



MIAL/VPR/15-16/24

25th August, 2015

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Approval for levy and collection of Development Fee (DF) for two metro stations in CSI Airport area at Mumbai

In continuation of our earlier requests for approval for levy and collection of DF, we wish to state as follows:

- I. Mumbai Metropolitan Region Development Authority (MMRDA) and Mumbai Metro Rail Corporation Limited (MMRC) are pursuing us for entering into Memorandum of Understanding (MOU) with MMRC, which they wish to be signed in presence of the Hon'ble Chief Minister of Maharashtra.
- II. In view of urgency to start the construction activities and persuasions by MMRDA/MMRC, MIAL requests the Authority to sanction levy and collection of DF at CSIA for two metro stations, before the tariff determination of second control period which may take some time.
- III. MIAL proposes DF at rate of Rs. 50 per embarking domestic passenger and Rs. 100 per embarking international passenger from 1st November, 2015 to March 2020, so that aggregate Rs. 518 crores are collected from the passengers over this period.
- IV. Further, MIAL wants to highlight that in case of any mismatch between actual amount collected through DF and amount of contribution to be paid to MMRC, the resultant interest cost to be paid for securitization of DF should also be allowed for recovery through DF. A proposed schedule for collection of DF is as under:



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in

CIN-U45200MH2006PTC160184

Proposed Schedule for amount of DF to be collected for funding of 2 metro stations

Year	Domestic pax	International Pax	Domestic @ Rs.50 per pax	International @ Rs.100 per pax	Total
	In Mn (net of exempted pax)		In Rs. Crores		In Rs. Crores
FY 16	4.53	1.98	23	20	42
FY 17	11.70	4.93	59	49	108
FY 18	12.60	5.11	63	51	114
FY 19	13.58	5.31	68	53	121
FY 20	14.00	6.25	70	63	133
Total			282	236	518

Assumptions:

- DF collection is assumed to start w.e.f. 1st November, 2015.
- Amount of DF per embarking passenger is assumed to be Rs. 50 for domestic and Rs. 100 for International pax.
- Exempted passengers who will not be paying DF (based on AIC issued by DGCA) would be around 20%.
- Passenger numbers from FY 16-FY 19 are projected based on 5 year CAGR.

Authority is requested to take note of the above for determination of aeronautical tariff and DF in respect of CSIA for the second control period.

V. Metro stations are expected to be completed in FY 2019-20, hence no commercial income will generate from the same in the second control period.

VI. In connection of above, key documents as well as several submissions and letters to the Authority, MoCA, AAI, etc. are as detailed below:

- Extracts from minutes of NFC meetings held on 3rd June, 2008 and 3rd September, 2009.
- Our letter MIAL/CEO/27 dated 29th May, 2014 to Chairman, Airports Authority of India (AAI) requesting for recommending AERA to grant DF.



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059

www.csia.in

CIN-U45200MH2006PTC160164

3. MMRC Letter no. T/ML3-CBS/MIAL/AAI dated 25th June, 2014 to the Chairman, AERA requesting grant of DF.
4. Our letter MIAL/ CEO/68 dated 20th August, 2014 to AERA (funding of Metro stations referred on page 10 to 12 of the revised submissions) for funding of metro stations through DF.
5. Our letter MIAL/CEO/127 dated 24th November, 2014 to Secretary, Ministry of Civil Aviation (MoCA), detailing the manner in which the liability to fund two metro stations was thrust upon MIAL.
6. Our letter no. MIAL/CEO/130 dated 26th November, 2014 to Secretary, MoCA.
7. Our letter MIAL/CEO/159 dated 22nd January, 2015 written to Hon'ble Minister of Civil Aviation alongwith all the annexure referred.
8. Letter from IDBI Bank dated 9th February, 2015 expressing inability to provide further loans for additional projects.
9. Our letter MIAL/CEO/174 dated 17th February, 2015 to Joint Secretary, MoCA.
10. Our letter MIAL/CEO/174A dated 26th February, 2015 to Secretary, AERA.
11. Letter dated 25th March, 2015 received from MMRC Ltd. referring the minutes of meeting held on 16th February, 2015 under chairmanship of Joint Secretary, MoCA.
12. Our letter MIAL/CEO/27 dated 8th June, 2015 to Chairperson, AERA informing about persuasion by MMRDA / MMRC.
13. Minutes of the Meeting regarding Mumbai Metro Line 3 Project held on 11th June, 2015 under the Chairmanship of Secretary, MoCA for Pragati Review meeting of Prime Minister's Office (PMO) communicated vide MoCA letter dated 18th June, 2015. Here MIAL was asked whether it could raise resources against DF approval to be given by AERA for meeting the cash flow requirements of MMRC on time.
14. Our letter MIAL/CEO/48 dated 31st July, 2015, requesting the Authority to approve the levy and collection of DF of Rs.50 per embarking domestic passengers and Rs.100 per embarking international passengers to meet the requirement to contribute for two metro stations to MMRC. (Refer para 4 on page 8)
15. Minutes of first Stakeholder Consultation dated 5th March 2014 and Minutes of second & final Stakeholder Consultation dated 23rd June 2014.

