फा. स. ऐरा/20010/एमवाईटीपी/एएआई - कालीकट/सीपी-II/2026-31
F. No. AERA/20010/MYTP/AAI-Calicut /CP-II/2026-31

परामर्श पत्र संख्या 08/2026-27

Consultation Paper No. 08/2026-27

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

कालीकट अंतर्राष्ट्रीय हवाई अड्डा (सीआईए) की चतुर्थ नियंत्रण अवधि (01.04.2026 से 31.03.2031) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR CALICUT INTERNATIONAL AIRPORT (CIA) FOR THE FOURTH CONTROL PERIOD (01.04.2026 to 31.03.2031)

जारी करने की तारीख/ Date of issue:

12.10.2026

तृतीय तल/ Third Floor,
उड़ान भवन/ Udaan Bhawan
सफदरजंग हवाईअड्डा/ Safdarjung Airport,
नई दिल्ली/ New Delhi - 110003

STAKEHOLDERS' CONSULTATION

Calicut International Airport ('Calicut Airport' or CIA) is owned and operated by the Airports Authority of India (AAI). The airport is located at Karipur in Malappuram district, Keralam, and serves as one of the major airports in the State. During FY 2025-26, the airport handled an actual passenger traffic of 3.86 million passengers (MPPA), comprising both domestic and international passengers, as per the traffic statistics published by AAI.

In accordance with the provisions of the AERA Act, 2008 and AERA Tariff guidelines, 2011, Calicut International Airport has submitted its Multi-Year Tariff Proposal (MYTP) for the 4th Control Period (FY 2026-27 to FY 2030-31) for consideration by the Authority. The MYTP comprises of:

(i) True-up of the Third Control Period based on the audited financial statements for FY 2021-22 to FY 2025-26;

(ii) Projections for the Fourth Control Period commencing from 1 April 2026 and ending on 31 March 2031.

The submissions include detailed information relating to traffic projections, Capital Expenditure (CAPEX), Operating Expenditure (OPEX), Non-Aeronautical Revenue (NAR), and other relevant parameters forming the basis for determination of aeronautical tariff for the Fourth Control Period.

The Authority has released this Consultation Paper putting forward its proposals in the background of the Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the Airport Operator, in context of AERA`s regulatory framework as per AERA Act, 2008 and Tariff guidelines 2011.

During the preparation of this Consultation Paper, the Authority undertook a comprehensive examination of the MYTP submissions and the supporting documents furnished by AAI. The assessment included scrutiny of the audited financial statements pertaining to the Third Control Period.

Accordingly, the Authority has issued this Consultation Paper setting out its proposals as part of the tariff determination exercise for the Fourth Control Period in respect of Calicut International Airport, Karipur. The Authority shall duly consider written, evidence-based comments, suggestions and feedback received from stakeholders on the proposals contained herein and shall issue the Final Tariff Order for aeronautical services after taking into account stakeholder submissions on merits.

The Authority would like to emphasize that the timelines prescribed for the consultation process cannot be altered and needs to be strictly adhered to. Stakeholders are, therefore, requested to submit their comments and inputs strictly within the timelines specified in this Consultation Paper. Comments received beyond the stipulated timelines may not be considered by the Authority.

Further, it is pertinent that in terms of Section 13(2) of the AERA Act, 2008, the tariff determined under a Tariff order for a Control Period may be reviewed and revised during the current Control Period, if considered necessary by the Authority in public interest and in accordance with the provisions of the Act.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 08/2026-27 dated 12.10.2026 are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
3rd Floor, Udaan Bhawan
Safdarjung Airport, New Delhi- 110003, India
Email: director-ps@aera.gov.in; dirps-2@aera.gov.in; satish.kr@aera.gov.in; lakshmi.2025@aera.gov.in
copy to: secretary@aera.gov.in

Stakeholders' Consultation Meeting:	27.10.2026
Last Date for Submission of comments:	10.11.2026
Last Date for Submission of counter comments:	20.11.2026

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

For any clarification/ information, Director (P&S, Tariff) may be contacted at Telephone Number: 011-24695043

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Glossary

Abbreviation	Full Form
AA&ES	Administrative Approval and Expenditure Sanction
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
ACFT	Airfield Crash Fire Tender
ACI	Airports Council International
AERA/ The Authority	Airports Economic Regulatory Authority of India
AIASL	Air India Airport Services Limited
AIC	Aeronautical Information Circular
ALCMS	Airfield Lighting Control and Monitoring System
AMC	Annual Maintenance Contract
ANS	Air Navigation Services
AOCC	Airport Operations Control Centre
ARR	Aggregate Revenue Requirement
ASFT	Airport Surface Friction Tester
ATC	Air Traffic Control
ATF	Aviation Turbine Fuel
ATM	Air Traffic Management
ATRS	Automatic Tray Return Systems
AUCC	Airport Users Consultative Committee
AVDGS	Advanced Visual Docking Guidance System
BCAS	Bureau of Civil Aviation Security
BDDS	Bomb Detection and Disposal Squad
BPCL	Bharat Petroleum Corporation Limited
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CCTV	Closed Circuit Television
CHQ	Corporate Headquarters
CISF	Central Industrial Security Force
CSR	Corporate Social Responsibility
CUTE	Common User Terminal Equipment
DGCA	Directorate General of Civil Aviation
FA	Financing Allowance
FAR	Fixed Asset Register
FIDS	Flight Information Display System

Abbreviation	Full Form
FRoR	Fair Rate of Return
HPCL	Hindustan Petroleum Corporation Limited
HVAC	Heating, Ventilation and Air Conditioning
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICMAI	The Institute of Cost Accountants of India
IOCL	Indian Oil Corporation Limited
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NCAP	National Civil Aviation Policy
NITB	New Integrated Terminal Building
NPV	Net Present Value
PAX	Passengers
PBB	Passenger Boarding Bridge
PDC	Probable Date of Completion
PIB	Public Investment Board
PPP	Public Private Partnership
PV	Present Value
RAB	Regulatory Asset Base
RCS	Regional Connectivity Scheme
RESA	Runway End Safety Area
RHQ	Regional Headquarters
SCCTV	Surveillance Closed-Circuit Television.
SHA	Security Hold Area
SITC	Supply, Installation, Testing and Commissioning
Sq.m.	Square Metre
TB	Terminal Building
UDF	User Development Fee
WDV	Written-Down Value
WPI	Wholesale Price Index
XBIS	X-Ray Baggage Inspection System
YPP	Yield Per Passenger

1. Introduction

1.1 Background

1.1.1 Calicut International Airport (CCJ) (hereinafter referred to as "Calicut Airport" or "the Airport") is owned and operated by the Airports Authority of India (AAI). The Airport is situated at Karipur in the Malappuram district of Keralam and serves as one of the principal airports catering to the air traffic requirements of the Malabar region of the State. The Airport provides both domestic and international connectivity and serves the districts of Kozhikode, Malappuram, Wayanad and Palakkad in Keralam, in addition to adjoining regions of Karnataka and Tamil Nadu.

1.1.2 Calicut Airport was commissioned in 1988 to cater to the increasing air travel demand from the Malabar region of Keralam. Subsequently, considering the significant growth in international passenger traffic, particularly to destinations in the Gulf region, the Airport was accorded the status of an International Airport in 2006. Calicut Airport is a tabletop airport, with the runway constructed on an elevated plateau characterised by steep slopes beyond the runway ends.

1.1.3 The Authority notes that Calicut Airport handled an actual passenger traffic of 3.86 million passengers (MPPA) during FY 2025-26, comprising both domestic and international passengers, as per the traffic statistics published by AAI. The Airports Economic Regulatory Authority of India Act, 2008 (AERA Act, 2008) was amended through the Airports Economic Regulatory Authority of India (Amendment) Act, 2019, whereby the definition of a "Major Airport" under Section 2(i) was revised. As per the amended provisions, a Major Airport means any airport having, or designated to have, a passenger throughput in excess of 3.5 million passengers per annum (MPPA), or any other airport or group of airports as may be notified by the Central Government. Based on the actual passenger throughput of 3.86 MPPA achieved during FY 2025-26, the Authority notes that Calicut Airport continues to qualify as a Major Airport within the meaning of Section 2(i) of the AERA Act, 2008, as amended, and accordingly falls within the regulatory jurisdiction of the Authority for the determination of aeronautical tariffs.

1.1.4 The Authority determined tariff for the Third Control Period (starting from FY 2021-22 to FY 2025-26) vide Order Number 39/2021-22 dated February 11, 2022.

1.2 Profile of Calicut International Airport

1.2.1 The airport was declared an International Airport in 2006 considering the significant overseas passenger movement, particularly to the Gulf countries. Technical and Terminal Building details of Calicut Airport submitted by the Airport Operator are provided in the table below:

Table 1: Technical and Terminal Building details of Calicut Airport

PARTICULARS	Details
Technical Details	
Total airport land area	395.95 Acres
Total Airside area	342 Acres
Runway orientation and length	Orientation: 10/28 & 2860 mtrs. with a width of 45 mtrs.
No. of Aircraft Parking Bays	12 Nos.
No. of Taxi Ways	4 Nos.
Fire Station category	VII
Operational hours	24 *7 hrs.
Terminal Building Details	

PARTICULARS	Details	
Terminal Building Area	52,637 Sqm.	
Designed Passenger handling Capacity	5.80 MPPA	
No. of Lifts and Escalators	7 & 6	
No. of Baggage Claim Carousels	Domestic (DTB): 3 & International (NIAB): 4	
Peak Hour Passengers Handling capacity (Nos.)	Total: - 2950	Domestic: Arrival: - 360 Departure: - 360
		International: Arrival: - 1115 Departure: - 1115
Boarding Gates	6 (3- Domestic, 3- International) (5 Operational)	
Passenger Boarding bridges	8 Nos.	
No. of CUSS Kiosks	11 Nos.	

1.3 Cargo Facility, Ground Handling and supply of Fuel to Aircraft

1.3.1 M/s AAI Cargo Logistics and Allied Services (AAICLAS) is a 100% subsidiary company of Airports Authority of India (AAI) providing Cargo Handling Services at Calicut Airport. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per its agreement with AAICLAS.

Ground Handling

1.3.2 Currently, there are two Service Providers at the Airport viz., AI Airport Services Limited (AIASL) and IndoThai Calicut Private Limited (ICPL), providing Ground Handling services at Calicut Airport.

Supply of Fuel to Aircraft

1.3.3 Oil Marketing Companies (OMCs) such as M/s IOCL M/s BPCL, and M/s HPCL are providing Aviation Fuel Facility at Calicut Airport.

2. TARIFF DETERMINATION OF CALICUT AIRPORT

2.1 Introduction

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

To determine the tariff for Aeronautical services taking into consideration-

i. The capital expenditure incurred and timely investment in the improvement of airport facilities.

ii. The service provided, its quality and other relevant factors

iii. The cost for improving efficiency.

iv. Economic and viable operation of Major Airports

v. Revenue received from services other than the Aeronautical services

vi. The concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and

any other factor which may be relevant for the purpose of this Act: Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii).

To determine the amount of the development fees in respect of Major Airports.

i. To determine the amount of the passenger service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.

ii. To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.

iii. To call for any such information as may be necessary to determine the tariff for Aeronautical services; and

iv. To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act.

2.1.2 The terms "aeronautical services" and "Major Airports" are defined in Sections 2(a) and 2(i) of the Act, respectively.

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

i. For navigation, surveillance and supportive communication thereto for air traffic management;

ii. For the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at any airport;

iii. For ground safety services at an airport;

iv. For ground handling services relating to aircraft, passengers and cargo at an airport;

v. For the cargo facility at an airport;

vi. For supplying fuel to the aircraft at an airport; and

vii. For a stakeholder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

2.2 Regulatory philosophy and Tariff Determination

2.2.1 AERA, in order to fulfil the mandate given in the AERA Act, 2008 regarding determination of aeronautical tariff at Major airports, has issued detailed Guidelines laying down information requirements, periodicity and procedure for the Tariff determination. The details of Orders and Guidelines issued in this behalf are as under:

2.2.2 Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators); and

i. Order No. 14/2016-17 dated 23.01.2017 in the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy - 2016 (NCAP-2016) approved by the Government of India.

ii. Order No. 20/2016-17 dated 31.03.2017 in the matter of allowing Concession to Regional Connectivity Scheme (RCS) Flights under RCS- Ude Desh ka Aam Nagarik (UDAN) at Major Airports.

iii. Order No. 42/2018-19 dated 05.03.2019 (Determination of FRoR to be provided on the cost of Land incurred by various Airport Operators in India).

Normative approach to Building Blocks in Economic Regulation of Major Airports (Capital Costs Reg.)

i. Order No. 07/2018-19 dated 13.06.2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).

Determination of useful life of airport assets

i. Order No. 35/2017-18 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2017-18 dated 09.04.2018 in the matter of determination of useful life of Airport assets.

2.3 Tariff Orders issued in the past of the Calicut International Airport

2.3.1 The following are the tariff orders issued by the Authority for Calicut International Airport:

Table 2: Chronology of Orders passed by AERA for Calicut International Airport

Orders	Applicability Period	Pertaining To
Order No. 16/2015-16 dated April 17, 2015	Continuation of the tariffs at the existing levels on ad-hoc basis	First Control Period
Tariff Order No. 9/2017-18 dated August 4, 2017	w.e.f. 1st April 2016 to 31st March 2021	Second Control Period
Tariff Order No. 39/2021-22 dated February 11, 2022	w.e.f. 1st April 2021 to 31st March 2026	Third Control Period

A brief chronology of the tariff determination exercise undertaken and order issued for respective Control Periods by the Authority is set out below.

First Control Period (FY 2011-12 to FY 2015-16)

2.3.2 The Authority, vide Order No. 13/2010-11 dated 12.01.2011 and the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011, established the Multi-Year Tariff (MYT) framework for determination of aeronautical tariffs at major airports. Pending completion of the tariff determination process under the MYT framework, the Authority, vide Order No. 15/2010-11 dated 24.03.2011, permitted airport operators, including Calicut International Airport, to continue levying the then existing approved aeronautical tariffs on an interim basis to avoid any regulatory vacuum.

During the First Control Period, the Authority examined the Multi-Year Tariff Proposal (MYTP) submitted by AAI, including the Regulatory Building Blocks such as traffic, capital expenditure, operating expenditure, depreciation and Aggregate Revenue Requirement (ARR). However, owing to delays in receipt of revised submissions, clarifications and updated audited financial information from AAI, the tariff determination process could not be completed within the First Control Period. Accordingly, considering that determination of revised tariffs towards the end of the Control Period (less than one year was left for competition of the First Control Period) would result in an unreasonable increase in aeronautical charges over a short period, the Authority, vide Order No. 16/2015-16 dated 17.04.2015, decided to continue the existing aeronautical tariffs at Calicut International Airport on an ad hoc basis for the balance period of the First Control Period.

Second Control Period (FY 2016-17 to FY 2020-21)

2.3.3 The Authority determined the Aeronautical Tariff for Calicut International Airport for the Second Control Period (01.04.2016 to 31.03.2021) vide Order No. 09/2017-18 dated 04.08.2017, based on the Multi-Year Tariff Proposal (MYTP) submitted by the Airports Authority of India (AAI), stakeholder consultations and the applicable regulatory framework. The tariff determination was carried out in accordance with the Airports Economic Regulatory Authority of India Act, 2008 and the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011.

The Authority further decided to adopt the Hybrid Till approach for determination of aeronautical tariff, in line with Order No. 14/2016-17 dated 12.01.2017, whereby 30% of the non-aeronautical revenue was considered for cross-subsidisation of aeronautical charges. The Authority observed that adoption of the Hybrid Till approach would ensure uniformity in the regulatory treatment of major airports and provide greater regulatory certainty for airport operators and users.

Third Control Period (FY 2021-22 to FY 2025-26)

2.3.4 AAI submitted Multi Year Tariff Proposal (MYTP) for the Third Control Period (April 1, 2021, till March 31, 2026). The Authority vide its Order No. 39/2021-22 dated February 11, 2022, had determined tariffs for Aeronautical services for Calicut Airport for the Third Control Period which included the Truing up of the Second Control Period. This determination followed a comprehensive evaluation of the Multi-Year Tariff Proposal (MYTP) submitted by the Airports Authority of India (AAI), accounting for stakeholder responses and adjusting for structural variances, including operational shifts caused by the COVID-19 pandemic.

For the True up of the second Control period, the Authority, inter-alia relied on the audited financial statements submitted by the AAI.

AAI`s Appeal before TDSAT (Appeal No. 03 of 2022: AAI vs. AERA)

2.3.5 AAI challenged the aforesaid AERA Tariff Order No. 39/2021-22 dated February 11, 2022, pertaining to Tariff determination for the Third Control period, before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) vide Appeal No. 03/2022.

The Appellant, AAI challenged the various decisions of AERA in the Tariff Order regarding the Capital Expenditure, RAB, Depreciation and O&M Expenditure for the 2nd and the 3rd Control Period before the Appellate Tribunal. The major issues are briefly discussed as follows:

Second Control Period

i. Financing Allowance towards project on re-carpeting of runways and towards construction of New International Arrival Block (NIAB) during the Second Control Period.

ii. Capping of Repair & Maintenance expenses to the extent of 6% of the RAB for the Second Control Period.

iii. Rationalisation of allocation toward CHQ/RHQ expenses.

iv. Exclusion of revised amount in respect of Pay & Allowance for the Second Control Period submitted by AAI after the conclusion of consultation process.

Third Control Period

i. Rationalisation of the Traffic forecast for the Third Control Period

ii. Terminal Building Ratio (TBR) for allocation of common terminal assets.

iii. Methodology adopted by the Authority for allocation of Gross Block between Aeronautical and Non-Aeronautical assets

iv. Overestimation of the Non-Aeronautical Revenue, resulting in an excessive reduction in the Aeronautical Revenue Requirement.

v. Restriction of Repair & Maintenance expenditure based on the prescribed methodology instead of considering the actual expenditure for truing-up.

vi. Rationalisation of allocation of CHQ/RHQ expenses.

The Authority notes that AAIs Appeal No. 03/2022 before the TDSAT, wherein AAI has challenged the various decisions of the AERA pertaining to the tariff order for the Third Control Period is still pending & Hon`ble TDSAT has not passed any order in this regard. Accordingly, the Authority at this stage has not considered the implication of AAI`s appeal no. 03/2022 while truing up of the Third Control Period, all these issues shall be revisited once it attains finality through judicial adjudication process.

MYTP of Calicut International Airport for the Fourth Control Period

2.3.6 The Airports Authority of India (AAI) submitted its Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period on November 20, 2025, and subsequently submitted the revised proposal on 3rd August 2026, in respect of the aeronautical services provided at Calicut International Airport (CCJ). The submission encompasses the Truing-up of the previous Control Periods alongside the computation of the Aggregate Revenue Requirement (ARR) and projection for the Fourth Control Period, spanning from April 1, 2026, to March 31, 2031.

2.3.7 The Authority noted that the Airport operator, in it`s True-up submission for the Third Control period and projections for the Fourth Control period has factored in the financial and operational implications arising from its appeal filed before the Hon`ble Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") vide Appeal No. 03/2022 (AAI vs. AERA). As indicated above in para 2.3.5, Appeal No. 03/2022 is currently sub-judice no order has been passed by the Appellate Tribunal. Accordingly, the Authority, at this stage is not considering the implication of various adjustments made by AAI based on its aforementioned appeal in the current tariff determination exercise.

2.3.8 AAI, at the time of its initial MYTP submission based on its audited financial statements from FY 2021-22 to FY 2024-25, submitted the audited figures including Trial Balance up to FY 2024-25. Thereafter, AAI submitted revised MYTP on 4th August 2026, which includes the actuals for the Third Control Period along with updated projections for FY 2026-27 to FY 2030-31. Upon receipt of the updated submissions, the Authority has suitably incorporated the revised figures in its assessment.

2.3.9 The Authority has formulated this Consultation Paper based on AAI`s revised MYTP submission on 4th August 2026.

2.3.10 The Airport Operator(s) are required to submit to the Authority for its consideration a Multi-Year Tariff Proposal (MYTP) for the respective Control Periods, six months in advance, from the start of the Control Period. However, AAI has submitted the initial MYTP for the 4th Control Period (commencing from FY 2026-27 to FY 2030-31) for Calicut Airport on 20th November 2025, after a gap of 2 months from the aforementioned due date communicated by the Authority. The MYTP document submitted by AAI is available on the AERA's website.

2.3.11 The Authority has appointed an Independent Consultant, M/s Fichtner Consulting Engineers India Pvt. Ltd. to assess the MYTP submitted by AAI and assist the Authority in determination of Aeronautical Tariff for the Fourth Control Period. Accordingly, M/s Fichtner Consulting Engineers India Pvt. Ltd. has assisted the Authority in examining the true up submission of AAI by comparing each regulatory building block in the Tariff Order for the Third Control period with the actual financial figures in conjunction with other supporting documents submitted by AAI. The Independent Consultant has examined the True up submission for the Third Control Period and projection for the Fourth Control Period, by correlating and verifying the data from various supporting documents submitted by AAI such as audited financials, Fixed Asset Register (FAR), documentary evidence of the process of approval of Capital expenses, Completion certificates, tendering mechanisms, Cost estimates for CAPEX proposal, assumptions for YoY increase in the O&M expenses projected for Fourth Control Period, so as to ensure that the treatment given to it is consistent with the Authority's methodology, approach, etc. In this regard the Independent Consultant has also visited Calicut International Airport for the review of actual CAPEX incurred during the Third Control Period.

2.3.12 The Authority, through its Consultant obtained the requisite clarifications, additional information wherever required from AAI, from time to time, to review the appropriateness of the classification of assets, the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure, for finalizing this Consultation Paper. The sequential timeline of the above events has been presented in the table below:

Table 3: Timelines for submission of MYTP and other information by AAI

Dates	Event
20th November 2025	MYTP submission by AAI
9th February 2026	Handover of the MYTP by the Authority

Dates	Event
25th February 2026	First set of queries related to True-up of Third Control Period and MYTP submission for Fourth Control Period
2nd March 2026	Submission of responses by AAI to queries relating True-up of Third Control Period and MYTP submission for Fourth Control Period
6th and 7th April 2026	Site Visit of Independent Consultant to Calicut International Airport to sought clarifications pertaining to CAPEX incurred during Third Control Period, Proposed CAPEX for the Fourth Control Period, status of works done, validation of completion certificates, work orders, O&M, NAR, etc.
6th April 2026	Additional clarifications on CAPEX for Third and Fourth Control Period
13th April 2026	Additional clarifications on CAPEX for Third and Fourth Control Period
17th April 2026	Additional clarifications on CAPEX for Third and Fourth Control Period
11th June 2026	Second set queries related to True-up of Third and Fourth Control Period
16th June 2026	Additional clarifications on CAPEX for Third and Fourth Control Period
5th July 2026	Additional information/ clarification on Tariff Rate Card
7th July 2026	Additional information/ clarification on ASQ ratings
3rd August 2026	Submission of revised MYTP (including actuals of FY 2025-26)
18th August 2026	Submission of queries related to the revised proposal submitted for the True-up of Third Control Period and MYTP submission for Fourth Control Period
19th August 2026	Submission of responses by AAI to queries relating to the revised proposal for True-up of 3rd Control Period and MYTP submission for Fourth Control Period
27th August 2026	Submission of Tariff Rate Card for the Fourth Control period

2.3.13 AAI has informed that the accounts of AAI are audited by the Comptroller and Auditor General of India ('CAG') as mandated by the AAI Act. The CAG audits the financial records and statements of AAI airports as well as regional and corporate headquarters. However, since the accounts of AAI as a whole are centralized at Corporate Headquarters (CHQ), the CAG accordingly issues the final audit certificate for the AAI as a whole. The Authority has examined through its Independent Consultant the audited trial balance from FY 2021-22 to FY 2025-26, as submitted by AAI for determination of tariff.

2.3.14 It is the sole responsibility of the Airport Operator, i.e. AAI, to maintain proper books of accounts & Fixed Asset Register (FAR) and present accurate information in its submissions. The Authority relies on the information available in the audited financial reports & FAR for its analysis. The Authority expects that the Airport Operator will ensure the accuracy of the information captured in its books of accounts & FAR and that there is no duplication of expenses.

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

2.4 Construct of the Consultation Paper

2.4.1 This Consultation Paper has been developed/ constructed in the following sequence of Chapters:

i. Introduction, profile of airport and broad contour of service and service providers is explained in Chapter 1.

ii. The background of the Authority's tariff determination process is explained in this Chapter (Chapter 2) and the framework for determination of tariff is discussed in Chapter 3.

iii. Chapter 4 lists out the submissions of AAI for true up of the Third Control Period which is from FY 2021-22 to FY 2025-26. This is followed by the Authority's examination and proposals on the specific issues regarding the true up of the Third Control Period.

iv. Chapter 5 presents the submissions of AAI regarding Traffic Projections for the Fourth Control Period and the Authority's examination and proposals on the same.

v. Chapter 6 includes the submissions of AAI regarding Capital Expenditure (CAPEX), Depreciation and RAB for the Fourth Control Period along with the Authority's detailed examination, adjustments, rationalization and proposals on the Aeronautical capital expenditure, Depreciation and RAB for the Fourth Control Period.

vi. Chapter 7-12 includes the submissions of AAI regarding various building blocks pertaining to the Fourth Control Period including Fair Rate of Return, Inflation, Operation and Maintenance Expenses, Non-aeronautical Revenue, Taxation, Quality of Service along with Authority's examination and proposals on each matter.

vii. Chapter 13 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals for the Fourth Control Period.

viii. Chapter 14 presents the Aeronautical Revenue proposed by the Authority for Calicut Airport regarding Fourth Control Period.

ix. Chapter 15 summarizes the Authority's proposals put forward for the stakeholders` consultation.

x. In Chapter 16, the Authority invites views of all the stakeholders regarding proposals put forward for tariff determination for the Fourth Control Period in the Consultation Paper.

xi. Chapter 17 contains Annexures:

- Annexure I: Annual Tariff proposal submitted by AAI for Calicut Airport for the Fourth Control Period.
- Annexure II: Annual Tariff proposal as per the Authority for Consultation process.

3. FRAMEWORK FOR DETERMINATION OF TARIFF FOR CALICUT INTERNATIONAL AIRPORT

3.1 Methodology

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

3.1.2 The Authority had adopted the Hybrid-Till mechanism for tariff determination for the Third Control Period, wherein, only 30% of the Non-aeronautical revenue is to be used for cross-subsidising the Aeronautical charges. The Authority has considered the same methodology in the true up of the Third Control Period and for tariff determination in the Fourth Control Period.

3.1.3 The ARR under hybrid till for the Control Period (ARR) shall be expressed as under:

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

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

Where,

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

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

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

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

3.1.5 As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determination under the Tariff Order can be reviewed and revised.

3.2 Control Period

3.2.1 In terms of Direction No. 5 issued on 28 February 2011, Control Period means "a period of five Tariff

Years during which the Multi Year Tariff Order and Tariff(s) as determined by the Authority pursuant to such order shall subsist". The Third Control Period for Calicut Airport commenced from April 1, 2021, and the fourth Control Period has commenced from April 1, 2026.

3.3 Revenue from Air Navigation Services (ANS)

3.3.1 AAI provides Air Navigation Services (ANS) in addition to Aeronautical services at Calicut Airport. AAI has submitted that the current tariff proposal does not consider assets, expenses and revenues relating to ANS. This Consultation Paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS, as tariff for ANS is presently approved by the Ministry of Civil Aviation for all the airports. The tariff for ANS services is determined at the central level by the Ministry of Civil Aviation to ensure uniformity in Tariff for ANS services across all airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues in respect of ANS.

3.4 Revenue from Cargo

AAI has further submitted that all Cargo Operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), a wholly owned subsidiary of AAI and the tariff proposal does not consider expenditure and assets on account of cargo operations. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's internal agreement with AAICLAS. This Consultation Paper discusses the determination of tariff for Aeronautical services at Calicut Airport excluding Cargo Operations.

4. TRUE UP OF THE THIRD CONTROL PERIOD

4.1 Key aspects pertaining to True up of the Third Control Period

4.1.1 The Authority issued Tariff Order No. 39/2021-22 dated February 11, 2022, for the Third Control Period spanning from April 1, 2021, to March 31, 2026. The Authority issued above mentioned Tariff Order following a comprehensive evaluation of the Multi-Year Tariff Proposal (MYTP) submitted by the Airports Authority of India (AAI), accounting for stakeholder responses and adjusting for structural variances, including operational shifts caused by the COVID-19 pandemic and the airport's past non-Major statutory status.

4.1.2 AAI, subsequently challenged the various decisions of the Authority contained in this Tariff Order before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) vide Appeal No. 03/2022. A detailed account of the same and the Authority's views thereon has been discussed in Paragraph 2.3.5 of the Chapter 2.

4.1.3 AAI has submitted True-up workings relating to the Third Control Period in the MYTP covering the regulatory building blocks & associated elements set out below:

i. Traffic

ii. Capital Expenditure, Depreciation and RAB

iii. Operating and Maintenance Expenses

iv. Aeronautical Taxation

v. Non- Aeronautical Revenue

vi. Aeronautical Revenues

vii. Aggregate Revenue Requirement

4.1.4 For each of the submission for building block by AAI, the Authority has examined the True up for the Third Control Period, in the following manner:

i. Recording and understanding AAI's submission in the MYTP.

ii. Recap of decision taken by the Authority for these matters at the time of tariff determination for the Third Control Period.

iii. Examination and proposal regarding these matters as part of tariff determination for the current control period.

4.1.5 The Authority has considered the following documents for determining the true up for the Third Control Period:

i. Tariff Order for the Third Control Period (Order No. 39/2021-22) dated 11.02.2022.

ii. Multi Year Tariff Proposal (MYTP) submitted by AAI for the True up of Third Control Period and Tariff Determination of Fourth Control Period

iii. AERA Guidelines and Orders

iv. Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports

4.2 AAI's submission on True up of the Third Control Period for Calicut Airport

4.2.1 AAI in its True-up submission as per its revised MYTP submitted on 4th August 2026, worked out a shortfall of ₹ 528.48 Crores in Aeronautical Revenue recovery for Calicut Airport for the Third Control Period:

Table 4: True up of the ARR for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	Ref.	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	(a)	276.27	277.13	308.95	329.99	327.52	
Fair Rate of Return (FRoR)	(b)	14%	14%	14%	14%	14%	
Return on Average RAB	(c)=(a)*(b)	38.68	38.80	43.25	46.20	45.85	212.78
Depreciation	(d)	22.80	23.50	25.02	27.52	29.27	128.11
Operating Expenditure	(e)	91.90	99.42	104.13	121.33	118.09	534.86
Tax	(f)	0.00	0.00	8.11	27.64	26.40	62.15
Interest on Working Capital	(g)	1.91	0.00	0.00	0.00	0.00	1.91
Return on Land	(h)	1.64	1.64	1.64	1.64	1.64	8.22
Gross ARR	(i) = (c+ d+ e+ f+ g+ h)	**156.93**	**163.36**	**182.15**	**224.33**	**221.26**	**948.03**
NAR		**39.75**	**42.40**	**51.97**	**57.83**	**63.30**	**255.25**
Total Revenue from services other than Regulated Services (30% considered for Hybrid Till)	(j)	11.92	12.72	15.59	17.35	18.99	76.57
Net ARR	(k) = (i- j)	**145.01**	**150.64**	**166.56**	**206.98**	**202.27**	**871.46**
PV of Pay & Allo. Admn. And R&M for 2nd CP(disallowed by AERA)	(l)	168.06	0.00	0.00	0.00	0.00	168.06
Carry forward of shortfall of 2nd CP- as per Order	(m)	137.28	0.00	0.00	0.00	0.00	137.28
ARR after considering shortfall	(n)=(k)+ (l)+(m)	450.35	150.64	166.56	206.98	202.27	**1176.79**
PV factor	(o)	1.93	1.69	1.48	1.30	1.14	
PV of ARR	(p)=(n)*(o)	**867.11**	**254.42**	**246.77**	**268.99**	**230.59**	**1867.87**
Actual Aeronautical Revenue	(q)	68.72	180.53	214.21	244.27	234.52	942.25
PV of Actual Revenue	(r)=(q)*(o)	**132.31**	**304.91**	**317.36**	**317.46**	**267.35**	**1339.39**
Under/ (Over) recovery	(s)=(n)-(q)	381.63	-29.90	-47.64	-37.30	-32.25	234.54
PV of Shortfall to be carry forward	(t)=(s)*(o)	**734.80**	**-50.49**	**-70.58**	**-48.47**	**-36.77**	**528.48**
Under Recovery of Third Control Period as on March 31, 2026	**528.48**						

Recap of decisions taken by Authority for Aggregate Revenue Requirement as per Tariff Order for the Third Control Period

i. Decision *"To consider the ARR and Yield for the Third Control Period for Calicut Airport in accordance with Table 74."*

ii. Decision *"14.6.1 To consider Aeronautical revenue for the Third Control Period for Calicut Airport as per Table 78"*

iii. Decision *"14.6.2 To True up Aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period."*

4.3 True up of Traffic

4.3.1 AAI as per the MYTP submitted for the Fourth Control Period (FY 2026-27 to FY 2030-31) submitted the Traffic achieved by Calicut International Airport during the Third Control Period from FY 2021-22 to FY 2025-26. The details of passenger traffic and Air Traffic Movements (ATMs) submitted by AAI for the purpose of true-up of the Third Control Period is as follows:

AAI`s submission regarding True up of Traffic for the Third Control Period:

4.3.2 AAI has submitted Passenger Traffic and ATM for Calicut Airport for the Third Control Period which is as follows:

Table 5: True up of Passenger Traffic and ATM submitted by AAI for the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In Millions)						
Domestic	0.31	0.58	0.64	0.73	0.94	**3.20**
International	1.36	2.41	2.68	2.97	2.92	**12.32**
Total	**1.67**	**2.98**	**3.32**	**3.70**	**3.86**	**15.52**
ATM (In No's)						
Domestic	4,311	6,362	6458	6,849	7,552	**31,532.00**
International	10,697	16,780	17,960	19,532	18,147.00	**83,116.00**
Total	**15,008**	**23,142**	**24,418**	**26,381**	**25,699**	**1,14,648.00**

Recap of decisions taken by Authority for Traffic as per Tariff Order for the Third Control Period

4.3.3 The following decision(s) were taken by the Authority regarding the Traffic for the Third Control Period:

i. Decision 4.6.1 *"To consider the ATM and passenger traffic for the Third Control Period for Calicut Airport as per Table 38"*

ii. Decision 4.6.2 *"To true up the traffic volume (ATM and passengers) on the basis of actual traffic in the Third Control Period while determining tariff for the Fourth Control Period."*

4.3.4 The traffic approved by the Authority in the Tariff Order No. 39/2021-22 for the Third Control Period is shown in Table 6 below:

Table 6: Passenger Traffic and ATM approved by the Authority in the Tariff Order for the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In Millions)						
Domestic	0.29	0.53	0.66	0.75	0.84	**3.07**
International	1.16	1.83	2.74	2.83	2.93	**11.48**
Total	**1.45**	**2.36**	**3.40**	**3.58**	**3.76**	**14.55**
ATM (In No's)						
Domestic	4,151	6,695	7,699	8,971	10,498	**38,014**
International	9,610	13,473	19,668	20,694	21,795	**85,239**
Total	**13,761**	**20,168**	**27,367**	**29,665**	**32,293**	**1,23,253**

Authority's examination regarding True up of Traffic of the Third Control Period:

4.3.5 The variation between the actual traffic submitted by the AAI and the traffic approved in the Tariff Order for the Third Control Period is provided in table below:

Table 7: Variance in PAX and ATM numbers between the AAI`s submission and as approved in the Tariff Order for the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger						
Domestic	6.80%	9.03%	-2.53%	-2.67%	11.37%	**4.12%**
International	16.85%	31.42%	-2.30%	4.80%	-0.34%	**7.35%**
Total	**14.84%**	**26.39%**	**-2.35%**	**3.24%**	**2.54%**	**6.67%**
ATM						
Domestic	3.85%	-4.97%	-16.12%	-23.65%	-28.06%	**-17.05%**
International	11.31%	24.55%	-8.68%	-5.62%	-16.74%	**-2.49%**
Total	**9.06%**	**14.75%**	**-10.78%**	**-11.07%**	**-20.42%**	**-6.98%**

4.3.6 The Authority notes that the overall Passenger traffic exhibited a moderate growth trend in the Third Control Period, following the residual impact of the COVID-19 pandemic in FY 2021-22. Total passenger traffic recorded cumulative growth of 6.67%, primarily driven by the international segment, which grew by 7.35%, while domestic passenger traffic remained largely stable with cumulative growth of 4.12%. Passenger traffic witnessed strong growth in FY 2021-22 and FY 2022-23, followed by a decline in FY 2023-24.

