

F. No. AERA/20010/MYTP/AAI/Trichy/CP-I/2019-20

Order No. 55 /2020-21



AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
TIRUCHIRAPALLI INTERNATIONAL AIRPORT (TRZ) FOR THE
FIRST CONTROL PERIOD
(01.04.2020– 31.03.2025)**

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AERA BUILDING
ADMINISTRATIVE COMPLEX
SAFDARJUNG AIRPORT
NEW DELHI- 110003



TABLE OF CONTENTS

CHAPTER 1. INTRODUCTION.....	9
1.1 Profile of the Airport.....	9
1.2 Background of the tariff determination exercise.....	10
1.3 Steps involved in determination of tariff for Trichy Airport.....	10
CHAPTER 2. TARIFF SETTING PRINCIPLES.....	12
2.1 Background.....	12
2.2 Methodology for determining Aggregate Revenue Requirement (ARR).....	12
2.3 Stakeholders' Comments regarding Tariff Setting Principles for the First Control Period:.....	13
2.4 AAI's counter comments and response to Stakeholders' Comments regarding Tariff Setting Principles for the First Control Period:.....	13
2.5 Authority's examination and decisions regarding Tariff Setting Principles for the First Control Period:.....	13
2.6 Authority's Decision regarding Tariff setting principles for the First Control Period.....	14
CHAPTER 3. MULTI-YEAR TARIFF PROPOSAL ('MYTP') OF TRICHY AIRPORT ...	15
3.1 Background.....	15
3.2 Stakeholders' Comments regarding MYTP for the First Control Period:.....	15
3.3 AAI's counter comments and response to Stakeholders' Comments regarding MYTP of Trichy Airport for the First Control Period:.....	15
3.4 Authority's examination and decisions regarding MYTP for the First Control Period:.....	16
3.5 Authority's Decisions regarding MYTP for the First Control Period.....	16
CHAPTER 4. TRAFFIC FORECAST.....	17
4.1 AAI's submission regarding Traffic Forecast for the First Control Period.....	17
4.2 Authority's examination regarding Traffic Forecast for the First Control period at Consultation stage:.....	18
4.3 Stakeholders' Comments regarding Traffic Forecasts for the First Control Period:.....	21
4.4 AAI's counter comments and response to Stakeholders' Comments regarding traffic forecast for the First Control Period:.....	21
4.5 Authority's examination and decisions regarding Traffic Forecast for the First Control Period:.....	22
4.6 Authority's Decisions regarding Traffic Forecast for the First Control Period.....	22
CHAPTER 5. ALLOCATION OF ASSETS BETWEEN AERONAUTICAL AND NON-AERONAUTICAL.....	23
5.1 AAI's submission regarding Allocation of Assets for the First Control Period.....	23
5.2 Authority's examination regarding Allocation of Assets for the First Control period at Consultation stage:.....	25
5.3 Stakeholders' Comments regarding Allocation of Assets for the First Control Period:.....	29
5.4 AAI's counter comments and response to Stakeholders' Comments regarding Allocation of Assets for the First Control Period:.....	29
5.5 Authority's examination and decisions regarding Allocation of Assets for the First Control Period:.....	30
5.6 Authority's Decisions regarding allocation of assets between Aeronautical and Non-aeronautical for the First Control Period.....	30
CHAPTER 6. INITIAL REGULATORY ASSET BASE.....	31
6.1 AAI's submission regarding Initial Regulatory Asset Base for the First Control Period.....	31
6.2 Authority's examination regarding Initial Regulatory Asset Base for the First Control period at	



Consultation stage:	32
6.3 Stakeholders' Comments regarding Initial Regulatory Asset Base for the First Control Period:	35
6.4 Authority's Decisions regarding Initial RAB for the First Control Period.....	35
CHAPTER 7. CAPITAL EXPENDITURE FOR THE FIRST CONTROL PERIOD	36
7.1 AAI's submission regarding Capital Expenditure for the First Control Period.....	36
7.2 Authority's examination regarding Capital Expenditure for the First Control Period at the Consultation Stage.....	42
7.3 Stakeholders' Comments regarding Capital Expenditure for the First Control Period:	49
7.4 AAI's counter comments and response to Stakeholders' Comments regarding Capital Expenditure for the First Control Period	51
7.5 Authority's examination and decisions regarding Capital Expenditure for the First Control Period	52
7.6 Authority's Decisions regarding Capitalization of Aeronautical Expenditure for the First Control Period:	53
CHAPTER 8. DEPRECIATION	55
8.1 AAI's submission regarding Depreciation for the First Control Period:	55
8.2 Authority's examination regarding Depreciation for the First Control period at Consultation stage:	56
8.3 Stakeholders' Comments regarding Depreciation for the First Control Period	58
8.4 AAI's counter comments and response to Stakeholders' Comments regarding Depreciation for the First Control Period.....	58
8.5 Authority's examination and decisions regarding Depreciation for the First Control Period:	59
8.6 Authority's Decisions regarding Depreciation for the First Control Period	59
CHAPTER 9. REGULATORY ASSET BASE FOR THE FIRST CONTROL PERIOD	60
9.1 AAI's submission regarding RAB for the First Control Period:	60
9.2 Stakeholders' Comments regarding RAB for the First Control Period:	61
9.3 Authority's Decisions regarding Average RAB for the First Control Period	61
CHAPTER 10. FAIR RATE OF RETURN (FROR).....	62
10.1 AAI's submission regarding FRoR for the First Control Period:	62
10.2 Authority's examination regarding FRoR for the First Control period at Consultation stage:	62
10.3 Stakeholders' Comments regarding FRoR for the First Control Period:	64
10.4 AAI's counter comments and response to Stakeholders' Comments regarding FRoR for the First Control Period	64
10.5 Authority's examination and decisions regarding FRoR for the First Control Period:	64
10.6 Authority's Decisions regarding Fair Rate of Return (FRoR) for the First Control Period	65
CHAPTER 11. NON-AERONAUTICAL REVENUE.....	66
11.1 AAI's submission regarding Non-aeronautical Revenue for the First Control Period:	66
11.2 Authority's examination regarding Non-aeronautical revenues for the First Control period at Consultation stage	67
11.3 Stakeholders' Comments regarding Non-aeronautical Revenues for the First Control Period	70
11.4 AAI's counter comments and response to Stakeholders' Comments regarding Non-aeronautical Revenues for the First Control Period:.....	70
11.5 Authority's examination and decisions regarding Non-aeronautical Revenues for the First Control Period:	71
11.6 Authority's Decisions regarding Non-aeronautical revenues for the First Control Period.....	71
CHAPTER 12. OPERATION AND MAINTENANCE EXPENDITURE.....	72



12.1	AAI's submission regarding Operational and Maintenance expenditure for the First Control Period	72
12.2	Authority's examination regarding Operational and Maintenance expenses for the First Control period at Consultation stage:	74
12.3	Stakeholders' Comments regarding Operational and Maintenance expenses for the First Control Period	78
12.4	AAI's counter comments and response to Stakeholders' Comments regarding Operational and Maintenance expenses for the First Control Period:	79
12.5	Authority's examination and decisions regarding Operational and Maintenance expenses for the First Control Period:	79
12.6	Authority's Decisions regarding O&M expenses for the First Control Period:	80

CHAPTER 13. AERONAUTICAL REVENUE..... 81

13.1	AAI's submission regarding Aeronautical Revenue for the First Control Period	81
13.2	Authority's examination regarding Aeronautical revenue for the First Control period at Consultation stage:	81
13.3	Stakeholders' Comments regarding Aeronautical Revenue for the First Control Period:	83
13.4	Authority's Decisions regarding Aeronautical Revenues for the First Control Period	83

CHAPTER 14. TAXATION..... 84

14.1	AAI's submission regarding Taxation for the First Control Period	84
14.2	Authority's examination regarding Taxation for the First Control period at Consultation stage:	85
14.3	Stakeholders' Comments regarding Taxation for the First Control Period:	86
14.4	AAI's counter comments and response to Stakeholders' Comments regarding Taxation for the First Control Period:	86
14.5	Authority's examination and decisions regarding Taxation for the First Control Period:	87
14.6	Authority's Decisions regarding tax expense for the First Control Period	87

CHAPTER 15. AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD..... 88

15.1	AAI's submission regarding ARR for the First Control Period	88
15.2	Authority's examination regarding ARR for the First Control period at Consultation stage:	89
15.3	Stakeholders' Comments regarding ARR for the First Control Period	90
15.4	AAI's counter comments and response to Stakeholders' Comments regarding ARR for the First Control Period:	90
15.5	Authority's examination and decisions regarding ARR for the First Control Period:	90
15.6	Authority's Decisions regarding Aggregate Revenue Requirement (ARR) for the First Control Period:	90

CHAPTER 16. ANNUAL TARIFF PROPOSAL..... 91

16.1	AAI's submission regarding Annual Tariff Proposal for the First Control Period	91
16.2	Authority's examination regarding Annual Tariff Proposal for the First Control period at Consultation stage	95
16.3	Stakeholders' Comments regarding Annual Tariff Proposal for the First Control Period:	96
16.4	AAI's counter comments and response to Stakeholders' Comments regarding Annual Tariff Proposal for the First Control Period:	99
16.5	Authority's examination and decisions regarding Annual Tariff Proposal for the First Control Period:	99
16.6	Authority's Decisions regarding Tariff Rate Card for the First Control Period	100

CHAPTER 17. SUMMARY OF AUTHORITY'S DECISIONS 101



CHAPTER 18. ORDER..... 103

Annexure 1 - Tariff card for Trichy Airport for the First Control Period approved by
the Authority..... 104



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LIST OF TABLES

Table 1: Technical details and terminal building details.....	9
Table 2: Historical passenger and ATM traffic at Trichy Airport.....	17
Table 3: Traffic growth rates proposed by AAI	18
Table 4: CAGR for passenger and ATM.....	18
Table 5: Traffic forecast as approved by the Authority.....	20
Table 6: Ratios used by AAI for allocation of assets into Aeronautical and Non-aeronautical	23
Table 7: Allocation of opening gross block of assets for April 1, 2019 between Aeronautical and Non-aeronautical as per AAI.....	24
Table 8: Terminal Area Ratio.....	26
Table 9: Allocation of Common assets as per the Authority	27
Table 10: Allocation of Opening Gross Block of Assets as on April 1, 2019 between Aeronautical and Non-aeronautical approved by the Authority	28
Table 11: Opening Gross and Net Block of Assets as on April 1, 2018 as per AAI's submission.....	31
Table 12: Initial RAB on April 1, 2019 as derived by the Authority	32
Table 13: Initial RAB on April 1, 2020 as approved by the Authority	34
Table 14: Capital Expenditure as proposed by AAI for First Control Period	36
Table 15: Aeronautical Capitalization (assets block level) proposed by AAI for the First Control Period	40
Table 16: Total costs of terminal building including additional costs as approved by Authority	42
Table 17: Reimbursement of capital expenditure of the New Passenger Terminal Building as approved by the Authority	44
Table 18: Cost break up for construction of Apron.....	45
Table 19: Capital Expenditure as approved by the Authority for First Control Period.....	46
Table 20: Aeronautical Capitalization (asset block level) approved by the Authority for First Control Period.....	48
Table 21: Depreciation rates proposed by AAI	55
Table 22: Depreciation proposed by AAI.....	56
Table 23: Depreciation rates as per Authority's Order No. 35/2017-18.....	57
Table 24: Depreciation approved by the Authority	58
Table 25: RAB for the First Control Period as AAI's submission.....	60
Table 26: Assets not considered in the total disposable value by AAI	60
Table 27: RAB for the First Control Period after Authority's examination	61
Table 28: Calculation of FRoR for FY 2022-23 as submitted by AAI	62
Table 29: Calculation of FRoR for FY 2022-23 as per the Authority.....	63
Table 30: Fair Rate of Return as approved by the Authority	64
Table 31: Non-aeronautical revenue projections as per AAI	66
Table 32: Growth rates assumed by AAI for Non-aeronautical revenue	67
Table 33: Non-aeronautical revenues as approved by the Authority	68
Table 34: Growth rates in Non-aeronautical Revenue considered by the Authority	69
Table 35: Operation and Maintenance (O&M) expenditure as per AAI	72
Table 36: Growth rates in O&M expenditure as per AAI	73
Table 37: Allocation of O&M expenses as per AAI in FY 2017-18.....	74
Table 38: Comparison of allocation of O&M expenses with other AAI Airports	74
Table 39: Allocation of O&M expenses as per the Authority	76
Table 40: Operation and maintenance (O&M) expenses as approved by the Authority	77
Table 41: Growth rates in O&M expenses considered by the Authority	77
Table 42: Aeronautical revenue as proposed by the AAI.....	81
Table 43: Aeronautical revenue as approved by the Authority	82
Table 44: Depreciation rates for tax purposes as per AAI.....	84
Table 45: Taxation as per AAI	85
Table 46: Tax expense as approved by the Authority	85
Table 47: ARR and Yield as per AAI	88



Table 48: ARR and Yield as approved by the Authority	89
Table 49: Existing Landing charges	91
Table 50: Landing charges proposed by AAI for the First Control Period	91
Table 51: Existing Parking charges	92
Table 52: Existing Housing charges	92
Table 53: Parking charges proposed by AAI for the First Control Period	93
Table 54: UDF Proposed by AAI (per embarking passenger)	94
Table 55: Computation of Shortfall from Aeronautical charges as approved by the Authority	95



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LIST OF ABBREVIATIONS

Abbreviation	Full Form
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
AERA	Airports Economic Regulatory Authority
ALCMS	Airfield Lighting Control and Monitoring System
ANS	Air Navigation Services
ARR	Annual Revenue Requirement
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
AVDGS	Advanced Visual Docking Guidance System
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CFT	Crash Fire Tender
CHQ	Central Headquarter
DIAL	Delhi International Airport Limited
DGCA	Directorate General of Civil Aviation
DPE	Department of Public Enterprises
E&M	Electrical and Mechanical
FIDS	Flight Information Display System
FROR	Fair Rate of Return
GoI	Government of India
GST	Goods and Services Tax
MIAL	Mumbai International Airport Limited
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
NAR	Non-aeronautical Revenue
PBB	Passenger Boarding Bridge
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
RAB	Regulatory Asset Base
RHQ	Regional Headquarter
SITC	Supply, Installation, Testing and Commissioning
UDF	User Development Fees
YPP	Yield Per Passenger



CHAPTER 1. INTRODUCTION**1.1 Profile of the Airport**

1.1.1 Tiruchirappalli International Airport (TRZ or 'Trichy Airport') located in Tiruchirappalli in the state of Tamil Nadu, is currently the 31st and 34th busiest Airport¹ in India by passengers handled and by air traffic movement, respectively. The Airport is ISO 9001:2008 quality certified and was declared an international Airport on October 4, 2012. The commercial operations of the integrated passenger terminal which presently handles both domestic and international traffic, had commenced in the year 2009.

1.1.2 Technical and terminal building details of Tiruchirappalli ('Trichy') Airport are depicted in the table below:

Table 1: Technical details and terminal building details

Technical Details of Trichy Airport	
Particulars	Details
Total Airport area	998 acres
Runway orientation and length	09-27 and 2.43 Km
No. of taxi tracks	04
No. of apron bays	07
Operational hours	24 hours
Terminal building details (domestic plus international)	
Particulars	Details
Terminal building area	14,450 sq.mt. - Aeronautical area: 13,020.53 sq.mt. - Non-aeronautical area: 1,429.47 sq.mt.
Arrival conveyors	02
Terminal building capacity	0.5 MPPA
Peak hour passenger capacity	450 (Integrated Terminal)
No. of check-in counters	17
Total area of car parking	10,245 sq.mt.

¹ As per data on top 50 busiest airports for FY 2019-20, published by AAI.



1.2 Background of the tariff determination exercise

- 1.2.1 As per AERA (Amendment) Act 2019, the passenger handling threshold for definition of ‘Major’ Airports was revised from 1.5 million passengers (‘MPPA’) to 3.5 million annually. Trichy Airport with a throughput of 1.61 MPPA for FY 2019-20 (period from April 1, 2019 to March 31, 2020) does not qualify as Major Airport. However, Ministry of Civil Aviation vide letter no. AV-24011/141/2015-AD (Vol. V) dated October 1, 2019 notified Trichy as a Major Airport. Ministry of Civil Aviation also asked AERA to determine the tariff for Trichy Airport to provide a transparent view to the various prospective bidders, as the Airport is proposed for leasing in the 2nd phase of PPP exercise. AERA vide letter no. AERA/20010/MoCA-Reference/2018-19/Vol-III/13092 dated October 14, 2019 clarified that the tariff determination shall be done on the basis of AAI’s financial statements including capital expenditure incurred by AAI as on the date of determination and capital expenditure projections for the Control Period along with the capital structure and cost of funds of AAI. AERA clarified to the Ministry that these underlying factors may change substantially once the Airport is handed over to the prospective bidder and accordingly the tariff determined may not remain reflective of the changed scenario. The Ministry, while noting the views of AERA, reiterated its earlier stand regarding determination of the tariff for Trichy Airport.
- 1.2.2 As discussed above, once the Airport is handed over to the prospective bidder, the inputs for tariff determination such as capital expenditure projections for the Control Period, capital structure, cost of funds etc. may change. Accordingly, the Authority will direct the Concessionaire, once the privatization takes place, to submit a fresh application for tariff determination based on their financials, within a year of handing over the Airport, failing which the prevailing tariff (Landing charges, Parking charges and UDF) shall be reduced by 10% till the date of submission of MYTP by the Concessionaire.
- 1.2.3 AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 intimated to AAI that the First Control Period for Trichy Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the Airport as the Trichy Airport was notified as Major Airport in the FY 2019-20.

1.3 Steps involved in determination of tariff for Trichy Airport

- 1.3.1 AAI had submitted its Multi-Year Tariff Proposal (‘MYTP’) originally on March 19, 2020 to AERA (‘the Authority’) for determination of Aeronautical tariff for the First Control Period. The Authority, upon consideration of the substantial deviations in business scenarios caused due to the outbreak of the Covid-19 pandemic and with the objective of encouraging investors in Airport facilities for efficient, economic & viable operations and also to protect reasonable interest of the passengers, had suggested to AAI on May 14, 2020 to submit a revised MYTP. The Authority further suggested such revision in MYTP to factor in the impact of Covid-19 pandemic on the key elements forming part of the tariff determination process, including assumptions underlying traffic forecasts and capacity enhancements. Accordingly, AAI had submitted a Revised MYTP to the Authority on June 1, 2020. The Authority has reviewed the revised submissions made by AAI with respect to various building blocks.
- 1.3.2 Pursuant to its analysis of the revised MYTP of Trichy Airport and associated information, the Authority issued its Consultation Paper No. 36/ 2020-21 dated October 14, 2020. The Authority proposed its views on the various building blocks for determination of Aeronautical tariff for the First Control Period for Trichy Airport and invited comments from the Stakeholders on the proposed tariff by November 13, 2020
- 1.3.3 The following Stakeholders submitted their comments on the Consultation Paper:
- Airports Authority of India (AAI)
 - Federation of Indian Airlines (FIA)



- International Air Transport Association (IATA)
 - Delhi International Airport Limited (DIAL)
- 1.3.4 The Comments from AAI were received on November 9, 2020. The counter comments from AAI on the comments raised by the other Stakeholders were received on November 23, 2020.
- 1.3.5 The Authority has examined the submission of AAI and the comments of various stakeholders and after considering all the relevant aspects has finalized this Tariff Order.
- 1.3.6 The Authority had appointed an Independent Consultant (M/s R. Subramanian and Company, LLP Chartered Accountants) to assess the MYTP of AAI Trichy Airport. Accordingly, M/s R. Subramanian and Company, LLP Chartered Accountants had assessed the MYTP with reference to the Certified Books of Accounts, Fixed Asset Register (FAR) etc. of AAI Trichy Airport.
- 1.3.7 The Tariff Order is structured in a manner wherein under each regulatory building block, the initial submission made by AAI in the MYTP is listed out, followed by the Authority's examination and proposals for the First Control Period in the Consultation Paper. The same is followed by the comments and counter comments by the various stakeholders, followed by the Authority's examination and its final decision on the subject matter.



CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1 Background

- 2.1.1 The Authority vide its Order No. 13/2010-11 dated January 12, 2011 ("Airport Order") and Direction No. 5/2010-11 dated February 28, 2011 ("Airport Guidelines"), had issued guidelines to determine tariff at Major Airports based on Single Till mechanism. Subsequently, the Authority has issued amendment in its guidelines vide its Order No. 14, 2016-17 dated January 12, 2017 to determine the future tariff using Hybrid Till methodology in line with the policy of Government of India.
- 2.1.2 The Authority had decided the First Control Period for the Airport to be the five-year period from FY 2020-21 to FY 2024-25. The tariff determination process consists of determination of regulatory building blocks for the First Control Period under Hybrid Till.

2.2 Methodology for determining Aggregate Revenue Requirement (ARR)

- 2.2.1 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated 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'.

- 2.2.2 Based on ARR, Yield per passenger (YPP) is calculated as per the formula given below:

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

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. Further, the date considered by the Authority for discounting of cash flows is one year from the start of the control period, i.e., April 1, 2020.

VE_t is the passenger traffic in year 't'.

- 2.2.3 All the figures presented in this Tariff Order, have been rounded off up to two decimals.



2.3 Stakeholders' Comments regarding Tariff Setting Principles for the First Control Period:

FIA's comments on Tariff Setting Principles for the First Control Period:

- 2.3.1 FIA submits that as per para 2.2 of the Consultation Paper, it is stated that AERA shall determine tariff for Trichy Airport using the Hybrid Till model. It is to be noted that FIA has from time to time advocated the application of a Single Till model across the Airports in India. FIA submitted that AERA should adopt Single Till basis the following legal framework being:

In the AERA Order No. 13/2010-11 dated 12 January 2011 (Single Till Order), AERA has strongly made a case in favor of the determination of tariff on the basis of 'Single Till'. It is noteworthy that AERA has in its Single Till Order, inter alia:

- (i) Comprehensively evaluated the economic model and realities of the Airport – both capital and revenue elements.
- (ii) Taken into account the legislative intent behind Section 13(1)(a)(v) of the AERA Act.
- (iii) Concluded that the Single Till is the most appropriate for the economic regulation of Major Airports in India.
- (iv) The criteria for determining tariff after taking into account standards followed by several international Airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.

Further, AERA in its (Terms and Conditions for determination of tariff for Airport operator) Guidelines, 2011 has followed the Single Till approach while laying down the procedure for determination of ARR for Regulated Services.

The fundamental reasoning behind the 'Single Till' approach is that if the consumers/passengers are offered cheaper airfares on account of lower Airport charges, the volume of passengers is bound to increase leading to more footfall and probability of higher non-aeronautical revenue. The benefit of such non aeronautical revenue should be passed on to consumers/passengers and that can be assured only by way of lower aeronautical charges. Thus, the above productive chain reaction needs to be taken into account by AERA.

2.4 AAI's counter comments and response to Stakeholders' Comments regarding Tariff Setting Principles for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Tariff setting principles for the First Control Period are presented below:

AAI's response to FIA's comments regarding Tariff Setting Principles for the First Control Period

- 2.4.1 AAI submitted that AERA had issued amendment in its guidelines vide order no.14, 2016-17 dated 12th January 2017 to determine the future tariff using Hybrid Till methodology. The proposal of Trichy Airport has been prepared and submitted in line with the same.

2.5 Authority's examination and decisions regarding Tariff Setting Principles for the First Control Period:

- 2.5.1 The Authority has noted the comments from FIA regarding the regulatory till applicable for the Airport. The Authority has decided to adopt Hybrid Till as per the revised guidelines issued vide its Order No. 14,



2016-17 dated 12.01.2017. The Authority has provided detailed reasoning and adequately responded to the stakeholders' comments on the adoption of Hybrid Till in its Order No. 14/ 2016-17 and passed the following order:

- "The Authority will in future determine the tariff of Major Airports under "Hybrid Till" wherein 30% of non-aeronautical revenues will be used to cross subsidize aeronautical charges. Accordingly, to that extent the Airport operator guidelines of the Authority shall be amended. The provisions of the Guidelines issued by the Authority, other than regulatory Till, shall remain the same.
- In case of Delhi and Mumbai Airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective Airport operators at Delhi and Mumbai. "

2.6 Authority's Decision regarding Tariff setting principles for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 2.6.1 The Authority decides to determine Aeronautical tariff for Trichy Airport for the First Control Period on "hybrid till" basis.



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CHAPTER 3. MULTI-YEAR TARIFF PROPOSAL ('MYTP') OF TRICHY AIRPORT

3.1 Background

- 3.1.1 AAI submitted revised MYTP on June 1, 2020 to the Authority for determination of tariff for the First Control Period (April 1, 2020 to March 31, 2025) based on Hybrid Till
- 3.1.2 AAI provides Air Navigation Services (ANS) in addition to Landing, Parking and other Aeronautical services at Trichy Airport. AAI has submitted that the tariff proposal does not consider revenues, expenditure, and assets on account of ANS. This Order is for determination of tariff for Aeronautical services at the Airport excluding ANS.
- 3.1.3 AAI has further submitted that all Cargo Operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), its wholly owned 100% subsidiary 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.
- 3.1.4 This Tariff Order is for determination of tariffs for Aeronautical services at the Airport excluding Cargo Operations. The tariff for cargo operations shall be determined separately since the operations are carried out by a separate entity of AAI.
- 3.1.5 AAI has informed that 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, regional and field offices. However, the CAG issues the final audit certificate for the AAI as a whole and only trial balance is available for Trichy Airport. The Authority has utilized these documents as submitted by AAI for determination of tariff.

