.

On the basis of above paragraphs, the aeronautical O&M expenses proposed to be considered by the Authority for the purposes of computation of aeronautical tax for the pre-control period is as presented in the table below:

**Table 42: Breakup of Aeronautical O&M Expenses**

(₹ in crores)

| Particulars                    | FY18        | FY19         | FY20         | FY21        | FY22 - Upto 31 <sup>st</sup><br>Oct 2021 | Total        |
|--------------------------------|-------------|--------------|--------------|-------------|--|--------------|
| Employee expenses              | 0.80        | 2.50         | 3.39         | 3.91        | 2.73                                     | <b>13.34</b> |
| Administration and General Exp | 0.35        | 0.80         | 0.33         | 0.57        | 0.24                                     | <b>2.29</b>  |
| Repair and Maintenance         | 0.78        | 1.14         | 1.95         | 2.80        | 4.75                                     | <b>11.42</b> |
| Power (net of recovery)        | 0.24        | 0.96         | 1.62         | 1.21        | 0.75                                     | <b>4.78</b>  |
| Water expenses                 | 2.38        | 2.62         | 0.29         | 0.21        | 0.09                                     | <b>5.59</b>  |
| Airport Operating Exp          | 1.30        | 5.83         | 3.96         | 0.28        | 1.32                                     | <b>12.69</b> |
| License Fees                   | 0.03        | -            | 0.07         | -           | 0.02                                     | <b>0.11</b>  |
| <b>Total</b>                   | <b>5.87</b> | <b>13.85</b> | <b>11.61</b> | <b>8.98</b> | <b>9.89</b>                              | <b>50.20</b> |

3.11.11 The Authority notes that MADDC has computed depreciation on WDV method based on the actual no. of days the asset is put to use in that FY by considering the useful life as per the table below:

**Table 43: Useful life considered by MADDC for existing assets for computing IT Depreciation**

| Asset Category                       | Useful Life |
|--------------------------------------|-------------|
| Building                             | 30          |
| Plant & Machinery                    | 15          |
| Electrical Installations & Equipment | 10          |
| Vehicles                             | 8           |
| Computers - Servers and Network      | 6           |
| Computers – Others                   | 3           |
| Furniture & Fixture – Trolleys       | 3           |
| Furniture & Fixture without Trolleys | 7           |
| Office Equipment                     | 5           |

3.11.12 The Authority has recomputed the depreciation as per Income Tax Act, 1961 from the FAR provided by MADDC by using the following depreciation rates:

**Table 44: Depreciation rates used by the Authority for re-computation for Income Tax depreciation**

| Particulars                          | Rate of Depreciation Till FY17 | Rate of Depreciation After FY17 |
|--------------------------------------|--------------------------------|---------------------------------|
| Building                             | 10%                            | 10%                             |
| Computers                            | 60%                            | 40%                             |
| Electrical Installations & Equipment | 10%                            | 10%                             |
| Furniture & Fixture                  | 10%                            | 10%                             |
| Office Equipment's                   | 15%                            | 15%                             |
| Plant & Machinery                    | 15%                            | 15%                             |
| Software                             | 60%                            | 40%                             |
| Vehicle                              | 15%                            | 15%                             |

3.11.13 The Authority has recomputed the depreciation as per Income Tax Act, 1961 using the depreciation rates and useful life of assets indicated therein as detailed in Table 44.

**Table 45: Income tax depreciation recomputed by the Authority**

(₹ in crores)

| Particulars                          | FY18        | FY19         | FY20         | FY21         | FY22 (1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021) |
|--------------------------------------|-------------|--------------|--------------|--------------|--|
| Building                             | -           | 11.44        | 10.40        | 9.36         | 4.91   |
| Computers                            | 0.02        | 0.02         | 0.02         | 0.03         | 0.02   |
| Electrical Installations & Equipment | -           | 1.53         | 1.38         | 1.58         | 1.43   |
| Furniture & Fixture                  | 0.03        | 0.10         | 0.14         | 0.13         | 0.07   |
| Office Equipment                     | 0.01        | 0.68         | 0.59         | 0.53         | 0.27   |
| Plant & Machinery                    | 0.77        | 0.79         | 1.42         | 1.95         | 2.31   |
| Software                             | -           | 0.00         | 0.00         | 0.01         | 0.00   |
| Vehicle                              | 0.02        | 0.02         | 0.02         | 0.02         | 0.01   |
| <b>Total</b>                         | <b>0.84</b> | <b>14.59</b> | <b>13.97</b> | <b>13.60</b> | <b>9.02</b>  |

3.11.14 The Authority also notes that MADC has considered the tax rate of 34.94% based on the following components:

- i. Corporate tax of 30%
- ii. Surcharge of 12%
- iii. Health and Education Cess of 4%

3.11.15 However, on enquiry, it was noted that the effective tax rate currently in force for Shirdi International Airport (from FY19) is 27.82%, breakup of the same is as under:

- i. Corporate tax of 25%
- ii. Surcharge of 7%
- iii. Health and Education Cess of 4%

3.11.16 Based on the above facts, the Authority proposes to consider the following aeronautical loss carried forward as on 31<sup>st</sup> October 2021 from the date of commencement of commercial operations:

**Table 46: Aeronautical losses carried forward proposed by the Authority as on 31<sup>st</sup> October 2021**

(₹ in crores)

| Particulars                                | Ref.           | FY18         | FY19          | FY20          | FY21          | FY22 (1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021) | Total  |
|--|----------------|--------------|---------------|---------------|---------------|--|--------|
| Aeronautical Revenue                       | A              | 0.21         | 1.93          | 5.86          | 1.50          | 0.63   | 10.13  |
| Aeronautical O&M Expenses                  | B              | 5.87         | 13.85         | 11.61         | 8.98          | 9.89   | 50.20  |
| Interest Cost                              | C              | -            | -             | -             | -             | -  | -      |
| Depreciation as per Income Tax             | D              | 0.84         | 14.59         | 13.97         | 13.60         | 9.02   | 52.02  |
| Aero Profit / (Loss) before Tax            | E = A-B-C-D    | -6.50        | -26.51        | -19.72        | -21.08        | -18.28   | -92.09 |
| Loss Carried Forward                       | F              | -            | -6.50         | -33.01        | -52.74        | -73.81   |        |
| <b>Total profit / (loss) after set off</b> | <b>G = E+F</b> | <b>-6.50</b> | <b>-33.01</b> | <b>-52.74</b> | <b>-73.81</b> | <b>-92.09</b>  |        |
| Taxable Profit                             | H              | -            | -             | -             | -             | -  |        |
| Tax Rate Applicable                        | I              | 34.94%       | 27.82%        | 27.82%        | 27.82%        | 27.82%   |        |
| Tax as per Normal Provisions               | J = H*I        | -            | -             | -             | -             | -  |        |
| Depreciation (Table 15)                    | K              | 0.90         | 6.47          | 6.82          | 7.59          | 5.70   | 27.48  |
| Book Profit / (Loss) for                   | L = A-B-       | -6.56        | -18.39        | -12.57        | -15.07        | -14.96   | -67.55 |



DETERMINATION OF TARIFF FOR THE PERIOD FROM 1ST NOVEMBER 2021 TO  
31ST MARCH 2022

| Particulars        | Ref.                    | FY18   | FY19   | FY20   | FY21   | FY22 (1 <sup>st</sup> April 2021 to 31 <sup>st</sup> October 2021) | Total |
|--------------------|-------------------------|--------|--------|--------|--------|--|-------|
| MAT                | K                       |        |        |        |        |  |       |
| MAT Rate           | M                       | 17.47% | 17.47% | 17.47% | 17.47% | 17.47%   |       |
| MAT                | N = L*M                 | -      | -      | -      | -      | -  | -     |
| <b>Tax Payable</b> | <b>Higher of J or N</b> | -      | -      | -      | -      | -  | -     |

3.11.17 Based on the above facts, the Authority proposes to consider the following aeronautical tax for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022:

**Table 47: Aeronautical Tax proposed by the Authority for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

(₹ in crores)

| Particulars                                    | Table Ref. | Ref.                    | FY22 (1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022) |
|--|------------|-------------------------|---|
| Aeronautical Revenue                           | Table 40   | A                       | 2.67  |
| Aeronautical O&M Expenses                      | Table 32   | B                       | 7.07  |
| Interest Cost                                  |            | C                       | -   |
| Depreciation as per Income Tax                 | Table 45   | D                       | 6.44  |
| Aero Profit before Tax                         |            | E = A-B-C-D             | -10.84  |
| Loss Carried Forward                           | Table 46   | F                       | -92.10  |
| <b>Total profit / (loss) after setting off</b> |            | <b>G = E+F</b>          | -102.94   |
| Taxable Profit                                 |            | H                       | -   |
| Tax Rate Applicable                            |            | I                       | 27.82%  |
| Tax as per Normal Provisions                   |            | J = H*I                 | -   |
| Depreciation as per Fin. Statement             | Table 15   | K                       | 4.03  |
| Book Profit / (Loss) for MAT                   |            | L = A-B-K               | -8.43   |
| MAT Rate                                       |            | M                       | 17.47%  |
| MAT  |            | N = L*M                 | -   |
| <b>Tax Payable</b>                             |            | <b>Higher of J or N</b> | -   |

### 3.12 Aggregate Revenue Requirement (ARR) for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022

#### MADC's Submission

3.12.1 MADC has submitted the ARR for Shirdi International Airport for the period from FY 2017-18 to FY 2021-22 as indicated in Table 3 and has requested for a shortfall of ₹ 278.70 crores to be included in the computation of ARR for the first control period.

#### Authority's Examination

3.12.2 The Authority notes that MADC has computed the shortfall for the period FY 2017-18 to FY 2021-22. However, as indicated in para 3.3.3, the Authority proposes to consider the shortfall only for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022.

3.12.3 The Authority also notes that MADC has inadvertently considered aeronautical portion of depreciation by considering 95% twice, effectively making it as 90.25% of the total depreciation for the period from FY 2017-18 to FY 2021-22. Hence the same does not match the aeronautical portion of depreciation as per Table 10.

3.12.4 Based on its analysis of the various building blocks, the Authority has computed the ARR and Shortfall (Under recovery) for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 as presented in the table below:

**Table 48: ARR and Shortfall proposed by the Authority for FY 21-22 (for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022)**

(₹ in crores)

| Particulars  | Table Ref. | Ref.                 | FY22 (1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022) |
|--|------------|----------------------|---|
| Average RAB  | Table 16   | A                    | 153.50  |
| Rate of Return on Average RAB                                |            |                      | 9%  |
| Return on RAB#   |            | B= A* 9% *5/12       | 5.76  |
| (+) Depreciation   | Table 15   | C                    | 4.03  |
| (+) Return on Land   | Table 20   | D                    | 2.20  |
| (+) Operating Expenses                                       | Table 32   | E                    | 7.07  |
| (+) Taxation   | Table 47   | F                    | -   |
| <b>ARR</b>   |            | <b>G = B+C+D+E+F</b> | <b>19.06</b>  |
| NAR  | Table 36   | H                    | 0.35  |
| (-) 30% of NAR   |            | I = H*30%            | 0.11  |
| <b>Net ARR</b>   |            | <b>J = G-I</b>       | <b>18.95</b>  |
| Aeronautical Revenue   | Table 40   | K                    | 2.67  |
| <b>Under recovery as on 31<sup>st</sup> March 2022</b>       |            | <b>L = J-K</b>       | <b>16.28</b>  |
| PV factor @ 9%   |            | M                    | 1.09  |
| <b>PV of Under recovery as on 31<sup>st</sup> March 2022</b> |            | <b>N = L*M</b>       | <b>17.74</b>  |

(# Return on RAB computed proportionately for 5 months i.e. 1<sup>st</sup> Nov 2021 to 31<sup>st</sup> Mar 2022)

### 3.13 Authority's proposal regarding Aeronautical Tariff for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022

Based on the material before it and its analysis, the Authority proposes the following with regard to Tariff for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 for Shirdi International Airport:

- 3.13.1 To consider the shortfall for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022 to be carried forward to the First Control Period.
- 3.13.2 To consider Traffic as per Table 7.
- 3.13.3 To consider RAB and depreciation as per Table 16.
- 3.13.4 To consider FRoR as per para 3.7.6.
- 3.13.5 To consider Return on land as per Table 20.
- 3.13.6 To consider Aeronautical O&M Expenses as per Table 32.
- 3.13.7 To consider Non-Aeronautical Revenue as per Table 36.
- 3.13.8 To consider the Aeronautical Tax as per Table 47.
- 3.13.9 To consider the Aeronautical Revenue as per Table 40.
- 3.13.10 To consider under recovery of ₹ 17.74 crores as per Table 48 and adjust the same in the ARR for the First Control Period.

## 4 TRAFFIC FOR THE FIRST CONTROL PERIOD

### 4.1 MADC's submission regarding Traffic for the First Control Period

- 4.1.1 Passenger Traffic, ATM, Belly Cargo and Air Cargo volume and the corresponding growth rates (%) submitted by MADC for the First Control Period are as follows:

**Table 49: MADC's submission of Passenger Traffic, ATM, Belly Cargo and Air Cargo and corresponding growth rates**

| Year              | Passenger (in Nos) |               |                  | ATM (in Nos)  |            |               | Belly Cargo (in MT) |          |              | Air Cargo (in MT) |          |               |
|-------------------|--------------------|---------------|------------------|---------------|------------|---------------|---------------------|----------|--------------|-------------------|----------|---------------|
|                   | Dom                | Int'l         | Total            | Dom           | Int'l      | Total         | Dom                 | Int'l    | Total        | Dom               | Int'l    | Total         |
| <b>Traffic</b>    |                    |               |                  |               |            |               |                     |          |              |                   |          |               |
| FY23              | 7,34,029           | -             | 7,34,029         | 5,971         | -          | 5,971         | 122                 | -        | 122          | -                 | -        | -             |
| FY24              | 8,44,133           | -             | 8,44,133         | 7,977         | -          | 7,977         | 163                 | -        | 163          | -                 | -        | -             |
| FY25              | 10,12,960          | -             | 10,12,960        | 9,280         | -          | 9,280         | 190                 | -        | 190          | -                 | -        | -             |
| FY26              | 12,66,200          | -             | 12,66,200        | 11,600        | -          | 11,600        | 237                 | -        | 237          | 6,250             | -        | 6,250         |
| FY27              | 17,09,370          | 85,469        | 17,94,839        | 15,659        | 783        | 16,442        | 320                 | -        | 320          | 7,697             | -        | 7,697         |
| <b>Total</b>      | <b>55,66,692</b>   | <b>85,469</b> | <b>56,52,161</b> | <b>50,487</b> | <b>783</b> | <b>51,270</b> | <b>1,032</b>        | <b>-</b> | <b>1,032</b> | <b>13,947</b>     | <b>-</b> | <b>13,947</b> |
| <b>Growth (%)</b> |                    |               |                  |               |            |               |                     |          |              |                   |          |               |
| FY23*             | 314%               | -             | 314%             | 221%          | -          | 221%          | 221%                | -        | 221%         | -                 | -        | -             |
| FY24              | 15%                | -             | 15%              | 34%           | -          | 34%           | 34%                 | -        | 34%          | -                 | -        | -             |
| FY25              | 20%                | -             | 20%              | 16%           | -          | 16%           | 17%                 | -        | 17%          | -                 | -        | -             |
| FY26              | 25%                | -             | 25%              | 25%           | -          | 25%           | 25%                 | -        | 25%          | -                 | -        | -             |
| FY27              | 35%                | -             | 42%              | 35%           | -          | 42%           | 35%                 | -        | 35%          | 23%               | -        | 23%           |

\*Growth rates are computed based on actual traffic for FY23 as compared to that of FY22

- 4.1.2 The Authority was informed that the traffic forecast considered by MADC for Shirdi International Airport is based on the internal estimates of pre-COVID growth and targets for FY 2026-27.
- 4.1.3 MADC has submitted that international travel is expected to begin by FY 2026-27 post commissioning of new terminal building as proposed by MADC in FY 2025-26. MADC has also submitted that the air cargo facility is expected to begin by FY 2024-25 in line with the capitalization of the new Air Cargo Facility in FY 2024-25 with an estimated cargo volume of 6,250 MT in FY 2025-26.

### 4.2 Authority's examination regarding Traffic for the First Control Period

- 4.2.1 The Authority has reviewed the historic traffic details at Shirdi International Airport. The historical passenger traffic\* and ATM at the Airport is as follows:

**Table 50: Past trend in growth of Traffic at Shirdi International Airport (based on AAI Data)**

| FY   | Domestic            |               |                       | Y-o-Y Growth %      |               |                       |
|------|---------------------|---------------|-----------------------|---------------------|---------------|-----------------------|
|      | Passenger (in Nos.) | ATM (in Nos.) | Belly Cargo (in Tons) | Passenger (in Nos.) | ATM (in Nos.) | Belly Cargo (in Tons) |
| FY18 | 37,234              | 745           | -                     | -                   | -             | -                     |
| FY19 | 2,29,040            | 3,064         | -                     | 515%                | 311%          | -                     |
| FY20 | 5,68,968            | 6,226         | -                     | 148%                | 103%          | -                     |
| FY21 | 85,673              | 1,452         | -                     | (85%)               | (77%)         | -                     |
| FY22 | 1,76,787            | 1,716         | 38                    | 106%                | 18%           | -                     |
| FY23 | 7,33,038            | 5,635         | 643                   | 315%                | 228%          | 1,592%                |

\*Source: Traffic News from AAI website

**Passenger Traffic estimate for First Control Period**

- 4.2.2 On review of the traffic details (Passenger, ATM and Cargo) submitted by MADC for FY 2022-23, the Authority notes that traffic details submitted by MADC do not match with actual traffic as per AAI's website as detailed below:

**Table 51: Difference in actual traffic between MADC's Submission and AAI website for the period for FY23**

| Year | Traffic as per MADC submission (A) |       |       | Traffic as per AAI Website (B) |       |       | Difference (C=A-B) |     |       |
|------|------------------------------------|-------|-------|--------------------------------|-------|-------|--------------------|-----|-------|
|      | Passenger                          | ATM   | Cargo | Passenger                      | ATM   | Cargo | Passenger          | ATM | Cargo |
| FY23 | 7,34,029                           | 5,971 | 122   | 7,33,038                       | 5,635 | 643   | 991                | 336 | (521) |
| FY24 | 7,26,440                           | 6,268 | 245   | 7,24,980                       | 6,017 | 243   | 1,460              | 251 | 2     |

- 4.2.3 On enquiry of the difference for FY 2022-23 as above, MADC responded as follows:
- Infant is counted by AAI in the arrival data whereas we do not count it in our data.*
  - Infant and Transit data for indigo Airlines is included in the AAI Data, whereas we do not include infant in the Passenger data."*
- 4.2.4 The Authority notes that the explanation provided by MADC does not clarify the difference as detailed above, as the numbers are higher in MADC submission as compared to AAI data for passenger traffic. Therefore, the Authority proposes to consider traffic (Passenger, ATM and Cargo) as per AAI data for FY 2022-23 and FY 2023-24.
- 4.2.5 The Authority compared the actual traffic from AAI website for FY 2023-24 with the pre-COVID traffic (FY 2019-20). The comparison is given below:

**Table 52: Passenger Traffic for the period FY 2019-20 and FY 2023-24**

| Particulars                 | FY20     | FY24     | Recovery % FY20 |
|-----------------------------|----------|----------|-----------------|
| Passenger Traffic (in Nos.) | 5,68,968 | 7,24,980 | 127%            |

- 4.2.6 Based on Table 52, the Authority notes that the passenger traffic has surpassed the pre-COVID levels.
- 4.2.7 The Authority sought the rationale from MADC behind the growth rates adopted for passenger traffic in its MYTP submission as indicated in Table 49 above. MADC has responded as follows:
- "The traffic forecast considered by the MADC for Shirdi Airport, based on the internal estimates of pre-covid growth and targets for FY 2026-27. The projected growth distributed over the period of 4 years, keeping in mind that the initial years will not facilitate the higher growth due to the capacity constraints of the existing terminal. Further, with proposed construction of new terminal and world class passenger experience, the growth for FY 2025-26 and FY 2026-27 is projected to be on higher side."*
- 4.2.8 The Authority notes that Shirdi International Airport commenced its operation in FY 2017-18. The growth rates in FY 2018-19 and FY 2019-20 reflect the fulfilment of available demands. The period from FY 2020-21 to FY 2021-22 was impacted by COVID-19. Hence, the Authority notes that due to various factors i.e. Shirdi International Airport being a new airport and COVID-19 impacting the traffic during the significant portion of 4<sup>th</sup> and 5<sup>th</sup> year of its operation, the past growth trends may not reflect clear trends to estimate the future projections.
- 4.2.9 Based on the comparison of actual traffic for FY 2023-24, the Authority notes that there is a significant difference (~14%) between the traffic projections given by MADC (i.e. 8,44,133) and the actual numbers

for the year (i.e. 7,24,980) from AAI website. However, considering the possible demands that exists in Shirdi International Airport, the Authority proposes to consider the traffic numbers projected by MADC for FY 2024-25, FY 2025-26 and FY 2026-27.

- 4.2.10 With respect to International Passenger Traffic, the Authority notes that MADC has projected that international operations will commence in FY 2026-27 with the opening of NITB in FY 2025-26, and the volume of international passenger traffic has been projected at 5% of domestic passenger traffic. Though the Authority has shifted the commencement of commercial operation of the NITB from FY 2025-26 to 1st October 2026 i.e. FY 2026-27 the Authority proposes to consider 5% of domestic passenger traffic as the estimate for international passenger traffic for FY 2026-27 as submitted by MADC. The Authority proposes to true up the same based on actuals at the time of tariff determination for the Second Control Period. Considering the above, the details of passenger traffic proposed by the Authority for the First Control Period is as follows:

**Table 53: Passenger Traffic proposed by the Authority for First Control Period**

| Particulars   | FY23      | FY24      | FY25      | FY26      | FY27      | Total            |
|---|-----------|-----------|-----------|-----------|-----------|------------------|
| <b>Domestic Passenger Traffic (in Nos.)</b>                 |           |           |           |           |           |                  |
| Domestic Passenger Traffic submitted by MADC                | 7,34,029  | 8,44,133  | 10,12,960 | 12,66,200 | 17,09,370 | <b>55,66,692</b> |
| Domestic Passenger Traffic proposed by the Authority        | 7,33,038* | 7,24,980* | 10,12,960 | 12,66,200 | 17,09,370 | <b>54,46,548</b> |
| Y-o-Y Growth of Domestic PAX submitted by MADC              | 314%      | 15%       | 20%       | 25%       | 35%       | -                |
| Y-o-Y Growth of Domestic PAX proposed by the Authority      | 315%      | -1%       | 40%       | 25%       | 35%       | -                |
| <b>International Passenger Traffic (in Nos.)</b>            |           |           |           |           |           |                  |
| International Passenger Traffic submitted by MADC           | -         | -         | -         | -         | 85,469    | <b>85,469</b>    |
| International Passenger Traffic proposed by the Authority   | -         | -         | -         | -         | 85,469    | <b>85,469</b>    |
| Y-o-Y Growth of International PAX submitted by MADC         | -         | -         | -         | -         | -         | -                |
| Y-o-Y Growth of International PAX proposed by the Authority | -         | -         | -         | -         | -         | -                |

\*Based on actual data from Traffic News - AAI website

#### ATM estimate for First Control Period

- 4.2.11 The Authority proposes to consider the actual data for FY 2022-23 and FY 2023-24 from AAI website as detailed in para 4.2.4. The Authority compared the actual ATM for FY 2023-24 from AAI website with the pre-COVID traffic (FY 2019-20). The comparison is given below:

**Table 54: ATM for the period FY 2019-20 and FY 2023-24**

| Particulars   | FY20  | FY24  | Recovery % FY20 |
|---------------|-------|-------|-----------------|
| ATM (in Nos.) | 6,226 | 6,017 | 97%             |

- 4.2.12 Based on Table 54, the Authority notes that the ATM traffic will surpass the pre-COVID levels by FY 2024-25.
- 4.2.13 Based on the actual ATM for FY 2023-24, the Authority notes that there is a significant difference (~25%) in the ATM projections given by MADC (i.e. 7,977) for FY 2023-24 vis-à-vis actuals (i.e. 6,017). However, considering the possible demands that exists in Shirdi International Airport, the

Authority proposes to consider the ATM numbers projected by MADC for FY 2024-25 , FY 2025-26 and FY 2026-27.

- 4.2.14 The Authority also notes that MADC has projected that international operations will commence in FY 2026-27, and the volume of international ATM has been projected at 5% of domestic ATM similar to the assumption for passenger traffic. Being the first year of international operations, the Authority proposes to consider 5% of domestic ATM for international ATM and true up the same based on actuals at the time of tariff determination for the Second Control Period.
- 4.2.15 Based on the above, the Authority proposes the ATM traffic to be considered by the Authority for Shirdi International Airport as given below:

**Table 55: ATM proposed by the Authority for First Control Period**

| Particulars   | FY23   | FY24   | FY25  | FY26   | FY27   | Total         |
|---|--------|--------|-------|--------|--------|---------------|
| <b>Domestic ATM (in Nos.)</b>                               |        |        |       |        |        |               |
| Domestic ATM submitted by MADC                              | 5,971  | 7,977  | 9,280 | 11,600 | 15,659 | <b>50,487</b> |
| Domestic ATM proposed by the Authority                      | 5,635* | 6,017* | 9,280 | 11,600 | 15,659 | <b>48,192</b> |
| Y-o-Y Growth of Domestic ATM submitted by MADC              | 221%   | 34%    | 16%   | 25%    | 35%    | -             |
| Y-o-Y Growth of Domestic ATM proposed by the Authority      | 228%   | 7%     | 54%   | 25%    | 35%    | -             |
| <b>International ATM (in Nos.)</b>                          |        |        |       |        |        |               |
| International ATM submitted by MADC                         | -      | -      | -     | -      | 783    | <b>783</b>    |
| International ATM proposed by the Authority                 | -      | -      | -     | -      | 783    | <b>783</b>    |
| Y-o-Y Growth of International ATM submitted by MADC         | -      | -      | -     | -      | -      | -             |
| Y-o-Y Growth of International ATM proposed by the Authority | -      | -      | -     | -      | -      | -             |

\*Based on actual data from Traffic News - AAI website

- 4.2.16 The above ATM nos. include ATMs that are exempt for the purposes of computation of Landing charges (i.e. aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport). Accordingly, the Authority proposes to reduce such exempted ATM nos. for landing charges computation by deriving the Scheduled ATM and Non-Scheduled ATM proportion , based on past trend of ATMs as shown in the table below:

**Table 56: Historical Scheduled and Non-Scheduled ATMs**

| Month  | Total ATM | Scheduled ATM | Non-scheduled ATM |
|--------|-----------|---------------|-------------------|
| Nov-21 | 320       | 302           | 18                |
| Dec-21 | 368       | 348           | 20                |
| Jan-22 | 242       | 218           | 24                |
| Feb-22 | 242       | 216           | 26                |
| Mar-22 | 430       | 400           | 30                |
| Apr-22 | 529       | 464           | 65                |
| May-22 | 565       | 522           | 43                |
| Jun-22 | 526       | 492           | 34                |
| Jul-22 | 482       | 468           | 14                |
| Aug-22 | 488       | 456           | 32                |
| Sep-22 | 480       | 438           | 42                |

| Month        | Total ATM   | Scheduled ATM | Non-scheduled ATM |
|--------------|-------------|---------------|-------------------|
| Oct-22       | 504         | 470           | 34                |
| Nov-22       | 482         | 442           | 40                |
| Dec-22       | 507         | 472           | 35                |
| Jan-23       | 497         | 472           | 25                |
| Feb-23       | 426         | 400           | 26                |
| Mar-23       | 482         | 464           | 18                |
| <b>Total</b> | <b>7570</b> | <b>7044</b>   | <b>526</b>        |
| % to Total   | 100%        | 93%           | 7%                |

- 4.2.17 On the total ATMs proposed for the First Control Period, the Authority using the percentages calculated in table above, has arrived at the Scheduled and Non-Scheduled ATM.

**Table 57: Apportionment of ATMs proposed by the Authority on the basis of Historical trend**

| Particulars                                     | FY 23        | FY 24        | FY 25        | FY 26         | FY 27         | Total         |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| <b>ATM proposed by the Authority (Table 55)</b> | <b>5,635</b> | <b>6,017</b> | <b>9,280</b> | <b>11,600</b> | <b>15,660</b> | <b>48,192</b> |
| Scheduled (93%) (A)                             | 5,241        | 5,596        | 8,630        | 10,788        | 14,564        | 44,819        |
| Non-Scheduled (7%) (B)                          | 394          | 421          | 650          | 812           | 1,096         | 3,373         |
| <b>Total (A+B)</b>                              | <b>5,635</b> | <b>6,017</b> | <b>9,280</b> | <b>11,600</b> | <b>15,660</b> | <b>48,192</b> |

- 4.2.18 MADC has considered the aircraft mix for FY 2023-24 to be 70:30 for NBA:ATR. The Authority proposes to consider the same. From FY 2024-25 onwards, the Authority has considered the actual NBA:ATR mix as submitted by MADC. From the ATR numbers arrived at for FY 2023-24 and the actual numbers given by MADC, the non-scheduled portion of ATM calculated in table 57 above has been reduced from total ATR numbers, as it is understood from MADC that all non-scheduled landings in Shirdi International Airport are ATRs, to arrive at the scheduled ATRs.

**Table 58: Scheduled ATRs exempted for the purposes of computation of Landing Charges**

| Particulars   | FY 23        | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Total ATRs (A)  | 2,254        | 1,805        | 3,418        | 4,272        | 5,767        | 17,516        |
| Less: Non-Scheduled ATRs (B) (Table 57)                   | -394         | -421         | -650         | -812         | -1,095       | -3,372        |
| <b>Exempted ATRs considered for landing charges (A-B)</b> | <b>1,860</b> | <b>1,384</b> | <b>2,768</b> | <b>3,460</b> | <b>4,672</b> | <b>14,144</b> |

- 4.2.19 On exclusion of Scheduled ATR, the total ATM nos. proposed to be considered by the Authority for computation of Landing Charges is as presented in the table below:

**Table 59: ATMs considered for computation of Landing Charges**

| Particulars                    | FY 23        | FY 24        | FY 25        | FY 26        | FY 27         | Total         |
|--------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Non – Scheduled ATR (Table 57) | 394          | 421          | 650          | 812          | 1,095         | 3,372         |
| NBA                            | 3,381        | 4,212        | 5,862        | 7,328        | 9,892         | 30,675        |
| <b>Total</b>                   | <b>3,775</b> | <b>4,633</b> | <b>6,512</b> | <b>8,140</b> | <b>10,987</b> | <b>34,047</b> |

#### **Belly Cargo estimate for First Control Period**

- 4.2.20 The Authority proposes to consider the actual belly cargo volume for FY 2022-23 and FY 2023-24 from AAI website as detailed in para 4.2.4.