4.3.7 In contrast, Aircraft Traffic Movements (ATMs) declined during the Control Period, with total ATMs decreasing by 6.98%. Domestic ATMs recorded a significant decline of 17.05%, whereas international ATMs remained broadly stable with marginal decline of 2.49%. The divergence between passenger traffic growth and ATM trends indicates improved operational efficiency through higher passenger load factors, enabling increased passenger throughput despite lower aircraft movements.

4.3.8 The Authority verified the actual Passenger Traffic and ATM from FY 2021-22 to FY 2025-26 (as per Table 5)from the Traffic statistics available on AAI's website and noted no variances. Based on the above, the Authority proposes to consider the actual traffic submitted by AAI for FY 2021-22 to FY 2025-26, as shown in the Table below:

Table 8: True up of the Passenger Traffic and ATM proposed by the Authority for the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In Millions)						
Domestic	0.31	0.58	0.64	0.73	0.94	**3.20**
International	1.36	2.41	2.68	2.97	2.92	**12.32**
Total	**1.67**	**2.98**	**3.32**	**3.70**	**3.86**	**15.52**
ATM (In No's)						
Domestic	4,311	6,362	6,458	6,849	7,552	**31,532**
International	10,697	16,780	17,960	19,532	18,147	**83,116**
Total	**15,008**	**23,142**	**24,418**	**26,381**	**25,699**	**1,14,648**

4.4 True up of Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Third Control Period

True up of Capital Expenditure for Third Control Period

AAI`s submission regarding True up of Capital expenditure for the Third Control Period:

4.4.1 The actual CAPEX submitted by AAI for true up of the Third Control Period for Calicut Airport is as follows:

Table 9: True up of Capital Additions for the Third Control Period submitted by AAI

(₹ Crores)

Sl. No.	Asset category	CAPEX approved in the Tariff Order (1)	Actual CAPEX incurred by AAI	Financing Allowance	Total CAPEX submitted by AAI (2)	Variance (2)-(1)
	Planned CAPEX					
A	Runway, Taxiways & aprons	8.85	76.05	3.48	79.52	70.67
B	Roads, Bridges & culverts	29.00	-	-	-	-29.00
C	Buildings - Terminal	8.81	9.95	0.86	10.81	2.00
D	Buildings - Others	1.05	-	-	-	-1.05
E	Computers & Peripherals	0.35	1.53	-	1.53	1.18
F	Machinery/ Electrical Installations	31.84	14.83	0.19	15.02	-16.60
G	Furniture & Fixtures - Trolleys	0.58	2.72	-	2.72	2.14
H	Vehicles	1.76	2.65	-	2.65	0.89
I	Vehicles - Cars & Jeeps	1.97	-	-	-	-1.97
J	X-Ray Equipment	1.53	1.18	-	1.18	-0.35
K	CFT & Fire-fighting equipment	1.00	-	-	-	-1.00
	Total Planned CAPEX (I)	**86.74**	**108.91**	**4.52**	**113.43**	**26.68**
	Unplanned CAPEX					
L	Buildings - Terminal	-	8.42	0.18	8.60	8.60
M	Electrical Installations		10.13	0.22	10.35	10.35
N	CFT & Fire-fighting equipment	-	14.21	-	14.21	14.21
O	Boundary Wall - Operational	-	13.71	0.71	14.43	14.43
P	Computer Software	-	0.01	-	0.01	0.01
Q	Tools & equipment	-	7.05	-	7.05	7.05
R	Office Furniture	-	1.94	0.06	2.00	2.00
S	Office Equipment	-	0.53	-	0.53	0.53
	Total Unplanned CAPEX (II)	**-**	**56.00**	**1.17**	**57.17**	**57.17**
	Total CAPEX (I+II)	**86.74**	**164.90**	**5.69**	**170.59**	**83.85**

Recap of decisions taken by Authority for Capital Expenditure as per Tariff Order for the Third Control Period

4.4.2 The following decision(s) were taken by the Authority regarding the CAPEX for the Third Control Period:

i. Decision 5.6.2 *"To adopt the Capitalization of Aeronautical Expenditure for the Third Control Period in accordance with Table 43."*

ii. Decision 5.6.3 *"To true up the Capital expenditure on actuals at the time of determination of tariff for Fourth Control Period."*

iii. Decision 5.6.4 *"To reduce (adjust) 1% of the uncapitalized portion of the project cost from the ARR/ Target Revenue in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. The same will be examined during the true up of the Third Control Period, at the time of determination of tariff for the Fourth Control Period."*

4.4.3 The CAPEX approved by the Authority in the Tariff Order for the Third Control Period was ₹ 86.74 Crores. Year- wise details of the CAPEX (capitalization of assets) approved by the Authority is as follows:

Table 10: Capital Expenditure approved in the Tariff Order for the Third Control Period

(₹ Crores)

S. No	Capital Expenditure Project	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A	**Runways, Taxiways & Aprons**						
A1	Civil minor capital works	-	4.30	-	-	-	**4.30**
A2	Grading of area beyond runway basic strip	2.55	-	-	-	-	**2.55**
A3	RMS	-	2.00	-	-	-	**2.00**
B	**Roads, Bridges & Culverts**						
B1	Widening of existing perimeter road	-	4.00	-	-	-	**4.00**
B2	Widening of present low lying area road	-	-	5.00	-	-	**5.00**
B3	Runway re-carpeting work	-	-		20.00		**20.00**
C	**Building- Terminal**						
C1	Internal Modifications and Integration of International and Domestic Terminal Buildings	-	5.81	-	-	-	**5.81**
C2	Contract for Civil Minor Capital Works in Terminal building	-	-	-	1.45	-	**1.45**
C3	Chairs	-	-	1.55	-	-	**1.55**
D	**Buildings - Others**						
D1	Reconstruction of equipment staging area and associated works	1.05	-	-	-	-	**1.05**
E	**Computers & Peripherals**						
E1	Desktop/laptop	0.01	0.05	0.02	0.03	0.18	**0.29**
E2	Printer	-	-	0.01	0.02	0.01	**0.04**
E3	Scanner	-	-	-	-	0.003	**0.003**
E4	IT	-	0.003	0.001	0.003	0.01	**0.02**
F	**Electrical Installations**						
F1	Replacement of Chillers - Phase - I	-	3.00	-	-	-	**3.00**
F2	Replacement of Chillers - Phase - II	-	-	3.50	-	-	**3.50**
F3	Provision of PBB for Additional Bays	-	2.50	-	-	-	**2.50**
F4	Provision of Runway Centreline lights	-	-	4.00	-	-	**4.00**
F5	Installation of PBB for bay	2.54	-	-	-	-	**2.54**
F6	Body Scanner	13.3	-	-	-	-	**13.3**

S. No	Capital Expenditure Project	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
F7	SCCTV	-	-	1.00	-	-	**1.00**
F8	FID	-	-	-	1.00	-	**1.00**
F9	PA	-	-	-	-	1.00	**1.00**
G	**Furniture & Fixtures - Trolley**						
G1	Trolleys	-	-	-	0.58	-	**0.58**
H	**Vehicles**						
H1	Diesel Bowser	0.03	0.03	0.03	-	-	**0.09**
H2	Ambulance	0.53	0.56	0.58	-	-	**1.67**
I	**Vehicles - Cars & Jeeps**						
I1	Bolero	0.31	0.33	0.34	-	-	**0.99**
I2	Tata407	0.11	0.12	0.12	-	-	**0.35**
I3	Thar Jeep	0.14	0.14	0.15	-	-	**0.43**
I4	Maruti Swift	0.06	0.07	0.07	-	-	**0.20**
J	**X-Ray Equipment**						
J1	XBIS	-	1.53	-	-	-	**1.53**
K	**CFT & Fire Fighting Equipment**						
K1	ASFT	-	1.00	-	-	-	**1.00**
	GRAND TOTAL	**20.63**	**25.44**	**16.37**	**23.08**	**1.20**	**86.74**

4.4.4 The Authority notes a variance of ₹ 83.85 Crores (~97%) between CAPEX approved by the Authority and the total CAPEX claimed by AAI (including Financing Allowance of ₹ 5.69 Crores) for the Third Control Period, as shown in Table 9.

Authority's examination regarding True up of Capital Expenditure (CAPEX) for the Third Control Period:

4.4.5 The Authority notes that there are variances between the CAPEX approved by the Authority in the Tariff Order for the Third Control Period and the actual cost incurred by the Airport Operator. The Authority, through its Independent Consultant, has examined the actual CAPEX incurred by AAI for the Third Control Period. The Independent Consultant as part of due-diligence of CAPEX has reviewed the Fixed Assets Register, bidding process & BOQs, Letter of Award (LOA), Work Orders, Completion Certificates, etc. and also assessed the status of completion of project works. The Aviation Expert of Independent Consultant also reviewed various technical details of projects, assessed the reasonability of actual CAPEX incurred at Calicut Airport etc. Further, the Independent Consultant during his site visit to the airport reviewed all the major capital works executed at the airport from the perspective of its essentiality & reasonability of costs, etc.

4.4.6 The Authority notes that Calicut International Airport has capitalized Financing Allowance of ₹ 5.69 Crores (₹4.52 Crores towards planned works and ₹1.17 Crores towards unplanned works) in its True up submission for the Third Control Period. However, at the time of submission of the MYTP for the Third Control Period, such Financing allowance was not proposed by Calicut International Airport, and the Authority had also not considered the same in the Tariff Order issued for Calicut Airport for the Third Control Period.

4.4.7 It is noted that AAI has proposed inclusion of Financing Allowance (FA) adjustments in its Truing up submission for the Third Control Period based on its Appeal No. 03/2022 (AAI vs AERA) before the Hon'ble TDSAT.

4.4.8 It is noted that there is overall variance between the capital expenditure approved for the Third Control Period and the actual capital expenditure as claimed by AAI amounting to ₹83.85 Crores.

The Authority further observes that the said variance is attributable to both planned and unplanned capital expenditure undertaken during the Control Period. The planned capital expenditure primarily pertains to Runway Recarpeting and Strengthening work amounting to ₹70.17 Crores, whereas, the unplanned capital expenditure, amounting to ₹57.17 Crores, inter alia, includes procurement of ACFT amounting to ₹14.21 Crores, and electrical works associated with the runway, renovation amounting to ₹10.35 Crores and reconstruction of the boundary wall amounting to ₹14.43 Crore and other operational and infrastructure-related works.

The Authority observes that these variations in CAPEX have arisen on account of evolving operational and safety requirements, changes in project priorities and implementation of certain capital works that were not envisaged at the time of determination of tariff for the Third Control Period.

4.4.9 Further, it is noted that AAI has considered different Terminal Building Ratio than the TB ratio considered in the Tariff Order. However, the Authority proposes to re-allocate the above capital expenditure in the Terminal Building Ratio of 92:8, as considered in the Tariff Order for the Third Control Period.

4.4.10 The Authority has undertaken a detailed prudence check of the actual capital expenditure incurred by AAI during the Third Control Period with reference to the approved Capital Investment Plan. Each capital work has been examined individually to determine whether it pertains to an approved project (planned CAPEX) or a new project executed during the Control Period (unplanned CAPEX). The assessment has been carried out to ascertain the necessity, prudence, reasonableness, and admissibility of the expenditure for tariff determination.

4.4.11 The Authority has accordingly analysed the variations between the approved and actual capital expenditure on an asset-wise basis, taking into account factors such as cost variations, changes in project scope, implementation status, operational requirements, and other relevant regulatory considerations. The Authority's observations on the major planned and unplanned capital expenditure items are discussed in the succeeding paragraphs.

I. The Authority`s examination of the Planned CAPEX incurred for the Third Control Period

A: Runways, Taxiways & Aprons

4.4.12 The Authority had approved **₹8.85 Crores** under Runway, Taxiway and Apron category in the Tariff Order for the Third Control Period. During the true-up, AAI has submitted a total expenditure of **₹79.52 Crores**, comprising **₹76.05 Crores** towards capital expenditure and **₹3.48 Crores** as financing allowance, resulting in an overall variation of **₹70.67 Crores**. The variation is primarily attributable to the advancement and enhanced scope of runway recarpeting and strengthening works, which have been considered separately in the following paragraphs.

The Authority notes that, in the Tariff Order for the Third Control Period (Order No. 39/2021-22 dated February 11, 2022), CAPEX amounting to **₹8.85 Crores** was approved under this head. Against the approved CAPEX, AAI has submitted a total expenditure of **₹6.13 Crores**, comprising ₹5.88 Crores towards the actual capital expenditure and ₹0.26 Crores towards financing allowance. The actual capital expenditure of **₹5.88 Crores** includes the following major components:

A1: Civil minor capital works

i. The Authority had approved the Civil minor capital works (₹4.30 Crores) against this the

AAI has submitted the Minor Capital work including providing & fixing of RCC Drain cover between Taxiway **(₹0.09 Crores**) capitalized in the FY 2021-22.

A2: Grading of area beyond runway basic strip

i. The Authority has approved the CAPEX for Grading of area beyond runway basic strip (₹2.55 Crores) against this the AAI has submitted the Construction of masonry wall & grading & widening of runway strip **(₹3.45 Crores**) capitalized in multiple years in the Third Control Period.

A3: RMS

i. The Authority has approved the RMS (₹2.00 Crores) against this the AAI has submitted the Provision of paver block & allied works and construction of vehicular access road **(₹2.33 Crores**) capitalized in the FY 2024-25 and FY 2025-26.

The Authority considers that the expenditure incurred by AAI is primarily towards operational necessity, aviation safety and engineering requirements. The capitalization of the assets has been verified in the Fixed Asset Register (FAR) by the Independent Consultant. Accordingly, considering the essentiality of the assets from the perspective of operational requirement, aviation safety, etc., and the reasonableness of the cost based on competitive bidding process, the Authority proposes to consider **₹5.88 Crores** (₹0.09 Crores+ ₹3.45 Crores+ ₹2.33 Crores)for true up of the capital expenditure of the Third Control Period.

B: Reallocation of 'Road, Bridges & Culverts (B1, B2 and B3)' category under Runways, Taxiways & Aprons

4.4.13 In the Tariff Order for the Third Control Period (Order No. 39/2021-22 dated February 11, 2022), CAPEX amounting to ₹29.00 Crores was approved under the 'Roads, Bridges and Culverts' category towards runway recarpeting and related works. However, in the True-up of the Third Control Period, AAI has submitted the expenditure under the 'Runway, Taxiway & Aprons' category. The Authority notes that runway recarpeting and allied works appropriately fall under the 'Runway, Taxiway & Aprons' category and has accordingly considered the proposed reclassification of the assets. Against the approved CAPEX of ₹29.00 Crores, AAI has submitted a total expenditure of **₹73.39 Crores**, comprising ₹70.17 Crores towards the actual capital expenditure and ₹3.22 Crores as financing allowance.

The Authority further notes that the runway recarpeting works were originally envisaged for FY 2024-25; however, the works were completed in FY 2025-26. The Authority observes that the runway was previously recarpeted in 2017, and the need to advance the recarpeting works arose following the Air India Express Flight 1344 (Boeing 737) runway overrun incident on 7 August 2020, which highlighted operational and safety concerns relating to the effective touchdown zone. The Authority also notes from the submission of Airport Operator that longitudinal cracks subsequently developed on the runway pavement, following which a detailed pavement condition assessment was undertaken by Indian Institute of Technology Palakkad recommended complete runway recarpeting considering the extent of pavement distress and associated structural requirements.

In view of the above, the Authority agrees with the decision of AAI to advance the runway recarpeting works and undertake full-scale recarpeting and strengthening, instead of the originally envisaged patch repair approach, based on operational, aviation safety, and engineering

perspectives. The Authority notes that the increase in capital expenditure is attributable to the expanded scope of works and enhanced technical specifications. The capitalization of the said assets has been duly recorded in the Fixed Asset Register (FAR) and verified by the Authority's Independent Consultant. Accordingly, the Authority proposes to consider the CAPEX of **₹70.17 Crores** capitalized in multiple years in the Third Control Period under the **'Runway, Taxiway & Aprons'** head for the purpose of true-up of the Third Control Period.

The Authority proposes to consider a total capital expenditure of **₹76.05 Crores**, excluding the financing allowance of ₹3.48 Crores, including **₹5.88 Crores** towards minor capital and associated airside works (A1+A2+A3) and **₹70.17 Crores** towards runway recarpeting and strengthening works (A), under the 'Runway, Taxiway & Aprons' category for the purpose of true-up of the capital expenditure for the Third Control Period.

C: Buildings - Terminal (C1, C2 and C3)

4.4.14 In the Tariff Order for the Third Control Period, CAPEX amounting to **₹8.81 Crores** was approved under the 'Building - Terminal' category. Against the approved CAPEX, AAI has submitted a total expenditure of **₹10.81 Crores**, comprising **₹9.95 Crores** towards the actual capital expenditure and ₹0.86 Crore towards financing allowance. The actual capital expenditure of **₹9.95 Crores** includes the following major components:

C1: Internal Modifications and Integration of International and Domestic Terminal Buildings

ii. The Authority had approved Internal Modifications and Integration of International and Domestic Terminal Buildings (₹5.81 Crores); against this AAI has submitted Internal Modifications, Integration, Reconfiguration and Facelift of International and Domestic Terminal Buildings (**₹4.61 Crores**) capitalized in multiple years in the Third Control Period.

C2: Contract for Civil Minor Capital Works in Terminal building

i. The Authority had approved CAPEX for Civil Minor Capital Works in Terminal Building (₹1.45 Crores); against this AAI has submitted a CAPEX of **₹5.34 Crores** towards Civil Minor Capital Works in the Terminal Building capitalized in FY 2024-25 and FY 2025-26.

C3: Chairs

i. The Authority had approved CAPEX on Chairs (₹1.55 Crores) against this AAI has not submitted any capitalization under this head.

Detailed justification for the CAPEX under C1, C2 and C3 are provided below:

C1: Internal Modifications and Integration of International and Domestic Terminal Buildings

The expenditure approved for the said work in the Tariff Order was ₹5.81 Crores, whereas AAI has submitted an actual expenditure of **₹4.61 Crores**, resulting in a variation of ₹1.2 Crores. It is noted that the total expenditure claimed under this head comprises works related to the modification, integration, renovation, and facelift of the International Terminal Building (ITB) and Domestic Terminal Building (DTB), along with associated operational infrastructure. The major components of the submitted expenditure are as follows:

i. The details of works includes the first-floor integration & associated facelift works **(₹0.24**

Crore in FY 2022-23);

ii. Construction of the Airport Operations Control Centre (AOCC) room (**₹0.23 Crore** in FY 2023-24), along with associated electrical works and allied infrastructure.

iii. Further, terminal integration works including facelift of four toilet blocks and construction of two additional service blocks with electrical and exhaust ducting provisions (**₹0.86 Crore** in FY 2022-23 and **₹0.90 Crore** in FY 2023-24);

iv. Construction of a new VIP room at Domestic Arrivals (**₹0.13 Crore** in FY 2023-24); facelift of airside corridor at first floor using granite and glass finishes (**₹2.17 Crores** in FY 2024-25);

v. and renovation/facelift of Toilet, construction of additional block in ITB and DTB (**₹0.08 Crore** in FY 2025-26).

The Authority notes that the actual capital expenditure submitted by AAI is approximately ₹1.20 Crores less over the initially envisaged cost. The capitalization of the said assets has been duly recorded in the Fixed Asset Register (FAR) and has been verified by the Authority's Independent Consultant. Accordingly, the Authority proposes to consider the aforesaid expenditure totaling to **₹4.61 Crores** excluding financing allowance, for the purpose of True up of the Third Control Period.

C2 and C3: Contract for Civil Minor Capital Works in Terminal building and Chairs

The expenditure approved for the particular work in the tariff order was **₹1.45 Crores,** against which AAI submitted the expenditure amounting to **₹5.34 Crores**. There is variation of ₹3.89 Crores. Further, no capitalization has been submitted against chairs. The major components of the works submitted includes the provision of sheet roofing over the domestic terminal terrace (**₹1.02 Crores** in FY 2024-25) and reconfiguration of terminal building- construction of TATI (Temporary Arrival Terminal Infrastructure) (**₹4.32 Crores** in FY 2025-26). The above works aimed at improving passenger facilitation and circulation. The Authority, through its Independent Consultant, has verified the actual capitalization of these assets from the Fixed Asset Register in the respective years.

Considering the essentiality of the CAPEX and the reasonableness of the cost as assessed through competitive bidding process, the Authority proposes to consider **₹9.95 Crores** (excluding financing allowance (C1+C2)) for True-up of the capital expenditure of the Third Control Period. However, the Authority has re-allocated the above capital expenditure in the Terminal Building Ratio of 92:8, as approved in the Tariff Order for the Third Control period and proposes to consider a total CAPEX of **₹9.54 Crores (C1+C2+C3)**.

D: Building- Others

4.4.15 The AAI has not submitted any capital expenditure under this category for the Third Control Period.

E: Computers and Peripherals: (E1, E2, E3 and E4)

4.4.16 The Authority notes that, in the Tariff Order for the Third Control Period, CAPEX amounting to **₹0.35 Crore** was approved under the **'Computers and Peripherals'** category. Against the approved CAPEX, AAI has submitted a total capital expenditure of **₹1.53 Crores**, resulting in a variation of **₹1.18 Crores**. The actual capital expenditure of **₹1.53 Crores** comprises **₹0.72 Crore**

towards the procurement of various IT hardware items, including hardware procured in FY 2022-23, 7 laptops and 21 desktops in FY 2023-24, and 7 desktops along with 18 multi-function printers in FY 2024-25, and **₹0.82 Crore** towards the Supply, Installation, Testing and Commissioning (SITC) of IT network infrastructure. The major components of the submitted expenditure are as follows:

E1, E2 and E3: Desktop/Laptop, Printer, Scanner

i. The Authority has approved Laptops, Desktops, Printers, Scanners and Other IT Hardware (₹0.33 Crore) and against this the AAI has submitted the procurement of laptops, desktops, printers, scanners and other IT hardware (**₹0.72 Crore**) capitalized in the FY 2024-25 and FY 2025-26 capitalized in multiple years in the Third Control Period.

E4: IT

i. The Authority has approved Computers and Peripherals (₹0.02 Crores) and against this the AAI has submitted the Supply, Installation, Testing and Commissioning (SITC) of IT Network Infrastructure **(₹0.82 Crore)** capitalized in the FY 2024-25 and FY 2025-26.

The increase in capital expenditure, ₹1.18 Crores over the initially envisaged scope, is attributable to the expanded scope of works and enhanced specifications The Authority notes that the capitalization of the said assets has been duly recorded in the Fixed Asset Register (FAR) and has been verified by the Authority's Independent Consultant.

AAI has apportioned the expenditure related to "Computers and Peripherals" and submitted the Aeronautical portion thereof based on the usage of such assets by the respective departments providing aeronautical services. The Authority considers these expenditures are primarily towards operational and IT infrastructure requirements. Accordingly, considering the essentiality of the assets and the reasonableness of the cost, the Authority proposes to consider **₹1.53 Crores** for true up of the capital expenditure of the Third Control Period.

F: Electrical Installation

4.4.17 The Authority notes that CAPEX of **₹31.84 Crores** was approved towards Electrical Installations in the Tariff Order for the Third Control Period. Against the same, AAI has submitted capitalization of **₹15.02 Crores**. Further, AAI has incorrectly classified the CAPEX related to Electrical Installation under the asset category `Machinery`. The above said CAPEX also includes a financing Allowance of ₹0.19 Crore. There is a variation of ₹16.82 Crores.

4.4.18 The Authority observes that the expenditure pertains to various electrical and allied system works undertaken across airside and terminal infrastructure. The key components of the capital expenditure, as submitted by AAI, include:

F1 & F2: Replacement of Chillers- Phase - I & Phase - II

i. The Authority had approved CAPEX of ₹6.50 Crores for the above works against which, AAI submitted the expenditure of ₹**2.29 Crores** on the replacement of chiller units under HVAC systems (FY 2023-24) as part of energy conservation measures, including installation of chillers with harmonic suppressors.

F3 & F5: Provision of PBB for additional Bays and Installation of PBB

i. The Authority has approved CAPEX of ₹5.10 Crores for the work against which AAI submitted the total expenditure regarding the provision of Passenger Boarding Bridge

(PBB) along with Advanced Visual Docking Guidance System (AVDGS) amounting to **₹2.82 Crores** in FY 2024-25 and **₹0.01 Crore** in FY 2025-26, It is noted that although the initial site survey was carried out on October 17, 2022, the execution timeline was impacted due to design revisions necessitated by overlap of PBB building with the terminal foundation, and the work was completed in March 2025.

F4: Provision of Runway Centreline lights

i. The CAPEX of ₹4.00 Crores for the said work was approved in the Tariff Order of the Third Control Period. Against this, AAI submitted a total actual expenditure of **₹9.71 Crores** towards electrical works associated with runway recarpeting and strengthening, including the supply of cables, centre line lighting, procurement of specialized equipment, and allied civil and electrical works, comprising capitalization of ₹0.20 Crore in FY 2021-22, ₹1.83 Crores in FY 2022-23, ₹6.79 Crores in FY 2023-24, ₹0.55 Crore in FY 2024-25 and ₹0.35 Crore in FY 2025-26.

The Authority, based on the review carried out by its Independent Consultant regarding the capitalization of the assets in the Fixed Assets Register. notes that the procurement is attributable to the expanded scope of works and enhanced needs for efficient management, operational requirements, safety and security considerations, and capacity augmentation objectives. The capitalization of the said assets recorded in the Fixed Asset Register (FAR) and verified by the Authority's Independent Consultant.

Accordingly, the Authority proposes to consider **₹14.83 Crores** (excluding Financing Allowance of ₹0.19 Crores) for true-up of the capital expenditure under the Electrical Installations asset category for the Third Control Period.

G: Furniture and Fixtures: G1 (Trolleys)

4.4.19 In the Tariff Order for the Third Control Period, CAPEX amounting to **₹0.58 Crore** was approved under the **'Furniture and Fixtures'** category. Against the approved CAPEX, AAI has submitted a total capital expenditure of **₹2.72 Crores**, resulting in a variation of **₹2.14 Crores**. The actual capital expenditure comprises of following components:

i. Procurement of 295 Passenger Baggage Trolleys during FY 2024-25, including 240 trolleys procured from M/s Delite amounting to **₹0.76 Crore** and

ii. Procurement of 55 trolleys procured from M/s Gilco amounting to **₹1.95 Crores** capitalized in FY 2024-25.

These procurements were made as an operational support to manage increased passenger movement and ensure efficient baggage handling at the airport. The capitalization of the said assets has been duly recorded in the Fixed Asset Register (FAR) and has been verified by the Authority's Independent Consultant.

4.4.20 Accordingly, the Authority proposes to consider CAPEX of **₹2.72 Crores** on the above procurements.

H: Vehicles: H1 & H2 (Diesel Bowser & Ambulance)

4.4.21 The Authority had approved **₹1.76 Crores** under vehicles category in the Tariff Order for the Third Control Period, against this, AAI has submitted a CAPEX **₹2.65 Crores**. There is a variation of **₹0.89 Crore**. Further, a detailed discussion of the actual and approved works has been provided

in the following paragraphs.

The major procurements undertaken during the Control Period include:

i. Procurement of 4 Ambulances (SML ISUZU Prestige 2515) in FY 2022-23 and FY 2025-26 amounting to **₹0.85 Crore** for emergency response requirements;

ii. Procurement of 1 Tractor (New Holland, CNH Industrial) in FY 2022-23 and FY 2024-25 amounting to **₹0.14 Crore**;

iii. Procurement of Golf Carts in FY 2023-24 amounting to **₹0.10 Crore** (comprising 6-seater and 4-seater units) for passenger facilitation within the terminal area; and

iv. Other procurements amounting to **₹1.56 Crores**, including a Fire Jeep for airport fire services in FY 2024-25 and 3 Bolero and 1 ASFT in FY 2025-26 for operational use. The procurement of one (1) Airport Surface Friction Tester (ASFT) in FY 2025-26 was done for strengthening runway safety through periodic assessment and monitoring of runway surface friction characteristics in accordance with applicable aviation safety requirements.

The Authority notes that certain items, such as Golf Carts (for old and divyangs) and other types of vehicle procurements, were not explicitly included in the approved CAPEX plan. However, it is observed that the aforesaid assets are largely in the nature of safety, emergency response and operational support requirements. The capitalization of these assets has been duly recorded in the FAR and verified by its Independent Consultant. Considering that the expenditure incurred by AAI is justified from both operational / passenger facilitation / fire safety perspectives; accordingly, the Authority proposes to consider total CAPEX of **₹2.65 crores** for procurement of aforesaid assets during the Third Control Period.

I: Vehicles- Cars and Jeeps

4.4.22 The AAI has not submitted and capital expenditure under the category for the Third Control Period.

J: X-Ray Equipment: J1 (XBIS)

4.4.23 The Authority notes that a CAPEX of **₹1.53 Crores** was approved towards Dual view X-Ray Equipment (X-ray Baggage Inspection Systems- XBIS) in the Tariff Order for the Third Control Period. Against the same, AAI has submitted a capitalization of **₹1.18 Crores**. There is a variation of ₹**0.35 Crores**.

The Authority notes that AAI has undertaken procurement and installation of advanced baggage screening systems during the Third Control Period. This includes Supply, Installation, Testing, and Commissioning (SITC) of Dual-View Hand Baggage (HB) and Registered Baggage (RB) X-ray Baggage Inspection Systems (XBIS) in FY 2023-24 at a cost of **₹1.18 Crores**. The work also involved modification of the existing Departure Baggage Handling System to facilitate integration with Computed Tomography X-ray (CTX)-based Inline Baggage Screening System (ILB). This procurement was primarily aimed at replacing existing single-view X-ray older generation X-Ray scanners with upgraded systems across the terminal, in line with evolving security requirements and operational standards.

The Authority is of the view that the above investments are essential for strengthening aviation security infrastructure and enhancing passenger processing efficiency. The capitalization of the assets has been verified in the Fixed Asset Register (FAR) by the Independent Consultant.

Accordingly, the Authority proposes to consider **₹1.18 Crores** for true-up of the capital expenditure under X-Ray Equipment for the Third Control Period.

K: CFT/Fire Fighting equipment

4.4.24 The Authority notes that, in the Tariff Order for the Third Control Period, CAPEX amounting to **₹1.00 Crores** was approved under the 'CFT/Fire Fighting Equipment' asset category for the procurement of Airport Surface Friction Tester (ASFT) in FY 2022-23. Against the approved CAPEX, AAI submitted a total capital expenditure of **₹14.21 Crores** towards the procurement of an Airfield Crash Fire Tender (ACFT), resulting in a variation of **₹13.21 Crores**

The Authority, based on the review carried out by its Independent Consultant regarding the capitalization of the assets notes that the actual capital expenditure was not approved in order and therefore the same has been discussed under the Unplanned CAPEX category.

II. The Authority`s examination of the Unplanned CAPEX incurred for the Third Control Period

4.4.25 The Authority notes that certain capital works executed by AAI during the Third Control Period were not envisaged by AAI at the time of submission of the Multi-Year Tariff Proposal (MYTP) for determination of Aeronautical Tariff for the Third Control Period. The Authority further notes that the actual capital expenditure incurred on these unplanned works has resulted in a variance of **₹57.17 Crore** vis-à-vis the capital expenditure approved by the Authority in the Tariff Order for the Third Control Period. The Authority has examined the necessity, justification and reasonableness of these unplanned capital works.

For the purpose of such examination, the Authority, through its Independent Consultant, has undertaken a detailed due diligence of the unplanned capital expenditure incurred by AAI during the Third Control Period. As part of the due diligence process, the Independent Consultant reviewed the Fixed Asset Register (FAR), bidding documents, Bills of Quantities (BOQs), Letters of Award (LoAs), Work Orders and other supporting documents submitted by AAI. The Independent Consultant also assessed the status of completion of the capital works and evaluated the technical necessity, scope and reasonableness of the expenditure through document verification and site inspection of the major capital assets executed during the Control Period.

Based on the submissions made by AAI and the assessment carried out by the Independent Consultant, the Authority observes that the aforesaid works were undertaken to address emerging operational, safety and security requirements at the Airport. It is noted that the capital works primarily relate to strengthening airport security infrastructure, maintaining the structural integrity of critical assets, enhancing operational efficiency, augmenting information technology and security systems, improving runway safety and mitigating the consequences of potential runway excursion events, enhancing passenger facilitation, and meeting other essential operational requirements. The Authority's asset-wise examination and treatment of these unplanned capital works are discussed in the succeeding paragraphs.

