

- 61 -

F.No. AERA/20010/AAI/Chennai/2011-12
Airports Economic Regulatory Authority of India

Minutes of the Stakeholder Consultation Meeting held on 30.08.2012
(Consultation Paper No. 16/2012-13)

A Stakeholder Consultation meeting was convened by the Authority on 30.08.2012 at 1100 hrs. in the Conference Room, 1st Floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit views of the stakeholders on the Consultation Paper No. 16/2012-13 dated 23.08.2012 issued by the Authority setting out its tentative position in respect of the Multi Year Tariff Proposal and Annual Tariff Proposals in respect of Chennai International Airport, Chennai for the 1st Control Period (from 01.04.2011 to 31.03.2016). The list of the participants is enclosed at **Annexure – I**.

2. Chairperson, AERA welcomed the participants and requested Shri.V.P.Agrawal, Chairman, Airports Authority of India (AAI) to present the tariff proposals. Shri.V.P.Agrawal, thanked the Authority for the efforts taken in bringing out a comprehensive Consultation Paper regarding determination of aeronautical tariffs in respect of Chennai airport. He stated that while AAI had made a large investment at the Airport, only a reasonable recovery is being proposed so as to ensure that AAI gets returns on the investment made, which would be ploughed back into Chennai Airport. He further stated that the airport would be open for operations very shortly. He requested Shri Sudhir Raheja, Member (Planning), AAI and Shri S. Suresh, Member (Finance), AAI to make a presentation (copy enclosed at **Annexure – II**) on the technical and financial aspects of the project.

3. Shri Raheja made a detailed presentation indicating the physical features of the airport, the additional features of the terminal building at the airport and the components of project cost. He also stated that in terms of total cost per million passenger per annum (mppa) and per Sq. mts of Gross Floor Area, the Chennai project Cost is amongst the lowest across the world. While stating that the terminal building has been completed and is ready for commissioning, he also mentioned the impediments faced during various phases of construction of the domestic and international terminal building, including the challenges faced while constructing the bridge over Adyar River. He also informed that the existing domestic terminal building will be refurbished in future and will be made ready for operations in due course. It was stated that in the new integrated terminal building, they have implemented the concept of Value Engineering and it is GRIHA-3 certified (Green Rating for Integrated Habitat Assessment), a National Rating, conceived and developed by the Ministry of New and Renewable Energy, Government of India.

4. Shri S.Suresh, Member (Finance), presented the financial details of the tariff proposal in respect of Chennai airport made by AAI indicating the key points in the Consultation Paper. He stated that the last revision in tariffs at Chennai airport was done the year 2001 and thereafter, after a gap of 8 years rates of Landing, Parking and Housing Charges were increased marginally by 10% in March, 2009. Further, the rate of Passenger Service Fees (Facilitation Component) was last revised only marginally by 10% in April, 2009. He further emphasized that the proposed revision in tariff sought by AAI is reasonable as

compared to the increase in inflation over the period 2000 to 2011. The modernization of the terminal buildings at Chennai airport has resulted in huge capex being incurred. In view of the same, AAI had no option but to propose revision of the tariffs in accordance with the current economic scenario. However, he stated that there would not be any increase in the Cargo tariffs during the current control period as AAI intends to encourage the trade and is inclined to make Chennai Airport as a hub for cargo.

5. **Federation of Indian Airlines (FIA):** FIA representative stated that the time granted by Authority for submission of the comments is short and requested extension of time for the same. FIA also sought clarifications on the project cost (of Rs. 2,015 crore) and the cost considered by the Authority (Rs. 2,862.71 crore) for the current tariff determination process. FIA also sought clarification on the Initial RAB considered by the Authority and WACC @ 15% for AAI, as against 10.33% considered for Delhi International Airport Limited (DIAL) during the aeronautical tariff determination for IGI Airport, New Delhi. Regarding, fuel throughput Charges, FIA queried about the reason for increase. Further, FIA also enquired if the Authority had already approved the revision in aeronautical charges proposed by AAI in their tariff card.