- 4.2.21 The Authority notes that MADC has projected the domestic Belly Cargo volume based on the effective growth rate of ATM as per Table 49. The Authority proposes to use the belly cargo volume as submitted by MADC for the projection of domestic Belly Cargo for the FY 2024-25, FY 2025-26 and FY 2026-27.
- 4.2.22 The Authority notes that there is a significant drop in the Belly Cargo volumes in FY 2023-24 as compared to FY 2022-23. On enquiry, the Authority notes that this is because of non-alignment of flight schedule with cargo SOP and decline in cargo bookings with Spice Jet in FY 2023-24.
- 4.2.23 The Authority also notes that MADC has projected that international operations will commence in FY 2026-27, however, it has not projected any increase in Belly Cargo volume because of such international flights. The Authority notes that the Cargo Terminal proposed as part of the Capital Expenditure for the First Control Period would take care of the international cargo operations and hence no international belly cargo volumes have been projected by MADC. The Authority proposes no belly cargo international volumes for the First Control Period. Accordingly, the belly cargo volume (domestic) proposed to be considered by the Authority for Shirdi International Airport for the First Control Period is as follows:

**Table 60: Belly Cargo Volume proposed by the Authority for First Control Period**

| Particulars  | FY23  | FY24 | FY25 | FY26 | FY27 | Total        |
|--|-------|------|------|------|------|--------------|
| <b>Domestic Belly Cargo (in MT)</b>                            |       |      |      |      |      |              |
| Domestic Belly Cargo submitted by MADC                         | 122   | 163  | 190  | 237  | 320  | <b>1,032</b> |
| Domestic Belly Cargo proposed by the Authority                 | 643*  | 243* | 190  | 237  | 320  | <b>1,633</b> |
| Y-o-Y Growth of Domestic Belly Cargo submitted by MADC         | 221%  | 34%  | 16%  | 25%  | 35%  | -            |
| Y-o-Y Growth of Domestic Belly Cargo proposed by the Authority | 1592% | -62% | -22% | 25%  | 35%  | -            |

\*Based on actual data from Traffic News - AAI website

#### **Authority's Examination of Air Cargo estimate for First Control Period**

- 4.2.24 The Authority notes that MADC has projected the volume of Air Cargo based on the demand considered as part of the feasibility study undertaken by it on the assumption that the air cargo facility will be commissioned for operation in FY 2024-25. While the project commissioning was proposed in FY 2024-25, the domestic Air Cargo volume has been projected by MADC in its submission from FY 2025-26. The Authority, having assessed the present status of the project, physical progress and the work order issued proposes to shift the capitalization of the Cargo Facility to FY 2025-26 (refer para 5.3.57). The Authority proposes to retain the domestic air cargo volume projections submitted by MADC for FY 2025-26 as projected by MADC and true up based on actuals at the time of tariff determination for the Second Control Period. The Authority also notes that International Air Cargo volumes were not projected by MADC in their submission. Hence, the Authority proposes not to project any international air cargo volumes for the First Control period, and to true up the same based on actuals at the time of tariff determination for the Second Control Period.
- 4.2.25 Based on the above analysis, the Authority proposes to consider the domestic and international air cargo volume for the First Control Period as follows:



**Table 61: Air Cargo Volume proposed by the Authority for the First Control Period**

| Particulars  | FY23 | FY24 | FY25 | FY26  | FY27  | Total         |
|--|------|------|------|-------|-------|---------------|
| <b>Domestic Air Cargo (in MT)</b>                            |      |      |      |       |       |               |
| Domestic Air Cargo submitted by MADC                         | -    | -    | -    | 6,250 | 7,698 | <b>13,948</b> |
| Domestic Air Cargo proposed by the Authority                 | -    | -    | -    | 6,250 | 7,698 | <b>13,948</b> |
| Y-o-Y Growth of Domestic Air Cargo submitted by MADC         | -    | -    | -    | -     | 23%   | -             |
| Y-o-Y Growth of Domestic Air Cargo proposed by the Authority | -    | -    | -    | -     | 23%   | -             |

4.2.26 Based on the above analysis, the Authority's proposal for traffic for the First Control Period is as follows:

**Table 62: Traffic proposed by the Authority for the First Control Period for Shirdi International Airport**

| Particulars  | FY23             | FY24             | FY25             | FY26             | FY27             | Total            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Domestic Passenger Traffic (in Nos.)</b>                          |                  |                  |                  |                  |                  |                  |
| Domestic Passenger Traffic submitted by MADC                         | 7,34,029         | 8,44,133         | 10,12,960        | 12,66,200        | 17,09,370        | <b>55,66,692</b> |
| Domestic Passenger Traffic proposed by the Authority (Table 53)      | 7,33,038*        | 7,24,980*        | 10,12,960        | 12,66,200        | 17,09,370        | <b>54,46,548</b> |
| Y-o-Y Growth of Domestic Passenger proposed by the Authority         | 315%             | -1%              | 40%              | 25%              | 35%              | -                |
| <b>International Passenger Traffic (in Nos.)</b>                     |                  |                  |                  |                  |                  |                  |
| International Passenger Traffic submitted by MADC                    | -                | -                | -                | -                | 85,469           | <b>85,469</b>    |
| International Passenger Traffic proposed by the Authority (Table 53) | -                | -                | -                | -                | 85,469           | <b>85,469</b>    |
| Y-o-Y Growth of International Passenger proposed by the Authority    | -                | -                | -                | -                | -                | -                |
| <b>Total Passenger Traffic (in Nos.)</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Total Passenger Traffic submitted by MADC</b>                     | 7,34,029         | 8,44,133         | 10,12,960        | 12,66,200        | 17,94,839        | <b>56,52,161</b> |
| <b>Total Passenger Traffic proposed by the Authority</b>             | <b>7,33,038*</b> | <b>7,24,980*</b> | <b>10,12,960</b> | <b>12,66,200</b> | <b>17,94,839</b> | <b>55,32,017</b> |
| Y-o-Y Growth of Total Passenger proposed by the Authority            |                  | -1%              | 40%              | 25%              | 42%              |                  |
| <b>Domestic ATM (in Nos.)</b>  |                  |                  |                  |                  |                  |                  |
| Domestic ATM submitted by MADC                                       | 5,971            | 7,977            | 9,280            | 11,600           | 15,659           | <b>50,487</b>    |
| Domestic ATM proposed by the Authority (Table 55)                    | 5,635*           | 6,017*           | 9,280            | 11,600           | 15,659           | <b>48,192</b>    |
| Y-o-Y Growth of Domestic ATM proposed by the Authority               | 228%             | 7%               | 54%              | 25%              | 35%              | -                |
| <b>Domestic exempted ATM (in Nos.) (Table 58)</b>                    | <b>1,860</b>     | <b>1,384</b>     | <b>2,768</b>     | <b>3,460</b>     | <b>4,672</b>     | <b>14,144</b>    |
| <b>Domestic Billable ATM (in</b>                                     | <b>3,775</b>     | <b>4,633</b>     | <b>6,512</b>     | <b>8,140</b>     | <b>10,987</b>    | <b>34,047</b>    |

TRAFFIC FOR THE FIRST CONTROL PERIOD

| Particulars  | FY23          | FY24          | FY25         | FY26          | FY27          | Total         |
|--|---------------|---------------|--------------|---------------|---------------|---------------|
| Nos.) (Table 59)   |               |               |              |               |               |               |
| <b>International ATM (in Nos.)</b>                             |               |               |              |               |               |               |
| International ATM submitted by MADC                            | -             | -             | -            | -             | 783           | <b>783</b>    |
| International ATM proposed by the Authority (Table 55)         | -             | -             | -            | -             | 783           | <b>783</b>    |
| Y-o-Y Growth of International ATM proposed by the Authority    | -             | -             | -            | -             | -             | -             |
| <b>Total ATM Traffic (in Nos.)</b>                             |               |               |              |               |               |               |
| Total ATM Traffic submitted by MADC                            | 5,971         | 7,977         | 9,280        | 11,600        | 16,442        | <b>51,270</b> |
| <b>Total ATM Traffic proposed by the Authority</b>             | <b>5,635*</b> | <b>6,017*</b> | <b>9,280</b> | <b>11,600</b> | <b>16,442</b> | <b>48,975</b> |
| Y-o-Y Growth of Total ATM proposed by the Authority            |               | 7%            | 54%          | 25%           | 42%           |               |
| <b>Domestic Belly Cargo (in MT)</b>                            |               |               |              |               |               |               |
| Domestic Belly Cargo submitted by MADC                         | 122           | 163           | 190          | 237           | 320           | <b>1,032</b>  |
| Domestic Belly Cargo proposed by the Authority (Table 60)      | 643*          | 243*          | 190          | 237           | 320           | <b>1,633</b>  |
| Y-o-Y Growth of Domestic Belly Cargo proposed by the Authority | 1592%         | -62%          | -22%         | 25%           | 35%           | -             |
| <b>Domestic Air Cargo (in MT)</b>                              |               |               |              |               |               |               |
| Domestic Air Cargo submitted by MADC                           | -             | -             | -            | 6,250         | 7,698         | <b>13,948</b> |
| Domestic Air Cargo proposed by the Authority (Table 61)        | -             | -             | -            | 6,250         | 7,698         | <b>13,948</b> |
| Y-o-Y Growth of Domestic Air Cargo proposed by the Authority   | -             | -             | -            | -             | 23%           | -             |

\*Based on actual data from Traffic News - AAI website

#### 4.3 Authority's proposal regarding Traffic for the First Control Period

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

- 4.3.1 To consider the Passenger Traffic, ATM, Belly Cargo volume and Air Cargo volume for the First Control Period for Shirdi International Airport as per Table 62.
- 4.3.2 To true up the traffic volume (Passengers, ATM, Belly Cargo and Air Cargo) pertaining to the First Control Period, based on actual traffic, while determining the Tariff for Second Control Period.

## **5 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD**

### **5.1 Background**

- 5.1.1 RAB is an essential element 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 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 is provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.
- 5.1.2 The Authority notes that the development of the airport includes construction and procurement of various assets such as:
- i. Runways, Taxiways, Aprons, Air Traffic control tower, Cargo facilities, Parking, Warehousing facilities, Airline offices, administrative offices and associated facilities
  - ii. Construction of Terminal Building and provision of allied equipment /facilities
  - iii. Construction of approach roads etc.
- 5.1.3 The Authority observes that MADC has planned to develop Shirdi International Airport to increase the annual passenger throughput capacity (domestic and international) and annual cargo handling capacity, along with ancillary facilities as per the demand projections.
- 5.1.4 The Independent Consultant appointed by the Authority has performed an in-depth analysis of the submissions made by MADC regarding Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:
- i. Sought and verified Drawings & Plans, BOQs, cost estimates and break-up, detailed justification and explanation, Demand vs. Requirement statement, Work Orders, etc., as applicable and to the extent provided by MADC.
  - ii. Sought written explanation on the status of the projects and perused the tenders floated and work orders approved for the projects, as applicable.
- 5.1.5 Based on the review of documents as stated above, the Authority has rationalized the CAPEX projects, submitted by MADC by shifting the capitalization of some of the projects within the First Control Period based on the essentiality and necessity for Airport operations.
- 5.1.6 In the background of the facts stated above, the Authority has examined the capital expenditure proposed by MADC, 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 First Control Period and maintain a balanced approach between the sustainable operations of MADC and the interest of the airport users. Further, the Authority takes cognizance of the fact that, if any excessive CAPEX is allowed in this Control Period, it would be against the regulatory 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 ultimate users.
- 5.1.7 Towards this objective, the Authority has examined in detail the Aeronautical Capital Expenditure, Depreciation and RAB submitted by MADC and has presented its views in the following order:
- (i) Capital expenditure for the First Control Period

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

- (ii) Depreciation for the First Control Period
- (iii) Regulatory Asset Base for the First Control Period

5.1.8 While analyzing the MYTP regarding capitalization of Aeronautical Expenditure for the First Control Period, the Authority has considered the actual traffic, growth in traffic and actual Peak Hour Passenger (PHP) as submitted by MADC. In this background, the Authority has sought and examined MADC's submission based on the following details / criteria:

- i. Nature of the expenditure
- ii. Necessity / requirement of the expenditure
- iii. Business plan and Master plan for all projects
- iv. Number of PAX on hourly basis, both at present and projected, for the First Control Period
- v. Terminal Capacity both at present and projected for the First Control Period
- vi. Other short-term and long-term plans of MADC
- vii. Sustainability of the airport operations
- viii. Passenger facilitations
- ix. Passenger safety and security of passengers and airport operations

5.1.9 Based on the above, the Authority has rationalized the capital expenditure for all the projects and accordingly proposes capital additions for the First Control Period. However, if any project whose cost is not considered as part of CAPEX proposed by the Authority but actually incurred in the First Control Period because it is mandated by regulatory requirements or are incurred for improving operational efficiency, the Authority will true up the costs on actual incurrence basis, subject to evaluation of reasonableness at the time of determination of tariff for the Second Control Period.

## 5.2 MADC's submission regarding Capital Expenditure (CAPEX) for the First Control Period

5.2.1 MADC has submitted Total Capital Expenditure of ₹ 846.02 crores (out of which Aeronautical Capital Expenditure amounts to ₹ 803.71 crores) in the MYTP dated 7<sup>th</sup> July 2023, for the First Control Period as given below:

**Table 63: MADC's submission on Capital Expenditure (CAPEX) for the First Control Period for Shirdi International Airport**

(₹ in crores)

| Particulars  | Ref. | FY23 | FY24          | FY25  | FY26   | FY27 | Total         |
|--|------|------|---------------|-------|--------|------|---------------|
| <b>WIP CAPEX</b>   |      |      |               |       |        |      |               |
| Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport | A    | -    | 66.00         | -     | -      | -    | <b>66.00</b>  |
| Construction of Apron  | B    | -    | 35.90         | -     | -      | -    | <b>35.90</b>  |
| Extension of existing runway and RESA  | C    | -    | 44.00         | -     | -      | -    | <b>44.00</b>  |
| Construction of Isolation Bay and associated works on airside  | D    | -    | 10.00         | -     | -      | -    | <b>10.00</b>  |
| Seating Lounge   | E    | -    | 1.70          | -     | -      | -    | <b>1.70</b>   |
| <b>Subtotal: WIP CAPEX</b>   |      |      | <b>157.60</b> |       |        |      | <b>157.60</b> |
| <b>Planned CAPEX</b>   |      |      |               |       |        |      |               |
| Construction of Water Pond   | F    | -    | -             | 17.80 | -      | -    | <b>17.80</b>  |
| Air cargo facility and hangars   | G    | -    | -             | 55.00 | -      | -    | <b>55.00</b>  |
| Runway Recarpeting   | H    | -    | 25.00         | -     | -      | -    | <b>25.00</b>  |
| Construction of New Integrated Terminal  | I    | -    | -             | -     | 590.62 | -    | <b>590.62</b> |

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

| Particulars                          | Ref. | FY23     | FY24          | FY25         | FY26          | FY27     | Total         |
|--------------------------------------|------|----------|---------------|--------------|---------------|----------|---------------|
| Building                             |      |          |               |              |               |          |               |
| <b>Subtotal: Planned CAPEX</b>       |      |          | <b>25.00</b>  | <b>72.80</b> | <b>590.62</b> | <b>-</b> | <b>688.42</b> |
| <b>Total</b>                         |      | <b>-</b> | <b>182.60</b> | <b>72.80</b> | <b>590.62</b> | <b>-</b> | <b>846.02</b> |
| Aeronautical portion (%)             |      | 95%      | 95%           | 95%          | 95%           | 95%      | 95%           |
| <b>Aeronautical portion of Capex</b> |      | <b>-</b> | <b>173.47</b> | <b>69.16</b> | <b>561.09</b> | <b>-</b> | <b>803.71</b> |

5.2.2 The Asset category wise breakup of the CAPEX submitted by MADC for the First Control Period is as follows:

**Table 64: Asset Category wise breakup of the CAPEX submitted by MADC for the First Control Period**

(₹ in crores)

| Particulars                          | FY23     | FY24          | FY25         | FY26          | FY27     | Total         |
|--------------------------------------|----------|---------------|--------------|---------------|----------|---------------|
| Civil                                | -        | 163.02        | 67.29        | 354.37        | -        | <b>584.68</b> |
| Electrical                           | -        | 14.45         | 5.51         | 177.18        | -        | <b>197.14</b> |
| Equipment                            | -        | 2.79          | -            | 21.44         | -        | <b>24.23</b>  |
| Furniture & Fixture                  | -        | 0.84          | -            | 13.91         | -        | <b>14.75</b>  |
| Furniture & Fixture - Trolleys       | -        | 0.01          | -            | 0.09          | -        | <b>0.10</b>   |
| IT - Software                        | -        | 0.19          | -            | 2.94          | -        | <b>3.13</b>   |
| IT - End User Devices                | -        | 1.23          | -            | 19.58         | -        | <b>20.81</b>  |
| IT - Services and Networks           | -        | 0.07          | -            | 1.11          | -        | <b>1.18</b>   |
| <b>Total</b>                         | <b>-</b> | <b>182.60</b> | <b>72.80</b> | <b>590.62</b> | <b>-</b> | <b>846.02</b> |
| Aeronautical portion                 | 95%      | 95%           | 95%          | 95%           | 95%      | 95%           |
| <b>Aeronautical portion of Capex</b> | <b>-</b> | <b>173.47</b> | <b>69.16</b> | <b>561.09</b> | <b>-</b> | <b>803.71</b> |

5.2.3 MADC has provided justification for the aforementioned CAPEX projects as follows:

**Table 65: Justification for CAPEX Projects for the First Control Period as submitted by MADC**

| Particulars   | Ref. | Justification   |
|---|------|---|
| <b>WIP CAPEX</b>  |      |   |
| Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport. | A    | In this work construction of ATC tower, fire station, causality centres, CISF block, armoury lock etc. is proposed. These components are very essential for proper functioning of airport as well as to provide emergency services to aircrafts / passengers using the airport. Presently, all these facilities are available but of temporary nature but citing huge response by passengers to this airport there is need to have full-fledged facilities working at this airport. |
| Construction of Apron   | B    | Presently, at Shirdi International Airport parking is available for 4 ATR aircrafts. Considering increased demand there is a need to increase this parking. Hence, with a view to provide parking for 10 ATR aircrafts expansion / construction of apron is taken up.   |
| Extension of existing runway and RESA   | C    | Shirdi International Airport is currently handling 28 daily aircraft movement. Since devotees of holy Saibaba are spread across the world it is expected that international flight may start from this airport soon. To cater for wide body aircrafts, extension of existing runway from 2,500 m to 3,200 m is proposed.  |
| Construction of Isolation Bay and associated works on airside.  | D    | Isolation bay is essential requirement for isolating aircrafts from runway during the times of emergencies. Shirdi being operational airport in a sensitive holy area this requirement is vital one.  |
| Seating Lounge  | E    | MADC has planned construction of temporary seating lounges in both cityside and airside. The project is expected to be capitalised in FY24  |

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

| Particulars                        | Ref. | Justification   |
|------------------------------------|------|---|
| <b>Planned CAPEX</b>               |      |   |
| Construction of Water Pond         | F    | Water is a basic need and to operate a full-fledged airport uninterrupted supply of water is very essential. Presently, Shirdi International Airport is getting water supply through nearby wells as well as through tanker facilities. To have continuous uninterrupted and clean water supply there is a need to have proper water supply scheme for the airport. To supply treated water at various operational building/location in the airport water distribution system is a must. To have continuous, uninterrupted, and clean water supply there is need to have proper water supply scheme for the airport. Shirdi International Airport is catering to nearly 6 lakh passengers and to cater for wastewater generated due to such passenger movement at public place like airport, sewage disposal system is also proposed. |
| Air cargo facility and hangars     | G    | Shirdi International Airport is surrounded by area rich in agricultural produce. Since March 2021 Shirdi International Airport got permission to start belly cargo operation and till Oct 2023, the total belly cargo transported is to the tune of 453 MT. Citing such a huge demand separate air cargo facility is planned.   |
| Recarpeting the runway and taxiway | H    | As per the DGCA report on surveillance inspection conducted in May,2023 it was mentioned in the report that “ <i>Runway surface condition found deteriorated in the entire stretch of runway. Sand patch test also failed at many places. Operator to submit short term and long term mitigation plan</i> ”. In light of the DGCA observation, MADC thereafter submitted the work proposal to AAI for runway re-carpeting and taxiway work.   |
| New Integrated Terminal Building   | I    | Present area of Terminal Building is about 2,750 sq.m. It can handle 150 arriving and 150 departing passengers. However, presently there are 28 daily movements of aircraft from Shirdi International Airport and there is no sufficient space available for passengers at the airport. Further, considering increased passenger traffic demand in next 10 years to facilitate the increased passengers it is proposed to construct new integrated terminal building with 1200 peak hour passenger capacity. This building will also cater international operations from this airport which are likely to start from FY26.  |

5.2.4 For WIP CAPEX, MADC has provided the status of the projects as follows:

**Table 66: Status of WIP CAPEX for the First Control Period as submitted by MADC**

| Particulars   | Ref. | Status as of December 2023   |
|---|------|--|
| Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport. | A    | 50% of the project completed with ₹ 34 Crores incurred till December 2023  |
| Construction of Apron   | B    | Work completed and commissioning approval received. Final bill in process  |
| Extension of existing runway and RESA   | C    | Scope of work for these projects have increased and tenders for the same is yet to be floated  |
| Construction of Isolation Bay and associated works on airside.  | D    |  |
| Seating Lounge  | E    | MADC had originally planned for the extension of the existing terminal building. But the same was cancelled and has planned construction of temporary seating lounges in both cityside and airside. The project is expected to be capitalised in FY24. |

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

- 5.2.5 MADC has classified the assets into Aeronautical and Non-Aeronautical by considering the ratio 95%:5%. Based on this allocation ratio, MADC has considered the following Aeronautical additions to RAB for the First Control Period:

**Table 67: MADC's proposal of Aeronautical additions to RAB for the First Control Period for Shirdi International Airport**

(₹ in Crores)

| Particulars                    | FY23 | FY24          | FY25         | FY26          | FY27 | Total         |
|--------------------------------|------|---------------|--------------|---------------|------|---------------|
| Civil                          | -    | 154.87        | 63.93        | 336.65        | -    | 555.45        |
| Electrical                     | -    | 13.73         | 5.23         | 168.33        | -    | 187.28        |
| Equipment                      | -    | 2.65          | -            | 20.37         | -    | 23.02         |
| Furniture & Fixture            | -    | 0.80          | -            | 13.21         | -    | 14.01         |
| Furniture & Fixture - Trolleys | -    | 0.01          | -            | 0.09          | -    | 0.09          |
| IT – Software                  | -    | 0.18          | -            | 2.79          | -    | 2.97          |
| IT - End User Devices          | -    | 1.17          | -            | 18.60         | -    | 19.77         |
| IT - Services and Networks     | -    | 0.07          | -            | 1.05          | -    | 1.11          |
| <b>Total</b>                   | -    | <b>173.47</b> | <b>69.16</b> | <b>561.09</b> | -    | <b>803.71</b> |

- 5.2.6 The Authority through its independent consultant had raised queries on capex costs submitted by MADC for the First Control Period. MADC has responded to the queries with a letter addressed to the Authority dated 22<sup>nd</sup> March 2024 stating “*The response to the remarks of M/s PKF Sridhar & Santhanam LLP have been compiled in Annexure I. Further we have floated RFPs/RFQs and Letter of Award has been given for all the projected capex works to be executed in the balance periods of the MYTP. Accordingly, the Letter of Awards are also being shared with you along with the revised estimated capex cost after considering these awards*”. The letter also states that “*We request you to consider the revised project costs as part of tariff fixation*”.
- 5.2.7 While MADC has submitted the revised costs for all capex projects, the consequent depreciation, revised capitalization dates, aeronautical RAB portion etc. have not been submitted by MADC. Comparison of the revised capex costs vis-à-vis the original capex costs is given below:

**Table 68: Comparison of the revised capex costs vis-à-vis the original capex costs as submitted by MADC for Shirdi International Airport for the First Control Period**

(₹ in crores)

| Particulars  | Ref | As per MADC<br>original Submission<br>dated 07 <sup>th</sup> July<br>2023 | As per MADC<br>revised Submission<br>dated 22 <sup>nd</sup> March<br>2024 | Excess/ (short)<br>compared to<br>original<br>submission |
|--|-----|---|---|--|
|  |     | <b>1</b>  | <b>2</b>  | <b>3=2-1</b>   |
| <b>WIP CAPEX</b>   |     |   |   |  |
| Capex Incurred for FY23  |     | -   | -   | -  |
| Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport | A   | 66.00   | 66.00   | -  |
| Construction of Apron  | B   | 35.90   | 35.90   | -  |
| Extension of existing runway and RESA  | C   | 44.00   | 44.00   | -  |
| Construction of Isolation Bay and associated works on airside  | D   | 10.00   | 9.50  | -0.50  |
| Seating Lounge   | E   | 1.70  | 8.87  | 7.17   |
| <b>Subtotal: WIP CAPEX</b>   |     | <b>157.60</b>   | <b>164.27</b>   | <b>6.67</b>  |

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

| Particulars   | Ref | As per MADC<br>original Submission<br>dated 07 <sup>th</sup> July<br>2023 | As per MADC<br>revised Submission<br>dated 22 <sup>nd</sup> March<br>2024 | Excess/ (short)<br>compared to<br>original<br>submission |
|---|-----|---|---|--|
| <b>Planned CAPEX</b>                                |     |   |   | -  |
| Construction of Water Pond                          | F   | 17.80   | 18.02   | 0.22   |
| Air cargo facility and hangars                      | G   | 55.00   | 51.59   | -3.41  |
| Runway Recarpeting                                  | H   | 25.00   | 61.68   | 36.68  |
| Construction of New Integrated<br>Terminal Building | I   | 590.62  | 722.50  | 131.88   |
| <b>Subtotal: Planned CAPEX</b>                      |     | <b>688.42</b>   | <b>853.79</b>   | <b>165.41</b>  |
| <b>GRAND TOTAL</b>                                  |     | <b>846.02</b>   | <b>1,018.06</b>   | <b>172.08</b>  |

### 5.3 Authority's examination regarding Revised Capital Expenditure (CAPEX) for the First Control Period

- 5.3.1 For the purpose of its analysis of CAPEX for the First Control Period, the Authority proposes to consider the revised submission made by MADC dated 22<sup>nd</sup> March 2024. The Authority, has examined the capex in the following manner:
- WIP Capex
  - Planned Capex
- 5.3.2 The Authority observes that MADC has submitted total aeronautical capital addition of ₹ 1018.06 crores of which ₹ 164.27 Crores relates to WIP which is expected to be capitalized in FY 2023-24 and ₹ 853.83 Crores relates to new projects proposed to be initiated and completed in the First Control Period as part of MYTP submission.
- 5.3.3 As per relevant guidelines of Direction 5, AUCC meetings are to be held by Airport Operator with the stakeholders, whenever there are any additions to Fixed assets of such value as mentioned therein. Upon enquiry MADC has communicated that it has not held any AUCC meetings in the past. **The Authority, therefore, directs MADC to conduct AUCC meeting for the Capital additions proposed for the First Control Period, as per AERA Guidelines, 2011 for Airport Operators (Appendix 1: Consultation Protocol) and submit the Minutes of AUCC Meeting/ relevant documents to the Authority before end of stakeholders' consultation process.**
- 5.3.4 The Authority notes that as per MADC's submission dated 7<sup>th</sup> July 2023, the existing terminal building has a design capacity of 0.68 MPPA while the annual traffic has exceeded this designed capacity in FY 2022-23. The annual traffic in FY 2022-23 was 0.73 MPPA. The capital expenditure projected by MADC is evaluated in this background.
- 5.3.5 The Authority also notes that MADC has not considered any additions to CAPEX in FY 2022-23. However, on examination of the Fixed Asset Register and audited financial statements for FY 2022-23, the Authority notes that there have been actual additions to Fixed Assets to the tune of ₹ 0.50 crores – highest being ₹ 0.09 Crores for Airfield Ground Lighting and various other items including door frame metal detector and parking shade etc. (out of which, aeronautical additions as submitted by MADC amounts to ₹ 0.46 crores). The Authority sought the reason from MADC for not considering the additions in FY 2022-23 in its submission. MADC responded that the same has been inadvertently missed to be included in its submission. The Authority proposes to consider the assets in FY 2022-23 for the purpose of determination of RAB for the First Control Period.