Table 11: Unplanned Capital additions for the Third Control Period submitted by AAI

(₹ Crores)

Sl. No.	Asset category	Actual Aero CAPEX incurred in 3rd Control Period (1)	Financing Allowance (2)	Total CAPEX submitted by AAI (1+2)
	Unplanned CAPEX			
L	Buildings - Terminal	8.42	0.18	8.60
M	Electrical Installations	10.13	0.22	10.35
N	CFT & Fire-fighting equipment	14.21	-	14.21
O	Boundary Wall - Operational	13.71	0.71	14.43
P	Computer Software	0.01	-	0.01
Q	Tools & equipment	7.05	-	7.05
R	Office Furniture	1.94	0.06	2.00
S	Office Equipment	0.53	-	0.53
	Total Unplanned CAPEX incurred	**56.00**	**1.17**	**57.17**

L: Buildings - Terminal

4.4.26 AAI has incurred **₹8.60 Crores** (including Financing allowance of ₹0.18 Crore) towards the following un-planned works under the Terminal Building. Details of the CAPEX incurred are as follows:

i. Construction of the Rotunda at Bay 7 and Steel Corridor at Bay 13 completed on 10.05.2022 during FY 2022-23, at a total cost of **₹3.20 Crores**. These works were undertaken to enhance passenger movement efficiency and improve structural connectivity within the terminal area.

ii. Construction of a Satellite Fire Station near DVOR, along with a store- room on the 10 side of the runway, including associated electrical works, completed on 04.12.2022 during FY 2022-23, at a total cost of **₹3.00 Crores**. This development was aimed at strengthening airside emergency response capabilities and ensuring compliance with safety and operational requirements.

iii. Construction of a Canopy Walkway connecting the ITB and DTB car park areas was completed on 10.01.2024 during FY 2023-24, at a cost of **₹2.23 Crores**. The Authority notes that the particular work is pertaining to the Terminal Building. It is noted that AAI has not considered the TB ratio in its proposal. Considering that the said asset is pertaining to Terminal Building the Authority has applied the TB ratio of 92:8, while allowing the said capex resulting in reduction of ₹0.18 Crores. Accordingly the Authority proposes to consider CAPEX of ₹2.05 Crores. The project was undertaken to provide safe, weather-protected pedestrian connectivity and to improve passenger convenience and accessibility between key terminal areas.

The Authority, through its Independent Consultant, reviewed the necessity of the assets from the operational, safety, security perspective and the tendering process, and has verified the capitalization of the corresponding assets with reference to the Fixed Asset Register (FAR) and other supporting records. Considering the essentiality of the CAPEX and the reasonableness of the cost, the Authority proposes to consider **₹8.24 Crores** (excluding financing allowance of ₹0.18 Crore and consideration of Terminal Building Ratio amounting to ₹0.18 Crore), as unplanned capital expenditure during the Third Control Period.

M: Electrical Installation

4.4.27 AAI has submitted CAPEX of **₹10.35 Crores** (including Financing allowance of ₹0.22 Crores) towards capitalization of assets under Machinery category. The Authority notes that CAPEX is incorrectly classified as 'Machinery' by Calicut International Airport and the same has been reclassified under the 'Electrical Installation' category.

Works undertaken across airside and terminal infrastructure. The key components of the capital expenditure, as submitted by AAI, include:

i. Electrical works associated with the reconfiguration of the Terminal Building amounting to **₹0.79 Crores** in FY 2024-25, undertaken to facilitate the reconfiguration of terminal infrastructure and support capacity augmentation through modification of the existing electrical systems and associated services.

ii. Electrical works associated with the SITC of Runway Centerline (RCL) & Touchdown Zone (TDZ) Inset Fitting and Allied Electrical (ELE) Works amounting to **₹1.36 Crores** in FY 2025-26, undertaken to facilitate the safe landing, safety and security through modification of the existing electrical systems and associated services.

iii. Supply, Installation, Testing and Commissioning (SITC) of Escalators, Internal Modification in the Terminal Building (Air Conditioning works and Electrical works) , provision of odour control units for the Sewage Treatment Plant (STP), and various other operational and infrastructure improvement works amounting to **₹7.98 Crores** capitalized in multiple years of the Third Control Period, undertaken to enhance passenger convenience, improve environmental management systems, and strengthen the overall operational efficiency and reliability of airport infrastructure. However, the Authority has re-allocated the capital expenditure related to the Internal Modification in the Terminal Building (Air Conditioning works and Electrical works) in FY 2021-22 & FY 2025-26. There is a reduction of ₹0.01 Crore in the said capital expenditure due to the application of Terminal Building Ratio of 92:8 as approved in the Tariff Order for the Third Control period. Hence the Authority proposes to consider a total CAPEX of **₹7.97 Crores**.

The Authority notes that AAI has incurred CAPEX on Supply, Installation, Testing and Commissioning (SITC) of escalators, provision of odour control units for the Sewage Treatment Plant (STP), and various other operational and infrastructure improvement works, undertaken to enhance passenger convenience, improve environmental management systems, and strengthen the overall operational efficiency and reliability of airport infrastructure.

The Authority, based on the review carried out by its Independent Consultant regarding the capitalization of the assets notes that the procurement were undertaken for efficient airport operations, better passenger facilitation and capacity augmentation objectives. The capitalization of the said assets has been duly recorded in the Fixed Asset Register (FAR) and has been verified by the Authority's Independent Consultant. Accordingly, the Authority proposes to consider the aforesaid unplanned expenditure during the Third Control period amounting to **₹10.12 Crores** under the Electrical Installations asset category.

N: CFT/Fire Fighting equipment

4.4.28 The AAI incurred unplanned capital expenditure amounting to **₹14.21 Crores** towards the procurement of one (01) Airfield Crash Fire Tender (CFT) of 10 KL capacity during FY 2024-25 and 1 CFT of 10 KL capacity in FY 2025-26.

This procurement was necessitated in view of the replacement requirements of the existing fleet of CFTs, which had exceeded their prescribed useful life of 10 years, The ageing fleet included three (03) Rosenbauer Panther 10 kL CFTs (Model Year: 2009) and one (01) Panther 6 kL CFT (Model Year: 2015), the latter having become unserviceable since June 2025. In light of the criticality of maintaining adequate fire cover and operational readiness, the induction of the new CFTs were essential to ensure compliance with applicable aviation safety standards requirements.

The Authority, through its Independent Consultant has verified the competitive bidding process and the capitalization of the corresponding assets with reference to the Fixed Asset Register (FAR) and other supporting documents.

Accordingly, the Authority proposes to consider a CAPEX of **₹14.21 Crores** under the CFT/Fire Fighting Equipment category for the Third Control Period.

O: Boundary Wall - Operational

4.4.29 The Authority has examined through its Independent Consultant the submission of AAI regarding Boundary Wall- Operational works, wherein AAI has submitted an actual expenditure of **₹14.43 Crores (**including financing allowance of ₹0.71 Crore). The details of the CAPEX done are given below:

FY 2021-22:

i. Renovation of Security Compound Wall and Perimeter Drain - ₹0.07 Crore (31.03.2022)

ii. Reconstruction of weaker sections of Security Compound Wall - ₹0.12 Crore (31.03.2022)

FY 2022-23:

iii. Renovation of Security Compound Wall and Perimeter Drain - ₹0.64 Crore (28.02.2023)

iv. Reconstruction of weaker sections (Phase II) - ₹2.44 Crores (including shifting of power cables involving civil & electrical works)

v. Construction of Security Compound Wall (Phase III) - ₹0.36 Crore (31.03.2023)

FY 2023-24:

vi. Reconstruction of Security Compound Wall (Phase III) - ₹1.73 Crores (30.09.2023)

vii. Reconstruction of Security Compound Wall (Phase III) - ₹4.64 Crores (31.03.2024)

FY 2024-25:

viii. Reconstruction of Security Compound Wall (Phase III) - ₹1.58 Crores (23.07.2024)

FY 2025-26:

ix. Construction of Compound Wall- ₹2.09 Crores (30.01.2026)

x. Additional work related to renovation of Security Compound wall (Phase 2) amount to ₹0.04 Crore (01.04.2025)

The Authority notes that the aforesaid works were not originally envisaged by AAI at the time of submission of proposal for the determination of Aeronautical Tariff for the Third Control Period.

The justification for the works has been examined through the Authority`s Independent Consultant, considering the necessity and the nature of works with prudence. The Consultant has reviewed the technical justification submitted by AAI, verified the execution status of the works,

and examined the corresponding capitalization with reference to the Fixed Asset Register (FAR) and other supporting documents. The Authority notes that the proposed works are directly related to maintaining the structural integrity of the airport boundary and ensuring compliance with the operational and security requirements applicable to civil aviation infrastructure.

Accordingly, considering the operational necessity for maintaining a secure and structurally sound airport perimeter and the reasonableness of the expenditure incurred based on the competitive bidding process and the verification carried out by the Independent Consultant, the Authority is of the view that the expenditure incurred is justified and prudent for inclusion in the Regulatory Asset Base. Therefore, Authority proposes to consider an amount of **₹13.71 Crores (**excluding financing allowance of ₹0.71 Crore) towards unplanned capital expenditure pertaining to the Third Control Period.

Q: Tools and Equipment

4.4.30 The Authority has examined, through its Independent Consultant, the capital expenditure incurred by AAI under the Tools and Equipment category during the Third Control Period, amounting to **₹7.05 Crores**. The expenditure primarily relates to procurement of operational, safety, security, communication, surveillance, and emergency response equipment required for ensuring safe, secure, and uninterrupted airport operations. The details of the major procurements are as follows:

i. Expenditure of **₹3.06 Crores** towards Supply, Installation, Testing and Commissioning (SITC) of Remote Controlled (RC) CCTV System in FY 2021-22, and FY 2025-26 undertaken to strengthen the airport's surveillance and security infrastructure. The system provides enhanced monitoring of critical operational areas, including terminal premises, airside facilities, and the airport perimeter, thereby improving situational awareness, threat detection capabilities, and overall security management in compliance with aviation security requirements.

ii. Expenditure of **₹3.99 Crores** (capitalized in multiple years of the Third Control Period), towards various operational equipment procured across the Third Control Period, comprising procurement of Explosive Trace Detectors (4 Nos.) in FY 2021-22, UPS systems (3 KVA, 10 KVA and 15 KVA) for ensuring uninterrupted power supply to critical airport systems, Hand Held Metal Detectors (50 Nos.), Door Frame Metal Detectors (DFMD), Liquid Explosive Detectors (LED), Digital Fractometer, Fiber Optic Surveillance Devices (FOSD), Bomb Detection and Disposal Squad (BDDS) equipment, including Telescopic Manipulator, Non-Linear Junction Detector and Search Kits, Portable Vehicle pressure washer, Walkie Talkie Handsets (50 Nos.) for operational communication, Night Vision Devices for enhanced surveillance during low-visibility conditions, Hydraulic Cutter & Spreader for emergency rescue operations, Automatic External Defibrillators (AEDs) for emergency medical response, and other specialized equipment supporting airport security, fire services, air traffic management and operational functions. These procurements were undertaken to enhance operational efficiency, strengthen emergency preparedness, and ensure compliance with the applicable safety and security requirements.

4.4.31 The Authority notes that the aforesaid works under this category were not originally envisaged by AAI at the time of submission of proposal for the determination of Aeronautical Tariff for the Third Control Period. The Authority, through its Independent Consultant, notes that the above-mentioned procurements were necessitated by evolving operational, safety, and security requirements at Calicut Airport, including enhanced terminal and perimeter surveillance (CCTV

systems), explosive and threat detection infrastructure (LED, DFMD, BDDS equipment), emergency response preparedness (AED, Hydraulic Cutter & Spreader), and communication & power backup systems (UPS, VHF equipment, Walkie Talkies). The Authority, through its Independent Consultant, has assessed the reasonability of cost of these equipment based on competitive bidding process.

The Authority, through its Independent Consultant, has verified the capitalization of the corresponding assets with reference to the Fixed Asset Register (FAR) and other supporting records.

Accordingly, considering the operational necessity and reasonableness of the costs, evolving operational requirements, strengthening of aviation security measures, enhancement of emergency response capabilities, and the need to ensure uninterrupted functioning of critical airport infrastructure, the Authority proposes to consider **₹7.05 Crores** as capital expenditure under Tools and Equipment for the Third Control Period.

R: Office Furniture

4.4.32 AAI has incurred **₹2.00 Crores** (including financing allowance of ₹0.06 Crore) towards Office Furniture during the Third Control Period. The key procurements included:

i. ₹0.57 Crore incurred during FY 2024-25 towards procurement of 200 units of 3-seater airport terminal chairs for passenger seating.

ii. ₹0.19 Crore incurred during FY 2024-25 towards reconfiguration of in-position check-in counters as part of terminal reconfiguration works.

iii. ₹0.13 Crore incurred during FY 2024-25 towards procurement of 3-seater and 1-seater sofas (8 units each) for the Reserve Lounge.

iv. ₹0.12 Crore incurred during FY 2022-23 and FY 2025-26 towards modification works in the Customs Office at the New ITB.

v. ₹0.21 Crore incurred across the control period towards various minor works, including procurement of VIP lounge furniture, 100 revolving chairs, 6 wheelchairs, classroom chairs, data safe, steel almirahs, benches, and other miscellaneous furniture items.

vi. ₹0.71 Crore incurred towards providing and placing of Immigration Counter Ashly in FY 2025-26.

The Authority, through its Independent Consultant, notes that the above-mentioned procurements were necessitated by passenger facility enhancement, terminal reconfiguration requirements, and routine replacement of worn-out furniture across operational areas at Calicut Airport. The Authority, through its Independent Consultant, has verified the capitalization of above assets in the FAR.

AAI has apportioned the expenditure related to "Office Furniture" and submitted the Aeronautical portion thereof based on the usage of such assets by the respective departments providing aeronautical services. Accordingly, considering the operational necessity and reasonableness of the costs, the Authority proposes to consider **₹1.94 Crore** (excluding financing allowance of ₹0.06 Crore) as capital expenditure under Office Furniture for the Third Control Period.

S: Office Equipment

4.4.33 AAI has incurred **₹0.53 Crore** towards Office Equipment during the Third Control Period. The key procurements as submitted by AAI included:

i. ₹0.25 Crore incurred during FY 2024-25 towards revamping of the Public Address (PA) System at the Conference Hall in the Administrative Building, aimed at upgrading audio infrastructure for operational and administrative use.

ii. ₹0.15 Crore incurred during FY 2024-25 towards procurement of 20 units of 55-inch LFD displays for the Flight Information Display System (FIDS), as part of passenger information enhancement initiatives.

iii. ₹0.09 Crore incurred during FY 2024-25 towards procurement of 24 units of 43-inch LFD displays for check-in counters, to support efficient check-in and terminal management operations.

iv. ₹0.04 Crore incurred across the control period towards various minor procurements, including SITC of ATC Information Display System, multimedia projector and screen, copier machine, fax machine, HP printer, lamination machines, and mobile phones for operational staff.

The Authority, through its Independent Consultant, notes that the above-mentioned procurements were necessitated by operational and passenger service requirements at Calicut Airport, including upgradation of passenger information displays (FIDS, check-in counter LFDs), screens, projectors, and routine office and operational equipment. The Authority, through its Independent Consultant, has verified the capitalization of above assets in the FAR. AAI has apportioned the expenditure related to "Office Equipment" and submitted the Aeronautical portion thereof based on the usage of such assets by the respective departments providing aeronautical services. Accordingly, considering the operational necessity and reasonableness of the costs, the Authority proposes to consider **₹0.53 Crore** towards unplanned capital expenditure under Office Equipment for the Third Control Period.

4.4.34 The Authority proposes to consider a total CAPEX of **₹164.30 Crores** including unplanned CAPEX of **₹55.81 Crores** during the Third Control Period as against CAPEX of **₹170.59 Crores** submitted by AAI for True up of the Third Control Period. The variance of ₹6.29 Crores is on account of non- consideration of Financing Allowance (₹5.69 Crores) as claimed by the AAI, and reduction of ₹0.60 Crore due to consideration of Terminal Building ratio of 92:8 against the Terminal Building Ratio considered by AAI.

The True up of the CAPEX proposed to be considered by the Authority for the Third Control Period is shown in the table as follows:

Table 12: True up of the Capital additions proposed by the Authority for the Third Control Period

(₹ Crores)

Sl. No.	Asset category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total (including FA as per AAI) (1)	CAPEX Proposed by the Authority (2)	Variation due to Non consideration of FA & application of TB Ratio (3)=(1)-(2)
	Planned capex								
A	Runways, Taxiways & aprons	0.98	26.45	48.27	2.54	1.28	79.52	**76.05**	3.48
B	Buildings - Terminal	-	1.10	1.26	3.52	4.93	10.81	**9.54**	1.27
C	Computers & Peripherals	-	0.06	0.18	0.67	0.63	1.53	**1.53**	-
D	Electrical Installation	0.37	1.84	9.08	3.37	0.35	15.02	**14.83**	0.19
E	Furniture & Fixtures - Trolleys	0.00	-	-	2.71	-	2.72	**2.72**	-
F	Vehicles	-	0.80	0.10	0.15	1.60	2.65	**2.65**	-
G	X-Ray Equipment	-	-	1.18	-	-	1.18	**1.18**	-
H	CFT & Fire-fighting equipment	-	-	-	-	-	-	**-**	-
	Total Planned CAPEX	**1.36**	**30.25**	**60.07**	**12.95**	**8.79**	**113.43**	**108.49**	**4.93**
	Unplanned capex								
H	Buildings - Terminal	-	5.92	2.40	-	0.28	8.60	**8.24**	0.36
I	Electrical Installation	2.46	0.97	0.94	2.08	3.89	10.35	**10.12**	0.23
J	CFT & Fire-fighting equipment	-	-	-	4.80	9.41	14.21	**14.21**	-
K	Boundary Wall - Operational	0.20	3.60	6.66	1.65	2.32	14.43	**13.71**	0.71
L	Computer Software	-	0.00	-	0.01	0.00	0.01	**0.01**	-
M	Tools & equipment	2.65	0.43	0.63	0.86	2.48	7.05	**7.05**	-
N	Office Furniture	-	0.13	0.08	1.00	0.78	2.00	**1.94**	0.06
O	Office Equipment	0.00	0.00	0.00	0.50	0.03	0.53	**0.53**	-
	Total Unplanned CAPEX	**5.31**	**11.05**	**10.71**	**10.90**	**19.19**	**57.17**	**55.81**	**1.36**
	Total CAPEX	**6.67**	**41.30**	**70.78**	**23.85**	**27.99**	**170.59**	**164.30**	**6.29**

Depreciation

AAI's submission regarding True up of the Depreciation for the Third Control Period:

4.4.35 AAI has submitted the following Depreciation for the Third Control Period for Calicut Airport:

Table 13: True up of Depreciation for the Third Control Period submitted by AAI

(₹ Crores)

Asset Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways, Taxiways & aprons	2.59	2.94	4.18	5.03	5.09	**19.83**
Roads, Bridges & culverts	0.48	0.48	0.47	0.47	0.47	**2.36**
Buildings - Terminal	4.39	4.51	4.68	4.80	4.94	**23.32**
Buildings - Residential	0.08	0.08	0.08	0.08	0.08	**0.39**
Security Fencing	0.04	0.04	0.04	0.04	0.04	**0.21**
Boundary Wall - Operational	0.52	0.70	1.16	1.57	1.77	**5.72**
Buildings - Others	0.40	0.40	0.40	0.40	0.40	**1.99**
Computers & Peripherals	0.01	0.02	0.05	0.19	0.41	**0.69**
Computer Software	0.01	0.01	0.01	0.00	0.00	**0.04**
Machinery	1.89	2.08	2.50	3.02	3.34	**12.83**
Tools & equipment	1.05	1.15	1.18	1.22	1.33	**5.93**
Office Furniture	0.10	0.10	0.11	0.18	0.29	**0.77**
Furniture & Fixtures - Trolleys	0.08	0.00	0.00	0.45	0.91	**1.45**
Vehicles	0.81	0.86	0.89	0.90	1.00	**4.45**
Vehicles - Cars & Jeeps	0.11	0.11	0.09	0.07	0.03	**0.41**
Electrical Installations	7.90	7.80	7.56	7.29	7.15	**37.71**
Office Equipment	0.10	0.07	0.05	0.09	0.10	**0.41**
ATM Furniture	0.34	0.33	0.33	0.33	0.27	**1.61**
X-Ray Equipment	0.31	0.27	0.31	0.35	0.35	**1.58**
CFT & Fire-fighting equipment	1.58	1.56	0.91	1.05	1.32	**6.42**
Total	**22.80**	**23.50**	**25.02**	**27.52**	**29.27**	**128.11**

4.4.36 AAI has submitted the total Depreciation of ₹128.11 Crores for the true of Third Control Period against the Deprecation of ₹126.08 Crores considered in the Tariff Order for the Third Control Period.

Recap of decisions taken by Authority for Depreciation as per Tariff Order for the Third Control Period

4.4.37 The following decision(s) were taken by the Authority regarding the Depreciation for the Third Control Period:

i. Decision 5.6.5 *"To consider depreciation as per Table 49 for the Third Control Period"*

4.4.38 The depreciation approved by the Authority in the Tariff order for the Third Control Period is given in the table below:

Table 14: Depreciation approved by the Authority for the Third Control Period

(₹ Crores)

Asset Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways, Taxiways & Aprons	2.41	2.44	2.55	2.55	2.54	**12.48**
Roads, Bridges & Culverts	0.67	0.87	2.12	3.36	3.56	**10.59**
Buildings - Terminal	4.37	4.47	4.61	4.66	4.66	**22.77**

Asset Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Buildings - Residential	0.08	0.08	0.08	0.08	0.08	**0.39**
Security Fencing	0.04	0.04	0.04	0.04	0.04	**0.21**
Boundary Wall - Operational	0.37	0.36	0.31	0.30	0.30	**1.65**
Buildings - Others	0.42	0.43	0.43	0.43	0.43	**2.15**
Computers & Peripherals	0.00	0.01	0.03	0.04	0.08	**0.16**
Computer Software	0.01	0.01	0.01	0	-	**0.03**
Machinery	1.19	1.19	1.19	1.19	1.18	**5.94**
Tools & Equipment	0.92	0.92	0.92	0.91	0.91	**4.57**
Office Furniture	0.07	0.07	0.07	0.05	0.03	**0.30**
Furniture & Fixtures - Trolleys	0.09	0.00	0.00	0.10	0.19	**0.38**
Vehicles	0.84	0.91	0.96	0.99	0.99	**4.70**
Vehicles - Cars & Jeeps	0.15	0.23	0.3	0.31	0.28	**1.26**
Electrical Installations	8.31	9.53	10.45	10.41	10.36	**49.06**
Office Equipment	0.09	0.07	0.05	0.04	-	**0.25**
ATM Furniture	0.34	0.33	0.33	0.33	0.27	**1.61**
X-Ray Equipment	0.34	0.35	0.35	0.35	0.35	**1.75**
CFT & Firefighting Equipment	1.58	1.59	0.97	0.95	0.75	**5.83**
Total	**22.31**	**23.9**	**25.76**	**27.09**	**27.01**	**126.08**

Authority's examination regarding True up of Depreciation for the Third Control Period:

4.4.39 The Authority notes that while submitting the True up of the depreciation for the Third Control Period, AAI has taken cognizance of the rates of depreciation as per Order No. 35/ 2017-18 dated January 12, 2018 read with Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'. Accordingly, the rates of Depreciation approved by AERA have been applied by AAI computation of the Third Control Period.

4.4.40 The Authority observed that AAI has depreciated assets from the date of capitalization of assets as reflected in the Fixed Assets Register maintained by the Airport Operator, in line with the consistent approach of the Authority for calculation of Depreciation based on actual date of capitalization.

It is observed that the opening RAB of the Third Control Period submitted by AAI is not matching with the closing RAB approved by the Authority in the True up of the Second Control Period. However, the Authority has considered the Opening RAB for Third Control Period as per closing RAB approved by the Authority in the True up of the Second Control Period.

4.4.41 Based on the above factors, Depreciation has been re-computed by the Authority as ₹ 127.67 Crores for the Third Control Period and the same is presented below:

Table 15: True up of the Depreciation proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways, Taxiways & aprons	2.32	2.24	3.84	4.67	4.74	**17.82**
Roads, Bridges & culverts	1.02	1.02	1.02	1.02	1.01	**5.10**
Buildings - Terminal	4.17	4.29	4.44	4.58	4.71	**22.18**
Buildings - Residential	0.08	0.08	0.08	0.08	0.08	**0.39**
Buildings - Temporary	-	-	-	-	-	**-**

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Security Fencing	0.04	0.04	0.04	0.04	0.04	**0.21**
Boundary Wall - Operational	0.51	0.54	0.90	1.55	1.64	**5.14**
Buildings - Others	0.55	0.55	0.55	0.54	0.54	**2.73**
Computers & Peripherals	0.01	0.01	0.04	0.10	0.36	**0.52**
Computer Software	0.01	0.01	0.01	0.00	0.00	**0.04**
Machinery	0.40	0.40	0.40	0.40	0.50	**2.10**
Tools & equipment	1.34	1.41	1.45	1.48	1.57	**7.26**
Office Furniture	0.08	0.09	0.10	0.19	0.30	**0.76**
Furniture & Fixtures - Trolleys	0.09	0.00	0.00	0.41	0.90	**1.40**
Vehicles	0.81	0.84	0.88	0.90	1.09	**4.52**
Vehicles - Cars & Jeeps	0.11	0.11	0.09	0.07	0.03	**0.41**
Electrical Installations	9.10	9.16	9.47	9.69	9.69	**47.11**
Office Equipment	0.09	0.07	0.05	0.09	0.10	**0.40**
ATM Furniture	0.36	0.34	0.34	0.34	0.28	**1.66**
X-Ray Equipment	0.29	0.25	0.28	0.33	0.33	**1.48**
CFT & Fire-fighting equipment	1.60	1.58	0.93	0.93	1.39	**6.44**
Total Depreciation	**23.00**	**23.04**	**24.91**	**27.40**	**29.31**	**127.67**

4.4.42 Variance in the Depreciation proposed by the Authority (₹ 127.67 Crores) and that claimed by AAI (₹ 128.11 Crores) is mainly on account of following factors:

i. Non- consideration of adjustments done in the opening RAB discussed in Paragraph 4.4.46.

ii. Reallocation of assets between Aeronautical and Non-aeronautical categories based on TB ratio of 92:8.

iii. Rationalization of the CAPEX proposed by the Authority vis-à-vis CAPEX submitted by the AAI.

iv. Recategorization of certain assets, based on the nature and classification of the assets. Consequently, the applicable depreciation has been revised in accordance with the depreciation rates prescribed under the Order No. 35/2017-18 regarding determination of useful life of Airport assets

Regulatory Asset Base (RAB)

AAI's submission regarding RAB for the True up of Third Control Period:

4.4.43 AAI submitted the following RAB for the Third Control Period after considering the capital additions including Financing Allowance for Calicut Airport:

Table 16: True up of RAB for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB (A)	284.33	268.20	286.07	331.83	328.16	

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Additions (B) (refer Table 9)	6.67	41.36	70.78	23.85	27.99	170.65
Disposal/Transfers (C)	-	-	-	-	-	-
Depreciation (D)	22.80	23.50	25.02	27.52	29.27	128.11
Closing RAB (E) = [(A) +(B) - (C) - (D)]	268.20	286.07	331.83	328.16	326.88	
Average RAB = [(A) + (E)]/2	276.27	277.13	308.95	329.99	327.52	

Recap of decisions taken by Authority for RAB as per Tariff Order for the Third Control Period

4.4.44 The following decision(s) were taken by the Authority regarding the RAB for the Third Control Period:

i. Decision 5.6.1 *"To consider allocation of gross block of assets as on April 1st 2021 between aeronautical and Non- Aeronautical assets as detailed in Table 48"*

ii. Decision 5.6.6 *"To consider RAB for the Third Control Period for Calicut International Airport as per Table 50"*

4.4.45 RAB as approved in the Tariff Order for the Third Control Period No. 39/2021-22 dated 11.02.2022:

Table 17: RAB approved in the Tariff Order by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB (A)	273.34	263.89	278.18	281.27	259.81	
Additions (B) (refer Table 10)	12.87	38.19	28.85	5.63	1.20	**86.74**
Disposal/Transfers (C)	0.00	0.00	0.00	0.00	0.00	**0.00**
Depreciation (D)	22.31	23.90	25.76	27.09	27.01	**126.08**
Closing RAB (E) = [(A) +(B) - (C) - (D)]	263.89	278.18	281.25	259.81	233.98	
Average RAB = [(A) + (E)]/2	268.62	271.04	279.72	270.52	246.89	

Authority's examination regarding True up of RAB for the Third Control Period:

4.4.46 The Authority observed a difference in the opening RAB for the Third Control period as per AAI. The adjustments done in opening RAB for the Third Control period by AAI amounts to ₹6.78 Crores, towards Financing Allowance disallowed by AERA during the Second Control Period and adjustment of ₹4.21 Crores towards change in assets classification/depreciation charged during Truing-up for Second Control Period. The Authority finds no merit in reopening of already Trued-up Second Control Period; hence the adjustment proposed by the AAI in Opening RAB for Third Control Period have not been considered. Moreover, AAI has already appealed on the issue of Financing Allowance before the Hon'ble TDSAT, and the matter is sub-judice as discussed in Paragraph 2.3.9 to 2.3.12.

4.4.47 The Authority, based on its analysis regarding the Opening Balance of RAB & Capital Additions during the Third Control Period, proposes the RAB for the Third Control Period as shown in the table below:

Table 18: True up of RAB proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB (A)	273.34	256.68	273.58	316.69	312.39	
Additions (B) (refer Table 12)	6.44	39.94	68.02	23.11	26.80	**164.30**
Disposal/Transfers (C)	0.10	0.00	0.00	0.00	0.00	**0.10**
Depreciation (D) (Refer Table 15)	23.00	23.04	24.91	27.40	29.31	**127.67**
Closing RAB (E) = [(A) +(B) - (C) - (D)]	256.68	273.58	316.69	312.39	309.88	
Average RAB = [(A) + (E)]/2	**265.01**	**265.13**	**295.14**	**314.54**	**311.13**	

4.5 True up of Fair Rate of Return (FRoR)

AAI's submission regarding the True up of FRoR for the Third Control Period:

4.5.1 AAI considered Fair Rate of Return (FRoR) as 14% in line with Tariff Order for Third Control Period (Order No. 39/2021-22 dated February 11, 2022).

Recap of decisions taken by Authority for FRoR as per Tariff Order for the Third Control Period

i. Decision 6.6.*1 "To consider FRoR for Calicut Airport for the Third Control Period as per Table 51"*

Note: As per Table 51 of the Tariff Order for the Third Control Period, FRoR decided was 14%.

Authority's examination regarding True up of FRoR for the Third Control Period

4.5.2 In the Tariff Order for the Third Control Period, the Authority observed that the capital structure of AAI may not be considered as efficient from a regulatory standpoint, as it does not optimize the cost of funds. Accordingly, the Authority expected that the Fair Rate of Return (FRoR) allowed to AAI should progressively decline over time through optimization of the capital structure (including appropriate gearing) and by leveraging AAI's credit profile.

4.5.3 The Authority in Tariff Order for the Third Control Period had allowed the Fair Rate of Return at 14%, the same has been considered for Truing-up of Third Control Period. However, going forward, the Authority proposes to optimise calculation of FRoR for Calicut International Airport inline with Authority`s approach for other airports in this regards, as proposed in Chapter-7 (FRoR for the Fourth Control Period). The authority proposes to consider the FRoR for the True up of the Third Control Period for Calicut Airport at 14% as decided in the Tariff Order for the Third Control Period.

4.6 True up of Non-Aeronautical Revenue

AAI`s submission regarding True up of the Non-Aeronautical Revenue for the Third Control Period:

4.6.1 The Authority notes that the actual Non-Aeronautical Revenue submitted by AAI for Calicut Airport for True up of the Third Control Period amounts to ₹ 255.25 Crores and the same is

presented in the table below:

Table 19: True up of Non-Aeronautical Revenue for the Third Control Period submitted by AAI

(₹ Crores)

Revenue Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1. Trading Concessions						
Restaurant / Snack Bars	0.76	3.58	4.82	5.44	5.98	**20.59**
T.R. Stall	18.81	8.58	12.77	15.93	16.37	**72.47**
Hoarding & Display	0.35	0.97	1.10	1.21	1.33	**4.96**
2. Rent And Services						
Land Rent & Leases	0.03	0.03	0.02	0.01	0.02	**0.11**
Building Residential	0.04	0.04	0.03	0.03	0.04	**0.18**
Space Rent from Airlines	1.13	1.87	2.38	2.46	2.47	**10.31**
Building Non-Residential	1.27	1.64	1.27	0.99	0.98	**6.14**
3. Miscellaneous						
Duty Free Shops	11.05	17.17	20.42	22.70	23.68	**95.02**
Car Rentals	0.41	0.50	0.74	0.66	0.65	**2.96**
Car Parking	0.98	2.03	2.53	3.22	3.93	**12.69**
Admission Tickets	0.10	0.23	0.30	0.23	0.27	**1.13**
Other Income	4.82	5.76	5.58	4.95	7.59	**28.70**
Total	**39.75**	**42.40**	**51.97**	**57.83**	**63.30**	**255.25**

Recap of decisions taken by Authority for Non-Aeronautical Revenues as per Tariff Order for the Third Control Period

i. Decision 8.6.1 *"To consider Non-aeronautical revenues for the Third Control Period for Calicut Airport in accordance with Table 57"*

4.6.2 The Non-aeronautical revenue approved by the Authority in the Tariff Order for Third Control Period was ₹ 234.05 Crores. Component wise details of the Non-aeronautical revenue approved by the Authority in the Tariff Order for the Third Control Period is as follows:

Table 20: Non-Aeronautical revenue approved in the Tariff Order by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1. Trading Concessions						
Restaurant / Snack Bars	1.22	2.12	4.40	4.63	4.87	**17.26**
T.R. Stall	6.27	10.84	22.49	23.65	24.89	**88.14**
Hoarding & Display	0.18	0.32	0.66	0.69	0.73	**2.58**
2. Rent And Services						
Land Rent & Leases	0.57	0.61	0.66	0.71	0.76	**3.31**
Building Residential	0.00	0.00	0.00	0.00	0.00	**0.00**
Building Non-Residential	3.05	3.28	3.52	3.79	4.07	**17.71**
3. Miscellaneous						
Duty Free Shops	5.51	9.54	19.80	20.82	21.91	**77.58**
Car Rentals	0.11	0.19	0.39	0.41	0.43	**1.53**
Car Parking	0.80	1.39	2.87	3.02	3.18	**11.24**
Admission Tickets	0.23	0.40	0.82	0.87	0.91	**3.23**
Other Income	0.82	1.40	2.93	3.08	3.24	**11.47**
Total	**18.76**	**30.09**	**58.54**	**61.67**	**64.99**	**234.05**

Authority's examination regarding True up of Non-Aeronautical revenues for the Third Control Period:

4.6.3 The Authority notes that the actual Non-aeronautical Revenue (₹ 255.25 Crores) submitted by AAI for Calicut Airport for the Third Control Period is higher than that Non-Aeronautical Revenue approved by AERA in the Tariff Order for the Third Control Period (₹ 234.05 Crores). The Authority has examined the variance between projected and actual revenue across various Non-aeronautical revenue streams, including restaurants and snack bars, T.R. stalls, hoardings and displays, car parking, admission tickets, etc.