3.2 Stakeholders' Comments regarding MYTP for the First Control Period:

FIA's comments on the MYTP for the First Control Period:

- 3.2.1 In respect of para 3.2, 3.3 of the Consultation Paper in the matter of revenue from air navigation services and cargo services FIA submitted that as per section 2 (a) of Airports Economic Regulatory Authority of India Act, 2008 (AERA Act),

"aeronautical services mean any services provided-

- (i) For navigation, surveillance and supportive communication thereto for air traffic management*
(v) for the cargo facility at an Airport."

- 3.2.2 FIA submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services and Cargo services (100% revenue accruing to AAICLAS) should form part of aeronautical revenues and accordingly Authority should take into account of the corresponding revenues from such services and recompute the Aggregate Revenue Requirement (ARR) and further revise the tariff card accordingly.

3.3 AAI's counter comments and response to Stakeholders' Comments regarding MYTP of Trichy Airport for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to MYTP of Trichy Airport for the First Control Period are presented below:



AAI's response to FIA's comments regarding the MYTP for the First Control Period:

- 3.3.1 AAI Submitted that through combined reading of definition of "Aeronautical Services" contained in the AERA Act, it is observed that AERA has the authority to determine the tariff relating to air navigation services (ANS) in "Major Airports". However, ANS is provided across the Indian airspace as a single sky and cannot be attributed to Airports on a standalone basis. Therefore, Expenditure and Revenue from ANS have not been considered in the proposal for the determination of Tariff in r/o Trichy Airport.
- 3.3.2 Further, since the formation of the AAICLAS w.e.f. 1st April 2017, AAICLAS, being an independent service provider, has to submit its Tariff proposal separately for the determination of Cargo Tariff. Hence, AAI has submitted tariff Proposal for Trichy Airport without considering Cargo Assets, expenditure and Revenue.
- 3.3.3 Further, as per the Agreement AAICLAS has to pay Royalty (30% of Revenue) to AAI and the same has been considered as Aeronautical revenue for the determination of Tariff in respect of Trichy Airport.

3.4 Authority's examination and decisions regarding MYTP for the First Control Period:

The Authority has examined the comments raised by FIA regarding consideration of revenues from AAICLAS & ANS and has provided its views as given hereunder:

- 3.4.1 **Revenue from AAICLAS:** The Authority carries out a separate exercise for determination of tariff for cargo handling services, wherever these services are provided by Independent Service Providers (ISP) other than the Airport Operator. The Authority considers expenses, revenues, and assets pertaining to these services separately while determining tariff for these services. Under the current exercise of determination of Aeronautical tariff for the Airport operations, the Authority has considered the earnings accruing to AAI by way of revenue share (which is 30% of revenue from AAICLAS) and rent from these service providers.
- 3.4.2 **Revenue from ANS:** Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the revenues from ANS.

3.5 Authority's Decisions regarding MYTP for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 3.5.1 The Authority decides not to consider the revenues from AAICLAS (except 30% royalty as revenue share from AAICLAS) and ANS while determining Aeronautical tariffs for Trichy Airport.



CHAPTER 4. TRAFFIC FORECAST**4.1 AAI's submission regarding Traffic Forecast for the First Control Period**

4.1.1 The historical traffic² at the Airport has been shown in the table below:

Table 2: Historical passenger and ATM traffic at Trichy Airport

Year	Domestic Passengers	International Passengers	Domestic ATM	International ATM
2008-09	-	-	-	-
2009-10	98,312	5,94,087	1,433	5,792
2010-11	86,356	6,69,237	1,318	5,864
2011-12	1,22,927	7,85,844	2,968	6,615
2012-13	96,607	7,73,423	1,899	5,990
2013-14	1,19,513	8,96,312	2,806	7,030
2014-15	96,944	10,92,274	1,916	7,778
2015-16	1,47,437	11,49,775	2,168	8,262
2016-17	1,68,870	11,90,577	2,429	8,736
2017-18	1,37,019	13,76,254	2,728	10,073
2018-19	3,28,058	12,50,773	5,871	9,058
2019-20	2,96,073	13,16,419	5,364	8,896
Past 10 years CAGR	11.7%	8.3%	14.1%	4.4%
Past 5 years CAGR	25.0%	3.8%	22.9%	2.7%
Past 3 years CAGR	20.6%	3.4%	30.2%	0.6%

4.1.2 The traffic growth rates as submitted by AAI for the First Control Period are as follows:

² Source: Traffic News from AAI website



Table 3: Traffic growth rates proposed by AAI

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2020-21	-32.45%	-62.02%	-56.59%	-25.43%	-56.77%	-44.98%
2021-22	20.00%	70.00%	55.71%	18.00%	65.00%	41.04%
2022-23	15.00%	25.00%	22.80%	12.00%	22.00%	17.73%
2023-24	15.00%	25.00%	22.94%	12.00%	22.00%	17.94%
2024-25	12.00%	15.00%	14.42%	10.00%	12.00%	11.23%
Traffic						
2020-21	2,00,000	5,00,000	7,00,000	4,000	3,846	7,846
2021-22	2,40,000	8,50,000	10,90,000	4,720	6,346	11,066
2022-23	2,76,000	10,62,500	13,38,500	5,286	7,742	13,028
2023-24	3,17,400	13,28,125	16,45,525	5,921	9,445	15,366
2024-25	3,55,488	15,27,344	18,82,832	6,513	10,579	17,092

4.1.3 AAI submitted that the passenger traffic and air traffic movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework. However, additionally, AAI has factored in expected disruption from Covid-19 pandemic in forecasting a de-growth in passenger traffic and ATM for FY 2020-21.

4.2 Authority's examination regarding Traffic Forecast for the First Control period at Consultation stage:

4.2.1 The Authority has duly examined the submissions from AAI. As part of its examination of AAI's forecast of traffic at Trichy Airport, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2009-10 to FY 2019-20 (10-year CAGR), FY 2014-15 to FY 2019-20 (5-year CAGR) and FY 2016-17 to FY 2019-20 (3-year CAGR). The details have been provided in the table below:

Table 4: CAGR for passenger and ATM

Particulars	10 year CAGR	5 year CAGR	3 year CAGR
Passengers:			
Domestic	11.7%	25.0%	20.6%
International	8.3%	3.8%	3.4%
Total Passenger Traffic	8.8%	6.3%	5.9%
ATM:			
Domestic	14.1%	22.9%	30.2%
International	4.4%	2.7%	0.6%
Total ATM	7.0%	8.0%	8.5%



- 4.2.2 The Authority has noted the wide variation in traffic in the recent past, which causes CAGR for 5-year period to be the highest for Domestic passenger profile and CAGR for 10-year period to be the highest for International passenger profile
- 4.2.3 AAI has submitted a de-growth of 32.45% and 62.02% in domestic passenger traffic and international passenger traffic respectively for FY 2020-21, considering the adverse impact of Covid-19 pandemic on the domestic and international travels. Similarly, AAI has submitted a de-growth of 25.43% and 56.77% respectively in domestic ATM and international ATM for FY 2020-21.
- 4.2.4 AAI assumes the traffic volume to revive in FY 2021-22 and have projected a growth of 20% in domestic passenger traffic and of 70% in international passenger traffic. Likewise, AAI has projected a growth of 18% in domestic ATM and 65% in international ATM in FY 2021-22.
- 4.2.5 The Authority has proposed revised traffic forecasts after considering the key learnings from the study and analysis by the following agencies on the impact of Covid-19 pandemic on the Aviation sector:

4.2.5.1 CAPA India (as on October 29, 2020)

- CAPA is of the view that domestic traffic in the second half of fiscal 2021 is expected to be 3-4 crore or a decline of 50 per cent from approximately 6.9 crore in Q2 2020. This decline is primarily driven by a 60-80 per cent decline in business, Meeting Incentive Conference and Exhibitions (MICE) and leisure travel.
- Further, it has reported that “the projected traffic in the second half (of 2021) represents an average of around 160,000-220,000 daily passengers. Towards the latter part of the year or during peak periods, this could reach a maximum of around 250,000”.

4.2.5.2 Airports Council International (‘ACI’)

- ACI in its latest report as on October 30, 2020 have reported that International passenger traffic continues to be at a virtual standstill in most regions. Besides the surge in Europe following the end of the holiday season, all other regions recording declines between -86.6% (Africa) and -97.1% (Asia-Pacific) in August compared to the same month in 2019. The international passenger segment decline was recorded at -70.9% for the first eight months of 2020 compared to the same period in 2019.
- Further, it has reported that the “new travel restriction, partial lockdowns, and the continued imposition of restrictive quarantine measures are hampering the international passenger markets attempts to recover despite studies showing that the additional health and safety measures introduced by airports and airlines mean the likelihood of COVID-19 transmission during air travel to be infinitesimal”.
- Also, ACI has commented that Domestic passenger traffic continues to improve in all regions. Signs of recovery could be seen in Europe and Asia-Pacific with August 2020 domestic volumes at -36.8% and -46.8% below August 2019.

4.2.5.3 International Air Transport Association (‘IATA’)

- IATA in its latest report as on September 29, 2020 has projected a decline of 66% in the full year passenger traffic, as compared to its previous forecast of 63% decline.
- Further, it has reported that load factors that measure the proportion of aircraft seats filled fell 27.2 points to a record low of 58.5% in August 2020.



- IATA has projected that losses will continue to mount throughout 2020, with bookings data pointing to a weak fourth quarter.

4.2.6 Conclusion on the above assumptions on revised traffic forecasts

- Considering the extraordinary adverse impact of Covid-19 pandemic on domestic and international air travel, the Authority has taken guidance of the CAPA, ACI and IATA forecasts cited in section 4.2.5 above for arriving at the revised traffic projections.
- In the Authority's opinion, the global aviation market is relatively saturated, and the growth of aviation industry has accordingly sharply slowed down. However, the aviation market in India is relatively nascent, and, hence, is expected to recover at a better pace.
- By giving credence to the above factors, and, considering the actual figures till the third quarter of FY 2020-21, the Authority estimates the traffic volumes for the tariff year FY 2020-21 to be lower by 30% for domestic passenger traffic and ATM and lower by 50% for international passenger traffic and ATM, as compared to FY 2019-20. The Authority expects the economy to revive, and, the traffic volumes to grow by 30% (domestic) and 50% (international) in FY 2021-22 and by 25% (domestic) and 20% (international) in FY 2022-23.
- The Authority decides to use the 5-year CAGR for projecting domestic passenger traffic and ATM and 10-year CAGR for international passenger traffic and ATM for the last 2 tariff years (FY 2023-24 & FY 2024-25), as the Authority believes that the 5-year CAGR (for domestic) and 10-year CAGR (for international) represents normalized economic scenarios, weeding out short-term macro-economic fluctuations. Also, the Authority is of the view that the domestic aviation market will revive relatively sooner as compared to the international aviation market, hence it considers the 5-year CAGR to be an appropriate basis for estimating domestic passenger traffic and ATM for the last 2 years of the First Control Period (FY 2023-24 & FY 2024-25).

4.2.7 The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the First Control Period has been given in the table below:

Table 5: Traffic forecast as approved by the Authority

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2020-21	-30.00%	-50.00%	-46.33%	-30.00%	-50.00%	-42.48%
2021-22	30.00%	50.00%	45.21%	30.00%	50.00%	40.85%
2022-23	25.00%	20.00%	21.07%	25.00%	20.00%	22.11%
2023-24	25.00%	8.30%	12.00%	22.90%	4.40%	12.40%
2024-25	25.00%	8.30%	12.43%	22.90%	4.40%	13.15%
Traffic						
2020-21	2,07,251	6,58,210	8,65,461	3,755	4,448	8,203



Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2021-22	2,69,426	9,87,314	12,56,741	4,881	6,672	11,553
2022-23	3,36,783	11,84,777	15,21,560	6,102	8,006	14,108
2023-24	4,20,979	12,83,114	17,04,092	7,499	8,359	15,857
2024-25	5,26,223	13,89,612	19,15,836	9,216	8,726	17,942

4.2.8 The Authority decides to true-up the traffic as per actual growth achieved during the First Control Period at the time of determination of tariff for the Second Control Period.

4.3 **Stakeholders' Comments regarding Traffic Forecasts for the First Control Period:**

FIA's comments on Traffic Forecasts for the First Control Period:

4.3.1 While FIA acknowledges AERA's consideration of traffic reports issued by industry bodies like CAPA and IATA, it is submitted that AERA should conduct its own independent study on traffic projections in accordance with the AERA Act.

4.3.2 FIA further submitted that without prejudice to the above, it is submitted that, in addition to study reports, AERA has considered actual traffic figures of only the first quarter of FY 2020 – 21 for projecting conservative growth in traffic. FIA submits that AERA should consider actual growth in subsequent quarters of FY 2020-21, as available, and revisit/review the conservative traffic assessment, taking into account the following:

- (A) Proposed increase in flight capacity to 70%, as issued vide Ministry for Civil Aviation's Order No. 10/2020 dated 11 November, 2020; and
- (B) Gradual easing of travel restrictions by state governments and robust movement of air traffic under 'Vande Bharat Mission' and
- (C) 'Air Bubble Arrangement'. The same may further be verified from official traffic data for the year 2020, as released by government authorities/DGCA on the respective websites.

DIAL's comments on Traffic Forecasts for the First Control Period:

4.3.3 Given the present situation of Covid-19, there is a high degree of uncertainty on the traffic figures. This pandemic will have adverse impact on traffic as well as non-aeronautical revenue. We support AERA's view on rationalizing traffic as well as non-aeronautical revenue projections on account of Covid-19.

4.4 **AAI's counter comments and response to Stakeholders' Comments regarding traffic forecast for the First Control Period:**

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Traffic Forecast for the First Control Period are presented below:

AAI's response to FIA's comments regarding Traffic Forecast for the First Control Period:

4.4.1 AAI requested the Authority to offer its view.



AAI's response to DIAL 's comments regarding Traffic Forecast for the First Control Period:

4.4.2 AAI agreed to the views of DIAL.

4.5 Authority's examination and decisions regarding Traffic Forecast for the First Control Period:

4.5.1 The Authority has carefully examined the comments raised by FIA regarding traffic projections. FIA has suggested that the Authority may consider higher growth rate for air traffic (passenger and ATM). However, the Authority has derived the traffic projections after due consideration of the impact of the Covid-19 pandemic on air travel. Further, the data on actual traffic for FY 2020-21 also corresponds to the fact that the de-growth in air traffic due to the outbreak of Covid-19 is severe and may revive only gradually over a period. Also, it is pertinent to note that Trichy Airport handles predominantly international air traffic, which is expected to recover at a relatively slower pace. Therefore, the Authority prefers to adhere to its traffic projections (passenger traffic and ATM) as shown under Table 5 in this Tariff Order.

4.5.2 The Authority has examined the comments from FIA on conducting an independent study on the traffic projections in accordance with the AERA Act and the Authority is of the view that Trichy Airport is a small Airport which does not have as many complex operations as other larger Airports. The requirement for an independent study on traffic projections depends upon the size, scale, and complexity of operations at the Airport. As Trichy is a small Airport, which does not have any complex operations, the Authority had decided to depend upon its in-house exercise taking into consideration the views of various Aviation bodies.

4.5.3 The Authority acknowledges DIAL's comments on the rational approach adopted by the Authority in estimating traffic, by considering the adverse effect of Covid-19 pandemic on the aviation sector.

4.6 Authority's Decisions regarding Traffic Forecast for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

4.6.1 The Authority decides to consider the passenger traffic and ATM for the First Control Period for Trichy Airport as per Table 5.

4.6.2 The Authority decides that subject to the terms and conditions of the privatization of Trichy Airport, it will consider to true-up the traffic volume (passenger and ATM) based on the actual traffic in the First Control Period while determining tariff for the Second Control Period.



CHAPTER 5. ALLOCATION OF ASSETS BETWEEN AERONAUTICAL AND NON-AERONAUTICAL

5.1 AAI's submission regarding Allocation of Assets for the First Control Period

5.1.1 Under Hybrid Till, only Aeronautical assets are included as part of the Regulatory Asset Base ('RAB'). Therefore, all Airport assets need to be segregated between Aeronautical and Non-aeronautical. Further, projections of capitalizations during the control period regarding only Aeronautical assets need to be considered as part of RAB

5.1.2 For the purposes of this segregation, AAI has divided its assets into three components – Aeronautical, Non-aeronautical and Common. Common components have been further segregated into Aeronautical and Non-aeronautical assets by applying one of the following ratios:

a) Terminal Area Ratio: This is a ratio of Non-aeronautical area to the total area of terminal building and is applied for all terminal related Common assets.

b) Employee Ratio: This is a ratio of number of staff providing Non-aeronautical services (i.e. commercial and land management) to number of staff providing Aeronautical services, excluding ANS and cargo.

c) Quarter ratio: This is a ratio based on number of Non-aeronautical staff to Aeronautical staff residing at the residential quarters at the Airport. It is applied to assets pertaining to such residential quarters.

5.1.3 The table below provides the details of these ratios used for allocation:

Table 6: Ratios used by AAI for allocation of assets into Aeronautical and Non-aeronautical

Particulars	Ratio (FY 2019-20)
Terminal Area Ratio	9.89% (Non-Aero to Total area)
Employee Ratio	3:99 (Non-Aero: Aero)
Quarter ratio	0:34 (Non-Aero: Aero)

5.1.4 The allocation of gross block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical services as submitted by AAI is given in the table below:



Table 7: Allocation of opening gross block of assets for April 1, 2019 between Aeronautical and Non-aeronautical as per AAI

(₹ Crores)

Asset Category	Total Assets (Inclusive of ANS and Cargo Assets)	ANS Assets	Non- Aero Assets (Includ ing Cargo)	Pure Aero Assets	Common Assets	Common Assets		Total Aeronau tical Assets	% Aeronau tical
						Aero	Non- Aero		
	A= B+C+D+E	B	C	D	E = F+G	F	G	H= D+F	I=H/A
Runway, Taxi Way & Apron	45.99	-	-	45.99	-	-	-	45.99	100%
Road, Bridge & Culverts.	5.37	-	-	5.37	-	-	-	5.37	100%
Terminal Building	62.25	-	-	3.61	58.64*	52.79	5.80	56.40	91%
Temporary Building	0.25	-	-	0.25	-	-	-	0.25	100%
Building Residential	1.42	0.15	-	1.27	-	-	-	1.27	89%
Security Fencing	0.91	-	-	0.91	-	-	-	0.91	100%
Boundary Wall (Operational)	4.64	-	-	4.64	-	-	-	4.64	100%
Boundary Wall (Residential)	0.09	-	-	0.09	-	-	-	0.09	100%
Other Building	9.83	0.41	0.96	7.41	1.04	0.94	0.10	8.35	85%
Computers: End Users Devices	0.78	0.06	0.03	0.69	-	-	-	0.69	88%
Computers: Network & Servers	0.56	0.09	-	0.47	-	-	-	0.47	84%
Computers: Software	1.19	0.50	0.01	0.68	-	-	-	0.68	57%
Plant & Machinery	14.86	0.12	-	14.56	0.18	0.16	0.02	14.72	99%
Tool & Equipment	7.17	3.00	-	4.17	-	-	-	4.17	58%
Vehicles	1.12	-	-	1.12	-	-	-	1.12	100%



Asset Category	Total Assets (Inclusive of ANS and Cargo Assets)	ANS Assets	Non- Aero Assets (Includ ing Cargo)	Pure Aero Assets	Common Assets	Common Assets		Total Aeronau tical Assets	% Aeronau tical
						Aero	Non- Aero		
Electrical Installation	26.16	5.47	0.67	13.33	6.69	6.03	0.66	19.36	74%
Solar Plant	0.76	-	-	0.76	-	-	-	0.76	100%
Office Appliances	1.51	0.04	0.00	1.46	-	-	-	1.46	97%
Furniture & Fixtures: Other Than Trolley	4.79	0.08	0.02	4.70	-	-	-	4.70	98%
Furniture & Fixtures: Trolley	0.87	-	-	0.87	-	-	-	0.87	100%
X-Ray Baggage Inspection System – XIBS	2.93	-	-	2.93	-	-	-	2.93	100%
CFT & Fire Fighting Equipment	10.06	-	-	10.06	-	-	-	10.06	100%
Total	203.51	9.92	1.69	125.34	66.55	59.92	6.58	185.26	91%

* Assets worth ₹ 0.05 Crores related to the terminal building were omitted to be segregated into Aeronautical and Non-aeronautical assets for purpose of Regulatory Asset Base, though the same were added to the Common Assets. Hence the total of Common Aeronautical and Common Non-aeronautical assets do not tally with Total Common Assets under the asset category "Terminal Building".

5.2 Authority's examination regarding Allocation of Assets for the First Control period at Consultation stage:

- 5.2.1 AAI has submitted the opening gross block as on April 1, 2019 which has been presented in the table above. Even though, the threshold for defining Major Airports was revised to 3.5 million passengers annually as per AERA (Amendment) Act, 2019 as discussed in Section 1, of this Tariff Order, the MoCA has asked AERA to determine the Aeronautical tariff for Trichy Airport by declaring it as "Major Airport" under Section 2(i) of AERA Act 2008, on October 1, 2019. The Authority has determined the initial RAB as on April 1, 2020, considering the First Control Period to be from FY 2020-21 to FY 2024-25.
- 5.2.2 AAI has submitted the details of common asset and its allocation between Aeronautical assets and Non-aeronautical assets as on April 1, 2019. Further, AAI has submitted the details of additions to the Aeronautical assets and net depreciation for FY 2019-20 for arriving at the initial RAB as on April 1, 2020. The depreciation for FY 2018-19 has been computed considering the depreciation rates as per AAI's internal accounting policies and the depreciation from FY 2019-20 onwards have been computed in accordance with AERA guidelines (Amendment I to Order No. 35/2017-18 dated April 9, 2018).



- 5.2.3 The Authority noted a clerical error in the segregation of common assets submitted by AAI (presented in Table 7 above). Assets worth ₹ 0.05 Crores related to the terminal building were omitted to be segregated into Aeronautical and Non-aeronautical for purpose of Regulatory Asset Base, though the same were added to the Common Assets. Hence the total of Common Aeronautical and Common Non-aeronautical do not tally with Total Common Assets under the asset category "Terminal Building". Considering the eligibility of these assets, ₹ 0.045 Crores was apportioned to Aeronautical assets by the Authority in the ratio of the terminal building.
- 5.2.4 AAI submitted the workings for the calculation of the terminal area ratio, i.e., ratio of Non-aeronautical portion to the Aeronautical portion of the terminal building. This has been presented in the table below:

Table 8: Terminal Area Ratio

S. No	Category	Total area (in sq.mt.)
1	Restaurant / Snack Bars	195.00
2	T.R. Stall	341.81
3	Duty Free Shop	75.00
4	Building Non-Residential	750.73
5	Admission Tickets	0
6	Offices of AAI commercial land & rest room	66.93
	Total Non-aeronautical area (A)	1,429.47
	Total area integrated terminal building (B)	14,450.00
	% of Non-aeronautical area to terminal building area (A/B)	9.89%
	% of Aeronautical area to terminal building area (= 100% - Non-aeronautical%)	90.11%

- 5.2.5 The Authority observed that 2,461 sq.mt. of area was used for advertising purposes. However, this area does not occupy any floor space, and, has therefore, not been considered while calculating Terminal Area Ratio
- 5.2.6 The Authority verified the above working, with details of exact area given to various entities – commercial, airlines, and regulatory & allied agencies. Considering the passenger profile at the Airport being dominated by tourists, the Authority considers the terminal building ratio (Non-aeronautical area to total area) of 9.89% as reasonable, in line with the optimum terminal building ratio of 8%-12% as approved for similar Airports.
- 5.2.7 The Authority observed the use of various ratios for segregation of common assets into Aeronautical and Non-aeronautical by AAI and re-worked the same as explained in table 9 below:



Table 9: Allocation of Common assets as per the Authority

(₹ Crores)

S. No	Asset	Value	Allocation by AAI	Remarks	ANS	Cargo	Common Airport Assets	Common Aero Assets	Common Non-Aero Assets
1	Residential Boundary Wall	0.09	100% Aero-nautical	Residential Colony is also used by the employees of ANS. Accordingly this asset is segregated in the ratio 4:34 (ANS Staff: Aeronautical Staff). The Aeronautical portion of the above asset amounts to 0.08 Crores.	0.01	NA	NA	0.08	NA
2	Computer Software	0.39	100% Aero-nautical	SAP financial module is utilised for payroll processing of ANS, Cargo Non-Aero and Aero employees. Hence, the same is treated as Common asset and segregated in the ratio of employees i.e. 48:3:3:99 (ANS staff: Cargo Staff: Non-aeronautical Staff: Aeronautical Staff).	0.12	0.01	0.26	0.25	0.01
3	Terminal Building	0.05	NIL	AAI had omitted to segregate the said asset into Aeronautical and Non-aeronautical. Hence, the same is apportioned in the ratio of terminal building (9.89 %).	NA	NA	0.05	0.045	0.005
	Total	0.53			0.13	0.01	0.31	0.38	0.015



5.2.8 On the basis of above observations, the Authority had proposed to consider the allocation of gross block of assets in accordance with the Table 10, during Consultation stage

Table 10: Allocation of Opening Gross Block of Assets as on April 1, 2019 between Aeronautical and Non-aeronautical approved by the Authority

(₹ Crores)

Asset Category	Total Assets (Inclusive of ANS and Cargo Assets)	ANS Assets	Non-Aero Assets (Incl. Cargo)	Pure Aero-nautical Assets	Common Assets	Common Assets		Total Aero-nautical Assets	% Aero-nautical
						Aero	Non-Aero		
	A= B+C+D+E	B	C	D	E = F+G	F	G	H= D+F	I=H/A
Runway, Taxi Way & Apron	45.99	-	-	45.99	-	-	-	45.99	100%
Road, Bridge & Culverts.	5.37	-	-	5.37	-	-	-	5.37	100%
Terminal Building	62.25	-	-	3.61	58.64	52.84	5.8	56.45	91%
Temporary Building	0.25	-	-	0.25	-	-	-	0.25	100%
Building Residential	1.42	0.15	-	1.27	-	-	-	1.27	89%
Security Fencing	0.91	-	-	0.91	-	-	-	0.91	100%
Boundary Wall (Operational)	4.64	-	-	4.64	-	-	-	4.64	100%
Boundary Wall (Residential)	0.09	0.01	-	0.08	-	-	-	0.08	89%
Other Building	9.83	0.41	0.96	7.42	1.04	0.94	0.1	8.36	85%
Computers: End Users Devices	0.78	0.06	0.03	0.69	-	-	-	0.69	88%
Computers: Network & Servers	0.56	0.09	-	0.47	-	-	-	0.47	84%
Computers: Software	1.19	0.62	0.03	0.54	-	-	-	0.54	45%
Plant & Machinery	14.86	0.12	-	14.56	0.18	0.16	0.02	14.72	99%
Tool & Equipment	7.17	3	-	4.17	-	-	-	4.17	58%
Vehicles	1.12	-	-	1.12	-	-	-	1.12	100%
Electrical Installation	26.16	5.47	0.67	13.33	6.69	6.03	0.66	19.36	74%
Solar Plant	0.76	-	-	0.76	-	-	-	0.76	100%
Office Appliances	1.51	0.04	0	1.47	-	-	-	1.46	97%



Asset Category	Total Assets (Inclusive of ANS and Cargo Assets)	ANS Assets	Non-Aero Assets (Incl. Cargo)	Pure Aero-nautical Assets	Common Assets	Common Assets		Total Aero-nautical Assets	% Aero-nautical
						Aero	Non-Aero		
Furniture & Fixtures: Other Than Trolley	4.79	0.08	0.02	4.69	-	-	-	4.7	98%
Furniture & Fixtures: Trolley	0.87	-	-	0.87	-	-	-	0.87	100%
X-Ray Baggage Inspection System – XIBS	2.93	-	-	2.93	-	-	-	2.93	100%
CFT & Fire Fighting Equipment	10.06	-	-	10.06	-	-	-	10.06	100%
Total	203.51	10.05	1.71	125.2	66.55	59.97	6.58	185.17	91%

5.3 Stakeholders' Comments regarding Allocation of Assets for the First Control Period:

FIA's comments on Allocation of Assets for the First Control Period:

- 5.3.1 FIA submitted that the AERA's proposal to bifurcate assets between aeronautical assets is based on information received from Airports Authority of India (AAI) and no detailed technical evaluation or any independent study of the same has been done by AERA.
- 5.3.2 FIA further submitted that allocation of the Airport assets between Aeronautical or Non-aeronautical categories is critical under Hybrid Till approach (adopted by AERA), hence the same should be carried out on the basis of independent study in terms of the AERA Act.
- 5.3.3 Without prejudice to the above, FIA requested AERA to clarify the reasons of bringing FY 19-20 under the regulatory ambit for the purposes of calculating initial RAB.
- 5.3.4 Further, FIA requested the authority to note that the aero allocation ratio proposed as per AERA CP 5/2014-15 on Normative Approach is 80%. Hence, to consider 91% as an aeronautical asset will increase the RAB and will consequently burden airlines and passengers. Accordingly, may kindly review and apply the above-mentioned normative norms for the purposes of asset allocation.

