

MAFFFL-FIN-AERA-1463

2<sup>nd</sup> July 2021

The Director (P&S, Tariff),  
Airports Economic Regulatory Authority of India,  
AERA Administrative Complex,  
Safdarjung Airport  
New Delhi- 110003

**Sub: Submission of written comments on Consultation Paper No. 05/2020-21 (file no. AERA/20010/MYTP/MAFFFL/FF/CP-III/2021-26) in the matter of determination of Fuel Infrastructure Charges in respect of Mumbai Aviation Fuel Farm Facility Pvt Ltd (MAFFFL) at CSMI Airport, Mumbai for the Third Control period (01.04.2021-31.03.2026)**

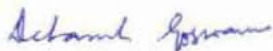
Dear Sir,

Reference CP No 05/2020-21 dated 28.05.2021 and our letter dated 21<sup>st</sup> June 2021 seeking extension for submission of written comments by 5<sup>th</sup> July 2021, we hereby submit our written comments on the CP issued by Authority.

There has been a significant reduction in business due to the pandemic, which has landed us in a precarious financial situation. With no visibility of pick up of volumes in the near future, we request Authority to consider conservative volume estimates for fixation of FIC. This will help a small company like us stay afloat and meet our debt servicing and capex obligations. Needless to mention, FIC is a very small component (less than 1.5%) of the overall cost of ATF and hence does not hurt other stakeholders.

Trust you will find our written comments in order and consider them favourably.

Thanking you,  
Yours Sincerely,  
For Mumbai Aviation Fuel Farm Pvt Ltd



Debasish Goswami  
Chief Executive Officer

Encl: As Above

CC:  
The Chairman,  
Airports Economic Regulatory Authority of India,  
AERA Building, Administrative Complex,  
Safdarjung Airport, New Delhi – 110 003.

**Mumbai Aviation Fuel Farm Facility Private Limited**

Regd. Office : Opp. ITC Maratha, Sahar Police Station Road, CSI Airport, Sahar, Andheri (East), Mumbai - 400099.  
Tel.: +91 22 2682 9881 Email : info@mafffl.in Web : www.mafffl.in

CIN: U63000MH2010PTC200463

**Written Comments on Consultation Paper No  
05/2020-21 dated 28<sup>th</sup> May'2021 from Mumbai  
Aviation Fuel Farm Facility Pvt Ltd (MAFFFL)**



A handwritten signature in black ink, appearing to be 'J. V.' or similar, located to the right of the MAFFFL stamp.

## **2. METHODOLOGY FOR TARIFF CALCULATION**

***2.15. The Authority proposes to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for MAFFFL, Mumbai for the 3rd Control Period.***

### **MAFFFL's Response:**

Interest income earned by the Fuel farm is considered as other income in the financial statements. Thereby, it should be considered as Revenue from sources other than Aeronautical service, 30% of which should be used to cross-subsidise aeronautical charges for the computation of tariff for the TCP. This will also act as an incentive for operators like us to improve cash management and generate other revenues to improve our finances. We request Authority to kindly consider the same.

## **3. TRUE UP FOR THE 2<sup>ND</sup> CONTROL PERIOD**

***3.12 Depreciation Rates Proposed to be considered for True UP of the 2nd Control Period as per Table no.7.***

### **MAFFFL's Response:**

In Table no. 7, there are errors in the useful life for Roads and Plant & Machinery, which have been shown as 20 years for both instead of 5 years and 15 years respectively as per order no. 35/2017-18. This appears to be a typographical error which has to be corrected. However, the depreciation rates stated are correct.



**3.28.1 The Authority proposes to consider the depreciation for the 2nd Control Period as per Table no.8.**

**Table no.8 – Depreciation Amount as proposed for Truing up during the 2nd Control Period by the Authority.**

Particulars (Rs.In lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
As submitted by MAFFFL in MYTP	3811.8	2901.13	2559.21	2768.33	2464.11	14504.58
As recalculated by the Authority	3389.13	2663.45	2453.52	2189.05	2496.41	13191.56

**MAFFFL's Response –**

8.1 The Authority has proposed that the depreciation rate adopted in respect of buildings to be taken as per Companies' Act 2013, which is 60 years.

As per AERA's Order no. 35/2017-18 dated 12th January, 2018 as well as Amendment Order no. 35/2017-18 dated 9th April, 2018, life of utility buildings for the purpose of the tariff determination exercise can be considered as 30/60 years as evaluated by the Airport operator. In our case, the fuel farm facility is operational in 3 shifts 24x7. In view of round the clock multi shift operation, we request Authority to consider the useful life of buildings as 30 years.

**Table No 8- Depreciation Amount proposed for Truing up for 2nd Control period by MAFFFL**

8.1	Revised Depreciation							
	Particulars (Rs in Lakhs)	FY16-17	FY17-18	FY 18-19	FY19-20	FY 20-21	Total Rs	Remarks
	Depreciation as proposed by AERA	3,389.13	2,663.45	2,453.52	2,189.05	2,496.41	13,191.56	As proposed by AERA in CP
	Add: Differential Depreciation for Buildings	64.00	64.00	76.00	124.00	135.00	463.00	As per order 35/207-18 dated 12th Jan 2018, depreciation of building is reworked considering useful life as 30 years instead of 60 years
	<b>Revised Depreciation</b>	<b>3,453.13</b>	<b>2,727.45</b>	<b>2,529.52</b>	<b>2,313.05</b>	<b>2,631.41</b>	<b>13,654.56</b>	<b>Revised figure</b>





**3.28.2 The Authority proposes to True up the Regulatory Asset Base as per Table no.9**  
**Table no.9 Regulatory Asset base proposed for True up for the 2nd Control Period**

Particulars (Rs. In lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Opening RAB-A	31,724.47	29,042.62	25,806.10	28,078.75	24,991.54	1,39,643.48
Commissioned Assets -B	1,056.71	132.42	7,104.48	1,184.36	17,225.30	26,703.27
Depreciation -C	3389.13	2663.45	2453.52	2189.05	2496.41	13,191.56
Disposals -D	349.43	705.49	2,378.31	1,602.52	0	5,035.75
Closing RAB - E =(E+F-C-D)	29,042.62	25,806.10	28,078.75	25,471.54	39,720.43	1,48,119.44
Average RAB -F = (A+E)/2)	30,383.55	27,424.36	26,942.43	26,775.15	32,355.99	1,43,881.46

**MAFFFL's Response:**

- 9.1 The Opening RAB (A above) of 2016-17 (2<sup>nd</sup> control period) should be same as closing RAB of previous year 2015-16, which was Rs 31,987 lakhs. The authority is requested to correct the same.
- 9.2 The disposal value considered (as in D above) is the "Gross assets value" instead of which the "Net asset value / Written down value net of accumulated depreciation" should have been considered. We request the Authority to consider the following table for the rectified numbers for Disposal (D above) which are taken as per the financial statements:

9.2 Disposal-net of depreciation							
Particulars (Rs in Lakhs)	FY16-17	FY17-18	FY 18-19	FY 19-20	FY 20-21	Total Rs	Remarks
Gross asset	349.43	705.49	2,378.31	1,602.52	175.27	5,211.02	As proposed by AERA in CP
Accumulated depreciation	61.33	81.22	601.30	488.32	90.61	1,322.79	Calculated based on AERA rates
<b>Net disposal</b>	<b>288.10</b>	<b>624.27</b>	<b>1,777.01</b>	<b>1,114.20</b>	<b>84.66</b>	<b>3,888.23</b>	<b>Revised Figure</b>

- 9.3 The figures for 2020-21 has been updated based on Audited financials of FY 2020-21.
- 9.4 The Authority is requested to correct the opening RAB of 2020-21 which should be same as closing RAB of 2019-20.



**Table No 9- Regulatory Asset Base proposed for True up for 2nd Control period by MAFFFL**

<b>9.1 RAB working for 2nd Control period</b>								
	<b>Particulars (Rs in Lakhs)</b>	<b>FY16-17</b>	<b>FY17-18</b>	<b>FY18-19</b>	<b>FY19-20</b>	<b>FY20-21</b>	<b>Total Rs</b>	<b>Remarks</b>
	Opening RAB-A	31,987.00	29,302.48	26,083.18	28,881.13	26,638.25		Opening RAB for 2016-17 taken from closing of 2015-16; hence all opening balances will change
	Commissioned Asset-B	1,056.71	132.42	7,104.48	1,184.36	4,867.97	14,345.94	For 2016-17 to 2019-20, figures as proposed by AERA; For 2020-21, revised as per Audited Accounts
	Depreciation-C	3,453.13	2,727.45	2,529.52	2,313.05	2,631.41	13,654.56	Revised As per table 8.1 above
	Disposal-D	288.10	624.27	1,777.01	1,114.20	84.66	3,888.23	Revised As per table below 9.2 above
	Closing RAB $E=(A+B-C-D)$	29,302.48	26,083.18	28,881.13	26,638.25	28,790.15		
	<b>Average RAB <math>F=(A+E)/2</math></b>	<b>30,644.74</b>	<b>27,692.83</b>	<b>27,482.16</b>	<b>27,759.69</b>	<b>27,714.20</b>		



**3.28.3 The Authority proposes to consider the Operational Expenses including CSR for True up of 2nd Control Period as per Table no.11**

**Table No.11 Operating Expenses proposed to be considered for True up of the 2nd Control Period by the Authority:**

Particulars (Rs. In lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Fuel Farm and ITP operating Expenses	2,116.48	2,642.24	3,273.28	2,234.89	621.46	10,888.35
Employee Benefit Expenses	164.21	215.38	292.25	231.52	262.71	1,166.07
Other Expenses	797.31	835.88	1,218.77	924.11	287.28	4,063.35
CSR Expenses	9.53	41.37	97.88	128.23	135.4	412.41
Lease rent	281.84	494.32	691.95	328.25	344.67	2,141.03
<b>Total</b>	<b>3,369.37</b>	<b>4,229.19</b>	<b>5,574.13</b>	<b>3,847.00</b>	<b>1,651.52</b>	<b>18,671.21</b>

**MAFFFL Response :**

- 11.1 It is observed that the Authority has not followed IND AS 116 for the computation of Lease Rent/ License fees.

As per IND AS accounting standards, IND AS 116 is mandatory with effect from 01.04.2019 and the books of accounts of the company is being maintained considering IND AS 116 from FY 2019-20 onwards in compliance of the IND Accounting standard. As the Right of Use of Assets considered under IND AS 116 are recognised as a Tangible Asset in the Balance sheet, the same should form part of RAB and depreciation for ARR calculation.

Hence, we request Authority to consider lease rent/license fees under IND AS 116.

- 11.2 While we request Authority to consider lease rent/ license fees under IND AS 116 as the same is mandatory as per accounting standards, in case the authority proposes to consider Lease rent/License Fees as revenue expenses as proposed in the CP, we request to consider the following correction in the "Fuel Farm, ITP operating expenses & Lease Rent "and "Other expenses" as under:



11.2 Revised O&M - including CSR proposed for 2nd control period								
	Particulars (Rs in Lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21*	Total Rs	Remarks
a	Fuel Farm, ITP operating exp & lease rent	2,111.78	2,642.25	3,273.28	2,967.97	2,130.56	13,125.84	As per table 11.2.1 below
b	Employee benefit exp	164.21	215.38	292.25	231.52	260.32	1,163.68	As proposed by AERA in CP
c	Other expenses	876.02	1,224.80	2,263.41	1,619.40	436.60	6,420.22	As per table 11.2.2 below
d	CSR	9.53	41.37	97.88	128.23	118.85	395.86	As proposed by AERA in CP
	<b>Total</b>	<b>3,161.54</b>	<b>4,123.80</b>	<b>5,926.81</b>	<b>4,947.12</b>	<b>2,946.33</b>	<b>21,105.60</b>	

11.2.1 Fuel Farm, ITP operating expenses, Lease Rent								
	Particulars (Rs in Lakhs)	2016-17	2017-18	2018-19	2019-20	2020-21*	Total	Remarks
i)	Fuel Farm Op exp	1,418.07	1,603.98	1,650.73	1,411.62	605.12	6,689.52	As proposed by AERA in CP
ii)	ITP operating exp	164.02	185.43	234.40	200.76	83.60	868.21	As proposed by AERA in CP
iii)	Lease rent	529.69	852.84	1,388.15	1,355.59	1,441.84	5,568.11	Figures taken for 2016-17 to 2018-19, as proposed by AERA in CP; Revised for 2019-20 to 2020-21 based on CA certificate (as authority not considered IND AS 116)
	Fuel Farm, ITP operating exp & lease rent (i+ii+iii)	2,111.78	2,642.25	3,273.28	2,967.97	2,130.56	13,125.84	Revised figure





<b>11.2.2 Other expenses (including revised loss on sale of assets)</b>								
	<b>Particulars (Rs in Lakhs)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Total</b>	<b>Remarks</b>
	Other expenses (excluding CSR)	802.00*	835.88	1218.77	924.11	436.60	4,217.36	As proposed by AERA in CP
	add: Additional loss on sale of assets	74.02	388.92	1,044.64	695.29	71.28	2,274.14	As per table below
	Other expenses (including revised loss on sale of assets)	876.02	1,224.80	2,263.41	1,619.40	507.88	6,491.50	Revised figure
	*Figures for 2016-17 corrected from 797.31 to 802.00 lakhs							

<b>11.2.2.1 Additional loss on sale of assets</b>								
	<b>Particulars (Rs in Lakhs)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21*</b>	<b>Total Rs</b>	<b>Remarks</b>
	Revised Loss on sale of assets	263.10	587.27	1,514.01	1,071.32	71.28	2,312.92	Revised loss on sale of assets based on depreciation proposed by AERA
	Loss on sale of assets in P&L	189.08	198.35	469.37	376.03	0	1,232.83	As proposed by AERA in CP
	<b>Addn loss on sale of assets</b>	<b>74.02</b>	<b>388.92</b>	<b>1,044.64</b>	<b>695.29</b>	<b>71.28</b>	<b>1,080.09</b>	

11.3 We request the authority to consider Revised Operating Expenses for the true up of second control period as in Table 11.2 above.