4.6.4 The Authority further observes that revenue realisation under the head 'Rent and Services' has been adversely impacted due to the COVID-19 pandemic, particularly revenues related to the Building-Non-residential. However, the overall Non-aeronautical Revenue has exhibited an increasing trend during the Third Control Period, primarily on account of growth in total passenger traffic, particularly international passenger traffic, as reflected in revenue from Duty free shops. Further, there was significant revenue increase under the 'Other Income' head.

4.6.5 The Authority has reviewed the Non-aeronautical Revenue submitted by AAI with reference to the audited financials for the FY 2021-22 to FY 2025-26.

It is noted that AAI has included an amount of ₹10.31 crore towards Space Rent from Airlines as part of Non-aeronautical Revenue for the Third Control Period. The Authority is of the considered view that such revenue is intrinsically linked to aeronautical activities of airlines and allied services. Accordingly, the Authority proposes to consider the said amount under Aeronautical Revenue for the Third Control Period, as consistently followed at all airports.

4.6.6 Accordingly, the Authority based on the analysis as stated above proposes to consider the Non-Aeronautical Revenue of ₹244.94 crore for the Third Control Period as given in the table below:

Table 21: True up of Non-Aeronautical Revenue proposed by the Authority for the Third Control Period

(₹ Crores)

Revenue Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1. Trading Concessions						
Restaurant / Snack Bars	0.76	3.58	4.82	5.44	5.98	**20.59**
T.R. Stall	18.81	8.58	12.77	15.93	16.37	**72.47**
Hoarding & Display	0.35	0.97	1.10	1.21	1.33	**4.96**
2. Rent And Services						
Land Rent & Leases	0.03	0.03	0.02	0.01	0.02	**0.11**
Building Residential	0.04	0.04	0.03	0.03	0.04	**0.18**
Space Rent from Airlines	1.13	1.87	2.38	2.46	2.47	**10.31**
Building Non- Residential	1.27	1.64	1.27	0.99	0.98	**6.14**
3. Miscellaneous						
Duty Free Shops	11.05	17.17	20.42	22.70	23.68	**95.02**
Car Rentals	0.41	0.50	0.74	0.66	0.65	**2.96**
Car Parking	0.98	2.03	2.53	3.22	3.93	**12.69**
Admission Tickets	0.10	0.23	0.30	0.23	0.27	**1.13**
Other Income	4.82	5.76	5.58	4.95	7.59	**28.70**
Less: Space Rent from Airlines*	1.13	1.87	2.38	2.46	2.47	**10.31**
Total	**38.62**	**40.53**	**49.58**	**55.37**	**60.83**	**244.94**

** Space Rent from Airlines has been Excluded from Non-Aeronautical Revenue and reclassified under the Aeronautical Revenue.*

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

AAI`s submission regarding the True up of the O&M expenses for Third Control Period:

4.7.1 The O&M expenses submitted by AAI for True up of the Third Control Period amounting to ₹ 534.86 Crores and the same has been presented in the table below:

Table 22: True up of Actual O&M expenses submitted by AAI for Calicut Airport for the Third Control Period

(₹ Crores)

S. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A1	Payroll cost	30.13	34.72	37.37	43.28	40.98	**186.48**
A2	Retirement cost	3.06	0.99	2.70	2.20	0.91	**9.86**
A	**Total Payroll Expenditure (A1+A2)**	**33.18**	**35.71**	**40.08**	**45.48**	**41.89**	**196.34**
B	**Repair & Maintenance Exp.**	**13.16**	**14.59**	**16.02**	**21.59**	**21.13**	**86.49**
C1	Power Charges	7.45	8.28	9.84	10.77	10.81	**47.16**
C2	Water charges	0.07	0.16	0.79	1.06	1.34	**3.42**
C3	Outsourcing exp.	0.63	1.27	1.06	0.86	0.98	**4.81**
C	**Utilities & Outsourcing (C1+C2+C3)**	**8.14**	**9.71**	**11.70**	**12.69**	**13.14**	**55.39**
D	**Admn. & General Exp.-Excluding-CHQ/RHQ**	**10.93**	**13.08**	**14.07**	**18.17**	**17.20**	**73.45**
E	**Admn. & General Exp.-CHQ/RHQ**	**25.99**	**25.93**	**21.85**	**22.94**	**24.09**	**120.80**
F	**Other Outflow- Collection charges on UDF**	**0.49**	**0.39**	**0.42**	**0.46**	**0.63**	**2.39**
	Total Operating exp. (A+B+C+D+E+F)	**91.90**	**99.42**	**104.13**	**121.33**	**118.09**	**534.86**

Recap of decisions taken by Authority for Operation and Maintenance expenses as per Tariff Order for the Third Control Period

i. Decision 9.6.1 *"To consider Operation and Maintenance expenses for the Third Control Period for Calicut Airport as per Table 65"*

4.7.2 Component wise details of the O&M expenses approved by the Authority in the Tariff Order for the Third Control Period are as follows:

Table 23: O&M Expenses as per the Tariff Order for the Third Control Period

(₹ Crores)

S. No.	Particulars (₹ Cr)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A1	Payroll cost	34.88	36.98	39.19	41.55	44.04	**196.64**
A2	Retirement cost	8.03	8.14	8.86	9.30	9.77	**44.39**
A	**Total Payroll Expenditure (A1+A2)**	**42.91**	**45.12**	**48.05**	**50.85**	**53.81**	**241.03**
B	**Repair & Maintenance**	16.40	15.83	16.69	16.88	15.59	**81.39**
C1	Power Charges	11.33	11.33	11.33	11.33	11.33	**56.66**
C2	Water Charges	0.41	0.41	0.41	0.41	0.41	**2.07**
C3	Outsourcing Exp.	0.80	0.84	0.88	0.93	0.97	**4.43**
C	**Utilities & outsourcing (C1+C2+C3)**	**12.54**	**12.58**	**12.62**	**12.67**	**12.71**	**63.16**

S. No.	Particulars (₹ Cr)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
D	Admn. & Other exp-Excluding-CHQ/RHQ	8.33	8.75	9.17	9.87	10.98	47.11
E	Admn. & Other-CHQ/RHQ	17.62	18.50	19.43	20.40	21.42	97.38
F	Other Outflow- Collection charges on UDF	0.21	0.33	0.48	0.5	0.53	2.05
	Total Operating Exp. (A+B+C+D+E+F)	98.02	101.42	106.45	111.17	115.05	532.12

4.7.3 Significant reasons for variations as submitted by AAI:

i. Administration and General Expenses- CHQ/RHQ

AAI submitted that Authority had allowed only ₹ 84.25 Crores as against ₹146.97 Crores proposed by AAI for the 2nd Control period. Further, for the Third Control Period, the Authority had considered a lower amount of ₹97.37 Crores, based on the approved figures of the Second Control Period.

ii. Repairs and Maintenance Expenses

AAI submitted that Authority had allowed only ₹81.39 Crores based on 6% on Opening Net Block of assets as against ₹113.76 Crores proposed by AAI in the Tariff Order for the Third Control Period.

Authority's Examination regarding True up of O&M Expenses for the Third Control Period:

4.7.4 The Authority notes that the O&M Expenses submitted by AAI amounting to ₹ 534.86 Crores, is having minor variation of 0.51%, against the O&M expenses approved by Authority in the Tariff Order for the Third Control Period. Further, the Authority examined the allocation of Operational and Maintenance expenses by AAI between Aeronautical and Non-aeronautical activities for Calicut Airport. The same is explained in the following paragraphs.

Allocation of O&M expenses to Aeronautical and Non-aeronautical activities:

4.7.5 The Authority notes that AAI has derived the Apportionment ratios for various cost heads based on the functional usage of the respective facilities. AAI has computed these ratios without accounting for cargo and ANS-related staff and activities.

4.7.6 Upkeep Expenses (included under Administrative and General Expenses) and Repairs & Maintenance Expenses have been apportioned in the ratio of Terminal Building by AAI. The Authority in this regard relied upon its Tariff Order for the Third Control Period in which Terminal Building Ratio has been considered as 92:8.

4.7.7 AAI has segregated the payroll expenses (excluding CHQ/RHQ) between Aeronautical and Non-Aeronautical based on the Employee Headcount deployed for Aeronautical and Non-Aeronautical activities within the airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.

4.7.8 AAI has segregated the expenses towards power between Aeronautical and Non-aeronautical after considering the recoveries made from Concessionaires. The Authority considers the basis of apportionment by AAI to be appropriate.

4.7.9 AAI has computed the Ratio of staff providing ANS & Non-Aero service and staying in residential

building to staff providing Aeronautical service staying in residential building. Mostly used for allocation of watch & ward expenses and hiring of manpower expenses (included under Administrative and General Expenses). The Authority considers the basis of apportionment by AAI to be appropriate after prudence check.

4.7.10 Based on the above factors, the Authority has determined the following basis for allocation of common expenses pertaining to Aeronautical and Non- Aeronautical activities which is as follows:

Table 24: Allocation Ratios in respect of O&M expenses proposed to be considered by Authority for Calicut Airport

Particulars	Allocation Ratios proposed by AAI (Aero: Non-Aero)					Allocation Ratios proposed by Authority (Aero: Non-Aero)				
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Terminal Building Ratio	94.85 : 5.15	95.99 : 4.01	95.97 : 4.03	95.97 : 4.03	96.18 : 3.82	92.00 : 8.00	92.00 : 8.00	92.00 : 8.00	92.00 : 8.00	92.00 : 8.00
Employee Ratio Payroll	97.33 : 2.67	97.70 : 2.30	98.20 : 1.80	97.71 : 2.29	97.52 : 2.48	97.33 : 2.67	97.70 : 2.30	98.20 : 1.80	97.71 : 2.29	97.52 : 2.48
Quarter Ratio	90.80 : 9.20	90.80 : 9.20	94.25 : 5.75	89.66 : 10.34	87.36 : 12.64	90.80 : 9.20	90.80 : 9.20	94.25 : 5.75	89.66 : 10.34	87.36 : 12.64
Power Ratio	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76	85.24 : 14.76

Note: *Except for the TB Ratio, the Authority has proposed to consider the same Allocation Ratios as proposed by AAI.*

4.7.11 The Authority has analysed the reasons for variance between approved O&M expenses and as submitted by AAI, which have been detailed in the subsequent paragraphs:

A: Payroll expenses (A1 & A2)

4.7.12 The Authority notes that the total payroll expenses (comprising salary and wages, provident funds, retirement cost and other staff benefits) submitted by AAI amount to ₹196.34 Crore for the Third Control Period, which is lower than the amount of ₹241.03 Crore approved by the Authority in the Tariff Order. Upon detailed analysis of the variance, the Authority observes the following:

i. The year-on-year increase in payroll expenses during FY 2022-23 and FY 2024-25 is attributable to periodic revisions in Variable Dearness Allowance (VDA) and other allowances, in line with DPE approved pay, salary and allowance for PSUs including AAI employees.

ii. Provision towards Performance Related Pay (PRP) was nil in FY 2021-22 due to Covid and was progressively increased from FY 2022-23 onwards, depending upon the actual profitability & actual score achieved by AAI on other parameters of PRP scheme as per DPE guidelines, etc., thereby contributing to the increase in payroll expenses in the subsequent years of the Control Period.

iii. Variations in payroll expenses are also attributable to transfer of personnel within AAI across airports. Such transfers, depending on the grade and pay structure of the personnel,

result in either an increase or decrease in payroll costs.

4.7.13 The overtime expenditure increased substantially in FY 2022-23 by 141.40% compared to the preceding year (Covid impacted year) in line with increased level of operations.

4.7.14 For retirement benefit expenses, it was noted that a policy change in FY 2020-21 permitting encashment of half pay leaves at retirement, had resulted in incurrence of lower actuarial expenses.

4.7.15 The Authority has considered the actual payroll expenses for the period FY 2021-22 to FY 2025-26 amounting to ₹196.34 Crore for the purpose of True-up of the Payroll Expenses for the Third Control Period.

B: Repair and Maintenance (R&M) Expenses

4.7.16 The Authority notes that the Repair and Maintenance cost for the Third Control Period submitted by AAI amounting to ₹ 86.49 Crores is having minor variation with that of ₹ 81.39 Crores approved by Authority in the Tariff Order for the Third Control Period.

4.7.17 It is notes that the R&M expenses have increased from ₹13.16 Crore in FY 2021-22 to ₹21.13 Crore in FY 2025-26, indicating a rising trend over the Control Period. The Authority has analysed the major heads variation in R&M expenses and observes the following:

i. R&M Civil (₹12.53 Crores) - Expenditure towards R&M -Civil mainly pertains to Annual Maintenance Contracts relating to Airport Infrastructure, including air-side areas, etc. It also includes expenses relating to special civil repairs for Operational/ Non-operational area. Further, the increase is also due to onetime expenses pertaining to painting of operational areas amounting to ₹37.62 lakh, runway painting of ₹2.56 lakh, and the award of new Annual Maintenance Contracts (AMC) for the Terminal Building and Operational Areas.

ii. R&M Electrical (₹42.59 Crores): It majorly accounts for Annual Maintenance Contract (AMC) of Passenger Boarding Bridge, AVDGS, Annual Operation Contract of Apron Drive Glass Wall, Supply of electrical spares for day-to-day maintenance charges and LED light fittings. The Authority also notes the increase in R&M due to Supply, Installation, Testing and Commissioning (SITC) of the Airfield Lighting Control and Monitoring System (ALCMS) amounting to ₹24.87 lakh and the award of job contracts for Ground Lights Facility (GLF) installation amounting to ₹3.46 lakh.

iii. R&M Vehicles (₹5.14 Crores): The Authority notes that the expenditure under R&M - Vehicles has increased in FY 2022-23 and FY 2024-25. The increase is primarily attributable to the procurement of spares for Airfield Crash Fire Tender (ACFT) during the said years.

iv. Birds Chaser Expenses (₹1.97 Crores): No expenditure was incurred during FY 2021-22 and FY 2022-23. However, the Authority notes a substantial increase in FY 2023-24 to FY 2025-26, indicating procurement/operationalisation of bird control measures in the later years.

v. Terminal Building ratio of 92:8 was not considered by AAI as approved by the Authority for the determination of tariff for Third Control Period, however the same has been corrected.

4.7.18 The Authority proposes to consider R&M Expenses for the Third Control Period only to the extent

of 6% of the RAB (Opening net block) as decided in the Tariff Order. The Authority proposes to retains the same decision and has restricted the actual R&M expenses to the extent of 6% of the RAB (Opening net block) for the Truing-up for Third Control Period. The actual R&M expenses for the period FY 2021-22 to FY 2025-26, has minor variation due to reallocation of assets between Aeronautical and Non-aeronautical categories based on TB ratio of 92:8. Accordingly, the Authority proposes to consider R&M expenses amounting to **₹81.50 Crores** (Refer Table 25) for the purpose of true-up of the Third Control Period.

Table 25: Comparison of R&M Expenses- Approved in the Tariff Order, Claimed by AAI and Proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Approved in the Tariff Order	16.40	15.83	16.69	16.88	15.59	**81.39**
Claimed by AAI for True up (A)	13.16	14.59	16.02	21.59	21.13	**86.49**
Opening RAB	273.34	256.68	273.58	316.69	312.39	
R&M Expenses (6% of opening RAB) (B)	16.40	15.40	16.42	19.00	18.74	
R&M Expenses proposed by the Authority (C- Minimum of 'A' or 'B')	**13.15**	**14.59**	**16.02**	**19.00**	**18.74**	**81.50**
Variance (C-A)	-0.01	-	-	-2.59	-2.39	**-4.99**

C: Utilities & Outsourcing Expenses (C1, C2 & C3)

4.7.19 These expenses include Power charges, Fees paid to outsiders, water charges, hire charges of Car/Jeep & Consumption of Stores & Spares. AAI has incurred actual Utilities & Outsourcing Expenses of ₹ 55.39 Crores during Third Control Period which is lower than the total expenses of ₹ 63.16 Crores approved in the Tariff Order for the Third Control Period. Component wise analysis of the above expense is provided hereunder:

C1: Power Expenses

4.7.20 AAI has incurred actual power charges of ₹ 47.16 Crores (net of recovered from the Concessionaires) during the Third Control Period against ₹ 56.66 Crore approved in the Tariff Order. Following are the reasons for the reduction:

i. Optimisation in energy consumption through improved energy management practices at the Airport.

ii. Increased utilisation of energy-efficient systems and equipment, leading to lower overall power consumption.

iii. Replacement of chillers, which are major energy-consuming units.

4.7.21 Based on the above factors, the Authority proposes to consider the actual Power Expenses of ₹47.16 Crores (net of recovered from the Concessionaires) incurred by AAI for Calicut Airport for True up of the Third Control Period.

C2: Water Charges

4.7.22 AAI has submitted the expenditure related to "Water Charges" for the Aeronautical portion only. AAI has incurred water charges of ₹ 3.42 Crores during the Third Control Period against ₹ 2.07

Crore approved in the Tariff Order considering that the consumption of water is essential for operational requirement & passenger amenities, the Authority notes the actual expenses towards consumption of water charges for True up of the Third Control Period.

Hence, the Authority proposes to consider the actual Water Charges of ₹3.42 Crores incurred by AAI for Calicut Airport for true up of the Third Control Period.

C3: Outsourcing expenses

4.7.23 The Outsourcing expenses include Consultancy/ Advisory fees paid for the Consultancy services availed for Land/ Terminal Management services, conducting ASQ surveys and hiring charges of car/jeep incurred by AAI for Calicut Airport. The Authority notes that AAI has claimed the expenses amounting to ₹ 2.42 Crores towards above expenses, against ₹ 4.43 Crore approved in the Tariff Order for Third Control Period.

4.7.24 Considering the nature and essentiality of the services availed and noting that the claimed expenses are lower than the approved amount, the Authority proposes to consider the actual Outsourcing Expenses as submitted by AAI for the purpose of true-up of the Third Control Period.

4.7.25 **Consumption of Stores and Spares** (₹ 2.39 Crores)**:** The Authority notes that AAI has claimed the total expenses amounting to ₹ 2.39 Crores under the consumption of Stores & Spares expenses which include petrol/diesel expenses for Jeep/ Car and other consumables. The expenses towards consumption of stores and spares have not been separately approved in the Tariff Order for the Third Control Period. However, considering the essentiality of consumption and stores & spares, petrol/diesel, etc., for smooth airport operations, the Authority proposes to consider the actual expenses towards consumption of Stores and spares for the period FY 2021-22 to FY 2025-26 for true up of the Third Control Period.

Accordingly, the Authority considers the total Outsourcing Expenses including Consumption of Stores and Spares as **₹ 4.81 Crores** (₹ 2.42 Crores + ₹ 2.39 Crores) for true up of the Third Control Period.

The Authority proposes to consider the total expenses of **₹ 55.39 Crores** (₹ 47.16 Crores + ₹ 3.42 Crores + ₹ 4.81 Crores) under the Utilities & Outsourcing expenses for the Third Control Period.

D: Administrative & General expenditure excluding CHQ/RHQ

4.7.26 The Administrative & General Expenses (other than CHQ/ RHQ) claimed by AAI (₹ 73.45 Crores) is higher than the approved expenditure in the Tariff Order (₹ 47.11 Crores) of the Third Control Period. The major components of the actual Administrative & General expenses (other than CHQ/ RHQ), include:

i. Travelling expenses amounting to ₹ 5.30 Crores

ii. Upkeep expenses amounting to ₹ 28.83 Crores,

iii. Watch & Ward expenses amounting to ₹ 6.49 Crores

iv. 'May I Help You' counter expenses amounting to ₹ 1.34 Crores.

v. Hiring of Manpower amounting to ₹7.53 Crores

vi. Hiring of Manpower - for Inline X-BIS amounting to ₹13.72 Crores

4.7.27 It is noted that AAI has included ₹ 5.91 Crores as Interest on CAPEX term Loan under Admin. &

General Expenses (other than CHQ/RHQ). The claim for interest on CAPEX term Loan under the Admin. & General Expenses is not admissible as the Cost of Debt has already been factored in by AERA while calculating Fair Rate of Return (FRoR) on the RAB. Allowing separate recovery of such interest charges under Admin. & General Expenses would amount to double recovery of cost of debt (Interest on CAPEX term Loan). Therefore, the Interest on CAPEX term Loan has not been considered in the Admin & General Expenses (other than CHQ/RHQ).

4.7.28 With regard to **Travelling Expenses (**₹ 5.30 Crores), The Authority observed that the expenditure towards Travelling Expenses increased steadily from ₹0.51 Crore in FY 2021-22 (Covid affected year) to ₹0.91 Crore in FY 2022-23, ₹1.15 Crore in FY 2023-24, ₹1.39 Crore in FY 2024-25 and further to ₹1.34 Crore in FY 2025-26. As submitted by the Airport Operator, the increase in travelling expenses is primarily attributable to the gradual normalization and expansion of business and operational activities, increased travel undertaken for project execution, regulatory engagements, training programs, and inter-location coordination requirements. Further, the rise in airfares, accommodation costs, and other travel-related expenses during the post-pandemic period has also contributed to the increase in expenditure over the years. The Authority has examined the submissions and supporting documents furnished by the Airport Operator and notes that the increase in travelling expenses is broadly aligned with the growth in operational activities and business requirements. Accordingly, the Authority has considered the travelling expenses based on prudence check and to the extent found reasonable and admissible for tariff determination.

4.7.29 In respect of **Upkeep Expenses (**₹ 28.83 Crores), the Authority observed that the expenses towards Upkeep of Terminal Building, etc., increased from ₹4.92 Crore in FY 2021-22 to ₹5.61 Crore in FY 2022-23, ₹5.91 Crore in FY 2023-24, ₹6.20 Crore in FY 2024-25 and further to ₹6.16 Crore in FY 2025-26. As submitted by the Airport Operator, the increase in upkeep expenses is primarily driven by growth in passenger traffic and airport operations, expansion of airport facilities requiring maintenance support, escalation in housekeeping and facility management contract rates, increased consumption of maintenance materials and consumables, and inflationary increase in the cost of services. Further, the Airport Operator has incurred higher expenses towards preventive and corrective maintenance activities to maintain service quality, operational reliability, safety standards and regulatory compliance across the airport. The Authority through its Independent Consultant has examined the submissions and supporting documents furnished by the Airport Operator and notes that the increase in upkeep expenses is broadly aligned with the higher scale of airport operations and maintenance requirements. Accordingly, based on prudence check, the Authority proposes to consider the Upkeep expenses amounting to ₹28.83 Crore .

4.7.30 Regarding **Watch & Ward Expenses (**₹ 6.49 Crores), the Authority observes relative stability in expenses with marginal variations across the years. AAI has submitted that these expenses are essential to ensure round-the-clock security and surveillance at airport premises in compliance with BCAS and other regulatory requirements. The Authority agrees with the necessity of such expenses, while encouraging optimization through technology deployment and resource rationalization.

4.7.31 The Authority further notes the introduction and scaling up of **"May I Help You"** services counters (₹1.34 Crores) from FY 2023-24 onwards. These services enhance passenger facilitation, especially for senior citizens, differently abled passengers, and first-time travelers. The Authority considers such initiatives aligned with service quality improvement objectives and therefore finds the associated expenses as reasonable.

4.7.32 In respect of **Hiring of Manpower (**₹7.53 Crores), The Authority observed that the expenditure towards Hiring of Manpower increased from ₹1.06 Crore in FY 2021-22 to ₹1.46 Crore in FY 2022-23. ₹1.76 Crore in FY 2023-24, ₹1.49 Crore in FY 2024-25 and further to ₹1.75 Crore in FY 2025-26. As submitted by the Airport Operator, the increase in manpower hiring costs during FY 2022-23, FY 2023-24 and FY 2025-26 was primarily driven by higher operational requirements, expansion of airport activities, engagement of outsourced personnel for specialized functions, and revision in contractual rates of manpower service providers. The Authority through Independent Consultant has examined the submissions and supporting documents furnished by the Airport Operator and notes that the expenses are linked to the operational requirements during the respective years. Accordingly, the Authority proposes to considered the expenses towards hiring of manpower amounting to ₹7.53 Crores.

4.7.33 In respect of, **Hiring of Manpower - for Inline X-BIS** (₹13.72 Crores), the Authority has examined the said expenditure which stood at ₹1.48 Crore in FY 2021-22, ₹1.53 Crore in FY 2022-23 and ₹1.57 Crore in FY 2023-24. Thereafter, the expenditure increased significantly to ₹4.99 Crore in FY 2024-25 and subsequently moderated to ₹4.16 Crore in FY 2025-26. AAI has submitted that the increase in such expenditure is primarily on account of augmentation of manpower to meet enhanced aviation security requirements and to support the operationalization and expansion of Inline Baggage Inspection Systems (ILBS). The Authority notes that during the year 2023 and 2025, AAI inducted additional personnel comprising 69 Screeners and 8 Assistants for Inline X-BIS operations. The total sanctioned strength of Screeners is 123, and the augmentation has been undertaken to progressively align actual deployment with sanctioned capacity and operational requirements. The Authority further notes that the additional manpower deployment was necessitated by enhanced baggage screening protocols, increased passenger and baggage volumes, and compliance with mandatory aviation security requirements. Considering that the expenditure is directly linked to security-critical airport operations and regulatory compliance, the Authority recognizes the need for such manpower augmentation to ensure safe, secure, and efficient airport operations. Accordingly, the Authority considers the expenditure towards Hiring of Manpower - Inline X-BIS to be justified and admissible, being driven by mandatory aviation security and operational requirements.

4.7.34 Overall, the Authority observes that AAI's expenditure demonstrates a combination of traffic-linked growth, regulatory, statutory and security compliance requirements, as well as service-level enhancements. While the Authority acknowledges the necessity of these expenditures, it emphasizes the need for continued focus on cost efficiency and optimization of resources. There is marginal difference in the allowed actual A&G expenses for the period FY 2021-22 to FY 2025-26 due to consideration of different Terminal Building Ratio by AAI. However, the Authority has considered the Terminal Building ratio in the proportion of 92:8, as approved by the Authority vide Order No. 39/2021-22 dated 11.02.2022 for tariff determination of the Third Control Period. Accordingly, the Authority proposes to consider Administration expenses (other than CHQ/ RHQ) for the true up of the Third Control Period amounting to ₹ 67.52 Crores.

E: Administrative & General Expenses- CHQ/ RHQ

4.7.35 AAI had allocated ₹ 120.80 Crores towards CHQ/RHQ (Administrative and General) expenses against ₹ 97.38 Crores approved by the Authority in Tariff Order for the Calicut Airport for Third Control Period (FY 2021-22 to FY 2025-26), which is approx. 22% of total O&M expenses. For FY 2021-22 to FY 2023-24, the allocation was based on the methodology recommended in the

revised study report of ICMAI dated May 7, 2025. Further for FY 2024-25 and FY 2025-26, AAI has considered escalation of 5% on FY 2023-24 on YoY basis for apportionment of CHQ/RHQ allocation for remaining tariff years for the Third Control Period.

Requirement of demonstrable cost causation and proportionality: While the Authority recognizes that an airport may require certain corporate, administrative, technical and regional support for efficient functioning, such costs must have a demonstrable link with the operations of the concerned airport and must be reasonable in relation to the services and support actually provided. Therefore, the Authority is of the considered view that allocation of common CHQ/RHQ expenses merely based on an internal allocation methodology, without adequately demonstrating cost causation and proportionality, cannot by itself justify the recovery of such costs from airport users.

4.7.36 The Authority notes that no major capital expenditure has been undertaken by Calicut Airport during the Third Control Period (3rd CP). Further, RESA work approval has been granted vide letter dated 5th December 2022, considering the operational safety, which was the only major work requiring Corporate Headquarters (CHQ) and Regional Headquarters (RHQ) assistance. Otherwise, the requirement for planning, design, engineering, and project management support from the Corporate Headquarters (CHQ) and Regional Headquarters (RHQ) has remained limited and limited requirement for centralised technical, project-management and associated corporate/regional support during the control period. In view of the above, the Authority proposes to reduce the CHQ/RHQ expenses by 25% from ₹120.80 Crores submitted by AAI. The Authority based on above observation proposes to consider ₹90.60 Crores (75% of AAI submitted CHQ/RHQ expenses) which is adequate and commensurate with the actual support requirements of the airport.

4.7.37 Accordingly, the Authority proposes to consider the CHQ and RHQ expenses allocation for the Third Control Period (FY 2021-22 to FY 2025-26) for Calicut International Airport as per Table 26.

4.7.38 Further, AAI is also advised to review its present methodology for allocation of CHQ/RHQ expenses to small and medium airports like Calicut, linking the CHQ/RHQ Cost apportionments with demonstratable support extended by CHQ/RHQ to support the development & operations of airport.

Table 26: Allocation of CHQ/ RHQ- Admin and Gen expenses proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Approved in the Tariff Order	17.62	18.50	19.43	20.40	21.42	**97.38**
Claimed by AAI	25.99	25.93	21.85	22.94	24.09	**120.80**
Proposed by the Authority	19.49	19.45	16.39	17.21	18.07	**90.60**

F: Other Outflows

4.7.39 These expenses include payment of collection charges to airlines on UDF (collection on behalf of airport operators). AAI submitted the total expenses of ₹ 2.39 Crores for true up as against the ₹ 2.05 Crore approved by the Authority in the Tariff Order for the Third Control Period. Considering the collection charges payable to airlines for collecting UDF on behalf of airport, as per their commercial agreement, the Authority proposes to consider the above expenses

amounting to ₹ 2.39 Crores for true up of the Third Control Period.

4.7.40 The Authority reviewed the O&M expenses submitted by AAI with the Audited figures for the Financial Years (FY 2021-22 to FY 2025-26) and find minor deviation on account of reallocation of assets between Aeronautical and Non-aeronautical categories based on TB ratio of 92:8, as discussed above in detail. based on the above analysis of O&M Expenses, the Authority proposes to consider the O&M expenses as per Table 27 for True up of the Third Control Period.

Table 27: True up of O&M expenses proposed by the Authority for the Third Control Period

(₹ Crores)

S. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A1	Payroll cost-Excluding CHQ/RHQ	30.13	34.72	37.37	43.28	40.98	186.48
A2	Retirement cost-CHQ/RHQ	3.06	0.99	2.70	2.20	0.91	9.86
A	**Total Payroll Expenditure (A1+A2)**	**33.18**	**35.71**	**40.08**	**45.48**	**41.89**	**196.34**
B	**Repair & Maintenance**	13.15	14.59	16.02	19.00	18.74	81.50
C1	Power Charges	7.45	8.28	9.84	10.77	10.81	47.16
C2	Water Charges	0.07	0.16	0.79	1.06	1.34	3.42
C3	Outsourcing Expenses	0.63	1.27	1.06	0.86	0.98	4.81
C	**Utilities & outsourcing (C1+C2+C3)**	**8.14**	**9.71**	**11.70**	**12.69**	**13.14**	**55.39**
D	**Admn. & Other exp-Excluding-CHQ/RHQ**	**10.00**	**11.80**	**12.75**	**16.85**	**16.11**	**67.52**
E	**Admn. & Other-CHQ/RHQ**	**19.49**	**19.45**	**16.39**	**17.21**	**18.07**	**90.60**
F	**Other Outflow- Collection charges on UDF**	**0.49**	**0.39**	**0.42**	**0.46**	**0.63**	**2.39**
	Total Operating exp. (A+B+C+D+E+F)	**84.46**	**91.65**	**97.35**	**111.69**	**108.59**	**493.73**

4.7.41 The Authority proposes to consider True up of O&M amounting to ₹493.73 Crores as against O&M Expenses proposed by AAI amounting to ₹ 534.86 Crores. Major Reasons for the variances are as follows:

a. Rationalization of Admin. & General expenses: CHQ/RHQ by ₹ 30.20 Crores on account of reasons such as limited requirement for centralised technical, project-management and associated corporate/regional support during the control period, etc.

b. Rationalization of Admin. & General expenses: Excluding CHQ/RHQ by ₹ 5.93 Crores on account of reasons such as non consideration of the Interest on CAPEX Term Loan amounting to ₹ 5.91 Crores and consideration of different apportionment ratio of terminal building by AAI, etc.

c. Rationalization of R&M expenses due to its capping at 6% of opening RAB (Net Block), amounting to ₹ 4.99 Crores.

