



भारतीय विमानपत्तन प्राधिकरण  
सफदरजम एअरपोर्ट, नई दिल्ली-110003

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14/12/2022

भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA

AAI/TARIFF/CHQ/Trivandrum/MYTP/2022-23

Date: 14-Dec-2022

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

**Sub: Finalization of RAB & True up as on Commercial Operation Date (COD) in respect of Thiruvananthapuram International Airport**

Sir,

1. AERA vide its Order No. 15/2015-16 dated 17.04.2015 decided that the tariffs would continue at the existing level pending determination for the first control period and advised AAI to submit Multi-Year Tariff Proposal for the second control period.
2. AERA vide order no 03/2017-18 dated 02/06/2017 has determined the Aeronautical Tariff in respect of Thiruvananthapuram International Airport for the Second Control Period (01/04/2016 to 31/03/2021).
3. The Concession Agreement with the Concessionaire M/s Adani Thiruvananthapuram International Airport Ltd (ATIAL), was signed on 19.01.2021 and the Commercial Operation Date (COD) was achieved on 14.10.2021.
4. As per Concession Agreement the Concessionaire shall be liable to pay to AAI an amount equivalent to investments made by AAI in aeronautical assets as of COD and considered by the AERA as part of Regulatory Asset Base (RAB) subject to reconciliation, True-up and final determination by AERA and the same is subject to adjustment as per para 28.11.4(a) & (b).
5. The amount of Estimated Initial RAB & Initial Non-Aeronautical Investments as on 31-Mar-18 amounting to Rs. 424 Crores for Deemed Initial RAB and Rs. 7.15 Crores for Non-Aeronautical Investments has been paid by M/s ATIAL to AAI on 12.01.2022.
6. AAI has prepared the proposal of True-up & Finalization of RAB as on COD in respect of Thiruvananthapuram International Airport as per the terms of the Concession Agreement and as per AERA methodology. The proposal has been prepared with the actual data for the period 01/04/2016 to 14/10/2021 considering the following:
  - Traffic Data
  - Allocation
  - Employee Ratio
  - Quarter Ratio

- Regulatory Asset Base
  - Fair Rate of Return (FRoR)
  - Return on Land
  - Depreciation
  - Operating Cost
  - Taxation
  - Adjusted Non-Aeronautical Revenue
  - Regulated Revenue
7. Based on the above, shortfall including the amount payable by the Concessionaire as per the terms of Concession Agreement has been worked out for 2<sup>nd</sup> Control Period (01.04.2016 to up to COD).
8. Total amount payable by Adani Thiruvananthapuram International Airport Limited as per the concession agreement as on COD subject to approval of Airports Economic Regulatory Authority (AERA) is as follows:

**Table 1: Computation of amount payable by ATIAL**

Particulars (₹ in Cr)	Aero	Shortfall	Total
RAB as on COD- Transferred to ATIAL Net of Assets retained by AAI (Table 33)	486.21	-	486.21
ANS Assets Transferred to ATIAL (Table 33)	0.05	-	0.05
<b>Total RAB as on COD</b>	<b>486.26</b>	<b>-</b>	<b>486.26</b>
<b>Less: Amount already paid by ATIAL for Deemed Initial RAB</b>	<b>424.00</b>	<b>-</b>	<b>424</b>
<b>Balance amount payable for RAB as on COD</b>	<b>62.26</b>	<b>-</b>	<b>62.26</b>
Present value of Shortfall of True Up for 2 <sup>nd</sup> Control Period up to COD (Table 32)	-	812.67	812.67
<b>Total</b>	<b>62.26</b>	<b>812.67</b>	<b>874.93</b>
PVF @ 14% as on 31-Mar-22 [1+14%*168/365]	1.064	1.064	
PV of Adjusted Deemed Initial RAB as on 31-Mar-22 (A*B)	<b>66.24</b>	<b>864.68</b>	<b>930.92</b>
PVF @ 14% as on 31-Mar-23 [1+14%*365/365]	1.14	1.14	
PV of Adjusted Deemed Initial RAB as on 31-Mar-23 (C*D)	<b>75.51</b>	<b>985.74</b>	<b>1061.25</b>
<b>Total Amount payable as on 31-Mar-23</b>			<b>1061.25</b>

<b>Particulars</b>	<b>Amount (₹ Crores)</b>
Non- Aeronautical Assets handed over to ATIAL as on COD (Table 33)	1.56*
<b>Less:</b> Amount already paid by ATIAL for Non- Aeronautical assets	7.15
<b>Amount payable as on COD for Non-Aeronautical Assets</b>	<b>-5.59</b>

**Note: - RAB as on COD has been duly jointly reconciled by AAI and ATIAL**

As per Clause 28.11.4 of Concessionaire Agreement, the amount to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using fair rate of return as determined by the Regulator for the time from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.

As per Clause 28.12.3 of Concessionaire Agreement, pursuant to the payment of the Estimated Initial Non-Aeronautical Investments and upon the final determination by the Independent Engineer of the quantum of the Initial Non-Aeronautical Investments, any surplus or deficit to be paid by the Authority to the Concessionaire or the Concessionaire to the Authority, as the case may be, shall be adjusted as part of the balancing payment that becomes due and payable.

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

# **Background and Introduction to Thiruvananthapuram International Airport**

## **1.1. Background of Airport Authority of India**

1.1.1. Airports Authority of India (AAI) was constituted under the Airports Authority of India Act 1994 ("AAI Act") and came into being on 1<sup>st</sup> April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India, with a view to accelerate the integrated development, expansion and modernization of the air traffic services, passenger terminals, operational areas, and cargo facilities at the airports in the country. The merger brought into existence a single organization entrusted with the responsibility of creating, upgrading, maintaining, and managing civil aviation infrastructure, both on the ground and air space in the country.

## **1.2. Overview and History of Thiruvananthapuram Airport**

1.2.1. Thiruvananthapuram is the capital city of Kerala. Thiruvananthapuram International Airport formerly known as Trivandrum International Airport was established in 1932. It is the first airport in the state of Kerala and fifth international airport of India.

1.2.2. As per Section 2(i) of AERA Amendment Act, 2019, any airport with annual passenger throughput exceeding 3.5 million has been categorized as a Major Airport. The passenger throughput at Thiruvananthapuram International Airport exceeds 3.5 million, and therefore Thiruvananthapuram International Airport is a Major Airport and, thus, is considered for regulation of tariff and other charges by the AERA.

1.2.3. Based on the above, initial MYTP was submitted by Airport Authority of India vide letter dated 30.07.2011 considering First Control Period beginning 1<sup>st</sup> April 2011 up to 31<sup>st</sup> March 2016, and AERA issued order dated 05<sup>th</sup> June 2015 vide order no.15/2015-16.

