



FNO- No. AAI/CHQ/AERA/MYTP-Trichy/2019

dated:01/06/2020

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

Sub:- Submission of Revised Multi Year Tariff proposal (MYTP) in respect of Trichy Airport for the control period (01/04/2020 to 31/03/2025) due to impact of Covid-19 on Aviation Sector

Sir/Madam,

Reference is invited this office letter dated 20/03/2020 wherein the tariff proposal in respect Trichy airport was submitted to AERA for determination of Aeronautical Tariff.

AERA vide mail dated 14th May 2020 had advised AAI to review the Tariff proposal considering the impact of Covid-19 on aviation sector and accordingly advised AAI that AAI may resubmit the proposal, failure if any; AERA may examine/release the consultation paper based on the existing MYTP submission of AAI.

Accordingly, AAI has decided to review the Tariff proposal and following changes have been incorporated in the proposal considering the impact of Covid-19 on Aviation Sector.

1. (A) Capex

Trichy for control period(01/04/2020 to 31/03/2025)		
Project name	PDC taken in Tariff Proposal	Revised PDC .
Construction of New integrated Terminal Building - Rs. 805.06 crs (Total cost Rs. 872.51 crs. Aero portion is 92.27%)	PDC, 2021-2022, Nov 2021	18.04.2022 (RPDC)
Construction of Residential Qtrs; Rs. 58.27crs, (Total cost Rs. 65.12 crs. Aero portion is 34/38 Qtr Ratio)	PDC, 2021-2022, July 2021	08.01.2022 (RPDC)

Construction of 10 nos. Parking Bays: Rs. 37.72 crs.	PDC 2021-22	31.10.2020 (RPDC)
Construction of perimeter Road: Rs. 3.07 Crores	PDC 2019-20.	Work completed on 20.08.2019 .
Replacement of 51nos. SCCTV: Rs.0.95 cr.	PDC 2019-20	Installation of 51 cameras completed on 05.10.2019
SITC of FIDS: Rs1.24 crs.,	PDC 2019-20	Installation to be completed in June 2020 due covid delay PDC (2020-21)
Construction of and raising of operational B/wall: Rs. 0.37 crs,	PDC 2019-20	30.06.2020 (RPDC)
E-gates 8Nos.Rs.0.43 crs	PDC 2019-20	Completed on 18.07.2019
Dynamic signage's Rs.0.43 crs	PDC 2019-20	Completed o 15.07.2019
Total cost of Runway resurfacing of Rs.18.97 cr has been charged off in 5 equal installments of Rs.3.79 cr.	In FY 19-20 to FY 22-23 as per AERA guidelines.	06.07.2021 PDC)

(B) Growth

The Revised Traffic growth has been projected on actual up to Mar 2020 as given by Dte. Of CPMS which is as under:

	Dom. Passenger	Intl. Passenger	Dom. ATM	Intl. ATM	Dom. Freight (in Tonnes)	Intl. Freight (in Tonnes)
2019-20 (in no.)	296073	1316419	5364	8896	2	8112
2020-21 (%)	-32.4%	-62%	-25.4%	-56.8%	-100%	-44.5%
2021-22(%)	20.0%	70.0%	18.0%	65.0%	0%	80%
2022-23(%)	15.0%	25.0%	12.0%	22.0%	0%	12.0%
2023-24(%)	15.0%	25.0%	12.0%	22.0%	0%	12.0%
2024-25(%)	12.0%	15.0%	10.0%	12.0%	0%	10.0%

(C) Operating Expenditure:-

- 10% additional expenditure (R&M-Civil) is proposed for FY2020-21 for sanitization/PPE Kit/temporary Partition etc. for maintaining social distancing due to Covid-19.
- 70% reduction is proposed in Electricity for April20 & May 20 due to lock down.

(D) Revenue from Land Lease/Commercial Contracts:

Revenue from land lease and commercial contracts are proposed in FY 2020-21 @ 50% of FY19-20. Further 70% and 100% of revenue of FY 2019-20 have been proposed in FY 2021-22 and in FY2022-23 respectively. Thereafter 10% annual escalation is proposed for FY 2023-24 and FY 2024-25.

2. Fair Rate of Return (FRoR)

FRoR has been taken 14% for FY 2019-20 to FY2021-22 and 11.87%(Debt equity ratio) for FY 22-23 to FY 23-24 as per AERA guidelines. Debt equity ratio has been worked out by taking leverage of cost of debt @8.03% and cost of equity @ 16%.

