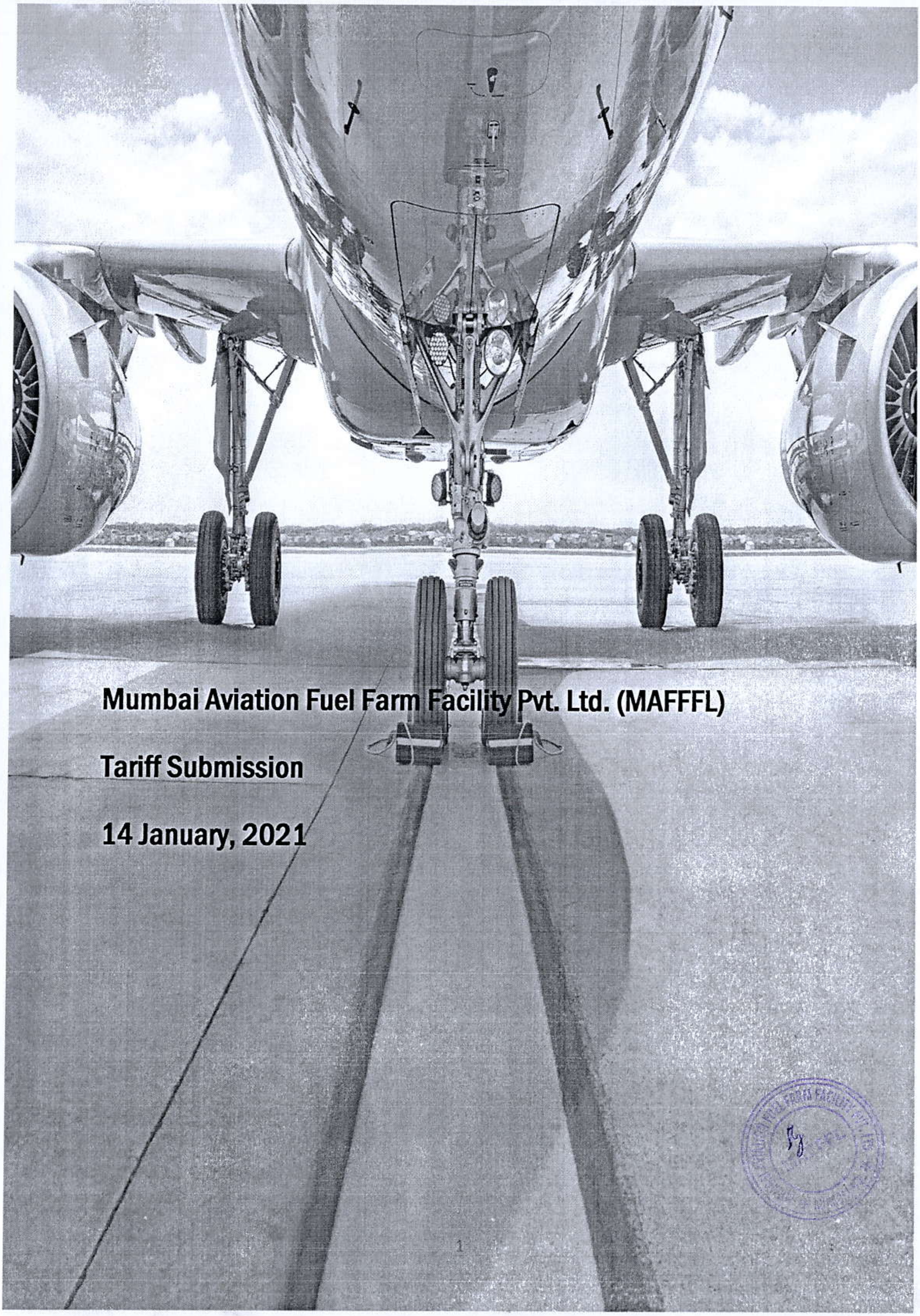

Mumbai Aviation Fuel Farm Facility Pvt. Ltd. (MAFFFL)