1.2.4. Subsequently, MYTP for Second Control, i.e. from 1<sup>st</sup> April 2016 up to 31<sup>st</sup> March 2021 was submitted by Airport Authority of India on 28<sup>th</sup> March 2017, and AERA issued order dated 02<sup>nd</sup> June 2017 vide order no. 03/2017-18.

## **1.3. Other key highlights of the agreement with ATIAL are as follows:**

1.3.1. **Estimated Deemed Initial RAB :** The estimated depreciated value of investments made by the Authority in the Aeronautical Assets at the Airport as on March 31, 2018, is Rs. 424.00 Crore ("Estimated Deemed Initial RAB"). This Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 days of COD. Upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment, any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment after the

expiry of 15 days from such final determination by the Regulator with due adjustment for the following ("Adjusted Deemed Initial RAB"):

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

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

- 1.3.2. **Estimated Initial Non-Aeronautical Investments:** Further as per Article 28.12 of CA, the Concessionaire shall pay to the Authority an amount equal to the estimated depreciated value of investment made by the Authority in the Airport as of COD towards development of Non-Aeronautical Assets ("Initial Non-Aeronautical Investments") which as on March 31, 2018 is Rs. 7.15 Crores ("Estimated Initial Non-Aeronautical Investments").

The amounts of Estimated Deemed Initial RAB and Initial Non-Aeronautical Investments have been received on 12.01.2022.

Upon the final determination by the Independent Engineer of the quantum of the Initial Non-Aeronautical investments, any surplus or deficit amount shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 days from such final determination. The amount to be paid by the Authority or Concessionaire shall be the present value of the same calculated using the fair rate of return as determined by the Regulator for the time from the COD to the date of actual payment of such amount.

Accordingly, AAI with assistance of consultant (M/s R. Subramanian and Company LLP) have prepared the proposal of True up & Finalization of RAB as on COD in r/o Trivandrum International Airport. The proposal has been prepared based on the input received from Station.

## 2. Methodology for Tariff Determination

### 2.1. Methodology / Approach to preparation of MYTP Submission

- 2.1.1. AERA, vide Order No. 13/ 2010-11 dated 12.01.2011 (referred to as "Airport Order" hereinafter) and Direction No. 5/2010-11 dated 28.02.2011 (referred to as "Airport Guidelines" hereinafter), has issued guidelines to determine tariffs at major airports based on Single Till mechanism. Subsequently, AERA has amended guidelines vide Order no. 14/2016-17 dated 12.01.2017 to determine future tariffs using Hybrid Till.
- 2.1.2. The tariff determination process consists of true-up of 2<sup>nd</sup> Control Period and determination of building blocks for 3<sup>rd</sup> Control Period. AERA proposes to undertake true-up of 2<sup>nd</sup> Control Period and the determination of building blocks for 3<sup>rd</sup> Control Period under Hybrid Till.
- 2.1.3. The Aggregate Revenue Requirement (ARR) under regulatory framework of AERA is calculated as under

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

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

Where,

t is the Tariff Year in the Control Period;

ARR<sub>t</sub> is the Aggregate Revenue Requirement for the year t;

FRoR is the fair rate of return for the Control Period;

RAB<sub>t</sub> is the Aeronautical Regulatory Asset Base for the year t;

D<sub>t</sub> is the Depreciation corresponding to the Aeronautical RAB for year t;

O<sub>t</sub> is the Aeronautical Operation and Maintenance Expenditure for year t, which include all expenditures incurred by the Airport Operator(s) towards aeronautical activities including expenditure incurred on statutory operating costs and other mandatory operating costs;

T<sub>t</sub> is the Tax for the year t, which includes payments by Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of ARR for year t;

α is 30% cross subsidy factor for revenue from services other than aeronautical services under Hybrid Till for 2<sup>nd</sup> Control Period. α was 100% cross subsidy factor under Single Till during First Control Period.

NAR<sub>t</sub> is the revenue from services other than aeronautical services (Non-Aeronautical Revenues or NAR) for year t.

- 2.1.4. Based on ARR, Yield per passenger is calculated as formula given below:

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

Where,

Present Value (PV) of  $ARR_t$  for a tariff year  $t$  is calculated at the beginning of the Control Period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

$VE_t$  is the Traffic Volume in a tariff year  $t$  as estimated by the Authority.

$ARR_t$  is the Aggregate Revenue Requirement for tariff year  $t$ .

### 3. True Up for Second Control Period (SCP)

3.1.1. As per the Decision No.1 of AERA Order No. 03/2017-18,

“1a. The Authority decided to true-up the 1<sup>st</sup> Control Period on the basis of Single Till.

1b. The Authority decides to apportion CHQ/RHQ overheads on revenue basis.

1c. The Authority decides to consider the revenues from cargo facility, Ground handling services and supply of fuel to aircraft including land lease rentals as aeronautical revenue.

1d. The Authority decides the following depreciation rates.

i. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.

ii. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 9 for the 1<sup>st</sup> Control period.

1e. The Authority decides to consider shortfall of Rs. 158.83 in the 1<sup>st</sup> Control Period to be added to ARR for the 2<sup>nd</sup> Control period.”

3.1.2. After factoring the above adjustments, AERA had allowed the following ARR for the first control period based on Single till (Table 16 of Order No. 03/2017-18).

**Table 2: Shortfall for 1<sup>st</sup> Control Period**

Particulars (In Crs.)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
ARR for the year	108.51	121.42	127.04	147.71	146.36	
Aeronautical Revenue	92.72	99.65	108.96	114.80	126.98	
Shortfall/ Excess	15.79	21.77	18.08	32.92	19.38	
Future Value of Shortfall/ Excess as on 01 <sup>st</sup> April 2016	30.41	36.76	26.79	42.78	22.09	
Shortfall as on 01 <sup>st</sup> April 2016 to be carry forward to 2 <sup>nd</sup> Control Period						158.83



## 4. True Up of Second Control Period (SCP)

### 4.1. Overview

4.1.1. The Airports Authority of India submissions MYTP for 2<sup>nd</sup> Control Period (2016-17 to 2021-22 – up to COD- 14<sup>th</sup> Oct 2021) with respect to Thiruvananthapuram International Airport.

### 4.2. Traffic

4.2.1. As per Decision No. 3a and 3b of Order No. 03/2017-18, the Authority decided:

**Decision No. 3a** “The Authority decides to consider the ATM and passenger traffic as per Table 19”.

**Decision No. 3b** “The Authority decides to true-up the traffic volume (ATM and passengers) based on actual traffic in 2<sup>nd</sup> control period while determining tariffs for the 3<sup>rd</sup> control period”.