6. **International Air Transport Association (IATA):** The IATA representative also requested extension of time for submission of comments on the Consultation Paper No.16/2012-13 and referred to the time lines given in the ICAO Doc 9082. IATA also endorsed the views of FIA in respect of Project Cost and WACC. He referred to the Authority's Consultation Paper No.03/2009-10 stating that the Authority had noted therein that it understood that AAI has a relatively low level of gearing, and in normal circumstances, the evidence from capital structuring decisions in the commercial sector for infrastructure businesses indicates that a low level of gearing would be considered inefficient. IATA also commented on the disparity in the landing rates for International and domestic flights when the Runway, and other facilities used by both are same. Similarly, IATA also stated that there should not be any disparity in the rate for UDF of International and domestic passengers. As regards the revision in the Fuel Throughput charges, IATA stated that Fuel Throughput is not cost related and hence they are not in favor of annual revision of 5% as proposed in the consultation paper.

7. **Lufthansa Airline:** The representative from Lufthansa Cargo pointed out that there has been a constant increase in the Cargo Tariff rates at Chennai Airport but the facilities and level of quality of service are not commensurate with the revision in tariff. He also stated that the 118% increase in International Landing rates is unreasonable. With the proposed increase in tariff(s), he stated that cost of operations of Cargo flights at Chennai Airport will also increase and most of these flights, which are transit flights, will have to reconsider their operations and schedules. The representative mentioned that they have stopped their operations from Hyderabad and Kolkata airports due to low yield and Chennai is a critical airport for them. He suggested that the Cargo Aircraft(s) should be given concessions by maintaining the old rates.

8. **Air India:** Air India's representative sought for additional time for furnishing the comments to the Consultation Paper. He also stated that the revision in charges proposed will increase the cost of operation for Air India.

9. **Singapore Airlines:** The representative of Singapore Airlines stated that while they can accept a moderate increase, the hike of 118% in landing charges proposed at Chennai Airport is not reasonable. He also stated that levy of UDF should not be made effective from retrospective date to avoid chaos and delay in operations due to collection of UDF at the Airport counter.

10. **Malaysian airlines:** The representative endorsed the views of Singapore Airlines. He also stated that they are in the process of adding flights to Chennai, considering that there is ample scope in South India. However, with the revision in charges and steep hike in tariffs, they have to revisit their decision of expansion.

11. **Interglobe:** The representative of Interglobe stated that Interglobe endorses the views expressed by FIA and that Interglobe's comments will be forwarded through FIA.

12. **Blue Dart Aviation:** The representative of Blue Dart Aviation endorsed the views of Lufthansa Cargo and stated that the detailed comments of Blue Dart Aviation will follow in due course.

13. The representatives of the three Oil Marketing Companies Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL), sought additional time for responding to the Consultation Paper and requested that any revision in the Fuel Throughput charges should be made effective only from prospective date and not retrospectively. Further, they also requested Chairman AAI to implement the Fuel Hydrant System at Chennai Airport.

14. On the issue of Chennai's project cost Chairperson, AERA clarified that the Authority has considered the project cost of Rs. 2,015 crore approved by the Ministry of Civil Aviation (MoCA) - which predate formation of AERA and should normally be considered as appropriate. Further, there were additional capital expenditures to the tune of Rs. 847.71 crore during the current control period. This was approved by the relevant competent authorities as necessary expenditures. Hence, the Authority had considered these to be included in the project cost. He further clarified that the initial RAB considered by the Authority for the current tariff determination is Rs.343.52 crore based on the AAI's accounts at the beginning of the current control period.