AERA has considered the cost of equity@16% and cost of debt @8.03% in r/o Patna airport whose tariff order has already been issued.

3. Debts

AAI proposes to take debt 60% of project cost as per Project infrastructure board (PIB) approval. AAI will take debt in FY20-21 for Rs.115.24cr and Rs 367.80 cr in FY21-22 as per Phasing of expenditure (60% of Aeronautical portion i.e.Rs.805.06).

Accordingly, Interest during construction (IDC) @8.03% p.a. on Debts for FY20-21 for Rs.9.25cr. and Rs.38.78 cr for FY21-22 are proposed to be capitalized with Terminal building in FY22-23. Interest on debts for post construction period for Rs. 38.79 cr.p.a. for FY22-23 to FY 24-25 are proposed to be charged off.

4. Proposed Date of implementation of new Tariff

Earlier the date of implement of new tariff was proposed 1st April 2020.The revised proposed date of implementation of new tariff is 1st August 2020.

5. Aggregate Revenue Requirement (ARR)

As per the MYTP, Aggregate Revenue Requirement (ARR) for the first control period on Hybrid Till basis (FY 2020-21 to FY 2024-25) has been worked out to Rs.925.78 crores and PV of ARR(Target Revenue) is Rs. 682.41 cr including short recovery of Rs.0.10 cr. For FY 2019-20. The total projected revenue at the proposed rate is 280.43 Cr. against the PV of ARR of Rs.682.41 Cr. The shortfall for the FY 19-20 works out to Rs.0.10 crs. which is to be adjusted in the first control period. The short recovery of ARR Rs. 401.97 Cr. is to be adjusted in the next control period to avoid very steep increase in the tariffs. For short recovery, a suitable Clause would be incorporated in the draft concession agreement by AAI during the next round of PPP transaction.

6. Revenue Stream to recover ARR

The following revenue streams are available to recover the ARR:

(a). Landing Charges: - Landing charges have been increase based on the average landing charges of the aircraft and is proposed to increase by 65.1% for Domestic landing and by 38.19 International landing from the existing charges w.e.f. 01.08.2020 till 31.03.2021. An increase of 4% thereafter on year on year basis from FY 2021-22 onward s is proposed. Existing and Proposed Landing charges are as under:

Landing Average	Existing (Rs.)	Proposed Earlier(Rs.)	Proposed Now (Rs.)	Increase (%) on existing charges
Average Revenue per ATM (Dom)	3070.65	4504.64	5069.64	65.1
Average Revenue per ATM (INTL)	29049.95	35731.44	40144.13	38.19

(b). Parking Charges: -Parking Charges are proposed to increases in Domestic Parking by 473% and International parking charges by 396% from the existing charges w.e.f. 01.08.2020 till 31.03.2021. An increase of 4% thereafter on year on year basis from FY 2021-22 onwards. Existing and Proposed Landing charges are as under:

Parking & Housing Average	Existing(Rs.)	Proposed Earlier(Rs.)	Proposed Now (Rs.)	Increase (%) on existing charges
Average Revenue per ATM (Dom)	11.64	26.66	66.62	473
Average Revenue per ATM (INTL)	64.25	127.22	318.70	396

(c) UDF: - The above charges have been proposed to recover ARR and balance is proposed to recover from the UDF. The revised UDF for both Domestic and International are proposed w.e.f 01.08.2020:-

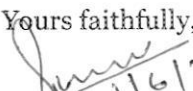
Per departing passenger	UDF (INR)				
	Existing			Proposed	Increase (%) on existing charges
	PSF (F) Rates	UDF Rates	Total(UD F/PSF)	Proposed Rates (01.08.2020 To 31.03.2025)	
Domestic (PAX)	77/-	150/-	227/-	600/-	164%
International (PAX)	89/-	416/-	505/-	800/-	58%

PSF(F) is proposed to be subsumed with UDF.

(8) Aviation Security Fee (ASF) will continue to be charged as rate prescribed by MoCA.

The up-dated MYTP along with the Annual Tariff Proposals is enclosed for your consideration and approval.

This issues with the approval of Competent Authority.

Yours faithfully,

 1/6/2020
 (Pradeep Kumar)
 Executive Director(JVC/Tariff)

Encl:- As above