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

- 5.3.6 As indicated in para 3.5.8, MADC had submitted the FAR with classification (Aero / Non-Aero / Common) upon request from the Authority for all the actual additions including the additions in FY 2022-23. A comparison of the classification provided by MADC and the classification proposed by the Authority for the additions in FY 2022-23 is as follows:

**Table 69: Comparison of classification of assets considered in FY23 as per the Authority**

(₹ in Crores)

| Nature                                 | FY 23       |
|--|-------------|
| Gross value of Aeronautical Assets     | 0.24        |
| Gross value of Common Assets           | 0.19        |
| Gross value of Non-Aeronautical Assets | 0.07        |
| <b>Total</b>                           | <b>0.50</b> |

- 5.3.7 The Authority analyzed various projects submitted by MADC that were in progress as at the end of FY 2022-23 and the projects that were proposed to be initiated and completed in the First Control Period. The independent consultant has carried out discussions with MADC, sought further details / clarifications on various projects. Based on the analysis, the Authority's assessment on the need, size, timing and cost of capitalization and classification and its proposal is detailed project wise as below:

**WIP CAPEX**

**A. Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside - ₹ 66.00 crores**

- 5.3.8 The Authority notes the justification provided by MADC for this project as indicated in Table 65. The Authority notes that these facilities are already available in the airport but are temporary in nature and considering the growth in traffic proposed by the Authority (in Table 62) and for proper and seamless functioning of the airport, the Authority notes the need for the project.
- 5.3.9 The Authority also notes the status of this project as provided by MADC in Table 66. The Authority, through its Independent Consultant, examined the physical status of the progress of the project as of December 2023 and notes that while considerable progress has been made in the project in terms of cost incurred, the project is not expected to be completed by FY 2023-24. Hence the Authority proposes to consider the capitalization of the said project in FY 2024-25.
- 5.3.10 The Authority further sought the details of tender floated and work order issued with respect to this project, for the analysis of cost estimation. Based on the documents received from MADC, the Authority notes that following cost components of the project was estimated by MADC:

**Table 70: Cost components of the project “Development / Redevelopment of Cityside infrastructure and ancillary buildings at Airside and Cityside” as estimated by MADC**

(₹ in crores)

| Particulars        | Estimated Cost |
|--------------------|----------------|
| Earth Works        | 1.10           |
| Concrete Work      | 15.14          |
| Brick Work         | 1.07           |
| Finishing          | 1.34           |
| Flooring           | 1.55           |
| Miscellaneous Work | 2.65           |
| Doors & Windows    | 0.71           |
| Site Development   | 22.99          |
| Lifts & Elevators  | 0.75           |

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

| Particulars                          | Estimated Cost |
|--------------------------------------|----------------|
| Internal & External Electrical Works | 13.17          |
| HVAC Works                           | 2.11           |
| Fire Fighting Works                  | 0.61           |
| Plumbing and Drainage Works          | 2.80           |
| <b>Total cost estimated by MADC</b>  | <b>66.00</b>   |

- 5.3.11 The Authority also notes that the tender was awarded at a reduction of 4.23%, amounting to ₹ 63.21 crores and the cost incurred as of December 2023 amounts to ₹ 34.00 crores.
- 5.3.12 Since the project is ongoing, the Authority proposes to consider the awarded cost of ₹ 63.21 crores for its further analysis. The Authority, through its Independent Consultant, analyzed the cost estimated by MADC for this project in line with the scope of work and bill of quantities as attached in the tender floated. Based on this analysis, the Authority notes that the cost estimate submitted by MADC is reasonable.
- 5.3.13 The Authority notes that the project comprises of construction of ATC tower, fire station, casualty centers, CISF block, armory block, etc., Based on the nature of components of this project, the Authority proposes to classify the assets of the project under “Aeronautical Assets” for the purpose of determination of aeronautical portion of capex additions proposes in the First Control Period.
- 5.3.14 Based on the above analysis on need, size, cost and classification of the project, the Authority proposes to consider the capitalization of the aeronautical portion of the awarded cost of the project, in FY 2024-25, as follows:

**Table 71: Cost proposed to be considered by the Authority for the project “Development / Redevelopment of Cityside infrastructure and ancillary buildings at Airside and Cityside” in the First Control Period**

| Particulars   | Ref.           | Unit               | Amount       |
|---|----------------|--------------------|--------------|
| Total cost proposed to be considered by the Authority         | A              | ₹ in Crores        | 63.21        |
| Year of Capitalization as proposed by the Authority           | -              | -                  | FY25         |
| Classification of Project                                     | -              | -                  | Aeronautical |
| Aeronautical portion (Table 105)                              | B              | %                  | 100%         |
| <b>Aeronautical portion of cost proposed by the Authority</b> | <b>C = A*B</b> | <b>₹ in Crores</b> | <b>63.21</b> |

**B. Construction of Apron - ₹ 35.90 crores**

- 5.3.15 The Authority notes the justification provided by MADC for this project as indicated in Table 65. Considering the growth in traffic proposed by the Authority in Table 62 and for proper and seamless functioning of the airport, the Authority notes the need for the project.
- 5.3.16 The Authority also notes the status of the project as provided by MADC in Table 66. The Authority, through its Independent Consultant, examined the physical status of the progress of the project as of December 2023 and notes that the project is almost completed as of December 2023 and based on the fact that commissioning approval for the apron is received in FY 2023-24, the Authority proposes to consider capitalization of the project in FY 2023-24.
- 5.3.17 The Authority further sought the details of tender floated and work order issued with respect to this project, for the analysis of cost estimation. The Authority, based on the documents received, notes the following component wise cost estimate made by MADC:

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

**Table 72: Cost components of the project “Construction of Apron” as estimated by MADC**

(₹ in Crores)

| Particulars                          | Estimated Cost |
|--------------------------------------|----------------|
| Taxiway, Taxi link and Apron         | 26.90          |
| Peripheral Road                      | 5.55           |
| Profile Correction Works             | 0.10           |
| Drain and Culvert                    | 1.60           |
| High Mast Foundation and Other Works | 1.27           |
| Aerobridge Foundation                | 0.48           |
| <b>Total cost estimated by MADC</b>  | <b>35.90</b>   |

- 5.3.18 The Authority notes that the tender was awarded at a reduction of 19.19%, amounting to ₹ 29.01 crores. The Authority therefore proposes to consider the awarded cost of ₹ 29.01 crores for its further analysis.
- 5.3.19 Based on the nature of components of this project, the Authority proposes to classify the assets of the project under "Aeronautical Assets" for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.
- 5.3.20 The Authority proposes to compare the cost per sq.m. of construction of Apron with cost per sq.m. as per Order on Normative cost vide Order No. 07/2016-17 on 13<sup>th</sup> June 2016, “In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports – Capital costs Regarding”. In the Order on Normative cost vide Order No. 07/2016-17 on 13<sup>th</sup> June 2016 the normative cost for apron/runway/taxiway was given as ₹ 4,700 per sq.m. The Authority notes that the cost mentioned in the order is inclusive of taxes applicable at that time, which is 12%. Subsequently, GST has been introduced wherein the GST rate is 18% and computed the inflation adjusted normative cost by considering an additional 6% thereby resulting in total GST of 18% as given below:

**Table 73: Inflation adjusted normative rate considered by the Authority for Apron/Runway/Taxiway**

| Financial Year | WPI Index | Inflation % * | Inflation adjusted Cost | Inflation adjusted normative cost @18% GST # |
|----------------|-----------|---------------|-------------------------|--|
| FY16           | 109.7     | -             | 4,700**                 | 4,952  |
| FY17           | 111.6     | -             | 4,781                   | 5,038  |
| FY18           | 114.9     | -             | 4,923                   | 5,187  |
| FY19           | 119.8     | -             | 5,133                   | 5,408  |
| FY20           | 121.8     | -             | 5,218                   | 5,498  |
| FY21           | 123.4     | -             | 5,287                   | 5,570  |
| FY22           | -         | 7.14%         | 5,664                   | 5,968  |
| FY23           | -         | 9.42%         | 6,198                   | 6,530  |
| FY24           | -         | -0.70%        | 6,155                   | 6,484  |
| FY25           | -         | 3.10%         | 6,345                   | 6,685  |
| FY26           | -         | 3.70%         | 6,580                   | 6,933  |
| FY27           | -         | 3.70%         | 6,824                   | 7,189  |

\*Inflation rates considered as per Chapter 8 of this Consultation Paper

\*\*Inflation adjusted base amount (inclusive of 12% GST) (A)

Inflation adjusted base amount (exclusive of 12% GST) (B=A\*100/112)

Add GST @ 18% c) (C=B\*18%)

Normative cost including GST (D = B+C)

= ₹ 4,700 per sq.m.

= ₹ 4,196 per sq.m.

= ₹ 755 per sq.m.

= ₹ 4,952 per sq.m.

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

- 5.3.21 The Authority notes that the actual cost per Sq.m. for Apron is lower than the inflation adjusted normative cost generally being considered by the Authority and hence the Authority proposes to consider the actual cost incurred by MADC for its further analysis as detailed in Table 74.
- 5.3.22 The Authority proposes to consider the following cost in FY 2023-24 towards the project “Construction of Apron”:

**Table 74: Cost proposed to be considered by the Authority for the project “Construction of Apron” in the First Control Period and its comparison with normative cost**

| Particulars  | Ref.  | Unit               | Amount       |
|--|---|--------------------|--------------|
| Actual Cost for construction of Apron submitted by MADC                        | A   | ₹ in Crores        | 29.01        |
| Area developed into Apron (Based on the details in tender floated)             | B   | Sq.m.              | 65,573       |
| Cost per Sq.m.   | $C = (A \times 10^7) / B$                         | ₹                  | 4,424        |
| Year of Capitalization as proposed by the Authority                            | -   | -                  | FY24         |
| Normative Cost per Sq.m. for FY24 (Table 73)                                   | D   | ₹                  | 6,484        |
| Total Cost proposed to be considered by the Authority                          | $E = ((\text{Lower of C and D}) \times B) / 10^7$ | ₹ in Crores        | 29.01        |
| Classification of Project  | -   | -                  | Aeronautical |
| Aeronautical portion (Table 105)   | F   | %                  | 100%         |
| <b>Aeronautical portion of cost proposed to be considered by the Authority</b> | <b>G = E * F</b>                                  | <b>₹ in Crores</b> | <b>29.01</b> |

**C. Extension of existing runway and RESA - ₹ 44.00 crores**

- 5.3.23 The Authority notes the justification provided by MADC for this project as indicated in Table 65. Considering the growth in traffic proposed by the Authority in Table 62 and the fact that a new integrated terminal building (NITB) is proposed to be commissioned in the First Control Period, the Authority notes the need for the extension of runway from the 2,500M to 3,200M and RESA.
- 5.3.24 The Authority also notes the status of the project as provided by MADC in Table 66. The Authority, through its Independent Consultant, examined the physical status of the progress of the project as of December 2023. The Authority notes that work related to extension of runway and RESA has been completed as on December, 2023 and the same will be put to use only after re-carpeting the entire area together with the existing runway recarpeting. Hence, the Authority proposes the capitalization of extension of existing runway and RESA in FY 2025-26 along with the runway re-carpeting as detailed in para 5.3.60.
- 5.3.25 The Authority, based on the work order awarded for the project in the year 2017, notes that the cost estimated by MADC for the extension of runway and RESA along with construction of apron area, isolation bay and associated works on airside amounts to ₹ 42.12 crores. The project has been awarded at a reduction of 16.69%, which works out to ₹ 35.09 crores. Based on the awarded cost, the Authority proposes to consider ₹ 35.09 crores as the basis for its analysis.
- 5.3.26 The Authority notes that the revised cost of ₹ 35.09 crores for RESA and Runway extension is lower than the inflation adjusted cost of pavement as noted in Table 75 and hence the Authority proposes to consider the cost of ₹ 35.09 crores towards Runway extension and RESA.

**Table 75: Cost proposed to be considered by the Authority for the project “Extension of existing runway and RESA” in the First Control Period**

| Particulars   | Ref.                                       | Unit        | Amount       |
|---|--|-------------|--------------|
| Actual Cost for extension of existing runway and RESA submitted by MADC | A  | ₹ in Crores | 35.09        |
| Runway Extended Area  | B  | Sq.m.       | 31,500       |
| Area of RESA  | C  | Sq.m.       | 36,000       |
| Area of Blast Pad   | D  | Sq.m.       | 2,700        |
| Isolation Bay and taxiway   | E  | Sq.m.       | 15,206       |
| Area extended into runway and RESA                                      | F = B+C+D+E                                | Sq.m.       | 85,406       |
| Cost per Sq.m.  | G = (A*10 <sup>7</sup> )/F                 | ₹           | 4,109        |
| Year of Capitalization proposed by Authority                            | -  | -           | FY26         |
| Normative Cost per Sq.m. for FY26 (Table 73)                            | H  | ₹           | 6,933        |
| Total Cost proposed to be considered by Authority                       | I = ((Lower of G and H)*F)/10 <sup>7</sup> | ₹ in Crores | 35.09        |
| Classification of Project   | -  | -           | Aeronautical |
| Aeronautical portion (Table 105)  | J  | %           | 100%         |
| Aeronautical portion of cost proposed by the Authority                  | K = I*J                                    | ₹ in Crores | 35.09        |

5.3.27 Based on the nature of components of this project, the Authority proposes to classify the assets of the project under "Aeronautical Assets" for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.

**D. Construction of Isolation Bay and associated works on airside - ₹ 9.50 crores**

5.3.28 The Authority notes the justification provided by MADC for the said project as indicated in Table 65. Considering the need to have readily available security related infrastructure in place, the Authority is of the view that construction of an isolation bay is required from security viewpoint during times of emergency.

5.3.29 The Authority also notes the status of the project as provided by MADC in Table 66. The Authority, through its Independent Consultant, examined the physical status of the progress of the project as of December 2023. Based on discussion with MADC, the Authority notes that construction of isolation bay was part of the project “Extension of runway and RESA, construction of isolation bay and associated works” (discussed in main para C) and there has been cost overrun in the project as indicated in para 5.3.25.

5.3.30 MADC has mentioned in its revised submission that “*Work was terminated due to non-performance of contractor. Balance work to be done at his risk & cost. Hence the balance work estimation is prepared based on earlier tender rates. No new tender floated for execution of remaining works.*” MADC also anticipates that since part work is completed, the remaining work will be executed by the contractor within 6-8 months of commencement of construction work. MADC estimates the date of commencement to be June 2024. Based on the timeline indicated by MADC, the Authority assumes that the construction of isolation bay will be completed only by end of FY 2024-25 and hence proposes to consider such costs from FY 2025-26.

5.3.31 The Authority notes that MADC has estimated the cost of carrying out the remaining portion of work associated with isolation bay, which is as follows:

**Table 76: Cost components of the project “Construction of Isolation Bay and associated work on airside” as estimated by MADC**

(₹ in crores)

| Particulars                                   | Estimated Cost |
|---|----------------|
| Civil Work                                    | 7.32           |
| Electrical Work                               | 0.26           |
| <b>Total cost excluding contingencies etc</b> | <b>7.58</b>    |
| Add: Soft Cost                                | 0.56           |
| <b>Total cost excl. GST incl. Soft Cost</b>   | <b>8.14</b>    |
| Add: GST                                      | 1.36           |
| <b>Total cost estimated by MADC</b>           | <b>9.50</b>    |

- 5.3.32 It is noted that in its original submission, MADC had factored GST @ 12%, however in its revised submission dated 22<sup>nd</sup> March 2024, MADC has revised the GST to 18% on total cost excluding contingencies etc. The Authority proposes to consider the revised submission of MADC.
- 5.3.33 The Authority has reviewed the breakup of this project as given in
- 5.3.34 Table 76 and the overall cost proposed by MADC seems reasonable.
- 5.3.35 Based on the nature of components of this project, the Authority proposes to classify the assets of the project under “Aeronautical Assets” for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.
- 5.3.36 Based on the above analysis on need, size, cost and classification of the project, the Authority proposes to consider the aeronautical portion of the estimated cost of the project, for capitalization in FY 2025-26, as follows:

**Table 77: Cost proposed to be considered by the Authority for the project “Construction of Isolation Bay and associated work on airside” in the First Control Period**

| Particulars  | Ref.           | Unit               | Amount       |
|--|----------------|--------------------|--------------|
| Total cost proposed to be considered by the Authority (Table 76) | A              | ₹ in Crores        | 9.50         |
| Year of Capitalization as proposed by the Authority              | -              | -                  | FY26         |
| Classification of Project  | -              | -                  | Aeronautical |
| Aeronautical portion (Table 105)                                 | B              | %                  | 100%         |
| <b>Aeronautical portion of cost proposed by the Authority</b>    | <b>C = A*B</b> | <b>₹ in Crores</b> | <b>9.50</b>  |

#### **E. Seating Lounge - ₹ 8.87 crores**

- 5.3.38 The Authority notes the justification provided by MADC for this project as indicated in Table 65. The Authority also notes that MADC had plans earlier of extending the existing terminal in order to cater to the peak hour passenger traffic. However, subsequently MADC decided to cancel the extension plan and proposed to construct additional seating lounges instead, until the NITB is operational.
- 5.3.39 With the growth in passenger traffic proposed by the Authority for the First Control Period, the Authority is of the view that the construction of seating lounges to accommodate the passengers is necessary for the seamless operations, until the NITB is operational. Considering the growth in traffic

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

proposed by the Authority in Table 62 and for proper and seamless functioning of the airport, the Authority notes that the need for the project is justified.

5.3.40 MADC through its revised submission dated 22<sup>nd</sup> March 2024, has projected 2 separate costs for seating lounge:

- City Side – ₹ 60.00 lakhs which has already been capitalized in FY 2023-24.
- Airside – ₹ 7.32 Crores – which has been tendered in Feb 2024.

5.3.41 The Authority, through its Independent Consultant, examined the physical status of the progress of the city side seating structure as of December 2023 and notes that the project was already operational as of December 2023. Hence the Authority proposes to capitalize the same in FY 2023-24.

5.3.42 For the airside seating, based on the fact that work order has been issued on 26<sup>th</sup> February 2024 which stipulates that work shall be completed within a period of 3 months, the Authority proposes to consider the capitalization of the airside project in FY 2024-25

5.3.43 Based on the nature of the project, the Authority proposes to classify the assets of the project under “Common Assets” to be split in TBLR for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.

5.3.44 Based on the above analysis on need, size, cost and classification of the project, the Authority proposes to consider the capitalization the aeronautical portion of the estimated cost of the project, in FY 2023-24 and FY 2024-25, which is as follows:

**Table 78: Cost proposed to be considered by the Authority for the project “Construction of Seating Lounges – city side” in the First Control Period**

| Particulars   | Ref.           | Unit               | Amount                 |
|---|----------------|--------------------|------------------------|
| Total cost proposed to be considered by the Authority         | A              | ₹ In Crores        | 0.60                   |
| Cost incl 12% GST   | A*1.12         | ₹ in Crores        | 0.67                   |
| Year of Capitalization as proposed by the Authority           | -              | -                  | FY24                   |
| Classification of Project                                     | -              | -                  | Common (Based on TBLR) |
| Aeronautical portion (Table 105)                              | B              | %                  | 95%                    |
| <b>Aeronautical portion of cost proposed by the Authority</b> | <b>C = A*B</b> | <b>₹ in Crores</b> | <b>0.63</b>            |

**Table 79: Cost proposed to be considered by the Authority for the project “Construction of Seating Lounges – air side” in the First Control Period**

| Particulars   | Ref.           | Unit               | Amount                 |
|---|----------------|--------------------|------------------------|
| Total cost proposed to be considered by the Authority         | A              | ₹ in Crores        | 7.32                   |
| Cost incl 12% GST   | A*1.12         | ₹ in Crores        | 8.20                   |
| Year of Capitalization as proposed by the Authority           | -              | -                  | FY25                   |
| Classification of Project                                     | -              | -                  | Common (Based on TBLR) |
| Aeronautical portion (Table 105)                              | B              | %                  | 95%                    |
| <b>Aeronautical portion of cost proposed by the Authority</b> | <b>C = A*B</b> | <b>₹ in Crores</b> | <b>7.79</b>            |

5.3.45 After considering the facts as stated above, a summary of the Authority’s proposals with respect to WIP CAPEX is given below:

**Table 80: Comparison of WIP CAPEX submitted by MADC and the Authority proposal for First Control Period**

(₹ in crores)

| Particulars   | MADC's revised submission* |                        | The Authority's proposal |                      |                        |
|---|----------------------------|------------------------|--------------------------|----------------------|------------------------|
|   | Total Capex                | Year of capitalization | Total Capex              | Aeronautical portion | Year of capitalization |
| <b>WIP CAPEX</b>  |                            |                        |                          |                      |                        |
| Capex Incurred for FY23   | -                          | -                      | 0.50                     | 0.42                 | FY23                   |
| Development /Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport | 66.00                      | FY24                   | 63.21                    | 63.21                | FY25                   |
| Construction of Apron   | 35.90                      | FY24                   | 29.01                    | 29.01                | FY24                   |
| Extension of existing runway and RESA   | 44.00                      | FY24                   | 35.09                    | 35.09                | FY26                   |
| Construction of Isolation Bay and associated works on airside   | 9.50                       | FY25                   | 9.50                     | 9.50                 | FY26                   |
| Seating Lounge  | 8.87                       | FY24                   | 8.87                     | 8.42                 | FY24/ FY25             |
| <b>Total WIP Capex</b>  | <b>164.27</b>              | <b>-</b>               | <b>146.18</b>            | <b>145.65</b>        | <b>-</b>               |

\*The Authority has compared the revised capex submission by MADC for the purpose of its analysis in Table 87.

## **PLANNED CAPEX**

### **F. Construction of Water Pond - ₹ 18.02 crores**

- 5.3.46 The Authority notes the justification provided by MADC for this project as indicated in Table 65. Considering the growth in traffic proposed by the Authority in Table 62 and the need to provide potable water, and the need for the project. The Authority, through its Independent Consultant, examined the physical location of the project in December 2023 and based on the discussion with MADC, the Authority notes that there is a huge demand for water in the area in which the Shirdi International Airport is located since it is an area with scarcity of water.
- 5.3.47 Based on discussion during site visit and analysis of the master plan for construction of NITB, the Authority notes that the existing pond is about to be decommissioned and the area in which the existing water pond is located is proposed to be utilized partially for the construction of NITB and partially for the construction of new water pond. The Authority also notes that, at present, Shirdi International Airport is getting water supply from nearby wells and through water tankers.
- 5.3.48 Considering the scarcity of water in the locality and growth in the passenger traffic projected by the Authority for the First Control Period, the Authority is of the view that the construction of a water pond is indispensable to store large quantities of water.
- 5.3.49 As per discussions held with MADC on 26<sup>th</sup> March, 2024, MADC has submitted a revised cost of ₹ 18.02 crores for 'Construction of Water Pond' project. MADC estimates that the tender will be floated post June 2024 and once tendered, the project will take 15 months from commencement to completion. Based on the information provided by MADC, the Authority anticipates that the project will be completed by December 2025.



- 5.3.50 MADC has provided a detailed BOQ of cost of the project components. The Authority has analysed the same and proposes to consider the revised cost of ₹ 18.02 Crores.
- 5.3.51 Based on the nature of the project, the Authority proposes to classify the assets of the project under “Common Assets” to be split in TBLR for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.
- 5.3.52 Based on the above analysis on need, size, cost and classification of the project, the Authority proposes to consider the capitalisation of the aeronautical portion of the estimated cost of the project in FY 2025-26, as follows:

**Table 81: Cost proposed to be considered by the Authority for the project “Construction of Water Pond” in the First Control Period**

| Particulars   | Ref.           | Unit               | Amount                 |
|---|----------------|--------------------|------------------------|
| Total cost proposed to be considered by the Authority         | A              | ₹ in crores        | 18.02                  |
| Year of Capitalization as proposed by the Authority           | -              | -                  | FY26                   |
| Classification of Project                                     | -              | -                  | Common (Based on TBLR) |
| Aeronautical portion (Table 105)                              | B              | %                  | 95%                    |
| <b>Aeronautical portion of cost proposed by the Authority</b> | <b>C = A*B</b> | <b>₹ in Crores</b> | <b>17.12</b>           |

**G. Air Cargo facility and hangars - ₹ 51.59 crores**

- 5.3.53 The Authority notes the justification provided by MADC for this project as indicated in Table 65. The Authority observed that MADC has undertaken a feasibility study for establishing air cargo facility. Considering the growth in belly cargo operations, the Authority notes the need for the project.
- 5.3.54 The Authority also notes that MADC has been sanctioned the financial assistance to the extent of ₹ 55.00 crores as interest free loan to be repaid after a period of 50 years, under the PM Gati Shakti Scheme, for the proposed cargo operations in Shirdi International Airport. These funds have been received by MADC on 3<sup>rd</sup> May 2023.
- 5.3.55 The Authority notes that MADC in its initial submission has projected a cost of ₹ 55.00 crores to establish the air cargo facility in its MYTP submission.
- 5.3.56 As per discussions held with MADC on 26<sup>th</sup> March, 2024, MADC has submitted a revised cost of ₹ 51.59 crores (incl. GST) for ‘Air Cargo facility and Hangars’ project based on the work order issued dated 14.03.2024 for ₹ 51.59 crores, which is proposed to be considered by the Authority. Based on the nature of this project, the Authority proposes to classify the assets of the project under “Aeronautical Assets” for the purpose of determination of aeronautical portion of capex additions proposed in the First Control Period.
- 5.3.57 The work order mentions that the work needs to be completed within 18 months from the date of issue of work order (Mar 2024) which works out to September 2025. Hence, the Authority proposes to consider the capitalization of the project in FY 2025-26 as against MADC’s initial submission to capitalize the same in FY 2024-25.
- 5.3.58 Based on the above analysis on need, size, cost and classification of the project, the Authority proposes to consider capitalization of the aeronautical portion of the estimated cost of the project, in FY 2025-26, as follows:

**Table 82: Cost proposed to be considered by the Authority for the project “Air cargo facility and hangars” in the First Control Period**

| Particulars  | Ref.           | Unit               | Amount       |
|--|----------------|--------------------|--------------|
| Total cost proposed to be considered by the Authority (excluding GST @ 12% based on current market rates FY24) | A              | ₹ in Crores        | 46.06        |
| Total cost proposed to be considered by the Authority (including GST @ 12% based on current market rates FY24) | B = A*1.12     | ₹ in Crores        | 51.59        |
| Year of Capitalization as proposed by the Authority  | -              | -                  | FY26         |
| Classification of Project  | -              | -                  | Aeronautical |
| Aeronautical portion (Table 105)   | C              | %                  | 100%         |
| <b>Aeronautical portion of cost proposed by the Authority</b>  | <b>D = B*C</b> | <b>₹ in Crores</b> | <b>51.59</b> |

#### **H. Runway Recarpeting - ₹ 61.68 crores**

- 5.3.59 Based on the discussion with MADC and based on the DGCA observations regarding quality of runway and RESA, the Authority notes that the runway surface condition has deteriorated in the entire stretch of the runway and that the sand patch test has also failed in many places. This is mainly due to operational wear and tear and oxidization of the runway surface, as stated in the DGCA report. The Authority notes that MADC has proposed corrective action of recarpeting the runway as a response to the observation stated in DGCA report. MADC, in its response to a query dated 22<sup>nd</sup> March 2024 has submitted the MOU with AAI for recarpeting. The Authority notes that the project is required to be executed based on regulatory requirement.
- 5.3.60 The Authority notes that the date of the MOU is 7<sup>th</sup> December 2023 and the MOU stipulates that the work will be completed within 12 month of issue of work order. Work order has not been made available to the Authority and hence, the Authority anticipates that the completion of recarpeting will be completed in FY 2025-26.
- 5.3.61 As per discussions held with MADC on 26<sup>th</sup> March, 2024, MADC has submitted a revised cost of ₹ 61.68 crores. for ‘Recarpeting of Runway’ project which includes base cost of ₹ 48.88 Crores, plus 7% departmental charges and GST of 18%.
- 5.3.62 The Authority further notes that, as a result of this runway recarpeting, the PCN shall be restored to the existing level and is not proposed to increase beyond the existing level. On this basis, the Authority proposes not to capitalize the cost associated with recarpeting the runway and proposes to consider the same as part of Aeronautical Operating and Maintenance Expenditure (Refer para 9.2.73 for detailing the Authority’s analysis for the same).

#### **I. New Integrated Terminal Building (NITB) - ₹ 722.50 crores**

- 5.3.63 The Authority notes that the amount of ₹ 722.50 Crores (cost as per original MYTP submission ₹ 590.62 crores) relates to the construction of the New Integrated Terminal Building (NITB) spanning an area of 53,349 Sq.m.
- 5.3.64 MADC, through its revised submission dated 22<sup>nd</sup> March 2024, submitted that the revised cost for NITB as ₹ 722.50 Crores (incl GST). The base cost of ₹ 645.09 Crores considered in this estimate was substantiated through the letter of award dated 15<sup>th</sup> March 2024.
- 5.3.65 The Authority notes that the cost per Sq.m. of NITB as per MADC’s revised submission is as follows:

**Table 83: Cost per Sq.m. for the proposed NITB as submitted by MADC in its revised submission**

| Particulars                             | Ref.         | Unit        | Amount          |
|---|--------------|-------------|-----------------|
| Base cost                               | A            | ₹ in Crores | 645.09          |
| GST                                     | B = A*12%    | ₹ in Crores | 77.41           |
| Total Cost                              | C = A+B      | ₹ in Crores | 722.50          |
| Total area of the new Terminal Building | D            | Sq.m.       | 53,349          |
| <b>Cost per sq.m. in FY26</b>           | <b>E=C/D</b> | ₹           | <b>1,35,429</b> |

- 5.3.66 The Authority notes the justification provided by MADC for the construction of NITB, as indicated in Table 65. Considering that the existing terminal building is very congested even for present traffic & taking into account the projected growth in the passenger traffic, including commencement of international traffic from FY 2026-27, as proposed to be considered by the Authority (as per Table 62) and to enhance the peak hour passenger capacity, the Authority recognizes the need for new Integrated Terminal Building.
- 5.3.67 The Authority, based on the discussion with MADC, notes that the construction of NITB is projected to commence in FY 2024-25 and is expected to be completed in 24 months.
- 5.3.68 The Authority notes that the tender document for the NITB mentions that work is to be completed in a period of 2 years including Design, Engineering, Procurement, Construction, Testing, Commissioning and Handover. The Authority also notes that while the LOA is dated 15<sup>th</sup> March 2024, the works are expected to commence from April 2024 only. Considering an average time of 24-30 months for construction, the Authority proposes to capitalize the NITB in the second half of the FY 2026-27.
- 5.3.69 The Normative cost approved by the Authority vide its Order No. 07/2016-17 dated 13<sup>th</sup> June 2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports) for Terminal Buildings is ₹ 65,000/- per Sq.m. (Base Year FY 2015-16). The cost of following items of specification have been considered for analysis of the prescribed rate per sq.m. - cost of terminal building, air conditioning, fire-fighting system, water supply, 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.
- 5.3.70 In this respect, the Authority has considered a normative cost of ₹ 1,00,000 per sq.m. (Base Year FY 2020-21) as per recent tariff orders, based on the superior specifications, processes and the architectural features of modern Terminal Buildings. The Authority is of the view that as the work on Terminal Building projected by MADC would be carried out over the First Control Period, it would be reasonable and justifiable to derive the project cost based on inflation-adjusted normative cost up to FY 2026-27 (using WPI inflation index) to address the time value of money.
- 5.3.71 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, which is 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 inflation adjusted normative costs, thus derived is presented in the below table:

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

**Table 84: Details of Inflation adjusted normative cost derived by the Authority**

| Year        | Inflation Rate* | Inflation adjusted normative rates | Inflation adjusted normative cost @ 18% GST # |
|-------------|-----------------|------------------------------------|---|
| Base Amount |                 | 1,00,000                           | 1,05,357                                      |
| FY22        | 7.14%           | 1,07,140                           | 1,12,880                                      |
| FY23        | 9.42%           | 1,17,233                           | 1,23,513                                      |
| FY24        | -0.70%          | 1,16,412                           | 1,22,648                                      |
| FY25        | 3.10%           | 1,20,021                           | 1,26,450                                      |
| FY26        | 3.70%           | 1,24,461                           | 1,31,129                                      |
| FY27        | 3.70%           | 1,29,067                           | 1,35,981                                      |

\*Inflation rates considered as per Chapter 8 of this Consultation Paper

# Inflation adjusted base amount (inclusive of 12% GST) (A)

= ₹ 1,00,000 per sq.m.

Inflation adjusted base amount (exclusive of 12% GST) (B=A\*100/112)

= ₹ 89,286 per sq.m.

Add GST @ 18% (C=B\*18%)

= ₹ 16,071 per sq.m.

Normative cost including GST (D = B+C)

= ₹ 1,05,357 per sq.m.

- 5.3.72 The revised estimate of ₹ 722.50 Crores for NITB, the cost per sq.m. works out to ₹ 1,35,429 per sq.m. which is less than the Inflation adjusted normative cost (incl. of 18% GST) considered by the Authority for FY 2026-27. The Authority, therefore, proposes to consider the value of the terminal building at ₹ 722.50 crores, as proposed by MADC as per Table 85.
- 5.3.73 Based on the nature of the components of this project, the Authority proposes to classify the same as “Common Assets” to be split in TBLR for the purposes of determination of aeronautical portion of capex additions proposed in the First Control Period.
- 5.3.74 Based on the above analysis, the Authority proposes to consider capitalization of Aeronautical portion of the estimated cost of the project, in FY 2026-27, as follows:

**Table 85: Cost proposed to be considered by the Authority for the project “New integrated Terminal Building” in the First Control Period**

| Particulars   | Ref.   | Unit               | Amount                |
|---|--|--------------------|-----------------------|
| Total cost considered by MADC                                 | A  | ₹ in Crores        | 722.50                |
| Total area of NITB proposed by MADC                           | B  | Sq.m.              | 53,349                |
| Cost per sq.m. in FY26  | $C = (A \cdot 10^7) / B$                         | ₹                  | 1,35,429              |
| Normative Cost computed by AERA for FY27 (Table 84)           | D  | ₹                  | 1,35,981              |
| Normative Cost considered by AERA                             | $E = ((\text{Lower of C and D}) \cdot B) / 10^7$ | ₹ in Crores        | 722.50                |
| Year of Capitalization  | -  | -                  | FY27                  |
| Classification of Project                                     | -  | -                  | Common (Based on TBR) |
| Aeronautical portion (Table 105)                              | F  | %                  | 95%                   |
| <b>Aeronautical portion of cost proposed by the Authority</b> | <b>G = E*F</b>                                   | <b>₹ in Crores</b> | <b>686.38</b>         |

- 5.3.75 Based on the above analysis, the Authority’s proposes the following with regard to Planned CAPEX:

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

**Table 86: Comparison of Planned Capital Expenditure submitted by MADC and proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | MADC's revised submission* |                        | The Authority's proposal |                      |                        |
|----------------------------------|----------------------------|------------------------|--------------------------|----------------------|------------------------|
|                                  | Total Capex                | Year of capitalization | Total Capex              | Aeronautical portion | Year of capitalization |
| <b>Planned CAPEX</b>             |                            |                        |                          |                      |                        |
| Construction of Water Pond       | 18.02                      | FY25                   | 18.02                    | 17.12                | FY26                   |
| Air cargo facility and hangars   | 51.59                      | FY25                   | 51.59                    | 51.59                | FY26                   |
| Recarpeting the runway           | 61.68                      | FY24                   | Moved to O&M Expenses    |                      |                        |
| New Integrated Terminal Building | 722.50                     | FY26                   | 722.50                   | 686.38               | FY27                   |
| <b>Total Planned Capex</b>       | <b>853.79</b>              |                        | <b>792.11</b>            | <b>755.09</b>        |                        |

\*The Authority has compared the revised capex submission by MADC for the purpose of its analysis in Table 87.