15. As regards WACC of 15% considered for Chennai Airport, Chairperson stated that the Authority has determined the same, the methodology of which has been explained in detail in the Consultation paper. Further, he stated that in the case of DIAL there were interest free components in the Capital Structure and there was a high portion of loan, while in the case of AAI there is preponderance of equity in its capital structure. Chairperson also clarified that in the Consultation paper the Authority has noted that in order to moderate aeronautical charges, effort should be made to move towards efficient debt-equity ratio with higher proportion of debt and that AAI would be in a position to obtain higher levels of debt and thereby lower its overall cost of capital i.e., WACC, resulting in lower aeronautical tariffs. He also stated that the Authority had indicated in its IGI Airport Aeronautical Tariff Determination Order that the proportion of debt of around 60% in the capital structure could be regarded as an efficient means of finance and this appears to strike a reasonable balance between moderating WACC and not, at the same time, exacerbating the financial

risk on account of higher proportion of debt. He further stated that in the Consultation Paper the Authority has noted that moving towards the efficient debt equity structure would take time and that the Authority would thus revisit this issue at the time of tariff determination for the next control period and make appropriate decisions.

16. In response to the observations made by IATA, Chairperson clarified that the differentiation in International and Domestic operations occurs across the world and also requested the stakeholders to furnish their views on what should be the correlation between the airline related charges (landing, parking etc) and passenger related charges (UDF, DF, PSF) as also the distribution of UDF levy, between the domestic and international passengers. Chairperson further clarified that the determination in respect of Chennai Airport has been made on the basis of the Regulatory building Block methodology as envisaged in the Airport Guidelines issued on 28.02.2011. As regards the issue of Fuel Throughput charges, Chairperson stated that there is difference in its treatment in ICAO documents. At one place, ICAO seems to treat it as related to business valuation; though the service is also stated to be in the nature of aeronautical service. In the Indian context a business valuation would mean determining the market price through tender and in the instant case AAI has determined these charges through an open and competitive tendering process.

17. As regards the Consultation period, Chairperson referred to ICAO Doc 9082 and stated that when a revision of charges or the imposition of new charges is contemplated by a service provider appropriate notice should normally be given to users or their representative bodies, at least four months in advance (which includes consultation) and in the instant case sufficient time has been given in the consultation paper itself for date of implementation of such revision in charges. Further, he also clarified that extension of time for consultation may delay the implementation of the charges which would also mean that the hike required at Chennai Airport would increase further due to the reduced recovery period. He also requested the Airlines to find a better way of implementing new levies like UDF in the passenger tickets from the date of implementation itself so that the passengers are not put to any inconvenience at the airport.

18. Thereafter, Chairman AAI stated that they're working towards facilitating smooth cargo operations. He informed that AAI will soon implement inline Baggage system - in both Domestic and International, keeping in view the BCAS norms. Regarding Old Terminal Building, he stated the old building structure at the airport will be refurbished and re-commissioned. He further explained that AAI being the largest Airport operator, they have to sustain the viability of operations at various small airports across the country and hence the surplus generated from major airports may be used in other airports.

19. In his concluding remarks, Chairperson, AERA thanked all the stakeholders for their active participation and requested them to furnish their comments/views on the Consultation Paper No 16/2012-13 dated 23.08.2012.

Annexure - I

List of Participants :

Airports Economic Regulatory Authority of India :

1. Shri Yashwant S. Bhawe, Chairperson - in Chair
2. Shri M.P. Vijayakumar, Member
3. Capt. Kapil Chaudhary, Secretary
4. Shri C.V. Deepak, OSD-II
5. Mrs. Radhika R., DGM
6. Shri A.B. Saxena, AGM
7. Shri R.K. Gupta, AGM (F)
8. Shri S. Dey, AGM (F)
9. Shri. Dheeraj Khanna, Manager (Finance)
10. Shri Prashant Rastogi, Under Secretary (Admn.)
11. Shri Naresh Kumar Jain, DDO/Manager (Finance)
12. Ms. Poonam Wadhwa, Sr. Supdt. (Finance)

Airports Authority of India (AAI)