Copy of all the above letters / minutes, alongwith the relevant referred annexure are attached for ready reference of the Authority.



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059

www.csia.in

CIN-U45200MH2006PTC160164



We request the Authority to determine the levy and collection of DF for metro stations at the earliest, so that MIAL in turn could commit the funding to MMRC. Kindly let us know if any other information is required in this connection.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed: as above



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in **CIN-U45200MH2006PTC160164**

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफ़दरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
4350
11/9/15

हाथी नं० :
तारीख :

1208/Secy(AERA)-50-1672/OSD-II
11/09/2015 14/9/2015

GVK

MIAL/VP/15-16/28

8th September, 2015

The Secretary, - on leave. *[Signature]*
Airports Economic Regulatory Authority of India
AERA Building,
Safdarjung Airport
New Delhi - 110 003

Sir,

Re: Clarifications required in respect of proposal for DF funding in respect of metro stations at CSIA

With reference of AERA's e mail dated 1st September, 2015 on the above subject, we give here below point wise clarifications on the issues raised:

1. Basis of traffic projections specifying the historic numbers and growth rate:

Traffic projections for the period FY 16 to FY 19 are arrived at by applying 5 year CAGR of 7.73% on actual domestic passengers for FY 2014-15 for domestic passengers.

Based on updated 5 years CAGR, projected International passenger traffic growth is 6.78%. However, due to 4 international airlines discontinuing their operations from CSIA recently, and also due to growing International traffic at other cities through grant of traffic rights from new point of calls, directly competing with CSIA, there is a drop in International traffic growth at CSIA. In FY 16 (upto July 15) there is substantial growth in International passenger traffic at other airports, while at CSIA it was meager 3.8%. In view of the same projected growth is assumed to be 3.8% and not 6.78% for International passengers.

Traffic Projections and historic numbers are elaborated in the **Annexure 1**.

2. Basis of assuming the figure of 20% exempted passengers; historical actual and percentage numbers for exempted passengers for the last three years:

In this connection we are attaching herewith AIC no. 6/2012 dated 31st August, 2012 issued by DGCA (enclosed as **Annexure 2**), wherein certain category of passengers are exempted from charge of UDF and DF. Table below provides data for last three years which shows the number of passengers embarked as against the number of passengers from whom such charges are received.



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in

CIN-U45200MH2006PTC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
HOSPITALITY
LIFE SCIENCES

	In Mn		
	FY 13	FY 14	FY 15
Total embarking passengers	15.20	16.13	18.40
Total billed passengers	14.04	13.16	14.78
% of passengers exempt	7.63%	18.42%	19.67%

3. Schedule for payment to MMRDA for the entire Rs. 518 crore cost including the Rs. 400 crore of construction cost and Rs. 118 crore of E&M cost:

The payment schedule as per the current discussions with MMRDA/ MMRC for two metro stations is expected to be as per last column of table below:

Year	Embarking Passenger (Mn) (net of exempt pax)			Rate per embarking pax (in Rs.)		Amt of DF collected to be paid to MMRC (In Rs. Crs.)
	Domestic	International	Total	Domestic	International	
FY 16	4.54	2.00	6.53	50.47	100.93	43
FY 17	11.73	4.97	16.70	50.47	100.93	109
FY 18	12.63	5.16	17.80	50.47	100.93	116
FY 19	13.61	5.36	18.97	50.47	100.93	123
FY 20	14.03	5.56	19.59	50.47	100.93	127
						518

4. Projected revenues from Metro stations for 10 years starting the date of commencement of operations:

MLAL is to get 500 sqm of area, at each of the three metro stations for metro passengers related retail, F&B and other such essential needs. It should be noted that the said 500 sqm of retail area is not meant for general retail, but essentially meant for metro passengers, as this area shall be approx 24 m under the ground and its clientele shall limited to metro passengers.

Retail area is provisioned at Metro station as a facility/ service essentially for metro passengers and not for revenue generation.

Revenue from this 500 sqm retail area is therefore not a consideration provided for metro station funding. In any case the expected revenue is minuscule , as its NPV is only Rs 1.47 Crores/station. Estimates of commercial earnings from Metro stations is enclosed as Annexure 3.



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in

CIN-U45200MH2006PTC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
HOSPITALITY
LIFE SCIENCES

Assuming commencement of operations from 1st April, 2021, an estimate of the revenues to generate from the commercial rights over maximum 500 square meter commercial area at each of the metro stations has been made. Such revenue estimates and their Present Value on 1st April 2015 for ten years from FY 2021-22 to FY 2030-31, shall be about Rs.2.94 crore for two metro stations.

In this connection, we request the Authority, not to consider such future revenue for determination of DF towards metro stations at this stage and consider the same as revenue towards tariff fixation for the future control periods when such commercial rights shall start generating revenue on commencement of metro operations.

Thanking you,

Yours sincerely
For Mumbai International Airport Private Limited



Sanjiv Bhargava
Vice President - Regulatory

Encl. : As above



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in

CIN-U45200MH2006PTC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
HOSPITALITY
LIFE SCIENCES

Annexure 1

Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast

Passenger, ATM and Cargo Tonnage numbers for FY 15 are updated based on actuals. As earlier, 5 year CAGR is used for projecting the traffic from FY 16-FY 19. Updated 5 years CAGR of passenger traffic based on actual numbers of FY 15 is 7.73% for Domestic.