5.3.76 Comparison of Total Capex as submitted by MADC and Capex as proposed by the Authority:

**Table 87: Comparison of Total Capital Expenditure submitted by MADC and proposals made by the Authority**

(₹ in crores)

| Particulars   | MADC's revised submission* |                        | The Authority's proposal |                      |                        |
|---|----------------------------|------------------------|--------------------------|----------------------|------------------------|
|   | Total Capex                | Year of capitalization | Total Capex              | Aeronautical portion | Year of capitalization |
| <b>WIP CAPEX</b>  |                            |                        |                          |                      |                        |
| Capex Incurred for FY23   | -                          | -                      | 0.50                     | 0.42                 | FY23                   |
| Development /Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport | 66.00                      | FY24                   | 63.21                    | 63.21                | FY25                   |
| Construction of Apron   | 35.90                      | FY24                   | 29.01                    | 29.01                | FY24                   |
| Extension of existing runway and RESA   | 44.00                      | FY24                   | 35.09                    | 35.09                | FY26                   |
| Construction of Isolation Bay and associated works on airside   | 9.50                       | FY24                   | 9.50                     | 9.50                 | FY26                   |
| Seating Lounge  | 8.87                       | FY24                   | 8.87                     | 8.42                 | FY24/ FY25             |
| <b>Total WIP Capex - A</b>  | <b>164.27</b>              | <b>-</b>               | <b>146.18</b>            | <b>145.65</b>        | <b>-</b>               |
| <b>Planned CAPEX</b>  |                            |                        |                          |                      |                        |
| Construction of Water Pond  | 18.02                      | FY25                   | 18.02                    | 17.12                | FY26                   |
| Air cargo facility and hangars  | 51.59                      | FY25                   | 51.59                    | 51.59                | FY26                   |
| Recarpeting the runway  | 61.68                      | FY24                   | Moved to O&M Expenses    |                      |                        |
| New Integrated Terminal Building  | 722.50                     | FY26                   | 722.50                   | 686.38               | FY27                   |
| <b>Total Planned Capex - B</b>  | <b>853.79</b>              |                        | <b>792.11</b>            | <b>755.09</b>        |                        |
| <b>TOTAL (A+B)</b>  | <b>1018.06</b>             |                        | <b>938.29</b>            | <b>900.74</b>        |                        |

\*The Authority has compared the revised capex submission by MADC for the purpose of its analysis in Table 87.

5.3.77 Based on the above analysis, reasoning provided by MADC and the Authority's considerations, the Authority proposes to consider the following Aeronautical portion of capex additions in the First Control Period:

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

**Table 88: Aeronautical additions to RAB proposed by the Authority for the First Control Period for Shirdi International Airport**

(₹ in Crores)

| Particulars   | FY23        | FY24         | FY25         | FY26          | FY27          | Total         |
|---|-------------|--------------|--------------|---------------|---------------|---------------|
| Capex Incurred in FY23  | 0.42        | -            | -            | -             | -             | <b>0.42</b>   |
| Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside & cityside of Shirdi International Airport (Table 71) | -           | -            | 63.21        | -             | -             | <b>63.21</b>  |
| Construction of Apron (Table 74)  | -           | 29.01        | -            | -             | -             | <b>29.01</b>  |
| Extension of existing runway and RESA (Table 75)  | -           | -            | -            | 35.09         | -             | <b>35.09</b>  |
| Construction of Isolation Bay & associated works on airside (Table 77)  | -           | -            | -            | 9.50          | -             | <b>9.50</b>   |
| Seating Lounge (Table 78)   | -           | 0.63         | 7.79         | -             | -             | <b>8.42</b>   |
| Construction of Water Pond (Table 81)   | -           | -            | -            | 17.12         | -             | <b>17.12</b>  |
| Air cargo facility and hangars (Table 82)   | -           | -            | -            | 51.59         | -             | <b>51.59</b>  |
| New Integrated Terminal Building (Table 85)   | -           | -            | -            | -             | 686.38        | <b>686.38</b> |
| <b>Total Aeronautical Additions to RAB</b>  | <b>0.42</b> | <b>29.64</b> | <b>71.00</b> | <b>113.30</b> | <b>686.38</b> | <b>900.74</b> |

5.3.78 The Authority proposes to reduce (readjustment) 1% of the uncapped project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule. It further proposes that if the delay in completion of the project was beyond the timeline given in the capitalization schedule, due to any reason beyond the control of MADC or its contracting agency and was 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 MADC and is also an encouragement for MADC to commission/ capitalize the proposed assets as per the approved CAPEX plan/ schedule.

5.3.79 To summarize, based on the above detailed discussions, the Authority proposes to consider aeronautical expenditure of ₹ 900.74 Crores as addition to RAB for the First Control Period. Gross additions to Capex as proposed by the Authority amounts to ₹ 938.29 crores vis-à-vis the additions to capex as submitted by MADC of ₹ 1018.06 Crores. Since MADC has not submitted the Aeronautical RAB in its revised submission, the Authority has analysed the major reason for difference between total capex additions between MADC submission and the Authority's proposal as below:

- Capitalization of small items omitted from MADC submission but present in FAR in FY 2022-23 – ₹ 0.50 Crores.
- Development / Redevelopment of cityside infrastructure and ancillary buildings at Airside and cityside of Shirdi International Airport considered only at awarded cost by the Authority - impact of ₹ 2.79 Crores.
- Construction of Apron – considered only at awarded cost by the Authority – impact of ₹ 6.89 Crores.
- Extension of existing runway and RESA – considered only at awarded cost by the Authority – impact of ₹ 8.91 Crores.
- Runway Recarpeting – Considered as part of O&M expenses by the Authority – impact of ₹ 61.68 Crores.

5.3.80 The Authority's proposal of additions to CAPEX and RAB for the First Control Period is as follows:

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

**Table 89: Additions to CAPEX and RAB proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                       | FY23 | FY24  | FY25  | FY26   | FY27   | Total  |
|-----------------------------------|------|-------|-------|--------|--------|--------|
| Gross value of additions          | 0.51 | 29.68 | 71.41 | 114.20 | 722.50 | 938.29 |
| Aeronautical portion of additions | 0.42 | 29.64 | 71.00 | 113.30 | 686.38 | 900.74 |

#### 5.4 MADC's submission regarding Depreciation and Regulatory Asset Base (RAB) for the First Control Period

5.4.1 MADC has submitted the following computation of depreciation on RAB for Shirdi International Airport for the First Control Period:

**Table 90: Head wise breakup of depreciation for the First Control Period as per MADC submission**

(₹ in crores)

| Particulars*                                | FY23         | FY24         | FY25         | FY26         | FY27         | Total         |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Computers - End User Devices                | 0.03         | 0.22         | 0.41         | 3.67         | 6.73         | 11.07         |
| Computers - Services & Network              | -            | 0.01         | 0.01         | 0.10         | 0.20         | 0.32          |
| Electrical installations                    | 2.85         | 3.67         | 4.68         | 13.81        | 22.67        | 47.67         |
| Furniture & Fixtures - Trolleys             | -            | -            | -            | 0.02         | 0.03         | 0.06          |
| Furniture and Fixtures other than trolleys  | 0.22         | 0.28         | 0.32         | 1.21         | 2.12         | 4.14          |
| Office equipment                            | 0.96         | 0.22         | 0.23         | 0.92         | 1.62         | 3.95          |
| Building                                    | 3.86         | 6.59         | 10.44        | 17.47        | 23.36        | 61.74         |
| Plant & Machinery                           | 2.56         | 2.18         | 2.18         | 2.17         | 2.17         | 11.25         |
| Software                                    | -            | 0.03         | 0.06         | 0.55         | 1.01         | 1.65          |
| Vehicle                                     | 0.03         | 0.03         | 0.02         | 0.01         | -            | 0.09          |
| <b>Total</b>                                | <b>10.52</b> | <b>13.24</b> | <b>18.36</b> | <b>39.93</b> | <b>59.91</b> | <b>141.95</b> |
| Aeronautical portion                        | 95%          | 95%          | 95%          | 95%          | 95%          | 95%           |
| <b>Aeronautical portion of Depreciation</b> | <b>9.99</b>  | <b>12.57</b> | <b>17.44</b> | <b>37.93</b> | <b>56.92</b> | <b>134.85</b> |

\*This is based on the original submission of MADC dated 7<sup>th</sup> July 2023. Revised submission by MADC dated 22<sup>nd</sup> March 2024 has only total capital additions, it does not contain details of aeronautical RAB, depreciation etc.

5.4.2 Based on the Capital Expenditure and the depreciation computations as above, MADC has submitted the following RAB for the First Control Period:

**Table 91: MADC's submission of Average RAB for the First Control Period**

(₹ in crores)

| Particulars*   | Ref.               | FY23          | FY24          | FY25          | FY26          | FY27          | Total         |
|--|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Opening RAB  | A                  | 143.80        | 133.81        | 294.70        | 346.42        | 869.58        |               |
| Aeronautical portion of Commissioned Assets (Table 63) | B                  | -             | 173.47        | 69.16         | 561.09        | -             | <b>803.71</b> |
| Grant received   | C                  | -             | -             | -             | -             | -             | -             |
| Depreciation (Table 90)                                | D                  | 9.99          | 12.57         | 17.44         | 37.93         | 56.92         | <b>134.85</b> |
| Closing RAB  | E = A+B-C-D        | 133.81        | 294.70        | 346.42        | 869.58        | 812.66        |               |
| <b>RAB for Calculating ARR</b>                         | <b>F = (A+E)/2</b> | <b>138.81</b> | <b>214.26</b> | <b>320.56</b> | <b>608.00</b> | <b>841.12</b> |               |

\*This is based on the original submission of MADC dated 7<sup>th</sup> July 2023. Revised submission by MADC dated 22<sup>nd</sup> March 2024 has only total capital additions, it does not contain details of aeronautical RAB, depreciation etc.

## 5.5 Authority's examination regarding Depreciation and Regulatory Asset Base (RAB) for the First Control Period

- 5.5.1 For the purpose of its analysis, the Authority has considered only the revised capital additions submitted by MADC dated 22<sup>nd</sup> March 2024. However, the Authority has also examined the methodology used by MADC in its model and MYTP submitted in July 2023 in the paragraphs to follow.
- 5.5.2 The Authority notes that MADC has computed depreciation on straight line method considering the useful life as per Companies Act 2013 for all the capex additions until FY 2022-23, though the additions in FY 2022-23 were not considered by MADC in its Capex included as part of RAB. For the proposed additions to capex from FY 2023-24 to FY 2026-27, the Authority notes that MADC has computed depreciation on straight line method based on the following useful life:

**Table 92: Useful life considered by MADC for proposed addition from FY24 to FY27**

| Particulars                            | Useful life adopted by MADC |
|--|-----------------------------|
| Computer - End User Devices            | 3                           |
| Computer – Software                    | 3                           |
| Computers-Service and Network          | 6                           |
| Electrical Installation                | 10                          |
| Furniture and Fixture – trolley        | 3                           |
| Furniture and Fixtures without trolley | 7                           |
| Office Equipment                       | 15                          |
| Operational Building                   | 30                          |
| Plant and Machinery                    | 15                          |
| Terminal Building                      | 30                          |
| Utility Building                       | 30                          |
| Vehicle                                | 8                           |

- 5.5.3 Based on the additions as proposed by the Authority, following are the Asset class wise depreciation computed using useful life as per Order No. 35/2017-18 dated 12<sup>th</sup> January 2018 on “Determination of useful life of Airport assets”.

**Table 93: Depreciation as proposed by the Authority for the First Control Period for Shirdi International Airport**

(₹ in crores)

| Particulars                           | FY23        | FY24        | FY25         | FY26         | FY27         | Total        |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Cargo Building                        | -           | -           | -            | 0.77         | 1.55         | 2.32         |
| Computer - End User Devices           | 0.02        | 0.02        | 0.20         | 0.41         | 4.31         | 4.96         |
| Computer - Software                   | 0.00        | 0.00        | 0.02         | 0.03         | 0.32         | 0.38         |
| Computers - Server and Network        | 0.00        | 0.00        | 0.01         | 0.01         | 0.10         | 0.12         |
| Electrical Installation               | 2.90        | 2.91        | 3.60         | 4.55         | 15.08        | 29.06        |
| Furniture and Fixture - trolley       | 0.00        | 0.00        | 0.01         | 0.01         | 0.03         | 0.05         |
| Furniture and Fixture without trolley | 0.19        | 0.21        | 0.64         | 0.69         | 1.76         | 3.49         |
| Office Equipment                      | 0.48        | 0.06        | 0.30         | 0.56         | 3.03         | 4.43         |
| Building                              | 3.85        | 3.85        | 4.71         | 5.80         | 13.23        | 31.44        |
| Runway, Taxiway, Apron                | -           | 0.48        | 0.97         | 2.14         | 2.14         | 5.73         |
| Plant & Machinery                     | 2.11        | 2.11        | 2.11         | 2.11         | 2.11         | 10.54        |
| Security Equipment                    | 0.16        | 0.16        | 0.16         | 0.16         | 0.16         | 0.80         |
| Vehicle                               | 0.03        | 0.03        | 0.02         | 0.01         | 0.00         | 0.08         |
| <b>Total</b>                          | <b>9.75</b> | <b>9.85</b> | <b>12.74</b> | <b>17.24</b> | <b>43.81</b> | <b>93.39</b> |



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

- 5.5.4 The variance between depreciation as submitted by MADC (₹ 134.85 crores) and as proposed by the Authority (₹ 93.39 crores) is on account of i) shifting of year of capitalization of certain proposed assets and ii) consideration of actual awarded costs for “Seating lounge” and “Construction of Water Pond”.
- 5.5.5 Based on the additions proposed and the depreciation re-computed by the Authority using rates as defined in Order No. 35/2017-18 dated 12<sup>th</sup> January 2018, the following is the average RAB proposed by the Authority.

**Table 94: RAB proposed by the Authority for the First Control Period for Shirdi International Airport**

(₹ in Crores)

| Particulars                 | Ref              | FY23          | FY24          | FY25          | FY26          | FY27          | Total           |
|-----------------------------|------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Opening RAB                 | A                | 151.48*       | 142.15        | 161.95        | 220.21        | 316.27        |                 |
| (+) Additions (Table 89)    | B                | 0.42          | 29.65         | 71.00         | 113.30        | 686.38        | <b>900.74</b>   |
| (-) Depreciation (Table 93) | C                | 9.75          | 9.85          | 12.74         | 17.24         | 43.81         | <b>93.39</b>    |
| Closing RAB                 | D=A+B-C          | 142.15        | 161.95        | 220.21        | 316.27        | 958.84        |                 |
| <b>Average RAB</b>          | <b>E=(A+D)/2</b> | <b>146.82</b> | <b>152.05</b> | <b>191.08</b> | <b>268.24</b> | <b>637.56</b> | <b>1,395.74</b> |

\*Opening RAB for FY23 taken from closing RAB for FY22 as per Table 16

- 5.5.6 The Authority notes that MADC would be eligible to claim GST Input Tax Credits on procurement of certain movable property and Airport Operator in its CAPEX estimates has considered estimated GST credits where possible. The Authority expects that MADC 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 First 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 Second Control Period.

## **5.6 Authority’s proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to Average RAB for the First Control Period:

- 5.6.1 To consider the aeronautical capital expenditure for the First Control Period as per Table 88 for Shirdi International Airport.
- 5.6.2 To consider RAB and depreciation for the First Control Period as per Table 94 for Shirdi International Airport.
- 5.6.3 To reduce (adjust) 1% of the uncanceled project cost from the ARR in case any particular capital project is not completed /capitalized as per the approved capitalization schedule, as mentioned in para 5.3.78. The same will be true up during the true up of the First control period at the time of determination of tariff for the next control period.
- 5.6.4 To True up the Capital expenditure, RAB and depreciation at the time of determination of Aeronautical Tariff in the next control period, based on evaluation of reasonableness and efficiency.

## 6 RETURN ON LAND FOR THE FIRST CONTROL PERIOD

### 6.1 MADC's submission regarding Return on Land for the First Control Period

6.1.1 MADC has claimed the following Return on Land for the first control period:

**Table 95: MADC's submission on Return on Land for Shirdi International Airport for the First Control Period**

(₹ in Crores)

| Particulars            | FY23 | FY24 | FY25 | FY26 | FY27 | Total |
|------------------------|------|------|------|------|------|-------|
| Return on Land – Aero* | 6.13 | 6.13 | 6.13 | 6.13 | 6.13 | 30.65 |

\*Refer Table 18 for the basis of computation adopted by MADC.

### 6.2 Authority's examination regarding Return on Land for the First Control Period

6.2.1 The Authority notes that MADC has acquired land of 350.85 Hectares (866.97 Acres), for the development of Shirdi International Airport for ₹ 68.41 crores (₹ 64.80 crores in FY 2017-18 and ₹ 3.61 crores in FY 2021-22).

6.2.2 Para 4.1.2 of the land return order No. 42/2018-19 dated 5<sup>th</sup> March 2019, states that “*The return will be given only on the cost of land used for aeronautical activities*”. However, the Authority notes that return on land is being claimed by MADC for the full area of airport i.e. 350.85 Hectares for the First Control Period – even though some areas of the land parcel are not utilized (after considering the developments proposed in the First Control Period).

6.2.3 The Authority, through its independent consultants during their site visit to the Shirdi International Airport noted that there are some areas of the airport premises that are yet to be put to use/ planned for construction in the First Control Period.

6.2.4 The Authority requested details of area of land used by the Airport Operator, however, only partial details were received. The Authority through its independent consultant, has re-computed the area of land in use and those that will be used for proposed capex during the First Control Period– from the master plan of the airport shared by MADC.

**Table 96: Usage of Land at Shirdi International Airport during the First Control Period**

| Particulars                                 | FY22      | FY23      | FY24      | FY25      | FY26      | FY27      | Proposed Capex Additions |
|---|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------|
| Total land area - A                         | 35,08,500 | 35,08,500 | 35,08,500 | 35,08,500 | 35,08,500 | 35,08,500 |                          |
| <b>Total of undeveloped area</b>            |           |           |           |           |           |           |                          |
| Plot 1 (as indicated in Master Plan shared) | 10,925.00 | 10,925.00 | 10,925.00 | 10,925.00 | 10,925.00 | 10,925.00 |                          |
| Plot 2 (as indicated in Master Plan shared) | 12,375.00 | 12,375.00 | 12,375.00 | 12,375.00 | 12,375.00 | 12,375.00 |                          |
| Plot 3 (as indicated in Master Plan shared) | 7,935.00  | 7,935.00  | 7,935.00  | 7,935.00  | 7,935.00  | 7,935.00  |                          |
| Plot 4 (as                                  | 7,740.00  | 7,740.00  | 7,740.00  | 7,740.00  | 7,740.00  | 7,740.00  |                          |

RETURN ON LAND FOR THE FIRST CONTROL PERIOD

| Particulars  | FY22               | FY23               | FY24               | FY25               | FY26               | FY27               | Proposed Capex Additions   |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| indicated in Master Plan shared)                         |                    |                    |                    |                    |                    |                    |  |
| Plot 5 (as indicated in Master Plan shared)              | 7,509.00           | 7,509.00           | 7,509.00           | 7,509.00           | 7,509.00           | 7,509.00           |  |
| Plot 6 (as indicated in Master Plan shared)              | 7,830.00           | 7,830.00           | 7,830.00           | 7,830.00           | 7,830.00           | 7,830.00           |  |
| Proposed Sewage Treatment Plant                          | 3,967.50           | 3,967.50           | 3,967.50           | 3,967.50           | -                  | -                  | Constructio n of water pond  |
| Taxi Parking Future Expansion Phase II                   | 5,462.50           | 5,462.50           | 5,462.50           | 5,462.50           | 5,462.50           | 5,462.50           |  |
| New Terminal Building (-) Existing Terminal Building     | 19,750.00          | 19,750.00          | 19,750.00          | 19,750.00          | 19,750.00          | -                  | NITB   |
| Terminal Building Expansion Phase III                    | 10,229.31          | 10,229.31          | 10,229.31          | 10,229.31          | 10,229.31          | 10,229.31          |  |
| Extended Runway, RESA and Blastpad                       | 70,200.00          | 70,200.00          | 70,200.00          | -                  | -                  | -                  | Extension of Existing runway and RESA  |
| Extended Apron   | 58,394.00          | 58,394.00          | -                  | -                  | -                  | -                  | Constructio n of Apron   |
| Apron Expansion Phase II                                 | 14,580.00          | 14,580.00          | 14,580.00          | 14,580.00          | 14,580.00          | 14,580.00          |  |
| Apron Expansion Phase III                                | 30,450.80          | 30,450.80          | 30,450.80          | 30,450.80          | 30,450.80          | 30,450.80          |  |
| Proposed Cargo Terminal                                  | 33,089.76          | 33,089.76          | 33,089.76          | 33,089.76          | -                  | -                  | Air Cargo Facility   |
| Isolation Bay - Work in Progress                         | 1,79,138.07        | 1,79,138.07        | 1,79,138.07        | 1,79,138.07        | -                  | -                  | Constructio n of Isolation Bay and associated works on airside   |
| Armoury Block, Admin Block, Utility Block, Hangar, etc., | 25,840.00          | 25,840.00          | 25,840.00          | -                  | -                  | -                  | Developme nt /Redevelop ment of cityside infrastru ctu re and ancillary buildings at Airside and cityside of Shirdi Internation al Airport |
| <b>Total of undeveloped area - B</b>                     | <b>5,05,415.94</b> | <b>5,05,415.94</b> | <b>4,47,021.94</b> | <b>3,50,981.94</b> | <b>1,34,786.61</b> | <b>1,15,036.61</b> |  |

## RETURN ON LAND FOR THE FIRST CONTROL PERIOD

| Particulars                          | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | Proposed Capex Additions |
|--------------------------------------|------|------|------|------|------|------|--------------------------|
| % of undeveloped land area C=B/A     | 14%  | 14%  | 13%  | 10%  | 4%   | 3%   |                          |
| % of developed land area<br>D=100%-C | 86%  | 86%  | 87%  | 90%  | 96%  | 97%  |                          |

- 6.2.5 Based on the area of land utilized at the end of each FY of the First Control Period as per Table 96, the return on land has been calculated in Table 97.
- 6.2.6 Order No.42/2018-19 dated 5<sup>th</sup> March, 2019 on “Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India”, mentions in para 4.1.4 that, “in case land is purchased by the airport operating company either from private parties or from government, the compensation shall be in the form of equated annual instalments computed at actual cost of debt or SBI base rate + 2% whichever is lower over a period of thirty years.” The rate of return should be cost of debt or SBI rate plus 2% whichever is lower.
- 6.2.7 During the First Control Period, the Authority notes that MADC has obtained an interest free loan from PM Gati Shakti for the construction of Cargo Terminal. The Authority notes that the interest free loan is the only debt obtained by MADC and the rate of interest thereon is 0. The Authority also proposes to use 95%:5% as Aeronautical: Non-Aeronautical ratio for the purpose of determination of the Aeronautical land area in use by MADC for Shirdi International Airport.
- 6.2.8 Return on land as computed by the Authority for the First Control Period is given in the following table:

**Table 97: Return on land proposed by the Authority for the First Control Period**

| Particulars                                      | Ref.      | Unit               | FY23        | FY24        | FY25        | FY26        | FY27        | Total        |
|--|-----------|--------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Cost of Land to be considered                    | A         | ₹ in crores        | 68.41       | 68.41       | 68.41       | 68.41       | 68.41       |              |
| SBI Rate   | B         | %                  | 6.65%       | 6.65%       | 6.65%       | 6.65%       | 6.65%       |              |
| Rate considered for Equated Annual Instalment    | C = B+2%  | %                  | 8.65%       | 8.65%       | 8.65%       | 8.65%       | 8.65%       |              |
| Area of land under use (Table 96)                | D         | %                  | 86.00%      | 87.00%      | 90.00%      | 96.00%      | 97.00%      |              |
| Aeronautical portion of total land area          | E         |                    | 95.00%      | 95.00%      | 95.00%      | 95.00%      | 95.00%      |              |
| <b>Equated Annual instalments (for 30 years)</b> | <b>F*</b> | <b>₹ in crores</b> | <b>5.27</b> | <b>5.33</b> | <b>5.52</b> | <b>5.89</b> | <b>5.95</b> | <b>27.96</b> |

$$*(A * C * ((1 + C) ^ 30)) / (((1 + C) ^ 30) - 1) * D * E$$

### 6.3 Authority’s proposal regarding Return on Land for the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Return on Land for the First Control Period:

- 6.3.1 To consider Return on Land for the First Control Period for Shirdi International Airport as per Table 97.

## 7 FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD

### 7.1 MADC's submission regarding Fair Rate of Return (FRoR) for the First Control Period

- 7.1.1 The cost of equity (COE) is estimated based on the COE values approved for AAI in their respective proposals as the structure is similar to and report by M/s SBI Capital Markets Ltd (SBI CAPS) on the fair return on equity for the Indian airport sector.

**Table 98: Fair Rate of Return submitted by MADC for the First Control Period**

(₹ in crores)

| Particulars                   | FY23         | FY24         | FY25         | FY26         | FY27         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Debt                          | -            | 55.00        | 55.00        | 55.00        | 55.00        |
| Reserve and Surplus           | (120.73)     | (146.22)     | (175.57)     | (227.63)     | (274.09)     |
| Equity                        | 69.05        | 171.16       | 214.61       | 753.16       | 706.71       |
| Total Equity                  | (51.67)      | 24.94        | 39.04        | 525.53       | 432.62       |
| Debt + Equity                 | (51.67)      | 79.94        | 94.04        | 580.53       | 487.62       |
| Cost of debt                  | -            | -            | -            | -            | -            |
| Cost of equity                | 14.00%       | 14.00%       | 14.00%       | 14.00%       | 14.00%       |
| Individual year gearing       | -            | 0.69         | 0.58         | 0.09         | 0.11         |
| Weighted average gearing      | 0.30         | -            | -            | -            | -            |
| Weighted average cost of debt | -            | -            | -            | -            | -            |
| Cost of equity                | 14.00%       | -            | -            | -            | -            |
| <b>Fair Rate of Return</b>    | <b>9.85%</b> | <b>9.85%</b> | <b>9.85%</b> | <b>9.85%</b> | <b>9.85%</b> |

- 7.1.2 In FY 2023-24, MADC got approval under PM Gati Shakti Scheme for financial assistance to the extent of ₹ 55 crores as an interest-free loan for a period of 50 years. These funds were received by MADC on 3<sup>rd</sup> May 2023.
- 7.1.3 MADC, after considering the cost of debt at 0%, and actual gearing, has arrived at a fair rate of return to be 9.85% for the First Control Period.
- 7.1.4 MADC has revised its submission for FRoR for the First Control Period to 12.94%. This was done in the presentation made to officials of AERA on their visit to Shirdi International Airport on 16<sup>th</sup> February 2024. MADC had also mentioned that *"In attached presentation, FRoR has been changed as there was an error in the model submitted to you earlier"* in the email with the revised FRoR.

### 7.2 Authority's examination regarding Fair Rate of Return (FRoR) for the First Control Period

- 7.2.1 The Authority notes that MADC has claimed FRoR of 9.85% in their initial submission and MYTP. The Authority also notes the formula and methodology errors in computation of FRoR.
- 7.2.2 AERA Guidelines prescribe determination of Fair Rate of Return comprising of Cost of Equity and Cost of Debt based on Capital Asset Pricing model as given below:

#### 5.1.3 Cost of Equity

*The Authority shall estimate cost of equity, for a Control period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit.*

- 7.2.3 The Authority notes the following with respect to evaluation of FRoR for Shirdi International Airport:
- Shirdi International Airport was a Non-Major Airport up to October 2021 and has been notified as a Major Airport by MoCA through notification in Gazette No. S.O. 4596 (E).

- ii. The traffic volume at Shirdi International Airport is much lower as compared to other Major Airports. Traffic for the recent year - FY 2023-24 is only 7.24 lakh passengers and during the First control period, the traffic is expected to reach a maximum of only upto 1.79 Mn. Passengers by the end of the control period 2026-27, still significantly below the threshold of 3.50 Mn passengers which is the minimum passenger volume for considering an Airport as a Major Airport (based on actual annual passenger throughput). It is important for the Airports having very low traffic base to ensure that the operations at the airport are viable by considering charges which are reasonable and optimum so as to attract more traffic.
- iii. Financing of Shirdi International Airport is largely through the funding / Grants issued by the Government of Maharashtra, which is considered as Shareholder funds. In order to ensure balanced approach in funding of Airport Projects, the Authority always encourages optimum leverage of debt being considered by Airports. The Authority has, in various earlier tariff determinations, underscored the importance of having efficient funding plan for Airport Capital Expenditure requirements, which will also help in optimizing the Aeronautical charges. Funding the entire project through funds from Shareholders does not result in optimization of funding sources and in turn, leads to additional charges being levied on the users of the Airport, as the resultant Aggregate Revenue Requirement computed in this scenario is higher.

7.2.4 The Authority, in the recent Tariff Orders for similar AAI Airports, has generally considered FRoR @ 14% (Cost of Equity @14% and actual Cost of Debt/ Gearing Ratio, wherever applicable). Shirdi Airport, like AAI Airports, is also owned & operated by the Govt. Undertaking (MADC). However, considering the factors as explained above, particularly the low traffic base, the Authority, proposes to consider 9% as a Fair Rate of Return for the First Control Period. The Authority invites specific comments from the stakeholders in this regard, on evaluation of which, a final decision will be taken by the Authority

### **7.3 Authority's proposal regarding Fair Rate of Return (FRoR) for the First Control Period**

Based on the materials before it and its analysis, the Authority proposes the following with regards to FRoR for the First Control Period

7.3.1 To consider Fair Rate of Return of 9% for the First Control Period as explained in para 7.2.4.

## 8 INFLATION FOR THE FIRST CONTROL PERIOD

### 8.1 MADC's submission regarding Inflation for the First Control Period

- 8.1.1 MADC has submitted inflation rate of 5% for all the operating and maintenance expenses including employee expenses, utility expenses, Airport operating expenses, administrative and general expenses, repair and maintenance and other operating expenses and non-aeronautical revenues for the First Control Period.
- 8.1.2 MADC considered WPI of 5% as per the RBI survey of professional forecasters on macroeconomic indicators – Result of the 79<sup>th</sup> round released on 7<sup>th</sup> December 2022 for the First Control Period as summarized in the table below:

**Table 99: Inflation rates submitted by MADC for the First control period**

| Particulars   | FY23  | FY24  | FY25  | FY26  | FY27  |
|---------------|-------|-------|-------|-------|-------|
| WPI Inflation | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |

### 8.2 Authority's examination regarding Inflation for the First Control Period

- 8.2.1 The Authority has examined the submission made by MADC on inflation to be considered during the First Control Period and notes that MADC has considered 5% for the First Control Period. However, the Authority proposes to consider the recent “Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 87<sup>th</sup> released on 5<sup>th</sup> April 2024 published by the Reserve Bank of India (RBI).
- 8.2.2 Accordingly, the Authority considers the actual Wholesale Price Index (All commodities) inflation for FY 2022-23 and the mean of WPI inflation forecast (All commodities) for FY 2023-24 till FY 2025-26 as given in the 87<sup>th</sup> round of Professional Forecasters on Macroeconomic Indicators of RBI for the First Control Period assuming that the inflation rate would be stable and remain constant for FY 2026-27. Accordingly, the following table shows the inflation rates as proposed by the Authority for the First control period.