4.8 True up of Taxation

AAI`s submission regarding True up of the Taxation for the Third Control Period:

4.8.1 AAI has submitted Taxation for the Third Control Period as follows:

Table 28: True up of Taxation submitted by AAI for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Aero revenue	68.72	180.53	214.21	244.27	234.52	**942.25**
Non-aero rev (30%)	11.92	12.72	15.59	17.35	18.99	**76.57**
Total rev. (A)	**80.64**	**193.25**	**229.80**	**261.62**	**253.51**	**1018.83**
OPEX	91.90	99.42	104.13	121.33	118.09	**534.86**
Dep. as WDV as per income tax	25.28	25.04	28.23	30.49	30.52	**139.55**
Total Expenses (B)	**117.18**	**124.45**	**132.36**	**151.82**	**148.60**	**674.40**
PBT ©= (A-B)	**-36.53**	**68.80**	**97.44**	**109.81**	**104.91**	**344.42**
Prior period losses 2nd CP	-97.50	0.00	0.00	0.00	0.00	**-97.50**
Set-off of prior period tax losses	0.00	-68.80	-65.23	0.00	0.00	**-134.03**
PBT after set-off of prior period tax losses	-134.03	0.00	32.21	109.81	104.91	**112.89**
Tax Rates	25.17%	25.17%	25.17%	25.17%	25.17%	**25.17%**
TAX (C*D)	**0.00**	**0.00**	**8.11**	**27.64**	**26.40**	**62.15**

Recap of decisions taken by Authority for Taxation as per Tariff Order for the Third Control Period

i. Decision 10.5.1 *"To consider the taxation for the Third Control Period for Calicut Airport as per Table 68"*

4.8.2 The Taxation approved by the Authority in the Tariff order for the Third Control Period is given in the table below:

Table 29: Taxation approved in the Tariff Order by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Aeronautical Revenue with Revised Rates	60.08	125.9	196.69	225.98	238.56	**847.22**
O&M expenses	98.02	101.42	106.45	111.17	115.05	**532.12**
Depreciation	27.42	27.35	27.91	26.1	23.15	**131.92**
Profit Before Tax	(65.36)	(2.88)	62.33	88.72	100.37	**183.18**
Set-off of prior period tax losses*	-	-	(62.33)	(88.72)	(14.69)	**(165.74)**
PBT after set-off of prior period tax losses	-	-	-	-	85.68	**85.68**
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	**-**
Tax	**-**	**-**	**-**	**-**	**21.57**	**21.57**

**Prior period losses include losses of ₹ 97.50 Crores incurred during FY 2019-20 and FY 2020-21*

Authority's examination regarding True up of Taxation of the Third Control Period:

4.8.3 The Authority has re-computed Aeronautical Taxation based on the Authority's proposal on the Regulatory Building Blocks as discussed in the previous paragraphs and the same is as follows:

Table 30: True up of Taxation proposed by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
AERO REV	69.85	182.40	216.59	246.74	236.99	**952.56**
TOTAL REV. (A)	**69.85**	**182.40**	**216.59**	**246.74**	**236.99**	**952.56**
OPEX	84.46	91.65	97.35	111.69	108.59	**493.73**
DEP. As WDV AS PER INCOME TAX	25.20	24.76	27.48	29.32	29.35	**136.11**
TOTAL EXP. (B)	**109.67**	**116.41**	**124.82**	**141.01**	**137.94**	**629.85**
PBT (C= A-B)	**-39.82**	**65.99**	**91.77**	**105.73**	**99.05**	**322.71**
Prior period losses 2nd CP	-97.50	0.00	0.00	0.00	0.00	**-97.50**
Set-off of prior period tax losses	**0.00**	**-65.99**	**-71.33**	**0.00**	**0.00**	**-137.32**
PBT after set-off of prior period tax losses	**-137.32**	**0.00**	**20.44**	**105.73**	**99.05**	**87.89**
Tax Rates (D)	25.17%	25.17%	25.17%	25.17%	25.17%	**25.17%**
TAX (C*D)	**0.00**	**0.00**	**5.14**	**26.61**	**24.93**	**56.69**

4.8.4 The Authority notes that there are prior period losses amounting to ₹ 97.50 Crores for Second Control Period as approved by Authority in the Tariff Order for the Third Control Period, which along with losses for FY 2021-22 which have been set off against the profit earned in FY 2022-23 & FY 2023-24. The Authority proposes to consider Aeronautical Tax of ₹ 56.69 Crores for True up of the Third Control Period, as shown in Table 30.

4.9 Return on Land cost

AAI`s submission regarding Return on Land for the True up of the Third Control Period:

4.9.1 AAI has claimed the following Return on Land cost for Calicut International Airport for the Third Control Period:

Table 31: True up of Return on Land submitted by AAI for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Value	24.93	24.93	24.93	24.93	24.93	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
Return Value	**1.64**	**1.64**	**1.64**	**1.64**	**1.64**	**8.22**

Recap of decisions taken by Authority for Return on Land as per Tariff Order for the Third Control Period

i. Decision 11.6.1 *"To consider land area used for Aeronautical activities as per 'Table 70"*

ii. Decision 11 .6.2 *"To consider Return on Land as per Table 71"*

4.9.2 The Return on Land approved by the Authority in the Tariff order for the Third Control Period is given in the table below:

Table 32: Return on Land approved in the Tariff Order by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Value	24.93	24.93	24.93	24.93	24.93	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
Return Value	**1.64**	**1.64**	**1.64**	**1.64**	**1.64**	**8.22**

Authority's examination regarding True up of Return on Land of the Third Control Period:

4.9.3 The Authority, in the Tariff Order for the Third Control Period, had considered 15,17,035.93 sq. m. of land for Aeronautical Activities out of the total land area of 15,32,200 sq. m. The Authority had further observed that the entire land parcel measuring 15,32,200 sq. m. was acquired from private landowners during the period 1971 to 2011, for which compensation had been paid. The recorded value of the said land in the books of accounts is ₹25.18 crores. Accordingly, the proportionate book value attributable to 15,17,035.93 sq. m. of land utilized for Aeronautical Activities works out to ₹24.93 crores. Considering that the land has been acquired at a cost and is being used for the provision of aeronautical services, the Authority had considered the aforesaid amount of ₹24.93 crores for the purpose of allowing return on the cost of land. The Authority for the True-up has also considered the same value for the computation of Return on land.

4.9.4 As per Order No. 42/2018-19 dated March 5, 2019, regarding Return on Land for Land purchased by the airport operator either from private parties or from government, the compensation will be by way of equated annual installment computed at actual cost of debt or SBI Base Rate plus 2% whichever is lower over a period of 30 years.

4.9.5 The Authority noted the AAI has considered 6.21% as the cost of debt (as the debts are consolidated at CHQ level), which is lower than the SBI Base Rate plus 2% and the same is considered by the Authority for computing the Return on Land.

4.9.6 Based on the above observations, the Authority proposes to consider the Return on the Cost of Land as follows:

Table 33: True up of Return on Cost of Land recomputed by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Value	24.93	24.93	24.93	24.93	24.93	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
Return Value *	**1.64**	**1.64**	**1.64**	**1.64**	**1.64**	**8.22**

** Return Value = Equated Annual Instalment computed at actual cost of debt Equated Annual Instalment= [Cost*Rate*(1+Rate) ^30]/[(1+Rate) ^30-1]*

4.10 True up of Aeronautical Revenue

AAI`s submission regarding True up of the Aeronautical Revenue for the Third Control Period:

4.10.1 AAI has submitted the actual Aeronautical Revenue for the Third Control Period for Calicut Airport, which is as follows:

Table 34: True up of Aeronautical Revenue submitted by AAI for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Landing (Dom.)	3.91	7.92	8.55	8.73	12.31	**41.43**
Landing (Intl.)	20.93	45.79	59.84	74.13	69.93	**270.62**
Total Landing Revenue	**24.85**	**53.71**	**68.39**	**82.85**	**82.24**	**312.04**
Parking & Housing (Dom.)	0.17	0.08	0.06	0.09	0.62	**1.03**
Parking & Housing (Intl.)	1.40	0.88	1.05	1.74	1.51	**6.58**
Total Parking Revenue	**1.57**	**0.96**	**1.11**	**1.83**	**2.13**	**7.61**
UDF International	33.86	80.77	96.32	109.52	106.42	**426.89**
UDF Domestic	2.20	9.12	10.54	14.19	17.35	**53.40**
Total UDF	**36.06**	**89.89**	**106.85**	**123.71**	**123.78**	**480.29**
Land Lease-Oil Companies	0.52	0.57	0.58	0.58	0.66	**2.91**
Land Lease- Ground Handling Agencies	0.41	0.52	0.53	0.56	0.59	**2.62**
Total Land Lease Revenue	**0.93**	**1.09**	**1.11**	**1.14**	**1.25**	**5.53**
Royalty-GHA	3.16	30.73	32.35	29.30	19.68	**115.23**
Royalty from Cute Charges	1.78	3.79	3.82	4.63	4.66	**18.67**
Cargo Revenue share from AAICLAS (30%)	0.37	0.37	0.57	0.80	0.78	**2.87**
Total Aero Revenue	**68.72**	**180.53**	**214.21**	**244.27**	**234.52**	**942.25**

Recap of decisions taken by Authority for Aeronautical revenue as per Tariff Order for the Third Control Period

i. Decision 14.6.1 *"To consider Aeronautical Revenue for the Third Control Period for Calicut Airport as per Table 78"*

ii. Decision 14.6.2 "To true *up Aeronautical Revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period"*

4.10.2 The Aeronautical Revenue approved by the Authority in the Tariff order for the Third Control Period is given in the table below:

Table 35: Aeronautical Revenue approved in the Tariff Order by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Landing (Dom.)	2.77	6.25	8.63	11.58	13.65	42.88
Landing (Intl.)	19.66	38.57	67.57	81.83	87.08	294.71
Total Landing Revenue	**22.43**	**44.82**	**76.20**	**93.41**	**100.73**	**337.59**
Parking & Housing (Dom.)	0.05	0.10	0.14	0.19	0.22	0.70
Parking & Housing (Intl.)	0.20	0.39	0.69	0.84	0.89	3.01
Total Parking Revenue	**0.25**	**0.49**	**0.83**	**1.03**	**1.11**	**3.71**
UDF Domestic	3.10	10.88	13.93	16.01	17.72	61.64
UDF International	27.64	60.22	93.07	101.90	104.26	387.09
Total UDF	**30.74**	**71.10**	**107.00**	**117.91**	**121.98**	**448.73**

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Lease-GHA & Oil Co.	0.79	0.85	0.91	0.98	1.06	4.59
Royalty-GHA	4.25	6.23	8.45	9.17	9.97	38.07
CUTE charges	1.17	1.89	2.73	2.87	3.02	11.68
Cargo Revenue	0.47	0.51	0.57	0.62	0.68	2.85
Total Aero Revenue	**60.10**	**125.89**	**196.69**	**225.99**	**238.55**	**847.22**

4.10.3 The Authority compared the actual Aeronautical Revenue submitted by AAI with the Aeronautical Revenues as per the Tariff Order for the third Control Period and the same is detailed below:

Table 36: Comparison of Aeronautical Revenue as submitted by AAI with Tariff Order of the Third Control Period

(₹ Crores)

PARTICULARS	Reference	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
As per Tariff Order	A	60.10	125.89	196.69	225.99	238.55	**847.22**
As per True up of AAI	B	68.72	180.53	214.21	244.29	234.52	**942.25**
Difference	C=B-A	8.62	54.64	17.52	18.30	-4.03	**95.03**
Change %	**D= C/A**	**14.34%**	**43.40%**	**8.91%**	**8.09%**	**-1.69%**	**11.22%**

Authority's examination regarding True up of Aeronautical Revenue of the Third Control Period:

4.10.4 The Authority notes that there is a significant variance between actual Aeronautical Revenues and Aeronautical Revenues approved by the Authority in the Tariff Order. The significant uptrend in revenues for the initial tariff years of the Third Control Period, is attributable to higher passenger traffic and ATMs, due to the strong recovery and normal traveling conditions after the adverse impact of the COVID-19 pandemic on the aviation sector. The Authority proposes to consider Aeronautical Revenue for the Third Control Period as per the following table:

4.10.5 The Authority reviewed the Aeronautical Revenue submitted by AAI with the actual figures for the Financial Years (FY 2021-22 to FY 2025-26) in context of actual traffic available at AAI`s website and find minor deviation on account of considering Space Rent for Airlines under Non-Aero Revenue by AAI, whereas the Authority has considered the revenue from Space Rent for Airlines under Aero Revenue amounting to ₹ 10.31 Crores. Accordingly, the Authority proposes to consider the Aeronautical Revenue as per Table 37 for True up of the Third Control Period.

Table 37: True up of Aeronautical Revenue proposed by the Authority for the Third Control Period

(₹ Crores)

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Landing (Dom)	3.91	7.92	8.55	8.73	12.31	**41.43**
Landing (int)	20.93	45.79	59.84	74.13	69.93	**270.62**
Total Landing	24.85	53.71	68.39	82.85	82.24	**312.04**
Parking & Housing (Dom)	0.17	0.08	0.06	0.09	0.62	**1.03**
Parking & Housing (Intl)	1.40	0.88	1.05	1.74	1.51	**6.58**
Total Parking	**1.57**	**0.96**	**1.11**	**1.83**	**2.13**	**7.61**
UDF International	33.86	80.77	96.32	109.52	106.42	**426.89**
UDF Domestic	2.20	9.12	10.54	14.19	17.35	**53.40**

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Total UDF	**36.06**	**89.89**	**106.85**	**123.71**	**123.78**	**480.29**
Land Lease-Oil Companies	0.52	0.57	0.58	0.58	0.66	**2.91**
Land Lease- Ground Handling Agencies	0.41	0.52	0.53	0.56	0.59	**2.62**
Total Land Lease	**0.93**	**1.09**	**1.11**	**1.14**	**1.25**	**5.53**
Royalty-GHA	3.16	30.73	32.35	29.30	19.68	**115.23**
Royalty from Cute Charges	1.78	3.79	3.82	4.63	4.66	**18.67**
Cargo Revenue share from AAICLAS (30%)	0.37	0.37	0.57	0.80	0.78	**2.87**
Space Rent from Airlines*	1.13	1.87	2.38	2.46	2.47	**10.31**
Total	**69.85**	**182.40**	**216.59**	**246.74**	**236.99**	**952.56**

**shifted from NAR*

4.11 True up of Aggregate Revenue Requirement (ARR) for the Third Control Period

AAI submitted True up of ARR for the Third Control period as per Table 4 and has claimed an under-recovery of ₹ 528.48 Crores (PV as on 31.03.26).

Authority's examination and proposal regarding True up of ARR for the Third Control Period:

4.11.1 Based on the above detailed review and rationalization of the regulatory building blocks discussed under the above sections, the Authority has derived the ARR for True up of the Third Control Period as presented in the table below:

Table 38: True up of ARR proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	Ref.	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB (refer Table 18)	A	265.01	265.13	295.14	314.54	311.13	
Fair Rate of Return (FRoR)	B	14%	14%	14%	14%	14%	
Return on Average RAB	c=(a)*(b)	37.10	37.12	41.32	44.04	43.56	**203.13**
Depreciation (refer Table 15)	D	23.00	23.04	24.91	27.40	29.31	**127.67**
Operating Expenditure (refer Table 27)	(e)	84.46	91.65	97.35	111.69	108.59	**493.73**
Tax (refer Table 30)	(f)	0.00	0.00	5.14	26.61	24.93	**56.69**
Interest on Working Capital	(g)	1.24	0.00	0.00	0.00	0.00	**1.24**
Return on Land (refer Table 33)	(h)	1.64	1.64	1.64	1.64	1.64	**8.22**
Gross ARR	(i) = (c+ d+ e+ f+ g+ h)	**147.45**	**153.45**	**170.37**	**211.38**	**208.03**	**890.69**
NAR	(j)	**38.62**	**40.53**	**49.58**	**55.37**	**60.83**	**244.94**
Less 30% of NAR	(k=30% of j)	11.58	12.16	14.88	16.61	18.25	**73.48**
Net ARR	(l) = (i- k)	**135.87**	**141.29**	**155.49**	**194.77**	**189.78**	**817.20**
Carry forward of shortfall of 2nd CP- as per Tariff Order of Third Control Period	(m)	137.28	0.00	0.00	0.00	0.00	**137.28**

Particulars	Ref.	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
ARR after considering the Shortfall	(n)=(l)+(m)	273.15	141.29	155.49	194.77	189.78	**954.48**
PV factor	(o)	1.93	1.69	1.48	1.30	1.14	
PV of ARR (as on 31.03.26)	(p)=(n)*(o)	525.92	238.64	230.37	253.12	216.35	**1464.40**
Actual Aeronautical Revenue	(q)	**69.85**	**182.40**	**216.59**	**246.74**	**236.99**	**952.56**
PV of Actual Aero Revenue (as on 31.03.26)	(r)=(o)*(q)	134.49	308.06	320.89	320.66	270.17	**1354.26**
Under/ (Over) recovery	(s)=(p)-(r)	391.43	(69.43)	(90.52)	(67.53)	(53.81)	**110.14**
Under Recovery of Third Control Period as on March 31, 2026	(t)	**110.14**					

4.11.2 The Authority has re-computed the under- recovery of ₹ 110.14 Crores (PV as on 31.03.2026) for the Third Control Period as against ₹ 528.48 Crores claimed by AAI and proposes to readjust the same in the ARR computation of the Fourth Control Period.

4.11.3 The variation between the ARR proposed by the Authority and that claimed by AAI is mainly attributable to following factors:

i. Non-consideration of Financing allowance amounting ₹5.69 Crores.

ii. Non-consideration of adjustments made by AAI amounting to ₹6.78 Crores (related to Financing Allowance for the 2nd Control Period and changes in assets classification / depreciation) in the opening RAB for the Third Control Period.

iii. Non- consideration of non-consideration Pay & Allowance, Admn. & General Expenses and R&M Expenses for the 2nd Control Period (which were disallowed by AERA) and reclaimed in True up for the Third Control Period by AAI amounting to ₹168.06 Crores, which are before the TDSAT (refer Para 2.3.7).

iv. Non-consideration of the claim for Interest on CAPEX term Loan of ₹ 5.91 Crores under the Admin. & General Expenses.

v. Rationalization of Admin. & General expenses: CHQ/RHQ by ₹ 30.20 Crores.

vi. Rationalization of R&M Expenses due to its capping at 6% of opening RAB (Net Block), amounting to ₹ 4.99 Crores.

vii. Non-consideration of Non-Aero Revenue (30%) in the Tax computation by AERA, which AAI has proposed to consider in its Tax calculation.

4.12 Authority's proposals regarding the True up of the Third Control Period

Based on the material before it and its analysis, the Authority, with respect to True up of the Third Control Period for Calicut Airport proposes:

4.12.1 To consider the ATM and Passenger Traffic for the Third Control Period for Calicut International Airport as per Table 5.

4.12.2 To consider Capital Additions as detailed in Table 12.

4.12.3 To consider Aeronautical depreciation as mentioned in Table 15.

4.12.4 To consider RAB as per Table 18.

4.12.5 To consider FRoR as 14% as per Paragraph 4.5.3.

4.12.6 To consider the Non-aeronautical Revenues as presented in Table 21.

4.12.7 To consider the O&M expenses as detailed in Table 27.

4.12.8 To consider the Return on Land as detailed in the Table 33.

4.12.9 To consider the Taxation as detailed in the Table 30.

4.12.10 To consider actual Aeronautical Revenue as per Table 37.

4.12.11 To consider ARR and the Under-recovery as detailed in Table 38 for True up of the Third Control Period for Calicut Airport and adjust the shortfall of the Third-Control Period in the ARR for the Fourth Control Period.

EVALUATION OF MYTP FOR THE FOURTH CONTROL PERIOD

5. TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.1 AAI's Submission on Traffic forecast for the Fourth Control Period for Calicut Airport

5.1.1 The historical passenger traffic and ATM, as reported in the traffic statistics published on the AAI website, are presented in the table below:

Table 39: Historical Passenger Traffic and ATM handled by Calicut Airport

Particulars	PAX (MPPA)			ATM (Nos.)		
Year	Domestic	International	Total	Domestic	International	Total
FY 2019-20	0.53	2.70	3.23	6695	18660	25355
FY 2020-21	0.19	0.71	0.90	3327	5611	8938
FY 2021-22	0.31	1.36	1.67	4311	10697	15008
FY 2022-23	0.58	2.41	2.98	6362	16780	23142
FY 2023-24	0.64	2.68	3.32	6458	17960	24418
FY 2024-25	0.73	2.97	3.70	6849	19532	26381
FY 2025-26	0.94	2.92	3.86	7552	18147	25699

5.1.2 The traffic growth rates (Y-o-Y) and traffic as submitted by AAI for the Fourth Control Period are as follows:

Table 40: Passenger Traffic & ATM projected for the Fourth Control Period

Year	PAX (MPPA)						ATM (Nos.)					
	Domestic	%	International	%	Total	%	Domestic	%	International	%	Total	%
FY 2026-27	1.01	8.00%	2.63	-10.00%	**3.64**	-6.00%	8,005	6.00%	16,695	-8.00%	**24,700**	-3.90%
FY 2027-28	1.11	10.00%	2.84	8.00%	**3.95**	8.60%	8,606	7.50%	17,864	7.00%	**26,469**	7.20%
FY 2028-29	1.22	10.00%	3.07	8.00%	**4.29**	8.60%	9,250	7.50%	19,114	7.00%	**28,365**	7.20%
FY 2029-30	1.34	10.00%	3.31	8.00%	**4.66**	8.60%	9,945	7.50%	20,452	7.00%	**30,397**	7.20%
FY 2030-31	1.47	9.00%	3.54	7.00%	**5.01**	7.60%	10,641	7.00%	21,679.53	6.00%	**32,320**	6.30%
Total	**6.15**		**15.39**		**21.54**		**46,447**		**95,805**		**1,42,253**	

5.1.3 AAI submitted the following assumptions while preparing the forecast:

i. Favorable economic growth will continue at the national and regional level. There will be no major economic disruptions, worldwide or in India.

ii. No major disruption in the operation of air services, globally or within India, due to terrorist activities, war, natural disasters or global / regional health issues etc.

iii. No major hike in the price of aviation fuel.

iv. No major shift in policies that would have a negative impact on the growth of air transport.

v. Adequate infrastructure will be created, and capacity constraints will not be allowed to operate.

vi. Viksit Bharat 2047 vision

The above assumptions have been used for passenger traffic, whereas the aircraft movements have been projected based on the trends in passengers and aircraft movements ratios.

5.1.4 AAI has submitted that the passenger traffic and aircraft movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework.

5.2 Authority's examination regarding Traffic projection for the Fourth Control Period of Calicut Airport

5.2.1 As part of its examination of AAI's forecast of traffic at Calicut Airport, the Authority calculated Compounded Annual Growth Rate (CAGR) for passenger traffic and ATM from FY 2020-21 to FY 2025-26 (5-years CAGR).

5.2.2 The CAGR details so computed have been provided in the table below:

Table 41: CAGR for Passenger Traffic and ATM

Particulars	CAGR				
	5year	4year	3 year	2year	1year
Passengers:					
Domestic	17.82%	15.05%	5.88%	8.14%	10.26%
International	26.46%	14.13%	2.64%	0.52%	-7.09%
ATM:					
Domestic	37.67%	31.83%	17.42%	20.59%	28.15%
International	32.58%	21.15%	6.68%	4.44%	-1.54%

5.2.3 The Authority has examined the Compound Annual Growth Rate (CAGR) of Passenger Traffic and Aircraft Traffic Movements (ATM) for both Domestic and International segments across multiple time horizons (1-year to 5-year). The observed trends are analysed in the backdrop of the disruptions caused by the COVID-19 pandemic during FY 2020-21 and FY 2021-22, followed by a phased recovery.

Passenger Traffic

5.2.4 With respect to Domestic Passenger Traffic, the Authority observes that the 5-year and 4-year CAGRs stand at 17.82% and 15.05%, respectively. These growth rates reflect the recovery of domestic passenger demand following the severe contraction witnessed during the COVID-19 period, when travel restrictions and lockdown measures significantly affected passenger volumes. The positive growth over these longer-term periods indicates a sustained recovery trajectory in the domestic market.

5.2.5 The Authority further notes that the 3-year CAGR moderates to 5.88%, reflecting the normalization of traffic growth following the post-pandemic rebound phase. However, the 2-year and 1-year CAGRs of 8.14% and 10.26%, respectively, indicate a renewed acceleration in passenger traffic growth in the recent period. The Authority is therefore of the view that domestic passenger traffic has not only recovered from the effects of the pandemic but continues to demonstrate healthy growth momentum supported by increased connectivity, economic activity, and passenger demand.

5.2.6 In respect of International Passenger Traffic, the Authority observes a 5-year CAGR of 26.46% and a 4-year CAGR of 14.13%, reflecting recovery from the depressed levels recorded during the pandemic period. However, the growth momentum moderates considerably in the medium term, with the 3-year and 2-year CAGRs declining to 2.64% and 0.52%, respectively. Further, the 1-year CAGR of (-7.09%) indicates a contraction in international passenger traffic during the most recent period, due to geo-political events in the Middle- East having a negative impact on Civil Aviation.

5.2.7 The international passenger traffic has been relatively more volatile as compared to the domestic segment. This trend may be attributable to factors such as varying recovery patterns across international markets, geopolitical developments, capacity constraints on international routes, and changing travel demand dynamics. Consequently, international passenger traffic is yet to demonstrate the level of sustained growth evident in the domestic segment.

Aircraft Traffic Movements (ATM)

5.2.8 With regard to Domestic ATM, the Authority notes strong growth across all time horizons, with the 5-year, 4-year, 3-year, 2-year and 1-year CAGRs standing at 37.67%, 31.83%, 17.42%, 20.59% and 28.15%, respectively. The elevated growth rates are largely attributable to the restoration and expansion of airline capacity following the pandemic-induced disruption in flight operations. The continued strength in the shorter-term growth rates indicates sustained deployment of additional flight services to cater to increasing passenger demand.

5.2.9 The Authority observes that the growth in Domestic ATM has been significantly higher than the growth in Domestic Passenger Traffic across the examined periods. This suggests that airlines have expanded flight frequencies and network connectivity while accommodating future demand growth and operational requirements. The trend also reflects the increasing willingness of airlines to augment capacity in the domestic market.

5.2.10 In respect of International ATM, the Authority observes a 5-year CAGR of 32.58% and a 4-year CAGR of 21.15%, indicating substantial recovery from the low base during the pandemic period. However, growth moderates in the subsequent periods, with the 3-year and 2-year CAGRs declining to 6.68% and 4.44%, respectively. The 1-year CAGR of (-1.54%) reflects a marginal contraction in international aircraft movements during the latest period. The international airline capacity restoration continues to remain cautious, reflecting uncertainties in global geopolitical canvas having impact on international Traffic demand.

5.2.11 International Air Transport Association (IATA)

IATA in its report on May, 2026, had enumerated that:

a) *The global passenger demand, measured in revenue passenger-kilometres (RPK), declined by **2.2% YoY**; while total capacity, measured in available seat-kilometers (ASK), declined by **2.3%**; The overall passenger load factor increased to **83.5%**, a record high for May.*

b) *International passenger demand increased by 7.7% year-on-year, with capacity up by 7.1%, resulting in a load factor of 84.0%. declined by **1.6% YoY**; capacity declined by **2.4%**; PLF increased to **83.7%.***

c) *International traffic continued to contract, though by a smaller extent compared to April.*

d) *Domestic passenger declined by **3.1% YoY**; capacity declined by **2.1%**; PLF declined to **83.0%** amid contractions in the Chinese and US markets.*

e) *Africa recorded the strongest overall regional traffic growth at **6.6%**, followed by Latin America & Caribbean at **6.1%** and Europe at **2.7%**; declines were recorded in Middle East, Asia-Pacific and North America.*

f) *Asia-Pacific passenger traffic declined by **1.4% year-on-year in May 2026**, mainly due to weak Chinese domestic demand and lower traffic in Southeast Asian markets amid capacity reductions linked to higher fuel costs. Capacity fell by **2.4%**, resulting in a **0.9 percentage point increase in the passenger load factor to 84.3%**, a record high for May.*

g) *Iran conflict and higher oil prices contributed to the global traffic contraction; Middle Eastern traffic declined by **28.4%**, improving from **46.6% in April.***

h) *China recorded the weakest performance among the major domestic markets, with domestic RPK contracting by 6.2% YoY in May, deepening the slowdown observed in April, while India was the strongest performer among the major domestic markets in May, with domestic RPKs rising by 10.1% YoY, rebounding sharply after the decline observed in April. Capacity increased by 7.9% YoY, lifting the PLF by 1.7 percentage points to 85.5%, the highest among major domestic markets.*

i) *Forward ticket sales declined by **7.4% YoY**; international sales declined by **10.2%**, while domestic ticket sales increased by **6.0%.***

5.2.12 In respect of Domestic Passenger Traffic, the Authority notes that the domestic segment has exhibited sustained growth and has largely stabilized following the pandemic recovery period. Considering the continued expansion of domestic aviation, increased connectivity, and the traffic growth potential of the airport, the Authority has adopted a growth rate of 10.00% as against the 8.00% growth rate proposed by AAI for FY 2026-27. The Authority further notes that AAI has assumed a year-on-year moderation in the Traffic growth rates during the subsequent years and a decline of 0.5% in the FY 2030-31 of the Fourth Control Period. However, AAI has not furnished any detailed justification, analysis, or supporting evidence warranting the adoption of a declining growth trajectory. In the absence of adequate rationale for such moderation, the Authority has not considered the proposed reduction in growth rate of the Fourth Control Period and has accordingly, adopted a growth trajectory based on its assessment of the Airport's traffic potential and proposes to consider 10.00% growth rate for the remaining years of the Fourth Control Period

5.2.13 In respect of International Passenger Traffic, the Authority notes that the historical 3-year CAGR stands at 6.68%, reflecting a relatively moderate recovery as compared to the domestic segment. However, the geo-political tensions in the Middle-East region due to US-Iran war, etc. have adversely affected International traffic from India to this region, particularly for airports like Calicut, where international PAX Traffic is contributing approximately 75% of the total PAX Traffic of the Airport. Accordingly, the International segment at Calicut International Airport has witnessed contraction in Traffic by ~2% in FY 2025-26. However, considering the actual growth of International Passengers on month-on-month basis for the period from April-2026 to August-2026 (as per statistics available on AAI website, the Authority has adopted a moderate growth rate of 8.00% for the FY 2026-27, as against the (-)10.00% growth rate considered by AAI. Further, considering the anticipated strengthening of international travel demand, restoration of routes, and gradual improvement in airline capacity deployment, the Authority proposes to consider a growth rate of 11% for the remaining tariff years of the Fourth Control Period as against 8% (FY 2027-28 to 2029-30) and 7% (FY 2030-31) proposed by the AAI.

5.2.14 In respect of Domestic ATM, the Authority observes that the airport has demonstrated healthy growth in aircraft movements, with the recent 2-year CAGR standing at 8.14%. Considering the need to moderate the immediate impact to account for uncertainties associated with airline fleet deployment and route expansion, the Authority has considered a growth rate of 6.00% for FY 2026-27 as proposed by AAI. For the subsequent years of the Control Period, the Authority has adopted a growth rate of 8.14%, which is aligned with the recent medium-term growth trend and is considered representative of the airport's sustainable growth potential.

5.2.15 With regard to International ATM, the historical trend indicates a decrease and more volatile recovery,

with the 1-year CAGR standing at -7.09%. However, the geo-political tensions in the Middle-East region due to US-Iran war, etc. have adversely affected International traffic from India to this region, particularly for airports like Calicut, where international PAX Traffic is contributing approximately 75% of Total PAX Traffic of the Airport. Therefore, in view of the subdued growth observed in international operations and the continuing uncertainty in international airline capacity deployment, the Authority has adopted the Nil growth rate for FY 2026-27. However, considering the expected gradual improvement in international connectivity and airline operations over the medium term, the Authority has considered a growth rate of 7.00% for the remaining years of the Control Period as proposed by AAI.

5.2.16 Accordingly, the traffic growth rates and the corresponding traffic for passengers and ATM, as considered by the Authority, are presented in the table below:

Table 42: Traffic proposed to be considered by the Authority for the Fourth Control Period

Year / Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
PAX						
Domestic Passengers (in Millions)						
As submitted by AAI	1.01	1.11	1.22	1.34	1.47	**6.15**
As proposed by the Authority	1.03	1.13	1.25	1.37	1.51	**6.28**
Growth of Domestic PAX submitted by AAI	8.00%	10.00%	10.00%	10.00%	9.00%	
Growth of Domestic PAX proposed by the Authority	10.00%	10.00%	10.00%	10.00%	10.00%	
International Passengers (in Millions)						
As submitted by AAI	2.63	2.84	3.07	3.31	3.54	**15.39**
As proposed by the Authority	3.15	3.50	3.89	4.31	4.79	**19.64**
Growth of International PAX submitted by AAI	-10.00%	8.00%	8.00%	8.00%	7.00%	
Growth of International PAX proposed by the Authority	8.00%	11.00%	11.00%	11.00%	11.00%	
Total PAX (in Millions)						
As submitted by AAI	**3.64**	**3.95**	**4.29**	**4.66**	**5.01**	**21.54**
As proposed by the Authority	**4.18**	**4.63**	**5.13**	**5.68**	**6.29**	**25.92**
ATM						
Domestic ATM (numbers)						
As submitted by AAI	8005	8606	9251	9945	10641	**46447**
As proposed by the Authority	8005	8657	9361	10123	10947	**47093**
Growth of Domestic ATM submitted by AAI	6.00%	7.50%	7.50%	7.50%	7.00%	
Growth of Domestic ATM proposed by the Authority	6.00%	8.14%	8.14%	8.14%	8.14%	
International ATM (numbers)						
As submitted by AAI	16695	17864	19114	20452	21680	**95805**
As proposed by the Authority	18147	19417	20777	22231	23787	**104359**
Y-o-Y growth of International ATM submitted by AAI	-8.00%	7.00%	7.00%	7.00%	6.00%	
Y-o-Y growth of International ATM proposed by the Authority	0.00%	7.00%	7.00%	7.00%	7.00%	
Total ATM (numbers)						
As submitted by AAI	**24700**	**26469**	**28365**	**30397**	**32320**	**142253**
As proposed by the Authority	26152	28074	30138	32354	34734	**151452**

5.2.17 The Authority proposes to true up the traffic as per actuals during the Fourth Control Period at the time of determination of tariff for the Fifth Control Period.

5.3 Authority's Proposal regarding Traffic for the Fourth Control Period

Based on the available facts and analysis thereupon, the Authority with regard to Traffic forecast for the Fourth Control Period proposes:

5.3.1 To consider the Passenger and ATM for the Fourth Control Period for Calicut Airport as per Table 42.

5.3.2 To True up the Traffic volumes (Passenger and ATM) on the basis of actual traffic for the Fourth Control Period while determining tariff for the Fifth Control Period.

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

6.1 Background

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

6.1.2 The Authority while analyzing the Aeronautical Expenditure proposed by AAI for the Fourth Control Period, has appropriately rationalized the proposed CAPEX taking into cognizance of the essentiality and necessity of the CAPEX which is absolutely required to cater current and future traffic demand for the smooth operations of the Airport, as explained in the following paragraphs.

6.1.3 The Independent Consultant appointed by the Authority has performed an analysis of the submissions made by AAI for Calicut International Airport towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:

i. Reviewed CAPEX plan submitted by AAI for Calicut Airport in view of various technical details, Airport Master Plans, BOQs, Letter of Award (LOA), Work Orders etc. of new projects. The Independent Consultant also considered the responses of AAI to the clarification sought in relation with CAPEX plan from time to time.

ii. Sought documentary evidence and the process of approval of capital addition projects including process for award of various work orders to the contractors, wherever applicable.

iii. The consultants also made a site visit to Calicut Airport on 6th and 7th April 2026 focusing specifically on review of current airport operations and proposed airport development plans.

6.1.4 Further, the Aviation Expert of Independent Consultant has also reviewed various technical details of projects, assessed the reasonability of proposed CAPEX at Calicut Airport, etc. The Independent Consultant during his site visit to the airport has undertaken assessment of the proposed Capital works, the need from the perspective of its essentiality and also assessed the reasonability of costs estimates and observed that the rates were broadly in line with the relevant CPWD (Central Public Works Department) rates for the CAPEX, wherever applicable.