13. Shri V.P.Agrawal, Chairman
14. Shri Sudhir Raheja, Member (Planning)
15. Shri R. Shankar, ED(Finance)
16. Shri Harpal Singh, ED(Engg.)
17. Shri D.P.Singh, ED(CPMS)
18. Shri Suresh, APD Chennai
19. Shri Ravi Varma, General Manager-Finance
20. Shri Girish, General Manager (Cargo)
21. Shri P.K.Ratti, General Manager (Cargo)
22. Shri Kuppulingam, Jt. GM(Finance)

Air India Ltd. :

23. Shri Prabhat Mukherjee, General Manager (Finance)

InterGlobe Aviation Limited (IndiGo) :

24. Shri Praveen Gupta, Deputy General Manager – Corporate Affairs

International Air Transport Association (IATA)

25. Shri. Malvyn Tan, Assistant Director

Lufthansa

26. Shri. Sadik Elmas, Director Operations & Airport Services South Asia
27. Smt Sarika Gandhi, Manager – Legal, South Asia
28. Shri Pervaiz Alamgir Khan, Station Manager (Delhi)

Lufthansa Cargo

29. Shri Vipin Jain, Regional Manager Logistics, South Asia & Middle East

Malaysia Airlines

30. Shri Mohamed Sathik Ali, General Manager

31. Shri Dhiraj Wadhwa, Station Manager (Delhi) Chief Security Officer (India)

Singapore Airlines

32. Shri Paul Dorai Raj, Manager Northern India

33. Shri Bibhash Ghosh, Assistant Station Manager Delhi

Federation of Indian Airlines (FIA)

34. Shri Ujjwal Dey, Senior Executive Officer

35. Shri Janmali G.R. Manikala

Blue Dart Aviation Limited

36. Shri Arun Ahlawat, Senior Manager – Corporate Affairs and Policy

Bharat Petroleum Corporation Limited

37. Shri Ashok D. Jadhav, Chief Manager – Aviation

38. Shri Sujit Kumar, Sr. Manager Business Information – Aviation

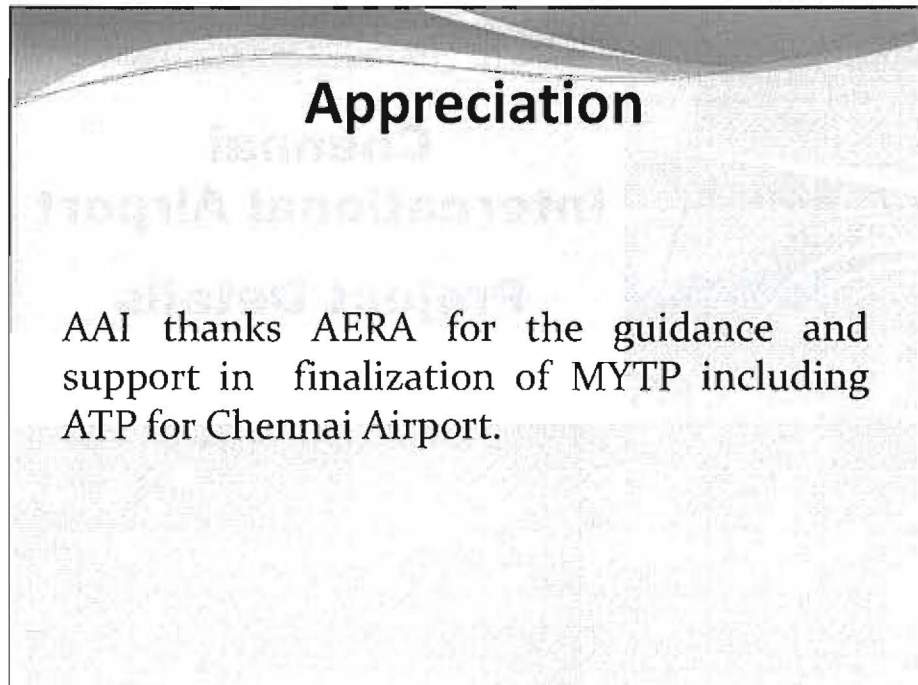
Indian Oil Corporation Limited

39. Shri Shailesh Dhar, Sr. Manager (Aviation)

40. Shri Ashutosh Chopra, Sr. Manager (Aviation) NR

Hindustan Petroleum Corporation Ltd. (HPCL)