**3.28.6 The Authority proposes to True up the Aggregate Revenue Requirement of MAFFFL for the 2<sup>nd</sup> Control period as per table 15 and also proposes to consider the claw back of Rs 3841.69 lakhs for adjustment in the third control period .**



**MAFFFL Response:**

MAFFFL proposes true up of the Aggregate Revenue Requirement of MAFFFL for the 2<sup>nd</sup> Control period as per table 15 below and based on these calculations requests Authority to consider the claw back of Rs 703.75 lakhs for adjustment in the third control period.

**Table no 15: ARR proposed for 2<sup>nd</sup> Control period as per MAFFFL**

<b>Revised True up Working for 2nd Control period as per MAFFFL</b>							
<b>Particulars (Rs in Lakhs)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21*</b>	<b>TOTAL</b>	<b>Remarks</b>
Average RAB (A)	30,644.74	27,692.83	27,482.16	27,759.69	27,714.20		Revised- as per table 9.1 above
FROR (B)	11.50%	11.89%	12.25%	12.55%	12.56%		As proposed by AERA in CP
Return on RAB (C = A *B)	3,524.14	3,292.68	3,366.56	3,483.84	3,480.90	17,148.13	
Depreciation (D)	3,453.13	2,727.45	2,529.52	2,313.05	2,631.41	13,654.56	Revised- as per table 8.1 above
O&M - incl CSR (E )	3,161.54	4,123.80	5,926.81	4,947.12	2,946.33	21,105.60	Revised- as per table 11.2 above
Income Tax (F)	1,536.10	2,180.56	2,051.25	1,091.64	8.96	6,868.51	As proposed by AERA in CP
ARR (G = C+D+E+F)	11,674.92	12,324.48	13,874.15	11,835.65	9,067.60	58,776.80	
Less: Other income (H)	759.88	949.98	1,113.15	860.76	540.89	4,224.66	As proposed by AERA in CP
Net ARR (I = G -H)	10,915.04	11,374.50	12,761.00	10,974.89	8,526.71	54,552.14	
Discount factor (J)	1.77	1.58	1.41	1.26	1.12		As proposed by AERA in CP
NPV of ARR (K=I*J)	19,364.37	17,993.33	18,000.66	13,804.22	9,562.71	78,725.28	
FIC Revenue (Actual)(L)	11,752.44	12,986.83	13,429.00	11,123.00	4,549.00	53,840.27	As proposed by AERA in CP
NPV of Actual Revenue (M=L*J)	20,850.00	20,543.87	18,942.95	13,990.51	5,101.70	79,429.03	As proposed by AERA in CP
<b>Over / (Under) Recovery of second control period(M-K)</b>	<b>703.75</b>						
*Figures for 2020-21 have been updated based on audited financials (except depreciation and Lease rent which have been considered as a revenue expenditure as proposed by AERA)							



#### **4. REGULATORY ASSET BASE (RAB) AND DEPRICIATION OF THIRD CONTROL PERIOD**

##### **4.2.7.1 The Authority proposes to consider the revised depreciation for the third Control Period as Table no. 21**

**Table no. 21 Depreciation Amount proposed to be considered by the Authority for 3rd Control Period**

Particulars (Rs. In lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
As per MAFFFL	3,181.60	3,274.46	3,272.04	3,271.95	3,271.78	16,271.83
Revised Depreciation as per AERA	3,449.39	3,540.10	3,534.54	3,529.42	3,504.02	17,557.47

#### **MAFFFL Response :**

21.1 The depreciation amount "As per MAFFFL" in table 21 is not as per MAFFFL's submission. The total of depreciation in 3<sup>rd</sup> Control period as considered by MAFFFL in table no 10.1 is 18671.95 lakhs while the authority has considered figure submitted by MAFFFL as 16271.83 lakhs. The same needs to be corrected.

21.2 The Authority has proposed that the depreciation rate adopted in respect of buildings to be taken as per Companies' Act 2013, which is 60 years.

As per AERA's Order no. 35/2017-18 dated 12th January, 2018 as well as Amendment Order no. 35/2017-18 dated 9th April, 2018, life of utility buildings for the purpose of the tariff determination exercise can be considered as 30/60 years as evaluated by the Airport operator. In our case, the fuel farm facility is operational in 3 shifts 24x7. In view of round the clock multi shift operation, we request Authority to consider the useful life of buildings as 30 years.

This is in line with our request made in 3.28.1 for 2<sup>nd</sup> Control period

#### **21.2 Revised Depreciation**

Particulars (Rs in Lakhs)	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	Total Rs	Remarks
Depreciation as proposed by AERA	3,449.39	3,540.10	3,534.54	3,529.42	3,504.02	17,557.47	As proposed by AERA in CP
Additional Depreciation for Building	120.38	123.55	123.36	123.18	122.29	612.76	As per order 35/207-18 dated 12th Jan 2018, depreciation of building is reworked as 30 years instead of 60 years and differential depreciation added
<b>Revised Depreciation</b>	<b>3,569.77</b>	<b>3,663.65</b>	<b>3,657.90</b>	<b>3,652.60</b>	<b>3,626.31</b>	<b>18,170.23</b>	<b>Revised figure</b>



**4.2.7.2 The Authority proposes to consider the Regulatory Asset Base of MAFFFL for the third Control Period as Table no. 22**

Table no. 22 RAB proposed to be considered by the Authority for 3rd Control Period

Particulars (Rs. In lakhs)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB (A)	39,240.43	47,692.56	45,397.70	41,383.16	37,373.74	
Capitalization of Assets during the Year (B)	13,120.12	1,725.24				14,845.36
Depreciation (C)	3449.39	3540.1	3534.54	3529.42	3504.02	17557.47
Disposals (D)	738.6					738.6
Closing RAB (E=A+B-C-D)	48,172.56	45,877.70	41,863.16	37,853.74	33,869.72	
Average RAB (F = A+E)/2	43,706.50	46,785.13	43,630.43	39,618.45	35,621.73	

**MAFFFL Response :**

The authority is requested to correct the table based on following observations:

- 22.1 Closing RAB of FY 2020-21 should be the Opening RAB of FY 2021-22, which is not the same in the consultation paper published by Authority.
- 22.2 Opening RAB of each year is not matching with the Closing RAB of previous year. Authority is requested to correct the same.
- 22.3 As Authority has considered disposals for calculating the RAB (as in D above), Loss on disposal of assets should also be considered in ARR (in table 37) by the same logic. However, presently Authority has not considered Loss on disposal in the ARR calculation. We request authority to consider both "disposal of assets" for calculating RAB as well as "loss on disposal of assets" for calculating ARR.  
  