6.1.5 The Authority has carefully reviewed and rationalized capital expenditure projects, ensuring only essential and efficient investments are included in the RAB for the Fourth Control Period. By examining project details and adjusting capitalization timelines, the Authority aimed to balance sustainable airport operations with the fair aeronautical charges for the Airport users.

AAI's Submission on Capital Expenditure (CAPEX), Depreciation and RAB for the Fourth Control Period:

6.2 Capital expenditure for the Fourth Control Period

6.2.1 AAI has proposed capital expenditure of ₹ 533.41 Crores (including Financing Allowance of ₹ 69.53 Crores) for the Fourth Control Period for Calicut Airport, which has been summarized in the table below:

Table 43: Summary of Capital Expenditure projects (including Financing allowance) submitted by AAI for Calicut Airport for Fourth Control Period

(₹ Crores)

S. No	Asset category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1	Runway, Taxiway & Aprons	452.08	-	-	-	-	**452.08**
2	Buildings - Terminal	2.96	-	-	-	-	**2.96**
3	Buildings - Others	2.76	-	-	-	-	**2.76**
4	Machinery	18.05	2.09	-	-	-	**20.14**
5	Vehicles	2.00	-	-	-	-	**2.00**
6	X-Ray Equipment	4.45	-	-	-	-	**4.45**
7	Tools and Equipment	18.77	-	-	-	-	**18.77**
8	CFT and Firefighting equipment	-	28.59	-	-	-	**28.59**
9	Office Equipment	0.79	-	-	-	-	**0.79**
10	ATM Furniture	0.87	-	-	-	-	**0.87**
	Total CAPEX	**502.73**	**30.68**	-	-	-	**533.41**

Total CAPEX includes the Financing Allowance of ₹ 69.53 Crores.

6.2.2 The capital additions proposed by AAI for the Fourth Control Period have been presented project wise in the table below:

Table 44: Project wise Capital Expenditure submitted by AAI for Calicut Airport for Fourth Control Period

(₹ Crores)

Sr. No.	Details	Date of Capitalization	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Runways, Taxiways & aprons								
1	Development of additional RESA SH: Cons of embankment with slope protection, drainage system and associated works	31.12.2026	382.30	-	-	-	-	**382.30**
	Financing allowance		69.19	-	-	-	-	**69.19**
2	Minor Capital work in Ops Area SH: Providing & fixing of RCC Drain cover between Taxiway, Calicut apt	31.10.2026	0.54	-	-	-	-	**0.54**
	Financing allowance		0.05	-	-	-	-	**0.05**
	Subtotal		**452.08**	-	-	-	-	**452.08**
Buildings - Terminal								
3	Renovation/Facelift of DTC Arrival and Minor Beautification work at Terminal Building, Calicut	31.08.2026	1.88	-	-	-	-	**1.88**
	Financing allowance		0.10	-	-	-	-	**0.10**
4	Misc. Civil work SH. Renovation of new SOCC room at DTB arrival and beautification of airside corridor	30.09.2026	0.99	-	-	-	-	**0.99**
	Subtotal		**2.96**	-	-	-	-	**2.96**
Buildings - Others								

Sr. No.	Details	Date of Capitalization	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
5	C/o of scooter shed for staff , HED for Fuel storage tank	30.09.2026	0.78	-	-	-	-	**0.78**
6	Providing of double gate system at gate no.1 (Civil.)	31.01.2027	1.98	-	-	-	-	**1.98**
	Subtotal		**2.76**	**-**	**-**	**-**	**-**	**2.76**
Machinery								
7	Development of additional RESA SH: P/o Simple approach Lighting System	31.03.2028	0.00	2.00	-	-	-	**2.00**
	Financing allowance		0.00	0.09	-	-	-	**0.09**
8	Development of additional RESA SH: P/o Perimeter Lighting	31.03.2027	2.32	-	-	-	-	**2.32**
	Financing allowance		0.10	-	-	-	-	**0.10**
9	Provision of 4 Lamp Papi Light	31.08.2026	1.16	-	-	-	-	**1.16**
10	Re-configuration of Terminal Building at Calicut SH: Apt System (14 nos. E-gates)-completed	31.07.2026	1.34	-	-	-	-	**1.34**
11	Re-configuration of Terminal Building at Calicut SH: Apt System (Dynamic Signages)	30.09.2026	1.44	-	-	-	-	**1.44**
12	Procurement of 1 No. Grass Cutting cum Collect Machine	31.03.2027	0.73	-	-	-	-	**0.73**
13	Procurement of 1 No. Breathing Air Cylinder Fill Containment Cabinet	31.03.2027	0.19	-	-	-	-	**0.19**
14	Control and Monitoring of Runway Lead in Lights	30.09.2026	0.25	-	-	-	-	**0.25**
15	P/o Turn Pad Lighting and other GLF works	30.09.2026	2.46	-	-	-	-	**2.46**
16	SITC of LED Lights and Misc. Substation works at Calicut apt.	31.07.2026	2.42	-	-	-	-	**2.42**
17	Unbranded 3 compartments Diesel Bowser	30.06.2026	0.19	-	-	-	-	**0.19**
18	SITC of DSS for Immigration and Emmigration	31.12.2027	1.00	-	-	-	-	**1.00**
19	SITC of FIDS in TB	31.12.2027	0.01	-	-	-	-	**0.01**
20	SITC of PA system in TB	31.12.2027	0.01	-	-	-	-	**0.01**
21	SITC of Perimeter camera system in TB	31.12.2027	0.01	-	-	-	-	**0.01**
22	SITC of AHU for New Powerhouse 1st Floor and other allied works	16.11.2026	0.58	-	-	-	-	**0.58**
23	Providing of double gate system at gate no.1 (Elect.)	31.01.2027	3.17	-	-	-	-	**3.17**
24	Providing of Emergency gate near Satellite Fire Station and additional GSE Area opposite to main fire station.	31.03.2027	0.31	-	-	-	-	**0.31**
25	Misc. work SH. Providing and fixing bollards in front of TB.	31.03.2027	0.35	-	-	-	-	**0.35**
	Subtotal		**18.05**	**2.09**	**-**	**-**	**-**	**20.14**
Tools & Equipment								
26	DFMD	31.12.2026	0.30	-	-	-	-	**0.30**
27	BDDS Eqpt	31.03.2026	5.00	-	-	-	-	**5.00**
28	Replacement of Firefighting pumps, water supply pumps and allied works	31.07.2026	0.67	-	-	-	-	**0.67**
29	Replacement of Outlived Air Conditioners and Water coolers	30.09.2026	0.92	-	-	-	-	**0.92**
30	Replacement of existing four numbers escalators.	17.03.2027	1.70	-	-	-	-	**1.70**
31	SITC of Internal Way finding Signages	31.07.2026	0.66	-	-	-	-	**0.66**
32	Augmentation of STP to Meet KSPCB Norms	31.03.2027	0.98	-	-	-	-	**0.98**

Sr. No.	Details	Date of Capitalization	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
33	Procurement of Heavy-Duty wall mounted air circulators type Electric Fan	22.05.2026	0.01	-	-	-	-	**0.01**
34	Procurement of 1 KVA online UPS for Sliding doors at TB	22.05.2026	0.01	-	-	-	-	**0.01**
35	Augmentation and replacement of existing CCTV system	31.03.2027	7.95	-	-	-	-	**7.95**
36	Heavy Duty Rotaru Grass Cutting Machine	30.06.2026	0.27	-	-	-	-	**0.27**
37	Dustbin 155 Nos.	31.08.2026	0.27	-	-	-	-	**0.27**
38	Stainless Steel Dustbin 250 nos.	30.06.2026	0.01	-	-	-	-	**0.01**
	Subtotal		**18.77**	**-**	**-**	**-**	**-**	**18.77**
Furniture & Fixtures - Trolleys								
39	Passenger hand Baggage Trolleys (50 Nos.)	30.06.2026	0.11	-	-	-	-	**0.11**
40	Passenger Baggage Trolleys (450 Nos.)	30.06.2026	1.89	-	-	-	-	**1.89**
	Subtotal		**2.00**	**-**	**-**	**-**	**-**	**2.00**
Office Equipment								
41	Providing and placing Check-in-counter, "May I help you " counter, SLPC table and Frisking Booth	31.03.2027	0.79	0.00	0.00	0.00	0.00	**0.79**
	Subtotal		**0.79**	**0.00**	**0.00**	**0.00**	**0.00**	**0.79**
ATM Furniture								
42	Three-Seater Visitor Chairs 50 nos.	30.06.2026	0.09	-	-	-	-	**0.09**
43	Sofa 60 nos.	31.08.2026	0.17	-	-	-	-	**0.17**
44	Three-Seater Chairs 250 nos.	31.08.2026	0.56	-	-	-	-	**0.56**
45	Queue Manager 200 nos.	30.06.2026	0.02	-	-	-	-	**0.02**
46	Counter Chair -52 nos.	31.08.2026	0.02	-	-	-	-	**0.02**
	Subtotal		**0.87**	**-**	**-**	**-**	**-**	**0.87**
X-Ray Equipment								
47	XBIS (5HB @ 0.25 Crores & 8RB @ 0.40 Crores against replacement of SV - 25-26 (tender in progress)	31.12.2026	4.45	-	-	-	-	**4.45**
	Subtotal		**4.45**	-	-	-	-	**4.45**
CFT & Fire-fighting equipment								
48	Procurement of 4 Nos ACFT (10kl Water Tank Capacity)	31.03.2028	0.00	28.59	-	-	-	**28.59**
	Subtotal		**0.00**	**28.59**	**-**	**-**	**-**	**28.59**
	Total Financing Allowance		**69.44**	**0.09**				**69.53**
	Total base CAPEX		**433.29**	**30.59**	**-**	**-**	**-**	**463.88**
	GRAND TOTAL		**502.73**	**30.68**	**-**	**-**	**-**	**533.41**

Authority's examination of Capital Expenditure (CAPEX) for the Fourth Control Period

6.2.3 The Authority through its Independent Consultant has examined the Capital Expenditure (CAPEX) amounting to ₹533.41 Crores submitted by AAI for the Fourth Control Period.

6.2.4 The Authority notes that AAI has proposed a Financing Allowance of ₹ 69.53 Crore for Calicut International Airport as part of the projected capital expenditure for the Fourth Control Period. The Authority`s view in this regard, as consistently stated in its previous Tariff Orders, is that, the provision of Financing Allowance is applicable only to greenfield airports during their initial stages of development. In the present case, Calicut International Airport is a brownfield airport. Accordingly, the Authority proposes not to consider the Financing Allowance of ₹ 69.53 Crore claimed by AAI for the Fourth Control Period. The Authority has examined the Capital Expenditure (CAPEX) submitted by AAI for the Fourth Control Period, and Authority`s review of CAPEX projects, from the perspective of its essentiality, capitalization scheduling & cost, etc., is presented in the following sections:

A. Runway, Taxiway & Aprons (₹452.08 Crores)

A1: Development of additional RESA:

6.2.5 AAI has proposed the CAPEX amounting to ₹451.49 Crores (including project base cost ₹382.30 Crores and financing allowance of ₹69.19 Crores) with project completion date scheduled on 31.12.2026. The scope of work includes the construction of embankment (Raising ground level using earth, sand, or fill material to achieve the required height), slope protection (Protection of embankment side slopes against erosion using stone pitching, concrete blocks, turfing, geotextiles, gabions, etc.), drainage system (Construction of side drains, catch-water drains, culverts, RCC drains, and outlets to prevent waterlogging.), and associated works (Ancillary works such as retaining walls, guard rails, inspection paths, utility shifting, landscaping, pavement restoration, and signage).

The Authority, through its Independent Consultant, has examined the proposed CAPEX for development of additional RESA at Calicut International Airport considering it is a tabletop airport, where the runway is located on an elevated plateau with steep descending slopes beyond the runway strip. Owing to the unique topographical constraints, the airport is inherently more susceptible to the consequences of runway overruns or undershoots, particularly during adverse weather conditions. Accordingly, adequate Runway End Safety Area (RESA) assumes critical importance for ensuring safe aircraft operations and minimizing the severity of runway excursion incidents.in the context of aviation safety requirements, particularly in light of the aircraft accident that occurred at Calicut Airport on 07.08.2020. The Authority notes that the said accident, involving an aircraft overshoot during landing under adverse weather conditions, highlighted the operational risks associated with tabletop runways and constrained RESA availability. The incident underscored the critical importance of adequate RESA dimensions and improved safety infrastructure to mitigate the consequences of runway excursions.

In this regard, the Authority observes that the existing RESA at the Airport was limited to 90 m × 90 m, which is lower than the enhanced safety margins envisaged under international standards and evolving regulatory practices. The proposed extension to 150 m × 90 m on both runway ends, along with associated embankment and slope protection works, is therefore a direct safety intervention aimed at addressing deficiencies observed post-accident.

The Authority is of the view that the present CAPEX is primarily safety-driven intervention arising from operational learnings and the need to strengthen resilience against runway overruns, especially for tabletop runway conditions prevailing at Calicut.

The Authority further observes that the work has been awarded through a competitive bidding process to M/s Gawar Construction Limited at a contract value of approximately ₹382.30 crore on 19.02.2024. The substantial progress achieved in the project (approximately 63% physical completion) and the ongoing execution reflect the urgency and priority accorded by AAI towards addressing these safety concerns. The Authority also notes that the Projected Date of Completion (PDC) has been indicated as 31.12.2026 by AAI, while the consultant has assessed the completion timeline as 31.03.2027. Considering the current progress achieved and the nature of work involved, the Authority has considered the completion timeline as 31.03.2027.

The satellite image and the pictorial representation presenting the actual work completed and work in progress is provided in the images below:

Figure 1: Satellite image of the work in progress of the RESA at Calicut International Airport

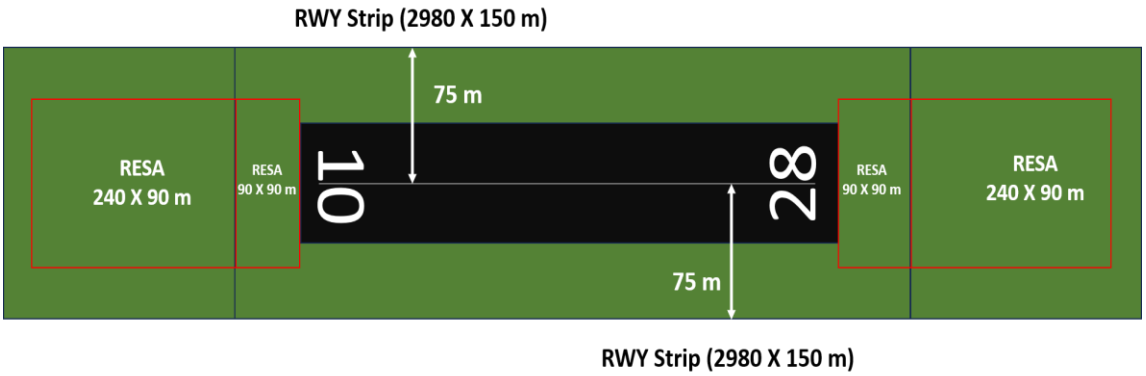

Figure 2: Pictorial representation of the RESA and Airstrip

Table 45: Details of RESA

Sl. No.	Particulars	RESA status	
	Orientation	10	28
1	Side Angle of RESA	~86-90 degree	~30 degree
2	Retaining wall	Geo grid (Polymer based)	Normal mess
3	Depth	Estimated depth to fill 45 meter (Actual filled till date ~25 meter)	Estimated depth to fill 34 meter (Actual filled till date ~25 meter.)
4	Length	240 m (90m completed and 150 m WIP)	240 m (90m completed and 150 m WIP)
5	Width	90 m	90 m
6	Status of Work	25 m completed (approximately 52%)	25 m completed (approximately 75%)
7	Date of	Projected Date of Completion (PDC) by Airports Authority of India (AAI): 31.12.2026.	

Sl. No.	Particulars	RESA status	
	Orientation	10	28
	Commissioning	Projected date of commissioning by independent consultant based on the site visit done: 31.03.2027	

6.2.6 Considering the safety-critical nature of the project, the recommendations arising from the post-accident safety assessments, the engineering necessity arising from the tabletop configuration of the airport, the competitive procurement process adopted by AAI, and the current stage of project execution, the Authority agrees with the essentiality of the proposed capital expenditure, and reasonability of the cost based on competitive bidding. Accordingly, the Authority proposes to consider capitalization of ₹382.30 Crores, excluding the financing allowance of ₹69.19 Crores, in FY 2026-27.

A2: Providing & fixing of RCC Drain cover between Taxiway (Minor Capital work in Ops Area):

6.2.7 AAI has proposed the CAPEX amounting to ₹0.59 Crore (including base project cost ₹0.54 Crore and of financing allowance of ₹0.05 Crore) with project completion date of 31.10.2026. The project includes the construction of RCC Drain cover between the Taxiway. The proposed capital expenditure regarding the provision and fixing of RCC drain covers between the taxiway is essential for ensuring safe and efficient drainage infrastructure within the operational area. The work will facilitate protection of drainage channels, prevent ingress of debris, and eliminate potential Foreign Object Debris (FOD) hazards that may adversely affect aircraft operations. It will also provide adequate load-bearing surfaces for operational movement in the vicinity of the taxiway and enhance safety for airside vehicles and maintenance personnel. The proposed work is necessary for maintaining airfield safety standards, ensuring unobstructed storm water drainage, and complying with airport operational and maintenance requirements.

6.2.8 The Authority notes that the above components are integral to the operationalization and strengthening of airside safety infrastructure, particularly in the context of Calicut International Airport, which operates as a tabletop airport with inherent operational constraints.

The Authority further observes that the selection of the contractor has been undertaken through a transparent competitive bidding process, including a reverse auction mechanism. Accordingly, the Authority proposes to consider capitalization of ₹382.84 Crores (excluding financing allowance of ₹69.24 Crores) for the Fourth Control Period in the FY 2026-27.

The Authority further observes that the selection of the contractor has been undertaken through a transparent competitive bidding process, including a reverse auction mechanism, and the L1 cost and discovered is found to be acceptable. Accordingly, the Authority proposes to consider capitalization of ₹382.84 Crores (excluding financing allowance of ₹69.24 Crores) for the Fourth Control Period in the FY 2026-27.

B. Building Terminal

B1 & B2

6.2.9 AAI has proposed the CAPEX amounting to ₹2.96 Crores (base project cost ₹2.87 Crores and financing allowance ₹0.10 Crore). The Authority has examined the proposed capital expenditure submitted by AAI regarding renovation and beautification works within the Terminal Building, which includes Renovation/Facelift of DTC Arrival and Minor Beautification work at Terminal Building (B1)

amounting to of ₹1.88 Crores (excluding financing allowance of ₹0.10 Crore) and Renovation of new Security/Station Operations Control Centre (SOCC) room at DTB arrival and beautification of airside corridor amounting to of ₹0.99 Crore (B2).

The proposed works are aimed at enhancing the operational efficiency, aesthetics, and overall service quality of the terminal facilities at Calicut Airport. The proposed upgrades aimed to enhance the visual appearance and usability of the facilities in line with expected airport service standards includes renovation and refurbishment of passenger-facing areas, operational spaces, and key circulation corridors to address normal wear and tear and improve functionality, providing an improved environment for passengers and airport personnel while supporting efficient airport operations.

Accordingly, the Authority proposes to consider capitalization of ₹2.87 Crores in the FY 2026-27 (excluding financing allowance of ₹0.10 Crores) for the Fourth Control Period.

C. Building- Others

6.2.10 AAI has proposed the CAPEX amounting to ₹2.76 Crores. The Authority has examined the proposed capital expenditure submitted by AAI for the construction of Scooter Shed for Staff, Shed for Fuel Storage Tank (₹0.78 Crore) (C1) and double gate system at gate no.1 (Civil work) (₹1.98 Crores) (C2).

The proposed works are aimed at enhancing the operational efficiency. The proposed upgrades aimed to enhance the operational spaces, provide better facilities with safe and designated parking space for staff two-wheelers and workplace amenities, the scope of project also covers dedicated protective shed over the fuel storage tank to safeguard critical fuel handling infrastructure from adverse weather conditions and environmental exposure enhancing the operational safety, reliability of fuel storage operations.

Accordingly, the Authority proposes to consider capitalization of ₹2.76 Crores in the FY 2026-27 for the Fourth Control Period.

D. Machinery

6.2.11 AAI has proposed the CAPEX under Machinery amounting to ₹20.14 Crores (including project cost ₹19.94 Crores and of financing allowance of ₹0.19 Crore). The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with RESA development and airside safety enhancement at Calicut International Airport, as indicated at Sl. No. D1 to D19 of Table 46 :

D1+D2+D8+D9

6.2.12 Development of RESA - Provision of Perimeter Lighting (₹2.42 Crore including Financing allowance of ₹0.10 Crore), Provision of Simple Approach Lighting System (₹2.09 Crore including Financing allowance of ₹0.09 Crore) and Control, Monitoring system of Runway Lead in Lights (₹0.25 Crore) and Turn Pad Lighting and other Ground Lighting Facilities (GLF) works (₹2.46 Crore).

The Authority notes that based on the AAIB Report, RESA is being constructed at Calicut Airport and the scope of work under these projects include minimum Simple Approach Lighting, Perimeter Lighting and Monitoring system is mandatory requirement of DGCA for Airfield lighting. For Night Landing, Perimeter Lighting and Simple Approach Lighting System are essential for ensuring adequate runway environment visibility, safe aircraft approach, and compliance with DGCA/ICAO prescribed norms, particularly during night and low visibility operations. These systems are directly linked to

enhancing runway safety margins.

The Authority has assessed the above CAPEX items with reference to its necessity, safety relevance, and regulatory compliance. The Authority notes that the above components are integral to the operationalization of enhanced RESA and strengthening of airside safety infrastructure, particularly in the context of Calicut International Airport, which operates as a tabletop airport with inherent operational constraints. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 7.02 Crores towards said Capex items in the FY 2026-27 and FY 2027-28.

6.2.13 Further, the Authority notes that CAPEX is incorrectly classified as 'Machinery' by Calicut International Airport and the same has been reclassified under the 'Electrical Installation' category.

D3: Provision of 4 Lamp PAPI Lighting System (₹1.16 Crore)

6.2.14 The 4 Lamp PAPI (Precision Approach Path Indicator) system is a critical visual landing aid, providing accurate glide path information to pilots and thereby reducing the risk of runway undershoot/overshoot, which is especially relevant for Calicut's operational conditions. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 1.16 Crores in the FY 2026-27 towards PAPI Lighting System.

6.2.15 Further, it is noted that CAPEX is incorrectly classified by AAI under 'Machinery' and the same has been reclassified under the 'Electrical Installation' category.

D4+D5: Re-configuration work of Terminal Building (₹2.78 Crores)

6.2.16 AAI has proposed the Re-configuration work of Terminal Building (Apt System) which includes procurement of 14 e-gates (₹1.34 Crores) (D4) and procurement of Dynamic Signages (₹1.44 Crore) (D5), aiming the essentiality for enhancing passenger processing efficiency, improving terminal operations, and supporting seamless passenger flow, facilitating automated passenger access control, reduced processing time, and strengthening security and operational efficiency at key terminal checkpoints. The Dynamic Signage System providing real-time passenger information, wayfinding guidance, and operational updates, thereby improving passenger experience and reducing congestion within the terminal. The proposed systems are aligned with modern airport operational requirements and contribute towards enhanced service quality, operational reliability, and compliance with evolving aviation industry standards. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 2.78 Crores towards Re-configuration work of Terminal Building (Apt System) which includes procurement of 14 e-gates (₹1.34 Crores) (D4) and procurement of Dynamic Signages (₹1.44 Crores) (D5) in the FY 2026-27.

6.2.17 It is noted that CAPEX is incorrectly classified by AAI under 'Machinery' and the same has been reclassified under the 'Electrical Installation' category.

D6: Procurement of Grass Cutting cum Collection Machine (₹0.73 Crore)

6.2.18 The Grass Cutting cum Collection Machine is required for maintenance of airside areas, ensuring control of vegetation, prevention of Foreign Object Debris (FOD), and adherence to prescribed safety standards. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 0.73 Crore in the FY 2026-27 towards Grass Cutting cum Collection Machine.

D7: Procurement of Breathing Air Cylinder (High-pressure cylinder used in SCBA (Self-Contained Breathing Apparatus) sets worn by firefighters and rescue personnel) Fill Containment Cabinet (reinforced steel safety cabinet that contains blast fragments and pressure waves if a cylinder fails during filling) amounting to ₹0.19 Crore. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 0.19 Crore towards Breathing Air Cylinder Fill Containment Cabinet.

6.2.19 The Authority notes that Breathing Air Cylinder Fill Containment Cabinet constitutes specialized safety equipment, necessary for safe handling of compressed air systems and supporting emergency and maintenance operations. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹ 0.19 Crore in the FY 2026-27 towards Breathing Air Cylinder Fill Containment Cabinet. Further, the Authority has reclassified this CAPEX under the 'Tools and Equipment' category.

D10: SITC of LEDs Lights and Misc. Substation works

6.2.20 AAI has proposed the CAPEX amounting to ₹2.42 Crores. The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with the SITC of LED Lights and Miscellaneous Substation works (₹2.42 Crores).

The proposed work is aims to provide an enhanced the reliability, safety, and energy efficiency of the electrical infrastructure while supporting uninterrupted airport operations. Installation of LED lighting and execution of miscellaneous substation improvement works are necessary to replace aging assets, improve illumination levels, and ensure dependable operation of the power distribution system. The project will contribute towards reduced maintenance requirements. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹2.42 Crores in the FY 2026-27 towards SITC of LED Lights and Miscellaneous Substation works under the 'Electrical Installation' category.

D11: Diesel Bowser

6.2.21 AAI has proposed the CAPEX amounting to ₹0.19 Crore towards procurement of 3 unbranded compartments Diesel Bowser. The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with the procurement of 3 unbranded compartments Diesel Bowser.

The Authority notes that the procurement is essential for ensuring the safe, efficient, and uninterrupted transportation and dispensing of diesel fuel required for airport operational and maintenance activities. The proposed procurement will strengthen operational preparedness, improve logistics efficiency, and contribute to compliance with prescribed airport safety and fuel handling standards. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹0.19 Crore in the FY 2026-27 towards the procurement of 3 unbranded compartments Diesel Bowser.

D12+D13+D14+D15: DSS for Immigration, FIDS, PA system, Perimeter camera system in TB

6.2.22 AAI has proposed the CAPEX amounting to ₹1.03 Crores towards the SITC of DSS for Immigration, FIDS, PA system, Perimeter camera system in TB. The Authority has examined the proposed capital expenditure submitted by AAI. The Authority observes that the proposed works are aimed at strengthening passenger facilitation, operational efficiency, security surveillance, and dissemination of real-time information within the terminal building. The proposed systems constitute essential airport infrastructure required for efficient management of passenger processing, flight information display, public announcements, and perimeter monitoring. Further, these assets are necessary to ensure compliance with operational and security requirements and to maintain the desired level of service at the Airport.

6.2.23 Considering the nature and necessity of the proposed works, and noting that the same are directly attributable to airport operations and passenger services, the Authority finds the proposed expenditure to be justified. Accordingly, the Authority proposes to consider the CAPEX amounting to ₹1.03 Crores in the FY 2026-27 towards the SITC of DSS for Immigration, FIDS, PA System, and Perimeter Camera System in the Terminal Building, under the 'Electrical Installation' category.

D16: SITC of Air Handling Unit (AHU) for New Powerhouse

AAI has proposed the CAPEX amounting to ₹0.58 Crore towards the SITC of Air Handling Unit (AHU) for New Powerhouse. The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with the SITC of Air Handling Unit (AHU) for New Powerhouse 1st Floor and other allied works ₹0.58 Crore.

The Authority notes that the proposed work is aims to provide reliable air-conditioning and ventilation system for the New Powerhouse building to ensure a suitable operating environment for personnel and critical electrical equipment, necessary for maintaining required temperature, ventilation, and indoor air quality standards. The work will enhance equipment reliability, operational efficiency, and occupant comfort while supporting uninterrupted airport operations. Accordingly, the Authority proposes to allow the CAPEX amounting to ₹0.58 Crore in the FY 2026-27 towards the SITC of Air Handling Unit (AHU) for New Powerhouse 1st Floor and other allied works.

D17+D18: Gates

6.2.24 AAI has proposed the CAPEX amounting to ₹3.48 Crores. The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with the double gate system at gate no.1 (₹3.17 Crores) and Emergency gate near Satellite Fire Station and additional GSE Area, opposite to main fire station (₹0.31 Crore).

6.2.25 The Authority notes that the proposed work is aiming the essentiality for enhancing passenger processing efficiency, improving terminal operations, and supporting seamless passenger flow, facilitating automated passenger access control, reduced processing time, and strengthening security and operational efficiency at key terminal checkpoints. Accordingly, the Authority proposes to consider the CAPEX amounting to ₹3.48 Crores with capitalization in the FY 2026-27.

D19: Bollards

6.2.26 AAI has proposed the CAPEX amounting to ₹0.35 Crore towards Providing and fixing bollards in front of TB. The Authority has examined the proposed capital expenditure submitted by AAI in respect of various components associated with the Providing and fixing bollards in front of TB (₹0.35 Crore).

6.2.27 The proposed work is aiming the essentiality for enhancing passenger processing efficiency, improving terminal operations, and supporting seamless passenger flow, reduced processing time, and operational efficiency. Accordingly, the Authority proposes to consider the CAPEX amounting to ₹0.35 Crore with proposed capitalization in the FY 2026-27.

6.2.28 Accordingly, the Authority proposes to consider a total capitalization of ₹5.34 Crores under Machinery category out of total Capital Expenditure of ₹19.94 Crores projected by AAI under the 'Machinery' Asset category, after considering the reclassification of certain proposed Capital Expenditure items in 'Electrical Installation' Asset category for the Fourth Control Period.

E. Tools and Equipment

6.2.29 AAI has proposed ₹ 18.77 Crore for the procurement of Tools and Equipment during the Fourth Control Period. The Authority has examined the proposal submitted by AAI for capital expenditure amounting to ₹18.77 Crore towards procurement of Bomb Detection and Disposal Squad (BDDS) equipment, Replacement of existing four numbers escalators, Augmentation of STP to meet Kerala State Pollution Control Board (KSPCB) Norms, and Augmentation and replacement of existing CCTV system at Calicut International Airport.

6.2.30 The Authority notes that the proposed equipment forms part of the critical aviation security infrastructure, required for effective detection, identification, and neutralisation of potential explosive threats within the airport premises. These systems are mandated for compliance with prevailing BCAS (Bureau of Civil Aviation Security) guidelines, national civil aviation security requirements and KSPCB norms. Further, given the increasing passenger traffic and operational complexity at Calicut International Airport, the augmentation of security systems is considered both necessary and proportionate.

6.2.31 The Authority further observes that the selection of the contractor has been undertaken through a transparent competitive bidding process, including a reverse auction mechanism. Accordingly, the Authority proposes to consider CAPEX of ₹18.77 Crores in the FY 2026-27 for the Fourth Control Period.

F. Furniture & Fixtures

6.2.32 AAI has proposed total capital expenditure ₹2.00 Crores for the Furniture and Fixture category including the procurement of Passenger hand Baggage Trolleys (50 Nos.) (₹0.11 Crore) and Passenger Baggage Trolleys (450 Nos.) (₹1.89 Crores).

These procurements are to made as an operational support to manage increased passenger movement and ensure efficient baggage handling at the airport.

Accordingly, the Authority proposes to consider CAPEX of ₹2.00 Crores in the FY 2026-27 on the above procurements.

G. Office Equipment

6.2.33 AAI has proposed placing of "May I help you " counter, SLPC Table and Frisking Booth at an estimated cost of ₹0.79 Crore.

6.2.34 These services enhance passenger facilitation, especially for senior citizens, differently abled passengers, and first-time travelers. The Authority considers such initiatives aligned with service quality improvement objectives. Accordingly, the Authority proposes to consider CAPEX of ₹0.79 Crore for the above-mentioned procurements in the FY 2026-27.

H. ATM Furniture

6.2.35 AAI has proposed a total CAPEX of ₹0.87 Crore towards the procurement of Three-Seater Visitor Chairs 50 nos. (₹0.09 Crore), Sofa 60 nos. (₹0.17 Crore), Three-Seater Chairs 250 nos. (₹0.56 Crore), Queue Manager 200 nos. (₹0.02 Crore), Counter Chair -52 nos. (₹0.02 Crore) and Immigration Counter Chair -15 nos. (₹0.003 Crore).

6.2.36 The procurement of chairs, sofas, queue managers, and counter chairs is required to strengthen passenger handling infrastructure and improve service delivery within the terminal. Additional seating will address increasing passenger footfall and enhance comfort in waiting and operational areas. Queue managers are essential for maintaining orderly passenger movement and reducing congestion at key processing points. Counter and immigration chairs will provide ergonomic seating for staff, supporting efficient and uninterrupted operations. The procurement will also facilitate replacement of damaged or obsolete furniture, ensuring a safe, comfortable, and passenger-friendly airport environment. Accordingly, based on the above factors, the Authority proposes to consider CAPEX of ₹0.87 Crore

in the FY 2026-27 on the above procurements.

I. X-Ray Equipment

6.2.37 AAI has proposed procurement of XBIS (5-HB (Hand Baggage) amounting ₹ 0.25 Crore & 8-RB (Registered Baggage) amounting ₹ 0.40 Crore against replacement of SV (Single View machine) amounting to ₹4.45 Crores.

6.2.38 The Authority is of the view that the above investments are essential for strengthening aviation security infrastructure and enhancing passenger processing efficiency. The Authority further observes that the selection of the contractor has been undertaken through a transparent competitive bidding process, including a reverse auction mechanism. Accordingly, the Authority proposes to consider ₹4.45 Crores in the FY 2026-27 for the capital expenditure under X-Ray Equipment for the Fourth Control Period.

J. CFT and Firefighting equipment

6.2.39 AAI has proposed procurement of 4 No`s ACFT of 10,000 litre water capacity at a projected cost of ₹ 28.59 Crores, for capitalization in FY 2027-28.

6.2.40 AAI submitted that this proposed CAPEX is on account of the replacement requirements of the existing fleet of CFTs, which had exceeded their prescribed useful life of 10 years. The ageing fleet included three (03) Rosenbauer Panther 10 KL CFTs (Model Year: 2009) and one (01) Panther 6 KL CFT (Model Year: 2015), the latter having become unserviceable since June 2025. In light of the criticality of maintaining adequate fire cover and operational readiness, the induction of the new CFTs was essential to ensure compliance with applicable aviation safety standards and regulatory requirements.