**Table 3: Traffic allowed as per Second Control Period Order No. 03/2017-18**

YEAR	Passenger				ATM			
	Domestic	International	Combined	% Increase	Domestic	International	Combined	% Increase
2016-17	1,555,119	2,388,270	3,943,389	-	12,600	16,961	29,561	-
2017-18	1,772,835	2,507,684	4,280,519	8.55%	13,860	17,640	31,499	6.56%
2018-19	2,021,032	2,633,068	4,654,100	8.73%	15,246	18,345	33,591	6.64%
2019-20	2,303,976	2,764,721	5,068,698	8.91%	16,770	19,079	35,849	6.72%
2020-21	2,626,533	2,902,957	5,529,490	9.09%	18,447	19,842	38,289	6.81%
<b>TOTAL</b>	<b>10,279,495</b>	<b>13,196,700</b>	<b>23,476,196</b>	<b>-</b>	<b>76,923</b>	<b>91,867</b>	<b>168,789</b>	<b>-</b>

**Table 4: Actual Traffic**

YEAR	Passenger				ATM			
	Domestic	International	Combined	% Increase	Domestic	International	Combined	% Increase
2016-17	1,571,767	2,309,742	3,881,509	-	12,473	16,644	29,117	-
2017-18	1,916,127	2,477,342	4,393,469	13.19%	14,680	19,058	33,738	15.87%
2018-19	1,904,908	2,529,551	4,434,459	0.93%	14,452	18,641	33,093	-1.91%
2019-20	1,709,229	2,209,964	3,919,193	-11.62%	14,030	14,812	28,842	-12.85%
2020-21	476,559	458,876	935,435	-76.13%	5,111	4,202	9,313	-67.71%
<b>TOTAL 2<sup>nd</sup> CP</b>	<b>7,578,590</b>	<b>9,985,475</b>	<b>17,564,065</b>	<b>-</b>	<b>60,746</b>	<b>73,357</b>	<b>134,103</b>	<b>-</b>
2021-22 (Till COD)	263,194	302,459	565,653	-	3,125	3,428	6,553	-
<b>TOTAL</b>	<b>7,841,784</b>	<b>10,287,934</b>	<b>18,129,718</b>	<b>-</b>	<b>63,871</b>	<b>76,785</b>	<b>140,656</b>	<b>-</b>

Note\*: Up to COD

4.2.2. **Table 5:** Variance between actual and AERA approved traffic is tabulated below:

YEAR	UoM	Passenger			ATM		
		Domestic	International	Combined	Domestic	International	Combined
2016-17	No's	16,648	-78,528	-61,880	-127	-317	-444
2017-18	No's	1,43,292	-30,342	1,12,950	820	1,418	2,238
2018-19	No's	-1,16,124	-1,03,517	-2,19,641	-794	296	-498
2019-20	No's	-5,94,747	-5,54,757	-11,49,504	-2,740	-4,267	-7,007
2020-21	No's	-21,49,974	-24,44,081	-45,94,055	-13,336	-15,640	-28,976
2021-22*	No's	2,65,475	3,28,869	5,94,344	3,157	3,428	6,585

4.2.2.1. **Significant reason for increase/ decrease in Traffic are as follows**

4.2.2.1.1. Fall in ATM and Passenger for FY 2019-20 and FY 2020-21 was due to Pandemic.

**4.3. Allocation of Assets**

4.3.1. For the allocation of assets, expenditure between aeronautical and non-aeronautical services, Airports Authority of India had divided assets into aeronautical, non-aeronautical and common assets. The common assets have further been segregated into aeronautical and non-aeronautical assets by applying one of the following three ratios:

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

**Table 6: Terminal Building Ratio as approved by AERA for 2<sup>nd</sup> Control period (Table 23 of Order No. 03/2017-18)**

Particulars	Ratio
Terminal Building Ratio	96.18 %

**Table 7: True Up of Terminal Building Ratio for 2<sup>nd</sup> Control Period**

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Space Rented	T1	938	927	960	965	880	971
Capacity	T1	15,543	15,543	15,543	15,543	15,543	15,543
Non-Aero %	T1	6.04%	5.97%	6.18%	6.21%	5.66%	6.25%
Aero %	T1	93.96%	94.03%	93.82%	93.79%	94.34%	93.75%
Space Rented	T2	3,047	3,173	3,093	3,097	2,613	3,407
Capacity	T2	36,497	36,497	36,497	36,497	36,497	36,497
Non-Aero %	T2	8.35%	8.69%	8.47%	8.49%	7.16%	9.33%
Aero %	T2	91.65%	91.31%	91.53%	91.51%	92.84%	90.67%
Space Rented	T1 + T2	3,985	4,101	4,053	4,062	3,493	4,378
Capacity	T1 + T2	52,040	52,040	52,040	52,040	52,040	52,040
Non-Aero %	T1 + T2	7.66%	7.88%	7.79%	7.81%	6.71%	8.41%
Aero %	T1 + T2	92.34%	92.12%	92.21%	92.19%	93.29%	91.59%

4.3.3. **Quarters Ratio-** Ratio of staff providing commercial service staying in residential building to staff providing aeronautical service staying in residential building.

**Table 8: True Up of Quarters Ratio for 2<sup>nd</sup> Control Period**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Total No. of Quarters	32	32	27	23	21	20
No. of Quarters ANS	7	7	7	6	6	3
ANS Usage Ratio	21.88%	21.88%	25.93%	26.09%	28.57%	15%
Aero Usage Ratio	78.13%	78.13%	74.07%	73.91%	71.43%	85%

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

**Table 9: Employee Ratio as approved by AERA for 2<sup>nd</sup> Control period (Clause 7.9 of Order No. 03/2017-18)**

Particulars	Ratio
Employee Ratio	98%

**Table 10: True Up of Employee Ratio for 2<sup>nd</sup> Control Period**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Upto COD)
<b>No. of Resources</b>						
ANS	121	128	131	135	130	129
Aero	371	350	344	330	316	285
Non-Aero	6	6	7	5	5	5
<b>Total</b>	<b>498</b>	<b>484</b>	<b>482</b>	<b>470</b>	<b>451</b>	<b>419</b>
<b>Employee Ratio for AAI Thiruvananthapuram</b>						
ANS	24.30%	26.45%	27.18%	28.72%	28.82%	30.79%
Aero	74.50%	72.31%	71.37%	70.21%	70.07%	68.02%
Non-Aero	1.20%	1.24%	1.45%	1.06%	1.11%	1.19%
<b>Employee ratio for (Aero: Non-Aero)</b>						
Aero	98.41%	98.31%	98.01%	98.51%	98.44%	98.28%
Non-Aero	1.59%	1.69%	1.99%	1.49%	1.56%	1.72%