Tariff Submission

14 January, 2021

Contents

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List of Abbreviations

AERA	Airport Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
BPCL	Bharat Petroleum Corporation Limited
CAPM	Capital Asset Pricing Model
CCI	Competition Commission of India
CGF	Cargo Facility , Ground-handling & Fuel Supply Services
CSIA	Chhatrapati Shivaji International Airport
FRoR	Fair Rate of Return
HPCL	Hindustan Petroleum Corporation Limited
IOCL	Indian Oil Corporation Limited
JVC	Joint Venture Company
MAFFFFL	Mumbai Aviation Fuel Farm Facility Pvt Ltd
MIAL	Mumbai International Airport Limited
MoCA	Ministry of Civil Aviation
MoP&NG	Ministry of Petroleum and Natural Gas
MoU	Memorandum of Understanding
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
PSU	Public Sector Undertakings
RAB	Regulated Asset Base

Units

INR	Indian National Rupee
KL	Kilo litre

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1. Background

1.1. Mumbai Aviation Fuel Farm Facility Pvt Ltd (MAFFFL) is a joint venture company (JVC) comprising of the Oil Public Sector Undertakings (PSUs) namely; Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation (HPCL) and Mumbai International Airport Private Limited (MIAL), each holding equal ownership. Pursuant to License Agreement between MAFFFL and MIAL dated 30th December 2014 valid up till 2nd May 2036, MAFFFL was incorporated for the purpose of taking over and managing the current aviation fuel facilities of the Oil PSUs, creating an integrated aviation fuel facility near Terminal 1A of CSIA (Chhatrapati Shivaji International Airport) and operating the integrated aviation fuel facility on an open access model.

1.2. MIAL is the joint venture company owned in consortium led by GVK and Airports Authority of India (AAI), which is responsible for the management and development of CSIA in Mumbai.

1.3. MIAL's vision is to make CSIA a truly world class airport equipped with the best possible facilities, infrastructure and management. MIAL aimed to handle more than 40 million passengers a year through the planned-up gradation of infrastructure.

1.4. In a meeting held at Mumbai on 15th April 2009, attended by representatives from Ministry of Civil Aviation (MoCA), Ministry of Petroleum and Natural Gas (MoP&NG), Oil PSUs, and MIAL, it was decided to form a joint venture company comprising of all the oil public sector undertakings, namely IOCL, BPCL, HPCL, and MIAL, for the purposes stated earlier.

1.5. Subsequently, an MoU dated 30th September 2010 was executed between the parties. The new integrated fuel facility was envisaged to be a crucial step towards airport development. The JVC (MAFFFL) was formed on 28th October 2014 after procuring clearance from the antitrust regulator, the Competition Commission of India (CCI).

1.6. ITP operations have been outsourced to two sub-concessionaires, selected through competitive bidding by way of public tender. The fuel farm facility is owned by MAFFFL and it's operations are outsourced.

1.7. It was planned that the integrated Fuel Farm Facility (built on an area of ~37,947 square metres and having static storage capacity of 47,500 kilolitres of ATF) will operate from a single point (i.e.,

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at the site of the existing facilities of IOCL and HPCL near the Domestic terminal 1A, Santa Cruz) to bring efficiencies of integrated operations. It was also stated that the existing assets acquired from the Oil PSUs will be disposed-off once the Integrated Fuel Farm is operational. The commercial operations of MAFFFL thus started from 1st February 2015.

1.8. The Authority has requested MAFFFL in the letter dated 10th November 2020 to submit the MYTP for the third control period starting 01.04.2021 in order to have uniformity in submissions for the entire duration of the 3rd control period (01.04.2021-31.03.2026).

1.9. MAFFFL is approaching the Authority with its MYTP seeking approval on tariff for FIC of 1,321 INR/KL for the 3rd Control period (01.04.2021-31.03.2026). MAFFFL is further, approaching the Authority to calculate the tariff using the price-cap approach, as has been approved for the 2nd control period as per Order No. 30/2017-18.

1.10. It is proposed to consider FY2019-20 as base year instead of FY2020-21 as base year, as FY 2020-21 has been an abnormal year because of the COVID-19 pandemic affecting fuel off take of MAFFFL.

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2. Methodology for Tariff Calculation

2.1. The methodology adopted by the Authority to determine Aggregate Revenue Requirement ("ARR") has been based on AERA Act, 2008 and the Airport Guidelines issued by AERA.

2.2. As stipulated in the CGF Guidelines in Direction 04/2010-11, which states the Authority shall follow a three-stage process for determining its approach to the regulation of a regulated service-

2.2.1. Materiality Assessment;

2.2.2. Competition Assessment;

2.2.3. Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.3. Based on the Authority's review as described above where the Regulated Service(s) provided are deemed:

2.3.1. 'not material', the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period

2.3.2. 'material but competitive', the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period

2.3.3. 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period

2.3.4. 'material and not competitive' and where the Authority is not assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) based on price cap approach for the duration of the Control Period.