6.2.41 The Authority further observes that the selection of the contractor is being done through a transparent competitive bidding process, including a reverse auction mechanism, and the L1 cost. Accordingly, the Authority proposes to consider CAPEX of ₹28.59 Crores in the FY 2027-28 for the Fourth Control Period.

The Authority notes that AAI has submitted the Terminal Building ratio of 92%:8% (Aeronautical: Non-Aeronautical) for apportionment of common assets within the Terminal Building at Calicut International Airport for the Fourth Control Period, as was approved in the Tariff Order for the Third Control Period. Hence, the same has also been proposed to be considered by the Authority for the Fourth Control Period.

GST Input Tax Credits

6.2.42 The Authority is aware that AAI would be eligible to claim GST Input Tax Credit on procurement of certain moveable property. Therefore, the Authority expects Airport Operator to properly account for such credit, in accordance with Chapter V of Central Goods and Services Tax, 2017 and capitalize assets net of GST Input Tax Credit, wherever applicable. The Authority may examine the accounting of Input Tax credits and make necessary adjustments in this regard, at the time of determination of tariffs for the Fifth Control Period.

Treatment of non-execution of approved CAPEX

6.2.43 The Authority proposes to readjust (reduce) 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved Capitalization schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of Airport Operator or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control

Period. The readjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for proposed services provided by Calicut Airport and is also encouragement for Calicut Airport to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

Airport Users Consultative Committee (AUCC)

6.2.44 The Authority notes that AAI conducted the Airport Users Consultative Committee (AUCC) meeting on 10th September 2026 and has submitted the Minutes of AUCC Meeting to AERA. The representatives of Airlines, KSIE (CTO), AIASL(GHA), FIA, IATA, Malabar Chambers of Commerce (MCC), CII (North Kerela) participated in the AUCC meeting. The Stakeholders raised the matters connected with Air Connectivity (reduction in flights), Cargo storage facility, Road Connectivity to/from the airport, Cab services & parking facilities etc. AAI representatives submitted the requisite clarifications/ information sought by the stakeholders.

6.2.45 Further, the Authority following the approach considered for the Truing up of the Third Control Period as discussed in the paragraph 4.4.7 and paragraph 6.2.4 proposes not to consider the Financing allowance proposed by the AAI.

6.2.46 The details of CAPEX proposed (Project-wise) by the Authority for the Fourth Control Period is given in the table below:

Table 46:Capital Expenditure (Project-wise) proposed by the Authority for Fourth Control Period

(₹ Crores)

S. No.	Capital Expenditure Project	Schedule Date of Capitalization		Capitalization		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (including FA)	FA	Proposed by the Authority (excluding FA)
A. Runways, Taxiways & aprons						
A1	Development of additional RESA SH: Cons of embankment with slope protection, drainage system and associated works	31.12.2026	31.03.2027	451.49	69.19	382.3
A2	Minor Capital work in Ops Area SH: Providing & fixing of RCC Drain cover between Taxiway, Calicut apt	31.10.2026	31.10.2026	0.59	0.05	0.54
	Subtotal			**452.08**	**69.24**	**382.84**
B. Buildings - Terminal						
B1	Renovation/Facelift of DTC Arrival and Minor Beautification work at Terminal Building, Calicut	31.08.2026	31.08.2026	1.98	0.10	1.88
B2	Misc. Civil work SH. Renovation of new SOCC room at DTB arrival and beautification of airside corridor	30.09.2026	30.09.2026	0.99		0.99
	Subtotal			**2.96**	**0.10**	**2.87**
C. Buildings - Others						
C1	C/o of scooter shed for staff and Fuel storage tank	30.09.2026	30.09.2026	0.78	-	0.78
C2	Providing of double gate system at gate no.1 (Civil.)	31.01.2027	31.01.2027	1.98	-	1.98
	Subtotal			**2.76**	**-**	**2.76**
D. Machinery						
D1	Development of additional RESA SH: P/o Simple approach Lighting System	31.03.2028	31.03.2028	2.09	0.09	2.00
D2	Development of additional RESA SH: P/o Perimeter Lighting	31.03.2027	31.03.2027	2.42	0.10	2.32
D3	Provision of 4 Lamp Papi Light	31.08.2026	31.08.2026	1.16	-	1.16

D4	Re-configuration of Terminal Building at Calicut SH: Apt System (14 nos. E-gates)-completed	31.07.2026	31.07.2026	1.34	-	1.34
D5	Re-configuration of Terminal Building at Calicut SH: Apt System (Dynamic Signages)	30.09.2026	30.09.2026	1.44	-	1.44
D6	Procurement of 1 No. Grass Cutting cum Collect Machine	31.03.2027	31.03.2027	0.73	-	0.73
D7	Procurement of 1 No. Breathing Air Cylinder Fill Containment Cabinet	31.03.2027	31.03.2027	0.19	-	0.19
D8	Control and Monitoring of Runway Lead in Lights	30.09.2026	30.09.2026	0.25	-	0.25
D9	P/o Turn Pad Lighting and other GLF works	30.09.2026	30.09.2026	2.46	-	2.46
D10	SITC of LED Lights and Misc. Substation works at Calicut apt.	31.07.2026	31.07.2026	2.42	-	2.42
D11	Unbranded 3 compartments Diesel Bowser	30.06.2026	30.06.2026	0.19	-	0.19
D12	SITC of DSS for Immigration and Emmigration	31.12.2027	31.12.2027	1.00	-	1.00
D13	SITC of FIDS in TB	31.12.2027	31.12.2027	0.01	-	0.01
D14	SITC of PA system in TB	31.12.2027	31.12.2027	0.01	-	0.01
D15	SITC of Perimeter camera system in TB	31.12.2027	31.12.2027	0.01	-	0.01
D16	SITC of AHU for New Powerhouse 1st Floor and other allied works	16.11.2026	16.11.2026	0.58	-	0.58
D17	Providing of double gate system at gate no.1 (Elect.)	31.01.2027	31.01.2027	3.17	-	3.17
D18	Providing of Emergency gate near Satellite Fire Station and additional GSE Area opposite to main fire station.	31.03.2027	31.03.2027	0.31	-	0.31
D19	Misc. work SH. Providing and fixing bollards in front of TB.	31.03.2027	31.03.2027	0.35	-	0.35
	Subtotal			**20.14**	**0.19**	**19.94**
E. Tools & Equipment						
E1	DFMD	31.12.2026	31.12.2026	0.30	-	0.30
E2	BDDS Eqpt	31.03.2026	31.03.2026	5.00	-	5.00
E3	Replacement of Firefighting pumps, water supply pumps and allied works	31.07.2026	31.07.2026	0.67	-	0.67
E4	Replacement of Outlived Air Conditioners and Water coolers	30.09.2026	30.09.2026	0.92	-	0.92
E5	Replacement of existing four numbers-Escalators	17.03.2027	17.03.2027	1.70	-	1.70
E6	SITC of Internal Way finding Signages	31.07.2026	31.07.2026	0.66	-	0.66
E7	Augmentation of STP to Meet KSPCB Norms	31.03.2027	31.03.2027	0.98	-	0.98
E8	Procurement of Heavy Duty wall mounted air circulators type Electric Fan	22.05.2026	22.05.2026	0.01	-	0.01
E9	Procurement of 1 KVA online UPS for Sliding doors at TB	22.05.2026	22.05.2026	0.01	-	0.01
E10	Augmentation and replacement of existing CCTV system	31.03.2027	31.03.2027	7.95	-	7.95
E11	Heavy Duty Rotaru Grass Cutting Machine	30.06.2026	30.06.2026	0.27	-	0.27
E12	Dustbin 155 Nos.	31.08.2026	31.08.2026	0.27	-	0.27
E13	Stainless Steel Dustbin 250 nos.	30.06.2026	30.06.2026	0.01	-	0.01
	Subtotal			**18.77**	**-**	**18.77**
F. Furniture & Fixtures - Trolleys						
F1	Passenger hand Baggage Trolleys (50 Nos.)	30.06.2026	30.06.2026	0.11	-	0.11
F2	Passenger Baggage Trolleys (450 Nos.)	30.06.2026	30.06.2026	1.89	-	1.89
	Subtotal			**2.00**	**-**	**2.00**
G. Office Equipment						

G1	Providing and placing Check-in-counter, "May I help you " counter, SLPC table and Frisking Booth	31.03.2027	31.03.2027	0.79	-	0.79
	Subtotal		**-**	**0.79**	**-**	**0.79**
H. ATM Furniture						
H1	Three-Seater Visitor Chairs 50 nos.	30.06.2026	30.06.2026	0.09	-	0.09
H2	Sofa 60 nos.	31.08.2026	31.08.2026	0.17	-	0.17
H3	Three-Seater Chairs 250 nos.	31.08.2026	31.08.2026	0.56	-	0.56
H4	Queue Manager 200 nos.	30.06.2026	30.06.2026	0.02	-	0.02
H5	Counter Chair -52 nos.	31.08.2026	31.08.2026	0.02	-	0.02
H6	Immigration Counter Chair -15 nos.	31.08.2026	31.08.2026	0.003	-	0.003
	Subtotal			**0.87**	**-**	**0.87**
I. X-Ray Equipment						
I1	XBIS (5HB @ 0.25 Crore & 8RB @ 0.40 Crore against replacement of SV - 25-26 (tender in progress)	31.12.2026	31.12.2026	4.45	-	4.45
	Subtotal			**4.45**	**-**	**4.45**
J. CFT & Fire-fighting equipment						
J1	Procurement of 4 Nos ACFT (10kl Water Tank Capacity)	31.03.2028	31.03.2028	28.59	-	28.59
	Subtotal			**28.59**	**-**	**28.59**
Total CAPEX				**533.41**	**69.53**	**463.88**

6.2.47 Based on the above analysis of the Authority on the CAPEX projection, the summary of proposed Capital Expenditure for the Fourth Control Period is given in the following table:

Table 47: Year wise Capital Expenditure proposed by the Authority for the Fourth Control Period

(₹ Crores)

S. No	Asset category	CAPEX (excluding Financing Allowance)						Financing Allowance not considered
		FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total	
A	Runway, Taxiway & Aprons	382.84	-	-	-	-	**382.84**	69.24
B	Buildings - Terminal	2.87	-	-	-	-	**2.87**	0.10
C	Buildings - Others	2.76	-	-	-	-	**2.76**	-
D	Machinery	5.34	-	-	-	-	**5.34**	-
E	Tools and Equipment	18.96	-	-	-	-	**18.96**	-
F	Furniture & Fixtures	2.00	-	-	-	-	**2.00**	-
G	Office Equipment	0.79	-	-	-	-	**0.79**	-
H	ATM Furniture	0.87	-	-	-	-	**0.87**	-
I	X-Ray Equipment	4.45	-	-	-	-	**4.45**	-
J	CFT and Firefighting equipment	-	28.59	-	-	-	**28.59**	-
K	Electrical Installation	12.41	2.00	-	-	-	**14.41**	0.19
	Total CAPEX	**433.29**	**30.59**	**-**	**-**	**-**	**463.88**	**69.53**

6.2.48 The variance between the CAPEX proposed by the Authority ₹463.88 Crores vis-à-vis AAI submission

for the Fourth Control Period ₹533.41 Crores is due to non-consideration of Financing Allowance of ₹69.53 Crores.

6.3 Depreciation for the Fourth Control Period

AAI's Submission on Depreciation for the Fourth Control Period:

6.3.1 Calicut Airport follows its approved rates of Depreciation as per AERA order No. 35/2017-18 dated 12.01.2018 (read with Amendment no. 01 thereto) for different Asset Classes. While submitting the Multi-Year Tariff proposal for the Fourth Control Period for Calicut Airport, AAI has taken cognizance of the rates of depreciation approved by the Authority (Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'). Accordingly, AAI has adopted the rates of depreciation approved by the Authority from FY 2019-20 onwards.

6.3.2 Depreciation has been computed separately on opening block of assets and on the proposed additions and the depreciation amount proposed by AAI for Calicut Airport for the Fourth Control Period has been presented in the table below:

Table 48: Depreciation proposed by AAI for Calicut Airport for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Land	-	-	-	-	-	-
Runways, Taxiways & aprons	12.64	20.16	20.16	20.10	20.06	93.13
Roads, Bridges & culverts	0.16	0.03	0.03	0.03	0.01	0.27
Buildings - Terminal	5.08	5.13	5.12	5.11	5.07	25.50
Buildings - Residential	0.08	0.08	0.07	0.07	0.07	0.36
Security Fencing	0.04	0.04	0.04	0.04	-	0.16
Boundary Wall - Operational	1.87	1.86	1.86	1.84	1.47	8.90
Buildings - Others	0.44	0.49	0.45	0.44	0.34	2.17
Computers & Peripherals	0.51	0.37	-	-	-	0.88
Computer Software	0.00	0.00	0.00	0.00	0.00	0.01
Machinery	4.08	4.74	4.80	4.80	4.78	23.20
Tools & equipment	2.03	2.56	2.52	2.51	2.51	12.12
Office Furniture	0.32	0.29	0.29	0.29	0.29	1.47
Furniture & Fixtures - Trolleys	0.91	0.45	-	-	-	1.35
Vehicles	1.18	0.58	0.58	0.58	0.58	3.51
Vehicles - Cars & Jeeps	0.03	0.01	-	-	-	0.03
Electrical Installations	6.77	6.26	4.97	2.16	-	20.16
Office Equipment	0.19	0.26	0.26	0.26	0.19	1.16
ATM Furniture	0.15	0.12	0.12	0.12	0.12	0.64
X-Ray Equipment	0.49	0.61	0.60	0.60	0.60	2.90
CFT & Fire-fighting equipment	1.63	2.55	3.50	3.49	3.16	14.33
Total Depreciation	**38.59**	**46.59**	**45.38**	**42.44**	**39.25**	**212.25**

Authority's examination and proposal for the Depreciation of the Fourth Control Period:

6.3.3 The Authority notes that Calicut Airport has calculated the depreciation for the Fourth Control Period based on the useful life of the asset with the Order No. 35/ 2017-18 dated January 12, 2018. The Authority has reviewed the depreciation submitted by AAI for the Fourth Control Period with the rates as per the Order No.35/ 2017-18 dated January 12, 2018 However, based on the changes proposed in capital expenditure, due to exclusion of FA on the Capital Addition, etc., the Authority proposes the

following Depreciation for the Fourth Control Period.

Table 49: Depreciation proposed by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Land	-	-	-	-	-	**-**
Runways, Taxiways & aprons	11.11	17.49	17.49	17.42	17.39	**80.90**
Roads, Bridges & culverts	0.71	0.58	0.58	0.19	0.00	**2.06**
Buildings - Terminal	4.80	4.85	4.84	4.83	4.79	**24.10**
Buildings - Residential	0.08	0.08	0.07	0.07	0.07	**0.36**
Buildings - Temporary	-	-	-	-	-	**-**
Security Fencing	0.04	0.04	0.04	0.04	-	**0.16**
Boundary Wall - Operational	1.79	1.79	1.79	1.70	1.37	**8.44**
Buildings - Others	0.59	0.64	0.60	0.58	0.58	**2.99**
Computers & Peripherals	0.43	0.21	0.00	0.00	0.00	**0.64**
Computer Software	0.00	0.00	0.00	0.00	0.00	**0.01**
Machinery	0.84	1.01	1.00	1.00	0.97	**4.82**
Tools & equipment	2.31	2.85	2.80	2.79	2.79	**13.54**
Office Furniture	0.30	0.28	0.28	0.26	0.25	**1.36**
Furniture & Fixtures - Trolleys	1.24	0.67	0.67	-	-	**2.57**
Vehicles	1.05	0.33	0.33	0.33	0.23	**2.28**
Vehicles - Cars & Jeeps	0.03	0.01	-	-	-	**0.03**
Electrical Installations	9.73	9.69	8.35	4.76	2.42	**34.95**
Office Equipment	0.19	0.26	0.26	0.16	0.16	**1.04**
ATM Furniture	0.15	0.12	0.12	0.12	0.12	**0.65**
X-Ray Equipment	0.40	0.52	0.51	0.51	0.51	**2.47**
CFT & Fire-fighting equipment	1.65	2.57	3.52	3.51	3.18	**14.42**
Total Depreciation	**37.44**	**43.97**	**43.25**	**38.28**	**34.84**	**197.79**

6.3.4 The Authority proposes to consider Depreciation for Calicut Airport for the Fourth Control Period as ₹ 197.79 Crores. The above Depreciation is less than that proposed by AAI, which is ₹ 212.25 Crores, due to the following reasons:

i. Reduction of CAPEX by ₹ 69.53 Crores due to non consideration of Financing Allowance.

ii. Considered Opening RAB (01.04.2021) as approved in the Tariff Order for the Third Control Period and adjustments made by AAI in the Opening RAB of the Third Control Period not considered.

6.4 Regulatory Asset Base (RAB) for the Fourth Control Period

AAI's Submission on RAB for Calicut Airport for the Fourth Control Period:

6.4.1 AAI's Submission on RAB for the Fourth Control Period for Calicut Airport is as follows:

Table 50: RAB submitted by AAI for Calicut Airport for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB	326.88	791.02	775.11	729.73	687.28	
Addition	502.73	30.68	0.00	0.00	0.00	**533.41**
Disposal	0.00	0.00	0.00	0.00	0.00	
Depreciation	38.59	46.59	45.38	42.44	39.25	**212.25**

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Closing RAB	**791.02**	**775.11**	**729.73**	**687.28**	**648.04**	
Ave/ RAB	**558.95**	**783.06**	**752.42**	**708.51**	**667.66**	

Authority's examination of RAB for Calicut Airport for the Fourth Control Period:

6.4.2 The Authority proposes to adopt the capitalization of Aeronautical Expenditure in accordance with Table 47 and the Depreciation in accordance with Table 49. Based on the above, RAB proposed by the Authority for the Fourth Control Period is as follows:

Table 51: RAB proposed by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB (A) (refer Table 18)	309.88	705.72	692.34	649.08	610.80	
Addition (B) (refer Table 47)	433.29	30.59	0.00	0.00	0.00	**463.88**
Disposal/ Transfers (C)	0.00	0.00	0.00	0.00	0.00	**0.00**
Depreciation (D) (refer Table 49)	37.44	43.97	43.25	38.28	34.84	**197.79**
Closing RAB (E) = [(A) +(B) - (C) - (D)]	**705.72**	**692.34**	**649.08**	**610.80**	**575.96**	
Average RAB = [(A) + (E)]/2	**507.80**	**699.03**	**670.71**	**629.94**	**593.38**	

6.5 Authority's proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to Capital Expenditure, Depreciation and Regulatory Asset Base for the Fourth Control Period proposes:

6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the Fourth Control Period in accordance with Table 47.

6.5.2 To true up the Capital Addition for the Fourth Control Period based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Fifth Control Period.

6.5.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and the justification is acceptable to the Authority, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fifth Control Period.

6.5.4 To consider Depreciation as per Table 49 for the Fourth Control Period.

6.5.5 To true up Depreciation of the Fourth Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fifth Control Period.

6.5.6 To consider RAB for the Fourth Control Period for Calicut Airport as per Table 51.

6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Fifth Control Period.

7. FAIR RATE OF RETURN (FRoR) FOR THE FOURTH CONTROL PERIOD

7.1 AAI's Submission on Fair Rate of Return (FRoR) for the Fourth Control Period for Calicut Airport

7.1.1 AAI has considered Fair rate of Return (FRoR) as 14% based on the Authority's decision in the Tariff Order for the Third Control Period.

7.2 Authority's examination of FRoR for the Fourth Control Period

7.2.1 The Authority notes that AAI submitted that the capital expenditure proposed for the Fourth Control Period will be funded through internal accruals and hence no debts have been proposed by AAI in its MYTP submitted for the Fourth Control Period.

7.2.2 The Authority, during the Tariff determination of AAI Airports, from the Regulatory perspective, noted that the capital structure of AAI is not efficient due to heavy reliance on equity component and accordingly AAI was advised to gradually move towards adopting efficient capital structure by raising debt funds for financing of its airport projects.

7.2.3 It is noted that at AAI airports, generally the equity portion is significantly higher (above 90%) and the debt portion is quite nominal (below 10%). Therefore, considering a return on equity @ 14% on this high equity portion does not bring in efficiency, as compared to the option of funding the project through an optimal mix of debt: equity, as per the normative gearing ratio for the airport projects.

7.2.4 The Authority also notes the recommendations made by the Public Investment Board (PIB) in their Minutes of Meeting dated February 20, 2024 (No. 27 (03)/ PFC-I/ 2024), wherein, the PIB has stated that "the Authority would also consider other factors while assessing fair rate of return in cases where there is a low level of gearing with the underlying objective of protecting the reasonable interests of Users". The above recommendation emphasizes the need to balance financial considerations, with a view to protect the Airport Users' interests.

7.2.5 Considering the above, particularly the observations of PIB regarding funding of AAI Airport projects, mainly through equity with nominal debt, the Authority has taken a considered decision for AAI airports, that the Authority will apply Normative Gearing Ratio of 48:52 (Debt: Equity) for determining the FRoR for AAI Airports as well as being followed in case of PPP Airports. The Cost of Debt, Cost of Equity considered by the Authority for determination of FRoR for Calicut Airport has been explained as follows:

Cost of Debt

7.2.6 The Authority has considered the notional Cost of Debt for the Fourth Control Period, based on pre-tax Cost of Debt of 8.03% submitted by the AAI in Form 5 of the MYTP submission.

Cost of Equity

7.2.7 The Authority proposes to consider the Cost of Equity for Calicut Airport at 15.18%, as being considered by AERA for PPP Airports.

Fair Rate of Return (FRoR)

7.2.8 Based on the above, the Authority proposes to consider FRoR for Calicut Airport for the Fourth Control Period as per table given below:

Table 52: Fair Rate of Return proposed by the Authority for the Fourth Control Period

Parameter	%
Normative Debt : Equity Ratio	48:52
Cost of Equity	15.18%
Cost of Notional Debt	8.03%
FROR for the Control Period	11.75%

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

Based on the above, the Authority with regard to FRoR for the Fourth Control Period proposes:

7.3.1 To consider FRoR of 11.75% for Calicut Airport in respect of the Fourth Control Period as per Table 52.

8. INFLATION FOR THE FOURTH CONTROL PERIOD

8.1 AAI's Submission on Inflation for the Fourth Control Period for Calicut Airport

8.1.1 AAI has not made any submission related to inflation as part of its MYTP submission for Calicut Airport for the Fourth Control Period.

8.2 Authority's examination and proposal on Inflation for the Fourth Control Period

8.2.1 The Authority reviewed the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 100" released on June 05, 2026 published by the Reserve Bank of India (RBI). As per the report, the Authority observes that the projected inflation rate for FY 2026-27 is 7.80%. However, the Authority notes that the actual inflation rates for the preceding two years, namely FY 2024-25 and FY 2025-26, were significantly lower at 2.31% and 0.40%, respectively. In the Authority's view, adopting the projected inflation rate of 7.80% in isolation would not appropriately reflect the recent inflationary trend. Accordingly, to arrive at a more balanced and reasonable estimate, the Authority proposes to rationalize the inflation assumption by considering the average of the actual inflation rate for FY 2025-26 (0.40%) and the projected inflation rate for FY 2026-27 (7.80%), which works out to 4.10%.

8.2.2 Further, the Authority assumes that the Inflation Rate would remain stable from FY 2027- 2028 till FY 2030-31. Accordingly, the following table presents the Inflation Rates proposed to be considered by the Authority for the Fourth Control Period.

Table 53: Inflation Rates proposed by the Authority for the Fourth Control Period for Calicut Airport

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
WPI Inflation	4.10 %	3.40 %	3.40 %	3.40 %	3.40 %

8.3 Authority's proposal regarding Inflation for the Fourth Control Period

Based on the material before it and its analysis, the Authority with regard to Inflation for the Fourth Control Period proposes:

8.3.1 To consider inflation for the Fourth Control Period for Calicut International Airport as detailed in Table 53.

9. OPERATION AND MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

9.1 AAI's submission on Operation and Maintenance Expenses for the Fourth Control Period for Calicut International Airport

9.1.1 Operation and Maintenance (O&M) Expenses submitted by AAI are segregated, as below:

a) Payroll expenses,

b) Admin and General expenditure,

c) Repair and Maintenance expenditure,

d) Utilities and Outsourcing expenditure, and

e) Other outflows, i.e., collection charges on UDF.

9.1.2 The expenses related to AAICLAS, ANS, and CISF Security have not been considered by AAI in its MYTP submission.

9.1.3 AI has segregated the expenses into aeronautical expenses, non-aeronautical expenses, and common expenses. The common expenses have been further segregated into aeronautical and non-aeronautical based on the relevant ratios.

9.1.4 The summary of proposed O&M expenses as per AAI for the Fourth Control Period is shown in the following table:

Table 54: Operation and Maintenance (O&M) Expenses submitted by AAI for Fourth Control Period

(₹ Crores)

S. No.	Particulars (₹ Cr)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
A1	Payroll cost-Excluding CHQ/RHQ	44.15	55.19	59.06	63.19	67.61	**289.20**
A2	Retirement cost-CHQ/RHQ	0.98	1.22	1.31	1.40	1.49	**6.39**
A	**Total Payroll Expenses (A1+A2)**	**45.13**	**56.41**	**60.36**	**64.59**	**69.11**	**295.59**
B	**Repair & Maintenance Expenses**	**25.13**	**26.05**	**28.63**	**31.50**	**34.63**	**145.94**
C1	Power Charges	11.14	11.47	11.82	12.17	12.54	**59.14**
C2	Water Charges	1.34	1.34	1.34	1.34	1.34	**6.70**
C3	Outsourcing Expenses	1.08	1.19	1.30	1.43	1.58	**6.58**
C	**Utilities & Outsourcing Expenses (C1+C2+C3)**	**13.56**	**14.00**	**14.46**	**14.95**	**15.46**	**72.42**
D	**Admn. & General Exp.-Excluding-CHQ/RHQ**	**18.28**	**19.34**	**20.51**	**21.80**	**23.23**	**103.16**
E	**Admn. & General Exp.-CHQ/RHQ**	**25.29**	**26.56**	**27.89**	**29.28**	**30.75**	**139.77**
F	**Other Outflow- Collection charges on UDF**	**0.59**	**0.65**	**0.70**	**0.76**	**0.82**	**3.52**
	Total Operating and Maintenance Exp. (A+B+C+D+E+F)	**127.98**	**143.01**	**152.55**	**162.87**	**173.99**	**760.40**

9.1.5 The summary of growth rates assumed by AAI for the O&M Expenses for the Fourth Control Period is shown in following table:

Table 55: Growth Rates in O&M Expenses submitted by AAI for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Payroll cost-Excluding CHQ/RHQ	7.74%	25.00%	7.00%	7.00%	7.00%
Retirement cost-CHQ/RHQ	7.00%	25.00%	7.00%	7.00%	7.00%
Repair & Maintenance Expenses	18.91%	3.68%	9.89%	10.01%	9.96%
Power Charges	3.00%	3.00%	3.00%	3.00%	3.00%
Water Charges	0.00%	0.00%	0.00%	0.00%	0.00%
Outsourcing Expenses	10.00%	10.00%	10.00%	10.00%	10.00%
Admn. & General Exp-Excluding-CHQ/RHQ	6.24%	5.80%	6.06%	6.30%	6.54%
Admn. & General -CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Other Outflows	-5.63%	8.56%	8.56%	8.57%	7.58%

9.2 Authority's examination of Operation and Maintenance Expenses for the Fourth Control Period

9.2.1 AAI has proposed ₹ 760.40 Crores towards Operation and Maintenance Expenses for the Fourth Control Period.

<u>Allocation of O&M Expenses to Aeronautical and Non-Aeronautical activities:</u>

9.2.2 The Authority examined the allocation of Operational and Maintenance Expenses by AAI between Aeronautical and Non-Aeronautical activities for Calicut Airport. The same is explained in the following paragraphs.

9.2.3 AAI has derived the apportionment ratios for various cost heads based on the functional usage of the respective facilities. AAI has computed these ratios without accounting for ANS-related staff and activities.

9.2.4 AAI has segregated the payroll expenses between Aeronautical and Non-Aeronautical in the employee ratio of 98.09:1.91 for Fourth Control Period, which has been derived based on the headcount of Aeronautical and Non-Aeronautical employees within the airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.

9.2.5 Upkeep expenses (included under Administrative and General Expenses) and Repairs & Maintenance have been apportioned in the ratio of Terminal Building by AAI which is 92:8, which was previously approved by the Authority in the Tariff Order for Third Control Period.

9.2.6 Based on the above factors, the Authority has determined the following basis for allocation of common expenses, which is as follows:

Table 56: Allocation Ratios as per the Authority for apportionment of Common O&M Expenses into Aero & Non-Aero for the Fourth Control Period

Particulars	Allocation proposed by AAI (Aero: Non-Aero)	Allocation considered by the Authority (Aero: Non-Aero)
Terminal Building Ratio	92.00:8.00	92.00:8.00
Employee Head Count Ratio Payroll	98.09:1.91	98.09:1.91

A: Payroll expenses and Retirement Benefits of employees of Calicut Airport (A1 &A2)

9.2.7 AAI considered a growth rate of 7% in payroll expenses for the Fourth Control Period with an additional increase of 18% in FY 2027-28, taking into consideration, the likely impact of revision of pay scale due in FY 2027-28 for PSUs. However, the Authority proposes to consider a growth rate of 6% year on year from FY 2026-27 to FY 2030-31 in the payroll expenses. The said growth rate of 6% is in line with the Authority's consistent regulatory approach and has been uniformly adopted across all airports. The Authority proposes to consider the impact of expected revision of Pay Scales for CPSUs (due on 01.01.2027) on actual incurrence basis. Further, with respect to retirement benefits, the Authority observes a declining trend in the actual expenses incurred in recent years, and therefore, proposes not to consider any growth in retirement benefit expenses during the Fourth Control Period.

B: Repairs and Maintenance (R&M) expenses:

9.2.8 The Authority notes that AAI has claimed the total Repairs & Maintenance Expenses of ₹ 145.94 Crores for the Fourth Control Period. AAI has proposed YoY increase of 10% in the Repairs and Maintenance Expenses for the Fourth Control Period.

9.2.9 In respect of AMCs related to ACFT and Operations of PBB & AVDGS, AAI has considered annual increase as per the annual escalations, provisions in the Work Orders.

9.2.10 The Authority has examined the Repair and Maintenance (R&M) expenses proposed by AAI for the Fourth Control Period. The Authority notes that most of the major R&M works are granted to OEMs on long term basis with YoY escalation as per the terms of the contract. Further, the expenditure pertains to the operation of critical passenger facilitation and aircraft docking infrastructure, namely PBBs and AVDGS, which are essential for ensuring operational efficiency, safety, and passenger service standards at the Airport. The Authority also examined the underlying work order and forms part of the routine operational requirements of the Airport.

9.2.11 In line with the approach consistently adopted by the Authority for restricting the R&M expenses to the 6% of opening RAB (Net Block), the Repair and Maintenance (R&M) expenses for the Fourth Control Period have been capped at 6% of the Opening RAB (Net Block) for the FY 2026-27, as the R&M expenses proposed by AAI were exceeding the aforesaid ceiling.

For the remaining tariff years of the Fourth Control Period, the R&M expenses projected by AAI are within the stipulated ceiling limit; therefore, the Authority has considered the same as proposed by AAI.

9.2.12 In view of the above the Authority proposes to consider the total R&M Expenses of ₹ 139.41 Crores for the Fourth Control Period.

C: Expenses towards Utilities and Outsourcing Expenses (C1, C2 & C3)

9.2.13 The Authority notes that AAI has claimed the total Utilities and Outsourcing Expenses of ₹72.42 Crores for the Fourth Control Period. The Authority examined the expenses towards utilities and noted that under this head expenses are mainly related to power, consumption of store and spares, consultancy & advisory services and hiring charges for cars/ jeeps:

C1: Power expenses: AAI has projected ₹59.14 Crores for meeting power requirements for Calicut International Airport with an increase of 3% per year. The Authority has examined the historical trend of power expenses and observes that the actual expenditure has witnessed a modest growth of only 0.41% during the recent period. There is the relatively stable trend in power consumption and tariff

levels. However, considering the inflation factor & increase in power consumption due to increased automation & installation of new systems, etc., in line with the increasing level of operations the Authority proposes to consider the nominal growth rate of 2% for Power Expenses during the Fourth Control Period.

C2: Water expenses: AAI has projected ₹6.70 Crores towards consumption of water based on the actual expenses of FY 2025-26, considering NIL YoY increase for the Fourth Control Period. Accordingly, the Authority proposes Nil YoY increase in the Water Expenses.

C3: Outsourcing expenses: AAI has projected outsourcing expenses of ₹6.58 Crores towards consumption of stores and spares, consultancy services and vehicle hiring charges after considering 10% Y-o-Y increase on the actual expenses incurred in FY 2025-26. Upon examination, the Authority considers 5% growth in vehicle hiring charges, while nil growth rate towards consumption of stores and spares, and consultancy services based on trends in the actual expenditure incurred in recent years.

D: Administrative and General Expenses (other than CHQ/ RHQ):

9.2.14 Administrative and General Expenses (other than CHQ/ RHQ) includes expenditure such as office expenses, travelling expenses, Upkeep expenses, watch and ward expenses, hiring of manpower expenses related to help desk, etc.

9.2.15 The Authority notes that AAI has projected Administration and General (A&G) expenses (excluding CHQ/RHQ) amounting to ₹103.16 Crores for the Fourth Control Period, with an average year-on-year (Y-o-Y) growth rate of 10%. Whereas, the Upkeep Expenses have been escalated at 3% per annum, while no growth has been considered on YoY basis for Taxes and License Fees.

9.2.16 Further, Authority observes that AAI has included interest on CAPEX term loans amounting Rs 2.72 Crore under A&G expenses. However, the same has not been considered by the Authority, as such costs have already been factored in while determining the Fair Rate of Return (FRoR) on RAB.

9.2.17 Upon examination, the Authority finds the growth rate considered by AAI for most of the A&G subheads (Office expenses, Advertisement, Telephone charges Printing and Stationary charges etc.) seems to be on the higher side considering declining trend in the actual expenditure incurred in recent years and, therefore, the Authority proposes to rationalize YoY increase to 5% (as against 10% as per AAI) for these expenses. Further, for rest of Expense heads (Insurance, May I Help You counters, Hiring of Manpower etc.) of the A&G expenses, 10% Y-O-Y growth rate has been considered for the Fourth Control Period.

E: Administrative and General expenses- CHQ/ RHQ expenses:

9.2.18 AAI has projected a total of ₹139.77 Crores towards allocation of CHQ/RHQ expenses (approximately 18% of total O&M Expenses) to Calicut International Airport with an increase of 5% per year considering CHQ/RHQ expenses for FY 2025-26 as allocation base for projecting allocation of Corporate and Regional HQ Expenses to Calicut International Airport for the Fourth Control Period.