5.4 AAI's counter comments and response to Stakeholders' Comments regarding Allocation of Assets for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Allocation of Assets for the First Control Period are presented below:

AAI's response to FIA's comments regarding Allocation of Assets for the First Control Period:

- 5.4.1 Allocation of Assets between Aeronautical and Non-aeronautical have been done on the actual usage/facility provided. The same methodology has been adopted for other AAI Major Airports for which the tariff orders have already been issued by AERA.



5.5 Authority's examination and decisions regarding Allocation of Assets for the First Control Period:

- 5.5.1 The Authority has examined the comments from FIA on conducting an independent study on the allocation of assets and the Authority is of the view that Trichy Airport is a small Airport that does not have any complex operations.
- 5.5.2 The requirement of an independent study on allocations of assets will depend upon the size, scale, complexity, and multiple ownerships of overall assets to ascertain the Aeronautical portion. In this context, the Authority would like to emphasize that an independent agency was appointed in the recent past to study the allocation of assets for bigger Airports such as DIAL and MIAL. However, Trichy is a relatively smaller Airport in terms of complexity, scale of operations, and value of Aeronautical assets, and the Authority could accomplish this exercise in-house.
- 5.5.3 The Authority has examined the comments raised by FIA for bringing FY 2019-20 under the regulatory ambit and clarifies that the MoCA declared Trichy Airport as Major Airport under Section 2(i) of AERA Act, 2008, dated October 1, 2019. Hence Trichy Airport comes under the Regulatory ambit of AERA with effect from FY 2019-20 and it has been considered for the purposes of determining the Initial RAB. Accordingly, the shortfall/ surplus of FY 2019-20 has been considered for the purpose of determination of tariff for the Trichy Airport for the First Control Period.
- 5.5.4 Allocation of Assets between Aeronautical and Non-aeronautical, have been done based on the actual usage/ availability of the assets. Further, the common assets within/ outside the terminal have been apportioned between 'Aeronautical' and 'Non-aeronautical' based on a reasonable driver such as Terminal Building ratio, Employee ratio etc. Based on the above assessment on the actual availability/ usage of the assets, the Authority has derived the ratio of 91% of Aeronautical assets to the total assets.

5.6 Authority's Decisions regarding allocation of assets between Aeronautical and Non-aeronautical for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 5.6.1 The Authority decides to consider the allocation of Gross Block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical assets as detailed in Table 10.



CHAPTER 6. INITIAL REGULATORY ASSET BASE**6.1 AAI's submission regarding Initial Regulatory Asset Base for the First Control Period**

6.1.1 As per AAI's submission, the RAB as on April 1, 2018 amounted to ₹ 24.57 Crores. AAI submitted the following workings for the computation of initial RAB.

Table 11: Opening Gross and Net Block of Assets as on April 1, 2018 as per AAI's submission

(₹ Crores)

Block of Assets	Opening Gross Block	Accumulated Depreciation	Opening Net Block
Runways, Taxiway & Aprons	45.75	44.78	0.97
Road, Bridge & Culvert	5.13	3.42	1.71
Terminal Building	55.43	44.71	10.72
Temporary Building	0.25	0.25	-
Building Residential	0.93	0.57	0.36
Security Fencing	0.91	0.91	-
Boundary Wall (Operational)	3.74	2.67	1.07
Boundary Wall (Residential)	0.09	0.06	0.03
Other Building	7.22	5.45	1.77
Computers: End Users Devices	0.69	0.45	0.24
Computers: Network & Servers	0.43	0.43	-
Computers: Software	0.68	0.68	-
Plant & Machinery	10.63	9.92	0.71
Tool & Equipment	3.53	3.32	0.21
Vehicles	0.59	0.32	0.27
Electrical Installation	18.58	14.56	4.02
Solar Plant	0.64	0.07	0.57
Office Appliances	1.39	0.53	0.86
Furniture & Fixtures: Other Than	3.84	3.69	0.15



Block of Assets	Opening Gross Block	Accumulated Depreciation	Opening Net Block
Trolley			
Furniture & Fixtures: Trolley	0.64	0.64	-
X-Ray Baggage Inspection System – XIBS	2.93	2.21	0.72
CFT & Fire Fighting Equipment	10.06	9.87	0.19
Total	174.08	149.51	24.57

6.2 Authority's examination regarding Initial Regulatory Asset Base for the First Control period at Consultation stage:

- 6.2.1 The initial RAB as on April 1, 2019 had been computed by the Authority based on the opening Aeronautical assets as on April 1, 2018, addition to the Aeronautical assets and depreciation provided during the FY 2018-19.
- 6.2.2 The initial RAB as on April 1, 2020 was derived by adjusting the above initial RAB derived for April 1, 2019 with the addition to the Aeronautical assets and depreciation provided during the FY 2019-20. The same has been presented in Table 12 and Table 13 below:

Table 12: Initial RAB on April 1, 2019 as derived by the Authority

(₹ Crores)

Block of Assets	Opening Gross Block on April 1, 2018 (A)	Accumulated Depreciation (B)	Opening Net Block on April 1, 2018 C=(A-B)	Addition for FY 2018-19* D	Depreciation FY 2018-19 E	Opening Net Block on April 1, 2019 F=C+D-E
Runways, Taxiway & Aprons	45.75	44.78	0.97	0.24	0.39	0.82
Road, Bridge & Culverts	5.13	3.42	1.71	0.24	0.36	1.59
Terminal Building	55.47	44.74	10.73	0.98	4.4	7.31
Temporary Building	0.25	0.25	0	0	0	0
Building Residential	0.93	0.57	0.36	0.34	0.06	0.64
Security Fencing	0.91	0.91	0	0	0	0
Boundary Wall (Operational)	3.74	2.67	1.07	0.90	0.28	1.69



Block of Assets	Opening Gross Block on April 1, 2018 (A)	Accumulated Depreciation (B)	Opening Net Block on April 1, 2018 C=(A-B)	Addition for FY 2018-19* D	Depreciation FY 2018-19 E	Opening Net Block on April 1, 2019 F=C+D-E
Boundary Wall (Residential)	0.08	0.06	0.02	0	0	0.02
Other Building	7.22	5.45	1.77	1.14	0.51	2.40
Computers: End Users Devices	0.69	0.45	0.24	0	0.09	0.15
Computers: Network & Servers	0.43	0.43	0	0.04	0.01	0.03
Computers: Software	0.54	0.54	0	0	0	0
Plant & Machinery	10.63	9.92	0.71	4.1	0.68	4.13
Tool & Equipment	3.53	3.32	0.21	0.65	0.20	0.66
Vehicles	0.59	0.32	0.27	0.53	0.14	0.66
Electrical Installation	18.58	14.56	4.02	0.78	0.78	4.02
Solar Plant	0.64	0.07	0.57	0.12	0.08	0.61
Office Appliances	1.39	0.53	0.86	0.07	0.24	0.69
Furniture & Fixtures: Other Than Trolley	3.84	3.69	0.15	0.86	0.23	0.78
Furniture & Fixtures: Trolley	0.64	0.64	0	0.23	0.05	0.18
X-Ray Baggage Inspection System – XIBS	2.93	2.21	0.72	0	0.13	0.59
CFT & Fire Fighting Equipment	10.06	9.87	0.19	0	0.03	0.16
Total	173.97	149.40	24.57	11.22	8.66	27.13

* Addition to the assets for FY 2018-19 have been derived from the Fixed Assets Register (FAR) of AAI.



Table 13: Initial RAB on April 1, 2020 as approved by the Authority

(₹ Crores)

Block of Assets	Opening Net Block on April 1, 2019 (A)	Addition for FY 2019-20* (B)	Depreciation FY 2019-20 (C)	Opening Net Block on April 1, 2020 D= A+B-C
Runways, Taxiway & Aprons	0.82	0	0.10	0.72
Road, Bridge & Culverts	1.59	3.07	0.42	4.24
Terminal Building	7.31	0.59	1.84	6.06
Temporary Building	0	0	0	0
Building Residential	0.64	0.09	0.04	0.69
Security Fencing	0	0	0	0
Boundary Wall (Operational)	1.69	0	0.33	1.36
Boundary Wall (Residential)	0.02	0	0	0.02
Other Building	2.40	0.65	0.20	2.85
Computers: End Users Devices	0.15	0	0.11	0.04
Computers: Network & Servers	0.03	0	0.01	0.02
Computers: Software	0	0	0	0
Plant & Machinery	4.13	0.09	0.33	3.89
Tool & Equipment	0.66	1.82	0.13	2.35
Vehicles	0.66	0	0.13	0.53
Electrical Installation	4.02	0.15	0.69	3.48
Solar Plant	0.61	0	0.03	0.58
Office Appliances	0.69	0	0.24	0.45
Furniture & Fixtures: Other Than Trolley	0.78	0	0.16	0.62
Furniture & Fixtures: Trolley	0.18	0	0.08	0.10
X-Ray Baggage Inspection System – XIBS	0.59	0	0.07	0.52
CFT & Fire Fighting Equipment	0.16	1.02	0.05	1.13



Block of Assets	Opening Net Block on April 1, 2019 (A)	Addition for FY 2019-20* (B)	Depreciation FY 2019-20 (C)	Opening Net Block on April 1, 2020 D= A+B-C
Total	27.13	7.48	4.96	29.65

6.2.3 The Authority on its examination of segregation of assets noted that AAI has classified certain assets as 100% Aeronautical, such as Joggers Park (classified under Building-Residential) and Replacement of HVAC (classified under Plant & Machinery). The Authority has considered the above assets as Common (refer section 7.2.4 and 7.2.5 in this Tariff Order for details) and segregated these assets in the ratio of employees / terminal building ratio etc. as appropriate. Hence, based on the above re-segregation, the total value of assets added during the FY 2019-20 have been reduced to ₹ 7.48 Crores, as against ₹ 7.50 Crores reported by AAI in the MYTP

6.3 Stakeholders' Comments regarding Initial Regulatory Asset Base for the First Control Period:

6.3.1 No comments were received from the Stakeholders.

6.4 Authority's Decisions regarding Initial RAB for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

6.4.1 The Authority decides to consider the Initial Regulatory Asset Base (RAB) for the First Control Period for Trichy Airport as ₹29.65 crores in accordance with Table 13.



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CHAPTER 7. CAPITAL EXPENDITURE FOR THE FIRST CONTROL PERIOD**7.1 AAI's submission regarding Capital Expenditure for the First Control Period**

7.1.1 AAI has proposed the total expenditure of ₹ 951.78 Crores (from FY 2020-21 to FY 2024-25) for the First Control Period. The item wise capex phasing, physical and financial progress submitted by AAI has been shown in table below. Capex details for FY 2019-20 (being a regulated year) has also been included:

Table 14: Capital Expenditure as proposed by AAI for First Control Period

(₹ Crores)

Project Name	Aero Cost	Total Cost	Aero Portion	Proposed date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Construction of 10 Nos. Parking Bays, Link Taxiways and GSE (Apron Area:1,30,693 sq.mt. and GSE area:13,086 sq.mt.) – Awarded Value	37.73	37.73	100%	October 30, 2020	-	37.73	-	-	-	-
Runways, Taxiway & Aprons	37.73	37.73	100%		-	37.73	-	-	-	-
Construction of Perimeter Road	3.07	3.07	100%	October 31, 2019	3.07	-	-	-	-	-
Road, Bridges & Culverts	3.07	3.07	100%		3.07	-	-	-	-	-
Upgradation of Passenger Terminal Building and Airside Facilities at Trichy Airport (NITB) (Civil-65% Of 87250.77Lac)	523.29	567.13	92.27%	April 30, 2022	-	-	-	523.29	-	-
Interest on Loan for NITB (4804.19*65% Elect.)	31.23	33.84	92.27%	April 30, 2022	-	-	-	31.23	-	-
P/O Connecting Corridor Between SHA (Security Hold Area)	0.32	0.32	100%	April 30, 2019	0.32	-	-	-	-	-



Project Name	Aero Cost	Total Cost	Aero Portion	Proposed date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
and Ole Restaurant Area-1 st F-NITB										
Replacement Of 3X400Tr Cooling Tower for Existing HVAC Plant (Civil)-Trichy	0.25	0.25	100%	March 31, 2020	0.25	-	-	-		
Modification of Facia Signage at Trichy	0.02	0.02	100%	March 31, 2020	0.02	-	-	-		
Terminal Building	555.11	601.57	92.28%		0.59	-	-	554.52		
Construction of New Residential Staff Quarters-126, CISF Barracks-1, Hostel-16 Dog Kennel & Community Hall at Old Wireless Station at Trichy Airport. (Existing Quarter R-4:34)	58.27	65.12	04:34:00 (ANS Staff: Aeronautical Staff)	January 8, 2022	-	-	58.27	-	-	
P/O Jogging Track in Colony at Trichy Airport	0.11	0.11	100%	April 30, 2019	0.11	-	-	-	-	
Building Residential	58.37	65.23	89.48%		0.11	-	58.27	-		
Construction and Raising of Operational B/W at Trichy	0.37	0.37	100%	June 30, 2020	-	0.37	-	-		
Boundary Wall - Operational	0.37	0.37	100%		-	0.37	-	-		
Modification of Conference Hall at OTB Trichy	0.34	0.34	100%	March 31, 2019	0.34	-	-	-		
Trans-Installation of NDB at Operational Area (Civil)-Trichy	0.18	0.18	100%	October 30, 2019	0.18	-	-	-		



Project Name	Aero Cost	Total Cost	Aero Portion	Proposed date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Provision of Static Bollards at Kerb Area in Front of TB	0.12	0.12	100%	September 30, 2019	0.12	-	-	-		
Other Buildings-Unclassified	0.65	0.65	100%		0.65	-	-	-		
Provision of Additional 60Tr AHU for SHA-Trichy	0.10	0.10	100%	April 30, 2019	0.10	-	-	-	-	-
Replacement Of 3X400Tr Cooling Tower for Existing HVAC Plant (Elect)-Trichy	0.28	0.28	100%	March 31, 2021	-	0.28	-	-		
Plant & Machinery	0.38	0.38	100%		0.10	0.28	-	-		
Additional/Replacement Of 51Nos. SCCTV-Trichy	0.95	0.95	100%	October 05, 2019	0.95	-	-	-		
E-Gates-8 Nos.	0.42	0.42	100%	July 18, 2019	0.43	-	-	-		
SITC of FIDS Trichy	1.24	1.24	100%	June 30, 2020	-	1.24	-	-		
Dynamic Signage 8Nos.	0.43	0.43	100%	July 15, 2019	0.43	-	-	-		
Procurement of BR Helmets-35 no.@5884.75 each	0.02	0.02	100%	June 30, 2020	-	0.02	-	-		
Tools & Equipment	3.06	3.06	100%		1.81	1.26	-	-		
Upgradation of Passenger Terminal Building and Airside Facilities at Trichy Airport (NITB) (Elect-35% Of 87250.77Lac)-	281.77	305.38	92.27%	April 30, 2022	-	-	-	281.77		



Project Name	Aero Cost	Total Cost	Aero Portion	Proposed date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Interest on Loan for NITB (4804.19*35% Elect.)	16.81	18.22	92.27%	April 30, 2022	-	-	-	16.81		
Extension of CCR Hall Including Repositioning of CCR and Ups at Trichy Apt	0.37	0.37	100%	April 30, 2020	-	0.37	-	-		
Provision of Air-Conditioning for Arrival Reserved Lounge-Trichy	0.06	0.06	100%	November 19, 2019	0.06	-	-	-		
Replacement of Air-Conditioning for SHA-Trichy	0.18	0.18	100%	April 30, 2020	-	0.18	-	-		
Const. Of Additional Watch Tower in Operation Area (Elect.)-Trichy	0.09	0.09	100%	April 30, 2019	0.09	-	-	-		
Trans-Installation of NDB at Operational Area (Elect)-Trichy	0.23	0.23	100%	April 30, 2020	-	0.23	-	-		
Electrical Installations	299.51	324.53	92.29%		0.15	0.78	-	298.59		
Victim Location Equipment Breaching System	0.05	0.05	100%	November 22, 2019	0.05	-	-	-		
Human Life Detector	0.33	0.33	100%	November 23, 2019	0.33	-	-	-		
Emergency Light	0.01	0.01	100%	November 23, 2019	0.01	-	-	-		
Replacement of Fire Hydrant System - Trichy	0.60	0.60	100%	March 31, 2020	0.60	-	-	-		



Project Name	Aero Cost	Total Cost	Aero Portion	Proposed date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Replacement of Spare Parts for Fire Hydrant and Fire Alarm System -Trichy	0.04	0.04	100%	September 30, 2019	0.04	-	-	-		
Fire Fighting Equipment/ CFT	1.02	1.02	100%		1.02	-	-	-		
Grand Total	959.28	1,037.61	92.45%		7.50	40.41	58.27	853.10	-	-

Note: Total Aeronautical cost of ₹ 959.28 Crores represents the sum of ₹ 7.50 Crores for regulated year FY 2019-20 & ₹ 951.78 Crores for the First Control Period commencing from FY 2020-21 to FY 2024-25.

7.1.2 AAI has proposed Aeronautical capitalization expenditure of ₹ 959.28 Crores for the First Control Period. This has been grouped into relevant block of assets and shown in the table below:

Table 15: Aeronautical Capitalization (assets block level) proposed by AAI for the First Control Period

(₹ Crores)

Asset Category	FY	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Runways, Taxiway & Aprons	-	37.73	-	-	-	-	37.73
Road, Bridge & Culverts	3.07	-	-	-	-	-	3.07
Terminal Building	0.59	-	-	554.52	-	-	555.11
Temporary Building	-	-	-	-	-	-	-
Building Residential	0.11	-	58.27	-	-	-	58.37
Security Fencing	-	-	-	-	-	-	-
Boundary Wall (Operational)	-	0.37	-	-	-	-	0.37
Boundary Wall (Residential)	-	-	-	-	-	-	-



Asset Category	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Other Building	0.65	-	-	-	-	-	0.65
Computers: End Users Devices	-	-	-	-	-	-	-
Computers: Network & Servers	-	-	-	-	-	-	-
Computers: Software	-	-	-	-	-	-	-
Plant & Machinery	0.10	0.28	-	-	-	-	0.38
Tool & Equipment	1.81	1.26	-	-	-	-	3.07
Vehicles	-	-	-	-	-	-	-
Electrical Installation	0.15	0.78	-	298.58	-	-	299.51
Solar Plant	-	-	-	-	-	-	-
Office Appliances	-	-	-	-	-	-	-
Furniture & Fixtures: Other Than Trolley	-	-	-	-	-	-	-
Furniture & Fixtures: Trolley	-	-	-	-	-	-	-
X-Ray Baggage Inspection System – XIBS	-	-	-	-	-	-	-
CFT & Fire Fighting Equipment	1.02	-	-	-	-	-	1.02
Total (Additions/WIP Capitalisation)	7.50	40.41	58.27	853.10	-	-	959.28

7.1.3 The AAI has submitted that the existing capacity of the Airport could not accommodate the increasing growth of passenger traffic in the recent years. The traffic handled by Trichy Airport for FY 2019-20 was 1.61 MPPA. Therefore, AAI proposes to build a new integrated passenger terminal building (PTB) of an area of 73,535 sq.mt. with a total project cost of ₹ 872.51 Crores.

7.1.4 The AAI has submitted proposal for Airside development with construction of 10 Parking Bays for Code 'C' type aircrafts with associated link taxiways, GSE area and vehicular lanes for a total



project cost of ₹ 37.72 Crores.

7.1.5 The AAI has also proposed to build a new Residential Colony to accommodate the present and future requirement of staff quarters at Trichy Airport for a total project cost of ₹ 65.12 Crores.

7.2 Authority's examination regarding Capital Expenditure for the First Control Period at the Consultation Stage

7.2.1 The Authority examined the rationale behind the proposed capital expenditure, along with its status. Further, the Authority sought and observed a detailed break-up of the expected costs for this capital expenditure.

7.2.2 The Authority analyzed the proposal for the new terminal building, including the need and objectives, proposed capital expenditure and scope of work. The key takeaways are as below:

7.2.2.1 The new PTB would be a two-level integrated building with peak hour capacity of 2,700 passengers and it is projected to handle passenger capacity of 3.63 MPPA. The total project cost is estimated at ₹ 872.51 Crores for an area of 73,535 sq.mt (60,718 sq.mt. along with a basement for airside corridor for new contact stands and 12,817 sq.mt towards city side approach roads). The cost of civil and electrical works out of the above total construction costs, is for ₹ 695.05 Crores. Thus, the cost of construction of civil and electrical works amounts to ₹ 94,519 per sq.mt.

7.2.2.2 The Authority has adopted the normative approach towards determination of cost of terminal building and has considered a normative cost of up to ₹ 100,000 per sq.mt., based on its analysis of costs on a case-to-case basis, pertaining to Airports such as Guwahati, Lucknow and Patna. The Authority has analyzed the cost of the terminal building as per the normative cost approach adopted by the authority. Accordingly, the Authority has agreed to the cost of construction at Trichy Airport amounting to ₹ 695.05 Crores which is within the normative cost.

7.2.2.3 The Authority has considered AAI's proposed allocation of 65%-35% for apportioning the costs of Civil and Electrical works of the new PTB. Accordingly, the total cost of construction of ₹ 695.05 Crores is apportioned between Civil and Electrical works as ₹ 451.78 Crores and ₹ 243.27 Crores, respectively.

7.2.2.4 AAI has proposed a capital structure with debt to equity of 60%-40% for financing the new PTB and has proposed interest during construction ('IDC') costs of ₹ 48.04 Crores, to be capitalized in the FY 2022-23, along with the capitalization of the new PTB.