**Table 100: Inflation rates proposed by the Authority for the First control period**

| Particulars   | FY23  | FY24    | FY25  | FY26  | FY27  |
|---------------|-------|---------|-------|-------|-------|
| WPI Inflation | 9.42% | (0.70%) | 3.10% | 3.70% | 3.70% |

### 8.3 Authority's proposal regarding Inflation for the First Control Period

Based on the materials before it and its analysis, the Authority proposes the following for the First Control Period:

- 8.3.1 To consider Inflation for the First Control Period for Shirdi International Airport as per Table 100.

## 9 OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

### 9.1 MADC submission regarding Operating & Maintenance (O&M) expenses for the First Control Period

9.1.1 MADC has stated that Aeronautical O&M expenses for the First Control Period has been estimated based on the following assumptions:

- **Construction of New Integrated Terminal Building (NITB):** As per MADC MYTP submission, the construction of the NITB of 53,349 sq.m. is expected to be completed in FY 2025-26. The details of increase in NITB is shown below.

**Table 101: Details of increase in terminal building area as projected by MADC**

| Particulars                              | Existing | FY26   |
|--|----------|--------|
| Total Terminal Building Area (in Sq. m.) | 2,750    | 53,349 |
| % increase                               | -        | 1840%  |

9.1.2 Considering the capitalization of the NITB, as shown in the above table, MADC has projected a one-time increase in FY 2026-27 of various expenses such as employee cost, utility expenses, administration and general expenses.

- **Inflation:** MADC has considered the inflationary increase Y-o-Y of 5% towards all expenses except employee cost in the First Control Period.
- **Base Year:** FY 2022-23 has been considered as the base year and the relevant percentage increase has been applied over the immediately preceding year to estimate expenses for the other Financial Years.

9.1.3 MADC in their MYTP submission for all tariff years has considered 95% of the total expenses as pertaining to Aeronautical activities.

9.1.4 The Aeronautical (O&M) expenses submitted by MADC for Shirdi Airport for the First Control Period are as presented below:

**Table 102: O&M Expenses submitted by MADC for the First Control Period**

(₹ in crores)

| Particulars                       | Ref               | FY 23        | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|-----------------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Administration & General Expenses | A                 | 0.73         | 0.76         | 0.80         | 0.84         | 1.77         | <b>4.90</b>   |
| Airport Operating Expenses        | B                 | 5.84         | 6.13         | 6.44         | 6.76         | 7.10         | <b>32.27</b>  |
| License Fees                      | C                 | 0.04         | 0.06         | -            | 0.06         | -            | <b>0.16</b>   |
| Employee Cost                     | D                 | 5.21         | 7.88         | 8.48         | 13.26        | 14.27        | <b>49.10</b>  |
| Power Expenses                    | E                 | 1.91         | 2.01         | 2.11         | 2.21         | 4.64         | <b>12.88</b>  |
| Water Expenses                    | F                 | 0.22         | 0.23         | 0.24         | 0.26         | 0.27         | <b>1.22</b>   |
| Water Withdrawal Expenses         | G                 | -            | 1.58         | 2.05         | 2.57         | 4.25         | <b>10.45</b>  |
| Repair & Maintenance              | H                 | 3.95         | 2.14         | 3.21         | 6.08         | 8.41         | <b>23.79</b>  |
| <b>Total O&amp;M expenses</b>     | <b>I=Sum(A:H)</b> | <b>17.90</b> | <b>20.79</b> | <b>23.33</b> | <b>32.04</b> | <b>40.71</b> | <b>134.77</b> |
| Aero %                            | J                 | 95%          | 95%          | 95%          | 95%          | 95%          | 95%           |



OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars                                | Ref          | FY 23        | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Total Aeronautical O&amp;M expenses</b> | <b>K=I*J</b> | <b>17.01</b> | <b>19.75</b> | <b>22.16</b> | <b>30.44</b> | <b>38.67</b> | <b>128.03</b> |

- 9.1.5 The growth rates assumed by MADC for Aeronautical O&M expenses have been presented in the below table:

**Table 103: Growth rates assumed by MADC for Aeronautical O&M Expenses for the First Control Period**

| Particulars  | Basis         | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 |
|--|---------------|-------|-------|-------|-------|-------|
| <b>Y-o-Y Growth</b>  |               |       |       |       |       |       |
| Administration & General Expenses  | Inflation %   | -     | 5%    | 5%    | 5%    | 5%    |
| Airport Operating Expenses   | Inflation %   | -     | 5%    | 5%    | 5%    | 5%    |
| Employee Cost  | Inflation%    | -     | 7.62% | 7.62% | 7.62% | 7.62% |
| Power Expenses   | Inflation %   | -     | 5%    | 5%    | 5%    | 5%    |
| Water Expenses   | Inflation %   |       | 5%    | 5%    | 5%    | 5%    |
| Water Withdrawal Expenses  | Inflation %   | -     | 5%    | 5%    | 5%    | 5%    |
| Repair & Maintenance   | Average RAB % | -     | 1%    | 1%    | 1%    | 1%    |
| <b>One-time increase on account of New Integrated Terminal Building (NITB)</b> |               |       |       |       |       |       |
| Administration & General Expenses  | Growth %      | -     | -     | -     | -     | 100%  |
| Power Expenses   | Growth %      | -     | -     | -     | -     | 100%  |

## 9.2 Authority's examination regarding Operating & Maintenance (O&M) expenses for the First Control Period

- 9.2.1 The Authority has examined the basis for the estimation of Aeronautical O&M expenses as submitted by MADC for the First Control Period. The Authority has conducted a detailed analysis of Aeronautical O&M expenses submitted by MADC in the following order:

- i. Allocation Ratios
- ii. Examination of reasonableness and necessity of O&M expenses
- iii. Re-allocation of expenses into Aeronautical and Non-Aeronautical expenses.

### Allocation Ratios

- 9.2.2 The Authority notes in its examination that MADC has allocated all expenses into Aeronautical and Non-Aeronautical in the ratio of 95%:5%. However, the Authority in line with the methodology followed in other airports, notes that expenses should be allocated based on relevant ratios as given below. In this regard, the Authority has analyzed and computed the following ratios for appropriate segregation of expenses into Aeronautical and Non-Aeronautical for the First Control Period.

### **Employee Head Count Ratio (EHCR)**

- 9.2.3 The Authority notes that as part of its MYTP submission, MADC has provided department-wise split of the employee headcount with location of employees (Shirdi/HQ) for the first control period. The Authority requested MADC for detailed department wise CTC with head count for FY 2021-22 and 2022-23. MADC provided the actual head count of employees, department-wise working at Shirdi International Airport for FY 2021-22 and FY 2022-23. The Authority notes that there is difference in the

total cost and headcount between the details shared by MADC as above and the MTYP submission. The difference in head count is explained by MADC as follows:

*“As discussed during the site visit, the reason for the difference in the value is due to consideration of CTC. The model contains the actual expenses whereas the format requested from MADC containing details of the employees are related to CTC. This resulted into deviation.”*

While the MYTP submitted has an estimate of 99 employees in FY 2022-23, the actual head count is 107 as per the response submitted by MADC to the Authority’s queries. MADC has not provided the details for the differential employee head count despite seeking clarifications.

- 9.2.4 The Authority proposes to adopt the actual head count data as given by MADC for FY 2022-23 of 107 as the base for assessing the Employee Head Count ratio of the First Control Period for Shirdi International Airport.
- 9.2.5 The Authority had requested MADC for actual employee head count for FY 2023-24 which was not received until the time of publishing of this consultation paper. The Authority directs MADC to submit the actual employee head count for FY 2023-24 before the stakeholders’ consultation meeting to be held by AERA.
- 9.2.6 After examining the functions of each department, the Authority has determined that the duties of employees listed below extend beyond aeronautical activities and encompass the overall operations of the airport. As a result, the Authority proposes reclassification of the departments of following employees as Common instead of completely Aeronautical:
- Airport Directorate Office
  - Finance and Accounts
  - Administration
- 9.2.7 The Authority also notes that there is no dedicated employee who is looking after non-aeronautical activities as submitted by AO. However, noting the above, the Authority proposes to consider the Aero: Non-Aero allocation to be 95%: 5% as submitted by MADC.

**Terminal Building Ratio (TBLR)**

- 9.2.8 The Authority notes that the data regarding aeronautical areas and non-aeronautical areas were not made available by MADC for the First Control Period in the MYTP submission.
- 9.2.9 However, considering the current area of the Terminal Building and lack of space for aeronautical and non-aeronautical activities, the Authority proposes to consider the ratio of 95%:5% as the Terminal Building Ratio (TBLR) for the period from FY23 to FY27. The Authority will review the Terminal area allocation in the future control periods.
- 9.2.10 The Authority notes that MADC has not submitted details of the segregation of area between Aeronautical and Non-Aeronautical in the NITB. Hence the Authority proposes to consider the allocation ratio of 95:5 for NITB also, in FY 2026-27.

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL  
PERIOD

**Gross Block Ratio (GBR)**

- 9.2.11 The Authority proposes to consider the Gross Block Ratio (GBR) determined based on the allocation of assets into Aeronautical and Non-Aeronautical using EHCR and TBLR. The GBR so determined is as given below:

**Table 104: Revised Gross Block Ratio proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | Ref.  | FY 23  | FY 24  | FY 25  | FY 26  | FY 27   |
|----------------------------------|-------|--------|--------|--------|--------|---------|
| Aeronautical Gross Block         | A     | 183.41 | 213.06 | 284.06 | 397.36 | 1083.74 |
| Non-Aeronautical Gross Block     | B     | 1.61   | 1.64   | 2.05   | 2.95   | 39.07   |
| Total Gross Block                | C=A+B | 185.02 | 214.7  | 286.11 | 400.31 | 1122.81 |
| Percentage Aeronautical          | D=A/C | 99.13% | 99.24% | 99.28% | 99.26% | 96.52%  |
| 5-year average Gross Block Ratio | E     | 98.69% |        |        |        |         |

**Summary of Allocation Ratios proposed by the Authority for the First Control Period**

- 9.2.12 The Allocation ratios proposed by the Authority for Shirdi International Airport for the First Control Period are as follows:

**Table 105: Allocation Ratios proposed by the Authority for the First Control Period**

| Particulars                      | FY 23  | FY 24  | FY 25  | FY 26  | FY 27  |
|----------------------------------|--------|--------|--------|--------|--------|
| Employee Head Count Ratio (EHCR) | 95.00% | 95.00% | 95.00% | 95.00% | 95.00% |
| Terminal Building Ratio (TBLR)   | 95.00% | 95.00% | 95.00% | 95.00% | 95.00% |
| Gross Block Ratio (GBR)          | 98.69% | 98.69% | 98.69% | 98.69% | 98.69% |

**O&M expenses and its allocation into Aeronautical & Non-Aeronautical expenses for the First Control Period**

- 9.2.13 The Authority has compared the total O&M expenses as per MADC submission with the audited financial statements and noted certain differences in FY 2022-23. Upon enquiry, the Authority was informed that these differences pertain to CISF expenses which has been excluded by MADC for preparation of MYTP submission.
- 9.2.14 The Authority's analysis of different heads of O&M expenses for First Control Period is detailed below:

**A. Administration & General (A&G) Expenses:**

**Table 106: Break up Administration & General (A&G) Expenses as submitted by MADC**

(₹ in crores)

| Particulars                              | Ref               | FY 23*      | FY 24       | FY 25       | FY 26       | FY 27       | Total       |
|--|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Admin – Advertisement                    | A                 | 0.25        | 0.26        | 0.27        | 0.29        | 0.60        | 1.67        |
| Admin - Consultancy Charges              | B                 | 0.09        | 0.10        | 0.10        | 0.11        | 0.23        | 0.63        |
| Admin – Fuel                             | C                 | 0.10        | 0.11        | 0.11        | 0.12        | 0.24        | 0.68        |
| Admin - Legal Fees                       | D                 | 0.02        | 0.03        | 0.03        | 0.03        | 0.06        | 0.17        |
| Admin – Misc                             | E                 | 0.07        | 0.07        | 0.08        | 0.08        | 0.17        | 0.47        |
| Admin - Office Expenses                  | F                 | 0.17        | 0.18        | 0.19        | 0.20        | 0.42        | 1.16        |
| Admin - Travelling Expenses              | G                 | 0.02        | 0.02        | 0.02        | 0.03        | 0.05        | 0.14        |
| <b>Total Admin &amp; General Expense</b> | <b>H=Sum(A:G)</b> | <b>0.72</b> | <b>0.77</b> | <b>0.80</b> | <b>0.86</b> | <b>1.77</b> | <b>4.92</b> |
| Aeronautical Ratio                       | I                 | 95%         | 95%         | 95%         | 95%         | 95%         |             |
| Aero Admin & General Expense             | J=H*I             | <b>0.68</b> | <b>0.73</b> | <b>0.76</b> | <b>0.82</b> | <b>1.68</b> | <b>4.67</b> |

\* The expense for FY 23 is based on actual figure for the year.

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

- 9.2.15 The Authority notes that MADC has considered the actual total expenses amounting to ₹ 0.72 Crore incurred in FY 2022-23 towards total Administration and general expenses. Thereafter, MADC has considered an increase of 5% Y-o-Y for the remaining tariff years of the First Control Period. The Authority also notes that MADC has considered an additional increase of 100% of existing expense in FY 2026-27 on account of NITB being operational from FY 2025-26.
- 9.2.16 The Authority examined the details of Administration & General expenses head for FY 2022-23 and notes that the expense comprises advertisement, consultancy, office expenses, legal fees and travelling expenses.
- 9.2.17 The Authority notes that MADC has incurred ₹ 0.09 crores in FY 2022-23 for Consultancy charges towards third party inspection of the construction of Jack Well, Pump House, Rising Main, ESR & Water Treatment & RCC Water Pond with HDPE Lining.
- 9.2.18 The Authority notes that these consultancy charges amounting to ₹ 0.09 Crores for FY 2022-23 is a one-time expense and hence should not be considered for projection of future operating expense. Therefore, the Authority proposes to rationalize the one-time expenditure by excluding 50% of the actual incurred amount of ₹ 0.04 Crores (i.e., 50% of ₹ 0.09 Crores), from FY 2022-23 expenditure and then use that as a base for applying inflation factor and one time increase for FY 2023-24 to FY 2026-27.
- 9.2.19 The Authority, in the past for similar airports had considered a one-time additional increase in admin. & general expenses due to the increase in the Terminal Building area etc. Based on the above approach, the Authority proposes to consider an additional increase of 100% in administration and general expenses in the second half of the fifth tariff year (i.e. 50% increase in FY 2026-27) of the First Control Period.
- 9.2.20 The Authority notes that ₹ 0.17 Crores was included in Administration & General Expenses in FY 2022-23 on account of legal fees which includes fees paid to advocate for various matters in court and other charges. The Authority proposes to exclude the legal expenses incurred by the Airport Operator as a part of operating expenses, in line with the Authority's approach at other similar airports.
- 9.2.21 However, with respect to the Y-o-Y growth rate the Authority proposes to consider the increase towards inflationary effect as per Table 100 as against the 5% claimed by MADC.
- 9.2.22 The Authority proposes to apportion the admin and general expenses on the basis of the Gross Block Ratio (GBR) and Employee Head Count Ratio (EHCR) as per Table 105.
- 9.2.23 The details of Administration and general expenses claimed by MADC and proposed by the Authority are as given table below:

**Table 107: Administration and general expenses proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                     | Allocation Ratio/Ref | FY 23*      | FY 24       | FY 25       | FY 26       | FY 27       | Total       |
|---------------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>As per MADC</b>              |                      |             |             |             |             |             |             |
| A&G expenses – Aero (Table 106) | <b>A</b>             | <b>0.68</b> | <b>0.73</b> | <b>0.76</b> | <b>0.82</b> | <b>1.68</b> | <b>4.67</b> |
| <b>As per the Authority</b>     |                      |             |             |             |             |             |             |
| Admin – Advertisement           | GBR                  | 0.24        | 0.24        | 0.25        | 0.26        | 0.40        | 1.39        |
| Admin - Consultancy Charges     | GBR                  | 0.05        | 0.05        | 0.05        | 0.05        | 0.08        | 0.26        |
| Admin – Fuel                    | GBR                  | 0.10        | 0.10        | 0.10        | 0.10        | 0.16        | 0.57        |
| Admin – Misc                    | GBR                  | 0.07        | 0.07        | 0.07        | 0.07        | 0.12        | 0.40        |
| Admin - Office Expenses         | GBR                  | 0.17        | 0.17        | 0.17        | 0.18        | 0.28        | 0.97        |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars   | Allocation Ratio/Ref | FY 23*       | FY 24        | FY 25        | FY 26        | FY 27        | Total        |
|---|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Admin - Travelling Expenses   | EHCR                 | 0.02         | 0.02         | 0.02         | 0.02         | 0.03         | 0.12         |
| <b>Total Aero Admin &amp; General Expense considered by the Authority</b> | <b>B</b>             | <b>0.65</b>  | <b>0.64</b>  | <b>0.66</b>  | <b>0.69</b>  | <b>1.07</b>  | <b>3.71</b>  |
| <b>Difference#</b>  | <b>C=B-A</b>         | <b>-0.04</b> | <b>-0.09</b> | <b>-0.10</b> | <b>-0.13</b> | <b>-0.61</b> | <b>-0.97</b> |

\* The expense for FY 23 is based on the actual figure for the year.

## B. Airport Operating Expenses

9.2.24 The Authority notes that MADC has considered the actual expenses incurred for FY 2022-23 and thereafter MADC has claimed a 5% Y-o-Y increase for the remaining tariff years of the First Control Period.

9.2.25 The Authority examined the Airport Operating Expenses and notes that they included the following:

**Table 108: Breakup of Airport operating expenses submitted by MADC for the First Control Period**

(₹ in crores)

| Particulars                      | FY 23*      | FY 24       | FY 25       | FY 26       | FY 27       | Total        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Ambulance Charges                | 0.69        | 0.72        | 0.76        | 0.8         | 0.84        | <b>3.81</b>  |
| CNS & ATM Services               | 3.53        | 3.71        | 3.9         | 4.09        | 4.3         | <b>19.53</b> |
| Collection Charges               | 0.06        | 0.07        | 0.07        | 0.07        | 0.08        | <b>0.35</b>  |
| IMD Charges                      | 0.78        | 0.82        | 0.86        | 0.9         | 0.95        | <b>4.31</b>  |
| Miscellaneous Charges            | 0.14        | 0.14        | 0.15        | 0.16        | 0.17        | <b>0.76</b>  |
| PAPI Maintenance                 | 0.22        | 0.23        | 0.24        | 0.26        | 0.27        | <b>1.22</b>  |
| Others employee-related expenses | 0.26        | 0.27        | 0.29        | 0.3         | 0.31        | <b>1.43</b>  |
| Outsourcing - Vehicle Expenses   | 0.16        | 0.17        | 0.18        | 0.18        | 0.19        | <b>0.88</b>  |
| <b>Total</b>                     | <b>5.84</b> | <b>6.13</b> | <b>6.45</b> | <b>6.76</b> | <b>7.11</b> | <b>32.29</b> |
| Allocation Ratio                 | 95%         | 95%         | 95%         | 95%         | 95%         |              |
| <b>Aeronautical Total</b>        | <b>5.55</b> | <b>5.82</b> | <b>6.13</b> | <b>6.42</b> | <b>6.75</b> | <b>30.68</b> |

\* The expense for FY 23 is based on actual figure for the year.

9.2.26 The Authority, as per discussion in para 2.6.2, at this stage, proposes not to consider “CNS and ATM Services” expenses and “Outsourcing – Vehicle Expenses” claimed by AO under the Airport Operating Expenses. Accordingly, the Authority proposes to exclude CNS & ATM expenses amounting to ₹ 19.53 Crores and Outsourcing – Vehicle Expenses (which are of the nature of hiring vehicle for AAI, CNS staff pick up and drop service) totally amounting to ₹ 0.88 Crores for the First Control Period similar to the stand taken in Pre-Control Period.

9.2.27 Considering the nature of expenses, the Authority has re-classified the below expenses from Airport Operating Expenses to other heads as detailed in table below:

**Table 109: Re-classification of expenses from Airport Operating expenses to other heads as per the Authority**

(₹ in crores)

| Particulars                      | Re-Classified to Expenses | FY 23       | FY 24       | FY 25       | FY 26       | FY 27       | Total       |
|----------------------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| PAPI Maintenance                 | Repair & Maintenance      | 0.22        | 0.23        | 0.24        | 0.26        | 0.27        | <b>1.22</b> |
| Others employee-related expenses | Employee Cost             | 0.26        | 0.27        | 0.29        | 0.3         | 0.31        | <b>1.43</b> |
| <b>Total</b>                     |                           | <b>0.48</b> | <b>0.50</b> | <b>0.53</b> | <b>0.56</b> | <b>0.58</b> | <b>2.65</b> |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

9.2.28 The Authority examined the actual expense incurred by MADC during FY 2022-23 and proposes to consider the same. However, with respect to Y-o-Y growth rate the Authority proposes to consider the increase towards inflationary effect as per Table 100 as against the 5% claimed by MADC except in the case of Collection Charges – where the projection has been done based on growth in passenger traffic for the First Control Period. The Authority also proposes to apportion the individual expenses under airport operating expenses on the basis of the nature of expenses as Aeronautical (100%) and Employee Head Count Ratio (EHCR) as per Table 105.

9.2.29 The details of Airport Operating Expenses claimed by MADC & and proposed by the Authority is as given below:

**Table 110: Airport operating expenses claimed by MADC and proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars   | Allocation Ratio/Ref | FY 23*       | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|---|----------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>As per MADC</b>  |                      |              |              |              |              |              |               |
| Airport Operating Expenses – Aero (Table 108)               | A                    | 5.55         | 5.82         | 6.13         | 6.42         | 6.75         | 30.68         |
| <b>As per the Authority</b>                                 |                      |              |              |              |              |              |               |
| Ambulance Charges   | Aero                 | 0.69         | 0.68         | 0.71         | 0.73         | 0.76         | 3.57          |
| Collection Charges  | Aero                 | 0.06         | 0.06         | 0.09         | 0.11         | 0.15         | 0.46          |
| IMD Charges   | Aero                 | 0.78         | 0.78         | 0.80         | 0.83         | 0.86         | 4.04          |
| Miscellaneous Charges                                       | GBR                  | 0.13         | 0.13         | 0.14         | 0.14         | 0.15         | 0.70          |
| <b>Airport operating expenses proposed by the Authority</b> | <b>B</b>             | <b>1.67</b>  | <b>1.65</b>  | <b>1.73</b>  | <b>1.81</b>  | <b>1.91</b>  | <b>8.77</b>   |
| <b>Difference</b>   | <b>C=B-A</b>         | <b>-3.88</b> | <b>-4.17</b> | <b>-4.40</b> | <b>-4.61</b> | <b>-4.84</b> | <b>-21.90</b> |

\* The expense for FY 23 is based on actual for the year.

### C. License Fees:

9.2.30 MADC has submitted that they will be incurring ₹ 0.065 crores towards license fees for the Aerodrome in FY 2023-24 and FY 2025-26. The Authority via query raised on 4<sup>th</sup> September 2023 requested for the actual payment receipt for FY 2023-24 and MADC vide reply dated 18<sup>th</sup> October 2023 submitted the payment receipt dated 25<sup>th</sup> July 2023 amounting to ₹ 0.065 Crores towards renewal of aerodrome license.

9.2.31 Based on the actual expense incurred by MADC for FY 2023-24, the Authority notes that the projections as submitted by MADC are justified. The Authority, therefore, proposes to consider the projections as submitted by MADC for the First Control Period. As indicated in paragraph 3.8.25, the Authority has apportioned the license fee incurred in FY 2021-22 over 2 years (being the duration of validity of license) between FY 2021-22 and FY 2022-23 which works out to Rs. 0.03 Crores instead of Rs. 0.04 Crores as submitted by MADC for FY 2022-23. The Authority has followed similar treatment of apportioning the expenses incurred over 2 years for License Fees projected to be incurred in First Control Period also. This expense being aeronautical in nature, the allocation ratio has been considered to be 100%.

**Table 111: License Fees claimed by MADC and proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                           | Ref.  | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|---------------------------------------|-------|--------|-------|-------|-------|-------|-------|
| <b>As per MADC</b>                    |       |        |       |       |       |       |       |
| License Fee claimed by MADC           | A     | 0.04   | 0.07  | -     | 0.07  | -     | 0.17  |
| <b>As per the Authority</b>           |       |        |       |       |       |       |       |
| License Fee proposed by the Authority | B     | 0.03   | 0.03  | 0.03  | 0.03  | 0.03  | 0.16  |
| <b>Difference</b>                     | C=B-A | -0.01  | -0.03 | 0.03  | -0.03 | 0.03  | -0.01 |

\* The expense for FY 23 is based on the actual figure for the year.

#### D. Employee Cost

9.2.32 MADC has submitted the following projections in relation to Employee Cost and the total employee headcount:

**Table 112: Employee Cost submitted by MADC for the First Control Period**

(₹ in crores)

| Particulars                           | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|---------------------------------------|-------|-------|-------|-------|-------|-------|
| Employee Cost                         | 5.21  | 7.88  | 8.48  | 13.26 | 14.27 | 49.09 |
| Allocation Ratio                      | 95%   | 95%   | 95%   | 95%   | 95%   |       |
| Aeronautical Employee Cost            | 4.95  | 7.48  | 8.05  | 12.59 | 13.55 | 46.62 |
| Employee Head Count Claimed by MADC   | 99    | 139   | 139   | 202   | 202   | -     |
| Increase in Employee Head Count Y-o-Y | -     | 40%   | -     | 45%   | -     | -     |
| Increase in Y-o-Y Salary Cost         | -     | 7.62% | 7.62% | 7.62% | 7.62% | -     |

9.2.33 The Authority notes that MADC has provided an average employee cost of ₹ 0.052 crores per annum for FY 2022-23, with a projected annual increase of 7.62% Y-o-Y for the remaining tariff years of the First Control Period. This average cost includes the salary expenses of all departments.

9.2.34 The Authority observes that MADC has taken into account the salaries of employees across different roles and levels within the organization, resulting in a representative figure for the average cost. Along the same lines, the Authority obtained actual data of employee head count for FY 2022-23 from MADC and notes that the actual employee count for the FY 2022-23 is 107 which the Authority proposes to consider. Based on the same, the resulting change in average employee salary cost is ₹ 0.049 crores per annum for FY 2022-23.

9.2.35 The Authority enquired on the rationale for considering 7.62% as increase in Y-o-Y employee cost projected by MADC. MADC, during the site visit at Shirdi International Airport together with the Authority's consultant, reiterated that it was based on internal estimates and there was no working for the same.

9.2.36 MADC has furnished specific documents such as an internal record outlining the increment ranges for regular, contractual, and deputation employees. The average increment rate falls within the range of 6% to 7.5% for the fiscal year 2022. Additionally, as per the official notification issued by the Government of Maharashtra under GR no. 1323, the 7th Pay Commission revision in Dearness Allowance (D.A.) is effective from July 1, 2022. This revision stipulates an increase in D.A. from 38% to 42%, indicating a 4% change in D.A. However, both documents do not provide the basis of calculation for MADC's adopted increment rate of 7.62%.

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

- 9.2.37 However, aligning with the uniform approach taken by the Authority for employee cost across other airports, the Authority proposes to rationalize the growth rate to 6% year-on-year for all years of the First Control Period, starting from FY 2023-24.
- 9.2.38 Further, the Authority observes that MADC has projected a one-time increase of 40% in employee head count for FY 2023-24 and 45% in FY 2025-26. On specific enquiry, MADC has submitted that both the increases are attributed to the construction of NITB and the resultant increase in operations. However, the Authority proposes to continue with the same number of employees as in FY2022- 23 till FY 2025-26 and thereafter increase the same by 45% in FY 2026-27 in line with the timeline for commissioning of New Terminal Building.
- 9.2.39 The Authority examined the “Other employee expenses” incurred by MADC during FY 2022-23 amounting to ₹ 0.26 Crores which was classified under Airport Operating Expense and based on the nature of expense, the Authority proposes to reclassify the same under Employee cost head. The Authority also proposes to apply the growth rate of 6% year-on-year to this head also.
- 9.2.40 The Authority also proposes to re-allocate employee cost on the basis of Employee Head Count Ratio (EHCR) as per Table 105.
- 9.2.41 Taking the above factors into consideration, the Authority proposes the following employee costs for the First Control Period:

**Table 113: Employee costs proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                                     | Ref          | FY 23*      | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|---|--------------|-------------|--------------|--------------|--------------|--------------|---------------|
| <b>As per MADC</b>                              |              |             |              |              |              |              |               |
| Employee Costs – Aero (Table 112)               | A            | 4.95        | 7.48         | 8.05         | 12.59        | 13.55        | 46.62         |
| <b>As per the Authority</b>                     |              |             |              |              |              |              |               |
| Total No. of Employees                          | B            | 107         | 107          | 107          | 107          | 155          |               |
| Average Cost per employee                       | C            | 0.049       | 0.052        | 0.055        | 0.058        | 0.061        |               |
| Total Employee Cost                             | D=B*C        | 4.95        | 5.25         | 5.56         | 5.90         | 9.06         | 30.72         |
| Others - Employee Related (re-classified)       | E            | 0.25        | 0.26         | 0.28         | 0.29         | 0.31         | 1.39          |
| <b>Employee Costs proposed by the Authority</b> | <b>F=D+E</b> | <b>5.20</b> | <b>5.51</b>  | <b>5.84</b>  | <b>6.19</b>  | <b>9.37</b>  | <b>32.10</b>  |
| <b>Difference</b>                               | <b>G=F-A</b> | <b>0.25</b> | <b>-1.97</b> | <b>-2.21</b> | <b>-6.40</b> | <b>-4.18</b> | <b>-14.52</b> |

\* The expense for FY 23 is based on actual figure for the year.

#### E. Power Expenses

- 9.2.42 The Authority notes that MADC has considered the actual expenses incurred in FY2022-23 amounting to ₹ 1.91 Crores as a base and projected an increase of 5% Y-o-Y basis for the remaining tariff years of the First Control Period. MADC has also considered an additional increase of 100% on account of the proposed increase in the Terminal Building area in FY 2026-27.
- 9.2.43 The Authority examined the actual expense incurred for FY 2022-23 and notes that MADC had considered the expense without adjusting for any recoveries from the concessionaires. On further analysis, the Authority notes that ₹ 0.12 Crores, i.e., 6.58% of the total electricity expenses, were recovered from the concessionaires in FY 2022-23. The Authority therefore proposes to consider the same proportion i.e. 6.58% as electricity recovery for the First Control Period.



OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

- 9.2.44 However, with respect to the Y-o-Y growth rate of power expenses, the Authority proposes to consider the increase based on inflation index as per Table 100, as against the 5% claimed by MADC. The Authority therefore has projected the actual power expenses (gross) for the first control period considering the inflationary effect as per Table 100, then proceeded to reduce 6.58% of that amount and the remaining amount net of recovery is proposed by the Authority as power expenses.
- 9.2.45 The Authority, in the past for other similar airports had considered a one-time increase in power expenses on account of increase in Terminal Building area. Based on the above approach, the Authority proposes to consider an additional increase of 100% in power expenses in the second half of the fifth tariff year of the First Control Period.
- 9.2.46 Since the power expenses has been estimated after making adjustments for recoveries from the concessionaires, the resulting expense is treated as 100% Aeronautical. This is consistent with that position followed by the Authority in other similar airports. The Authority, therefore, proposes to consider the same basis for the First Control Period.
- 9.2.47 The details of power expenses claimed by MADC & proposed by the Authority is as given below:

**Table 114: Power expenses claimed by MADC and proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                                      | Ref.  | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total        |
|--|-------|--------|-------|-------|-------|-------|--------------|
| <b>As per MADC with 5% Y-o-Y increase</b>        |       |        |       |       |       |       |              |
| Power expense – Aero                             | A     | 1.81   | 1.90  | 2.00  | 2.10  | 4.41  | <b>12.22</b> |
| <b>As per the Authority with inflation index</b> |       |        |       |       |       |       |              |
| Power expenses                                   | B     | 1.91   | 1.90  | 1.96  | 2.03  | 3.15  | <b>10.95</b> |
| Less: Recovery                                   | C     | 0.13   | 0.12  | 0.13  | 0.13  | 0.21  | <b>0.72</b>  |
| Power expense proposed by the Authority          | D=B-C | 1.78   | 1.77  | 1.83  | 1.89  | 2.95  | <b>10.23</b> |
| Difference                                       | E=D-A | -0.03  | -0.13 | -0.17 | -0.21 | -1.46 | <b>-1.99</b> |

\* The expense for FY 23 is based on actual figure for the year.