#### 4.4. Regulatory Asset Base (RAB)

4.4.1. Airport Authority of India submits Gross Block of Asset, Accumulated Depreciation, Additions, Deletions and closing RAB

4.4.2. **Table 11:** Reconciliation of RAB as on 01-Apr-2018 has been provided below:

Particulars (Rs. In Crores)	As per True Up	As per RFP	Difference
RAB as per Tariff Order as on 01-Apr-2016	344.54	344.54	-
Add: Improvement in assets	0.02	-	0.02
Add: Left out assets	12.46	-	12.46
<b>Adjusted Balance as per True up as on 01-Apr-2016</b>	<b>357.02</b>	<b>344.54</b>	<b>12.48</b>
Additions during FY 16-17 and 17-18	144.68	143.45	1.23
Less: Disposals during FY 16-17 and 17-18	3.01	-	3.01
Less: Depreciation during FY 16-17 and 17-18	63.04	64.71	-1.67
<b>Balance as on 01-Apr-2018</b>	<b>435.65</b>	<b>423.27</b>	<b>12.38</b>

**Significant reasons for variations in RAB are as follows:**

- Variations in balance of assets as on 01-Apr-2018 is due to variations in additions and disposals of assets during FY 2016-17 and FY 2017-18.

- Depreciation in deemed RAB has been calculated as 50% on additions whereas in true up it has been calculated from the date of “put to use”.

**Table 12: Projected RAB and Depreciation for 2<sup>nd</sup> Control Period as per Order no. 03/2017-18 is as follows:**

	Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
A	Opening Aeronautical RAB*	344.54	419.13	422.46	391.52	381.66	1959.31
B	Aeronautical assets capitalized during the year	105.00	36.00	0.00	20.00	310.00	471.00
C	Disposals/ Transfers	0.00	0.00	0.00	0.00	0.00	0.00
D	Depreciation	30.41	32.66	30.94	29.86	34.87	158.74
E	Closing Aeronautical RAB (A+B-C-D)	419.13	422.46	391.52	381.66	656.80	2271.57
	Average RAB (A+E)/2	381.83	420.79	406.99	386.59	519.23	2115.44

**Table 13: True Up of RAB and Depreciation for 2<sup>nd</sup> Control Period till COD is as follows:**

follows:

	Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL 2 <sup>nd</sup> CP	2021-22 (Till COD)	Total
A	Opening Aeronautical RAB*	357.01	452.82	435.64	447.72	480.06	2173.25	499.93	2673.18
B	Aeronautical assets capitalized during the year	128.31	16.38	49.77	73.74	68.05	336.25	17.60	353.85
C	Disposals/ Transfers	3.01	0.00	0.14	1.48	5.14	9.77	0.00	9.77
D	Depreciation	29.48	33.56	37.55	39.92	43.04	183.55	22.74	206.29
E	Closing Aeronautical RAB (A+B-C-D)	452.83	435.64	447.72	480.06	499.93	2316.18	494.79	2810.97
	Average RAB (A+E)/2	404.92	444.23	441.68	463.89	490.00	2244.72	497.36	2742.08

\*Opening Aeronautical RAB does not include value of land & Opening Aeronautical RAB includes left out Assets of Rs.12.46 Cr.

**Significant reasons for variations in RAB & Depreciation are as follow:**

- Assets to the tune of INR 19.43 Crores (net value INR 12.46 Crores) were left out at the time of finalisation of Tariff for 2<sup>nd</sup> Control Period and hence, they have been added to the True up of 2<sup>nd</sup> Control Period (Rs. 357.01 Cr. – Rs. 344.54 Cr. = Rs. 12.46 Cr).
- It has been noted that additions during FY 2016-17, 2018-19 and 2019-20 are higher than the projected capital expenditure due to unplanned capital expenditure (Comparison of planned and unplanned capital expenditure has been provided below).
- Actual capital expenditure during FY 2020-21 is INR 68.05 Crores as compared to projected capital expenditure of Rs 310 Crores owing to adverse impact of Covid-19 pandemic.

**Comparison of Planned and Unplanned capital expenditure**

**Table 14: Approved Capital expenditure by Authority for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18 is as follows:**

	Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	Runways	43.00	13.00	-	-	-	56.00
2	Taxiways	62.00	-	-	-	-	62.00
3	Apron	-	-	-	-	40.00	40.00
4	Roads, Bridges & Culverts	-	-	-	-	-	-
5	Terminal & Other Buildings in Operational Area	-	21.00	-	20.00	270.00	311.00
6	Building- Residential	-	2.00	-	-	-	2.00
7	Electrical installations and AC	-	-	-	-	-	-
8	Others	-	-	-	-	-	-
	<b>Total</b>	<b>105.00</b>	<b>36.00</b>	<b>-</b>	<b>20.00</b>	<b>310.00</b>	<b>471.00</b>

**Table 15: True Up of Planned Capital Expenditure is as follows:**

	Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total 2 <sup>nd</sup> CP	2021-22 (Till COD)	Total
1	Runways	42.90	9.80	0.33	(0.58)	-	52.45	-	52.45
2	Taxiways	73.78	0.08	-	0.03	-	73.89	-	73.89
3	Apron	0.26	-	1.29	-	36.79	38.34	-	38.34
4	Roads, Bridges & Culverts	-	-	-	-	-	-	-	-
5	Terminal & Other Building in Operational Area	-	0.02	16.69	-	-	16.71	12.98	29.69
6	Building- Residential	-	0.15	0.22	0.10	-	0.47	-	0.47
7	Electrical installations and AC	-	-	-	-	-	-	-	-
8	Others	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>116.94</b>	<b>10.05</b>	<b>18.53</b>	<b>(0.45)</b>	<b>36.79</b>	<b>181.86</b>	<b>12.98</b>	<b>194.84</b>

**Table 16: True up of Unplanned capital Expenditure is as follows:**

	Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total 2 <sup>nd</sup> CP	2021-22 (Till COD)	Total
1	Runways	-	-	-	-	-	-	-	-
2	Taxiways	-	-	-	-	-	-	-	-
3	Apron	-	-	-	-	-	-	-	-
4	Roads, Bridges & Culverts	-	-	1.18	-	12.06	13.24	0.14	13.38
5	Terminal & Other Building in Operational Area	1.10	3.62	1.52	3.09	0.93	10.26	4.49	14.75
6	Building- Residential	-	-	-	-	-	-	-	-
7	Electrical installations and AC	1.49	3.36	6.08	13.02	9.96	33.91	-	33.91
8	Others	3.05	8.40	21.63	48.39	2.80	84.27	8.25	92.52
	<b>Total</b>	<b>5.64</b>	<b>15.38</b>	<b>30.41</b>	<b>64.50</b>	<b>25.75</b>	<b>141.68</b>	<b>12.88</b>	<b>154.56</b>

#### 4.5. Fair Rate of Return (FRoR)

4.5.1. The Airports Authority of India has considered the FRoR at 14% in line with the decision by AERA taken for Chennai, Kolkata, Guwahati & Lucknow airports.