7.2.2.5 In addition to the cost of Civil and Electrical structure at the PTB, the Authority sought the item wise cost breakup for the proposed new PTB from AAI. The Authority decides the following additional costs to be allowed separately, as they were not the part of the study on normative costs:

Table 16: Total costs of terminal building including additional costs as approved by Authority

(₹ Crores)

Description	Estimated Cost
Airport System and Equipment	60.28
Airport IT Network	21.73



Description	Estimated Cost
Baggage Handling System	20.25
Passenger Boarding Bridge and VDGS Equipment	17.50
PMC Service (Awarded Cost)	32.28
Total Additional costs (A)	152.04
Cost of Civil & Electrical works (B)	695.05
Cost of the terminal building (A+B)	847.09
3% for Contingencies	25.42
Grand Total	872.51

7.2.2.6 The Authority has analyzed the physical and financial progress of the above capital expenditure pertaining to the construction of the new PTB at Trichy Airport. This construction project commenced on November 3, 2018 and is expected to be completed and commissioned during FY 2022-23, at a cost of ₹ 872.51 Crores (of this, ₹ 853.10 Crores is the cost of Aeronautical assets). Presently, passenger terminal building, elevated road, electromechanical systems and IT works contracts of ₹ 564.76 Crores (out of total sanctioned cost of ₹ 872.51 Crores) have been awarded. The project engineer has certified that as of May 31, 2020, 36.5% of this contract has been completed. Further, a contract for construction of Apron, taxi-side and associated projects for ₹ 37.73 Crores (out of total sanctioned cost of ₹ 63.32 Crores) has also been awarded, towards which the project engineer has certified that as of May 31, 2020, 59% of the work has been completed. Post-completion of this expansion, the passenger traffic capacity is expected to be enhanced from 0.5 MPPA to 3.63 MPPA.

7.2.2.7 The Authority estimates that the actual passenger traffic is expected to reach approximately 1.91 MPPA at the end of the First Control Period (as depicted in Table 5). The proposed new terminal building has a handling capacity of 3.63 MPPA, which means the capacity utilization of the new building will be only to the extent of 50% till the end of the First Control Period. The Authority had suggested to AAI to construct the terminal building in phases so that there may not be any excess capacity/ under-utilization. However, AAI has stated that the planning/design of the building (which is integrated) has been completed and the construction has started. Hence, it would not be possible to build the terminal building in phases at this stage. The Authority is of the view that in case the construction of the building is completed, included in the RAB and 50% of the building remains unutilized, the Passengers and Airlines will have to bear the entire return on investment made in the building without any utilization of a portion of the building, which will not be fair and reasonable. However, to take an objective view, the reimbursement of PTB capital expenditure must be based on a principle that accommodates the capital commitments made by AAI (the Operator), while also not unduly burdening the relatively lesser number of passengers with the full cost of capital spend.

7.2.2.8 In view of the above stated facts, the ongoing progress of passenger terminal building (PTB) construction as well as the unanticipated disruption in passenger traffic growth caused by the Covid-19 pandemic, the Authority proposes to consider the capacity utilization of the terminal



up to 75% of the proposed expansion capacity to give a reasonable headway over the estimated traffic figures of 1.91 MPPA likely to be achieved by the end of First Control Period. Accordingly, Authority proposes reimbursement of capital expenditure equal to 75% of the aeronautical component of PBT project cost as part of RAB for tariff determination.

7.2.2.9 Above decision of the Authority is with the objective that investment made on the portion of building which is likely to put to use/ utilized should only be included in the RAB for tariff determination in this (current) Control Period. Following Table provides the details for inclusion of the cost of Terminal Building in the RAB for the purpose of determination of tariff for the First Control Period:

Table 17: Reimbursement of capital expenditure of the New Passenger Terminal Building as approved by the Authority

Planned Integrated Terminal Expansion – Trichy	Formula	Unit	Values
Estimated Aeronautical portion of Capital Expenditure	(a)	₹ Crores	853.10
Planned Passenger Capacity post-expansion	(b)	million	3.63
Authority's estimation of FY 2024-25 traffic	(c)	million	1.91
Recommended capacity expansion permissible (75% of planned capacity)	75% of (b)	million	2.72
Capex reimbursement for tariff determination (75% of the Aero portion of Capex)	d= 75% of (a)	₹ Crores	639.80
Difference to be adjusted by reducing RAB	(a) - (d)	₹ Crores	213.30

7.2.2.10 Thus, the Authority proposes to exclude/ reduce from the RAB, an amount of ₹ 213.30 Crores, which is equivalent to the cost of unutilized portion of the building (computed using proportion of 65%:35% for Civil costs and Electrical Installations costs). However, this balance portion of the cost of the building, not considered now, should be included in the RAB when it is utilized possibly in the next Control Period. Moreover, in case the actual traffic flow is more than the projected figure of 1.91 MPPA at any time of the Control Period and the capacity utilization is more than 50%, the amount of the cost of the building (RAB) would be suitably adjusted at the time of true-up in the tariff determination process of the next Control Period.

7.2.2.11 The Authority noted that the net block of the existing terminal building (which is proposed to be converted into a Cargo Hub, post commissioning of the above new terminal building) have been excluded from RAB in the FY 2022-23.

7.2.3 The Authority's analysis of the proposal for the new parking bay and taxiway including the need and objectives, proposed capital expenditure and scope of work is captured below:

7.2.3.1 As per AAI submission, 10 Aprons with associated link taxiways, Ground Support Equipment (GSE) area and vehicular lane for Code A-320/A-321 Type aircrafts was proposed to be constructed across a total area of 130,693 sq.mt. at an estimated cost of ₹ 63.32 Crores. As against the above estimated costs, the contract was awarded to the vendor at the cost of ₹ 37.73 Crores and the same has been considered for computation of RAB.

7.2.3.2 The Authority has adopted the normative approach towards determination of cost of apron and



taxiway and has considered a normative cost of ₹ 4,700 per sq.mt. in line with previous Tariff Orders pertaining to other Airports such as Guwahati, Lucknow and Patna. The Authority conducted a Study of few 'Major' Airports for determining the reasonableness of the capital expenditures. Accordingly, the Authority decides to adopt ₹ 4,700 per sq.mt. for construction of the aprons & taxiways.

7.2.3.3 Out of the total area of 130,693 sq.mt., the area demarcated for the GSE totaled to 13,086 sq.mt. Thus, the total area covered for the normative cost approach for the apron and taxiway works out to 117,607 sq.mt (excluding the area demarcated for GSE). For the construction of 117,607 sq.mt. at ₹ 4,700 per sq.mt. as per the above benchmarks under the normative cost approach adopted by the Authority, the allowable cost of the new apron and taxiway works out to be ₹ 55.28 Crores.

7.2.3.4 However, the cost of construction of the Apron and the Taxiway at Trichy Airport works out to ₹ 36.22 Crores and cost per sq.mt. is ₹ 3,079.75, which is within the normative cost standard suggested by the Authority. The item wise cost breakup of the above total costs (₹ 36.22 Crores) of construction of Apron and Taxiway are shown in the table below:

Table 18: Cost breakup for construction of Apron

S. No	Particulars	Area (sq.mt.)	₹ Crores
A	Total Cost of Apron with Link Taxiway, Isolation Bay and GSE Area	130,693	37.73
B	Cost of construction of GSE Area	13,086	1.50
C	Cost of Apron with Link Taxiway and Isolation Bay (A- B)	117,607	36.22
D	Cost per sq.mt. of Construction	117,607	₹ 3,079.75 per sq.mt.

7.2.3.5 AAI has submitted that the total cost of ₹ 37.72 Crores would be considered as 100% Aeronautical. Based on the above analysis (detailed in section 7.2.3), the Authority is in agreement with the above normative cost of ₹ 37.72 Crores for the construction of Apron and Taxiway at Trichy Airport.

7.2.4 AAI has proposed the Joggers park at the residential colony of ₹ 0.11 Crores in the FY 2019-20 to be considered as 100% aeronautical. However, the Authority believes that the residential quarters are collectively occupied by Aeronautical and ANS staff and hence the Aeronautical costs should be segregated in the ratio of 4:34 (ANS staff: Aeronautical staff).

7.2.5 AAI has considered replacement cost of HVAC (capitalized under Plant & Machinery) for the entire terminal (of ₹ 0.38 Crores, out of which ₹0.10 Crores was capitalized in FY 2019-20 and ₹0.28 Crores pertains to FY 2020-21) as 100% aeronautical. However, the Authority proposes to segregate the above costs in the ratio of terminal building (9.89%).

7.2.6 AAI has apportioned the cost of construction of the new Residential Staff Quarters (of ₹ 65.12 Crores) in the FY 2021-22 between ANS staff and Aeronautical staff in the ratio of 4:34. The Authority noted that out of the above total costs, the cost of CISF Barracks, Hostel, Dog Kennel & Community Hall at Old Wireless Station amounted to ₹ 15.06 Crores. The above costs have been considered as 100% Aeronautical by the Authority. The remaining costs of ₹ 50.06 Crores (₹ 65.12 Crores less ₹ 15.06 Crores) have been apportioned in the ratio of 20: 80 (ANS staff:



Aero staff), as the Authority is of the view that with the increase in the number of staff quarters, the ratio shall be revised to 20:80.

7.2.7 Authority has also examined the other capital expenditure proposed by AAI with the Administrative Approval, Expenditure Sanction, Letters of Award, as applicable. The specific observations are as follows:

7.2.8 AAI had conducted AUCC meeting on January 11, 2019. The Authority noted that in the above meeting, the growth rate in passenger traffic over the recent years had been discussed by AAI and the new PTB was proposed to be constructed to accommodate the increase in the passenger capacity. The new PTB was originally planned to be commissioned by November 2021. However, considering the impact arising out of Covid-19 pandemic, the above PTB has been proposed to be commissioned in the FY 2022-23.

7.2.9 In accordance with above, the Authority had proposed to consider the capital expenditure for the First Control Period as per the table below, during consultation stage:

Table 19: Capital Expenditure as approved by the Authority for First Control Period

(₹ Crores)

Project Name	Aero Cost	Total Cost	Aero portion	Proposed date of Capitalization	Phasing of Capitalisation (FY)				
					2020-21	2021-22	2022-23	2023-24	2024-25
Construction Of 10 Nos. Parking Bays, Link Taxiways and GSE (Apron Area-130693 sq.mt. & GSE area-13,086 sq.mt.)-Awarded Value	37.73	37.73	100%	October 30, 2020	37.73	-	-	-	-
Runways, Taxiway & Aprons	37.73	37.73	100%		37.73	-	-	-	-
Upgradation of Passenger Terminal Building and Airside Facilities at Trichy Airport (NITB) (Civil-65%)	384.64	416.86	92.27%	April 30, 2022	-	-	384.64	-	-
Interest on Loan for NITB (4804.19*65% Elect.)	31.23	33.84	92.27%	April 30, 2022	-	-	31.23	-	-
Terminal Building	415.87	450.70	92.27%		-	-	415.87	-	-
Construction of New Residential Staff Quarters-126, CISF Barracks-1, Hostel-16 Dog Kennel & Community Hall at Old Wireless Station at Trichy Airport.	55.11	65.12	20:80:00 (ANS Staff: Aero Staff)	January 8, 2022	-	55.11	-	-	-
Building Residential	55.11	65.12	85%		-	55.11	-	-	-
Construction and Raising of	0.37	0.37	100%	June 30,	0.37	-	-	-	-



Project Name	Aero Cost	Total Cost	Aero portion	Proposed date of Capitalization	Phasing of Capitalisation (FY)				
					2020-21	2021-22	2022-23	2023-24	2024-25
Operational B/W at Trichy				2020					
Boundary Wall -Operational	0.37	0.37	100%		0.37	-	-	-	-
Replacement Of 3X400Tr Cooling Tower for Existing HVAC Plant (Elect)-Trichy	0.25	0.28	90.11%	March 31, 2021	0.25	-	-	-	-
Plant & Machinery	0.25	0.28	90.11%		0.25	-	-	-	-
SITC of FIDS Trichy	1.24	1.24	100%	June 30, 2020	1.24	-	-	-	-
Procurement of BR Helmets-35 no.@5884.75 each	0.02	0.02	100%	June 30, 2020	0.02	-	-	-	-
Tools & Equipment	1.26	1.26	100%		1.26	-	-	-	-
Upgradation of Passenger Terminal Building and Airside Facilities at Trichy Airport (NITB) (Elect-35%)	207.12	224.47	92.27%	April 30, 2022	-	-	207.12	-	-
Interest on Loan for NITB (4804.19*35% Elect.)	16.81	18.22	92.27%	April 30, 2022	-	-	16.81	-	-
Extension of CCR Hall Including Repositioning of CCR and Ups at Trichy Airport	0.37	0.37	100%	April 30, 2020	0.37	-	-	-	-
Replacement of Air-Conditioning for Trichy Airport	0.18	0.18	100%	April 30, 2020	0.18	-	-	-	-
Trans-Installation of NDB at Operational Area (Elect)-Trichy	0.23	0.23	100%	April 30, 2020	0.23	-	-	-	-
Electrical Installations	224.71	243.47	92.29%		0.78	-	223.93	-	-
Grand Total	735.30	798.93	92.04%		40.39	55.11	639.80	-	-

7.2.10 Accordingly, the Authority had proposed to consider the Aeronautical capitalization for the First Control Period (grouped at asset block level) as per the table below, during Consultation stage:



Table 20: Aeronautical Capitalization (asset block level) approved by the Authority for First Control Period.

(₹ Crores)

Asset Category	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Runways, Taxiway & Aprons	37.73	-	-	-	-	37.73
Road, Bridge & Culvert	-	-	-	-	-	0
Terminal Building	-	-	415.87	-	-	415.87
Temporary Building	-	-	-	-	-	0
Building Residential	-	55.11	-	-	-	55.11
Boundary Wall (Operational)	0.37	-	-	-	-	0.37
Boundary Wall (Residential)	-	-	-	-	-	0
Other Building	-	-	-	-	-	0
Computers: End Users Devices	-	-	-	-	-	0
Computers: Network & Servers	-	-	-	-	-	0
Computers: Software	-	-	-	-	-	0
Plant & Machinery	0.25	-	-	-	-	0.25
Tool & Equipment	1.26	-	-	-	-	1.26
Vehicles	-	-	-	-	-	0
Electrical Installation	0.78	-	223.93	-	-	224.71
Solar Plant	-	-	-	-	-	0
Office Appliances	-	-	-	-	-	0
Furniture & Fixtures: Other Than Trolley	-	-	-	-	-	0
Furniture & Fixtures: Trolley	-	-	-	-	-	0
X-Ray Baggage Inspection System – XIBS	-	-	-	-	-	0
CFT & Fire Fighting Equipment	-	-	-	-	-	0



Asset Category	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Total (Additions/WIP Capitalisation)	40.39	55.11	639.80	-	-	735.30

7.3 Stakeholders' Comments regarding Capital Expenditure for the First Control Period:

AAI's comments on Capital Expenditure for the First Control Period:

- 7.3.1 With reference to para 7.20.3 of the Consultation Paper, AAI has requested the Authority to waive off 1% penalty if AAI fails to complete the Terminal Building by April 2022 due to Covid-19 pandemic situation.
- 7.3.2 AAI requested AERA to consider the entire cost of Terminal Building as this will not affect Tariff proposed by AERA. Resulting the same, the shortfall will increase which will be subject to true-up in the next control period. AAI will capitalize the entire cost of Terminal Building in FY 2022-23 and accordingly depreciation will be provided. Hence, AERA is also requested to provide return on entire cost of terminal Building instead of 75%.

FIA's comments on Capital Expenditure for the First Control Period:

- 7.3.3 In the matter of Capital Expenditure, FIA understands that AAI has proposed capital expenditure of INR 951.78 Cr. for the First Control Period in accordance with Table 14 of the CP. In response, AERA after reviewing the proposed capital expenditure have allowed a total capitalization of INR 732.90 in accordance with Table 20 of the CP.
- 7.3.4 In this regard, FIA submits that keeping in view of impact of Covid- 19 on passenger air traffic and aircraft movements, the need/requirement of any capital expenditure projects should be thoroughly examined by AAI/AERA post a suitable user consultation exercise/AUCC meeting (refer below). Further, AAI/AERA may kindly ensure that any non-essential capital expenditure projects may be deferred to the next control period.
- 7.3.5 FIA noted that as per para 7.18 of the CP that an AUCC meeting has taken place on January 11, 2019 and the process of AUCC has not been duly complied in accordance with the Appendix 1: Consultation Protocol of the AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 (AERA Guidelines). AAI has not provided the stakeholders in advance, all requisite information relating to capital expenditure projects, in the form of 'Project Investment File'(PIF) (Refer Para A1.4 of AERA Guidelines). It is pertinent to note that the PIF is required to be given at each stages of the consultation i.e. Needs Identification, Options development, Detailed project design. Such PIF is required to disclose the minimum information as listed under Para A.1.5.2 of the AERA Guidelines.
- 7.3.6 Further FIA stated that AAI/AERA may appreciate that such advance intimation of the minimum information under PIF is critical for providing well informed stakeholder inputs in the AUCC meetings. Thus, AERA is requested to examine the sufficiency and due compliance of AUCC Consultation Protocol in the present case.
- 7.3.7 Without prejudice to the above, with respect to the cost of terminal building, FIA submits that the regional dynamics of Trichy is not similar to Guwahati, Lucknow and Patna, and therefore considering the cost escalations in those regions will not be appropriate. FIA would also like to



highlight that the cost per square meter of the terminal building in the case of Vishakhapatnam Airport is INR 58,546.60 per sq. mt. Accordingly, with a view to rationalize cost for capital expenditure projects (including for terminal building i.e. within the ceiling of INR 65,000 per sq.mt.), FIA submits that cost allocation should be within the normative norms prescribed by the AERA under AERA Order No. 07/2016-17 "In the matter of normative approach to building blocks in economic regulation of Major Airports – capital costs reg." dated 13.06.2016. In the event of any deviations from the Normative Norms while reviewing capital expenditures, AERA is requested to provide justification for the same

- 7.3.8 Further in respect to the cost of residential quarters (INR 65.12 Cr.) at Trichy Airport, FIA submits that the cost may be reviewed by AERA. It is pertinent to note that in the case of Patna Airport the cost of residential quarters was revised by AAI to approx. INR 50.24 Cr. out of which INR 32.56 was allowed by AERA for the purposes of capitalization in RAB.
- 7.3.9 Further, FIA submitted that AERA may review a higher penalty amount proposed in the event of any delay in commissioning of a new terminal building and align the same with market standards, as deemed fit.

IATA's comments on Capital Expenditure for the First Control Period:

- 7.3.10 In the backdrop of the demand shock on account of Covid-19, IATA submitted a recommendation to freeze on capacity enhancing projects until accurate, Airport level traffic forecasts are available; agreed in consultation with the airline community via the AUCC to inform a revised phasing plan to balance capacity with demand.
- 7.3.11 IATA also appreciates the rational view taken by AERA (in Paras 7.10 - 7.11 of the Consultation Paper) in recommending a phased approach for the construction of new terminal, given the Covid-19 impact. However, it seeks further information on the stage of construction and level of completion at this point and time.
- 7.3.12 IATA has supported AERA's recommendation about investment made only on the portion of building which will be put to use, should be included in the RAB for tariff determination in this (current) Control Period.
- 7.3.13 On other elements of CAPEX, IATA submits that the Authority has considered CISF Barracks, Hostel and Dog Kennel amounting to about Rs. 15 crores as 100% Aeronautical. We would like to seek clarity if these CAPEX should be funded through Aviation Security Fund which has been increased recently.

DIAL's comments on Capital Expenditure for the First Control Period:

- 7.3.14 With respect to authority proposal to levy a 1% penalty in case of delay in implementation of the project envisaged, DIAL has submitted that the project capitalization period may overlap with the privatization. Determination of delay and entity responsible may not be possible in such a scenario and hence suggest that provision for such penalty be removed.
- 7.3.15 DIAL has requested the authority to provide more clarity on the details of the land which has been acquired and the balance which is yet to be acquired from the state govt / air force / private individuals for the expansion as per the master plan including extension of the runway to 12,500 ft. DIAL submitted that it understands that there is a requirement of 345 acres of land which is to be acquired
- 7.3.16 Further DIAL submitted that AERA has recognized in the past that each Airport is different and has used Airport specific approaches for Capital Expenditure, rather than using the normative



approach. In continuation of the above, DIAL suggests, capital expenditure should be based on actuals.

- 7.3.17 Further, DIAL submitted that the capex for an Airport is being planned for long term horizon. A short-term approach will lead to additional cost and inefficiency. In case of Trichy Airport AAI has planned capex for 3.6 Mn Terminal capacity based on their estimated pax throughput and terminal design which already freeze. However, as per Authority Trichy Airport is expected to handle 2.7 million passengers in next five years and accordingly authority has restricted capitalization of the capex to the expected utilization level i.e. 75% only in the next five years. Authority's proposal is really unfair and uneconomical for the Airport operator as the Airport Operator has to plan capacity in advance and it cannot start development on the date of saturation. This practice will lead to Airport in construction mode always. Also, Airport operator has to ensure that the Airport is future ready for all expected traffic and service levels. As per tariff guidelines, if an aeronautical asset has been put to use then it gets cover in the Regulatory Asset Base. Authority's approach is not aligned to the accounting practices and tariff guidelines and accordingly we request Authority to consider aeronautical asset capitalized fully for the purpose of RAB.

7.4 AAI's counter comments and response to Stakeholders' Comments regarding Capital Expenditure for the First Control Period

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Capital Expenditure for the First Control Period are presented below:

AAI's response to FIA's comments regarding Capital Expenditure for the First Control Period

- 7.4.1 AAI submitted that AAI had conducted an AUCC meeting on January 11, 2019 as per the guideline issued by AERA and invitation was given to all the stakeholders with the sufficient time. All issues of stakeholders were addressed in AUCC.
- 7.4.2 AAI further submitted that as per para 7.15 of Tariff order no.38/2018-19 dt.9th January 2019 issued by AERA in r/o Vizag Airport AERA has approved the actual cost of Rs.57 cr. (Rs.58546.60 per sq. meter for Liner expansion of Terminal Building which is under the normative cost of Rs.1,00,000/- per sqm). However, the cost per sqm of New Terminal Building is less than Rs.1,00,000/-per sqm. at Trichy Airport.
- 7.4.3 The cost of Residential Quarters Rs 65.12 crores includes the cost of construction of CISF barracks, Hostel, Dog Kennel of Rs 15.06 crores, which is 100% Aeronautical. Further, out of remaining cost of Rs 50.06 crores, AERA has allowed the cost of Residential quarters as Rs 40.05 crores (Aero Portion) only.

AAI's response to IATA's comments regarding Capital Expenditure for the First Control Period

- 7.4.4 The construction of the New Terminal Building has been in progress and around 36.5% of the work has been completed till date and construction of the entire building will be completed in FY 2022-23. Existing Terminal Building is already saturated as the planned capacity of Building is 1.5 MPPA whereas actual pax for 2019-20 is 1.9 MPPA
- 7.4.5 AAI further clarified that the capex for Security/CISF would not be funded from Aviation Security Fund, Airport operator has to provide out of his own funds.



AAI's response to DIAL's comments regarding Capital Expenditure for the First Control Period

7.4.6 AAI agreed to the views of DIAL

7.5 Authority's examination and decisions regarding Capital Expenditure for the First Control Period

7.5.1 The Authority has examined the comments raised by AAI, FIA and DIAL on the imposition of penalty of 1% of the terminal building expansion project cost, if AAI/ prospective PPP bidder fails to commission and capitalize the new terminal building by April 2022. In the interest of the passengers and other stakeholders, the Authority decides to rework the RAB of the Airport Operator for the Second Control Period, by reducing the RAB by 1% of the cost of the Terminal Building expansion project plan, if the Airport Operator (AAI/ prospective PPP bidder) fails to commission and capitalize the new terminal building by April 2022.

7.5.2 The Authority has noted the comments raised by AAI regarding consideration of the entire cost of the new Passenger Terminal Building, instead of 75% of the total costs. The Authority is of the view that in case the construction of the building is completed in the FY 2022-23, included in the RAB and 50% of the building remains unutilized, the Passengers and Airlines will have to bear the entire return on investment made in the building, on which a portion may remain unutilized. This practice will not be fair and reasonable. The Authority is further of the view that the investment made on the portion of building which will be put to use/ utilized should be included in the RAB for tariff determination in the current Control Period. The balance portion of the cost of the building, not considered now, should be included in the RAB when it is utilized possibly in the next Control Period. However, in case the actual traffic flow is more than the projected figure of 1.91 MPPA at any time of the Control Period and the capacity utilization is more than 50%, the amount of the cost of the building (RAB) would be suitably adjusted at the time of true up in the tariff determination process of the next control period.

7.5.3 The Authority decides to consider the cost of new Passenger Terminal Building in the RAB for the First Control Period as ₹ 639.80 crores.

7.5.4 The Authority has examined the comments raised by FIA and IATA on the assessment of the need/ requirement of the new Terminal Building and clarifies that the significant part of the CAPEX (new Terminal Building) of Trichy Airport was proposed, planned and awarded prior to the outbreak of Covid-19 and around 36.5% of the work was already completed. Hence, it was very difficult to ignore such CAPEX. The Authority has therefore opted to rationalize the Capital Expenditure by deferring or slowing down the execution of the project, wherever possible or by deferring the grant of return on such CAPEX to a future period.

7.5.5 With regard to FIA comments regarding AUCC meeting, the Authority is of the view that all the Airport operators including AAI need to scrupulously follow the Guidelines of AERA on the Consultation Protocol. Further, the Authority wants the Airport Operator to adhere to the timelines stipulated under the Guidelines on AUCC consultation process and also maintain records of the Consultation process, information shared and the User responses for the purpose of review by the Authority. Further, Authority also always stresses for all the stakeholders to participate in the consultation process with all seriousness and at to the fruitful outcome of the consultation process.