2.4. The Authority deemed MAFFFL's fuel farm services to be "material" and "not competitive" during the 2nd control period's tariff application. Moreover, since the Authority noted that MAFFFL was set up essentially to provide common access to all suppliers of fuel and remains a monopoly provider of infrastructure of fuel supply, the Authority decided to determine tariff for fuel supply service under price cap regulation for the second control period.

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2.5. Keeping in line with the second control period's approach, MAFFFL is submitting its MYTP under the price cap approach for the third control period.

2.6. The Authority determined the Aggregate Revenue Requirement (ARR) for the 3rd Control Period on the basis of the following Regulatory Building Blocks:

2.6.1. Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB);
plus

2.6.2. Depreciation (D);
plus

2.6.3. Operation and Maintenance Expenditure (O);
plus

2.6.4. Taxation (T);
minus

2.6.5. Revenue from services other than aeronautical services (NAR).

2.7. Based on the building blocks provided above, the formula for determining ARR under Hybrid Till is as follows:

$$ARR = \sum_{t=1}^{5} (ARR_t) \; and$$

$$ARR_t = (FRoR \; \times RAB_t) + D_t + O_t + T_t - 30\% \; of \; NAR_t$$

Where

't' is the Tariff Year in the Control Period;

ARR_t is the Aggregate Revenue Requirement for year 't';

FRoR is the Fair Rate of Return for the control period;

RAB_t is the Regulatory Asset Base for the year 't';

D_t is the Depreciation corresponding to the RAB for the year 't';

O_t is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;

T_t is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits; and

NAR_t is revenue from services other than aeronautical services for the year 't'

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2.8. The present value of total aeronautical revenue that is estimated to be realized each year during the control period at proposed tariff levels is compared with the present value of the ARR during the control period. In case the present value of estimated aeronautical revenue during the control period is lower than the present value of ARR during the control period, the airport operator may opt to increase the proposed tariff. In case the present value of estimated aeronautical revenue is higher than the present value of the ARR then the airport operator will have to reduce its proposed tariff.

2.9. The detailed submissions provided by MAFFFL in respect of the Regulatory Building Blocks have been discussed in the subsequent sections.

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3. True Up for 2nd control period (01.04.2016-31.03.2021)

3.1. True-up for the 2nd control period (01.04.2016-31.03.2021) has been calculated as the difference between:

3.1.1. Permissible fuel revenue calculated based on actual fuel off take and financials; and

3.1.2. Actual fuel revenue received by MAFFFL for the 2nd control period

3.2. Based on MAFFFL's working, the following is the true-up calculated for the 2nd control period:

Table 3-1

Particulars (in INR lakhs)	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
FRoR return on avg. RAB	3,676.10	3,289.17	3,317.45	3,960.24	5,209.88
Depreciation	3,811.80	2,901.13	2,559.21	2,768.33	2,464.11
Operating expenses	3,087.53	3,734.87	4,882.18	3,518.75	1,306.85
Taxes	1,536.10	2,180.56	2,051.25	1,091.64	-
Less: Interest income	(207.36)	(202.35)	(356.76)	(247.27)	(86.36)
Less: Other income	(355.69)	(525.11)	(475.12)	(360.57)	(393.90)
Less: CSR expenses	(9.53)	(41.37)	(97.88)	(128.23)	(135.40)
Actual ARR: Based on RAB working	11,538.95	11,336.90	11,880.32	10,602.89	8,365.18
Discounted ARR	18,292.58	16,018.07	14,960.67	11,896.45	8,365.18
Discounted ARR for the control period	69,532.94				

3.3. Based on the working, MAFFFL earned a revenue of INR 538.01 crores during the second control period through FIC:

Table 3-2

Particulars (in INR lakhs)	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
ARR as per actual tariff	11,752.44	12,986.83	13,429.28	11,123.32	4,508.82
ARR as per actual tariff for the control period	53,800.69				

3.4. Correspondingly, MAFFFL has observed a surplus of INR 13.48 crores for the second control period as follows:

Table 3-3

Particulars (in INR lakhs)	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
ARR as per true-up computation	11,873.88	12,935.71	12,849.62	10,639.86	4,313.17
ARR as per actual tariff	11,752.44	12,986.83	13,429.28	11,123.32	4,508.82
Surplus (-) / shortfall (+)	121.44	(51.12)	(579.66)	(483.46)	(195.65)
Present value of surplus (-) / shortfall (+)	192.51	(72.23)	(729.96)	(542.45)	(195.65)
Present value of surplus (-) / shortfall (+) for the 2nd control period	(1,347.77)				

3.5. The FRoR for the 2nd control period has been considered as per Cost of Equity at 14% as approved by AERA.

3.6. Finance cost included the finance cost on long term borrowings as well as the total capitalisation of interest cost.