**Table 17: Summary of FRoR on Regulatory Asset Base is as follows**

Particulars (₹ Crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Till COD)	Total
Average Regulatory Asset Base (RAB)	404.92	444.23	441.68	463.89	489.99	497.36	
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	56.69	62.19	61.84	64.94	68.60	37.58 *	<b>351.84</b>

\*Return on RAB for the FY 2021-22 has been computed proportionately for the period up to COD.

#### 4.6. Return on Land & EMI's workings:

4.6.1. As per order No. 42/2018-19 issued by AERA on Fair Rate of Return (FRoR) to be provided on Cost of Land incurred, the cost of land has to be amortized over a period of 30 years based on Equated Annual instalment as follows

$$[\text{Cost} \times \text{Rate} (1 + \text{rate})^{1/30}] / [(1 + \text{Rate})^{1/30} - 1]$$

Where,

**Cost:** Actual cost of Land

**Rate:** Actual cost of debt or SBI base rate plus 2% whichever is lower

4.6.2. **Table 18:** Airport Authority of India has calculated Equated Annual Instalments as follows:

Sr. No.	Particulars	Values
1	Cost of Land	32,89,047
2	Aero %	100%
3	Interest rate (SBI Base Rate + 200 Points)	12.22%
4	Equated Annual Instalment	4,14,853

4.6.3. Since Land has been procured by AAI on 30-Mar-2021, and Land has been handed over to M/s Adani w.e.f. COD, the entire cost of land shall allow to be claimed in FY 21-22.

**Table 19: Computation of return on land for 2<sup>nd</sup> control Period**

Particulars (Rs. In Lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)	Total
Return on Land	-	-	-	-	-	32.89	32.89

#### 4.7. Depreciation

4.7.1. Depreciation rates followed by Airport Authority of India is as follows:

**Table 20: Depreciation rates adopted by AAI**

Asset Class Name	Classification	Depreciation Rate from 1.4.2014 onwards	Dep as per Order 35 (1.4.2018 onwards)
Runways, Taxiways, Apron	R/W, T/W, Apron	3.33%	3.33%
Building Freehold	Residential Building	3.33%	3.33%
Building Freehold	Terminal Building/Other Building	3.33%	3.33%
Building Freehold	Road	3.33%	10.00%
Building Freehold	Temporary Building	3.33%	3.33%
Boundary- Freehold	B/w Residential	5.00%	10.00%
Boundary- Freehold	B/w Operation	3.33%	10.00%
Boundary- Freehold	Temporary B/W(Fencing)	100.00%	10.00%
Plant & Equipment-Fr	Plant & Equipment	6.67%	6.67%
Plant & Equipment-Fr	Tools & Equipment	6.67%	6.67%
Plant & Equipment-Le	Xray Baggage	6.67%	6.67%
Furniture & Fixtures	Office Furniture	10.00%	14.29%
Furniture & Fixtures	Office Furniture-Trolley	10.00%	33.33%
Vehicles-Fire	CFT & Fire Fighting Equip.	6.67%	6.67%
Vehicles-Freehold	Car/Jeep etc	12.50%	12.50%
Office Appliances-Fr	Office Appliances	20.00%	20.00%
Office Appliances-Fr	Computer	16.67%	33.33%
Computer Software-Fr	Software	20.00%	20.00%
Plant & Equipment-Fr	Elect Installation	10.00%	10.00%

4.7.2. Based on the above rates of Depreciation, The Airports Authority of India submits Depreciation on assets purchased during FY 2016-17 to FY 2021-22 for the 2<sup>nd</sup> Control Period as follows

**Table 21: Projected Depreciation for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18 is as follows:**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	Total 2 <sup>nd</sup> CP
Depreciation for 2 <sup>nd</sup> Control Period	30.41	32.66	30.94	29.86	34.87	158.74

**Table 22: True Up of Depreciation on assets during FY 16-17 to FY 21-22**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	Total 2 <sup>nd</sup> CP	2021-22 (Till COD)	Total
Depreciation for 2 <sup>nd</sup> Control Period	29.48	33.56	37.55	39.92	43.04	183.55	22.74	206.29

**Significant reason for variations in Depreciation are as follow:**

- Depreciation has been calculated as 50% on additions (Proposed Rs 471 Cr – Actual 353.85 Cr = 117.15 Cr) during the year 2016-17 to 2021-22, whereas in true up it has been calculated from the date of “put to use”.
- There has been change in depreciation rate.

**4.8. Operating Expenses**

4.8.1. Airport Authority of India submits Operating Expenditure for the 2<sup>nd</sup> Control Period as follows:

**Table 23: Projected Operating Expenses for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18 is as follows:**

Particulars (Rs. In Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Payroll Expenditure of TVM (1)	48.21	60.26	64.41	68.85	73.60	315.33
Expenditure for TVM Employees' retirement benefit allocated at CHQ (2)	8.66	10.83	11.59	12.40	13.27	56.75
Less: Pay & Allowances of ANS Unit, Non-Aero, redeployment (DIAL/ MIAL) (3)	2.25	2.81	3.00	3.21	3.43	14.70
<b>Total Payroll Expenditure (1+2-3) (A)</b>	<b>54.63</b>	<b>68.28</b>	<b>73.00</b>	<b>78.04</b>	<b>83.44</b>	<b>357.39</b>
Administrative & General Expenditure (4)	2.67	2.94	3.22	3.54	3.89	16.26
Apportionment of General Expenditure of CHQ/ RHQ (5)	22.70	23.84	25.03	26.28	27.59	125.44
<b>Total Admin &amp; General Expenditure (4+5) (B)</b>	<b>25.37</b>	<b>26.77</b>	<b>28.25</b>	<b>29.82</b>	<b>31.49</b>	<b>141.70</b>
<b>Repair &amp; Maintenance Expenditure (C)</b>	<b>9.87</b>	<b>10.85</b>	<b>11.94</b>	<b>13.13</b>	<b>14.44</b>	<b>60.23</b>
Power Charges (6)	9.51	9.51	9.51	9.51	9.51	47.55
Water Charges (7)	0.54	0.54	0.54	0.54	0.54	2.70
Other (8)	3.24	3.56	3.91	4.31	4.74	19.76
<b>Utility &amp; Outsourcing Expenditure (6+7+8) (D)</b>	<b>13.28</b>	<b>13.60</b>	<b>13.96</b>	<b>14.35</b>	<b>14.78</b>	<b>70.01</b>
<b>Other Outflows (E)</b>	<b>0.75</b>	<b>0.79</b>	<b>0.83</b>	<b>0.87</b>	<b>0.91</b>	<b>4.15</b>
<b>Total (A+B+C+D+E)</b>	<b>103.15</b>	<b>119.50</b>	<b>127.15</b>	<b>135.34</b>	<b>144.15</b>	<b>629.33</b>