7.5.6 The Authority has adopted the normative approach towards determination of cost of terminal building and has considered a normative cost of up to ₹ 100,000 per sq.mt., based on its analysis



of costs on a case-to-case basis, pertaining to Airports of similar size and scale of operations. Further, the Authority had examined in detail each of the components of the project costs such as Civil, Electrical costs, Airport System, IT Network, Baggage Handling System, Passenger Boarding Bridge etc. Further, the above project costs also include the interest on debts availed for construction of the Terminal Building. The Authority has considered only the costs that are essential for this Project. Further, the Authority noted that the actual civil & electrical costs incurred by AAI was ₹ 94,519 per sq.mt, which is lesser than the above normative cost of ₹ 100,000 per sq.mt.

- 7.5.7 Regarding Residential staff quarters, the Authority clarifies that out of the total costs of ₹ 65.12 Crores, the cost of CISF Barracks, Hostel, Dog Kennel & Community Hall at Old Wireless Station amounting to ₹ 15.06 Crores have been considered as 100% Aeronautical by the Authority. Out of the remaining costs of ₹ 50.06 Crores, only ₹ 40.04 Crores (80%) have been considered as Aero costs and included in the RAB.
- 7.5.8 The Authority notes IATA's acknowledgement of the Authority's decision to include only the investment made on the portion of building which will be put to use, in the RAB for tariff determination in the First Control Period.
- 7.5.9 Regarding IATA's comments on the cost of construction of CISF Barracks, Hostel and Dog Kennel of ₹15 crores, the Authority clarifies that as per the agreement between Government of India and AAI, CISF should be given facilities such as barracks, office, residence and dog kennel and hence this expense is essential and has to be considered as 100% Aeronautical. Further, this cost would not be funded from Aviation Security Fund.
- 7.5.10 Regarding the comments raised by DIAL on the details of the land which has been acquired by AAI Trichy and the balance which is yet to be acquired from the State Govt. / Air Force / Private individuals for the expansion as per the Master Plan, the Authority clarifies that the total land available with AAI Trichy Airport is 737.70 acres, which includes 35.68 acres of land handed over by the Tamil Nadu Government.
- 7.5.11 The Authority has reviewed the comments raised by DIAL that the capital expenditure should be based on actual costs incurred, rather than using normative approach. In this regard, the Authority clarifies that subject to the terms and conditions of the privatization of Trichy Airport, the Authority will consider to true-up the Capital Expenditure incurred based on actual cost subject to the normative approach at the time of determining tariff for the Second Control Period.
- 7.5.12 Regarding concerns raised by DIAL on the phased capitalization of the Terminal Building (75% of the project costs being reimbursed in the Current Control Period), the Authority emphasizes its view that the Passengers and Airlines should not be burdened with the entire return on the investment made in the new Terminal Building, on which a portion may remain unutilized. However, in case the actual traffic flow is more than the projected figure of 1.91 MPPA at any time of the Control Period and the capacity utilization is more than 50%, the amount of the cost of the building (RAB) would be suitably adjusted at the time of true up in the tariff determination process of the next control period.

7.6 Authority's Decisions regarding Capitalization of Aeronautical Expenditure for the First Control Period:

Based on the material before it and its analysis, the Authority has decided the following:

- 7.6.1 The Authority decides to adopt the capitalization of Aeronautical expenditure for the First Control Period in accordance with Table 20.



7.6.2 The Authority has decided that subject to the terms and conditions of privatization of Trichy Airport, it will consider to true-up the Capital expenditure incurred based on actual costs subject to the normative approach at the time of determination of tariff for the Second Control Period.



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CHAPTER 8. DEPRECIATION**8.1 AAI's submission regarding Depreciation for the First Control Period:**

- 8.1.1 AAI follows its approved rates of depreciation for different asset classes. While submitting the Multi-Year Tariff proposal for the First Control Period, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (Order No. 35 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'). Accordingly, AAI has proposed three different sets of rates. These are based on three different periods – up to FY 2005-06, from April 1, 2006 to March 31, 2019, and beyond April 1, 2019.
- 8.1.2 For the period, April 1, 2019 to March 31, 2020 AAI has proposed depreciation rates as per the Authority's notified rates of depreciation (Order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", describing the normative useful lives for various Airport assets) considering Trichy Airport as a Major Airport. Further, the above notified depreciation rates have also been proposed by AAI for the First Control Period, i.e., from FY 2020-21 to FY 2024-25.
- 8.1.3 Depreciation has been computed separately on opening block of assets and on the proposed additions.
- 8.1.4 The depreciation rates proposed by AAI have been summarized in the table below:

Table 21: Depreciation rates proposed by AAI

Asset category	Up to FY 2005-06	For FY 2005-06 to FY 2018-19	Beyond FY 2018-19
Runway, Taxiway and Apron	12.17%	13%	3.33%
Road, Bridge and Culvert	12.17%	13%	10.00%
Terminal building	7.31%	8%	3.33%
Old terminal building	7.31%	8%	3.33%
Temporary building	100%	100%	33.33%
Residential building	4.00%	5%	3.33%
Security fencing	100%	100%	10%
Operational Boundary Wall	7.31%	8%	10%
Boundary Wall (Residential)	4.00%	5%	3.33%
Other Building	7.31%	8%	3.33%
Computers: End Users Devices	20%	20%	33.33%
Computers: Network & Servers	20%	20%	16.67%
Computer Software	12.17%	20%	20.00%



Asset category	Up to FY 2005-06	For FY 2005-06 to FY 2018-19	Beyond FY 2018-19
Plant & Machinery	12.17%	11%	6.67%
Tool & Equipment	12.17%	20%	6.67%
Vehicles	12.17%	14%	12.5%
Electrical Installation	12.17%	11%	10.00%
Offices Appliances	20%	18%	20%
Furniture & Fixtures: Other than trolley	12.17%	20%	14.29%
Furniture & Fixtures: trolley	12.17%	20%	33.33%
X-Ray Baggage Inspection System – XIBS	12.17%	11%	6.67%
CFT & Fire Fighting Equipment	19.19%	13%	6.67%

8.1.5 The depreciation amount proposed by AAI for the First Control Period has been presented in the table below.

Table 22: Depreciation proposed by AAI

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(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Accumulated Depreciation on opening gross block	3.49	3.34	1.14	1.01	0.89
Depreciation on additions from FY 2020-21 to FY 2024-25	2.19	3.84	28.65	52.80	52.27
Total	5.68	7.18	29.79	53.81	53.16

8.2 Authority's examination regarding Depreciation for the First Control period at Consultation stage:

- 8.2.1 The Authority has noted the submission of two different rates of depreciation by AAI for different periods under consideration and has duly examined these for consideration towards determination of Aeronautical tariff.
- 8.2.2 For period up to FY 2018-19, the Airport was not under the regulatory ambit of the Authority and AAI had computed depreciation according to its internal accounting policies. The Authority noted that the



depreciation rates used by AAI for FY 2018-19 were in line with its accounting policies.

8.2.3 However, from April 1, 2019 onwards, the Authority has drawn reference to its Order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", for working out the depreciation rates to be applied for computation of Aggregate Revenue Requirement (ARR).

8.2.4 These normative depreciation rates of Airport assets as per the above-mentioned Order, relevant to Airport, have been presented in the table below:

Table 23: Depreciation rates as per Authority's Order No. 35/2017-18

Asset category	Beyond FY 2017-18
Runways, Aprons and Taxiways	3.33%
Road, Bridges & Culverts	10.00%
Building – Terminal	3.33%
Building – Temporary	33.33%
Building – Residential	3.33%
Boundary Wall – Operational	10.00%
Boundary Wall – Residential	10.00%
Computer - End user	33.33%
Computer - Servers and networks	16.67%
Intangible Assets – Software	20.00%
Plant & Machinery	6.67%
Tools & Equipment	6.67%
Furniture & Fixtures: Other Than Trolley	14.29%
Furniture & Fixtures: Trolley	33.33%
Vehicles	12.50%
Electrical Installations	10.00%
Other Office Equipment	20.00%
X Ray Baggage System	6.67%
CFT/Fire Fighting Equipment	6.67%

8.2.5 The Authority observed that the depreciation rates used by AAI for the period beyond April 1, 2019 are in line with the rates as per the above-mentioned order.

8.2.6 Combining its observations across the two periods, the Authority decides to consider the depreciation rates to be considered for tariff determination in respect of Airport as per the following table.



Table 24: Depreciation approved by the Authority

(₹ Crores)

Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Accumulated Depreciation on opening gross block	3.49	3.34	1.14	1.01	0.89
Depreciation on additions from FY 2020-21 to FY 2024-25	2.19	3.79	22.50	40.61	40.09
Total	5.68	7.13	23.64	41.62	40.98

8.3 Stakeholders' Comments regarding Depreciation for the First Control Period

FIA's comments on Depreciation for the First Control Period:

- 8.3.1 Regarding depreciation of terminal building, FIA commented that on the review of useful life of assets at various international Airports like London Heathrow, Sydney Airport and Amsterdam Airport indicated that terminal buildings have useful life of as long as 60 years and aprons have it for as long as 99 years. FIA submits that the useful life of terminal building for Kannur and Cochin Airports have been considered 60 years by AERA and accordingly the same should be applied at Trichy Airport.
- 8.3.2 Regarding depreciation of residential building, FIA submits that as per Sl. No. 8 of Annexure - I of the Authority's Order 35/2017-18 "In the matter of determination of useful life of Airport Assets" dated 12.01.2018, residential buildings have a prescribed useful life of 30/60 years. It is pertinent to note here that unlike in case of terminal buildings where option of 30 or 60 years is to be evaluated by Airport Operator, the election of 30 years or 60 years in case of residential buildings is not to be evaluated by Airport Operator but is to be derived from provisions of Companies Act. FIA submitted that Part C of Schedule II of Companies Act 2013 prescribes the useful life of Buildings (other than factory buildings) having Reinforced Concrete Cement (RCC) frame structure to be 60 years. It is very unlikely that residential buildings will not be built on RCC Frame structure. FIA submitted that residential buildings should be depreciated over a period of 60 years and not 30 years.

In view of the 8.3.1 and 8.3.2 above, FIA submits that AERA should consider the useful life of Residential building and Terminal Building as 60 years as envisaged in order no. 35/ 2017-18 read with Schedule II of Companies Act 2013, and revise the amount of depreciation accordingly

8.4 AAI's counter comments and response to Stakeholders' Comments regarding Depreciation for the First Control Period

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Depreciation for the First Control Period are presented below:

AAI's response to FIA's comments regarding Depreciation for the First Control Period:

- 8.4.1 AAI has adopted Useful life policy issued by AERA while preparing proposal for all AAI Major Airports.



8.5 Authority's examination and decisions regarding Depreciation for the First Control Period:

8.5.1 Regarding the terminal building the Authority has followed its Order No. 35 / 2017-18 dated 12th January 2018. Following are the relevant extracts from this Order:

"As per Annexure 1 -Useful life of assets, the Authority decided to consider useful life of terminal building as either 30 years or 60 years. The choice between 30 years and 60 years should be evaluated by the Airport operator (AAI)."

The Authority, at the time of passing Order No. 35, had carefully evaluated these comments. In all these comments, the Authority noted that because of 24 hours operations, the Airport Operator felt that terminal buildings face faster wear and tear as compared to the other buildings, despite the RCC Frame Structure. In response to these comments, the Authority decided to keep the provision unchanged. Thereby, the Airport Operator was given the option to evaluate the useful life of the terminal building as either 30 years or 60 years. AAI has evaluated the useful life of terminal building and residential building of Trichy Airport as 30 years. The Authority decides to consider the useful life of terminal building and residential building of Trichy Airport as 30 years.

8.6 Authority's Decisions regarding Depreciation for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 8.6.1 The Authority decides to adopt depreciation rates for Trichy Airport as per Table 23 for the First Control Period.
- 8.6.2 The Authority decides to consider depreciation amounts for the First Control Period as per Table 24.



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CHAPTER 9. REGULATORY ASSET BASE FOR THE FIRST CONTROL PERIOD**9.1 AAI's submission regarding RAB for the First Control Period:**

9.1.1 AAI has submitted RAB for the First Control Period as follows:

Table 25: RAB for the First Control Period as AAI's submission

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Opening Balance	29.67	64.4	115.49	932.11	878.30	2,019.97
Additions/WIP Capitalisation	40.41	58.27	853.10	-	-	951.78
Disposal/Transfers	-	-	6.69	-	-	6.69
Depreciation	5.68	7.18	29.79	53.80	53.16	149.61
Closing Balance	64.40	115.49	932.11	878.30	825.14	2,815.44
Average RAB	47.04	89.94	523.80	905.21	851.72	2,417.71

9.1.2 Authority's examination regarding RAB for the First Control period at Consultation stage

9.1.3 The Authority has duly examined each element of RAB in the previous chapters. The Authority proposes to adopt the Initial RAB as per Table 13, the Aeronautical capitalization in accordance with Table 20 and the depreciation amounts in accordance with Table 24.

9.1.4 As per AAI's submission, with the commissioning of the new passenger terminal building in FY 2022-23, the existing terminal building shall be transferred to AAICLAS at the opening net book value. In consideration of this proposal, the Authority noted that the following two proposed additions to the existing Terminal building in FY 2020-21 (which has to be also transferred to AAICLAS in the FY 2022-23), had been excluded by AAI from the computation of the total disposable value.

Table 26: Assets not considered in the total disposable value by AAI

Description of Asset	Proposed Addition		Total Depreciation	Disposable Value (in FY 2022-23)
	Date	Amount (₹ Crores)	(₹ Crores)	(₹ Crores)
Replacement of 3x400TR cooling tower for existing HVAC plan	March 31, 2020	0.25	0.02	0.23
Extension of CCR hall	April 30, 2020	0.37	0.06	0.31



Description of Asset	Proposed Addition		Total Depreciation	Disposable Value (in FY 2022-23)
	Date	Amount (₹ Crores)	(₹ Crores)	(₹ Crores)
including repositioning of CCRs and UPS				
Total				0.54

Upon considering the above disposal of assets, the total disposals for the First Control Period for Trichy Airport amounts to ₹ 7.23 Crores.

- 9.1.5 Combining all its propositions, the Authority has decided to consider the following RAB to be considered for determination of Aeronautical tariff for the First Control Period in respect of Trichy Airport:

Table 27: RAB for the First Control Period after Authority's examination

(₹ Crores)

Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance (1)	29.65	64.36	112.34	721.27	679.65
Additions/WIP Capitalisation (2)	40.39	55.11	639.80	-	-
Disposal/Transfers (3)	-	-	7.23	-	-
Depreciation (4)	5.68	7.13	23.64	41.62	40.98
Closing Balance (5) = [(1)+(2)-(3)-(4)]	64.36	112.34	721.27	679.65	638.67
Average RAB [(1)+(5)]/2	47.01	88.35	416.81	700.46	659.17

9.2 Stakeholders' Comments regarding RAB for the First Control Period:

- 9.2.1 No comments were received from the stakeholders.

9.3 Authority's Decisions regarding Average RAB for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 9.3.1 The Authority decides to consider average RAB for the First Control Period for Trichy Airport as per Table 27.



CHAPTER 10. FAIR RATE OF RETURN (FROR)**10.1 AAI's submission regarding FRoR for the First Control Period:**

10.1.1 AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority for other AAI Airports, including Chennai, Jaipur and Patna, among others.

10.1.2 AAI has submitted that all project financing activities are undertaken centrally at AAI's Corporate Office, New Delhi. It is also submitted that the proposed new terminal building, is expected to be 60% debt financed.

10.1.3 The Fair rate of return (FRoR) has been considered at 11.87% (from the FY 2022-23), assuming cost of debt as 8.03%. The workings for the same as submitted by AAI is shown in table below:

Table 28: Calculation of FRoR for FY 2022-23 as submitted by AAI

(₹ Crores)

S. No	Particulars	Formula	Value
	Assumptions:		
a.	Closing RAB (FY 2022-23)		932.11
b.	Additions made in FY 2022-23		805.06
c.	Portion of Debt		60%
d.	Portion of Equity		40%
e.	Cost of Debt		8.03%
f.	Cost of Equity		16%
	Calculation of FRoR:		
g.	Cost of Debt (b x c x e)	$805.06 * 60% * 8.03%$	38.79
h.	Cost of Equity on last year additions (b x d x f)	$805.06 * 40% * 16%$	51.52
j.	Cost of Equity on balance assets {(a - b) x f}	$(932.11 - 805.06) * 16%$	20.33
k.	Total Capital (a)		110.64
	FRoR-% (k/a)		11.87%

10.2 Authority's examination regarding FRoR for the First Control period at Consultation stage:

10.2.1 The Authority has recognized that AAI's capital structure may not be regarded as an efficient one as it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing and leveraging



AAI's credit ratings. In this respect, AAI has proposed to finance the new terminal building with 60% debt. AAI has submitted that they are in the process of finalizing the loan conditions at the corporate level and shall be allotting the debt in respect of the new terminal building from the same. So far, AAI has not provided a schedule of drawdown of the above debts. Therefore, the Authority has assumed that the debt would be drawn at the time of capitalization of the new Terminal Building, which is proposed in the FY 2022-23.

10.2.2 The Authority had earlier considered the Fair Rate of Return at 14% for similar Airports such as Jaipur, Patna, Chennai etc. Accordingly, the Authority proposes to consider the Fair Rate of Return at 14%. The Authority would like to highlight that it may also consider a normative capital structure to determine the FRoR at a later date

10.2.3 The Authority recomputed the FRoR by considering the value of terminal building of ₹ 853.10 Crores, which is proposed to be capitalized by AAI during FY 2022-23. The Authority noted that AAI had considered only the principal cost of the construction of the new terminal building viz. ₹ 805.06 Crores and not the interest during construction (IDC) of ₹ 48.04 Crores, as the interest costs is proposed to be financed by AAI through its own funds (equity). However, the Authority is of the view that the IDC should also be considered as part of debt funds, as the interest cost is also financed by the lender as part of the total financing of the project costs (as per generally accepted business practice). Accordingly, the Authority has recomputed FRoR as per Table 29 below:

Table 29: Calculation of FRoR for FY 2022-23 as per the Authority

(₹ Crores)

S. No	Particulars	Formula	Value
	Assumptions:		
a.	Closing RAB (FY 2022-23) (Refer Note below)		928.53
b.	Additions proposed in FY 2022-23		853.10
c.	Portion of Debt		60%
d.	Portion of Equity		40%
e.	Cost of Debt		8.03%
f.	Cost of Equity		16%
	Calculation of FRoR:		
g.	Cost of Debt (b x c x e)	$853.10 * 60% * 8.03%$	41.10
h.	Cost of Equity on last year additions (b x d x f)	$853.10 * 40% * 16%$	54.60
j.	Cost of Equity on balance assets {(a - b) x f}	$(928.53 - 853.10) * 16%$	12.07
k.	Total Capital (a) = g. + h. + j.		107.77
	FRoR-% (k/a)		11.61%



Note: The Authority has derived the closing RAB for the FY 2022-23 as ₹ 928.53 Crores, after considering the re-segregation of assets as proposed by the Authority under paras 7.2.4, 7.2.5, 7.2.6 and disposal of assets under para 9.2.2 in the earlier chapters. Further, for the FY2022-23 the Authority has considered the entire capitalization costs of the new PTB i.e., ₹ 853.10 Crores for arriving at the above closing RAB for FY 2022-23.

10.2.4 Based on the above, the Authority decides to consider FRoR as per table below for Trichy Airport for the First Control Period:

Table 30: Fair Rate of Return as approved by the Authority

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Fair Rate of Return	14.00%	14.00%	11.61 %	11.61%	11.61 %

10.3 Stakeholders' Comments regarding FRoR for the First Control Period:

FIA's comments on FRoR for the First Control Period:

10.3.1 FIA commented that AERA has proposed FRoR at the rate of 14% for Trichy Airport in line with decisions for other AAI Airports, including Chennai, Jaipur, Patna. However, as stated under Para 10.4 of the Consultation Paper, AERA has recognized that AAI's capital structure may not be regarded as an efficient one, as it does not optimize the cost of funds from a regulatory perspective. Further, AERA desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing and leveraging AAI's credit ratings. In this regard, AERA has proposed to conduct a study for normative capital structure, in future. In view of the above findings of AERA, FIA requested AERA to kindly expedite the study for a normative norm on capital structure to review the high cost of equity/FRoR being awarded to state entities like AAI, which are required to cater to public interest and not commercial interests.

10.4 AAI's counter comments and response to Stakeholders' Comments regarding FRoR for the First Control Period

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to FRoR for the First Control Period are presented below:

AAI's response to FIA's comments regarding FRoR for the First Control Period

10.4.1 AAI has replied that 14% FRoR is in line with the earlier orders of AERA wherein only internal accruals of AAI are used to meet the capital investment.

10.5 Authority's examination and decisions regarding FRoR for the First Control Period:

10.5.1 The Authority has examined the comments raised by FIA on the FRoR allowed to AAI. The Authority also feels that the capital structure of AAI is not efficient and has asked AAI to make its capital gearing efficient by raising debt funds. In this respect, the Authority has noted that in the recent times, AAI has taken steps to make its capital structure efficient by availing debt for executing capital expansion plans at certain Airports (which also includes Trichy Airport). Hence, at this juncture, the Authority does not intend to conduct an independent study for assessing the normative capital structure as FRoR is expected to come down over a period on account of the above initiatives of AAI. The Authority decides to consider FRoR as shown in Table 30.



10.6 Authority's Decisions regarding Fair Rate of Return (FRoR) for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

10.6.1 The Authority decides to consider FRoR for Trichy Airport for the First Control Period as per Table 30.



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CHAPTER 11. NON-AERONAUTICAL REVENUE**11.1 AAI's submission regarding Non-aeronautical Revenue for the First Control Period:**

11.1.1 AAI has forecasted revenue from services other than Aeronautical services as below.

Table 31: Non-aeronautical revenue projections as per AAI

(₹ Crores)

Particulars	FY 2019-20*	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1. Trading concessions							
Restaurant / snack bars	5.00	2.5	3.5	5.5	6.05	6.66	24.21
T.R. stall	5.38	2.37	3.32	0.47	0.52	0.57	7.25
Hoarding & display	0.89	0.45	0.63	0.99	1.08	1.19	4.34
2. Rent and services							
Land leases	0.22	0.11	0.16	0.22	0.22	0.22	0.93
Building (residential)	0.01	0.02	0.02	0.02	0.02	0.02	0.1
Building (non-residential)	1.02	0.51	0.71	1.12	1.23	1.35	4.92
3. Miscellaneous							
Duty Free	9.53	4.77	6.67	10.49	11.54	12.69	46.16
Car rentals	0.18	0.09	0.12	0.19	0.21	0.23	0.84
Car parking	3.01	1.3	1.81	2.85	3.14	3.45	12.55
Admission tickets	1.58	0.79	1.11	1.74	1.91	2.1	7.65
Other income/ sale of scrap etc.	1.72	1.81	1.9	1.99	2.09	2.2	9.99
Total	26.84	12.9	18.06	23.6	25.93	28.5	108.99

*Data for FY 2019-20 has been furnished for reference purposes, as the projections for the First Control period (FY 2020-21 to FY 2024-25) have been done based on the revenues of FY 2019-20.

11.1.2 The growth rates assumed by AAI have been presented in the table below.



Table 32: Growth rates assumed by AAI for Non-aeronautical revenue

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1. Trading concessions					
Restaurant / snack bars	-50.00%	40.00%	57.14%	10.00%	10.00%
T.R. stall	-55.94%	40.00%	-85.71%	10.00%	10.00%
Hoarding & display	-50.00%	40.00%	57.14%	10.00%	10.00%
2. Rent and services					
Land leases*	-50.00%	40.00%	42.86%	0.00%	0.00%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%
Building (non-residential)	-50.00%	40.00%	57.14%	10.00%	10.00%
3. Miscellaneous					
Duty Free	-50.00%	40.00%	57.14%	10.00%	10.00%
Car rentals	-50.00%	40.00%	57.14%	10.00%	10.00%
Car parking	-56.99%	40.00%	57.14%	10.00%	10.00%
Admission tickets	-50.00%	40.00%	57.14%	10.00%	10.00%
Other income/ sale of scrap etc.	5.00%	5.00%	5.00%	5.00%	5.00%

* There is no increase in land lease rentals projected for the last 2 tariff years (FY 2023-24 and FY 2024-25). Hence, the growth rate is shown as "zero."

11.2 Authority's examination regarding Non-aeronautical revenues for the First Control period at Consultation stage

11.2.1 The Authority has examined the Non-aeronautical revenues for FY 2018-19 submitted by AAI and found them to be in line with the trial balances for FY 2018-19. The Authority further noted AAI's submission that the figures for FY 2019-20 are provisional and subject to audit.

11.2.2 AAI has proposed revenues from Concession Agreements for FY 2020-21 at the rate of 50% of FY 2019-20 and the revenues for FY 2021-22 and FY 2022-23 are proposed at the rate of 70% and 100% of FY 2019-20, respectively. Thereafter, an annual increase of 10% for revenues from Trading Concessions and Miscellaneous has been proposed. The Authority noted that AAI vide its internal meeting of JVC/ Tariff cell on May 20, 2020 had proposed to allow the above waiver in the contractual revenues from the Concessionaires, considering the impact of Covid-19 on the Aviation sector.

11.2.3 **T.R. Stall:** AAI has submitted that they terminated the Single Master Concessionaire Agreement in December 2019 due to which AAI has stepped into the Sub-Concession Agreements resulting in an additional reduction of 5.94% in FY 2020-21 over and above the 50% due to Covid-19 pandemic. The



Authority noted a clerical error in the T.R. Stall Revenue computed by AAI for FY 2022-23 and has corrected the same in the Non-aeronautical revenue proposed by the Authority in Table 33.