Alternately, if "loss on disposal" is not considered in ARR, we request Authority to remove "disposal" figure from above table no 22 and consider both at the time of True up of 3<sup>rd</sup> control period.
- 22.4 The actual capitalisation for FY 2020-21 was Rs 48.67 crores, as against the projected capitalisation of Rs. 172.25 crores. The carry forward amount of Rs 123.57 crores has been considered for capitalisation along with figure of Rs 131.20 crores for FY 2021-22 and the total capitalisation for FY 2021-22 is now considered as Rs 254.77 crores (Rs 131.20 crores + Rs 123.57 crores).





Basis above, the proposed RAB is as under:

**Table 22.5 RAB proposed for 3<sup>rd</sup> control period by MAFFFL**

22.5 A) RAB working for 3rd control period								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remarks
	Opening RAB	28,790.15	50,697.83	48,759.42	45,101.52	41,448.92		Revised as per comments in 22.1 & 22.2
	Commissioned Asset	25,477.45	1,725.24					Revised as per comments in 22.4
	Depreciation	3,569.77	3,663.65	3,657.90	3,652.60	3,626.31	18,170.23	Revised as per Table 21.2
	Disposal	-	-	-	-	-	-	Revised as per comments in 22.3
	Closing RAB	50,697.83	48,759.42	45,101.52	41,448.92	37,822.61		
	Average RAB	39,743.99	49,728.62	46,930.47	43,275.22	39,635.76		

**4.2.7.3 The Authority proposes to rework the RAB of the MAFFFL, Mumbai for the third Control Period, by reducing the RAB by 1% of the delayed cost of the projects, if the MAFFFL, Mumbai fails to commission and capitalize the projects by March 2022.**

MAFFFL Response –

The Authority has proposed to rework the RAB of MAFFFL for the third Control Period, by reducing the RAB by 1% of the delayed cost of the projects, if MAFFFL fails to commission and capitalize the projects by March 2022. It is in our interest to complete the project within the committed time schedule as there will be a loss of return as well as depreciation in case of delayed completion and capitalization. We are confident of commissioning and capitalizing the project by March 2022. However, there could be delays due to reasons beyond our control especially due to covid-19 pandemic and other unforeseen events. Any delay in commissioning and capitalizing the project implies denial of return on such asset and depreciation. Imposition of 1% penalty by reducing the RAB of the delayed cost of the projects is therefore a very harsh step and not in accordance with the AERA Act.

We request the Authority to reconsider this proposal.



## **5. FAIR RATE OF RETURN FOR THE THIRD CONTROL PERIOD**

***5.6.1 The Authority proposes to maintain the cost of equity at 14% for the third Control Period.***

### **MAFFFL Response:**

The Authority has proposed MAFFFL to maintain cost of equity at 14%. For MIAL, the Authority has considered cost of equity at 15.13% in their tariff order for 3<sup>rd</sup> control period (order no. 64/2020-21). For DIAL, the same has been considered at 15.41%. MAFFFL developed (or is developing), owns and operates the fuel farm and fuel hydrant system at Mumbai airport. These facilities are also airport infrastructure, similar to any other infrastructure developed (or being developed), owned and operated by the airport operator. As major investments are involved in developing such infrastructure, MAFFFL also has high fixed costs as an airport operator would have. Hence MAFFFL is also subject to all the usual risks an airport operator is subjected to. In addition, MAFFFL is a much smaller company compared to MIAL or DIAL, and also has a single source of revenue (FIC which is totally depending on fuel volumes) unlike airport operators who are much larger companies with more diversified revenue streams. Moreover, as MAFFFL is dealing with hydrocarbons, we are subjected to tighter regulations by statutory bodies like PESO etc. and carry a higher risk associated with handling of hydrocarbons.

In view of the above, we request Authority to atleast consider the cost of equity as 15.13%, which is approved for MIAL and is lower than that approved for DIAL.

However, we have submitted calculations in our response considering cost of equity at 14% as proposed by Authority.



## 6. OPERATION AND MAINTENANCE EXPENDITURE FOR THIRD CONTROL PERIOD

6.10.1 The Authority proposes to consider the Operation and Maintenance expenditure as per Table no.28.

Table No. 28. Operation and Maintenance Expenditure proposed to be considered by the Authority for the 3rd Control Period

Particulars (in INR lakhs)	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total
Employees Expenses	265.07	283.62	303.48	324.72	347.45	1524.34
Utilities and Outsourced expenses	1694.1	1787.83	1887.27	1992.78	2104.77	9466.75
Repair and Maintenance expenses	37.33	38.58	39.89	41.27	42.71	199.78
Administration and General expenses	1439.83	1210.62	393.5	414.99	437.68	3896.62
Other O&M expenses	21.00	22.00	23.05	24.15	25.31	115.51
<b>Sub Total</b>	<b>3457.33</b>	<b>3342.65</b>	<b>2647.19</b>	<b>2797.91</b>	<b>2957.92</b>	<b>15203.00</b>
CSR	65.16	30.29	-	39.89	117.6	252.94
<b>Total</b>	<b>3,522.49</b>	<b>3,372.94</b>	<b>2,647.19</b>	<b>2,837.80</b>	<b>3,075.52</b>	<b>15,455.94</b>

### MAFFFL Response:

#### 28.1 Employee expenses:

Authority has proposed to consider an escalation of 7% in employee cost as against 8% escalation proposed by MAFFFL. As the 8% escalation is already very conservative, we request you authority to reconsider the same. However, we have submitted the calculations as below considering escalation of 7% only.

The Authority has proposed an escalation of 7% year on year to arrive at the projection for FY 2021-22.

The actual employee expenses for FY 2020-21 were Rs. 260.32 lakhs. The project will be commissioned in December 2021. The cost of employees deployed in the project is being treated as indirect capital expenditure costs till 31.12.2021. However, after the project is completed, two employees of the project need to be retained for overseeing/coordinating operations in the fuel farm and airside respectively and for handling major maintenance / overhauling works. Presently these jobs are being looked after by employees deployed in projects in addition to their project jobs and hence additional employees are not deployed for the same in order to optimise costs. Hence the additional cost to be charged to P&L on this account is Rs. 10 lakhs in 2021-22 (for 3 months) and Rs. 40 lacs for full year in 2022-23 and further escalated by 7% year on year for employee costs as proposed by Authority.