41. Shri J.S. Khaney



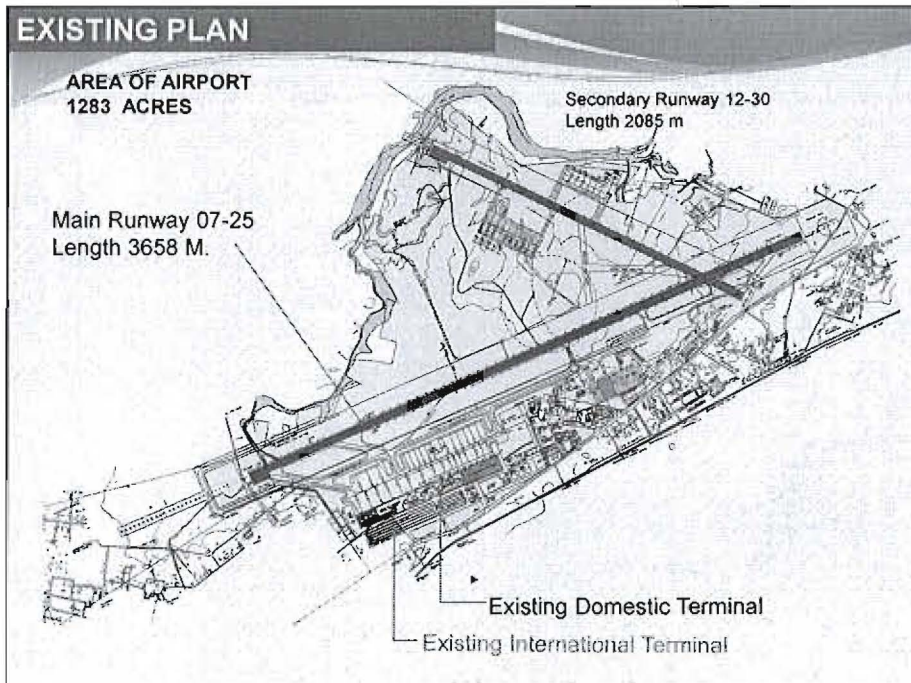
Agenda

Modernisation and up-gradation of Chennai Airport

- Details of Project
- Project Cost and benchmarking
- Multi-Year Tariff Proposal & Annual Tariff Proposals