11.2.4 **Car Parking:** AAI has submitted that car parking contract of ₹ 21.60 lakhs per month has been awarded with effect from October 2019 replacing an earlier contract of ₹ 28.6 lakhs per month resulting in additional reduction of 6.99% in FY 2020-21 over and above the 50% due to Covid-19 pandemic.

11.2.5 **Advertisement & Hoarding:** AAI has submitted that contracts are valid for a period of 10 years with an annual 10% escalation clause.

11.2.6 The Authority noted a clerical error in the computation of total Non-aeronautical revenue for each Financial Year in the tariff period, as the same did not include the Miscellaneous revenue such as other income / sale of scrap. This error has been rectified in the revenue proposed by the Authority in Table 33.

11.2.7 The Authority verified the above-mentioned concession agreements and found the projections to be in line with the same.

11.2.8 The Authority has revised the growth rates of revenues from Trading concessions, Duty free shops, Car Rentals, Car Parking and Admission tickets to 15% for FY 2023-24, as against 10% projected AAI. The Authority is of the view that with operationalization of the new terminal building and revival of economy, the growth rates can be revised to 15%.

11.2.9 The revised Non-aeronautical revenues as per Authority's examination have been presented in the table below:

Table 33: Non-aeronautical revenues approved by the Authority

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
1. Trading concessions						
Restaurant / snack bars	2.5	3.5	5	5.75	6.33	23.08
T.R. stall	2.37	3.32	4.74	5.46	6	21.89
Hoarding & display	0.45	0.63	0.9	1.03	1.13	4.14
2. Rent and services						
Land leases	0.11	0.16	0.22	0.22	0.22	0.93
Building (residential)	0.02	0.02	0.02	0.02	0.02	0.1
Building (non-residential)	0.51	0.71	1.02	1.12	1.23	4.59
3. Miscellaneous						
Duty Free	4.77	6.67	9.53	10.97	12.06	44
Car rentals	0.09	0.12	0.18	0.2	0.22	0.81



Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Car parking	1.3	1.81	2.59	2.98	3.28	11.96
Admission tickets	0.79	1.11	1.58	1.82	2	7.3
Other income/ sale of scrap etc.	1.81	1.9	1.99	2.09	2.2	9.99
Total	14.71	19.95	27.77	31.66	34.70	128.79

11.2.10 The revised growth rates as per Authority's examination have been presented in the table below.

Table 34: Growth rates in Non-aeronautical Revenue considered by the Authority

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
1. Trading concessions						
Restaurant / snack bars	-50.00%	40.00%	42.86%	15.00%	10.00%	57.86%
T.R. stall	-55.94%	40.00%	42.86%	15.00%	10.00%	51.92%
Hoarding & display	-50.00%	40.00%	42.86%	15.00%	10.00%	57.86%
2. Rent and services						
Land leases	-50.00%	40.00%	42.86%	0.00%	0.00%	32.86%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%	25.00%
Building (non-residential)	-50.00%	40.00%	42.86%	10.00%	10.00%	52.86%
3. Miscellaneous						
Duty Free	-50.00%	40.00%	42.86%	15.00%	10.00%	57.86%
Car rentals	-50.00%	40.00%	42.86%	15.00%	10.00%	57.86%
Car parking	-56.99%	40.00%	42.86%	15.00%	10.00%	50.87%
Admission tickets	-50.00%	40.00%	42.86%	15.00%	10.00%	57.86%
Other income/ sale of scrap etc.	5.00%	5.00%	5.00%	5.00%	5.00%	25.00%



11.3 Stakeholders' Comments regarding Non-aeronautical Revenues for the First Control Period

FIA's comments on Non-aeronautical Revenues for the First Control Period:

- 11.3.1 FIA submits that increase in non-aeronautical revenue is a function of passenger traffic growth, inflationary increase and real increase/escalations in contract rates. Accordingly, AERA is requested to examine the reasonableness of growth in such factors and accordingly review any conservative estimates.
- 11.3.2 FIA requested AAI to clarify the reasons for awarding a lesser value contract for Car Parking
- 11.3.3 FIA also requested AAI to provide the minutes of meeting of JVC/ Tariff cell on May 20, 2020 wherein it was proposed to allow waiver in the contractual revenues from the Concessionaires, considering the impact of Covid-19 on the Aviation sector.
- 11.3.4 Further, FIA requested that AERA may kindly consider higher growth rate in line with increase in traffic i.e., corresponding to proposed capitalization of new terminal building and revival of the economy.

11.4 AAI's counter comments and response to Stakeholders' Comments regarding Non-aeronautical Revenues for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Non-aeronautical Revenues for the First Control Period are presented below:

AAI's response to FIA's comments regarding Non-aeronautical Revenues for the First Control Period:

- 11.4.1 AAI has replied to FIA's comments as below and had also shared the Minutes of AAI (JVC/ Tariff cell) meeting held on May 20, 2020.

- (i) The earlier car parking contract as per old parking policy where the parking rate was

Bus/Truck	₹ 70/-
Car	₹ 55/-
Bike	₹ 15/-

- (ii) As per new parking policy dated 10.12.2018 Automated parking management system has been implemented and parking rate has been revised as below:

Bus/Truck	₹ 20/-
Car	₹ 20/-
Bike	₹ 10/-

- 11.4.2 Further AAI also clarified that AERA has already proposed an increase of 15% in Non-Aero Revenue as against 10% projected by AAI.



11.5 Authority's examination and decisions regarding Non-aeronautical Revenues for the First Control Period:

11.5.1 The Authority has examined the comments raised by FIA and it is of the view that the increase in Non-aeronautical revenue does not have a direct correlation with increase in passenger traffic in all the cases, as it is also driven by the contractual arrangements between the Airport Operator and the Concessionaires. The Authority has examined the growth in Non-aeronautical revenue by giving weightage to various factors such as the terms of the Concession Agreement, one-time waiver allowed by AAI to the concessionaires on the contractual revenues considering the adverse impact of Covid-19 pandemic on the aviation sector and the increase in the terminal capacity post operationalization of the new terminal building and has accordingly determined the growth rates in the various components of Non-aeronautical revenue.

11.5.2 Based on its due diligence, the Authority has revised the growth rates of revenues from Trading concessions, Duty free shops, Car Rentals, Car Parking and Admission tickets to 15% for FY 2023-24, as against 10% projected by AAI.

11.6 Authority's Decisions regarding Non-aeronautical revenues for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

11.6.1 The Authority decides to consider Non-aeronautical revenues for the First Control Period for Trichy Airport in accordance with Table 33.



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CHAPTER 12. OPERATION AND MAINTENANCE EXPENDITURE**12.1 AAI's submission regarding Operational and Maintenance expenditure for the First Control Period**

12.1.1 Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into the following:

- 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

12.1.2 The expenses related to AAICLAS, ANS, and CISF Security, have not been considered by AAI.

12.1.3 AAI 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.

12.1.4 AAI submitted that the allocation of CHQ/RHQ expenses among individual Airports has been done based on the revenue of each Airport.

12.1.5 The summary of Aeronautical expenses proposed by AAI for the First Control Period has been presented in the table below:

Table 35: Operation and Maintenance (O&M) expenditure as per AAI

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Payroll Costs - Excluding CHQ/RHQ	16.72	17.89	21.09	19.24	22.54	97.48
Payroll Costs - CHQ/RHQ	5.26	5.62	6.58	7.04	7.53	32.03
Repair & Maintenance	12.63	13.32	51.92	52.9	53.92	184.69
Utilities & Outsourcing Expenses	4.58	5.18	9.91	9.97	10.03	39.67
Admin. & Other Expenses - Excluding CHQ/RHQ	3.8	4.15	10.31	11.31	12.41	41.98
Admin. & Other Expenses - CHQ/RHQ	21.91	23.01	24.16	25.36	26.63	121.07
Other Outflows	0.22	0.34	0.41	0.51	0.57	2.05
Total Operating Expenditure	65.12	69.51	124.38	126.33	133.63	518.97



12.1.6 The summary of growth rates assumed by AAI for the operation and maintenance expenses have been presented in the table below:

Table 36: Growth rates in O&M expenditure as per AAI

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Payroll Costs- Including CHQ/RHQ	7%	7%	17%	7%	7%
Repair & Maintenance – Civil (Refer Note 1)	21%	10%	-75%	10%	10%
Repair & Maintenance - Electrical and IT	10%	10%	20%	10%	10%
Repair & Maintenance – Others	10%	10%	10%	10%	10%
Utilities (Refer Note 2)	-12%	12%	200%	NIL	NIL
Outsourcing Charges and Consumption and Stores and Spares	10%	10%	10%	10%	10%
Upkeep Expenses	10%	10%	460%	10%	10%
Watch and Ward Expenses	10%	10%	20%	10%	10%
CHQ and RHQ Expenses	5%	5%	5%	5%	5%
Admin. & Other Expenses - Excluding Upkeep expenses, Watch and Ward expenses and CHQ/ RHQ expenses.	10%	10%	10%	10%	10%
Other Outflows	-56.59%	55.71%	22.80%	22.94%	12.00%

Notes:

- Additional 11% of the projected expenses for FY 2020-21 are considered for sanitization/PPE Kit/temporary Partition etc. for maintaining social distancing due to Covid-19 pandemic as per discussion held in the meeting on May 20, 2020.
- Further, since the new terminal building to be commissioned in FY 2022-23 will have minimal R&M Civil cost and the old terminal building are planned to be converted to a cargo terminal, 75% reduction in cost is proposed
- 70% reduction is proposed in Electricity expenses for April 2020 and May 2020 due to lock down. Total electricity expenses for FY 2020-21 are 12% lesser than that of FY 2019-20. However, the expenses for FY 2021-22 is projected at the same level as of FY 2019-20.



12.1.7 Further, summary of allocation of expenses between Aeronautical and Non-aeronautical as proposed by AAI is given in the table below:

Table 37: Allocation of O&M expenses as per AAI in FY 2017-18

Particulars	Aeronautical	Non-aeronautical
Payroll Costs – Excluding CHQ/RHQ	97.06%	2.94%
Payroll Costs –CHQ/RHQ	95.00%	5.00%
Repair & Maintenance – Civil	90.11%	9.89%
Repair & Maintenance – Electricity	100.00%	0.00%
Repair & Maintenance - IT	97.06%	2.94%
Utilities	99.99%	0.01%
Upkeep Expenses	90.11%	9.89%
Admin. & Other Expenses - Excluding CHQ/RHQ	99.99%	0.01%
Admin. & Other Expenses - CHQ/RHQ	95.00%	5.00%
Other Outflows	100%	0.00%

12.2 Authority's examination regarding Operational and Maintenance expenses for the First Control period at Consultation stage:

12.2.1 The Authority examined the trial balance for FY 2018-19 and noted that the expense figures considered by AAI are accurate.

12.2.2 The Authority examined the allocation of expenses between Aeronautical and Non-aeronautical. The Authority compared the allocation proposed by AAI to its recent orders for other AAI Airports. A summary of these has been presented in the table below:

Table 38: Comparison of allocation of O&M expenses with other AAI Airports

Expense category	Patna	Kolkata	Jaipur
Payroll expenses - non CHQ/RHQ	97%	88%	94%
Payroll expenses - CHQ/RHQ	95%	88%	95%
Administration and General expenses - non CHQ/RHQ	99%	96%	88%
Administration and General expenses - CHQ/RHQ	95%	85%	90%
Repairs and maintenance	95%	89%	93%
Utilities and outsourcing expenses	90%	91%	93%
Other outflows - Collection Charges on UDF	100%	93%	100%



12.2.3 The Authority examined the various components of CHQ/ RHQ expenses being allocated to Trichy Airport and noted that the methodology followed for allocation needs to be rationalized, taking into consideration the size of operations and the revenue generated by Trichy Airport. Accordingly, the Authority asked AAI to re-review the allocation of the said expenses and submit the revised allocation of CHQ/ RHQ expenses.

12.2.4 AAI had reviewed the Trial Balance of FY 2018-19 of CHQ/ RHQ and made the following revisions to the allocation of CHQ/ RHQ expenses:

12.2.4.1 Expenses such as Provision for Third Pension/ Gratuity/ Actuarial Valuation and payment for liveries, which were earlier booked under Airport Services incorrectly, have now been re-allocated to ANS/ Airport Services / Cargo on the basis of an appropriate driver (such as number of employees).

12.2.4.2 The following expenses have not been considered for allocation of CHQ/ RHQ expenses such as:

- Security expenses
- Provision of interest on Third Pension made in FY 2018-19 for the period Jan 2007 to March 2019
- Expenses/ Provision towards Cargo
- Payment of VRS in respect of DIAL/ MIAL
- Payment for Legal/ Arbitration expenses for DIAL/ MIAL cases
- CSR/ RCS expenses
- Collection charges (UDF) paid to DIAL

12.2.4.3 The basis for allocation of certain individual expenses such as Pay and Allowances, Advertisement expense, Electricity/ Oil for DG sets, Insurance and hire charges, Repairs and Maintenance expenses etc. had been revisited and the same have been re-allocated to ANS and Airport services on the basis of a reasonable driver (in the ratio of 50:50; 60:40 etc.).

The revised allocation of CHQ/ RHQ expenses submitted by AAI have been reviewed and considered by the Authority, in its computation of Operational and Maintenance expenses of the Trichy Airport and the same is shown in Table 41.

12.2.5 The Authority observes that AAI has allocated 95% of Payroll expenses – CHQ/RHQ and Administration and General expenses - CHQ/RHQ to Aeronautical expenses. The Authority finds it to be appropriate based on AERA's decision for other AAI Airports.

12.2.6 AAI has segregated the expenses towards utilities between Aeronautical and Non-aeronautical after considering the recoveries made from the Concessionaires. The Authority noted that the Aeronautical proportion of 99.9% has been derived by considering the headcount of Aeronautical staff to Commercial staff (Non-aeronautical) within the Airport. Further, the upkeep expenses (included under Administrative and General Expenses) have been apportioned in the Aeronautical and Non-aeronautical ratio of terminal building. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.

12.2.7 The Authority decides to consider the following allocation of O&M expenses into Aeronautical and Non-aeronautical:



Table 39: Allocation of O&M expenses as per the Authority

Particulars	Aeronautical	Non-aeronautical
Payroll Costs – Excluding CIIQ/RIHQ	97.06%	2.94%
Payroll Costs –CHQ/RHQ	95.00%	5.00%
Repair & Maintenance - Civil	90.11%	9.89%
Repair & Maintenance - Electricity	100.00%	0.00%
Repair & Maintenance - IT	97.06%	2.94%
Utilities	99.9%	0.01%
Upkeep Expenses	90.11%	9.89%
Admin. & Other Expenses - Excluding CHQ/RHQ	99.99%	0.01%
Admin. & Other Expenses - CHQ/RHQ	95.00%	5.00%
Other Outflows	100%	0.00%

- 12.2.8 AAI considered a growth rate of 7% in payroll expenses beyond FY 2018-19 and a growth rate of 17% in payroll expenses in FY 2022-23 due to operationalization of the new terminal building at Trichy Airport. However, it may be noted that AAI may incur losses during the current year due to the de-growth in passenger traffic caused by the Covid-19 pandemic, thereby resulting in reduction of Performance related Payments (PRP) and freezing of DA by DPE, GoI and other austerity measures. Considering these issues, the Authority has decided to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21. This restriction in the growth rate in payroll expenses has been considered in order to rationalize the costs of the Airport, keeping in view of the factors mentioned above.
- 12.2.9 AAI has considered an additional increase of 100% in electricity charges in FY 2022-23 due to operationalization of new terminal building (73,535 sq.mt.), which is 5 times bigger in size as compared to the existing terminal building (14,450 sq.mt.). The Authority finds the above projected increase in electricity expenses to be reasonable, considering the five-fold increase in the size of the new terminal building.
- 12.2.10 As per Order no. 35 issued by AERA, any cost of resurfacing the runway, leading to restoration of original PCN value, would be amortized over 5 years for the purpose of Tariff computation. Thus, AAI has proposed “Resurfacing of the Runway” cost of ₹ 18.98 Crores to be amortized under Repair & Maintenance expenses for 5 years beginning with FY 2021-22. The Authority considers the same to be appropriate, in line with the aforesaid Order issued by AERA.
- 12.2.11 AAI has proposed an additional 10% increase in Watch & Ward charges and 460% increase in Upkeep charges in the FY 2022-23, due to operationalization of the New Terminal Building. AAI has clarified that there will be a composite maintenance contract for the entire NTB based on unit area. The Authority finds the same to be reasonable, considering the size of the New Terminal Building.
- 12.2.12 The Authority examined actual growth trend of expenses for the past few years at the Trichy Airport and



examined AMC and other contractual Agreements with Vendors on a sample basis to understand the escalation dynamics. On the basis of these checks, the Authority finds the assumed growth rates to be reasonable, in line with other comparable Airports such as Varanasi, Amritsar, Patna, etc.

12.2.13 For other outflows, i.e., Collection Charges on UDF, AAI considered the growth rate to be the same as that of ATM traffic. The Authority has decided to adopt to use the same fundamental approach, as it finds the same to be a reasonable driver.

12.2.14 AAI has proposed to charge off the interest on loans (of ₹ 38.78 Crores per annum) availed for construction of new terminal building (as detailed in para 10.2.3) under operational and maintenance expenses from the FY 2022-23 onwards, post capitalization of the new terminal building. The Authority noted that the above interest cost has been proposed by AAI to be charged off under the account head Repairs & Maintenance. The Authority is of the view that the said interest costs shall be accounted separately as financial costs.

12.2.15 The Authority noted a clerical error in the computation of Payroll expenses by AAI for the Tariff Year 4 (FY 2023-24) and Tariff Year 5 (FY 2024-25) resulting in an increase to the Payroll expenses by ₹ 4.92 Crores (₹ 3.32 Crores for FY 2023-24 and ₹ 1.60 Crores for FY 2024-25) respectively.

12.2.16 Based on above considerations, the Authority had proposed to consider the following growth rates in operation and maintenance expenses.

Table 40: Operation and maintenance (O&M) expenses as approved by the Authority

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Payroll Costs - Excluding CHQ/RHQ	16.07	16.87	19.55	20.53	21.56	94.58
Payroll Costs - CHQ/RHQ	5.73	6.02	6.92	7.27	7.63	33.57
Repair & Maintenance	12.63	13.32	51.92	52.9	53.92	184.69
Utilities & Outsourcing Expenses	4.58	5.18	9.91	9.97	10.03	39.67
Admin. & Other Expenses - Excluding CHQ/RHQ	3.8	4.15	10.31	11.31	12.41	41.98
Admin. & Other Expenses - CHQ/RHQ	10.15	10.66	11.19	11.75	12.34	56.09
Other Outflows	0.27	0.39	0.47	0.52	0.64	2.29
Total Operating Expenditure	53.23	56.59	110.27	114.25	118.53	452.87

Table 41: Growth rates in O&M expenses considered by the Authority

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Payroll Costs –Including CHQ/RHQ	5%	5%	15%	5%	5%



Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Repair & Maintenance – Civil	21%	10%	-75%	10%	10%
Repair & Maintenance - Electrical and IT	10%	10%	20%	10%	10%
Repair & Maintenance - Others	10%	10%	10%	10%	10%
Utilities	-12%	12%	200%	NIL	NIL
Outsourcing Charges and Consumption and Stores and Spares	10%	10%	10%	10%	10%
Upkeep Expenses	10%	10%	460%	10%	10%
Watch and Ward Expenses	10%	10%	20%	10%	10%
CHQ and RHQ Expenses	5%	5%	5%	5%	5%
Admin. & Other Expenses – Excluding Upkeep expenses, Watch and Ward expenses and CHQ/ RHQ expenses	10%	10%	10%	10%	10%
Other Outflows	-46.33%	45.21%	21.07%	12%	12.43%

12.3 Stakeholders' Comments regarding Operational and Maintenance expenses for the First Control Period

AAI's comments on Operational and Maintenance expenses for the First Control Period:

12.3.1 AAI has requested to consider a growth rate of 7% in payroll expenses for the FY 2019-20 to FY 2024-25. AAI has further submitted that the 7% increase in the payroll is justified due to annual increment of 3% in salary, quarter increase in dearness allowance and employee contribution to PF and pension. Also, it is in line with the earlier tariff order issued by AERA.

FIA's comments on Operational and Maintenance expenses for the First Control Period

12.3.2 FIA submitted that the 'Operating and Maintenance; expenditure is one of the Major components for determining ARR, hence, the AERA should evaluate such expenses in detail rather than accepting projections provided by AAI on an "as is" basis.

12.3.3 FIA further submitted that as per clause 5.4.2 of AERA Guidelines, while reviewing forecast of operating expenditure the Authority has to assess (a) baseline operation and maintenance expenditure based on review of actual expenditure indicated in last audited accounts and check for underlying factors impacting variance over the preceding year; and (b) efficiency improvement with respect to such costs based on review of factors such as trends in operating costs, productivity improvements, cost drivers as may be identified, and other factors as may be considered appropriate.

12.3.4 FIA submitted that in order to assess efficient operating expenditure, AERA should conduct an



independent analysis in terms of AERA Act. FIA submits that Trichy Airport has already completed a significant period of operations, hence benchmarking the costs would not be difficult for AERA. However, till the time an independent study is conducted by AERA, FIA would like to highlight the aeronautical allocation ratio proposed as per AERA CP 5/2014-15 of Normative approach of 80% should be applied.

- 12.3.5 Further FIA submits that, in view of underutilization of terminal building to 50% as mentioned under Para 7.11 of the Consultation Paper, AERA is requested to kindly review reduction of all operating costs including Payroll expenses, electricity and Upkeep Charges etc., as deemed fit

IATA's comments on Operational and Maintenance expenses for the First Control Period

- 12.3.6 IATA referred to para 12.15 of the Consultation Paper and with regard to the same, submitted that the Authorities' consideration in analyzing payroll expenses for FY 20-21 and FY22-23 is to increase by 5% and 17% respectively. However, there is a further scope of rationalizing this expenditure considering the realized traffic growth and usage of terminal capacity. In the same way, a 100% increase in electricity charges holds scope of further rationalization.

12.4 AAI's counter comments and response to Stakeholders' Comments regarding Operational and Maintenance expenses for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Operational and Maintenance expenses for the First Control Period are presented below:

AAI's response to FIA's comments regarding Operational and Maintenance expenses for the First Control Period:

- 12.4.1 The operational expenditure has been projected considering the inflationary effect. The expenditures are mandatory for operational requirement and fixed in nature. Moreover, it would be tried up in the Second Control Period.

AAI's response to IATA's comments regarding Operational and Maintenance expenses for the First Control Period:

- 12.4.2 The average increase in Payroll is 7% due to annual increment of 3% in salary, quarterly increase in Dearness allowance, pension fund and Employer contribution. New Terminal Building will be completed and operationalized in FY 2022-23 and creating as additional requirement for additional employees. Accordingly, 10% additional increase in employees' cost has been projected.

12.5 Authority's examination and decisions regarding Operational and Maintenance expenses for the First Control Period:

- 12.5.1 AAI considered a growth rate of 7% in payroll expenses beyond FY 2018-19. However, it may be noted that AAI may incur losses during the current year due to the de-growth in passenger traffic caused by the Covid-19 pandemic, thereby resulting in reduction of Performance related Payments (PRP) and freezing of DA by DPE, GoI and other austerity measures. Considering these issues, the Authority has decided to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21. This restriction in the growth rate in payroll expenses has been considered in order to rationalize the costs of the Airport, keeping in view of the factors mentioned above.

- 12.5.2 The Authority has carefully examined the comments raised by FIA and IATA on rationalizing Payroll,



Electricity and Upkeep expenses and clarifies that it had reviewed in detail each component of the operational and maintenance expenses of the Trichy Airport. Trend analysis was performed to analyze significant fluctuations if any, and the expenses were benchmarked with similar Airports considering factors such as the number of passengers and size of the Airports. Further, the growth rate projected for each expense items such as Utilities, Repairs and Maintenance, Administration and General expenses, Payroll etc. was reviewed by the Authority in detail and the only the essential expenses have been considered as part of the Aeronautical Operational and Maintenance costs.

- 12.5.3 The Authority has also examined the comments raised by FIA on conducting an independent study to determine efficient operating expenses. The Authority is of the view that the requirement for an independent study on efficient operating expenses depends upon the size, scale, and overall complexity of the Airport operations. Trichy, being a small Airport that does not have any complex operations, the Authority had exercised its own diligence by performing trend analysis of operational and maintenance expenses, benchmarking the same with similar Airports, with the perspective of identifying and analyzing reasons for any abnormal trends/ significant fluctuations in the expenses. Further, the Authority sought necessary clarifications from AAI to form its view on the efficient and admissible part of the overall expenses. Based on the above analysis and considering the size and scale of operations at Trichy Airport, the Authority has decided that an independent study is not required to be conducted to determine efficient operational expenses for the current Control Period at Trichy Airport.
- 12.5.4 FIA has further suggested a ballpark ratio of 80% for allocation of expenses. In the absence of any reasonable justification to do so, the Authority decides not to consider the above ballpark ratio.

12.6 Authority's Decisions regarding O&M expenses for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 12.6.1 The Authority decides to consider Operation and Maintenance expenses for the First Control Period for Trichy Airport as per Table 40.
- 12.6.2 The Authority decides to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21.