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3.7. Following are the depreciation rates used by MAFFFL to calculate the depreciation for key assets:

Table 3-4

S No.	Asset Class	Depreciation Rate for Existing Assets	Average Deprecation Rate for Integrated Fuel Farm Facility
1	Buildings	14.26%	5.03%
2	Roads	14.26%	5.03%
3	Plant & Machinery	14.26%	5.03%
4	Deadstock	0	0
5	Furniture & Fittings	10%	3.89%
6	Motor Vehicles	12.50%	9.26%
7	Office Equipment	20%	17.54%
8	Computers	33.34%	33.34%
9	Electrical Installations	10%	4.11%

3.8. Adjustments were made for income earned through interest on fixed deposits and earnings on liquid funds. These incomes were subtracted from the total revenue.

3.9. Adjustments were also made for other incomes earned from sources other than operations. Refunds on property tax and excess provisions written back were excluded.

4. Regulatory Asset Base (RAB)

4.1. As stated in clause 9.2 of the CGF Guidelines in Direction 04/2010-11, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.

4.2. The capital expenditure for the 3rd control period that MAFFFL is expected to be incurred is provided below:

Table 4-1

Particulars (in INR lakhs)	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Building	1,327.58	165.21	-	-	-
Roads	14.57	1.32	-	-	-
Plant & machinery	9,681.48	1,012.98	-	-	-
Deadstock	273.84	46.16	-	-	-
Furniture & fittings	0.14	0.01	-	-	-
Vehicles	1.28	0.12	-	-	-
Office equipment	0.23	0.02	-	-	-
Computers	0.28	0.03	-	-	-
Electrical installations	2,072.70	239.38	-	-	-
Total	13,372.11	1,465.23	-	-	-

4.3. The capital expenditure projections are for the balance construction activity of the integrated fuel farm facility at Santacruz with a storage capacity of ATF 47,500 KL in 5 aboveground tanks and connecting this facility to Terminal T2 hydrant infrastructure via 2 pipelines. Of these 5 fuel tanks, 3 fuel tanks have been commissioned and 2 fuel tanks will be completed by December 2021. The abovementioned proposed capital expenditure is in line with the original master plan submitted in the Mott Macdonald report. It is to be noted that the projected capital expenditure for the 3rd control period is associated with the same project that was approved by the Authority in Order No. 30/2017-18. The capital expenditure approved for the entire project of purchasing assets from Oil PSUs and cost of construction of the new integrated fuel farm facility is INR 754.53 crore (as approved by the MAFFFL board) and the total capex for entire project is within the approved amount.

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4.4. In the second control period unanticipated delays were caused in completion of the construction of integrated fuel Farm facility. Following are the reasons for such delays in the 2nd control period:

4.4.1. Considerable time was spent in grant of all major statutory approvals which were in place only by March 2017. All major construction activities could start only after receipt of the statutory approvals.

4.4.2. Several man days were lost on account of heavy rainfall which resulted in halting construction activity in its entirety.

4.4.3. VIP movements caused some disruptions which resulted in access being closed to Fuel Farm and certain areas of the Mumbai Airport.

4.4.4. The Integrated Fuel Farm project is a brown-field project which is being constructed at the same premises where the existing operational plant exists. Therefore, the construction activity is undertaken in phases as the existing operations of the Mumbai Airport could not be hampered.

4.4.5. MAFFFL has already commissioned three tanks which were capitalised on 31 March 2019.

4.4.6. The restrictions imposed by State/Central Governments to arrest the spread of Covid-19 pandemic has further delayed the project.