**Table 24: True Up of Operating Expenses for 2<sup>nd</sup> Control Period is as follows:**

Particulars (Rs. In Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	Total 2 <sup>nd</sup> CP	2021-22 (Up to COD)	Total
Payroll Expenditure of TVM (1)	48.36	53.80	58.95	69.93	57.78	288.82	31.12	319.94
Expenditure for TVM Employees' retirement benefit allocated at CHQ (2)	1.75	8.78	18.38	11.23	2.22	42.36	2.17	42.36
Less: Pay & Allowances of ANS Unit, Non-Aero, redeployment (DIAL/ MIAL) (3)	1.40	2.00	2.36	2.74	1.99	10.49	0.00	10.49



<b>Total Payroll Expenditure (1+2-3) (A)</b>	<b>48.71</b>	<b>60.58</b>	<b>74.97</b>	<b>78.42</b>	<b>58.01</b>	<b>320.70</b>	<b>33.30</b>	<b>354.00</b>
Administrative & General Expenditure (4)	2.61	1.90	2.56	3.92	5.59	16.58	0.04	16.62
Apportionment of General Expenditure of CHQ/ RHQ (5)	32.57	43.44	42.45	52.47	31.11	202.04	17.54	219.58
<b>Total Admin &amp; General Expenditure (4+5) (B)</b>	<b>35.18</b>	<b>45.35</b>	<b>45.01</b>	<b>56.39</b>	<b>36.70</b>	<b>218.63</b>	<b>17.58</b>	<b>236.20</b>
<b>Repair &amp; Maintenance Expenditure (C)</b>	<b>11.95</b>	<b>11.46</b>	<b>12.54</b>	<b>12.46</b>	<b>15.65</b>	<b>64.05</b>	<b>9.61</b>	<b>73.67</b>
Power Charges (6)	9.67	9.98	9.14	9.80	7.89	46.48	3.96	50.44
Water Charges (7)	0.38	0.30	0.26	0.15	0.26	1.35	0.11	1.46
Other (8)	3.58	6.28	7.11	8.72	8.68	34.37	5.55	39.92
<b>Utility &amp; Outsourcing Expenditure (6+7+8) (D)</b>	<b>13.64</b>	<b>16.57</b>	<b>16.52</b>	<b>18.68</b>	<b>16.83</b>	<b>82.25</b>	<b>9.63</b>	<b>91.88</b>
<b>Other Outflows (E)</b>	<b>1.53</b>	<b>2.64</b>	<b>3.01</b>	<b>3.06</b>	<b>0.45</b>	<b>10.68</b>	<b>0.66</b>	<b>11.33</b>
<b>Total (A+B+C+D+E)</b>	<b>111.01</b>	<b>136.60</b>	<b>152.05</b>	<b>169.01</b>	<b>127.64</b>	<b>696.30</b>	<b>70.78</b>	<b>767.08</b>

AAI has appointed an agency to study the efficiency of the process of allocation of CHQ/ RHQ expenses to the Airport and the final report is awaited.

**Significant reasons for variations in Operating Expenses are as follow:**

- Increase in retirements benefits are due to provisioning on 3<sup>rd</sup> pension from 2016-17 onwards.
- Variances in O&M expenditure has been noted due to providing of liability for Municipal taxes amounting to INR 0.26 Crores in FY 2019-20 from FY 2016-17 to FY 2019-20 as per the demand received from Kerala Municipal Corporation. Also, the liability for INR 0.33 Crores has been provided in FY 2020-21 against demand received from Kerala Municipal Corporation.
- Variances in CHQ/RHQ (approx. INR 94 Crores) expenses are due to revision in CHQ/ RHQ expense allocation.
- In FY 2019-20, a fresh contract was awarded for comprehensive maintenance & operation contract of baggage handling system amounting to INR 2.78 Crores for a period of 3 years. Also, Spares for Rosenbauer for Rs.10.60 Lacs were charged off (Purchase).
- In FY 2017-18 Rs. 5.87 Lacs furniture for medical room charged off.
- In FY 2018-19 -Rs.30.27 lacs AMC of trolleys retrievers awarded and Spares for Rosenbauer of Rs.41.15 lacs were charged off.
- R&M Boot XBIS Lease expenses has been incurred amounting to INR 96 Lacs.
- In FY 2017-18, Kerala traffic police was engaged for traffic control. Also, increase in cost has been noted due to increase in cost of bird chaser contract for an amount of INR 0.55 Crores.
- In FY 2018-19, ESS contract has been awarded for INR 3.33 Crores for 36 months (INR 9.25 lakhs per month i.e., 55% higher than the previous contract of INR 5.98 lakhs per month) as compared to previous contract for INR 2.15 Crores.
- In FY 20-21 Included Rs. 28.34 lacs for a new contract award for Trolley retrieval

- In FY 21-22 Include Rs 100.11 lacs for screening ILBS (In line baggage system) and Rs.22.70 lacs for trolley retrieval.