CHAPTER 13. AERONAUTICAL REVENUE**13.1 AAI's submission regarding Aeronautical Revenue for the First Control Period**

13.1.1 AAI has proposed to increase the Aeronautical tariff as applicable from August 1, 2020 as per below schedule:

- Landing Charges- AAI has proposed to increase the existing charges by 65.1% for FY 2020-21 (from August 1, 2020 till March 31, 2021) for domestic ATM, and by 4% year on year thereafter. For international ATM, a one-time hike of 38.19% has been proposed for FY 2020-21 (from August 1, 2020 till March 31, 2021) and 4% year on year thereafter.
- Parking and housing charges - For domestic ATM, AAI has proposed a one-time hike of 473% for FY 2020-21 (from August 1, 2020 till March 31, 2021) and 4% year on year thereafter. For international ATM, one-time hike of 396% has been proposed for FY 2020-21 (from August 1, 2020 till March 31, 2021) and 4% year on year thereafter.
- User Development Fee – AAI has proposed to subsume the PSF(F) charges to UDF charges. AAI has sought a hike of 164% in domestic UDF charges and 58% of International UDF charges only to recover the shortfall in ARR.

13.1.2 As per the AAI submission, table below represents the Aeronautical revenue:

Table 42: Aeronautical revenue as proposed by the AAI

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Landing charges	8.22	14.49	18.26	23.01	26.77
Parking & Housing charges	0.06	0.12	0.15	0.19	0.22
UDF/ PSF (Facilitation)	22.99	41.20	50.78	62.65	71.76
Fuel Throughput Charges	0.00	0.00	0.00	0.00	0.00
Land Lease	0.15	0.21	0.30	0.30	0.30
Ground Handling charges	3.64	5.14	6.05	7.14	7.94
CUTE charges	0.38	0.59	0.73	0.89	1.03
Revenue Share from AAICLS	0.44	0.49	0.55	0.60	0.67
Total Revenue	35.88	62.24	76.82	94.78	108.69

13.2 Authority's examination regarding Aeronautical revenue for the First Control period at Consultation stage:

13.2.1 AAI had submitted its Multi-Year Tariff Proposal ('MYTP') originally on March 19, 2020 to AERA ('the Authority') for determination of Aeronautical tariff for the First Control Period. The Authority, upon consideration of the substantial deviations in business scenarios caused due to the outbreak of



Covid-19 pandemic, had suggested to AAI on May 14, 2020 to submit a revised MYTP, factoring in the impact of the above pandemic on the key elements forming part of the tariff determination process, including assumptions underlying traffic forecasts and capacity enhancements. Accordingly, AAI had submitted a revised MYTP to the Authority on June 1, 2020, by building assumptions underlying de-growth in passenger traffic, due to the above pandemic.

- 13.2.2 Further, the Authority examined the various components of CHQ/ RHQ expenses being allocated to Trichy Airport and noted that the methodology followed for allocation needs to be rationalized, taking into consideration the size of operations and the revenue generated by the Trichy Airport. Accordingly, the Authority asked AAI to re-review the allocation of the said expenses and submit the revised allocation of CHQ/ RHQ expenses. AAI had re-examined the allocation of the above expenses and submitted a revised methodology for allocation of the above expenses to Trichy Airport, to the Authority on August 11, 2020.
- 13.2.3 AAI had proposed that the new tariff will be implemented with effect from August 1, 2020. However, the Authority is of the view that considering the present scenario of the adverse effect of the Covid-19 pandemic on the Aviation sector, the new tariff should be implemented only from the FY 2021-22 (effective from April 1, 2021).
- 13.2.4 The Authority had decided to allow a one- time increase of 45% in the Domestic and International Landing, Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 thereafter a 6% increase on a compounded basis each year up to FY 2024-25.
- 13.2.5 The Authority had decided to allow Domestic UDF of ₹ 600 and International UDF of ₹ 800, as proposed by AAI with effect from April 1, 2021.
- 13.2.6 The Authority noted that AAI receives royalty towards CUTE charges @ ₹ 10.89 per passenger from the Independent Service Provider (ISP), M/s SITA. The Authority is of the view that above ISP shall obtain approval from the Authority on the CUTE charges (currently ₹ 37 per passenger) levied by it on the Airlines.
- 13.2.7 The Authority has determined the Aeronautical revenue based on the revised traffic growth rates shown in Table 5 with its proposed tariff rates, as per the table below:

Table 43: Aeronautical revenue as approved by the Authority

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Landing charges	7.04	15.14	20.04	22.48	25.25	89.95
Parking & Housing charges	0.016	0.035	0.047	0.057	0.06	0.215
UDF/ PSF (Facilitation)	14.97	47.58	57.49	63.95	71.37	255.36
Fuel Throughput Charges	0	0	0	0	0	0
Land Lease	0.15	0.21	0.30	0.30	0.30	1.26
Ground Handling charges	3.81	5.37	6.55	7.12	7.74	30.59



Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
CUTE charges	0.47	0.68	0.83	0.93	1.04	3.95
Revenue share from AAICLS	0.44	0.49	0.55	0.61	0.67	2.76
Total Revenue	26.89	69.50	85.81	95.45	106.43	384.08

13.3 Stakeholders' Comments regarding Aeronautical Revenue for the First Control Period:

13.3.1 No comments were received from the stakeholders.

13.4 Authority's Decisions regarding Aeronautical Revenues for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

13.4.1 The Authority decides to consider Aeronautical revenues for the First Control Period for Trichy Airport as per Table 43.



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CHAPTER 14. TAXATION**14.1 AAI's submission regarding Taxation for the First Control Period**

14.1.1 To compute depreciation for tax purposes, AAI has used the depreciation rates in accordance with the following table:

Table 44: Depreciation rates for tax purposes as per AAI

Asset category	IT Depreciation rate – up to FY 2017-18	IT Depreciation rate - from FY 2018-19
Leasehold Land	0%	0%
Runways, Aprons and Taxiways	15%	10%
Road, Bridges & Culverts	10%	10%
Building-Others	10%	10%
Building – Terminal	10%	10%
Building – Temporary	100%	100%
Building- Residential	5%	5%
Security Fencing-Temp	10%	10%
Boundary Wall – Operational	10%	10%
Boundary Wall – Residential	5%	5%
Computer - End user	60%	40%
Computer – Servers and Network	60%	40%
Intangible Assets – Software	60%	40%
Plant & Machinery	15%	15%
Tools & Equipment	15%	15%
Office Furniture	10%	10%
Furniture & Fixtures: other than trolley	10%	10%
Furniture & Fixtures: Trolley	10%	10%
Vehicles	15%	15%
Solar Plant	10%	10%
Electrical Installations	10%	10%
Other Office Equipment	15%	15%
X Ray Baggage System	15%	15%
CFT/Fire Fighting Equipment	15%	15%

14.1.2 The tax calculation as submitted by AAI has been presented in the table below:



Table 45: Taxation as per AAI

(₹ Crores)

Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Aeronautical Revenue with Revised Rates	35.89	62.25	76.83	94.80	108.69
O&M expenses	65.12	69.50	124.38	126.33	133.63
Depreciation	6.09	8.91	50.77	88.45	79.71
Profit Before Tax	-35.31	-16.16	-98.33	-119.98	-104.65
Set-off of prior period tax losses	0.00	0.00	0.00	0.00	0.00
PBT after set-off of prior period tax losses	-35.31	-16.16	-98.33	-119.98	-104.65
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%
Tax	0.00	0.00	0.00	0.00	0.00

14.2 Authority's examination regarding Taxation for the First Control period at Consultation stage:

- 14.2.1 The projected Aeronautical revenues for the control period are based on the charges proposed by AAI as part of its initial submission of Multi-Year Tariff Proposal. The Authority decides to consider Aeronautical revenues as per Table 43.
- 14.2.2 The Authority decides to consider the O&M expenses in accordance with Table 40 for computation of tax expense.
- 14.2.3 After considering all the above observations, the Authority had proposed the following tax expense for the First Control Period during the Consultation stage.

Table 46: Tax expense as approved by the Authority

(₹ Crores)

Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Aeronautical Revenue with Revised Rates	26.89	69.50	85.81	95.45	106.43
O&M expenses	53.23	56.59	110.27	114.25	118.53
Depreciation	6.08	8.75	39.68	67.67	60.99



Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Profit Before Tax	-32.42	4.16	-64.14	-86.47	-73.09
Set-off of prior period tax losses	0	-4.16	0	0	0
PBT after set-off of prior period tax losses	-32.42	0	-64.14	-86.47	-73.09
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%
Tax	0	0	0	0	0

14.3 Stakeholders' Comments regarding Taxation for the First Control Period:

FIA's comments on Taxation for the First Control Period:

- 14.3.1 FIA submitted that business losses can be carried forward for eight (8) years and can be set off with profits in future years and that the actual tax paid by the Company in control period shall be lower due to the setting-off the carry forward of losses prior to the present control period.
- 14.3.2 FIA submitted that losses for periods prior to the present control period (if any) that are allowed to carry forward as per Income Tax Act, 1961 should be considered while computing taxation in the First Control Period rather than leaving it for true-up in the Second Control Period. Further, FIA submits that actual payment of income taxes should be considered for true-up purposes.

DIAL's comments on Taxation for the First Control Period:

- 14.3.3 DIAL acknowledged that an effective tax rate of 25.17% has been used for tax calculation and agreed with the approach of AERA for adopting methodology for assessment of aero tax on a standalone aeronautical P&L drawn on the basis of various building blocks used for tariff determination.

14.4 AAI's counter comments and response to Stakeholders' Comments regarding Taxation for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Taxation for the First Control Period are presented below:

AAI's response to FIA's comments regarding Taxation for the First Control Period

- 14.4.1 In this regard, AAI submitted that, AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 intimated to AAI that the First Control Period for Trichy Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport. Accordingly, the proposal was submitted as per the control period and the tax has been calculated for the control period on standalone basis in line with the previous orders issued by AERA for AAI Major Airports along with the carry forward of losses or the FY 2019-20 (Pre control period).

AAI's response to DIAL's comments regarding Taxation for the First Control Period

- 14.4.2 AAI agreed with the view of DIAL.



14.5 Authority's examination and decisions regarding Taxation for the First Control Period:

- 14.5.1 The Authority has examined the comments raised by FIA and clarifies that the MoCA declared Trichy Airport as Major Airport under Section 2(i) of AERA Act, 2008, dated October 1, 2019. Hence Trichy Airport comes under the Regulatory ambit of AERA with effect from FY 2019-2020. Therefore, the Authority has decided to consider the loss incurred by Trichy Airport only for the FY 2019-2020, as communicated to AAI vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020.
- 14.5.2 The Authority acknowledges the views of DIAL on the methodology adopted by the Authority for determining taxation based on a standalone Aeronautical Profit and Loss account drawn on the basis of various building blocks used for tariff determination.

14.6 Authority's Decisions regarding tax expense for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 14.6.1 The Authority decides to consider the tax expense for the First Control Period for Trichy Airport as per Table 46.
- 14.6.2 It is noted that AAI has pays tax based on profits of all the Airports taken together. The Authority decides to true-up the tax based on actual payment during the next Control Period.



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CHAPTER 15. AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD

15.1 AAI's submission regarding ARR for the First Control Period.

15.1.1 AAI has submitted Aggregate Revenue Requirement (ARR) and Yield Per Passenger (Y) for the First Control Period as per the regulatory building blocks discussed.

15.1.2 All cash flows are discounted based on current report date, hence, discount factor of 1 is assigned to FY 2020-21 cash flows and discount factors of 0.8772, 0.7860, 0.7042, 0.6309 are applied for the subsequent years starting from FY 2021-22.

15.1.3 The summary of ARR and Yield has been presented in the table below.

Table 47: ARR and Yield as per AAI

Particulars	FY	FY	FY	FY	FY	FY
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Average RAB (₹ Crores)	28.39	47.04	89.94	523.80	905.21	851.72
Fair Rate of Return	14.00%	14.00%	14.00%	11.87%	11.87%	11.87%
Return on average RAB (₹ Crores)	3.97	6.59	10.73	62.49	107.99	101.61
O&M expenses (₹ Crores)	58.31	65.12	69.50	124.38	126.33	133.63
Depreciation (₹ Crores)	4.94	5.68	7.18	29.79	53.80	53.16
Tax expense (₹ Crores)	0.00	0.00	0.00	0.00	0.00	0.00
Less: 30% NAR (₹ Crores)	8.05	3.87	5.42	7.08	7.78	8.55
ARR per year (₹ Crores)	59.17	73.51	82.00	209.59	280.35	279.86
Add: True-up shortfall of FY 2019-2020, claimed by AAI		0.08				
Discount rate		14.00%	14.00%	11.87%	11.87%	11.87%
PV of ARR (₹ Crores)		73.59	71.93	164.34	196.50	175.34
Sum Present value of ARR (₹ Crores)		681.70				
Total Traffic (million passengers)		3.33				
Yield per passenger (YPP) (₹)		2,048.12				



15.2 Authority's examination regarding ARR for the First Control period at Consultation stage:

15.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR and Yield in the Table 47 above, the Authority has decided to consider as below:

- The average RAD in accordance with Table 27.
- The FRoR in accordance with Table 30.
- The Depreciation as per Table 24.
- The O&M expenses as per Table 40.
- The Tax expense as per Table 46.
- The Non-aeronautical Revenue as per Table 33.
- The Total Traffic in accordance with Table 5.

15.2.2 The Authority has compounded the shortfall of the completed FY 2019-20 @7% in line with the annual 14% cost of capital applied by AAI and considering that the cash flows have accrued evenly through the 12-month period.

15.2.3 Accordingly, the Authority had proposed to consider the following ARR and Yield, as presented in the table below, during Consultation stage.

Table 48: ARR and Yield as approved by the Authority

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Average RAB (₹ Crores) – (A) (Refer Table 27)	47.01	88.35	416.80	700.46	659.17	1,911.79
Fair Rate of Return – (B) (Refer Table 30)	14.00%	14.00%	11.61%	11.61%	11.61%	12.55%
Return on average RAB - (C = A*B) (₹ Crores)	6.58	12.37	48.39	81.32	76.53	225.19
Depreciation (₹ Crores) - (D) (Refer Table 24)	5.68	7.13	23.64	41.62	40.98	119.05
O&M expenses (₹ Crores) - (E) (Refer Table 40)	53.23	56.59	110.27	114.25	118.53	452.87
Tax expense (₹ Crores) – (T) (Refer Table 46)	0	0	0	0	0	0
Less: 30% NAR (₹ Crores) (Refer Table 33)	4.41	5.99	8.33	9.50	10.41	38.64
ARR per year (₹ Crores) – (C+D+E+T – NAR)	61.08	70.10	173.97	227.69	225.63	758.47
Add: True-up shortfall/(Surplus) of FY 2019-20	0.08					



Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Discount rate	14.00%	14.00%	11.61%	11.61%	11.61%	
Discount factor	1	0.8772	0.7859	0.7042	0.6309	
PV of ARR (₹ Crores)	61.16	61.49	136.72	160.34	142.35	562.07
Sum Present value of ARR (₹ Crores)	562.07					
Total traffic (million passengers)	3.63					
Yield per passenger (YPP) (₹)	1,548.39					

15.3 Stakeholders' Comments regarding ARR for the First Control Period

FIA's comments on ARR for the First Control Period

15.3.1 FIA submitted that no losses or shortfall pertaining to pre- First control period should be considered by AERA. FIA submits that the passengers travelling during the First Control Period cannot be burdened unnecessarily on account of the losses suffered by AAI/Trichy Airport prior to the First Control Period

15.4 AAI's counter comments and response to Stakeholders' Comments regarding ARR for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to ARR for the First Control Period are presented below:

AAI's response to FIA's comments regarding ARR for the First Control Period

15.4.1 AAI has replied that AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 intimated to AAI that the First Control Period for Trichy Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport.

15.5 Authority's examination and decisions regarding ARR for the First Control Period:

15.5.1 The Authority has examined the views of AAI and FIA on the prior period loss and clarifies that the MoCA declared Trichy Airport as Major Airport under Section 2(i) of AERA Act, 2008, dated October 1, 2019. Hence Trichy Airport comes under the Regulatory ambit of AERA with effect from FY 2019-20. Therefore, the Authority decides to consider the shortfall of FY 2019-20, while determining tariff for the Trichy Airport for the First Control Period, as communicated to AAI earlier vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020.

15.6 Authority's Decisions regarding Aggregate Revenue Requirement (ARR) for the First Control Period:

Based on the material before it and its analysis, the Authority has decided the following:

15.6.1 The Authority decides to consider the ARR and Yield for the First Control Period for Trichy Airport in accordance with Table 48.



CHAPTER 16. ANNUAL TARIFF PROPOSAL**16.1 AAI's submission regarding Annual Tariff Proposal for the First Control Period**

16.1.1 As part of the Multi-Year Tariff proposal (submitted as on June 1, 2020), AAI submitted a tariff card for all five years of the First Control Period, proposing the following increase in tariff:

- Landing Charges- A one-time increase the existing charges by 65.1% for domestic ATM, and by 38.19% for international ATM for FY 2020-21 and by 4% year on year thereafter.
- Parking and housing charges - A one-time hike of 473% for domestic ATM and of 396% for international ATM for FY 2020-21 and 4% year on year thereafter.
- User Development Fee – AAI has sought a hike of 164% in domestic UDF charges and 58% of International UDF charges only to recover the shortfall in ARR.

16.1.2 This tariff card has been reproduced below. For purposes of comparison, the existing Aeronautical charges have been provided along with the charges proposed by AAI in the above-mentioned tariff card.

16.1.3 AAI had proposed the date for implementation of new tariff, in its tariff card as August 1, 2020.

i) Landing charges

Table 49: Existing Landing charges

Weight of Aircraft	International rate per landing	Domestic rate per landing
Up to 10,000 kgs	₹ 141.00 per 1,000 Kgs	₹ 67.10 per 1,000 kgs
10,001 kgs to 20,000 kgs	₹1,410/- Plus ₹ 207.10 per 1,000 kgs in excess of 10,000 Kgs	₹ 671 plus ₹ 117.70 per 1,000 kgs in excess of 10,000 kgs
Over 20,000 kgs		₹ 1,848 plus ₹ 231 per 1,000 kgs in excess of 20,000 kgs
20,001 kgs to 50,000 kgs	₹ 3,481/- Plus ₹409.10 per 1,000 kgs in excess of 20,000 kgs	NA
50,001 kgs to 1,00,000 kgs	₹ 15,754/- Plus ₹ 477.80 per 1,000 kgs in excess of 50,000 kgs	NA
Over 1,00,000 kgs	Rs. 39,644/- Plus Rs. 545.10 per 1,000 kgs in excess of 1,00,000 kgs	NA

Table 50: Landing charges proposed by AAI for the First Control Period

Weight of the Aircraft	International rate per landing (₹)	Domestic rate per landing (₹)
Up to 25 MT	304 per MT	202 per MT
Above 25 MT up to 50 MT	7,600+569 per MT	5,050+355 per MT



Weight of the Aircraft	International rate per landing (₹)	Domestic rate per landing (₹)
	in excess of 25 MT	in excess of 25 MT
Above 50 MT up to 100	21,825+658 per MT in excess of 50 MT	13,925+405 per MT in excess of 50 MT
Above 100 MT to 200 MT	54,725+759 per MT in excess of 100 MT	34,175+494 per MT in excess of 100 MT
Above 200 MT	130,625+911 per MT in excess of 200 MT	83,575+557 per MT in excess of 200 MT

16.1.4 No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operators at Airport, b) helicopters of all types, and c) DGCA approved Flying school/flying training institute aircrafts.

16.1.5 All domestic legs of international routes flown by Indian operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.

16.1.6 Charges shall be calculated on the basis of nearest MT (i.e. 1,000 kg).

16.1.7 Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

ii) Parking and Housing Charges

Table 51: Existing Parking charges

Weight of Aircraft	Rate per hour (Domestic)	Rate per hour (International)
Up to 40,000 kgs	₹ 1.80 per hour per 1,000 kgs	₹ 2.10 per hour per 1000 Kgs
40,001 to 100,000 kgs	₹ 72 + ₹ 3.40 per 1,000 kgs per hour in excess of 40,000 kgs	₹ 84/- + ₹ 3.90 per 1000 Kg per hour in excess of 40000 Kgs
Above 100,000 kgs	₹ 276 + ₹ 5.20 per 1,000 kgs per hour in excess of 100,000 kgs	₹ 318/- + ₹ 6.00 per 1000 Kg per hour in excess of 100000 Kgs

Table 52: Existing Housing charges

Weight of Aircraft	Rate per Hour (Domestic)	Rate per hour (International)
Up to 40,000 kgs	₹ 3.50 per hour per 1,000 kgs	Rs. 4.10 per hour per 1,000 kgs
40,001 kgs to 100,000 kgs	₹ 140 plus ₹ 6.80 per hour per 1,000 kgs in excess of 40,000 kgs	Rs. 164/- Plus Rs. 7.90 per hour per 1,000 kgs in excess of 40,000 kgs



Weight of Aircraft	Rate per Hour (Domestic)	Rate per hour (International)
Over 100,000 kgs	₹ 548 plus ₹ 10.30 per hour per 1,000 kgs in excess of 100,000 kgs	Rs. 638/- Plus Rs. 11.90 per hour per 1,000 kgs in excess of 1,00,000 kgs

Table 53: Parking charges proposed by AAI for the First Control Period

Weight of the Aircraft	Parking Charges Rates per Hour (₹) (up to two hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	10.11 per Hour per MT	20.22 per Hour per MT
Above 25 MT up to 50 MT	252.75+ 11.25 per Hour per MT in excess of 25 MT	505.50+22.50 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	534+ 22.50 per MT per Hour in excess of 50 MT	1,068+45 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	1,659+ 28.13 per MT per Hour in excess of 100 MT	3,318+56.26 per MT per Hour in excess of 100 MT
Above 200 MT	4,472+ 30.93 per MT per Hour in excess of 200 MT	8,944+61.86 per MT per Hour in excess of 200 MT

16.1.8 No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.

16.1.9 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.

16.1.10 Charges shall be calculated on the basis of nearest MT.

16.1.11 Charges for each period parking shall be rounded off to nearest rupee.

16.1.12 At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.

16.1.13 It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Trichy Airport if the State Government has brought the rate of tax (VAT) on ATF < 5%. The above waiver of night parking charges (between 2200 hours to 0600 hours) will be made applicable from the date of implementation of < 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.

16.1.14 Flights operating under Regional Connectivity Scheme shall be completely governed by AIC Sl. No. 19/2017 dated August 30, 2017 issued on this subject by DGCA.

16.1.15 For unauthorized overstay of Aircraft on Ground, an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable as approved by Authority.



iii) User Development Fees (UDF)

Table 54: UDF Proposed by AAI (per embarking passenger)

Passenger	Existing UDF	UDF proposed by AAI
Domestic	₹ 227/-	₹ 600/-
International Passenger	₹ 505/-	₹ 800/-

PSF (F) is proposed to be subsumed in the UDF.

Notes:

- Collection charges: if the payment is made in accordance with period prescribed under credit policy of AAI, then collection charges at ₹ 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.
- No collection charges are payable to casual operator/non-scheduled operators.
- For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- AAI had initially proposed that UDF charges will be applicable on tickets issued on or after August 1, 2020. However, the date of implementation of the new UDF charges had been revised in this Tariff Order by the Authority to April 1, 2021.
- No UDF/PSF (Facilitation) will be levied for Transit Passengers.

iv) Aviation Security Fee: Applicable as prescribed by MoCA on time to time.

v) Exemption from levy and collection from UDF/ASF at the Airports:

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated November 30, 2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

- Children (under-age of 2 years),
- Holders of Diplomatic Passport,
- Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- Persons traveling on official duty for United Nations Peace Keeping Missions.
- Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into Airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- Passengers departing from the Indian Airports due to involuntary re-routing i.e. technical problems or weather conditions.



vi) General Condition:

- a) All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.
- b) Flight operating under Regional connectivity scheme will be completely exempted from charges as per Order No.20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by Government of India.

16.2 Authority's examination regarding Annual Tariff Proposal for the First Control period at Consultation stage

16.2.1 The Authority examined AAI's MYTP, along with all the regulatory building blocks and its examination has been discussed in detail in the previous chapters in this Tariff Order.

16.2.2 Based on the Present Value of ARR arrived by the Authority at the Consultation stage (of ₹ 561.39 crores as mentioned in Table 48 of this Tariff Order), the Authority had proposed at the Consultation stage to allow a one- time increase of 45% in the Domestic Landing, Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 thereafter a 6% increase on a compounded basis each year up to FY 2024-25.

16.2.3 The Authority had decided to allow Domestic UDF of ₹ 600 and International UDF of ₹ 800, as initially proposed by AAI and as shown as per Table 54 above.