4.5. By virtue of the transfer deed, the existing fuel farm facilities of oil PSUs (IOCL, BPCL and HPCL) were transferred to MAFFFL. The facility comprises of storage tanks, pumps, plant and machinery, pipeline, building and deadstock. We want to apprise the Authority that deadstock is the minimum level of ATF which is always required to be held in the storage tank and pipelines in order to keep the facilities operational and is required throughout the life of the facility. There is no quantity variation in this stock during the course of the business unless a particular facility is demolished. Hence deadstock cannot be disposed off at any given point in time.

4.6. The existing deadstock taken over from Oil PSUs, therefore, will be used in the two new tanks, connector pipeline, plant piping & filter vessels which are part of integrated fuel farm facility in the third Control Period.

4.7. After consuming the existing deadstock, any additional deadstock required will be procured as per the need in the third Control Period.

4.8. Following is the summary of the CWIP and RAB during the 3rd control period:

Table 4-2

Particulars (in INR lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Opening CWIP	4,721.22	1,465.48	-	-	-
Capex during the period	10,116.38	-	-	-	-
Commissioned assets	(13,372.11)	(1,465.48)	-	-	-
Closing CWIP	1,465.48	-	-	-	-
Opening RAB	42,247.87	51,699.78	49,890.80	46,618.76	43,346.81
Commissioned Assets	13,372.11	1,465.48	-	-	-
Depreciation	(3,181.60)	(3,274.46)	(3,272.04)	(3,271.95)	(3,271.78)
Disposals	(738.60)	-	-	-	-
Closing RAB	51,699.78	49,890.80	46,618.76	43,346.81	40,075.02

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5. Depreciation

5.1. Following are the depreciation rates assumed for the third control period (in%):

Table 5-1

Particulars	Useful life (# years)	Residual value	Depreciation Rate
Building - RCC	20	10.00%	5.03%
Roads	20	10.00%	5.03%
Plant & machinery	20	10.00%	5.03%
Furniture	10	10.00%	10.00%
Vehicles	8	10.00%	12.50%
Office equipment	5	10.00%	20.00%
Computers	3	10.00%	33.33%
Electric installations	10	10.00%	10.00%
Deadstock	-	-	-

5.2. Depreciation has been considered as per the provisions of the CGF guidelines in Direction No. 4/2010-11 wherein the residual value of the asset is considered as 10% and depreciation is allowed up to 90% of the original cost of the asset.

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6. Fair Rate of Return

6.1. Following table consists the proposed capital structure, funding mechanism, and FRoR:

Table 6-1

Particulars (in INR lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Debt	15,189.02	7,080.05	4,447.53	1,810.68	-
Equity	35,242.70	38,209.51	46,311.64	56,491.92	67,331.09
Debt + Equity	50,431.73	45,289.56	50,759.17	58,302.60	67,331.20
Cost of debt	8.50 %	8.50 %	8.50 %	8.50 %	8.50 %
Cost of equity	16.00 %	16.00 %	16.00 %	16.00 %	16.00 %
FRoR	15.00 %	15.00 %	15.00 %	15.00 %	15.00 %

Cost of Equity

6.2. As per clause AI.5.2.3. of the CGF guidelines in accordance with the Direction No. 4/2010-11, the "Service Provider(s) shall submit its assessment of cost of equity based on the Capital Asset Pricing Model (CAPM)."

6.3. The CAPM model states that:

$$R_e = R_f + \beta(R_m - R_f)$$

6.4. Where,

6.4.1. R_e is the cost of equity;

6.4.2. R_f is the risk-free rate;

6.4.3. β is the market volatility; and

6.4.4. R_m is the market risk

6.5. The risk-free rate and market risk rates can be obtained based on government bonds and 5-year CAGR of Sensex. However, since there is no listed fuelling service provider in India, s suitable beta value for MAFFFL's operations cannot be arrived at.

6.6. However, the return on equity for MAFFFL would be based on the high-risk levels that the business is operating with:

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6.6.1. Fuel is a dangerous good; hence fuel storage and handling involves various security and safety procedures as well as several risk aversion systems;

6.6.2. Providing an essential service (into dangerous goods) at a vulnerable area (high risk area) such as an airport possesses an additional risk;

6.6.3. Since MAFFFL depends on airport operator for utilities and other complementary services, any failure by the Airport Operator in providing the same would directly impact MAFFFL's operations;

6.6.4. Varying state policies and taxes results in changing prices of ATF across countries as well, thereby creating more volatility and risk;

6.6.5. Execution of an Integrated Fuel Farm project at the brownfield airport will require more precautions and clearances from regulatory bodies. This is likely to result in hindrance in project execution;

6.6.6. With Navi Mumbai Airport development under consideration, there is a risk of lower recovery due to significant traffic risks

6.7. Due to the higher levels of risk involved in MAFFFL's operations, business conditions, and environment, MAFFFL proposes a 16% Cost of Equity rate to be considered for the 3rd control period.