#### 4.9. Taxation

4.9.1. The Airports Authority of India submits tax amount for the 2<sup>nd</sup> Control Period as part of MYTP submission after considering asset depreciation as applicable under Income Tax laws and tax rate considered are as follows:

**Table 25: Applicable tax rates as per Income Tax Act, 1961**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Tax rates adopted for 2 <sup>nd</sup> Control Period	34.61%	34.61%	34.94%	25.17%	25.17%	25.17%

4.9.2. Based on the above consideration, the Airports Authority of India submits tax expenditure for 2<sup>nd</sup> Control Period as follows:

**Table 26: Calculation of Corporate tax as per Income Tax Act, 1961**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)	Total 2nd CP
AERO REV	137.07	214.14	271.75	229.27	60.46	39.32	952.01
RETURN ON LAND	-	-	-	-	-	0.33	0.33
OPEX	111.01	136.60	152.05	169.01	127.64	70.78	767.08
INTEREST ON WORKING CAPITAL	0.00	0.00	0.00	0.00	0.00	0.68	0.68
DEP. As WDV AS PER INCOME TAX	41.65	47.38	38.46	42.60	46.81	45.35	262.25
TOTAL EXP.	152.66	183.98	190.50	211.61	174.45	116.81	1,030.02
PBT	-15.59	30.16	81.25	17.66	-113.99	-77.17	-77.67
set-off of prior period tax losses	-	-15.59	-	-	-	-	-15.59
PBT after set-off of prior period tax losses	-15.59	14.57	81.25	17.66	-113.99	-77.17	-93.26
Tax rate	34.61%	34.61%	34.94%	25.17%	25.17%	25.17%	
TAX	-	5.04	28.39	4.44	-	-	37.88

#### 4.10. Non-Aeronautical revenue (NAR)

4.10.1. Airport Authority of India submits non-Aeronautical revenue as follows:

**Table 27: Non-Aeronautical revenue as per Authority for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)	Total
Non-Aeronautical revenue	54.63	61.92	68.01	74.71	82.07	-	341.34

**Table 28: True Up of Non-Aeronautical revenue for 2<sup>nd</sup> Control Period**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)	Total
Restaurants/Snack Bar	2.97	3.01	7.79	8.43	1.39	0.79	24.39
TR Stall/others	16.74	21.67	22.30	27.33	3.31	6.71	98.05

Duty Free shop	15.26	14.33	17.84	22.47	3.58	1.87	75.34
Hoardings & Displays	2.00	2.03	2.84	3.85	0.48	0.08	11.29
Land Leases	0.18	1.25	0.12	0.37	0.45	0.58	2.95
Buildings (Residential)	0.01	0.01	0.01	0.01	0.01	0.00	0.06
Buildings (Non-Residential)	6.05	5.53	8.21	9.01	6.36	10.28	45.44
Car Parking	5.64	5.95	7.42	5.49	0.75	0.54	25.77
Admission Tickets	1.04	2.04	2.21	2.02	0.13	0.08	7.52
Rest Room	0.01	0.01	0.02	0.01	0.00	0.00	0.04
Others	5.72	2.29	6.54	9.82	8.11	1.85	34.32
<b>Total</b>	<b>55.62</b>	<b>58.12</b>	<b>75.29</b>	<b>88.81</b>	<b>24.56</b>	<b>22.79</b>	<b>325.19</b>

- From the above tables it can be concluded that there has been a shortfall of in Non-Aeronautical Revenue amounting to INR 43.41 Crores during FY 2019-20 and FY 2020-21 owing to Covid-19 pandemic.

#### 4.11. Aeronautical revenue

4.11.1. Airport Authority of India submits Aeronautical revenue as follows:

Table 29: Aeronautical revenue as per Authority for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Upto COD)	Total
Aeronautical revenue	136.66	207.44	253.05	280.85	312.07	-	1190.07

Table 30: True Up of Aeronautical revenue for 2<sup>nd</sup> Control Period

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Upto COD)	Total
Landing (Dom)	9.22	14.43	15.89	12.97	5.55	3.31	61.37
Landing (int)	21.33	31.33	35.64	28.09	10.85	7.22	134.47
Landing (Total)	30.55	45.76	51.54	41.05	16.40	10.54	195.84
Parking & Housing	0.72	0.24	0.30	0.48	0.68	0.39	2.80
P S F (Fc) (Dom)	7.52	2.18	0.00	-	-	-	9.70
P S F (Fc) (Int)	9.92	4.47	0.00	-	-	-	14.39
P S F (Fc) Total	17.43	6.66	0.00	-	-	-	24.09
Through Put Charges	1.80	2.22	2.42	2.01	-	-	8.45
Ground Handling Services	11.61	10.02	13.81	9.42	4.30	2.26	51.41
Cute Counter Charges	2.35	3.03	3.53	3.51	0.76	0.51	13.68
UDF (INTL)	65.03	106.44	90.40	54.84	4.43	4.70	325.83
UDF (Dom)	-	33.11	104.46	116.32	29.59	19.86	303.34
Royalty from AAICLAS	-	0.08	0.29	0.24	0.18	0.10	0.89
Land Lease Revenue from Oil Companies	1.71	1.70	1.45	1.45	1.43	0.46	8.19
from GHA	4.63	3.66	2.62	(0.99)	1.76	-	11.67
For Cargo activities	1.25	1.25	0.94	0.94	0.94	0.51	5.82
<b>Total Revenues</b>	<b>137.07</b>	<b>214.14</b>	<b>271.75</b>	<b>229.27</b>	<b>60.46</b>	<b>39.32</b>	<b>952.01</b>

- From the above tables it can be concluded that there has been a shortfall of in Aeronautical Revenue amounting to INR 303.19 Crores during FY 2019-20 and FY 2020-21 owing to Covid-19 pandemic.

#### 4.12. True up for 2<sup>nd</sup> control Period

4.12.1. ARR (Aggregate Revenue Requirement) is submitted for the purpose of true up for 2<sup>nd</sup> Control Period:

**Table 31: Projected ARR and Yield for 2<sup>nd</sup> Control Period as per Order No. 03/2017-18 is as follows:**

Particulars (₹ Crores)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Average Aeronautical RAB	381.83	420.79	406.99	386.59	519.23	2115.43
Return on Average Aeronautical RAB	53.46	58.91	56.98	54.12	72.69	296.16
Aeronautical Operating Expenditure	103.89	120.30	127.98	136.22	145.05	633.44
Depreciation on Aeronautical RAB	30.41	32.66	30.94	29.86	34.87	158.74
Aeronautical Corporate Tax @ 34.6%	5.63	21.71	35.24	42.70	45.34	150.62
Less: 30% of Non-Aeronautical Revenues	16.39	18.58	20.40	22.41	24.62	102.40
True up shortfall in 1 <sup>st</sup> Control Period as on 01.04.2016	158.33					
<b>ARR as per Authority</b>	<b>335.83</b>	<b>215.01</b>	<b>230.73</b>	<b>240.49</b>	<b>273.33</b>	
<b>Total ARR as per Authority</b>						<b>1,259.39</b>
<b>Discounted ARR</b>	<b>335.83</b>	<b>188.60</b>	<b>177.54</b>	<b>162.32</b>	<b>161.83</b>	
<b>PV for ARR for the Control Period as on 01.04.2016</b>						<b>1,026.13</b>
No. of passengers (projected)	39,43,389	42,80,519	46,54,100	50,68,698	55,29,490	
<b>Total passengers during Control Period</b>						<b>23,476,195</b>
Yield per passenger for the Control Period						437.09
Target Yield per pax	527.01	549.09	572.10	596.07	621.05	2,865.32
<b>Target Aeronautical Revenue</b>	<b>207.82</b>	<b>235.04</b>	<b>266.26</b>	<b>302.13</b>	<b>343.41</b>	<b>1,354.66</b>
<b>PV of Target Aeronautical Revenues for the Control Period as on 01.04.2016</b>						<b>1,026.13</b>