In view of the same, we request authority to consider the following employee expenses for the third control period:



28.1 Employee benefit expenses -(a)								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remarks
	As per Authority	265.07	283.62	303.48	324.72	347.45	1,524.34	As proposed by AERA in CP
	Add: Project employee salary	10.00	40.00	42.80	45.80	49.00	187.60	
	Total	275.07	323.62	346.28	370.52	396.45	1,711.94	Revised figure

We request the Authority to consider the revised employee expense as above by MAFFFL as part of our submission.

28.2 It is observed that the Authority has not followed Ind AS 116 for the computation of Lease Rent/ License fees.

As per IND AS accounting standards, Ind AS 116 is mandatory with effect from 01.04.2019 and the books of accounts of the company is being maintained considering IND AS 116 from FY 2019-20 onwards in compliance of the standard. As the Right of Use of Assets considered under IND AS 116 are recognised as a Tangible Asset in the Balance sheet, the same should form part of RAB and depreciation for ARR calculation. Hence, we request Authority to consider lease rent/license fees under IND AS 116.

In case the authority proposes not to consider IND AS 116, the authority is requested to consider the correction in the license fees /lease rent, which has not been considered by the authority and other expenses.

**Table No 28.2. Operation and Maintenance Expenses proposed for the 3<sup>rd</sup> Control Period by MAFFFL**

28.2 Revised operating & maint exp-3rd control period								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remark
a)	Employee cost	275.07	323.62	346.28	370.52	396.45	1,711.94	As per table 28.1 above
b)	Utilities & Outsourced Expenses	1,694.10	1,787.84	1,887.26	1,992.78	2,104.77	9,466.75	As per table 28.2.1 below
c)	Repairs and Maintenance exp	37.33	38.58	39.39	41.27	42.71	199.28	As proposed by AERA
d)	Administration and General expenses	2,131.72	1,917.62	1,156.29	1,215.91	1,278.66	7,700.19	As per table 28.2.2 below
e)	Other O & M Expenses	21.00	22.00	23.05	24.15	25.31	115.51	As proposed by AERA in CP
	Total	4,159.22	4,089.66	3,452.27	3,644.63	3,847.90	19,193.67	
f)	CSR expenses	116.18	89.59	76.45	74.15	141.66	498.03	As proposed by MAFFFL
	Total	4,275.40	4,179.25	3,528.72	3,718.78	3,989.56	19,691.70	





28.2.1 Utilities and Outsourced expenses -(b)								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remarks
	Fuel Farm Op exp	1,661.50	1,752.62	1,849.24	1,951.71	2,060.42	9,275.50	
	Contract employees	32.60	35.21	38.02	41.07	44.35	191.25	
	<b>Utilities and Outsourced expenses</b>	<b>1,694.10</b>	<b>1,787.84</b>	<b>1,887.26</b>	<b>1,992.78</b>	<b>2,104.77</b>	<b>9,466.75</b>	As proposed by AERA in CP

28.2.2 Administration and General expenses-( c)								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remarks
	Lease rent	841.63	904.76	72.34	77.77	83.60	1,980.11	
	Repairs & maintenance	291.30	305.86	321.16	337.22	354.08	1,609.61	
	Others	306.90					306.90	
	<b>Total</b>	<b>1,439.83</b>	<b>1,210.62</b>	<b>393.50</b>	<b>414.99</b>	<b>437.68</b>	<b>3,896.62</b>	As proposed by AERA in CP
	Add:						-	
	Add Lease Rent not considered by AERA	691.89	707.00	762.79	800.93	840.97	3,803.57	As per table 28.2.2.1 below
	<b>Total</b>	<b>2,131.72</b>	<b>1,917.62</b>	<b>1,156.29</b>	<b>1,215.91</b>	<b>1,278.66</b>	<b>7,700.19</b>	

28.2.2.1 License Fee Actual Payment (basic)								
	Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Remarks
	License fees	1,533.52	1,611.76	835.13	878.70	924.58	5,783.68	Considered Lease rent for 2021-22 & 2022-23 for both Sahar & Santacruz facility and thereafter only for Santacruz facility
	Proposed by Authority	841.63	904.76	72.34	77.77	83.60	1,980.11	As proposed by AERA in CP
	<b>Difference</b>	<b>691.89</b>	<b>707.00</b>	<b>762.79</b>	<b>800.93</b>	<b>840.97</b>	<b>3,803.57</b>	



## **7. FUEL THROUGHPUT(VOLUMES) FOR THIRD CONTROL PERIOD**

**7.6.1 The Authority proposes to consider the projected Fuel Throughput (Volume) for determination of tariff for the third Control Period as per Table no. 30 ( mentioned in summary of proposals by authority inadvertently as Table no 33)**

**Table no. 30 - Comparison of Projections by MAFFFL – Proposed by Authority for the 3<sup>rd</sup> Control Period**

<b>Particulars (in TKL)</b>	<b>FY 2019-20 (Base Year)*</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
As projected by MAFFFL	1483*	840	916	1364	1556	1616
As a % of Base Year	100%	57%	62%	92%	105%	109%
<b>Volume Proposed by Authority</b>		<b>771</b>	<b>1483</b>	<b>1616</b>	<b>1780</b>	<b>1854</b>
As a % of Base Year		52%	100%	109%	120%	125%

### **MAFFFL Response:**

We wish to submit that various factors having a bearing on the Fuel Throughput (Volume) have not been given due weightage by Authority while arriving at the projected volumes for 3<sup>rd</sup> control period. The same are explained in brief, along with volume projections worked out by us, for Authority's consideration, as follows:

1. Contribution to fuel volumes (please refer Sl. 1: Historical Domestic & International Fuel Volume and ATM numbers, Table-A & B of Annexure to Volume Projections):

- a) Domestic: 74.09 % of ATMs contribute to 33.17 % of ATF Volumes.
- b) International: 25.91 % of ATMs contribute to 66.83 % of ATF Volumes

Hence, 2/3<sup>rd</sup> of ATF come from International traffic and only 1/3<sup>rd</sup> from domestic traffic. volumes

2. In our considered view and as projected by various agencies (please refer Sl. 7: extract of Airports Council International (ACI) World, sixth assessment analysis in the Annexure to Volume Projections), we expect recovery of ATM / PAX for domestic by FY-23 and International by FY-24.
3. Due to various reasons including stricter restrictions imposed by Maharashtra, ATMs in Mumbai have recovered in 2020-21 to 40% of 2019-20 as compared to 47% to 49% for the other three major airports namely Delhi, Bengaluru and Hyderabad (please refer Sl. 4: Comparison of the International and Domestic ATM mix, Tables 4.1A&B, Tables 4.2A&B and Tables 4.3A&B of Annexure to Volume Projections). The trend is continuing in 2021-22, when restrictions at Mumbai/ Maharashtra are much stricter compared to other states like Delhi, Telangana & Karnataka and hence recovery in ATMs is much lower in Mumbai as compared to the other major airports. In the 1<sup>st</sup> quarter of FY 21-22, we have achieved only 153 TKL ATF volume, which is only 19.8% of the AERA's projection for 2021-22 and pro-rated 41.3% of volumes



achieved in 2019-20. We expect Mumbai to lag the recovery in other major airports by at least one year. However, we have not taken this factor into consideration in our volume projections.