Cost of Debt

6.8. HDFC has been shortlisted as the lender by way of a limited tender. The Rupee term loan from HDFC comprised of two separate facilities – RTL-1 and RTL-2. The purpose of RTL 1 is to finance the acquisition cost of the existing assets from Oil PSUs and MIAL and the purpose of RTL – 2 is to finance the cost of the Integrated Fuel Farm Facility. While RTL-2 has been repaid, a principal outstanding of INR 103.14 crores of RTL-1 is outstanding as on 31 December 2020

6.9. In addition to RTL-1, HDFC has sanctioned a new capex loan of INR 101 crores (out of which INR 30 crores has been availed till 31 December 2020)

Debt-Equity Ratio

6.10. MAFFFL has considered ~~the~~ debt-equity ratio of 60:40 as per the decision of its board. In order to maintain a debt-equity ratio of 60:40, MAFFFL projected an equity infusion of INR 7.69 crores in 2021-22.

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7. Operation and Maintenance Expenditure

7.1. As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operational and maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.

7.2. Operation and Maintenance expenditure submitted by MAFFFL has been segregated into:

7.2.1. Employee costs
7.2.2. Utilities and Outsourced expenses
7.2.3. Repair and Maintenance expenses
7.2.4. Administration and General expenses
7.2.5. Other O&M expenses

7.3. The following table contains the proposed operation and maintenance expenditure for the 3rd control period:

Table 7-1

S No.	Particulars (in INR lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26
A	Employee Expenses	315.19	339.42	365.54	393.70	424.05
B	Utilities and Outsourced expenses	1694.10	1787.83	1887.27	1992.78	2104.77
C	Repair and Maintenance expenses	37.33	38.58	39.89	41.27	42.71
D	Administration and General expenses	1132.93	1210.62	393.50	414.99	437.68
E	Other O&M expenses	21.00	22.00	23.05	24.15	25.31
F	CSR	116.18	89.59	76.45	74.15	141.66
G	Total	3316.73	3488.04	2785.70	2941.04	3176.19

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7.4. Following are the assumptions considered for each item of Operation and Maintenance Expenditure. Management to add if any other expenses are there:

Table 7-2

S No.	Item	Assumptions and basis
A	Employee Expenses	1. Salaries of employees are forecasted by using a growth rate of 8% per year with 2020-21 expenses being the base year 2. Staff Welfare expenses are forecasted using a growth rate of 5% per year with 2020-21 expenses being the base year 3. Salary expenses for capex projects was calculated as the payroll costs that MAFFFL is incurring as indirect capital expenditure costs. Moreover, these salary expenses for projects were forecasted at a growth rate of 5% per year
B	Utilities and Outsourced expenses	1. The Fuel Farm operation cost is calculated based on the average yearly cost incurred to cater the historical volumes excluding the volume for FY 2020-21 which is exceptional year in view of Pandemic. This average yearly cost is assumed to escalate at 8% PA on year-on-year basis. 2. Expenditure on contracts and services was assumed to be INR 20 lakh for 2021-22, after which an escalation rate of 8% was used to forecast
C	Repair and Maintenance expenses	The repair and maintenance cost is to upkeep and maintain the fuel farm facilities and expected to escalate at 5% PA year on year basis.
D	Administration and General expenses	1. Administration and general expenses including insurance premium, consultancy charges and commission for bank guarantee were assumed to be INR 349.63 lakh for the year 2021-22, after which an escalation percentage of 5% was applied to calculated forecasts 2. In the case of the license fees of Sahar facility, an escalation percentage of 7.5% is considered as per license agreement. License fees for Sahar facility is considered for two years 2021-22 and 2022-23, assuming thereafter IFF will be functional. 3. In the case of license fees of Santacruz facility, an escalation percentage of 5% is considered as per license agreement. 4. In the case of license fees for ITP land, an escalation percentage of 7.5% is considered.