## F. Water Expenses

**Table 115: Water expenses claimed by MADC for the first Control Period**

(₹ in crores)

| Particulars                   | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total       |
|-------------------------------|--------|-------|-------|-------|-------|-------------|
| Water expense claimed by MADC | 0.22   | 0.23  | 0.24  | 0.26  | 0.27  | <b>1.22</b> |
| Allocation Ratio              | 95%    | 95%   | 95%   | 95%   | 95%   |             |
| Water expenses - Aero         | 0.21   | 0.22  | 0.23  | 0.24  | 0.26  | <b>1.16</b> |

- 9.2.48 The Authority has examined MADC submission and notes that MADC has considered the actual expense incurred of ₹ 0.21 Crores for FY 2022-23 and thereafter, projected based on an increase of 5% Y-o-Y for the remaining tariff years of the First Control Period. The details are as follows:
- 9.2.49 MADC via communication to the Authority dated 5<sup>th</sup> January 2024, has submitted that:
- “The updated business model shared by us on July 07,2023 contains water expenses, water withdrawal charges, and water demand related information for the future projections. In view of the factual changes and errors in the estimation of the projection, we are revising the following items.”*
- 9.2.50 Given below is the revised estimate for water charges submitted by MADC on 5th January 2024:

**Table 116: Revised Water expenses submitted by MADC on 5-Jan-2024**

(₹ in crores)

| Particulars                   | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Water expense claimed by MADC | 0.22  | 0.23  | 0.18  | -     | -     | 0.63  |
| Allocation Ratio              | 95%   | 95%   | 95%   | -     | -     |       |
| Water expenses - Aero         | 0.21  | 0.22  | 0.17  | -     | -     | 0.60  |

9.2.51 The Authority proposes to consider the actual expense incurred as submitted by MADC for FY 2022-23.

9.2.52 The Authority notes that MADC has not considered water expenses post FY 2024-25 for the following reasons as mentioned in their letter.

*“Water pond completion is projected for Dec’24. Accordingly, the water withdrawal charges will continue till the commencement of operations at the pond.”*

9.2.53 Based on the above assumption, the projection for FY 2024-25 is made for 9 months only considering that the water pond will be operational by Dec’24. Consequently, from Jan’25 the water withdrawal charges have not been projected by MADC.

9.2.54 However, based on the Authority’s proposal to postpone the capitalization of water pond to Dec’25, the Authority has retained the water expense submission by MADC until FY 2024-25. For FY 2025-26, the Authority has applied an inflationary increase on the FY 2024-25 amount and pro-rated for 9 months assuming capitalization of water pond in Dec’25.

9.2.55 With respect to the Y-o-Y growth rate, the Authority proposes to consider the increase towards inflationary effect as per Table 100 as against the 5% claimed by MADC. The Authority also proposes to apportion the water expenses into Aeronautical and Non-Aeronautical based on the Gross Block Ratio as per Table 105.

9.2.56 The details of water expenses claimed by MADC & proposed by the Authority are as given below:

**Table 117: Water expenses claimed by MADC and proposed by the authority for the First Control Period**

(₹ in crores)

| Particulars                              | Ref.         | FY 23*      | FY 24    | FY 25       | FY 26       | FY 27    | Total       |
|--|--------------|-------------|----------|-------------|-------------|----------|-------------|
| <b>As per MADC</b>                       |              |             |          |             |             |          |             |
| Revised Water expense – Aero (Table 116) | A            | 0.21        | 0.22     | 0.17        | -           | -        | <b>0.60</b> |
| <b>As per the Authority</b>              |              |             |          |             |             |          |             |
| Water expense proposed by the Authority  | B            | 0.22        | 0.22     | 0.22        | 0.17        | -        | <b>0.83</b> |
| <i>Difference</i>                        | <i>C=B-A</i> | <i>0.01</i> | <i>-</i> | <i>0.05</i> | <i>0.17</i> | <i>-</i> | <b>0.23</b> |

\* The expense for FY 23 is based on actual figure for the year.

## G. Water Withdrawal Expenses

**Table 118: Water Withdrawal charges claimed by MADC for the First Control Period**

(₹ in crores)

| Particulars                         | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total        |
|-------------------------------------|-------|-------|-------|-------|-------|--------------|
| Water Withdrawal Charges            | -     | 1.58  | 2.05  | 2.57  | 4.25  | <b>10.45</b> |
| Allocation Ratio                    | -     | 95%   | 95%   | 95%   | 95%   |              |
| Water Withdrawal Charges - Aero     | -     | 1.50  | 1.95  | 2.44  | 4.04  | <b>9.93</b>  |
| No. of consumption units (in lakhs) | 9.00  | 11.83 | 14.66 | 17.50 | 27.5  |              |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars                       | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| Y-o-Y Growth in consumption Units | -     | 31%   | 24%   | 19%   | 57%   |       |

- 9.2.57 MADC has projected the Water Withdrawal Expenses by considering an expense of ₹ 1.58 crores in FY 2023-24 and increasing Y-o-Y by 5% for the remaining tariff years of the First Control Period. The Authority notes that MADC has not incurred any actual water withdrawal charges for FY 2022-23.
- 9.2.58 The Authority notes that to arrive at the above numbers for the first control period, MADC has projected a base of 9 lakh cubic meter units for FY 2022-23. Additionally, MADC has estimated increase in units of 31% in FY 2023-24, 24% in FY 2024-25, 19% in FY 26, and 57% in FY 27. Based on discussion it was noted that these projections were based on MADC's internal estimates with regard to traffic and construction of NITB.
- 9.2.59 As indicated in above para 9.2.49, MADC has revised their estimate via letter dated 5<sup>th</sup> January 2024 on the assumption that the water pond will be commissioned in December 2024. Hence the revised projection contains projections for 3 months in FY 2024-25 and 12 months each for FY 2025-26 and FY 2026-27.

**Table 119: Revised Water Withdrawal Expenses projected by MADC**

(₹ in crores)

| Particulars                           | FY 23 | FY 24  | FY 25  | FY 26    | FY 27    | Total           |
|---------------------------------------|-------|--------|--------|----------|----------|-----------------|
| Water Withdrawal Charges              | -     | -      | 0.02   | 0.15     | 0.23     | <b>0.40</b>     |
| Allocation Ratio                      | -     | -      | 95%    | 95%      | 95%      | -               |
| Water Withdrawal Charges – Aero       | -     | -      | 0.02   | 0.14     | 0.22     | <b>0.38</b>     |
| Consumption in cubic metres           | -     | 64,006 | 76,807 | 1,21,314 | 1,80,222 | <b>4,42,349</b> |
| Water Cost per cubic metre            | -     | 11.00  | 11.55  | 12.13    | 12.73    | -               |
| Y-o-Y increase in Water Cost per unit | -     | 5%     | 5%     | 5%       | 5%       | -               |

- 9.2.60 The Authority also notes that Water usage was estimated at 488 cubic meters per day for a period of three months. This calculation was made with the anticipation of a new pond being constructed by December 2024, and its utilization planned accordingly. The Authority has reviewed this demand based on the assumptions given by MADC and found them to be reasonable, in line with the traffic projections for First Control Period.
- 9.2.61 However, the Authority as indicated in para 5.3.49 proposes to capitalize the pond only in Dec'25 – FY 2025-26. Hence, the Authority proposes to take only 3 months proportionate cost for FY 2025-26 as proposed by MADC (revised). For FY 2026-27, the Authority proposes to consider the cost as proposed by MADC (revised).
- 9.2.62 With respect to the Y-o-Y growth rate claimed by AO, the Authority proposes the increase towards inflationary effect as per Table 100. The Authority also proposes to apportion the water withdrawal expenses into Aeronautical and Non-Aeronautical based on the Gross Block Ratio as per Table 105.

**Table 120: Water withdrawal expenses projected by MADC and proposed by the authority for the First Control Period**

(₹ In crores)

| Particulars   | Ref. | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total       |
|---|------|-------|-------|-------|-------|-------|-------------|
| <b>As per MADC</b>                                  |      |       |       |       |       |       |             |
| Revised Water withdrawal expense – Aero (Table 119) | A    | -     | -     | 0.02  | 0.14  | 0.22  | <b>0.38</b> |
| <b>As per the Authority</b>                         |      |       |       |       |       |       |             |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars  | Ref.  | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | Total       |
|--|-------|-------|-------|-------|-------|-------|-------------|
| Water withdrawal expense proposed by the Authority | B     | -     | -     | -     | 0.04  | 0.22  | <b>0.25</b> |
| Difference   | C=B-A | -     | -     | -0.02 | -0.11 | -     | -0.13       |

#### H. Repair and Maintenance Expenses:

9.2.63 MADC has submitted the following Repair and Maintenance Expense for the First Control Period:

**Table 121: Repair and maintenance expense claimed by MADC for First Control Period**

(₹ In crores)

| Particulars                          | Ref.  | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total        |
|--------------------------------------|-------|--------|-------|-------|-------|-------|--------------|
| Total R&M expense projected by MADC  | A     | 3.95   | 2.14  | 3.21  | 6.08  | 8.41  | <b>23.79</b> |
| Allocation Ratio                     | B     | 95%    | 95%   | 95%   | 95%   | 95%   |              |
| R&M Expense – Aero projected by MADC | C=A*B | 3.75   | 2.03  | 3.05  | 5.78  | 7.99  | <b>22.60</b> |

9.2.64 The Authority examined the expenses towards repair and maintenance and noted that the same had been projected towards Civil, Terminal, Airside, Vehicle and Others.

9.2.65 The amount claimed by MADC works to 1-2% of the Opening RAB of the respective financial year as shown in table below:

**Table 122: Repair and maintenance expense claimed by MADC as a percentage of opening RAB as proposed by the Authority**

(₹ in crores)

| Particulars  | Ref.      | FY 23  | FY 24  | FY 25  | FY 26  | FY 27  | Total        |
|--|-----------|--------|--------|--------|--------|--------|--------------|
| Opening RAB as considered by the Authority (A)     | Table 94  | 151.48 | 142.15 | 161.95 | 220.21 | 316.27 |              |
| R&M Expense – Aero as claimed by MADC (B)          | Table 121 | 3.75   | 2.03   | 3.05   | 5.78   | 7.99   | <b>22.60</b> |
| R&M Expense as a percentage of Opening RAB (C=B/A) |           | 2.48%  | 1.43%  | 1.88%  | 2.62%  | 2.53%  |              |

9.2.66 The Authority notes that the amount claimed by MADC is lower than 6% of Opening RAB (net Block of Assets) for the respective tariff years as benchmarked in other Airports by the Authority. Therefore, the Authority proposes to consider the repair and maintenance expenses as submitted by MADC for the First Control Period.

9.2.67 The Authority has re-classified expenses pertaining to PAPI Maintenance which were claimed by MADC in Airport Operating Expenses amounting to ₹ 0.22 Crores in FY 2022-23 and considered as 100% Aeronautical expenses. With respect to the Y-o-Y growth rate claimed by AO, the Authority proposes the increase the same based on inflation rates as detailed in Table 100.

9.2.68 The details of the repair & maintenance claimed by AO & and proposed by the Authority is as given below:

**Table 123: Repair and maintenance expenses claimed by MADC and proposed by the authority for the First Control Period**

(₹ in crores)

| Particulars                     | Ref. | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|---------------------------------|------|--------|-------|-------|-------|-------|-------|
| <b>As per MADC</b>              |      |        |       |       |       |       |       |
| R&M Expenses – Aero (Table 121) | A    | 3.75   | 2.03  | 3.05  | 5.78  | 7.99  | 22.60 |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars   | Ref.  | FY 23* | FY 24 | FY 25 | FY 26 | FY 27 | Total |
|---|-------|--------|-------|-------|-------|-------|-------|
| <b>As per the Authority</b>                                 |       |        |       |       |       |       |       |
| Aero R&M Expenses   | B     | 3.75   | 2.03  | 3.05  | 5.78  | 7.99  | 22.60 |
| R&M PAPI Maintenance (re-classified)                        | C     | 0.22   | 0.22  | 0.23  | 0.23  | 0.24  | 1.14  |
| Total Aeronautical R&M Expenses - Proposed by the Authority | D=B+C | 3.97   | 2.25  | 3.28  | 6.01  | 8.23  | 23.74 |
| Difference#   | E=D-A | 0.22   | 0.22  | 0.23  | 0.23  | 0.24  | 1.14  |

\* The expense for FY 23 is based on actual figure for the year.

#The repair and maintenance expense proposed by the Authority is higher on account of PAPI maintenance re-classified into R&M expenses from Airport Operating Expenses.

### I. Runaway Re-carpeting Expenses:

- 9.2.69 MADC submitted that an amount of ₹ 25 Crores is projected towards capital expenditure on runway recarpeting and taxiway works and that this will be incurred during FY 2023-24 and FY 2024-25. (₹ 20 Cr. in FY 2023-24 & ₹ 5 Cr. in FY 2024-25).
- 9.2.70 As per the DGCA report on surveillance inspection, the following is observed – “Runway surface condition found deteriorated in the entire stretch of runway. Sand patch test also failed at many places. Operator to submit short term and long-term mitigation plan”. In light of the DGCA observation, MADC thereafter submitted the work proposal to AAI for re-carpeting. However, as of December 2023 the work of re-carpeting is yet to commence.
- 9.2.71 Based on the revised submission as detailed in para 5.2.7, MADC in its letter dated 22<sup>nd</sup> March 2024, has submitted that runway recarpeting costs are now estimated at ₹ 61.68 Crores (all inclusive). MADC has also submitted the MOU that it has entered with AAI dated 7<sup>th</sup> December 2023 as a basis for this cost estimation. MADC has also clarified that ₹ 61.68 Crores is comprised of ₹ 48.88 Crores as the base cost which is then added with 7% departmental costs and 18% GST as agreed in the MOU.
- 9.2.72 The Authority notes that the date of the MOU is 7<sup>th</sup> December 2023 and the MOU stipulates that the work will be completed within 12 month of issue of Work Order. The work order has not been made available to the Authority. The Authority expects that the completion of work relating to recarpeting of Runway in FY 2025-26.
- 9.2.73 The Authority notes that MADC has submitted that the Pavement Classification Number (PCN) value of the runway is not likely to increase post implementing the runway recarpeting work. Due to no increase in PCN on account of re-carpeting work being proposed by MADC, the Authority proposes to consider the cost of re-carpeting of runway and taxiway as an Operating and Maintenance Expenses in FY 2025-26 at a total revised cost of ₹ 61.68 Crores, which will be amortized over a period of 5 years commencing from FY 2025-26 (i.e. ₹ 12.34 Crores in each FY). The Authority also proposes a return equal to FRoR to be provided on the unamortized portion of the runway recarpeting expenses. Computation for the same is as follows:

**Table 124: Return on unamortized portion of Runway recarpeting expenses proposed by the Authority for Shirdi International Airport for the First Control Period**

(₹ in crores)

| Particulars  | Ref | FY23 | FY24 | FY25 | FY26  | FY27  | Total        |
|--|-----|------|------|------|-------|-------|--------------|
| Opening Balance  | A   | -    | -    | -    | -     | 49.34 |              |
| Runway recarpeting expenses estimated to be incurred during the year | B   |      |      |      | 61.68 | -     | <b>61.68</b> |
| Runway recarpeting expenses amortized                                | C   |      |      |      | 12.34 | 12.34 | <b>24.67</b> |

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

| Particulars  | Ref     | FY23  | FY24  | FY25  | FY26  | FY27  | Total       |
|--|---------|-------|-------|-------|-------|-------|-------------|
| during the year  |         |       |       |       |       |       |             |
| Closing Balance  | D=A+B-C | -     | -     | -     | 49.34 | 37.01 |             |
| FRoR (Refer para 7.2.4)                                      | E       | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |             |
| Return on unamortised portion of runway recarpeting expenses | F=A*E   | -     | -     | -     | -     | 4.44  | <b>4.44</b> |

**Table 125: Total Runway recarpeting Expenses for the First Control Period as proposed by the Authority for Shirdi International Airport**

(₹ in crores)

| Particulars   | Ref   | FY23 | FY24 | FY25 | FY26   | FY27  | Total        |
|---|-------|------|------|------|--------|-------|--------------|
| <b>As per MADC</b>  |       |      |      |      |        |       |              |
| Runway Re-carpeting Cost                                    | A     | -    | -    | -    | 61.68  | -     | <b>61.68</b> |
| <b>As per the Authority</b>                                 |       |      |      |      |        |       |              |
| Runway recarpeting costs                                    | B     | -    | -    | -    | 12.34  | 12.34 | <b>24.67</b> |
| Return on unamortised portion of recarpeting expenses       | C     | -    | -    | -    | -      | 4.44  | <b>4.44</b>  |
| Total runway recarpeting expenses proposed by the Authority | D=B+C | -    | -    | -    | 12.34  | 16.78 | <b>29.11</b> |
| Difference  | E=D-A | -    | -    | -    | -49.34 | 16.78 | -32.61       |

9.2.74 Considering the changes above, the Authority has recalculated the aeronautical operating and maintenance expenditure for the First Control Period as follows:

**Table 126: Aeronautical Operating and Maintenance expenses proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                                | Ref               | FY 23        | FY 24        | FY 25        | FY 26        | FY 27        | Total         |
|--|-------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>As per MADC</b>                         |                   |              |              |              |              |              |               |
| Total Aeronautical O&M Expenses            | A                 | 17.01        | 19.75        | 22.16        | 30.44        | 38.67        | <b>128.03</b> |
| <b>As per the Authority</b>                |                   |              |              |              |              |              |               |
| Administration & General Exp. (Table 107)  | B                 | 0.65         | 0.64         | 0.66         | 0.69         | 1.07         | <b>3.71</b>   |
| Airport Operating Expenses (Table 110)     | C                 | 1.67         | 1.65         | 1.73         | 1.81         | 1.91         | <b>8.77</b>   |
| License Fees (Table 111)                   | D                 | 0.03         | 0.03         | 0.03         | 0.03         | 0.03         | <b>0.16</b>   |
| Employee Cost (Table 113)                  | E                 | 5.20         | 5.51         | 5.84         | 6.19         | 9.37         | <b>32.10</b>  |
| Power Expenses (Table 114)                 | F                 | 1.78         | 1.77         | 1.83         | 1.89         | 2.95         | <b>10.23</b>  |
| Water Expenses (Table 117)                 | G                 | 0.22         | 0.22         | 0.22         | 0.17         | -            | <b>0.83</b>   |
| Water Withdrawal Expenses (Table 120)      | H                 | -            | -            | -            | 0.04         | 0.22         | <b>0.25</b>   |
| Repair & Maintenance (Table 123)           | I                 | 3.97         | 2.25         | 3.28         | 6.01         | 8.23         | <b>23.74</b>  |
| Runaway Re-carpeting (Table 125)           | J                 | -            | -            | -            | 12.34        | 16.78        | <b>29.11</b>  |
| <b>Total Aeronautical O&amp;M Expenses</b> | <b>K=Sum(B:J)</b> | <b>13.52</b> | <b>12.08</b> | <b>13.59</b> | <b>29.17</b> | <b>40.55</b> | <b>108.91</b> |
| Difference                                 | L=K-A             | -3.49        | -7.67        | -8.57        | -1.26        | 1.88         | -19.12        |

9.2.75 As can be seen above, the Authority proposes a total O&M expense for the First Control Period amounting to ₹ 108.91 crores as against ₹ 128.03 crores submitted by MADC. The difference in O&M Expenses as per the Authority vis-à-vis MADC is mainly due to the following adjustments, revisions and rationalization in O&M expenses carried out by the Authority:

OPERATING & MAINTENANCE (O&M) EXPENSES FOR THE FIRST CONTROL PERIOD

- Exclusion of expenses related to legal fees, rationalization of consultancy charges and provision of additional increase of 100% in A&G expenses amounting to ₹ 0.95 crores due to increase in Terminal Building area in FY 2026-27.
- Exclusion of expenses related to CNS/ ATM & outsourcing of vehicle expenses (CNS) amounting to ₹ 21.94 crores in Airport Operating Expenses.
- Rationalization of employee head count and resulting employee cost amounting to ₹ 14.55 crores.
- Adjustment of power recovery and rationalization of additional increase of 100% in power expenses amounting to ₹ 2.01 crores.
- Reduction in water expenses due to revised submission by MADC amounting to ₹ 0.56 crores.
- Reduction in water withdrawal expenses due to revised submission by MADC amounting to ₹ 9.55 crores.
- Runway recarpeting expenses shifted from RAB to Operating Expenses (₹ 29.11 crores).
- Re-allocation of the expenses into aeronautical and non-aeronautical expenses.
- Revision of Y-o-Y growth rates of various expenses as per the Inflation rates proposed by AERA.

9.2.76 The Authority expects MADC to bring in efficiencies in the incurrence of O&M expenses and cost relatedness for the benefit of airport users and in line with AERA Guidelines & International Civil Aviation Organization (ICAO) Principles relating to airport user charges.

**9.3 Authority's proposal regarding Operating and Maintenance Expenses for the First Control Period**

Based on the material before it and on its examination, the Authority proposes the following with regard to O&M expenses for the First Control Period:

- 9.3.1 To consider Aeronautical O&M Expenses for the First Control Period as per Table 126.
- 9.3.2 To consider the True up of O&M expenses incurred by MADC during the First Control Period subject to evaluation of reasonableness and efficiency, at the time of tariff determination for the next Control Period.

**10 NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD****10.1 MADC's submission regarding Non-Aeronautical Revenue for the First Control Period**

10.1.1 MADC's submission on Non-Aeronautical Revenue estimation comprises the following:

- Revenue related to existing terminal building
- Revenues estimated due to extension of existing terminal building
- Revenues arising from New Integrated Terminal Building (NITB) that is proposed to be commissioned in FY 2025-26. (All Non-Aeronautical Revenue arising from new terminal building have been projected for FY 2026-27 by MADC)

10.1.2 MADC has considered the following streams of Non-Aeronautical Revenue in its submission under each category:

**Table 127: Streams of Non-Aeronautical Revenue projected by MADC for the First Control Period**

| Streams of Revenue           | Existing Terminal Building | Extension to Existing Terminal Building | New Integrated Terminal Building |
|------------------------------|----------------------------|---|----------------------------------|
| Area (Sq.m.)                 | 2,750                      | 2,250                                   | 53,349                           |
| License Fee – Airlines       | ✓                          | ✓                                       | ✓                                |
| License Fee – Concessionaire | ✓                          | ✓                                       | ✓                                |
| Advertisement                | ✓                          | ✓                                       | ✓                                |
| Taxi Rentals                 | ✓                          | ×                                       | ×                                |
| Food Court and Utility Block | ×                          | ×                                       | ✓                                |
| Miscellaneous Income         | ✓                          | ✓                                       | ✓                                |

10.1.3 In its submission for the First Control Period, MADC has considered actual non-aeronautical revenue for FY 2022-23 and projections for the period from FY 2023-24 to FY 2026-27, as detailed below:

**Table 128: MADC's Submission on Non-Aeronautical Revenue for Shirdi International Airport for the First Control Period**

(₹ in crores)

| Particulars                           | FY23        | FY24        | FY25        | FY26        | FY27        | Total        |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <b>Existing Terminal</b>              |             |             |             |             |             |              |
| License Fee - Airlines                | 0.76        | 0.84        | 0.92        | 1.02        | 1.12        | <b>4.66</b>  |
| License Fee - Concessionaire          | 0.69        | 0.73        | 0.79        | 0.85        | 0.91        | <b>3.96</b>  |
| Advertisement                         | -           | 0.42        | 0.44        | 0.46        | 0.48        | <b>1.80</b>  |
| Taxi Rentals                          | 0.01        | -           | -           | -           | -           | <b>0.02</b>  |
| Miscellaneous Income                  | 0.41        | -           | -           | -           | -           | <b>0.41</b>  |
| <b>Total - A</b>                      | <b>1.87</b> | <b>1.99</b> | <b>2.15</b> | <b>2.33</b> | <b>2.51</b> | <b>10.85</b> |
| <b>Extension to Existing Terminal</b> |             |             |             |             |             |              |
| License Fee - Airlines                | -           | 0.17        | 0.76        | 0.83        | 0.91        | <b>2.67</b>  |
| License Fee - Concessionaire          | -           | 0.15        | 0.65        | 0.69        | 0.75        | <b>2.24</b>  |
| Advertisement                         | -           | 0.10        | 0.44        | 0.46        | 0.48        | <b>1.48</b>  |
| Miscellaneous Income                  | -           | 0.03        | 0.14        | 0.15        | 0.17        | <b>0.49</b>  |
| <b>Total - B</b>                      | <b>-</b>    | <b>0.45</b> | <b>1.99</b> | <b>2.13</b> | <b>2.31</b> | <b>6.88</b>  |
| <b>New Terminal</b>                   |             |             |             |             |             |              |
| License Fee - Airlines                | -           | -           | -           | -           | 7.54        | <b>7.54</b>  |
| License Fee - Concessionaire          | -           | -           | -           | -           | 10.05       | <b>10.05</b> |
| Advertisement                         | -           | -           | -           | -           | 3.83        | <b>3.83</b>  |



## NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD

| Particulars                               | FY23        | FY24        | FY25        | FY26        | FY27         | Total        |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| Miscellaneous Income                      | -           | -           | -           | -           | 1.76         | 1.76         |
| Revenue from Food Court and Utility Block | -           | -           | -           | -           | 0.53         | 0.53         |
| <b>Total - C</b>                          | -           | -           | -           | -           | <b>23.71</b> | <b>23.71</b> |
| <b>Total NAR (A+B+C)</b>                  | <b>1.87</b> | <b>2.44</b> | <b>4.14</b> | <b>4.46</b> | <b>28.53</b> | <b>41.44</b> |

10.1.4 The growth rates assumed by MADC has been presented in the table below:

**Table 129: Y-o-Y Growth Rate assumed by MADC for Non-Aeronautical Revenue for the First Control Period**

| Particulars                           | FY23 | FY24   | FY25   | FY26   | FY27   |
|---------------------------------------|------|--------|--------|--------|--------|
| <b>Existing Terminal</b>              |      |        |        |        |        |
| License Fee - Airlines                | -    | 10.00% | 10.00% | 10.00% | 10.00% |
| License Fee - Concessionaire          | -    | 7.50%  | 7.50%  | 7.50%  | 7.50%  |
| Advertisement                         | -    | -      | 5.00%  | 5.00%  | 5.00%  |
| Taxi Rentals                          | -    | -      | -      | -      | -      |
| Miscellaneous Income                  | -    | -      | -      | -      | -      |
| <b>Extension to Existing Terminal</b> |      |        |        |        |        |
| License Fee – Airlines                | -    | -      | 10.00% | 10.00% | 10.00% |
| License Fee - Concessionaire          | -    | -      | 7.50%  | 7.50%  | 7.50%  |
| Advertisement                         | -    | -      | 5.00%  | 5.00%  | 5.00%  |
| Miscellaneous Income                  | -    | -      | 8.85%  | 8.85%  | 8.85%  |

### 10.2 Authority's examination regarding Non-Aeronautical Revenue for the First Control Period

10.2.1 The Authority sought information such as concessionaire wise breakup, ledger extracts, sample agreements etc., to review the nature of revenue and the assumptions made by MADC in its MYTP submission.

10.2.2 The Authority notes that, MADC, in its submission to the Authority vide letter dated 7<sup>th</sup> July 2023, has stated that it has cancelled the plan of extension of the existing terminal building as it is planning to manage with temporary seating lounge, cost for which has been projected as part of the Capital Expenditure in MADC's revised MYTP submission. Hence the Authority proposes not to consider Non-Aeronautical Revenue amounting to ₹ 6.88 crores pertaining to extension of existing terminal building submitted by MADC, for arriving at the Non-Aeronautical Revenue and ARR for the First Control Period.

10.2.3 The Authority has further analyzed each head of income and its assumptions (Existing Terminal Building and NITB) and its analysis is presented in the following paragraphs.

#### **License Fee – Airlines & Concessionaires**

##### **A. Existing Terminal**

10.2.4 The Authority notes that, for FY 2022-23, MADC has segregated the total actual license fee received including license fee from airlines, other aeronautical concessionaires (CGF service providers) and non-aeronautical concessionaires of ₹ 1.45 crores in the proportion 53:47 between "License Fee – Airlines" and "License Fee – Concessionaires" respectively. This was done in line with the actual proportion of such heads to the total license fee in FY 2021-22.

## NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD

10.2.5 The Authority further notes that MADC has projected the “License Fee – Airlines” at an escalation of 10% p.a. and projected the “License Fee – Concessionaires” at an escalation of 7.50% p.a., with FY 2022-23 as the base (as indicated in para 10.2.4).

10.2.6 The Authority sought the party wise breakup of the license fee from MADC for FY 2022-23. From the breakup provided by MADC, the Authority notes that the following is the actual classification for FY 2022-23:

**Table 130: Comparison of License fee for FY23 as provided by MADC and as proposed by the Authority**

(₹ in crores)

| Particulars                   | Ref.                    | FY23        |                      | Classification   |                      |
|-------------------------------|-------------------------|-------------|----------------------|------------------|----------------------|
|                               |                         | As per MADC | As per the Authority | As per MADC      | As per the Authority |
| License Fee - Airlines        | A                       | 0.76        | 0.41                 | Non-Aeronautical | Aeronautical         |
| License Fee - Refueller       | B                       | -           | 0.66                 | -                | Aeronautical         |
| License Fee - Ground Handling | C                       | -           | 0.01                 | -                | Aeronautical         |
| License Fee – Concessionaires | D                       | 0.68        | 0.26                 | Non-Aeronautical | Non-Aeronautical     |
| License Fee - Car Parking     | E                       |             | 0.10                 | -                | Non-Aeronautical     |
| <b>Total</b>                  | <b>F=A+B+C<br/>+D+E</b> | <b>1.44</b> | <b>1.44</b>          |                  |                      |

10.2.7 The Authority, in line with its decision taken in other Airports, proposes to consider the license fee from airlines and other aeronautical concessionaires (CGF service providers) as aeronautical revenue and exclude the same from non-aeronautical revenue similar to that considered in other airports.

10.2.8 On analysis of sample agreements with two of the major non-aeronautical concessionaires forming part of item D of Table 130, the Authority notes that the escalation is at 10% p.a. Hence, the Authority proposes to project the license fee from non-aeronautical concessionaires at an escalation of 10% p.a., with the actual license fee from concessionaires (excl. car parking) of ₹ 0.26 crores for FY 2022-23 as the base. With respect to license fee from car parking, the same has been dealt with separately in para 10.2.18 and 10.2.19.

10.2.9 Based on the above facts and analysis, the Authority proposes the following license fee from non-aeronautical concessionaires (excl. car parking) and corresponding escalation Y-o-Y for the First Control Period:

**Table 131: License fee from Non-Aeronautical Concessionaires from the existing terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                  | FY23 | FY24 | FY25 | FY26 | FY27 | Total       |
|------------------------------|------|------|------|------|------|-------------|
| License Fee – Concessionaire | 0.26 | 0.28 | 0.31 | 0.34 | 0.37 | <b>1.56</b> |
| Escalation Percentage        | -    | 10%  | 10%  | 10%  | 10%  |             |

### **B. New Integrated Terminal Building (NITB)**

10.2.10 The Authority notes that MADC has projected license fee from airlines for FY 2026-27 in the NITB based on area allocation of 1,875 Sq.m. and rental of ₹ 2,500 per Sq.m. per month with an escalation of 5% p.a. (Base Year - 2021).