**Table 32: True Up for ARR and Yield for 2<sup>nd</sup> Control Period is as follows:**

Particulars	Ref	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)	Total
Average RAB		404.92	444.23	441.68	463.89	489.99	497.36	
Average RAB- Financing Allowance		1.02	2.08	2.23	3.71	6.51	8.52	
Fair Rate of Return		14%	14%	14%	14%	14%	14%	
Return on Average RAB @ 14%	A	56.83	62.48	62.15	65.46	69.51	38.03	354.47
Depreciation	B	29.48	33.56	37.55	39.92	43.04	22.74	206.29
Operating Expenditure	C	111.01	136.6	152.05	169.01	127.64	70.78	767.09
Interest on Working Capital	D	-	-	-	-	-	0.68	0.68

<b>Return on Land</b>	E	-	-	-	-	-	0.33	<b>0.33</b>
<b>Corporate Tax</b>	F	-	5.04	28.39	4.44	-	-	<b>37.87</b>
<b>Corporate tax on Shortfall (under recovery) to be collected from Concessionaire</b>							156.50	<b>156.50</b>
<b>1st CP Shortfall</b>	G	158.83						<b>158.83</b>
<b>ARR (Sum A:G)</b>	H	<b>356.16</b>	<b>237.68</b>	<b>280.14</b>	<b>278.84</b>	<b>240.19</b>	<b>289.00</b>	<b>1,682.00</b>
<b>Non-Aeronautical Revenue</b>	I	55.62	58.12	75.29	88.81	24.56	22.79	<b>325.19</b>
<b>Less: 30% of NAR</b>	J	16.69	17.43	22.59	26.64	7.37	6.84	<b>97.56</b>
<b>Net ARR (H-J)</b>	K	<b>339.47</b>	<b>220.24</b>	<b>257.55</b>	<b>252.20</b>	<b>232.82</b>	<b>282.42</b>	<b>1,584.44</b>
<b>Revenue from Aeronautical services</b>	L	137.07	214.14	271.75	229.27	60.46	39.32	<b>952.01</b>
<b>Over/ Under Recovery (K-L)</b>	M	202.40	6.10	(14.20)	22.93	172.35	243.10	<b>632.43</b>
<b>Discounting Factor @ 14% as on COD</b>	N	1.81	1.59	1.39	1.22	1.07	1.00	
<b>PV of Over/ under recovery as on COD (M*N)</b>	O	366.89	9.71	(19.81)	28.05	184.98	243.10	<b>812.67</b>

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

- There are variances in Aeronautical revenue for 2<sup>nd</sup> Control Period on account of COVID-19 pandemic. There were no air traffic movement due to imposition of lockdown across country leading to fall in revenue in FY 2020-21. Adverse impacts of COVID-19 pandemic can be seen in revenue of FY-2021-22 also.
- Major downfall in Aeronautical revenue is towards Landing, Parking and UDF charges in FY 2020-21 due to the adverse impact of COVID-19 pandemic.
- ARR for the 2<sup>nd</sup> Control Period was up to FY 2020-21 but we have included FY 2021-22 up to COD, hence, the ARR is comparatively more.
- ARR for the FY 2021-22 includes the interest on working capital amounting to INR 0.68 Crores and return on land amounting to INR 0.32 Crores.
- Shortfall for 1<sup>st</sup> Control Period amounting to INR 158.83 Crores compounded annually to INR 287.92 Crores has been included in the Shortfall for 2<sup>nd</sup> Control Period.

Summary of Aeronautical, Non-Aeronautical and ANS assets handed over to Adani and retained by AAI as per the joint reconciliation statement signed by AAI and ATIAL as on COD is as follows:

**Table 33: Aeronautical, Non-Aeronautical and ANS assets handed over to Adani are as follows:**

Sr. No.	Particulars	Handed over to ATIAL	Retained by AAI	Total
A	Aeronautical Assets	486.21	8.60	494.81
B	Non-Aeronautical Assets	1.56	0.03	1.59
C	ANS Assets	0.05	9.07	9.12
	<b>Total assets</b>	<b>487.82</b>	<b>17.70</b>	<b>505.52</b>

*\*Signed copy of RAB has been attached to the letter.*

**Table 34: Summary of final amount payable by ATIAL to AAI**


Particulars	Formula	Amount (INR Cr.)
Deemed Initial RAB (Aeronautical)	A	486.26
Estimated Deemed Initial RAB	B	424.00
Difference	C = A - B	62.26
PV of Under-recovery as on COD	D	812.67
Adjusted Deemed Initial RAB as on COD	C + D	874.93

**Table 35: Summary of final amount payable by ATIAL to AAI as on future date of payment**

Particulars (in INR Cr)	As on COD	31st March 2022	31st March 2023
Adjusted Deemed Initial RAB	874.93	930.92	1061.25

*PV factor for FY 2021-22 (Up to COD) has been calculated based on the number of days.*

This issues with the approval of Competent Authority.

  
(V Vidya)

Executive Director (F)-JVC/Tariff

①

Segregation of Assets between Airports Authority of India and TRV(Kerala)International Airport Limited

Location: Thiruvananthapuram  
Transferee: TRV(Kerala)International Airport Limited( TIAL )  
Transferor: Airports Authority of India (AAI)

Particulars	Net Asset Value as on 14.10.2021( in crores)			TOTAL
	AERO	ANS	NON AERO	
Handed Over to TIAL	486.21	0.05	1.56	487.82
Retained by AAI	8.60	9.07	0.03	17.70
<b>TOTAL</b>	<b>494.81</b>	<b>9.12</b>	<b>1.59</b>	<b>505.52</b>

Total Assets transferred to TIAL , except Land 487.82 cr

\*Subject to be agreed between AAI and TIAL Regulatory Team



Handwritten signature and date 04/11/2021.

CO-ORDINATION IN CHARGE  
AIRPORTS AUTHORITY OF INDIA  
THIRUVANANTHAPURAM AIRPORT  
THIRUVANANTHAPURAM-695 008

Handwritten signature and date 4/11/2022.

Chief Airport Officer  
TRV(Kerala)International Airport Limited