Based on updated 5 years CAGR, projected International passenger traffic growth is 6.78%. However, due to 4 international airlines discontinuing their operations recently from CSIA, and also due to growing International traffic at other cities because of grant of traffic rights from new point of calls, directly competing with CSIA, there is a drop in International traffic growth at CSIA. In FY 16 (upto July 15) there is substantial growth in International passenger traffic at other airports, while it was meagre 3.8% at CSIA, Mumbai. In view of the same projected growth is assumed to be at 3.8% and not 6.78% for International passengers.

ATMs

ATM numbers are projected to grow in line with past 5 years CAGR of domestic ATMs growing by 3.48% and International ATMs growing by 2.6% and accordingly revised projections are as under :-

Table: Passenger and ATM forecast

	FY 15 (Actual)	FY 16	FY 17	FY 18	FY 19
Passengers (in Millions)					
- Domestic	25.21	27.15	29.25	31.51	33.95
- International	11.43	11.86	12.31	12.78	13.27
Total	36.63	39.02	41.57	44.30	47.22
ATMs					
- Domestic	195,370	202,169	209,204	216,485	224,018
- International	74,086	76,012	77,989	80,016	82,097
Total	269,456	278,181	287,193	296,501	306,115



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 0900 / 6686 0901 F +91 22 6685 2059
www.csia.in

CIN-U45200MH2006PTC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
HOSPITALITY
LIFE SCIENCES

Telephone No. 24622495 telegraphic Address: Commercial: AIR CIVIL NEW DELHI Aeronautical: VIDDYAYX Email: dri@dgca.nic.in Fax:011-246292221	<u>GOVERNMENT OF INDIA</u> AERONAUTICAL INFORMATION SERVICES DIRECTOR GENERAL OF CIVIL AVIATION OPPOSITE SAFDARJUNG AIRPORT <u>NEW DELHI- 110 003.</u>	<div style="text-align: center;"> AIC SL. No. 6/2012 </div> <div style="text-align: center;"> 31st August, 2012 </div>
--	---	---

File No.9/18/2008-IR

This AIC is issued for dissemination of the decisions contained in the Ministry of Civil Aviation's letter No. AV. 29012/2/2002-AAI (Pt) dated 25th June, 2012.


(ARUN MISHRA)**DIRECTOR GENERAL OF CIVIL AVIATION**

EXEMPTION OF CATEGORIES OF PERSONS FROM LEVY AND
COLLECTION FROM DF/UDF/PSF AT INDIAN AIRPORTS.

In terms of Section 40 of Airports Authority of India Act, 1994, Airports Authority of India (AAI) and its lessees are hereby directed to exempt the following categories of persons from levy and collection of UDF/DF/PSF at all Airport and civil enclaves in the country:

- (i) Children (under age of 2 years),
- (ii) Holders of Diplomatic Passport,
- (iii) 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),
- (iv) Persons travelling on official duty on aircraft operated by Indian Armed Forces.

- (v) Persons travelling on official duty for United Nations Peace Keeping Missions.
 - (vi) 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 a transit passenger").
 - (vii) Passengers departing from IGI Airport, New Delhi, due to involuntary re-routing, i.e., technical problems or weather conditions.
-

Estimated Commercial Revenue - Metro station for 10 years from commencement of Operations

Category	No of Units/Shop	Area per Unit/Shop (Sqm)	Total Area (Sqm)	Per Sqft Revenue (Current)	Per Sqft Revenue pm (2021)	Revenue Yearwise															All Figures in lakh Rs.			
						2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030				
F&B Service	3	50	150	300	463	-	-	-	-	-	7	8	8	9	9	10	10	11	11	12				
Convenience & Book Store	1	50	50	500	772	-	-	-	-	-	4	4	5	5	5	5	6	6	6	6				
Electronic Accessories	1	50	50	400	617	-	-	-	-	-	3	3	4	4	4	4	4	5	5	5				
Mobile/Electronic Service Center	2	25	50	600	926	-	-	-	-	-	5	5	5	6	6	6	7	7	7	8				
Pharmacy	1	25	25	100	154	-	-	-	-	-	0	0	0	0	1	1	1	1	1	1				
Coffee Shop	1	100	100	200	309	-	-	-	-	-	3	3	4	4	4	4	4	5	5	5				
Bank/ATMs/Money Changer	1	50	50	650	1003	-	-	-	-	-	5	6	6	6	7	7	7	8	8	8				
Car Rental	1	25	25	650	1003	-	-	-	-	-	3	3	3	3	3	3	4	4	4	4				
			500			-	-	-	-	-	32	33	35	37	39	41	43	45	47	49				
					Weightage	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	0.35	0.32	0.29	0.26	0.24				
					Present Value	-	-	-	-	-	18	17	16	16	15	14	14	13	12	12				
					Sum of Present Value (2021-2036)	147																		

Commercial revenues from 2 stations

294