10.2.11 Similarly, the Authority also notes that MADC has projected license fee from concessionaires for FY 2026-27 based on the area allocation of 1,250 Sq.m. and rental of ₹ 5,000 per Sq.m. per month at an escalation of 5% p.a. (Base Year 2021).

## NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD

10.2.12 The Authority notes that as per the terminal building ratio of 95%:5% proposed by it for the First Control Period, the non-aeronautical portion (5%) of the total area of the proposed NITB of 53,349 Sq.m. works out to 2,667 Sq.m. however, the Authority for its analysis has considered 2,600 Sq.m. The Authority proposes considering 2,600 Sq.m. as the area allocated for non-aeronautical concessionaires in the NITB.

10.2.13 Based on the Authority's proposal to consider capitalization the NITB from 1<sup>st</sup> October 2026, the license fee is considered for a period of 6 months from Oct 26 to Mar 27.

10.2.14 As indicated in para 10.2.7, the Authority proposes to consider the license fee from airlines as aeronautical revenue and exclude the same from non-aeronautical revenue.

10.2.15 Based on the analysis of the agreement with one of the concessionaires of existing terminal, the Authority proposes that the rate of ₹ 5,000 per Sq.m. per month (Base Year 2021) adjusted for inflation as per Table 100 as a reasonable rate.

10.2.16 Based on the above facts and analysis, the Authority proposes the following license fee from non-aeronautical concessionaires for NITB for FY 2026-27:

**Table 132: License fee from non-aeronautical concessionaires proposed by the Authority for FY27**

| Particulars   | Ref.               | Unit  | Values            |
|---|--------------------|-------|-------------------|
| Projected area for non-aeronautical portion out of total 53,349 Sq.m. of built-up area of new terminal building | A                  | Sq.m. | 2,600             |
| Inflation adjusted Rate per Sq.m. per month for FY27  | B                  | ₹     | 6,453             |
| No. of months   | C                  | -     | 6                 |
| License Fee from non-aeronautical concessionaire for FY27   | $D = (A*B*C)/10^7$ |       | ₹ in Crores 10.07 |

10.2.17 The Authority's proposal of license fee from non-aeronautical concessionaires for the First Control Period is as follows:

**Table 133: License fee from Non-Aeronautical Concessionaires from the new terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                  | FY23 | FY24 | FY25 | FY26 | FY27  | Total |
|------------------------------|------|------|------|------|-------|-------|
| License Fee – Concessionaire | -    | -    | -    | -    | 10.07 | 10.07 |

### License Fee – Car Parking

#### A. Existing Terminal

10.2.18 The Authority notes that MADC has not projected the license fee income from car parking for the First Control Period. On discussion with MADC, the Authority was informed that car parking is not concessioned out yet and the tender is floated only in December 2023.

10.2.19 However, the Authority proposes to consider the minimum reserved license fee of ₹ 1,00,000 per month for FY 2024-25 and escalation of 5% and 10% for FY 2025-26 and FY 2026-27 respectively based on the tender floated by MADC, as given below:

**Table 134: License fee from Car Parking from the existing terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars               | FY23 | FY24 | FY25 | FY26 | FY27 | Total |
|---------------------------|------|------|------|------|------|-------|
| License Fee – Car Parking | 0.10 | -    | 0.12 | 0.13 | 0.14 | 0.49  |

**B. New Integrated Terminal Building (NITB)**

10.2.20 The Authority notes that MADC has not projected any revenue from car parking for the new terminal building. Since the same has not been tendered yet, the Authority proposes not to consider any revenue from car parking for the new terminal for the First Control Period. However, the Authority proposes to true up the same based on actual revenue in the First Control Period at the time of determination of tariff for the Second Control Period.

**Revenue from Advertising****A. Existing Terminal**

10.2.21 The Authority notes that MADC has projected revenue from advertising considering a revenue of ₹ 300 per Sq.ft. per month for 1,000 Sq.ft. for existing terminal, at an inflation of 5% p.a. (Base Year 2021).

10.2.22 On discussion with MADC, the Authority is informed that advertising space is not concessioned yet, however the tender has been floated for the same in December 2023. Hence, the Authority proposes to consider the minimum reserved license fee of ₹ 5,00,000 per month and escalation of 10% annually based on the tender floated by MADC. Considering that the tender had been floated only in Q3 of FY 2023-24, the revenues have been projected from FY 2024-25 only.

10.2.23 Based on the above facts, the Authority proposes the following revenue from advertising in existing terminal for the First Control Period:

**Table 135: Revenue from Advertising in the existing terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars         | FY23 | FY24 | FY25 | FY26 | FY27 | Total |
|---------------------|------|------|------|------|------|-------|
| Advertising Revenue | -    | -    | 0.60 | 0.66 | 0.73 | 1.99  |

**B. New Integrated Terminal Building (NITB)**

10.2.24 The Authority notes that MADC has projected revenue from advertising based on ₹ 300 per Sq.ft. per month (Base Year 2021) for 6,000 Sq.ft. in NITB, together with an escalation of 10% p.a. year on year for FY 2026-27.

10.2.25 The Authority notes that the area of 6,000 Sq.ft. for advertising space in the new terminal building is reasonable to the total proportion of area of NITB considering a built-up area of 53,349 Sq.m. as per the area projected by MADC. Since the NITB capitalization proposed only in the second half of FY 2026-27, only 6 months' revenue is projected for advertising revenue.

10.2.26 The Authority notes that the revenue per sq ft in the contract in the existing terminal building works out to ₹ 500 per Sq.ft. per month (i.e. ₹ 5,00,000 of minimum guarantee for 1,000 Sq.ft.). The Authority estimates that the contract for NITB when negotiated will at least be ₹ 500 per Sq.ft. Hence, the Authority proposes to estimate advertising revenue in NITB for FY 2026-27 at ₹ 550 (post adjustment of inflation as per Table 100 considering base year as FY24) for 6 months for 6,000 Sq.ft.

10.2.27 Based on the above facts and analysis, the Authority proposes the following advertising revenue in NITB for FY 2026-27:

**Table 136: Advertising revenue in new terminal building proposed by the Authority for FY27**

| Particulars   | Ref.                                      | Unit        | Values |
|---|---|-------------|--------|
| Area of advertising space in new terminal building        | A   | Sq.ft.      | 6,000  |
| Unit rate   | B   | ₹           | 500    |
| Inflation adjusted Rate per Sq.ft. per month for FY27     | C = B*(1+Inflation Rate as per Table 100) | ₹           | 550    |
| No. of months   | D   | -           | 6      |
| License Fee from non-aeronautical concessionaire for FY27 | E = (A*C*D)/10 <sup>7</sup>               | ₹ in Crores | 1.98   |

10.2.28 Based on the above, the Authority proposes to consider the advertisement revenue for the First Control period from new terminal as follows:

**Table 137: Revenue from advertising in the new terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars         | FY23 | FY24 | FY25 | FY26 | FY27 | Total       |
|---------------------|------|------|------|------|------|-------------|
| Advertising Revenue | -    | -    | -    | -    | 1.98 | <b>1.98</b> |

**Taxi Rentals****A. Existing Terminal**

10.2.29 The Authority notes that MADC has considered the actual taxi rentals for FY 2022-23 and has not made any projections from FY 2023-24 to FY 2026-27 as it has not entered into any contract with any taxi operator and the revenue in the nature of taxi rentals has ceased to accrue from May 2022.

10.2.30 However, the Authority proposes to consider the revenue from taxi rentals as per actuals for the year ending FY 2022-23 and project the revenue from taxi rentals from FY 2023-24 to FY 2026-27 based on the inflation rates as per Table 100, which is as follows:

**Table 138: Taxi Rentals from the existing terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars  | FY23 | FY24 | FY25 | FY26 | FY27 | Total       |
|--------------|------|------|------|------|------|-------------|
| Taxi Rentals | 0.01 | 0.01 | 0.02 | 0.02 | 0.02 | <b>0.08</b> |

**B. New Integrated Terminal Building (NITB)**

10.2.31 The Authority notes that MADC has not projected any taxi rental revenue when NITB becomes operational.

10.2.32 The Authority proposes to not consider any taxi rental for FY 2026-27 based on the fact that the tendering process for the same has not been initiated considering that the NITB is proposed to be considered in FY 2026-27. However, the Authority proposes to true up the same based on actual revenues for the First Control Period at the time of determination of tariff or the Second Control Period.

**Miscellaneous Income****A. Existing Terminal**

10.2.33 The Authority notes that MADC has not projected any miscellaneous income from FY 2023-24 onwards. The Authority sought the breakup of the miscellaneous income for FY 2022-23. Based on the breakup

## NON-AERONAUTICAL REVENUE (NAR) FOR THE FIRST CONTROL PERIOD

received from MADC, the Authority notes that miscellaneous income primarily consists of recovery of electricity charges and interest income from FD.

10.2.34 The Authority notes that MADC has considered the recovery of electricity of ₹ 0.02 crores out of total recovery of ₹ 0.12 crores as reduction from O&M Expenses. The Authority proposes to consider the remaining ₹ 0.10 crores also as reduction from O&M Expenses. Accordingly, the Authority proposes to consider recovery of electricity expenses as a deduction from O&M Expenses of the respective years and exclude the same from Non-Aeronautical Revenue.

10.2.35 The Authority notes that the Fixed deposits are proposed to be deployed for funding the Capital Expenditure. Hence, no interest income has been projected currently. The same will be considered based on actuals at the time of true up, during determination of tariff for the second control period.

10.2.36 Based on the above analysis, the Authority proposes the following miscellaneous income from existing terminal for the First Control Period:

**Table 139: Miscellaneous from the existing terminal proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars          | FY23 | FY24 | FY25 | FY26 | FY27 | Total       |
|----------------------|------|------|------|------|------|-------------|
| Miscellaneous Income | 0.29 | -    | -    | -    | -    | <b>0.29</b> |

### **B. New Integrated Terminal Building (NITB)**

10.2.37 The Authority notes that MADC has projected miscellaneous income at 10% of total license fee together from airlines and concessionaires in FY 2026-27, amounting to ₹ 1.76 crores. The nature of such miscellaneous income in MADC's MYTP submission, over and above lease rentals and other heads considered is not explained. Considering that NITB is only proposed to be operational for 6 months, the Authority proposes to consider the miscellaneous income considered by MADC and true up the same at the time of determination of tariff for the Second Control Period.

### **Revenue from Food Court and Utility Block**

#### **A. New Integrated Terminal Building (NITB)**

10.2.38 The Authority notes that MADC has projected revenue from Food Court and Utility Block in the NITB amounting to ₹ 0.53 crores. The Authority notes that MADC plans to have a food court and utility block as per the master plan for NITB.

10.2.39 The Authority notes that the exact area of the food court and utility block in the new terminal building is yet to be firmed up. However, the Authority proposes to consider the amount of revenue projected by MADC for the First Control Period and true up the same based on actual revenues for the First Control Period at the time of determination of tariff for Second Control Period.

10.2.40 Based on the above analysis and facts, the Authority proposes the following Non-Aeronautical Revenue for the First Control Period:

**Table 140: Non-Aeronautical Revenue for Shirdi International Airport proposed by the Authority for the First Control Period***(₹ in crores)*

| Particulars   | Table/Para Ref | Ref.               | FY23         | FY24         | FY25         | FY26         | FY27          | Total         |
|---|----------------|--------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| <b>As per MADC</b>  |                |                    |              |              |              |              |               |               |
| Non-Aeronautical Revenue                                  | Table 128      | A                  | 1.87         | 2.44         | 4.14         | 4.46         | 28.53         | 41.44         |
| <b>As per the Authority</b>                               |                |                    |              |              |              |              |               |               |
| <b>Existing Terminal</b>                                  |                |                    |              |              |              |              |               |               |
| License Fee – Concessionaire                              | Table 131      | B                  | 0.26         | 0.28         | 0.31         | 0.34         | 0.37          | 1.56          |
| License Fee – Car Parking                                 | Table 134      | C                  | 0.10         | -            | 0.12         | 0.13         | 0.14          | 0.49          |
| Advertising Revenue                                       | Table 135      | D                  | -            | -            | 0.60         | 0.66         | 0.73          | 1.99          |
| Taxi Rentals  | Table 138      | E                  | 0.01         | 0.01         | 0.02         | 0.02         | 0.02          | 0.08          |
| Miscellaneous Income                                      | Table 139      | F                  | 0.29         | -            | -            | -            | -             | 0.29          |
| <b>Total I - Existing Terminal</b>                        |                | <b>G=Sum (B:F)</b> | <b>0.66</b>  | <b>0.29</b>  | <b>1.05</b>  | <b>1.15</b>  | <b>1.26</b>   | <b>4.41</b>   |
| <b>New Terminal</b>                                       |                |                    |              |              |              |              |               |               |
| License Fee – Concessionaire                              | Table 133      | H                  | -            | -            | -            | -            | 10.07         | 10.07         |
| Advertising Revenue                                       | Table 137      | I                  | -            | -            | -            | -            | 1.98          | 1.98          |
| Miscellaneous Income                                      | 10.2.37        | J                  | -            | -            | -            | -            | 1.76          | 1.76          |
| Revenue from Food Court and Utility Block                 | 10.2.38        | K                  | -            | -            | -            | -            | 0.53          | 0.53          |
| <b>Total II – New Terminal</b>                            |                | <b>L=Sum (H:K)</b> | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>14.34</b>  | <b>14.34</b>  |
| <b>Non-Aeronautical Revenue proposed by the Authority</b> |                | <b>M=G+L</b>       | <b>0.66</b>  | <b>0.29</b>  | <b>1.05</b>  | <b>1.15</b>  | <b>15.60</b>  | <b>18.75</b>  |
| <b>Difference *</b>                                       |                | <b>N=M-A</b>       | <b>-1.21</b> | <b>-2.15</b> | <b>-3.09</b> | <b>-3.31</b> | <b>-12.93</b> | <b>-22.69</b> |

10.2.41 As can be seen above, the Authority proposes to consider the Non-Aeronautical Revenue for the First Control Period amounting to ₹ 18.75 crores as against ₹ 41.44 crores submitted by MADC. The difference is mainly due to the following adjustments, revisions, and rationalization carried out by the Authority:

- License fee – Airlines considered by MADC as Non-Aeronautical Revenue whereas the Authority proposes to consider the same as Aeronautical Revenue amounting to ₹ 12.20 crores.
- Exclusion of revenue pertaining to extension of existing terminal by MADC, not considered by the Authority amounting to ₹ 6.88 crores (refer para 10.2.2).
- Reduction in revenue proposed by the Authority for License Fees collected from Concessionaires amounting to ₹ 2.38 crores due to various factors, such as, consideration of actual Y-o-Y escalation rates as per contracts by the Authority and shifting of NITB capitalisation to FY 2026-27 (leading to projections non-aero revenue only for 6 months in FY 2026-27 against full year revenue considered by MADC).
- Reduction in revenue from advertisements in respect of New Terminal Building proposed by the Authority amounting to ₹ 1.66 crores, due to various factors (i.e. actual escalation rates taken by the Authority on based on tenders floated by MADC and shifting of capitalisation of NITB to second half of FY 2026-27, leading to revenue projections only for 6 months).

- Inclusion of revenue proposed by the Authority for Car Parking towards existing terminal from FY 2025-26 based on tenders floated by MADC amounting to ₹ 0.39 crores.

### **10.3 Authority's proposal regarding Non-Aeronautical Revenue for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to Non-Aeronautical Revenue for the First Control Period:

- 10.3.1 To consider License Fee from airlines and aeronautical concessionaires (CGF Services) as Aeronautical Revenues.
- 10.3.2 To consider Non-Aeronautical Revenue for the First Control Period in respect of the Shirdi International Airport as per Table 140.
- 10.3.3 To true up the non-aeronautical revenues for the First Control Period at the time of determination of tariff for the Second Control Period, subject to evaluation of efficiency and reasonableness.



## 11 TAXATION FOR THE FIRST CONTROL PERIOD

### 11.1 MADC's submission regarding Taxation for the First Control Period

11.1.1 MADC has submitted the computation of income tax based on the PBT which is arrived at after considering aeronautical revenues, non-aeronautical revenues, total operating expenses and depreciation computed separately for the purpose of tax. The computation of income tax submitted by MADC is as follows:

**Table 141: Taxation submitted by MADC for Shirdi International Airport for the First Control Period**

(₹ in crores)

| Particulars                           | Ref.           | FY23           | FY24         | FY25         | FY26         | FY27*       | Total        |
|---------------------------------------|----------------|----------------|--------------|--------------|--------------|-------------|--------------|
| Aeronautical Revenue                  | A              | 8.77           | 6.09         | 8.21         | 15.5         | -           | <b>38.52</b> |
| Non-Aeronautical Revenue              | B              | 1.87           | 2.45         | 4.13         | 4.46         | -           | <b>12.91</b> |
| <b>Total Revenue</b>                  | <b>C=A+B</b>   | <b>10.64</b>   | <b>8.54</b>  | <b>12.3</b>  | <b>19.9</b>  | -           | <b>51.43</b> |
| Total O&M Expenses                    | D              | 17.9           | 20.8         | 23.3         | 32.1         | -           | <b>94.08</b> |
| <b>EBITDA</b>                         | <b>E=C-D</b>   | <b>-7.26</b>   | <b>-12.3</b> | <b>-11</b>   | <b>-12.1</b> | -           | <b>-42.7</b> |
| Depreciation (ARR)                    | F              | 10.52          | 13.2         | 18.4         | 39.9         | -           | <b>82.05</b> |
| <b>EBIT</b>                           | <b>G=E-F</b>   | <b>-17.78</b>  | <b>-25.5</b> | <b>-29.4</b> | <b>-52.1</b> | -           | <b>-125</b>  |
| Interest Cost on Debt                 | H              | -              | -            | -            | -            | -           | -            |
| Interest Cost on Working Capital      | I              | -              | -            | -            | -            | -           | -            |
| <b>PBT</b>                            | <b>J=G-H-I</b> | <b>-17.78</b>  | <b>-25.5</b> | <b>-29.4</b> | <b>-52.1</b> | -           | <b>-125</b>  |
| Add: Depreciation (ARR)               | F              | 10.52          | 13.2         | 18.4         | 39.9         | 59.9        | <b>142</b>   |
| Less: Depreciation for Taxation       | K              | 8              | 10.9         | 15           | 35.7         | 52.6        | <b>122.2</b> |
| <b>PBT for Taxation</b>               | <b>L=J+F-K</b> | <b>-15.26</b>  | <b>-23.2</b> | <b>-26</b>   | <b>-47.9</b> | <b>7.33</b> | <b>-105</b>  |
| Loss Carried Forward (Opening)        | M              | -100.07        | -115         | -139         | -164         | -212        | -            |
| New Loss                              | N              | -15.26         | -23.2        | -26          | -47.9        | -           | <b>-112</b>  |
| Set Off                               | O              | -              | -            | -            | -            | 7.33        | <b>7.33</b>  |
| Loss Carried Forward (Closing)        | <b>P=M+N+O</b> | <b>-115.33</b> | <b>-139</b>  | <b>-164</b>  | <b>-212</b>  | <b>-205</b> | -            |
| Net Taxable Income                    | <b>Q</b>       | -              | -            | -            | -            | -           | -            |
| Tax Rate Applicable                   | R              | 34.94%         | 34.94%       | 34.94%       | 34.94%       | 34.94%      | -            |
| <b>Tax (As per normal provisions)</b> | <b>S=Q*R</b>   | -              | -            | -            | -            | -           | -            |
| MAT Rate                              | T              | 17.47%         | 17.47%       | 17.47%       | 17.47%       | 17.47%      | -            |
| <b>MAT</b>                            | <b>U=Q*T</b>   | -              | -            | -            | -            | -           | -            |
| <b>Tax Payable (Higher of S or U)</b> |                | -              | -            | -            | -            | -           | -            |

\*The Authority notes that in the MYTP submission of MADC, the PBT for FY27 is inadvertently taken as '0' due to error in formula. However, the actual loss worked out separately by MADC for FY27 amounts to ₹ 46.46 crores.

### 11.2 Authority's examination regarding Taxation for the First Control Period

11.2.1 The Authority notes that MADC has carried forward loss of ₹ 100.07 Crores from FY 2017-18 till the beginning of the First Control Period. The Authority also notes that MADC has submitted NIL tax for all the years of the First Control Period.

11.2.2 As stated in para 3.11.3, MADC has considered Shirdi Airport as a whole (including Non-Aeronautical Revenue, cost etc.) for the purpose of determining the aeronautical taxation. However, The Authority proposes to consider only the Aeronautical P&L for the purpose of arriving at the aeronautical taxation. Further, the Authority takes cognizance of the fact that Aeronautical Taxation is dependent upon the tariff rate card to be approved by the Authority for Shirdi International Airport for the current control period. Therefore, the Authority proposes to determine the Aeronautical taxes for the current control period after its examination of the Tariff Rate Card to be submitted by MADC for the current control

period (which is within 7 days from the issuance of this consultation paper), post the completion of stakeholders' consultation process.

- 11.2.3 For the purposes of this consultation paper, the Authority proposes to consider the Aeronautical taxation as NIL for the First Control period for reasons stated in para 11.2.2.

### **11.3 Authority's proposal regarding Taxation for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to Taxation for the First Control Period:

- 11.3.1 To consider the Taxation for the First Control Period for Shirdi International Airport as NIL as per para 11.2.3.
- 11.3.2 To true up the Aeronautical Tax amount, taking into consideration all the relevant facts, at the time of tariff determination for the Second Control Period.

## **12 QUALITY OF SERVICE FOR THE FIRST CONTROL PERIOD**

### **12.1 MADC's submission regarding Quality of Service for the First Control Period**

12.1.1 MADC has not made any submissions related to Quality of Service as part of its MYTP submission for the First Control Period. MADC clarifies that they have not performed any ASQ Survey for Shirdi International Airport and are in the process of getting registered for evaluation.

### **12.2 Authority's examination regarding Quality of Service for the First Control Period**

12.2.1 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.*”

12.2.2 The Authority notes that ACI World has developed an Airport Service Quality barometer that is released quarterly which enables airports worldwide to evaluate themselves against their competition and gain insights on enhancing customer experience.

12.2.3 The Authority notes that Shirdi International Airport is a relatively new airport therefore ASQ ratings were not available. The Authority would review the Quality-of-Service parameters based on the ASQ ratings achieved by Shirdi International Airport and would take action as appropriate at a later stage. Therefore, the Authority does not propose any adjustment in the tariff determination for the First Control Period on account of quality of services of Shirdi International Airport.

12.2.4 The Authority directs AO to conduct ASQ rating survey as is being carried out in other major airports and submit the same to the Authority.

### **12.3 Authority's proposal regarding Quality of Service for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Quality of service for the First Control Period:

12.3.1 Not to consider any adjustment in the tariff determination for the First Control Period with regard to Quality of Services at Shirdi International Airport at this stage.

### 13 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD

#### 13.1 MADC's submission regarding Aggregate Revenue Requirement (ARR) for the First Control Period

13.1.1 MADC has submitted ARR and UDF for the First Control Period as per the table below:

**Table 142: MADC's submission regarding ARR and UDF for the First Control Period**

(₹ in crores)

| Particulars                                      | Ref.                  | FY23          | FY24         | FY25         | FY26          | FY27          | Total         |
|--|-----------------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Average RAB                                      | A                     | 138.81        | 214.26       | 320.56       | 608.00        | 841.12        |               |
| FRoR   | B                     | 9.85%         | 9.85%        | 9.85%        | 9.85%         | 9.85%         |               |
| Return on RAB                                    | C = A*B               | 13.68         | 21.11        | 31.59        | 59.92         | 82.89         | <b>209.19</b> |
| Depreciation                                     | D                     | 9.49          | 11.95        | 16.57        | 36.03         | 54.07         | <b>128.11</b> |
| Amortization owing to land cost                  | E                     | 6.13          | 6.13         | 6.13         | 6.13          | 6.13          | <b>30.65</b>  |
| O & M Expenses                                   | F                     | 17.01         | 19.76        | 19.12        | 30.44         | 38.67         | <b>125.00</b> |
| Taxation   | G                     | -             | -            | -            | -             | -             | -             |
| Less: 30% of Non-Aeronautical Revenue            | H                     | 0.56          | 0.73         | 1.24         | 1.34          | 8.56          | <b>12.43</b>  |
| <b>Net ARR</b>                                   | <b>I = Sum(C:G)-H</b> | <b>45.75</b>  | <b>58.21</b> | <b>72.17</b> | <b>131.19</b> | <b>173.21</b> | <b>480.53</b> |
| <b>Additional revenue for initial years loss</b> | <b>J</b>              | <b>278.70</b> | -            | -            | -             | -             |               |
| <b>Total Forecasted ARR</b>                      | <b>K = I+J</b>        | <b>324.45</b> | <b>58.21</b> | <b>72.17</b> | <b>131.19</b> | <b>173.21</b> |               |
| <b>Discount Factor</b>                           | <b>L</b>              | <b>1.00</b>   | <b>0.91</b>  | <b>0.83</b>  | <b>0.75</b>   | <b>0.69</b>   |               |
| <b>PV of Forecasted ARR</b>                      | <b>M = K*L</b>        | <b>324.45</b> | 52.99        | 59.80        | 98.95         | 118.93        | <b>655.12</b> |
| <b>Average Domestic UDF</b>                      |                       |               |              |              |               |               | <b>2,690</b>  |
| <b>Average International UDF</b>                 |                       |               |              |              |               |               | <b>5,380</b>  |

13.1.2 MADC has mentioned in its submission dated 3<sup>rd</sup> April 2023, that “the airport is proposing to work on a cost recovery model in the initial phase of operations and will eventually move to cost plus model once the traffic reaches the projected levels and operational efficiencies improve. MADC, thus proposes to charge a nominal UDF which will support the airport operations in the initial stage. The actual losses as per the building blocks will be trued-up in the subsequent control period.”.

#### 13.2 Authority's examination regarding Aggregate Revenue Requirement (ARR) for the First Control Period

13.2.1 The Authority's various proposals regarding tariff determination exercise, based on examination/ review of regulatory building blocks, impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by MADC for computation of ARR and Yield as indicated in the Table 142, the Authority proposes to consider the regulatory building blocks as discussed in the previous chapters.

13.2.2 The Authority notes that Shirdi International Airport has a very low traffic volumes etc., which may not make the complete recovery of ARR possible, by way of Aeronautical charges. This will be evaluated in detail based on the Annual Tariff Proposal to be submitted by the Airport Operator. Determination of Aeronautical charges, including 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 MADC would decide the balance between cost recovery and its potential impact on air traffic demand.

- 13.2.3 In this regard, the Authority had drawn 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. The said policy document also emphasizes 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.
- 13.2.4 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 12<sup>th</sup> January 2017.

### **Air Freight Station (AFS)**

- 13.2.5 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.
- 13.2.6 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.
- 13.2.7 The Authority directs MADC to submit a separate tariff rate in case the cargo is received from the approved AFS and factor it in the Tariff Rate Card.
- 13.2.8 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 (non-AFS cargo).

AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD

13.2.9 The following table shows the proposed ARR as per the Authority.

**Table 143: ARR proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars  | Table Ref. | Ref.                 | FY23         | FY24         | FY25         | FY26         | FY27          | Total           |
|--|------------|----------------------|--------------|--------------|--------------|--------------|---------------|-----------------|
| Average RAB  | Table 94   | A                    | 146.82       | 152.05       | 191.08       | 268.24       | 637.56        |                 |
| FRoR   |            | B                    | 9%           | 9%           | 9%           | 9%           | 9%            |                 |
| RAB * FRoR   | -          | C = A*B              | 13.21        | 13.68        | 17.20        | 24.14        | 57.38         | <b>125.62</b>   |
| (+) Depreciation   | Table 93   | D                    | 9.75         | 9.85         | 12.74        | 17.24        | 43.81         | <b>93.39</b>    |
| (+) Return on Land   | Table 97   | E                    | 5.27         | 5.33         | 5.52         | 5.89         | 5.95          | <b>27.96</b>    |
| (+) Operating Expenses   | Table 126  | F                    | 13.52        | 12.08        | 13.59        | 29.17        | 40.55         | <b>108.91</b>   |
| (+) Taxation   |            | G                    | -            | -            | -            | -            | -             | -               |
| <b>ARR</b>   | -          | <b>H = Sum (C:G)</b> | <b>41.75</b> | <b>40.94</b> | <b>49.05</b> | <b>76.44</b> | <b>147.69</b> | <b>355.88</b>   |
| (+) PV of Under recovery of the period from 1 <sup>st</sup> November 2021 to 31 <sup>st</sup> March 2022 | Table 48   | I                    | 17.74        | -            | -            | -            | -             | <b>17.74</b>    |
| <b>ARR</b>   | -          | <b>J = H+I</b>       | <b>59.49</b> | <b>40.94</b> | <b>49.05</b> | <b>76.44</b> | <b>147.69</b> | <b>373.62</b>   |
| NAR  | Table 140  | K                    | 0.66         | 0.29         | 1.05         | 1.15         | 15.60         | <b>18.75</b>    |
| 30% of NAR   | -          | L= K*30%             | 0.20         | 0.09         | 0.32         | 0.35         | 4.68          | <b>5.64</b>     |
| <b>Net ARR</b>   | -          | <b>M = J-L</b>       | <b>59.29</b> | <b>40.85</b> | <b>48.73</b> | <b>76.09</b> | <b>143.01</b> | <b>367.98</b>   |
| Discount factor @ 9.00%  | -          | N                    | 1.00         | 0.92         | 0.84         | 0.77         | 0.71          |                 |
| <b>PV of ARR</b>   | -          | <b>O= M*N</b>        | <b>59.29</b> | <b>37.48</b> | <b>41.01</b> | <b>58.76</b> | <b>101.31</b> | <b>297.86</b>   |
| <b>Sum of PV of ARR</b>  | -          | <b>P</b>             |              |              |              |              |               | <b>297.86</b>   |
| Total passenger traffic (MPPA)   | Table 62   | Q                    |              |              |              |              |               | <b>5.53</b>     |
| Yield per passenger (YPP)  |            | R=P/Q                |              |              |              |              |               | <b>538.42</b>   |
| Total departing passenger traffic  |            | S                    |              |              |              |              |               | <b>2.77</b>     |
| <b>Yield per departing passenger</b>   |            | <b>T=P/S</b>         |              |              |              |              |               | <b>1,076.85</b> |

13.2.10 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 MADC 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 the Consultation Paper.

13.2.11 The Authority directs Airport Operator (MADC) to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholders' consultation.

### **13.3 Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the First Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the First Control Period:

13.3.1 To consider ARR for the First Control Period for Shirdi International Airport as per Table 143.

13.3.2 The Authority directs Airport Operator (MADC) to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholders' consultation as per para 13.2.11.

## **14 SUMMARY OF AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS' CONSULTATION**

### **Chapter 2: Tariff Determination of Shirdi Airport**

2.8.1 To consider the First Control Period in respect of Shirdi International Airport effective from FY 2022-23 to FY 2026-27.

### **Chapter 3: Determination of Tariff for the period from 1<sup>st</sup> November 2021 to 31<sup>st</sup> March 2022**

3.13.1 To consider the shortfall for the period from 1st November 2021 to 31st March 2022 to be carried forward to the First Control Period.