4. The volume growth should be considered at 2% for the balance period beyond FY-23 and FY-24 (please refer Sl. 6: proposed Traffic projections for CSMIA in CP No. 35/2020-21 Tables for ATM and PAX of Annexure to Volume Projections) considering factors specific to Mumbai detailed in the annexure and other factors as under:
  - a. ATF volume growth on international sector is expected to be tapered as most of the old generation aircrafts on long-haul flights are replaced by new ones which are 15% more fuel efficient.
  - b. ATF volume growth on domestic sector is also expected to be tapered due to the following reasons:
    - Most of the old generation aircrafts are being replaced by new ones which are 15% more fuel efficient.
    - Declared policy of GOI for opening up of air space and rationalization of routes.
  - c. The Business and Work related travel has made a shift and shall have impact on ATM/PAX and ATF volume numbers as most organizations have adopted to electronic platforms and are preferring meetings through virtual mode.
5. We are still in the midst of Second wave of Covid-19 and further waves are feared due to the newer and more deadly variants of coronavirus emerging regularly in India as well as other countries. Full adverse impact on Aviation Sector due to the ongoing pandemic is difficult to comprehend at this stage. However, international traffic is likely to continue to be hit harder as such waves come at different times at different countries and flight restrictions are imposed even if one among a pair of countries is affected.

Based on the above factors, the following ATF volume projections of MAFFFL for CSMIA are submitted for 3<sup>rd</sup> control period for consideration of Authority:

Year	Recovery % on Base FY 2019-20		ATM Numbers (In '000)			% Fuel Efficiency Saving		ATF Volume (In '000 KL)		
	Dom	Intl	Dom	Intl	Total	Dom	Intl	Dom	Intl	Total
2019-20*	Base	Base	229	76	305	Base	Base	473	1010	1483
2020-21	Actual	Actual	92	24	116	Actual	Actual	203	403	606
2021-22	70	44	160	34	198	0	0	331	440	771
2022-23	100	75	229	57	286	3	3	459	734	1193
2023-24	(102) <sup>3</sup>	100	243	76	319	5	5	477	959	1436
2024-25	(102) <sup>4</sup>	(102) <sup>4</sup>	248	82	330	6	6	481	1027	1508
2025-26	(102) <sup>5</sup>	(102) <sup>5</sup>	252	84	336	7	7	486	1036	1522

\*Note: Figures for FY 2019-20 considered as base year for projection.

**We request Authority to kindly accept our submission for the volume projections as above.**



## 8. OTHER INCOME FOR THIRD CONTROL PERIOD

8.6.1 The Authority proposes to consider the Other Income as per Table No 33 for the Third control Period (mentioned in summary of proposals by authority inadvertently as Table no 30)

Table No. 33 – Other Income proposed to be considered by the Authority for 3rd Control Period

Particulars (Rs. In lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Volume in lakhs of KL	7.71	14.83	16.16	17.8	18.54	75.04
ITP Revenue (In Lakhs)	149.59	240.25	262.76	289.43	301.46	1243.49
MAFFFL Share (1%) (A)	24.93	40.04	43.79	48.23	50.24	207.23
Misc Income (In Lakhs) (B)	416.49	440.43	465.8	492.69	521.2	2336.61
<b>Total (In Lakhs) C= A+B</b>	<b>441.42</b>	<b>480.47</b>	<b>509.59</b>	<b>540.92</b>	<b>571.44</b>	<b>2543.84</b>

### MAFFFL Response:

Misc Income as per table 33 above included 2 components as under:

Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total Rs
Rental Income	99.54	107.00	115.03	123.66	132.93	578.16
Other Income	316.95	333.43	350.77	369.03	388.27	1,758.45
Misc Income	416.49	440.43	465.80	492.69	521.20	2,336.61

The Revised "Misc Income" has been considered as NIL based on the following considerations:

- ITP revenue has been considered as NIL as the net ITP revenue share (1%), being MAFFFL's share net of ITP expenses, has been considered in ITP revenue share (1%) .
- In Misc income, Rental income is considered as NIL as it is uncertain considering the areas that will allotted to suppliers on open access basis. Hence it may be considered at the time of true up.
- In Misc Income, "Other Income" is considered as NIL as it was for reimbursement received from Fuel Farm Operator for Electricity and Insurance. As per the terms originally agreed with the FFO, expenses like electricity and water charges were incurred by MAFFFL and subsequently they were partially reimbursed by FFO. With a revision of these terms in the new tender for Fuel farm operations for next 5 years, the entire charge will be borne by MAFFFL and FFO will not be reimbursing for these expenses. Hence, these have been considered as NIL.





### 33.1 Revised Other Income-3rd control period

Particulars (Rs in Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
ITP Revenue	-	-	-	-	-	-
Revenue from ITP (1%)	20.89	32.33	38.92	40.87	41.25	174.25
Misc. Income	-	-	-	-	-	-
Total Other Income (Revised)	20.89	32.33	38.92	40.87	41.25	174.25

The Authority has not considered loss on the sale of assets projected by MAFFFL during the year FY2021-22 in ARR calculation (Table no 37) considering these are not certain.

However, since Authority has considered the disposal of redundant assets in calculation of RAB (Table no 22), we request Authority to also consider the loss on sale of assets also in ARR calculation (ie.in Table 37) .

Alternately, if loss on sale of assets is not considered in ARR calculation as requested above, we request the Authority to remove disposal of assets from RAB calculation of 3<sup>rd</sup> Control period also and consider both disposal of assets as well as loss on sale of assets in true up calculations for 3<sup>rd</sup> control period.