16.2.4 The Authority had decided to implement the revised tariff on Landing charges, Parking charges and the User Development Fees (UDF) with effect from April 1, 2021

16.2.5 The Authority has computed the surplus/ shortfall from its Aeronautical charges (in accordance with the increase in tariff rates as mentioned under para 13.2.3 and 13.2.4 in this Tariff Order), taking into consideration the ARR as per Table 48 and the same is reproduced below:

Table 55: Computation of Shortfall from Aeronautical charges as approved by the Authority

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Total PV of ARR including true-up (a)	562.07					
Landing charges:						
Domestic (₹ in Crores)	0.58	1.09	1.49	1.95	2.54	7.65
International (₹ in Crores)	6.46	14.05	18.55	20.53	22.71	82.30
Parking and housing charges:						
Domestic (₹ in Crores)	0.002	0.004	0.006	0.007	0.01	0.029
International (₹ in Crores)	0.014	0.031	0.041	0.05	0.05	0.186
Land Lease - Oil Companies (₹ in Crores)	0.15	0.21	0.30	0.30	0.30	1.26



Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Ground handling charges (₹ in Crores)	3.81	5.37	6.55	7.12	7.74	30.59
CUTE charge (₹ in Crores)	0.47	0.68	0.83	0.93	1.04	3.95
Cargo Revenue (₹ in Crores)	0.44	0.49	0.55	0.61	0.67	2.76
Total Aeronautical Revenue, before UDF (₹ in Crores)	11.93	21.93	28.32	31.50	35.06	128.73
PV factor	1	0.8772	0.7860	0.7042	0.6309	
PV of Aeronautical revenue (before UDF) (₹ in Crores)	11.93	19.23	22.26	22.18	22.12	97.72
∑ PV Aero Revenue (before UDF) (b)	97.72					
Shortfall before UDF (a)-(b)=(c)	-464.35					
UDF/ PSF (F)						
<i>Domestic (₹ in Crores)</i>	1.61	8.08	10.10	12.63	15.79	48.21
<i>International (₹ in Crores)</i>	13.36	39.49	47.39	51.32	55.58	207.14
Total UDF	14.97	47.57	57.49	63.95	71.37	255.35
PV of UDF	14.97	41.73	45.18	45.03	45.03	191.95
∑ PV of UDF (d)	191.95					
∑ PV Projected Aero Revenue including UDF (b) + (d) = (e)	289.67					
Surplus/ (Shortfall) Proposed to be carried forward for Next Control Period (a) - (e)	-272.40					

16.2.6 The Authority decides to carry forward the revised shortfall of ₹ 272.40 crores (as per Table 55) to the Second Control Period. However, the above shortfall will be adjusted based on the Aeronautical revenue achieved by the Trichy Airport in line with the actual traffic data of the First Control Period

16.3 Stakeholders' Comments regarding Annual Tariff Proposal for the First Control Period:

AAI's comments on Annual Tariff Proposal for the First Control Period:

16.3.1 AAI has requested AERA to consider the increase in parking charges by 108% (Domestic) & 80%



(International) in order to match the parking rates for the FY 2020-21 in line with recent orders i.e. Bhubaneswar, Indore and Patna Airport. The proposed parking charge for the FY 2020-21 is as under:

Weight of Aircraft	FY 2021-22
Up to 25 MT	3.12 per hour per MT
Above 25 MT up to 50MT	78 + 4.16 per hour per MT in excess of 25 MT
Above 50MT up to 100MT	182 + 8.32 per hour per MT in excess of 50 MT
Above 100 MT up to 200MT	598 + 10.40 per hour per MT in excess of 100 MT
Above 200 MT	1638 + 11.44 per hour per MT in excess of 200 M

16.3.2 Further AAI submits that an increase of 108% (Dom) & 80%(Intl) instead of 45% in Parking charges, as proposed by AERA is not significant in terms of absolute money. The impact would be only Rs. 104 per hour (A320) if AERA considers AAI's proposal.

Particulars	Existing	As per AERA slab	Slab as Proposed by AAI above.	Difference in Rs.
A 320 (74MT)	188	278	382	104

16.3.3 AAI has requested to consider implementation of revised tariff for all revenue streams w.e.f. January 1st, 2021, in order to meet the cash flow requirement of AAI necessitated due to Covid-19.

16.3.4 AAI has submitted that the revised ARR be recovered leaving a shortfall of INR 330.25 crore to be recovered in the following control period. AAI has proposed the following rate card:

a) **Landing Charges:** One-time increase of 45% for FY 2020-21 w.e.f. January 1st, 2021 by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.

Particulars	AERA	AAI
2020-21	--	45% w.e.f. Jan 1 st 2021
2021-22	45%	10%
2022-23	10%	6%
2023-24	6%	6%
2024-25	6%	6%

b) **Parking Charges:** One-time increase of 108% for FY 2020-21 w.e.f. January 1st 2021, by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.



Particulars	AERA	AAI
2020-21	--	108% w.e.f. Jan 1 st 2021
2021-22	45%	10%
2022-23	10%	6%
2023-24	6%	6%
2024-25	6%	6%

c) UDF: INR 600 (Dom) and INR 800 (Intl) w.e.f. January 1st, 2021

FIA's comments on Annual Tariff Proposal for the First Control Period:

16.3.5 FIA acknowledged AERA's proposal to defer the increase/hike in the above- mentioned aeronautical charges at Trichy Airport to April, 2021 and requested AERA to not allow/implement any increase of aeronautical tariff, during the First Control Period, due to the reasons below:

- Airlines have suffered adverse financial impact due to operational restrictions on scheduled domestic and international air transport, imposed by government authorities due to Covid – 19 but have continued to incur Airport charges and further been directed to mandatorily refund cancelled tickets for certain categories of passengers w.r.t booking/travel period, which has aggravated the financial impact.
- While the scheduled domestic air transport has been permitted a calibrated opening w.e.f. 25th May, 2020, such flight operations are subject to restrictions on capacity and fare, and adherence to safety protocols, as imposed by the Ministry of Civil Aviation / Directorate General of Civil Aviation (DGCA). It may be appreciated that until there is a complete opening of scheduled domestic and international flight operations, coupled with regaining confidence of passengers in air travel, airlines will continue to face a weak financial position.
- The proposed increase in Landing Charges itself will result in commensurate increase in the operating expenditure of one of its member airlines operating at Trichy Airport, on a year-on-year basis.
- "AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned under Annex – A, which are likely to reduce the ARR requirements of AAI at Trichy Airport. This will further ensure the lowering of tariff, including UDF, which will be beneficial to passengers and airlines"

IATA's comments on Annual Tariff Proposal for the First Control Period:

16.3.6 IATA requested the Authority to consider eliminating the difference in landing fees between international and domestic flights. Uniformity of charges is in line with ICAO-compliant model and is also consistent with how airlines registered in India are charged at other Airports outside India. Given that AAI has earlier proposed similar non-discriminatory charges at Guwahati (GAU) Airport among others, the same should be implemented for Tiruchirappalli (TRZ) as well.

DIAL's comments on Annual Tariff Proposal for the First Control Period



16.3.7 DIAL had submitted that with regard to submission of fresh application for tariff determination by operator selected through competitive bidding, a 10% reduction has been proposed in the Consultation Paper in case of delay in filing. It was further submitted by them that for a private player, there is high dependency on AAI for the past data which will form the basis for determination of tariff for the private airport. A delay due to this would penalize the private operator. DIAL suggested that such a huge deterrent may not be levied as a precondition.

16.4 AAI's counter comments and response to Stakeholders' Comments regarding Annual Tariff Proposal for the First Control Period:

Subsequent to the Stakeholders' Comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various Stakeholders' Comments with respect to Annual Tariff Proposal for the First Control Period are presented below:

AAI's response to FIA's comments regarding Annual Tariff Proposal for the First Control Period

16.4.1 AAI does not agree with views of FIA for no increase in aeronautical tariff in the First Control Period as it may lead to steep hike in charges in second control period. AERA is requested to change the date of implementation tariff for all revenue streams w.e.f. 1.1.2021 in order to meet the cash flow requirement of AAI necessitated due to Covid -19 pandemic situation

AAI's response to IATA's comments regarding Annual Tariff Proposal for the First Control Period

16.4.2 AAI submitted that there is no discrimination between Indian and Foreign airlines, in compliance with ICAO policy. ICAO policy states that charges must be non-discriminating between foreign users and those having the nationality of the state in which the Airport is located and engaged in similar international operations.

AAI's response to DIAL's comments regarding Annual Tariff Proposal for the First Control Period

16.4.3 AAI agreed with the views of DIAL.

16.5 Authority's examination and decisions regarding Annual Tariff Proposal for the First Control Period:

16.5.1 The Authority has carefully examined the comments raised by FIA and AAI, dealt with them in the relevant chapters, and has decided that the new tariff should be implemented at Trichy Airport with effect from April 1, 2021, in order to safeguard the interest of all the stakeholders and avoid any steep increase in tariff in the Second Control Period.

16.5.2 The Authority has reviewed the comments raised by FIA in their letter under Annex A and has addressed all these comments/ issues under the respective chapters.

16.5.3 In response to IATA's comments on following ICAO compliant model on landing fees between international and domestic Carrier, AERA is satisfied with the above reply given by AAI on the issue.

16.5.4 In the interest of the passengers, the Authority wants to determine tariff within a year of privatization of the Airport. Hence, the Authority decides to reduce the tariff by 10% if there is any delay in filing a fresh MYTP/Application for determination of tariff. Tariff is presently determined based on financials of AAI and those would change post-privatization of the Trichy Airport.

16.5.5 The Authority decides to carry forward the shortfall of ₹ 272.40 crores (as per Table 55) to the Second



Control Period. However, the above shortfall will be adjusted based on the Aeronautical revenue achieved by the Trichy Airport in line with the actual traffic data of the First Control Period.

16.5.6 The tariff for domestic flights of Non- Major Airports (which also includes Trichy Airport) was last revised in the year 2009 and for international flights of Non- Major Airports was last revised in the year 2017. MoCA had declared Trichy Airport as Major Airport under Section 2(i) of AERA Act, 2008, on October 1, 2019 and asked AERA to determine the tariff for Trichy Airport to provide a transparent view to the various prospective bidders, as the Airport is proposed for leasing in the 2nd phase of PPP exercise. The Authority after a careful assessment of the substantial deviations in business scenarios caused due to the outbreak of the Covid-19 pandemic and with the objective of encouraging investors in Airport facilities and also to protect reasonable interest of the passengers had decided to consider a moderate increase in the Aeronautical tariff (as mentioned below). The increase in tariff have been determined after a period of 11 years (for domestic flights) and 2 years (for international flights), taking into consideration the impact of inflation during the intervening period:

- *Landing and Parking charges: a one-time increase of 45% in the Domestic and International Landing & Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 thereafter a 6% increase on a compounded basis each year up to FY 2024-25.*
- *UDF: ₹ 600 (Domestic) and ₹ 800 (international)*

16.6 Authority's Decisions regarding Tariff Rate Card for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

16.6.1 The Authority decides to approve the tariff for the First Control Period for Trichy Airport as given in the Tariff Card annexed as Annexure 1.



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AERA

CHAPTER 17. SUMMARY OF AUTHORITY'S DECISIONS

The below mentioned provides a summary of the Authority's decisions (given under each Chapter) regarding the tariff determination for the First Control Period for Trichy Airport:

- CHAPTER 2. 2.6.1 The Authority decides to determine Aeronautical tariff for Trichy Airport for the First Control Period on "hybrid till" basis.
- CHAPTER 3. 3.5.1 The Authority decides not to consider the revenues from AAICLAS (except 30% royalty as revenue share from AAICLAS) and ANS while determining Aeronautical tariffs for Trichy Airport.
- CHAPTER 4. 4.6.1 The Authority decides to consider the passenger traffic and ATM for the First Control Period for Trichy Airport as per Table 5.
- CHAPTER 4. 4.6.2 The Authority decides that subject to the terms and conditions of the privatization of Trichy Airport, it will consider to true-up the traffic volume (passenger and ATM) based on the actual traffic in the First Control Period while determining tariff for the Second Control Period
- CHAPTER 5. 5.6.1 The Authority decides to consider the allocation of Gross Block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical assets as detailed in Table 10.
- CHAPTER 6. 6.4.1 The Authority decides to consider the Initial Regulatory Asset Base (RAB) for the First Control Period for Trichy Airport as ₹29.65 crores in accordance with Table 13
- CHAPTER 7. 7.6.1 The Authority decides to adopt the capitalization of Aeronautical expenditure for the First Control Period in accordance with Table 20.
- CHAPTER 7. 7.6.2 The Authority has decided that subject to the terms and conditions of privatization of Trichy Airport, it will consider to true-up the Capital expenditure incurred based on actual costs subject to the normative approach at the time of determination of tariff for the Second Control Period.
- CHAPTER 8. 8.6.1 The Authority decides to adopt depreciation rates for Trichy Airport as per Table 23 for the First Control Period.
- CHAPTER 8. 8.6.2 The Authority decides to consider depreciation amounts for the First Control Period as per Table 24.
- CHAPTER 9. 9.3.1 The Authority decides to consider average RAB for the First Control Period for Trichy Airport as per Table 27.
- CHAPTER 10. 10.6.1 The Authority decides to consider FRoR for Trichy Airport for the First Control Period as per Table 30.
- CHAPTER 11. 11.6.1 The Authority decides to consider Non-aeronautical revenues for the First Control Period for Trichy Airport in accordance with Table 33.
- CHAPTER 12. 12.6.1 The Authority decides to consider Operation and Maintenance expenses for the First Control Period for Trichy Airport as per Table 40.



CHAPTER 12. 12.6.2 The Authority decides to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21.

CHAPTER 13. 13.4.1 The Authority decides to consider Aeronautical revenues for the First Control Period for Trichy Airport as per Table 43.

CHAPTER 14. 14.6.1 The Authority decides to consider the tax expense for the First Control Period for Trichy Airport as per Table 46.

CHAPTER 14. 14.6.2 It is noted that AAI has pays tax based on profits of all the Airports taken together. The Authority decides to true-up the tax based on actual payment during the next Control Period.

CHAPTER 15. 15.6.1 The Authority decides to consider the ARR and Yield for the First Control Period for Trichy Airport in accordance with Table 48.

CHAPTER 16. 16.6.1 The Authority decides to approve the tariff for the First Control Period for Trichy Airport as given in the Tariff Card annexed as Annexure 1.



CHAPTER 18. ORDER

- 18.1 In exercise of power conferred by section 13 (1) (a) of the AERA Act, 2008 and based on the above decisions, the Authority hereby determines the aeronautical tariff to be levied at Trichy Airport for the First Control Period from 01.04.2020 to 31.03.2025, as placed at Annexure 1. These rates will be effective from April 1, 2021.
- 18.2 In exercise of powers conferred by Section 13 (1) (b) of the AERA Act, 2008, read with Rule 89 of the Aircraft Rules, 1937, the Authority hereby determines the rate of UDF as indicated in the rate cards at Annexure 1 for the current Control Period. The rates will be effective from April 1, 2021.
- 18.3 The tariff determined herein are ceiling rates, exclusive of taxes, if any.

By the Order and in the name of the Authority



(Col. Manu Sooden)
Secretary

To,

The Chairman
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110003



Copy to:

1. **Secretary**, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003.
2. **Directorate General of Civil Aviation**, for issue of AIC.



Annexure 1 - Tariff card for Trichy Airport for the First Control Period approved by the Authority

**RATE CARD FOR AAI TRICHY AIRPORT - FOR
AERONAUTICAL SERVICES FOR THE
FIRST CONTROL PERIOD (FY 2020-21 to FY 2024-25)**

**Existing tariff (Landing charges, Parking charges, Housing charges and UDF)
shall continue up to March 31, 2021**

APPROVED TARIFF RATE WILL BE EFFECTIVE FROM APRIL 1, 2021

(I) (a) Landing Charges - International flights

Landing Charges (International) – (FY 2021-22)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	304.50 Per MT
Above 25 MT up to 50 MT	7,612.50 + 616.80 per MT in excess of 25 MT
Above 50 MT up to 100 MT	23,032.50 + 689.80 per MT in excess of 50 MT
Above 100 MT to 200 MT	57,522.50 + 785 per MT in excess of 100 MT
Above 200 MT	1,36,022.50 + 810.10 per MT in excess of 200 MT

Landing Charges (International) – (FY 2022-23)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	335 Per MT
Above 25 MT up to 50 MT	8,375+678.50 per MT in excess of 25 MT
Above 50 MT up to 100 MT	25,337.50+758.80 per MT in excess of 50 MT



Landing Charges (International) – (FY 2022-23)

Weight of the Aircraft	Rate Per Landing (In INR) *
Above 100 MT to 200 MT	63,277.50+863.50 per MT in excess of 100 MT
Above 200 MT	1,49,627.5+891.10 per MT in excess of 200 MT

Landing Charges (International) – (FY 2023-24)

Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	355.10 Per MT
Above 25 MT up to 50 MT	8,877.50+ 719.20 per MT in excess of 25 MT
Above 50 MT up to 100 MT	26,857.50+ 804.30 per MT in excess of 50 MT
Above 100 MT to 200 MT	67,072.50+.915.30 per MT in excess of 100 MT
Above 200 MT	1,58,602.50+ 944.60 per MT in excess of 200 MT

Landing Charges (International) – (FY 2024-25)

Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	376.40 Per MT
Above 25 MT up to 50 MT	9,410 + 762.40 per MT in excess of 25 MT
Above 50 MT up to 100 MT	28,470 + 852.60 per MT in excess of 50 MT
Above 100 MT to 200 MT	71,100 + 970.20 per MT in excess of 100 MT
Above 200 MT	1,68,120+ 1,001.30 per MT in excess of 200 MT



(I) (b) Landing Charges – Domestic flights

Landing Charges (Domestic) - (FY 2021-22)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	181.10 Per MT
Above 25 MT up to 50 MT	4,527.50 + 326.00 per MT in excess of 25 MT
Above 50 MT up to 100 MT	12,677.50 + 336.10 per MT in excess of 50 MT
Above 100 MT to 200 MT	29,482.50 + 340.00 per MT in excess of 100 MT
Above 200 MT	63,482.50 + 328.10 per MT in excess of 200 MT

Landing Charges (Domestic) - (FY 2022-23)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	199.20 Per MT
Above 25 MT up to 50 MT	4,980 + 358.60 per MT in excess of 25 MT
Above 50 MT up to 100 MT	13,945 + 369.70 per MT in excess of 50 MT
Above 100 MT to 200 MT	32,430 + 374.00 per MT in excess of 100 MT
Above 200 MT	69,830 + 360.90 per MT in excess of 200 MT

Landing Charges (Domestic)- (FY 2023-24)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	211.20 Per MT



Landing Charges (Domestic)- (FY 2023-24)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Above 25 MT up to 50 MT	5,280 +380.10 per MT in excess of 25 MT
Above 50 MT up to 100 MT	14,782.5 +391.90 per MT in excess of 50 MT
Above 100 MT to 200 MT	34,377.5 + 396.40 per MT in excess of 100 MT
Above 200 MT	74,017.5 + 382.60 per MT in excess of 200 MT

Landing Charges (Domestic)- (FY 2024-25)	
Weight of the Aircraft	Rate Per Landing (In INR) *
Up to 25 MT	223.90 Per MT
Above 25 MT up to 50 MT	5,597.5 + 402.90 per MT in excess of 25 MT
Above 50 MT up to 100 MT	15,670 + 415.40 per MT in excess of 50 MT
Above 100 MT to 200 MT	36,440 + 420.20 per MT in excess of 100 MT
Above 200 MT	78, 460 + 405.60 per MT in excess of 200 MT

* Landing charges (for domestic and international flights) have been computed on an average basis, by applying the one-time increase of 45% in the FY 2021-22, an increase of 10% in the FY 2022-23 and a 6% increase on a compounded basis each year up to FY 2024-25

1. No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic schedule operators at Airport and b) helicopters of all types C) DGCA approved Flying school/flying training institute aircrafts.
2. All domestic legs of International routes flown by Indian Operators will be treated as Domestic flights as far as landing charges is concerned, irrespective of flight number Assigned to such flights.
3. Charges shall be calculated on the basis of nearest MT (i.e. 1,000 kg).
4. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.



II A) Parking charges – International flights

Parking charges (International) – (FY 2021-22) (in INR)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours) *
Up to 25 MT	2.60 Per Hour Per MT	5.20 Per Hour Per MT
Above 25 MT up to 50 MT	65 + 4.50 per MT per Hour in excess of 25 MT	130 + 9.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	177.50 + 5.70 per MT per Hour in excess of 50 MT	355 + 11.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	462.50 + 8.70 per MT per Hours in excess of 100 MT	925 + 17.40 per MT per Hours in excess of 100 MT
Above 200 MT	1,332.50 + 8.80 per MT per Hours in excess of 200 MT	2,665 + 17.60 per MT per Hours in excess of 200 MT

Parking charges (International) – (FY 2022-23) (in INR)		
Weight of the Aircraft	Parking Charges per Hour(First two hours after free parking period)	Parking Charges per Hour(beyond four hours) *
Up to 25 MT	2.90 Per Hour Per MT	5.80 Per Hour Per MT
Above 25 MT up to 50 MT	72.50 + 5.00 per MT per Hour in excess of 25 MT	145 + 10 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	197.50 + 6.30 per MT per Hour in excess of 50 MT	395 + 12.60 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	512.50 + 9.60 per MT per Hours in excess of 100 MT	1,025 + 19.20 per MT per Hours in excess of 100 MT
Above 200 MT	1,472.50+ 9.70 per MT per Hours in excess of 200 MT	2,945+ 19.40 per MT per Hours in excess of 200 MT



Parking charges (International) – (FY 2023-24) (in INR)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	3.10 Per Hour Per MT	6.20 Per Hour Per MT
Above 25 MT up to 50 MT	77.50 + 5.30 per MT per Hour in excess of 25 MT	155 + 10.60 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	210 + 6.70 per MT per Hour in excess of 50 MT	420 + 13.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	545 + 10.20 per MT per Hours in excess of 100 MT	1,090 + 20.40 per MT per Hours in excess of 100 MT
Above 200 MT	1,565 + 10.30 per MT per Hours in excess of 200 MT	3,130 + 20.60 per MT per Hours in excess of 200 MT

Parking charges (International) – (FY 2024-25) (in INR)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	3.30 Per Hour Per MT	6.60 Per Hour Per MT
Above 25 MT up to 50 MT	82.50 + 5.60 per MT per Hour in excess of 25 MT	165 + 11.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	222.50 + 7.10 per MT per Hour in excess of 50 MT	445 + 14.20 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	577.50 + 10.80 per MT per Hours in excess of 100 MT	1,155 + 21.60 per MT per Hours in excess of 100 MT
Above 200 MT	1657.50 + 10.90 per MT per Hours in excess of 200 MT	3,315 + 21.80 per MT per Hours in excess of 200 MT



II B) Parking charges – Domestic flights

Parking charges (Domestic) – (In INR) (FY 2021-22)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	2.50 Per Hour Per MT	5.00 Per Hour Per MT
Above 25 MT up to 50 MT	62.50 + 3.90 per MT per Hour in excess of 25 MT	125.00 + 7.80 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	160.00 + 4.70 per MT per Hour in excess of 50 MT	320.00 + 9.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	395.00 + 7.50 per MT per Hours in excess of 100 MT	790.00 + 15.00 per MT per Hours in excess of 100 MT
Above 200 MT	1145.00 + 7.70 per MT per Hours in excess of 200 MT	2290 + 15.40 per MT per Hours in excess of 200 MT

Parking charges (Domestic) – (In INR) (FY 2022-23)		
Weight of the Aircraft	Parking Charges per Hour(First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	2.8 Per Hour Per MT	5.60 Per Hour Per MT
Above 25 MT up to 50 MT	70 + 4.30 per MT per Hour in excess of 25 MT	140.00 + 8.60 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	177.5 + 5.20 per MT per Hour in excess of 50 MT	355.00 + 10.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	437.50 + 8.30 per MT per Hours in excess of 100 MT	875.00 + 16.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,267.5 + 8.50 per MT per Hours in excess of 200 MT	2,535 + 17.00 per MT per Hours in excess of 200 MT



Parking charges (Domestic) – (In INR) (FY 2023-24)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75 + 4.60 per MT per Hour in excess of 25 MT	150.00 + 9.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	190 + 5.50 per MT per Hour in excess of 50 MT	380 + 11 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	465 + 8.80 per MT per Hours in excess of 100 MT	930.00 + 17.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,345 + 9.00 per MT per Hours in excess of 200 MT	2,690 + 18.00 per MT per Hours in excess of 200 MT

Parking charges (Domestic) – (In INR) (FY 2024-25)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)	Parking Charges per Hour (beyond four hours)*
Up to 25 MT	3.20 Per Hour Per MT	6.40 Per Hour Per MT
Above 25 MT up to 50 MT	80 + 4.90 per MT per Hour in excess of 25 MT	160.00 + 9.80 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	202.50 + 5.80 per MT per Hour in excess of 50 MT	405 + 11.60 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	492.50 + 9.30 per MT per Hours in excess of 100 MT	985.00 + 18.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,422.50 + 9.50 per MT per Hours in excess of 200 MT	2,845 + 19.00 per MT per Hours in excess of 200 MT

* Parking charges (for domestic and international flights) have been computed on an average basis, by applying the one-time increase of 45% in the FY 2021-22, an increase of 10% in the FY 2022-23 and a 6% increase on a compounded basis each year up to FY 2024-25



Notes-

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Trichy Airport if the State Government has brought the rate of tax (VAT) on ATF $\leq 5\%$. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of $\leq 5\%$ tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
8. For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is to be payable.

III) USER DEVELOPMENT FEES (UDF)

Passenger	UDF (per embarking passenger) On tickets issued on or after April 1, 2021 (Rate from April 1, 2021 to March 31, 2025)
	Domestic
International Passenger	₹ 800



PSF (F) is proposed to be subsumed in the UDF.

Notes:

- a) Collection charges: if the payment is made in accordance with period prescribed under credit policy of AAI, then collection charges at ₹ 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01 April 2021.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

IV) Aviation Security Fee: Applicable as prescribed by MoCA.

V) Exemption from levy and collection from UDF/ASF at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

- (a) Children (under-age of 2 years),
- (b) Holders of Diplomatic Passport,
- (c) Airlines crew on duty including sky marshals and airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground
- (d) Persons travelling on official duty on aircraft operated by Indian Armed Forces
- (e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- (f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into Airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- (g) Passengers departing from the Indian Airports due to involuntary re-routing i.e., technical problems or weather conditions.

VII) GENERAL CONDITION:

- a) All the above Charges are excluding GST. GST at the applicable rates is payable in addition to above charges.
- b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GOI.