3.13.2 To consider Traffic as per Table 7.

3.13.3 To consider RAB and depreciation as per Table 16.

3.13.4 To consider FRoR as per para 3.7.6.

3.13.5 To consider Return on land as per Table 20.

3.13.6 To consider Aeronautical O&M Expenses as per Table 32.

3.13.7 To consider Non-Aeronautical Revenue as per Table 36.

3.13.8 To consider the Aeronautical Tax as per Table 47.

3.13.9 To consider the Aeronautical Revenue as per Table 40.

3.13.10 To consider under recovery of ₹ 17.74 crores as per Table 48 and adjust the same in the ARR for the First Control Period.

### **Chapter 4: Traffic for the First Control Period**

4.3.1 To consider the Passenger Traffic, ATM, Belly Cargo volume and Air Cargo volume for the First Control Period for Shirdi International Airport as per Table 62.

4.3.2 To true up the traffic volume (Passengers, ATM, Belly Cargo and Air Cargo) pertaining to the First Control Period, based on actual traffic, while determining the Tariff for Second Control Period.

### **Chapter 5: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period**

5.6.1 To consider the aeronautical capital expenditure for the First Control Period as per Table 88 for Shirdi International Airport.

5.6.2 To consider RAB and depreciation for the First Control Period as per Table 94 for Shirdi International Airport.

5.6.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed /capitalized as per the approved capitalization schedule, as mentioned in para 5.3.78. The same will be trued up during the true up of the First control period at the time of determination of tariff for the next control period.

5.6.4 To True up the Capital expenditure, RAB and depreciation at the time of determination of Aeronautical Tariff in the next control period, based on evaluation of reasonableness and efficiency.



**Chapter 6: Return on Land for the First Control Period**

6.3.1 To consider Return on Land for the First Control Period for Shirdi International Airport as per Table 97.

**Chapter 7: Fair Rate of Return (FRoR) for the First Control Period**

7.3.1 To consider Fair Rate of Return of 9% for the First Control Period as explained in para 7.2.4.

**Chapter 8: Inflation for the First Control Period**

8.3.1 To consider Inflation for the First Control Period for Shirdi International Airport as per Table 100.

**Chapter 9: Operating & Maintenance (O&M) Expenses for the First Control Period**

9.3.1 To consider Aeronautical O&M Expenses for the First Control Period as per Table 126.

9.3.2 To consider the True up of O&M expenses incurred by MADC during the First Control Period subject to evaluation of reasonableness and efficiency, at the time of tariff determination for the next Control Period.

**Chapter 10: Non-Aeronautical Revenue (NAR) for the First Control Period**

10.3.1 To consider License Fee from airlines and aeronautical concessionaires (CGF Services) as Aeronautical Revenues.

10.3.2 To consider Non-Aeronautical Revenue for the First Control Period in respect of the Shirdi International Airport as per Table 140.

10.3.3 To true up the non-aeronautical revenues for the First Control Period at the time of determination of tariff for the Second Control Period, subject to evaluation of efficiency and reasonableness.

**Chapter 11: Taxation for the First Control Period**

11.3.1 To consider the Taxation for the First Control Period for Shirdi International Airport as NIL as per para 11.2.3.

11.3.2 To true up the Aeronautical Tax amount, taking into consideration all the relevant facts, at the time of tariff determination for the Second Control Period.

**Chapter 12: Quality of Service for the First Control Period**

12.3.1 Not to consider any adjustment in the tariff determination for the First Control Period with regard to Quality of Services at Shirdi International Airport at this stage.

**Chapter 13: Aggregate Revenue Requirement (ARR) for the First Control Period**

13.3.1 To consider ARR for the First Control Period for Shirdi International Airport as per Table 143.

13.3.2 The Authority directs Airport Operator (MADC) to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholders' consultation as per para 13.2.11.

## 15 STAKEHOLDERS' CONSULTATION TIMELINE

- 15.1.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 14 – 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.
- 15.1.2 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.
- 15.1.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by **18.07.2024**.

**Secretary**  
**Airports Economic Regulatory Authority of India**  
**3rd Floor, Udaan Bhawan**  
**Safdarjung Airport, New Delhi- 110003**

**Chairperson**

## 16 ANNEXURE

**Annexure 1: Gross Value of Capital Additions as of 31st March 2022 – As proposed by the Authority****1A: Gross Value of “100% Aeronautical” Capital Additions as of 31<sup>st</sup> March 2022**

| Date of Purchase | FY   | Asset Classification                  | Description   | Original Amount of Fixed Asset | Classification |
|------------------|------|---------------------------------------|---|--------------------------------|----------------|
| 10-05-2010       | FY17 | Furniture and Fixture without trolley | Security Cabins   | 0.09                           | Aeronautical   |
| 29-08-2016       | FY17 | Plant and Machinery                   | X-Ray Machine   | 0.32                           | Aeronautical   |
| 25-10-2016       | FY17 | Office Equipment                      | Binocular   | 0.01                           | Aeronautical   |
| 27-10-2016       | FY17 | Vehicle                               | Bolero ZLX MH-17-AZ9634                                   | 0.10                           | Aeronautical   |
| 07-12-2016       | FY17 | Plant and Machinery                   | X-Ray Baggage Inspection system                           | 0.15                           | Aeronautical   |
| 07-12-2016       | FY17 | Furniture and Fixture without trolley | Passenger Baggage   | 0.06                           | Aeronautical   |
| 31-03-2017       | FY17 | Vehicle                               | Honda Splender  | 0.01                           | Aeronautical   |
| 31-03-2017       | FY17 | Office Equipment                      | VHF Digital Base Station                                  | 0.01                           | Aeronautical   |
| 31-03-2017       | FY17 | Office Equipment                      | Walkie Talkie   | 0.02                           | Aeronautical   |
| 31-03-2017       | FY17 | Plant and Machinery                   | Airfield Crash Fire Tender                                | 4.94                           | Aeronautical   |
| 04-05-2017       | FY18 | Furniture and Fixture without trolley | Check-in Counter  | 0.04                           | Aeronautical   |
| 15-06-2017       | FY18 | Furniture and Fixture without trolley | S.S. Messege Frame  | 0.00                           | Aeronautical   |
| 15-06-2017       | FY18 | Furniture and Fixture without trolley | S.S. Que Manager  | 0.02                           | Aeronautical   |
| 01-08-2017       | FY18 | Furniture and Fixture without trolley | Barricades  | 0.01                           | Aeronautical   |
| 03-08-2017       | FY18 | Office Equipment                      | Hand Held Metal detector                                  | 0.01                           | Aeronautical   |
| 14-08-2017       | FY18 | Office Equipment                      | Proximity suit  | 0.02                           | Aeronautical   |
| 04-09-2017       | FY18 | Plant and Machinery                   | Air Field Crash Fire Tender                               | 0.01                           | Aeronautical   |
| 11-10-2017       | FY18 | Office Equipment                      | Fire safety Equipment                                     | 0.02                           | Aeronautical   |
| 28-10-2017       | FY18 | Vehicle                               | Mahindra Imperio DC VX 2WD BS-4                           | 0.09                           | Aeronautical   |
| 30-10-2017       | FY18 | Office Equipment                      | Bullet Proof Morcha                                       | 0.01                           | Aeronautical   |
| 31-10-2017       | FY18 | Office Equipment                      |   | 0.00                           | Aeronautical   |
| 18-11-2017       | FY18 | Office Equipment                      | Weighting scale   | 0.00                           | Aeronautical   |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Road Barrier  | 0.00                           | Aeronautical   |
| 01-03-2018       | FY18 | Plant and Machinery                   | ATC Signal Gun with Charger                               | 0.04                           | Aeronautical   |
| 01-04-2018       | FY19 | Office Equipment                      | Flight Information Display System & Public Address System | 1.88                           | Aeronautical   |
| 01-04-2018       | FY19 | Office Equipment                      | IP based CCTV System                                      | 0.79                           | Aeronautical   |
| 01-04-2018       | FY19 | Office Equipment                      | Internal Signages in Terminal Building                    | 0.19                           | Aeronautical   |
| 01-04-2018       | FY19 | Operational Building                  | Concertina Coil over Compound Wall                        | 0.31                           | Aeronautical   |
| 01-04-2018       | FY19 | Utility Building                      | Fire station  | 1.10                           | Aeronautical   |

| Date of Purchase | FY   | Asset Classification                  | Description  | Original Amount of Fixed Asset | Classification |
|------------------|------|---------------------------------------|--|--------------------------------|----------------|
| 01-04-2018       | FY19 | Operational Building                  | Compound Wall, Storm Water Drainage, Security Tower and Airport Lighting | 104.75                         | Aeronautical   |
| 01-04-2018       | FY19 | Electrical Installation               | Laying of Power & OFC for Metrological Services                          | 0.30                           | Aeronautical   |
| 01-04-2018       | FY19 | Electrical Installation               | Electrical Sub Station & DVOR  | 2.50                           | Aeronautical   |
| 01-04-2018       | FY19 | Electrical Installation               | Power supply, Apron Flood Lighting, Perimeter Lighting & Allied works    | 9.65                           | Aeronautical   |
| 09-06-2018       | FY19 | Office Equipment                      | Fire Fighting & HVAC System in Terminal Building                         | 1.42                           | Aeronautical   |
| 12-06-2018       | FY19 | Office Equipment                      | Fire Accessories   | 0.01                           | Aeronautical   |
| 02-07-2018       | FY19 | Furniture and Fixture without trolley | Charpoy  | 0.04                           | Aeronautical   |
| 03-07-2018       | FY19 | Plant and Machinery                   | Baggage Handling System  | 0.86                           | Aeronautical   |
| 13-07-2018       | FY19 | Office Equipment                      | Protective Clothing/ Proximity Suit                                      | 0.01                           | Aeronautical   |
| 13-07-2018       | FY19 | Plant and Machinery                   | Riffle Rack  | 0.01                           | Aeronautical   |
| 29-08-2018       | FY19 | Furniture and Fixture without trolley | Frisking Booth Ladies  | 0.01                           | Aeronautical   |
| 21-09-2018       | FY19 | Office Equipment                      | Walkie Talkie  | 0.02                           | Aeronautical   |
| 15-10-2018       | FY19 | Furniture and Fixture without trolley | Passenger Baggage  | 0.08                           | Aeronautical   |
| 15-10-2018       | FY19 | Furniture and Fixture without trolley | Check in Counters  | 0.02                           | Aeronautical   |
| 30-10-2018       | FY19 | Operational Building                  | Entrance Gate, Boundary Wall, Under Ground Tank and Crash Gate           | 2.02                           | Aeronautical   |
| 03-11-2018       | FY19 | Plant and Machinery                   | Bulletproof Santry Post  | 0.01                           | Aeronautical   |
| 03-11-2018       | FY19 | Computer - Software                   | Schedule Aircraft Billing software                                       | 0.01                           | Aeronautical   |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Porta Cabin for CISF   | 0.48                           | Aeronautical   |
| 19-12-2018       | FY19 | Plant and Machinery                   | Hospital Equipment   | 0.01                           | Aeronautical   |
| 07-01-2019       | FY19 | Office Equipment                      | Dragon Search Light  | 0.01                           | Aeronautical   |
| 04-02-2019       | FY19 | Furniture and Fixture without trolley | Amplifier  | 0.00                           | Aeronautical   |
| 21-02-2019       | FY19 | Office Equipment                      | Trans receiver of VHF frequency  | 0.02                           | Aeronautical   |
| 14-03-2019       | FY19 | Plant and Machinery                   | Nitrogen Cylinder  | 0.01                           | Aeronautical   |
| 31-03-2019       | FY19 | Plant and Machinery                   | Medical Equipment  | 0.02                           | Aeronautical   |
| 31-03-2019       | FY19 | Office Equipment                      | Water Level Indicator  | 0.00                           | Aeronautical   |
| 31-03-2019       | FY19 | Office Equipment                      | Digital Tyre Inflator & Air Compressor                                   | 0.02                           | Aeronautical   |
| 31-03-2019       | FY19 | Plant and Machinery                   | Hospital Equipment   | 0.00                           | Aeronautical   |
| 31-03-2019       | FY19 | Furniture and Fixture without trolley | Chairs & Tables  | 0.00                           | Aeronautical   |
| 09-04-2019       | FY20 | Furniture and Fixture without trolley | S.S. Que Manager   | 0.01                           | Aeronautical   |
| 01-06-2019       | FY20 | Furniture and Fixture - trolley       | Wheel Trolley  | 0.00                           | Aeronautical   |

| Date of Purchase | FY   | Asset Classification                  | Description   | Original Amount of Fixed Asset | Classification |
|------------------|------|---------------------------------------|---|--------------------------------|----------------|
| 19-07-2019       | FY20 | Plant and Machinery                   | Nitrogen Cylinder   | 0.01                           | Aeronautical   |
| 28-07-2019       | FY20 | Furniture and Fixture without trolley | Chairs & Tables   | 0.00                           | Aeronautical   |
| 09-08-2019       | FY20 | Furniture and Fixture without trolley | Chairs & Tables   | 0.00                           | Aeronautical   |
| 17-12-2019       | FY20 | Office Equipment                      | Protective Clothing/ Proximity Suit                                   | 0.03                           | Aeronautical   |
| 21-12-2019       | FY20 | Computer - End User Devices           | Breath Analyzer System  | 0.02                           | Aeronautical   |
| 24-12-2019       | FY20 | Plant and Machinery                   | Airfield Crash Fire Tender  | 9.27                           | Aeronautical   |
| 12-02-2020       | FY20 | Plant and Machinery                   | Conveyor  | 0.02                           | Aeronautical   |
| 14-02-2020       | FY20 | Office Equipment                      | Fire Extinguisher   | 0.03                           | Aeronautical   |
| 20-02-2020       | FY20 | Furniture and Fixture without trolley | Network Rack (DVOR)   | 0.00                           | Aeronautical   |
| 31-03-2020       | FY20 | Computer - Software                   | Pass Software   | 0.01                           | Aeronautical   |
| 31-03-2020       | FY20 | Office Equipment                      | Fire Accessories  | 0.03                           | Aeronautical   |
| 31-03-2020       | FY20 | Plant and Machinery                   | X-Ray Baggage Inspection system                                       | 0.59                           | Aeronautical   |
| 24-06-2020       | FY21 | Office Equipment                      | CCTV Shirdi   | 0.01                           | Aeronautical   |
| 24-06-2020       | FY21 | Office Equipment                      | CCTV Shirdi   | 0.00                           | Aeronautical   |
| 30-06-2020       | FY21 | Electrical Installation               | AGL Lights  | 3.29                           | Aeronautical   |
| 16-07-2020       | FY21 | Office Equipment                      | Fire Accessories  | 0.07                           | Aeronautical   |
| 25-07-2020       | FY21 | Furniture and Fixture without trolley | Chairs & Tables   | 0.00                           | Aeronautical   |
| 02-09-2020       | FY21 | Vehicle                               | Vehicle Mounted Bird Scaring Device                                   | 0.02                           | Aeronautical   |
| 04-09-2020       | FY21 | Office Equipment                      | CCTV Shirdi   | 0.00                           | Aeronautical   |
| 09-09-2020       | FY21 | Office Equipment                      | Walkie Talkie   | 0.02                           | Aeronautical   |
| 25-09-2020       | FY21 | Furniture and Fixture without trolley | Chairs Spares   | 0.01                           | Aeronautical   |
| 08-01-2021       | FY21 | Computer - Software                   | Software Schedule Aircraft Billing                                    | 0.00                           | Aeronautical   |
| 11-01-2021       | FY21 | Computer - Software                   | Software Schedule Aircraft Billing                                    | 0.00                           | Aeronautical   |
| 10-02-2021       | FY21 | Office Equipment                      | Breath Analyzer System  | 0.01                           | Aeronautical   |
| 03-03-2021       | FY21 | Furniture and Fixture without trolley | Chairs & Tables   | 0.00                           | Aeronautical   |
| 31-03-2021       | FY21 | Office Equipment                      | VHF digital base station  | 0.05                           | Aeronautical   |
| 01-04-2021       | FY22 | Electrical Installation               | Power supply, Apron Flood Lighting, Perimeter Lighting & Allied works | 2.02                           | Aeronautical   |
| 01-04-2021       | FY22 | Plant and Machinery                   | Airfield Crash Fire Tender  | 0.36                           | Aeronautical   |
| 01-04-2021       | FY22 | Plant and Machinery                   | Airfield Crash Fire Tender  | 0.07                           | Aeronautical   |
| 01-04-2021       | FY22 | Electrical Installation               | Airfield Ground Lighting Systems                                      | 1.01                           | Aeronautical   |
| 01-04-2021       | FY22 | Electrical Installation               | Airfield Ground Lighting Systems                                      | 3.49                           | Aeronautical   |
| 21-04-2021       | FY22 | Electrical Installation               | Electrification Of Rehabilitation & IT System DVOR                    | 0.54                           | Aeronautical   |
| 22-04-2021       | FY22 | Electrical Installation               | Airfield Ground Lighting Systems                                      | 1.81                           | Aeronautical   |

| Date of Purchase | FY   | Asset Classification                          | Description                                       | Original Amount of Fixed Asset | Classification |
|------------------|------|---|---|--------------------------------|----------------|
| 02-06-2021       | FY22 | Electrical Installation                       | Night Visibility Marker (Aviation Lamp)           | 0.03                           | Aeronautical   |
| 08-09-2021       | FY22 | Office Equipment                              | IP based CCTV System                              | 0.00                           | Aeronautical   |
| 01-11-2021       | FY22 | Computer - Software                           | Non editable Windows based BA randomiser software | 0.00                           | Aeronautical   |
|                  |      | <b>Total Gross Aeronautical - A</b>           |   | <b>155.36</b>                  |                |
|                  |      | <b>Total Aeronautical RAB (100% Aero) - B</b> |   | <b>155.36</b>                  |                |

**1B: Gross Value of “Common” Capital Additions as of 31st March 2022**

| Date of Purchase | FY   | Asset Classification                  | Description  | Original Amount of Fixed Asset | Classification |
|------------------|------|---------------------------------------|--|--------------------------------|----------------|
| 24-04-2016       | FY17 | Office Equipment                      | Stabilizer   | 0.01                           | Common         |
| 21-06-2016       | FY17 | Office Equipment                      | Fax Machine  | 0.00                           | Common         |
| 22-06-2016       | FY17 | Computer - End User Devices           | Printer  | 0.00                           | Common         |
| 22-06-2016       | FY17 | Office Equipment                      | Air conditioner  | 0.02                           | Common         |
| 22-06-2016       | FY17 | Office Equipment                      | Refrigerators  | 0.00                           | Common         |
| 22-06-2016       | FY17 | Office Equipment                      | Water Purifiers  | 0.00                           | Common         |
| 22-06-2016       | FY17 | Plant and Machinery                   | DG Sets  | 0.11                           | Common         |
| 29-07-2016       | FY17 | Computer - End User Devices           | Laptop   | 0.01                           | Common         |
| 30-08-2016       | FY17 | Computer - End User Devices           | Computers Hardware   | 0.02                           | Common         |
| 31-08-2016       | FY17 | Office Equipment                      | Stabilizer   | 0.00                           | Common         |
| 31-08-2016       | FY17 | Furniture and Fixture without trolley | Cupboard   | 0.00                           | Common         |
| 01-09-2016       | FY17 | Furniture and Fixture without trolley | Wodden Table   | 0.01                           | Common         |
| 08-11-2016       | FY17 | Computer - End User Devices           | Computers Hardware   | 0.00                           | Common         |
| 08-11-2016       | FY17 | Furniture and Fixture without trolley | Cupboard   | 0.00                           | Common         |
| 08-11-2016       | FY17 | Furniture and Fixture without trolley | office Chairs  | 0.01                           | Common         |
| 08-11-2016       | FY17 | Furniture and Fixture without trolley | Wodden Table   | 0.00                           | Common         |
| 01-04-2017       | FY18 | Computer - End User Devices           | Printer  | 0.00                           | Common         |
| 04-07-2017       | FY18 | Computer - End User Devices           | Computers Hardware   | 0.02                           | Common         |
| 29-09-2017       | FY18 | Furniture and Fixture without trolley | LG LED 49  | 0.01                           | Common         |
| 29-09-2017       | FY18 | Furniture and Fixture without trolley | LG REF 215 Ltr   | 0.00                           | Common         |
| 14-10-2017       | FY18 | Computer - End User Devices           | Printer  | 0.00                           | Common         |
| 14-10-2017       | FY18 | Office Equipment                      | Lamination machine   | 0.00                           | Common         |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Office Chairs  | 0.02                           | Common         |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Office Chairs  | 0.01                           | Common         |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Office Chairs  | 0.01                           | Common         |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Wodden Table   | 0.00                           | Common         |
| 18-11-2017       | FY18 | Furniture and Fixture without trolley | Dustbin  | 0.01                           | Common         |
| 31-03-2018       | FY18 | Plant and Machinery                   | Paper Shredder Machine   | 0.00                           | Common         |
| 31-03-2018       | FY18 | Furniture and Fixture without trolley | Office Chairs  | 0.02                           | Common         |
| 31-03-2018       | FY18 | Furniture and Fixture without trolley | Sofa Set   | 0.02                           | Common         |
| 31-03-2018       | FY18 | Furniture and Fixture without trolley | Wodden Cabinete  | 0.01                           | Common         |
| 01-04-2018       | FY19 | Furniture and Fixture without trolley | Porta Cabin  | 0.14                           | Common         |
| 01-04-2018       | FY19 | Terminal Building                     | Terminal Building  | 6.56                           | Common         |
| 01-04-2018       | FY19 | Terminal Building                     | Terminal Building  | 1.00                           | Common         |
| 01-04-2018       | FY19 | Electrical Installation               | Power supply, Infrastructure, internal Electrical & IT system in Terminal Building | 3.00                           | Common         |
| 09-05-2018       | FY19 | Furniture and Fixture without trolley | 2 Porta Cabin  | 0.20                           | Common         |
| 08-06-2018       | FY19 | Computer - End User Devices           | Computers Hardware   | 0.02                           | Common         |
| 15-06-2018       | FY19 | Furniture and Fixture without trolley | office Chairs  | 0.00                           | Common         |
| 15-06-2018       | FY19 | Furniture and Fixture without trolley | Wodden Table   | 0.01                           | Common         |
| 02-07-2018       | FY19 | Furniture and Fixture without trolley | office Chairs  | 0.00                           | Common         |
| 02-07-2018       | FY19 | Furniture and Fixture without trolley | Wodden Cabinete  | 0.07                           | Common         |
| 02-07-2018       | FY19 | Furniture and Fixture without trolley | Dinning Table 6 Seater   | 0.02                           | Common         |
| 26-07-2018       | FY19 | Computer - End User Devices           | Printer  | 0.01                           | Common         |
| 19-09-2018       | FY19 | Plant and Machinery                   | Acqua Guard  | 0.02                           | Common         |
| 15-10-2018       | FY19 | Furniture and Fixture without trolley | office Chairs  | 0.02                           | Common         |
| 01-11-2018       | FY19 | Computer - End User Devices           | Printer  | 0.00                           | Common         |
| 03-11-2018       | FY19 | Office Equipment                      | Stabilizer   | 0.14                           | Common         |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | LED Hair 39 Inch   | 0.00                           | Common         |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Mixer Grinder Crompton 750 W   | 0.00                           | Common         |

| Date of Purchase | FY   | Asset Classification                  | Description  | Original Amount of Fixed Asset | Classification |
|------------------|------|---------------------------------------|--|--------------------------------|----------------|
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Washing Machine Haier Semi auto 9 kg               | 0.00                           | Common         |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Fridge Voltas 320Ltr                               | 0.00                           | Common         |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Pedestal Fan                                       | 0.00                           | Common         |
| 15-12-2018       | FY19 | Furniture and Fixture without trolley | Refrigerator Whirlpool 340L                        | 0.00                           | Common         |
| 02-01-2019       | FY19 | Furniture and Fixture without trolley | Porta Cabin  | 0.03                           | Common         |
| 28-03-2019       | FY19 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.01                           | Common         |
| 28-03-2019       | FY19 | Furniture and Fixture without trolley | Wooden Cabinet                                     | 0.01                           | Common         |
| 28-03-2019       | FY19 | Furniture and Fixture without trolley | Wooden Table                                       | 0.01                           | Common         |
| 29-03-2019       | FY19 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.00                           | Common         |
| 29-03-2019       | FY19 | Furniture and Fixture without trolley | Wooden Cabinet                                     | 0.00                           | Common         |
| 31-03-2019       | FY19 | Office Equipment                      | Biometric Attendance Machin                        | 0.00                           | Common         |
| 31-03-2019       | FY19 | Furniture and Fixture without trolley | Book Case  | 0.00                           | Common         |
| 31-03-2019       | FY19 | Furniture and Fixture without trolley | Water Fountain                                     | 0.02                           | Common         |
| 05-04-2019       | FY20 | Furniture and Fixture without trolley | Dustbin  | 0.01                           | Common         |
| 06-05-2019       | FY20 | Plant and Machinery                   | Booster Pump                                       | 0.00                           | Common         |
| 06-05-2019       | FY20 | Plant and Machinery                   | Booster Pump                                       | 0.00                           | Common         |
| 01-06-2019       | FY20 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.00                           | Common         |
| 01-06-2019       | FY20 | Furniture and Fixture without trolley | office Table                                       | 0.00                           | Common         |
| 01-06-2019       | FY20 | Furniture and Fixture without trolley | Steel Almirah Shirdi                               | 0.00                           | Common         |
| 01-06-2019       | FY20 | Furniture and Fixture without trolley | Water Cooler                                       | 0.00                           | Common         |
| 11-06-2019       | FY20 | Furniture and Fixture without trolley | Digital Sign Board                                 | 0.00                           | Common         |
| 19-06-2019       | FY20 | Computer - End User Devices           | UPS Circle Power                                   | 0.00                           | Common         |
| 20-06-2019       | FY20 | Furniture and Fixture without trolley | Cubical Door                                       | 0.00                           | Common         |
| 04-07-2019       | FY20 | Computer - End User Devices           | Scanner  | 0.01                           | Common         |
| 12-07-2019       | FY20 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.01                           | Common         |
| 14-07-2019       | FY20 | Plant and Machinery                   | Booster Pump                                       | 0.00                           | Common         |
| 16-07-2019       | FY20 | Plant and Machinery                   | Booster Pump                                       | 0.00                           | Common         |
| 18-07-2019       | FY20 | Computer - End User Devices           | Hard Drive   | 0.00                           | Common         |
| 06-08-2019       | FY20 | Furniture and Fixture without trolley | Wooden Counter                                     | 0.02                           | Common         |
| 07-08-2019       | FY20 | Furniture and Fixture without trolley | Digital Sign Board                                 | 0.00                           | Common         |
| 10-09-2019       | FY20 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.01                           | Common         |
| 26-11-2019       | FY20 | Furniture and Fixture without trolley | office Chairs- Shirdi                              | 0.01                           | Common         |
| 06-01-2020       | FY20 | Computer - End User Devices           | Printer - Shirdi                                   | 0.00                           | Common         |
| 31-03-2020       | FY20 | Furniture and Fixture without trolley | Wooden Table                                       | 0.01                           | Common         |
| 18-05-2020       | FY21 | Office Equipment                      | Motor Pump   | 0.00                           | Common         |
| 01-06-2020       | FY21 | Furniture and Fixture without trolley | Cubical Table                                      | 0.01                           | Common         |
| 25-07-2020       | FY21 | Furniture and Fixture without trolley | Cabinet & Storewell                                | 0.00                           | Common         |
| 25-07-2020       | FY21 | Furniture and Fixture without trolley | Office Chairs                                      | 0.00                           | Common         |
| 31-07-2020       | FY21 | Electrical Installation               | Video Conferencing System                          | 0.09                           | Common         |
| 14-08-2020       | FY21 | Computer - End User Devices           | Computer Hardware                                  | 0.01                           | Common         |
| 19-08-2020       | FY21 | Electrical Installation               | Samsung TV VC                                      | 0.01                           | Common         |
| 25-09-2020       | FY21 | Furniture and Fixture without trolley | Staff Locker                                       | 0.00                           | Common         |
| 19-10-2020       | FY21 | Electrical Installation               | UPS 15 KVA FIN 216V 75AH Ex(FR) 18 OTR SP - Consul | 0.08                           | Common         |
| 19-10-2020       | FY21 | Electrical Installation               | Video Conferencing System                          | 0.00                           | Common         |
| 27-02-2021       | FY21 | Plant and Machinery                   | TDEC 501 ECU                                       | 0.07                           | Common         |
| 29-03-2021       | FY21 | Plant and Machinery                   | Booster Pump                                       | 0.00                           | Common         |
| 31-03-2021       | FY21 | Computer - End User Devices           | Computers Hardware                                 | 0.03                           | Common         |
| 31-03-2021       | FY21 | Furniture and Fixture - trolley       | Garbage trolley                                    | 0.01                           | Common         |
| 01-04-2021       | FY22 | Plant and Machinery                   | 500M3 RCC GSR Pump House & Water Filtering Plant   | 0.60                           | Common         |
| 01-04-2021       | FY22 | Electrical Installation               | Power Supply Infrastructure External & IT System   | 1.37                           | Common         |



| Date of Purchase | FY   | Asset Classification                       | Description                       | Original Amount of Fixed Asset | Classification |
|------------------|------|--|-----------------------------------|--------------------------------|----------------|
| 01-04-2021       | FY22 | Plant and Machinery                        | Drainage Infrastructure           | 15.04                          | Common         |
| 08-06-2021       | FY22 | Computers - Service and Network            | Wireless Internet Facility        | 0.01                           | Common         |
| 16-06-2021       | FY22 | Computer - End User Devices                | Computer Hardware                 | 0.00                           | Common         |
| 18-06-2021       | FY22 | Computer - End User Devices                | HP 240GB Laptop                   | 0.01                           | Common         |
| 18-06-2021       | FY22 | Computer - End User Devices                | EPSON Eco Tank M 15140 Printer    | 0.01                           | Common         |
| 29-06-2021       | FY22 | Plant and Machinery                        | RO Plant 500 LPH                  | 0.03                           | Common         |
| 14-07-2021       | FY22 | Computer - End User Devices                | Colour Printer                    | 0.00                           | Common         |
| 10-02-2022       | FY22 | Office Equipment                           | Terminal use Mobile (Smart Phone) | 0.00                           | Common         |
|                  |      | <b>Total: Gross Common - C</b>             |                                   | <b>29.08</b>                   |                |
|                  |      | <b>Total Aeronautical RAB (Common) - D</b> |                                   | <b>27.63</b>                   |                |

| Date of Purchase | FY   | Asset Classification                         | Description  | Original Amount of Fixed Asset | Classification   |
|------------------|------|--|--------------|--------------------------------|------------------|
| 27-09-2017       | FY18 | Plant and Machinery                          | Brush Cutter | 0.07                           | Non Aeronautical |
|                  |      | <b>Total: Gross Non-Aero – E</b>             |              | <b>0.07</b>                    |                  |
|                  |      | <b>Total Aeronautical RAB (Non-Aero) - F</b> |              | <b>-</b>                       |                  |
|                  |      | <b>Total Gross (A+C+E)</b>                   |              | <b>184.53</b>                  |                  |
|                  |      | <b>Total Aeronautical RAB (B+D+F)</b>        |              | <b>183.01</b>                  |                  |

**1C: Gross Value of “Non-Aeronautical” Capital Additions as of 31<sup>st</sup> March 2022**

| Date of Purchase | FY   | Asset Classification       | Description  | Original Amount of Fixed Asset | Classification   |
|------------------|------|----------------------------|--------------|--------------------------------|------------------|
| 27-09-2017       | FY18 | Plant and Machinery        | Brush Cutter | 0.07                           | Non Aeronautical |
|                  |      | <b>Total: Non-Aero - C</b> |              | <b>0.07</b>                    |                  |
|                  |      | <b>Total – A+B+C</b>       |              | <b>184.53</b>                  |                  |