## 10. AGGREGATE REVENUE REQUIREMENT FOR THIRD CONTROL PERIOD

### 10.5.1 *The Authority proposes to consider the Aggregate Revenue Requirement for the Third Control Period as calculated in Table no 37.*

#### MAFFFL Response:

The revised ARR for the Third Control period is proposed as below :



**Table no 37: ARR proposed for 3<sup>rd</sup> Control period for MAFFFL**

<b>Revised ARR Working for Third Control Period as per MAFFFL</b>								
	<b>Particulars (Rs in Lakhs)</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>TOTAL</b>	<b>Remarks</b>
	Average RAB (A)	39,743.99	49,728.62	46,930.47	43,275.22	39,635.76		As per table 22.5 above
	FROR (B)	11.91%	13.21%	13.49%	13.82%	14.00%		As proposed by AERA in CP
	Return on RAB (C = A *B)	4,733.51	6,569.15	6,330.92	5,980.63	5,549.01	29,163.22	
	Depreciation (D)	3,569.77	3,540.10	3,534.54	3,529.42	3,504.02	17,677.85	As per table 21.2 above
	O&M -incl CSR (E)	4,275.40	4,179.25	3,528.72	3,718.78	3,989.56	19,691.70	As per table 28.2 above
	Income Tax (F)		189.63	2,640.21	3,469.08	3,821.74	10,120.66	As submitted by MAFFFL
	ARR (G = C+D+E+F)	12,578.67	14,478.13	16,034.40	16,697.91	16,864.33	76,653.44	
	Less: Other income (H)	20.89	32.33	38.92	40.87	41.25	174.25	As per table 28.3 above
	Net ARR (I = G -H)	12,557.78	14,445.80	15,995.48	16,657.04	16,823.09	76,479.19	
	Over / (Under) Recovery of second control period (J)	<b>703.75</b>						
	Net ARR (K = I - J)	11,854.03	14,445.80	15,995.48	16,657.04	16,823.09	75,775.44	
	Discounting factor(L)	1.00	0.88	0.78	0.69	0.61		As proposed by AERA in CP
	NPV of Actual Revenue (M=K*L)	11,854.03	12,751.31	12,463.68	11,456.71	10,214.98	58,740.71	
	FIC Volume (Lakh KL) (N)	7.71	11.93	14.36	15.08	15.22	64.30	Revised as projected by MAFFFL in response to CP
	NPV of volume (O=N*L)	7.71	10.53	11.19	10.37	9.24	49.04	
	<b>Revised FIC Rate(P=M/O)</b>	<b>1,197.73</b>	<b>1,197.73</b>	<b>1,197.73</b>	<b>1,197.73</b>	<b>1,197.73</b>		
	Revised FIC income(Q=P*N)	9,234.47	14,288.87	17,199.34	18,061.71	18,229.39	77,013.77	
	NPV of revised income (R=Q*L)	9,234.47	12,612.79	13,401.73	12,422.84	11,068.88	58,740.71	



**10.5.2 The Authority proposes a FIC rate as per table no 38 for the Third Control Period .**

**MAFFFL's Response:**

The FIC rate as per table no 37 proposed by MAFFFL for the Third Control Period is 1197.73/KL.



### **ANNEXURE TO VOLUME PROJECTIONS**

1. Historical: Domestic & international Fuel volume and ATM numbers for Mumbai Airport  
(Source – AAI).

Table-A	ATF Volume (In KL)				
Year	Domestic	%	International	%	Total
2015-16	550423	35.49%	1000621	64.51%	1551048
2016-17	587836	35.53%	1066713	64.47%	1654550
2017-18	608349	33.75%	1194096	66.25%	1802444
2018-19	524800	29.32%	1265347	70.68%	1790149
2019-20	473193	31.91%	1009565	68.09%	1482756
2020-21	203334	33.53%	403006	66.47%	606340
	<b>2947935</b>	<b>33.17%</b>	<b>5939348</b>	<b>66.83%</b>	<b>8887287</b>

Table-B	ATM Numbers				
Year	Domestic	%	International	%	Total
2015-16	220253	74.25%	76381	25.75%	296634
2016-17	224896	73.62%	80569	26.38%	305465
2017-18	234611	73.16%	86078	26.84%	320689
2018-19	232646	72.42%	88617	27.58%	321263
2019-20	228681	75.06%	75994	24.94%	304675
2020-21	92198	79.57%	23666	20.43%	115864
	<b>1233285</b>	<b>74.09%</b>	<b>431305</b>	<b>25.91%</b>	<b>1664590</b>

2. MAFFFL had commissioned a study through Deloitte. Considering the base case scenario projected by Deloitte in Oct 2020 and also based on our own assessment, the ATF volume projection were worked out for CSMIA and MYTP for TCP.

Table No. 29 Projected Fuel volumes by MAFFFL as part of MYTP Submission for 3rd Control Period							
In (TKL)	FY 2019-20	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Yearly Volume	1483	840	916	1364	1556	1616	6292





3. The Authority, referring to its recent Tariff Order No. 64/2020-21 issued for 3<sup>rd</sup> Control Period in respect of Mumbai Airport (MIAL) with regard to the domestic/international ATM mix, has proposed volume for which the details are as under:

1. Assumptions considered by the Authority in Table 220 of the above Order for CSMIA:

Table 220: Traffic re-computation under COVID-19 scenario in CP 35	
Year	Assumption
FY 20	Consider actual Traffic numbers that are available
FY 21	50% of FY 20
FY 22	75% of FY20
FY 23	Actuals FY 20
FY 24	8% over FY 20 for domestic Pax/ATM and 10% over FY 20 for international Pax/ATM

2. Traffic projections as per Table 225 of the above Order for CSMIA:

Table 225: Passenger/ATM Traffic considered by the Authority for TCP						
Category	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
ATM ('000)	Intl	76	22	48	76	84
	Dom	229	87	140	229	247
	Total	305	109	188	305	331
ATM as a % of FY 20 actual	Intl		29%	63%	100%	111%
	Dom		38%	61%	100%	108%
	Total		36%	62%	100%	109%

3. The volume proposed by Authority for TCP is given in the table below:

Table No. 30 Projected Fuel volumes by MAFFFL as part of MYTP Submission for 3 <sup>rd</sup> Control Period						
In (TKL)	FY 2019-20 (Base Year) *	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
As projected by MAFFFL	1483	840	916	1364	1556	1616
As a % of Base Year	100%	57%	62%	92%	105%	109%
Volume Proposed by Authority		771	1483	1616	1780	1854
As a % of Base Year		52%	100%	109%	120%	125%

We have re-visited our volume projections submitted earlier for TCP, the effect of 2<sup>nd</sup> wave of COVID 19 pandemic and the restrictions imposed by various State Governments & Countries. We submit the following for Authorities' consideration:



4. A comparison of the International and Domestic ATM mix for major Airports:

4.1 International ATM and Percentage of previous years:

INTERNATIONAL AIRCRAFT MOVEMENTS						
Table – 4.1.A	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
MUMBAI	76381	80569	86078	88617	75994	23666
DELHI	89075	100348	108898	114708	109869	39891
BANGALORE	22463	24022	26021	29811	30311	11192
HYDERABAD	20693	22261	24795	25885	25759	7667