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E	Other O&M expenses	1. A fixed expense of INR 1 lakh per year was assumed for stamp duty and registration fees 2. Electricity charges of INR 20 lakh was assumed for 2021-22, after which an escalation percentage of 5% was used to calculate forecasts for all years of the 3rd control period

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8. Projected Volumes

8.1. Following are the projected fuel offtake volumes for the 3rd control period:

Table 8-1

In (TKL)	2021-22	2022-23	2023-24	2024-25	2025-26
Yearly Volume	840.00	916.00	1,364.00	1,556.00	1,616.00

8.2. The above projections were made based on the Deloitte report on fuel offtake volumes for the 3rd control period, since FY 2020-21 was an unusual year due to the impact of the Covid-19 pandemic on air traffic.

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9. Taxation

9.1. As per clause 9.5 of CGF Guidelines, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of ARR.

9.2. Following are the tax liabilities for MAFFFL for the 3rd control period:

Table 9-1

Particulars (in INR lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Adjusted Earning before tax	3,656.47	4,073.97	11,461.14	14,164.20	15,059.27
Add: Book Depreciation	3,181.60	3,274.46	3,272.04	3,271.95	3,271.78
Add: Book Interest Cost	292.31	1,298.23	609.29	329.37	83.81
Less: IT Depreciation	(5,580.17)	(4,819.53)	(4,242.84)	(3,652.44)	(3,146.07)
Less: Interest Permissible as per ICDS	(1,143.64)	(888.74)	(609.29)	(329.37)	(83.81)
Taxable Profit / (Loss)	406.58	2,938.39	10,490.34	13,783.70	15,184.99
Less: Unabsorbed depreciation set off	(406.58)	(2,184.89)	-	-	-
Taxable Income post set off losses	-	753.50	10,490.34	13,783.70	15,184.99
Corporate Tax	-	189.64	2,640.21	3,469.08	3,821.76

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10. Aggregate Revenue Requirement

10.1. Following table consists the ARR for the third control period (in INR lakhs):

Table 10-1

Particulars (in INR Lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Average RAB	53,977.64	57,319.35	54,298.42	50,546.01	46,794.39
FRoR	15.00 %	15.00 %	15.00 %	15.00 %	15.00 %
Return on Average RAB	8,098.63	8,600.00	8,146.75	7,583.76	7,020.87
Add: Depreciation	3,661.36	3,754.22	3,753.12	3,751.71	3,751.54
Add: Operating expenses	3,316.73	3,488.05	2,785.69	2,941.03	3,176.19
Add: Lease Payment	-	-	-	-	-
Add: Taxation	-	189.64	2,640.21	3,469.08	3,821.76
Loss on Sale of Assets	702.62	-	-	-	-
Less: Other Income	(416.49)	(440.43)	(465.80)	(492.69)	(521.20)
Less: CSR expenses	(116.18)	(89.59)	(76.45)	(74.15)	(141.66)
Add: Under/Over recovery from previous control period	(1,347.77)	-	-	-	-
ARR	13,898.89	15,501.89	16,783.53	17,178.73	17,107.50
Fuel throughput (TKL)	840.00	916.00	1,364.00	1,556.00	1,616.00
Annual FIC	1,321	1,321	1,321	1,321	1,321

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11. Fuel Throughput and Revenue from Aeronautical Services

11.1. Following table summarizes the projected fuel throughput during the 3rd control period:

Table 11-1

Particulars (in TKL)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Uplift of fuel in a year	840.00	916.00	1,364.00	1,556.00	1,616.00

11.2. Following table summarizes the projected revenue from aeronautical services during the 3rd control period:

Table 11-2

Particulars (in INR Lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Fuel Revenue	11,092.92	12,096.56	18,012.79	20,548.31	21,340.66
ITP Revenue	150.45	172.26	269.34	322.62	351.81
Total	**11,243.37**	**12,268.83**	**18,282.13**	**20,870.93**	**21,692.47**

11.3. Following table consists the assumptions and basis for the aeronautical revenue projected by MAFFFL:

Table 11-3

S No.	Particulars	Assumptions/Basis
1	**Fuel Revenue**	Revenue from FIC has been projected on the basis of the projected fuel offtake volumes for the 3rd control period. A tariff of INR 1,321/KL was assumed for the 3rd control period.
2	**ITP Revenue**	ITP charges were assumed to be escalated at a 5% rate per year. MAFFFL's share of revenue was assumed to be 1% of the total ITP revenue generated.

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Annexure

1. **Extract of Deloitte Report**