9.2.19 The Authority has examined the apportionment of Corporate Headquarters (CHQ) and Regional Headquarters (RHQ) expenses proposed by AAI for Calicut Airport for the Fourth Control Period and notes that the airport has envisaged only limited capital works during the Fourth Control Period, predominantly comprising the development of the Runway End Safety Area (RESA) and certain works related to the Terminal Building. The Authority is of the view that the scope, complexity, and scale of the proposed projects are relatively limited to only RESA work and do not warrant a commensurate increase in the level of planning, engineering, project management, administrative, or technical support

from CHQ and RHQ.

9.2.20 The Authority further observes that the allocation of CHQ and RHQ expenses should be commensurate with the nature and extent of activities undertaken at the airport and should reflect the actual requirement of centralized support services. In the present case, considering the limited capital augmentation envisaged during the Fourth Control Period and the absence of any major capacity expansion or large-scale infrastructure development projects except RESA, the Authority does not find adequate justification for continuation of the existing level of apportioned CHQ and RHQ expenses with annual escalation.

9.2.21 The Authority further notes that, as per the cost-relatedness principle prescribed by the International Civil Aviation Organization (ICAO), airport charges should reflect only those costs that are directly and reasonably attributable to the services provided at the concerned airport. As per the Authority, any corporate overhead allocation recovered through aeronautical tariffs must demonstrate a clear linkage with the operational, managerial and technical support actually availed by the Airport. In the case of airport like Calicut, recovery of the entire CHQ/RHQ apportioned expenses from airport users would not be commensurate with the level of centralized support attributable to the Airport. Allowing the full claim would result in loading disproportionate corporate overheads onto passengers, contrary to the principles of cost reflectivity, tariff affordability and protection of user interests. Therefore, the Authority is of the view that only such CHQ/RHQ expenses that can reasonably be linked to and justified for Calicut Airport should be considered for recovery through airport tariffs.

Accordingly, the Authority proposes to restrict the apportionment of CHQ and RHQ expenses to 50% of the projected by the AAI for the Fourth Control Period. The Authority is of the view that the aforesaid treatment appropriately reflects the actual support requirements of the Airport during the Fourth Control Period and ensures that only prudent and efficiently incurred expenditure is passed on to airport users through aeronautical tariffs.

F: Other Outflows- Collection charges on UDF:

9.2.22 For other outflows i.e., Collection Charges on UDF, AAI, for projecting Collection Charges for the Fourth Control Period, has considered the same annual growth rates as that of Passenger Traffic. The Authority finds this approach for projecting Collection Charges as reasonable. Accordingly, considering the passenger traffic proposed by AERA for the Fourth Control Period, the Authority proposes to consider the Collection Charges on UDF, commensurate with the projected passenger traffic, as shown in the table below.

Based on the above review & analysis, the Authority proposes to consider the O&M Expenses for the Fourth Control Period as presented below:

Table 57: Operation and Maintenance (O&M) expenses proposed by the Authority for the Fourth Control Period

(₹ Crores)

S. No.	Particulars (₹ Cr)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
A1	Payroll cost-Excluding CHQ/RHQ	43.22	45.29	47.48	49.81	52.27	**238.06**
A2	Retirement cost-CHQ/RHQ	0.91	0.91	0.91	0.91	0.91	**4.56**
A	**Total Payroll Expenditure**	**44.13**	**46.20**	**48.39**	**50.72**	**53.18**	**242.62**
B	**Repair & Maintenance**	**18.59**	**26.05**	**28.63**	**31.50**	**34.63**	**139.41**
B1	Power Charges	11.03	11.25	11.48	11.71	11.94	**57.41**

S. No.	Particulars (₹ Cr)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
B2	water charges	1.34	1.34	1.34	1.34	1.34	**6.70**
B3	outsourcing exp.	0.99	1.00	1.02	1.03	1.05	**5.09**
C	**Utilities & outsourcing**	**13.36**	**13.60**	**13.84**	**14.08**	**14.33**	**69.20**
D	**Admn. & Other exp-Excluding-CHQ/RHQ**	**16.89**	**17.58**	**18.33**	**19.15**	**20.04**	**91.99**
E	**Admn. & Other-CHQ/RHQ**	**12.65**	**13.28**	**13.94**	**14.64**	**15.37**	**69.88**
F	**Other Outflow- Collection charges on UDF**	**0.68**	**0.76**	**0.84**	**0.93**	**1.03**	**4.24**
	Total Operating exp. (A+B+C+D+E+F)	**106.30**	**117.47**	**123.97**	**131.01**	**138.58**	**617.34**

Note:

The variance between O&M expenses proposed by the Authority for the Fourth Control Period (₹ 617.34 Crores) and that projected by AAI (₹ 760.40 Crores) is majorly on account of the following: -

- Capping of R&M Expenses to the 6% of the Opening RAB (net block of that year) for the FY 2026-27, rationalizing the R&M Expenses by ₹ 6.54 Crores.
- Non- consideration of the Interest on Borrowing expenses as claimed by AAI amounting to ₹2.82 Crores under the Administration & Other Expenses, as the same has been factored in the calculation of FRoR.
- Rationalization of cost pertaining to A&G expenses (CHQ/RHQ Apportionment) amounting to ₹69.88 Crores.
- Considered Payroll Costs with 6% Y-o-Y increase (Payroll expenses and Retirement Benefits) as against an increase of 7% proposed by AAI, and impact of Pay Scales Revision on actual incurrence basis, resulting in rationalization of cost amounting to ₹52.97 Crores.

9.3 Authority's proposal regarding Operation and Maintenance expenses for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to O&M expenses for the Fourth Control Period proposes:

9.3.1 To consider O&M expenses for the Fourth Control Period for Calicut Airport as per Table 57.

9.3.2 To True up the O&M expenses of the Fourth Control Period, at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

10. NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

10.1 AAI's Submission on Non-Aeronautical Revenue for the Fourth Control Period for Calicut Airport

10.1.1 AAI has forecasted Revenue from Services other than Aeronautical Services for Calicut Airport as below:

Table 58: Non-Aeronautical Revenue projections submitted by AAI for Calicut Airport for Fourth Control Period

(₹ Crores)

Revenue Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1. Trading Concessions						
Restaurant / Snack Bars	6.76	7.78	8.94	10.28	11.72	**45.49**
T.R. Stall	22.58	25.96	29.86	34.34	39.14	**151.88**
Hoarding & Display	1.50	1.73	1.99	2.28	2.60	**10.10**
2. Rent And Services						
Land Rent & Leases	0.02	0.02	0.03	0.03	0.03	**0.12**
Building Residential	0.04	0.04	0.04	0.04	0.05	**0.21**
Space Rent Fr. Airlines	2.65	2.85	3.07	3.29	3.54	**15.41**
Building Non-Residential	1.05	1.13	1.21	1.30	1.40	**6.09**
3. Miscellaneous						
Duty Free Shops	26.04	28.65	31.51	34.66	38.13	**159.00**
Car Rentals	0.71	0.78	0.86	0.95	1.04	**4.35**
Car Parking	5.61	6.18	6.79	7.47	8.22	**34.28**
Admission Tickets	0.30	0.33	0.36	0.40	0.44	**1.83**
Other Income	7.97	8.37	8.79	9.23	9.69	**44.06**
Total	**75.24**	**83.81**	**93.45**	**104.28**	**116.01**	**472.79**

10.1.2 The growth rates assumed by AAI for NAR have been presented in the table below.

Table 59: Growth rates assumed by AAI for Calicut Airport for Non-aeronautical revenue

(%)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1. Trading Concessions					
Restaurant / Snack Bars	13.00%	15.00%	15.00%	15.00%	14.00%
T.R. Stall	37.94%	15.00%	15.00%	15.00%	14.00%
Hoarding & Display	13.00%	15.00%	15.00%	15.00%	14.00%
2. Rent And Services					
Land Rent & Leases	0.00%	0.00%	15.00%	0.00%	0.00%
Building Residential	5.00%	5.00%	5.00%	5.00%	5.00%
Space Rent Fr. Airlines	7.50%	7.50%	7.50%	7.50%	7.50%
Building Non-Residential	7.50%	7.50%	7.50%	7.50%	7.50%
3. Miscellaneous					
Duty Free Shops	10.00%	10.00%	10.00%	10.00%	10.00%
Car Rentals	10.00%	10.00%	10.00%	10.00%	10.00%
Car Parking	42.80%	10.00%	10.00%	10.00%	10.00%
Admission Tickets	10.00%	10.00%	10.00%	10.00%	10.00%
Other Income	5.00%	5.00%	5.00%	5.00%	5.00%

10.2 Authority's examination of Non-Aeronautical Revenue for the Fourth Control Period

10.2.1 The Authority, through Independent Consultant has reviewed the major contracts executed with the Concessionaires by AAI during FY 2025-26. The Authority notes that the total NAR projected by AAI for the Fourth Control Period, that is ₹ 472.79 Crores is 85% higher than NAR of ₹255.25 Crores submitted in the Third Control Period by AAI for Calicut Airport.

10.2.2 Further, the Authority notes that AAI has included an amount of ₹15.40 Crore towards Space Rent from Airlines as part of Non-aeronautical Revenue for the Fourth Control Period. The Authority is of the considered view that such revenue is intrinsically linked to Aeronautical activities, including aircraft parking and allied services. Accordingly, the Authority has decided to reclassify the said amount under Aeronautical Revenue for the purpose of tariff determination.

Revenue from Passenger-related services

10.2.3 The Authority notes that the revenue from Passenger services (other than Rent and Services) projected for the Fourth Control Period amounts to ₹ 207.46 Crores. Further, Calicut Airport has demonstrated steady passenger growth in the recent past, and this trend is expected to continue in the coming years. The Authority finds the proposed growth rate to be reasonable and, accordingly, proposes to adopt the same.

Other Revenues

10.2.4 The Authority has examined the Revenue from other services proposed by AAI as follows:-

i. Land Lease: AAI has proposed 15% growth for FY 2028-29, as the land rental rates are revised after the period of 3 years. The Authority proposes to consider the land lease rates as proposed by AAI for Calicut Airport for the Fourth Control Period.

ii. Building (Residential & Non- Residential): AAI has projected 5.00% and 7.5% Y-O-Y increase respectively for the Fourth Control Period, towards Building (Residential/ Non- Residential) and the Authority proposes to consider the same.

Miscellaneous

10.2.5 AAI has projected a year-on-year growth of 10% in revenues from Duty Free Shops, Car Rental, Car Parking and Admission Tickets, and 5% in revenues from other miscellaneous sources such as sale of scrap and stores, conservancy charges, lost and found income, etc., during the Fourth Control Period. In respect of Car Parking revenue for FY 2026-27, AAI has considered a one-time growth of 43% on account of the award of a new car parking contract on 02.09.2025, with billing commencing from 15.12.2025 at a monthly license fee of ₹46.79 lakh.

10.2.6 The Authority has examined the projections submitted by AAI towards revenue from Duty Free Shops for the Fourth Control Period. The Authority observes that AAI has considered an increase of 10% in Revenue from the Duty-Free Shops for the FY 2026-27. Considering that revenue from Duty Free Shops is primarily driven by international passenger traffic, accordingly, the Authority has considered a growth rate of 8% for FY 2026-27, in line with the projected growth in international passenger traffic.

Further, for the remaining tariff years of the Fourth Control Period, the Authority, based on the growth rate considered for the projection of international passenger traffic, proposes to consider the growth rate of 11% for projecting revenue from Duty Free Shops.

10.2.7 Further, the Authority has examined the projections in respect of revenue from Car Parking, Admission Tickets and Other Income. Upon review, the Authority is of the view that the growth assumptions adopted by AAI are reasonable and commensurate with the projected passenger traffic growth. Accordingly, the Authority has considered the same for the Fourth Control Period.

10.2.8 Based on the Authority's examination, the NAR determined for Calicut Airport for the Fourth Control Period have been presented in the table below:

Table 60: Non-aeronautical revenues proposed by the Authority for Calicut Airport for the Fourth Control Period

(₹ Crores)

Revenue Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1. Trading Concessions						
Restaurant / Snack Bars	6.76	7.78	8.94	10.28	11.72	45.49
T.R. Stall	22.58	25.96	29.86	34.34	39.14	151.88
Hoarding & Display	1.50	1.73	1.99	2.28	2.60	10.10
2. Rent And Services						
Land Rent & Leases	0.02	0.02	0.03	0.03	0.03	0.12
Building Residential	0.04	0.04	0.04	0.04	0.05	0.21
Space Rent Fr. Airlines	2.65	2.85	3.07	3.29	3.54	15.41
Building Non-Residential	1.05	1.13	1.21	1.30	1.40	6.09
3. Miscellaneous						
Duty Free Shops	25.57	28.38	31.50	34.97	38.82	159.24
Car Rentals	0.71	0.78	0.86	0.95	1.04	4.35
Car Parking	5.61	6.18	6.79	7.47	8.22	34.28
Admission Tickets	0.30	0.33	0.36	0.40	0.44	1.83
Other Income	7.97	8.37	8.79	9.23	9.69	44.06
Less- Space Rent From Airlines*	2.65	2.85	3.07	3.29	3.54	15.41
Total	**72.12**	**80.70**	**90.34**	**101.22**	**113.04**	**457.42**

** Space Rent from Airlines has been Excluded from Non-Aeronautical Revenue and reclassified under Aeronautical Revenue.*

10.2.9 The growth rates as per Authority's examination have been presented in the table below:

Table 61: Growth rates in Non-aeronautical revenue proposed by the Authority

(%)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1. Trading Concessions					
Restaurant / Snack Bars	13.00%	15.00%	15.00%	15.00%	14.00%
T.R. Stall	37.94%	15.00%	15.00%	15.00%	14.00%
Hoarding & Display	13.00%	15.00%	15.00%	15.00%	14.00%
2. Rent And Services					
Land Rent & Leases	0.00%	0.00%	15.00%	0.00%	0.00%
Building Residential	5.00%	5.00%	5.00%	5.00%	5.00%
Building Non-Residential	7.50%	7.50%	7.50%	7.50%	7.50%
3. Miscellaneous					
Duty Free Shops	8.00%	11.00%	11.00%	11.00%	11.00%
Car Rentals	10.00%	10.00%	10.00%	10.00%	10.00%

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Car Parking	42.80%	10.00%	10.00%	10.00%	10.00%
Admission Tickets	10.00%	10.00%	10.00%	10.00%	10.00%
Other Income	5.00%	5.00%	5.00%	5.00%	5.00%

10.3 Authority's proposal regarding Non-aeronautical revenues for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to Non-Aeronautical revenue for the Fourth Control Period proposes:

10.3.1 To consider Non-Aeronautical Revenues for the Fourth Control Period for Calicut Airport in accordance with Table 60.

10.3.2 To consider true up of Non-Aeronautical Revenue achieved by AAI for Calicut Airport for the Fourth Control Period on higher side i.e. based on the actuals or as projected in the Tariff Order, whichever is higher, while determining tariff for the Fifth Control Period.

11. TAXATION FOR THE FOURTH CONTROL PERIOD

11.1 AAI's Submission on Taxation for the Fourth Control Period for Calicut Airport

11.1.1 AAI has calculated the Aeronautical Taxation based on the Revenue generated from Regulated Services, Aeronautical Operating Expenses, Interest and Financing Charges, and Depreciation on Written Down Value (WDV) of assets as per Income Tax. After calculating the Profit Before Tax (PBT), a Tax rate of 25.17% was applied by AAI, after setting off prior losses. The Aeronautical Taxes submitted by Calicut Airport are shown in the table below:

Table 62: Aeronautical Tax submitted by AAI for Calicut Airport for the Fourth Control Period

(₹ Crores)

PARTICULARS	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Aeronautical Revenue	291.41	427.38	499.30	580.41	658.99	2457.48
Non-Aero revenue (30%)	22.57	25.14	28.03	31.28	34.80	141.84
Total REV. (A)	313.98	452.52	527.33	611.69	693.79	2599.32
OPEX	127.98	143.01	152.55	162.87	173.99	760.40
DEP. as WDV as per income tax	55.09	77.41	71.11	63.17	55.99	322.77
Total exp. (B)	**183.07**	**220.42**	**223.66**	**226.04**	**229.98**	**1083.17**
PBT (C = A-B)	**130.91**	**232.11**	**303.67**	**385.65**	**463.81**	**1516.15**
Prior period losses 2nd CP	0.00	0.00	0.00	0.00	0.00	0.00
Set-off of prior period tax losses	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
PBT after set-off of prior period tax losses	**130.91**	**232.11**	**303.67**	**385.65**	**463.81**	**1516.15**
Tax Rates (%)	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%
Tax (C*D)	**32.95**	**58.42**	**76.43**	**97.07**	**116.74**	**381.61**

11.2 Authority's examination of Taxation for the Fourth Control Period

11.2.1 The Authority has computed the Aeronautical Taxes based on the revised regulatory blocks for the Fourth Control Period proposed in the previous chapters. The following table summarizes the Aeronautical Taxes proposed by the Authority for the Fourth Control Period.

Table 63: Taxation proposed by the Authority for the Fourth Control Period

(₹ Crores)

PARTICULARS	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Aeronautical Revenue	226.59	235.08	255.28	277.19	301.18	**1295.32**
Total Revenue (A)	**226.59**	**235.08**	**255.28**	**277.19**	**301.18**	**1295.32**
OPEX	106.30	117.47	123.97	131.01	138.58	**617.34**
DEP. as WDV as per Income Tax	50.26	69.33	63.98	56.93	50.70	**291.21**
Total Expenses (B)	**156.57**	**186.80**	**187.96**	**187.95**	**189.28**	**908.55**
PBT (C= A-B)	70.02	48.28	67.33	89.25	111.90	**386.77**
Set-off of prior period tax losses	-	-	-	-	-	**-**
PBT after set-off of prior period tax losses	70.02	48.28	67.33	89.25	111.90	**386.77**
Tax Rates (%)	25.17%	25.17%	25.17%	25.17%	25.17%	**25.17%**
Tax (C*D)	**17.62**	**12.15**	**16.95**	**22.46**	**28.16**	**97.35**

Note:

The variance between Taxation proposed by the Authority for the Fourth Control Period (₹ 97.35 Crores) and that projected by AAI (₹ 381.61 Crores) is mainly on account of the following:-

i. Consideration of the lower Aero Revenue based on the ARR proposed by the Authority for the Fourth Control Period for the computation of Tax.

ii. AAI has considered the 30% Non-Aero Revenue in its Tax calculations, whereas the same has not been considered by the Authority in its Tax Calculations.

11.3 Authority's proposal regarding Taxation for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to Aeronautical Tax for the Fourth Control Period proposes:

11.3.1 To consider the Taxation for the Fourth Control Period for Calicut Airport as per Table 63.

11.3.2 To True up the Aeronautical Tax appropriately, at the time of tariff determination for the Fifth Control Period.

12. Return on Land cost

12.1 AAI`s submission regarding the Return on Land for the Fourth Control Period:

12.1.1 AAI has claimed the following Return on Land cost for Calicut International Airport for the Fourth Control Period:

Table 64: Return on Land submitted by AAI for Calicut Airport for the Fourth Control Period

(₹ Crores)

PARTICULARS	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Land Value	24.93	24.93	24.93	24.93	24.93	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
Return Value	**1.64**	**1.64**	**1.64**	**1.64**	**1.64**	**8.22**

12.1.2 AAI in its MYTP submission has claimed the same Return on Land cost for Calicut International Airport for the Fourth Control Period as was claimed for true up of the Third Control Period.

12.2 Authority's examination regarding the Return on Land for the Fourth Control Period:

12.2.1 The Authority based on proportionate value of land used for Aeronautical activities, ₹ 24.93 Crore approved on the True-up for Third Control period, considered the return on the cost of land.

12.2.2 As per Land Return Order No. 42/2018-19 dated March 5, 2019, for Land purchased by airport operating company either from private parties or from government, the compensation will be by way of equated annual installment computed at actual cost of debt or SBI rate plus 2% whichever is lower over a period of 30 years.

12.2.3 The Authority noted the AAI has considered 6.21% as the cost of debt (as the debts are consolidated at CHQ level), which is lower than the SBI rate plus 2% and the same is considered by the Authority for computing the Return on Land.

12.2.4 Based on the above observations, the Authority has considered the Return on the Cost of Land as follows:

Table 65: Return on Cost of Land proposed by the Authority for the Fourth Control Period

(₹ Crores)

PARTICULARS	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Land Value	24.93	24.93	24.93	24.93	24.93	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
Return Value *	**1.64**	**1.64**	**1.64**	**1.64**	**1.64**	**8.22**

** Return Value = Equated Annual Instalment computed at actual cost of debt Equated Annual Instalment= [Cost*Rate*(1+Rate)^30]/[(1+Rate)^30-1]*

12.3 Authority's proposal regarding Return on Land for Fourth Control Period

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

12.3.1 The Authority proposes to consider Return on Land as per Table 65.

13. QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

13.1 AAI's Submission on Quality of Service for the Fourth Control Period for Calicut Airport

13.1.1 Calicut Airport has not made any submission related to Quality of Service as part of its MYTP submission. The Authority was informed that the same is available on AAI's website (station-wise).

13.2 Authority's examination regarding Quality of Service for the Fourth Control Period

13.2.1 The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall "monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf."
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration "the service provided, its quality and other relevant factors."

13.2.2 The Authority notes from AAI's website that the ACI ASQ survey results for Calicut Airport for the FY 2022-23 to FY 2026-27(Q1) have been in the range of 4.58 to 4.88 (overall score), as against the average score of AAI Airports which ranges from 4.60 to 4.84.

Table 66: ASQ rating for Calicut Airport for the years 2022-2027

Calendar Year (CY)	ASQ rating
FY 2022-23	4.61
FY 2023-24	4.78
FY 2024-25	4.82
FY 2025-26 Q-1 (Jan-March)	4.84
FY 2025-26 Q-2 (April-June)	4.58
FY 2025-26 Q-3 (Jul-Sep)	4.76
FY 2025-26 Q-4 (Oct-Dec)	4.75
FY 2026-27 Q-1 (Jan-March)	4.88

13.2.3 The Authority notes that the ASQ rating awarded to Calicut Airport is above the average rating of the AAI airports and the same is more than the required overall airport satisfaction score of 4.5 on ACI ASQ survey rating, as mandated under NCAP, 2016 for AAI operated airports.

13.2.4 The Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by Calicut Airport, as the ASQ rating of the Airport, is higher than the average score of AAI Airports.

13.3 Authority's proposal regarding Quality of Service for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of Service for the Fourth Control Period:

13.3.1 Not to consider any adjustment towards tariff determination for the Fourth Control Period with regard to Quality of Service.

14. AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FOURTH CONTROL PERIOD

14.1 AAI's Submission on Aggregate Revenue Requirement for the Fourth Control Period for Calicut Airport

14.1.1 AAI has submitted ARR and Yield per Passenger (YPP) for the Fourth Control Period as per its projection of regulatory building blocks as discussed in previous chapters. The summary of ARR and YPP for the Fourth Control Period submitted by AAI is presented in the table below.

Table 67: ARR submitted by AAI for Calicut Airport for the Fourth Control Period

(₹ Crores)

Particulars	Ref.	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Average RAB (refer Table 50)	A	558.95	783.06	752.42	708.51	667.66	
Fair Rate of Return (FRoR) (refer paragraph 7.1.1)	B	14%	14%	14%	14%	14%	
Return on Average RAB	c=(a)*(b)	78.25	109.63	105.34	99.19	93.47	**485.88**
Depreciation (refer Table 48)	(d)	38.59	46.59	45.38	42.44	39.25	212.25
Operating Expenditure (refer Table 54)	(e)	127.98	143.01	152.55	162.87	173.99	760.40
Tax (refer Table 62)	(f)	32.95	58.42	76.43	97.07	116.74	381.61
Interest on Working Capital	(g)	0.00	0.00	0.00	0.00	0.00	0.00
Return on Land (refer Table 64)	(h)	1.64	1.64	1.64	1.64	1.64	8.22
Gross ARR	(i) = (c+ d+ e+ f+ g+ h)	**279.42**	**359.29**	**381.35**	**403.22**	**425.09**	**1848.37**
NAR	(j)	83.81	93.45	104.28	116.01	255.25	472.79
30% of NAR	(k=30% of j)	22.57	25.14	28.03	31.28	34.80	141.84
Net ARR	(l) = (i- k)	**256.84**	**334.15**	**353.32**	**371.93**	**390.29**	**1706.53**
Carry forward of shortfall of 3rd CP	(m)	528.48	0.00	0.00	0.00	0.00	528.48
ARR after considering shortfall	(n)=(l)+(m)	785.32	334.15	353.32	371.93	390.29	**2235.01**
PV factor	(o)	1.00	0.88	0.77	0.67	0.59	
PV of ARR	(p)=(n)*(o)	**785.32**	**293.11**	**271.86**	**251.04**	**231.08**	**1832.43**
Sum Present value of ARR (₹ Crores)	(p)	**1832.43**					
Total Traffic (million passengers) (refer Table 40)	(r)	**21.54**					
Required Yield per passenger (YPP) (₹)	(s) = (p)/(r)*10	850.72					

14.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the Fourth Control Period

14.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. Consequent to detailed examination of each regulatory building block, the Authority proposes the following ARR and YPP, as presented in the table below:

Table 68: ARR proposed to be considered by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	Ref.	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Average RAB (refer Table 51)	A	507.80	699.03	670.71	629.94	593.38	
Fair Rate of Return (FRoR) (refer Table 52)	B	11.75%	11.75%	11.75%	11.75%	11.75%	
Return on average RAB	c=(a)*(b)	59.66	82.12	78.80	74.01	69.71	**364.29**
Depreciation (refer Table 49)	(d)	37.44	43.97	43.25	38.28	34.84	**197.79**
Operating Expenditure (refer Table 57)	(e)	106.30	117.47	123.97	131.01	138.58	**617.34**
Tax (refer Table 63)	(f)	17.62	12.15	16.95	22.46	28.16	**97.35**
Interest on Working Capital	(g)	0.00	0.00	0.00	0.00	0.00	**0.00**
Return on Land (refer Table 65)	(h)	1.64	1.64	1.64	1.64	1.64	**8.22**
Gross ARR	(i) = (c+ d+ e+ f+ g+ h)	**222.67**	**257.36**	**264.61**	**267.41**	**272.94**	**1284.99**
NAR (Table 60)	(j)	72.12	80.70	90.34	101.22	113.04	**457.42**
Total Revenue from services other than Regulated Services (30% considered for Hybrid Till)	(k=30% of j)	21.63	24.21	27.10	30.37	33.91	**137.23**
Net ARR	(l) = (i- k)	**201.03**	**233.15**	**237.51**	**237.04**	**239.03**	**1147.76**
Carry forward of shortfall of 3rd CP (Table 38)	(m)	110.14	0.00	0.00	0.00	0.00	110.14
ARR after considering shortfall	(n)=(l)+(m)	**311.18**	**233.15**	**237.51**	**237.04**	**239.03**	**1257.90**
PV factor	(o)	1.00	0.89	0.80	0.72	0.64	
PV of ARR (as on 31.03.2027)	(p)=(n)*(o)	311.18	208.64	190.19	169.87	153.28	**1033.16**
Sum Present value of ARR (₹ Crores)	(q)	1033.16					
Traffic (million passengers) (refer Table 42)	(r)	25.92					
Yield per passenger (YPP) (₹)	(s)=(p)/(r)*10	398.54					

14.2.2 The Authority has computed PV of ARR of ₹ 1033.16 Crores (as on 31.03.2027), as against the PV of ARR of ₹ 1832.43 Crores (as on 31.03.2027) proposed by AAI. The variation of ₹ 799.27 Crores between the ARR proposed by the Authority and that computed by AAI are attributable to following factors:

i. Non- Consideration of financing allowance amounting to ₹69.53 Crores, resulting in reduction of depreciation and Return on RAB.

ii. Determination of FRoR by the Authority as 11.75% as against 14% proposed by AAI.

iii. Rationalization of O&M expenses such as Payroll expenses, R&M Expenses etc. amounting to ₹ 143.06 Crores.

iv. Reduction in Taxation, due to rationalization of other building blocks such O&M expenses, Depreciation and the Aeronautical Revenue proposed by the Authority.

v. Computation of lower under-recovery of the Third Control Period as per Authority (₹ 110.14 crores- PV as on 31.03.2026) based on True-up of ARR proposed by AERA vis-à-vis under-recovery based on True-up of ARR proposed by AAI (₹ 528.48 crores – PV as on 31.03.2026)).

14.2.3 It is necessary to have the individual year-wise Tariff Rate Card laying down the different aeronautical charges for recovery of Revenue Entitlement of the airport operator, and in order to have a constructive stakeholder discussion, AAI is directed to submit the detailed Annual Tariff Proposal in line with the Aggregate Revenue Requirement and Yield/PAX arrived at by the Authority in Table 68 within 7 days of issuance of this Consultation Paper.

14.3 Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to ARR for the Fourth Control Period proposes:

14.3.1 To consider the ARR and Yield for the Fourth Control Period for Calicut Airport in accordance with Table 68.

14.3.2 To True-up the ARR for the Fourth Control Period based on the actuals at the time of tariff determination of Fifth Control Period.

15. SUMMARY OF AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS' CONSULTATION

Chapter 4: True Up of the Third Control Period

4.12.1 To consider the ATM and Passenger Traffic for the Third Control Period for Calicut International Airport as per Table 5.

4.12.2 To consider Capital Additions as detailed in Table 12.

4.12.3 To consider Aeronautical depreciation as mentioned in Table 15.

4.12.4 To consider RAB as per Table 18.

4.12.5 To consider FRoR as 14% as per Paragraph 4.5.3.

4.12.6 To consider the Non-aeronautical Revenues as presented in Table 21.

4.12.7 To consider the O&M expenses as detailed in Table 27.

4.12.8 To consider the Return on Land as detailed in the Table 33.

4.12.9 To consider the Taxation as detailed in the Table 30.

4.12.10 To consider actual Aeronautical Revenue as per Table 37.

4.12.11 To consider ARR and the Under-recovery as detailed in Table 38 for True up of the Third Control Period for Calicut Airport and adjust the shortfall of the Third-Control Period in the ARR for the Fourth Control Period.

Chapter 5: Traffic for the Fourth Control Period

5.3.1 To consider the Passenger and ATM for the Fourth Control Period for Calicut Airport as per Table 42.

5.3.2 To True up the Traffic volumes (Passenger and ATM) on the basis of actual traffic for the Fourth Control Period while determining tariff for the Fifth Control Period.

Chapter 6: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Fourth Control Period

6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the Fourth Control Period in accordance with Table 47.

6.5.2 To true up the Capital Addition for the Fourth Control Period based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Fifth Control Period.

6.5.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay

in completion of the project is due to any reason beyond the control of AAI or its contracting agency and the justification is acceptable to the Authority, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fifth Control Period.

6.5.4 To consider Depreciation as per Table 49 for the Fourth Control Period.

6.5.5 To true up Depreciation of the Fourth Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fifth Control Period.

6.5.6 To consider RAB for the Fourth Control Period for Calicut Airport as per Table 51.

6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Fifth Control Period.

Chapter 7: Fair Rate of Return for the Fourth Control Period

7.3.1 To consider FRoR of 11.75% for Calicut Airport in respect of the Fourth Control Period as per Table 52.

Chapter 8: Inflation for the Fourth Control Period

8.3.1 To consider inflation for the Fourth Control Period for Calicut International Airport as detailed in Table 53.

Chapter 9: Operation and Maintenance expenses for the Fourth Control Period

9.3.1 To consider O&M expenses for the Fourth Control Period for Calicut Airport as per Table 57.

9.3.2 To True up the O&M expenses of the Fourth Control Period, at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

Chapter 10: Non-aeronautical revenue for the Fourth Control Period

10.3.1 To consider Non-Aeronautical Revenues for the Fourth Control Period for Calicut Airport in accordance with Table 60.

10.3.2 To consider true up of Non-Aeronautical Revenue achieved by AAI for Calicut Airport for the Fourth Control Period on higher side i.e. based on the actuals or as projected in the Tariff Order, whichever is higher, while determining tariff for the Fifth Control Period.

Chapter 11: Taxation for the Fourth Control Period

11.3.1 To consider the Taxation for the Fourth Control Period for Calicut Airport as per Table 63.

11.3.2 To True up the Aeronautical Tax appropriately, at the time of tariff determination for the Fifth Control Period.

Chapter 12: Return on Land for the Fourth Control Period

12.3.1 The Authority proposes to consider Return on Land as per Table 65.

Chapter 13: Quality of Service for the Fourth Control Period

13.3.1 Not to consider any adjustment towards tariff determination for the Fourth Control Period with regard to Quality of Service.

Chapter 14: Aggregate Revenue Requirement (ARR) for the Fourth Control Period

14.3.1 To consider the ARR and Yield for the Fourth Control Period for Calicut Airport in accordance with Table 68.

14.3.2 To True-up the ARR for the Fourth Control Period based on the actuals at the time of tariff determination of Fifth Control Period.

16. हितधारकों से परामर्श की समय-सीमा

16.1 ऐरा अधिनियम, 2008 की धारा 13(4) के प्रावधान के अनुसार इस परामर्श पत्र के अन्य अध्यायों की संगत चर्चा के साथ पठित अध्याय 15 – प्राधिकरण के प्रस्तावों का सार में निहित प्रस्ताव एतद्द्वारा हितधारकों के परामर्श के लिए प्रस्तुत है।

16.2 संदेह दूर करने के लिए स्पष्ट किया जाता है कि इस परामर्श पत्र की विषय-वस्तु का प्राधिकरण द्वारा जारी किसी आदेश या निदेश की तरह अर्थ न लगाया जाए। प्राधिकरण इस मामले के जवाब में हितधारकों की प्रस्तुतियों पर विचार करने के बाद और अधिनियम के प्रावधानों के संदर्भ में पूर्ण रूप से लिखित रूप में प्रमाणित और स्पष्ट निर्णय करने के बाद ही इस मामले में आदेश जारी करेगा।

16.3 प्राधिकरण इस परामर्श पत्र में दिए गए प्रस्तावों पर हितधारकों के लिखित साक्ष्य-आधारित फीडबैक, टिप्पणियां और सुझाव आमंत्रित करता है, जिन्हें अधिक से अधिक 10 नवंबर, 2026 तक भेज दिया जाए।

सचिव,
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(अध्यक्ष)

16. STAKEHOLDERS' CONSULTATION TIMELINE

16.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 15 - Summary of the Authority's proposals read with the relevant discussion in the other chapters of the Paper is hereby put forth for Stakeholders' Consultation.

16.2 For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.

16.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in this Consultation Paper, latest by 10.11.2026.

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