% OF PREVIOUS YEAR INTERNATIONAL ATM						
Table – 4.1. B	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>MUMBAI</b>	--	<b>105</b>	<b>107</b>	<b>103</b>	<b>86</b>	<b>31 (36% of FY20)</b>
DELHI	--	113	109	105	96	<b>36 (38% of FY20)</b>
BANGALORE	--	107	108	115	102	<b>37 (36% of FY20)</b>
HYDERABAD	--	108	111	104	100	<b>30 (30% of FY20)</b>

4.2 Domestic ATM and Percentage of previous year:

DOMESTIC AIRCRAFT MOVEMENTS						
Table – 4.2. A	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
MUMBAI	220253	224896	234611	232646	228681	92198
DELHI	255038	297451	332401	345721	340143	174095
BANGALORE	130600	153249	170539	209584	200048	102459
HYDERABAD	85079	108452	124786	153721	157691	78348

% OF PREVIOUS YEAR DOMESTIC ATM						
Table – 4.2. B	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>MUMBAI</b>	--	<b>102</b>	<b>104</b>	<b>99</b>	<b>98</b>	<b>40 (42% of FY20)</b>
DELHI	--	117	112	104	98	<b>51(53% of FY20)</b>
BANGALORE	--	117	111	123	95	<b>51(54% of FY20)</b>
HYDERABAD	--	127	115	123	103	<b>50(49% of FY20)</b>

4.3 Total ATM and Percentage of previous year:

TOTAL AIRCRAFT MOVEMENTS						
Table – 4.3. A	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
MUMBAI	296634	305465	320689	321263	304675	115864
DELHI	344113	397799	441299	460429	450012	213986
BANGALORE	153063	177271	200350	235605	230359	113651
HYDERABAD	105772	130713	149581	179606	183450	86015



% OF PREVIOUS YEAR TOTAL ATM						
Table – 4.3. B	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
<b>MUMBAI</b>	--	<b>103</b>	<b>105</b>	<b>100</b>	<b>95</b>	<b>38 (40% of FY20)</b>
<b>DELHI</b>	--	<b>116</b>	<b>111</b>	<b>104</b>	<b>98</b>	<b>48 (49% of FY 20)</b>
<b>BANGALORE</b>	--	<b>116</b>	<b>113</b>	<b>118</b>	<b>98</b>	<b>49 (50% of FY20)</b>
<b>HYDERABAD</b>	--	<b>124</b>	<b>114</b>	<b>120</b>	<b>102</b>	<b>47 (46% of FY20)</b>

As can be seen from the above tables that Mumbai Airport has lagged in recovery as compared to Delhi, Bengaluru and Hyderabad airports and been hit the hardest during the COVID 19 pandemic due to the following reasons:

- The ATM and PAX have plateaued in FY 17-18 after reaching the handling capacity and have steadily declined in the subsequent years.
  - Adverse impact on the economy of the state/country.
  - Central and State Government imposed restrictions & travel ban by foreign countries.
  - Low passenger confidence due to high number of COVID cases in Mumbai, stricter restrictions as compared to other states.
5. Authority has issued Consultation Paper No. 03/2021-22 dated 07/06/2021 for IOSPL and Consultation Paper No. 04/2021-22 dated 13/06/2021 for BSSPL for determination of Tariff for Third control period for KIA, Bangalore.

The Authority, in para 3.8 of CP 03/2021-22 and para 3.5.1 & 3.5.2 of CP 04/2021-22 has considered the adverse impact of COVID 19 situation across the country and observed that over one year into the pandemic, substantial disruption still persists. Accordingly, the Authority made the adjustments in the ATM traffic for FY 2021-22 onwards as below:

Table 5: Assumptions proposed by the Authority for ATMs Traffic at BIAL, Bangalore		
Year	Domestic	International
2019-20	Actual ATM Traffic	Actual ATM Traffic
2021-22	70% of FY 2019-20	50% of FY 2019-20
2022-23	100% of FY 2019-20	75% of FY 2019-20
2023-24	108% of FY 2019-20	100% of FY 2019-20
2024-25	118% of FY 2019-20	108% of FY 2019-20
2025-26	124% of FY 2019-20	116% of FY 2019-20

We are in agreement with the assumptions of Authority with regards to projected time frame of recovery for Domestic ATMS by FY 2022-23 and International ATMs by FY 2023-24.



6. Authority had issued Consultation Paper No. 35/2020-21 for CSMIA and proposed to consider the following Traffic projections for TCP:

Particulars ('000)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
ATM - Domestic	226.16	243.82	245.04	245.29	248.58	1208.89
ATM - International	80.33	87.97	92.35	97.09	102.93	460.66
Total ATMs	306.48	331.79	337.38	342.38	351.51	1669.54
Domestic Increase %		7.81%	0.50%	0.10%	1.34%	
International Increase %		9.51%	4.98%	5.14%	6.02%	
Total Increase %		8.26%	1.69%	1.48%	2.67%	

Particulars (Mn)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Domestic Pax	33.53	36.34	36.55	36.98	37.80	181.20
International Pax	13.48	14.87	15.57	16.31	17.23	77.45
Total Pax	47.01	51.22	52.12	53.29	55.02	258.65
Domestic Increase %		8.39%	0.57%	1.17%	2.20%	
International Increase %		10.36%	4.64%	4.76%	5.65%	
Total Increase %		8.96%	1.76%	2.24%	3.26%	

**Basis the above, we are of the view that Authority should consider 2.0% YOY increase for calculating the projected volumes post the recovery years.**

7. We take this opportunity to bring to notice of Authority that Airports Council International (ACI) World has published on 25/03/2021 its sixth assessment analysing the economic impact of the COVID-19 pandemic, its effects on the global airport business, and the path to recovery.

ACI World has forecasted the following related to the recovery of airport passenger traffic:

- Under the baseline scenario, global passenger traffic is now expected to recover to 2019 levels in 2024 mainly driven by the recovery of domestic passenger traffic but now slightly dampened by a slower recovery of international travel (globally, domestic traffic accounts for 58% of total passenger traffic as of 2019).
- If new variants of the virus are effectively contained, the WATF 2020–2040 is still the most likely scenario, resulting in a recovery to 2019 level by the end of 2023.
- Domestic passenger traffic is expected to reach 2019 levels in the second half of 2023. The recovery of international passenger traffic will require one more year, thus getting back to 2019 levels only in 2024.
- At the country-market level, markets having significant domestic traffic are expected however to recover in 2023 to pre-COVID-19 levels while markets with a significant share of international traffic are unlikely to return to 2019 levels until 2024 or even 2025 in some cases.