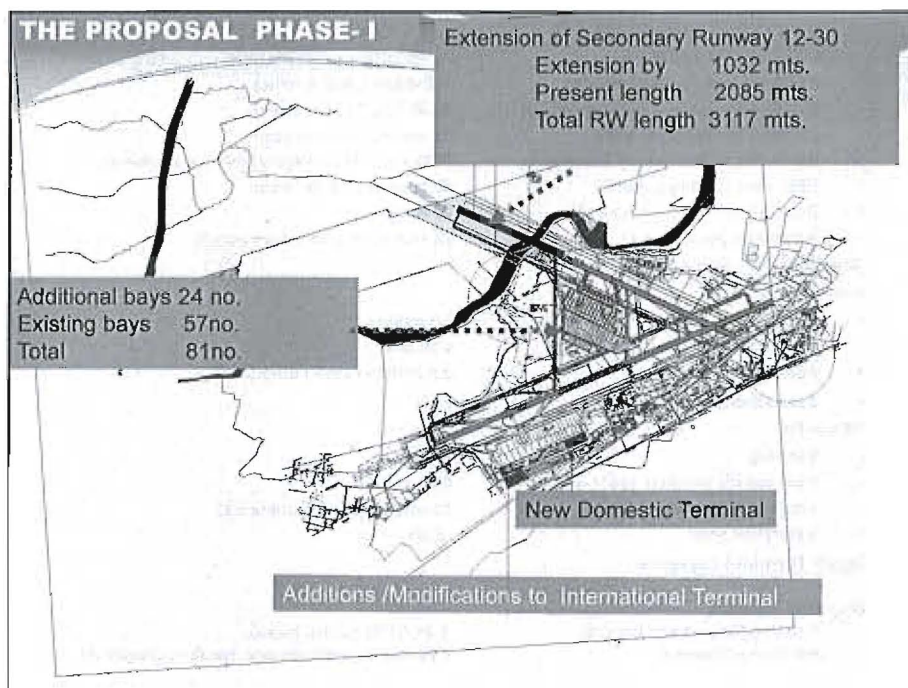


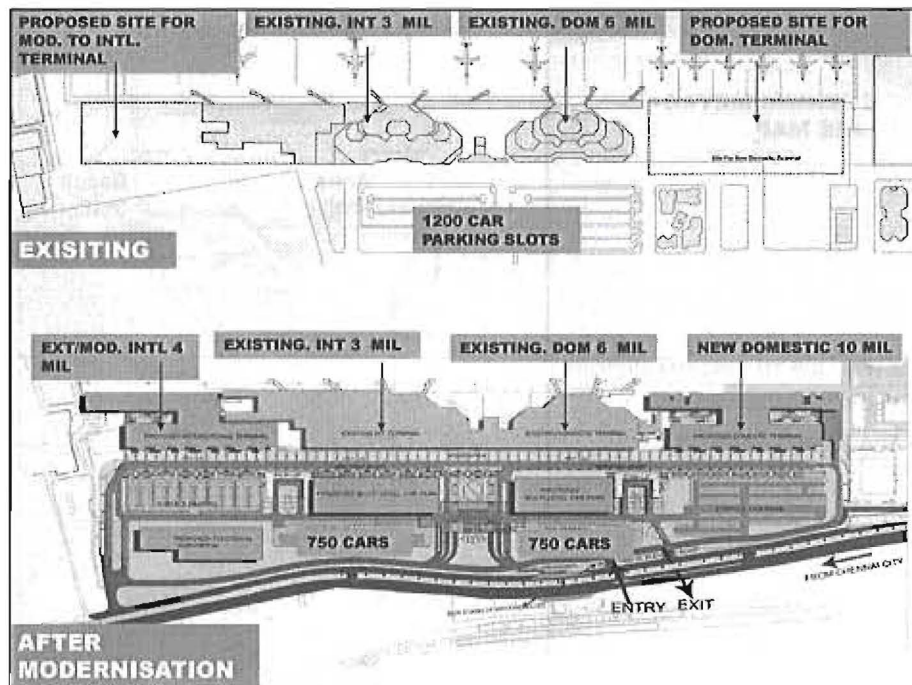
Runway and Apron capacity	
• Existing main Runway length	11998 feet (3658 meters)
• Existing Secondary Runway length	6840 feet (2086 meters)
• Existing handling capacity	30 movements per hour
• Extension of Secondary Runway by	3386 feet (1032 meters) (work completed)
• Ultimate handling capacity	40 movements per hour
• Existing Aircraft parking bays	57 numbers
• Additional bays	24 numbers (work completed)
Terminal building capacity	
International	
• Existing	3.0 million
• Passengers handled (2011 – 12)	4.30 million
• Additional planned	4.0 million (work completed)
• Saturation year	2017
Domestic	
• Existing	6.0 million
• Passengers handled (2011 – 12)	8.61 million
• Additional planned	10 million (work completed)
• Saturation year	2021
Cargo Terminal capacity	
Integrated Terminal	
• Existing (Export and Import)	3.25 lakhs metric tonnes
• Additional planned	7.75 lakhs metric tonnes (work in progress)

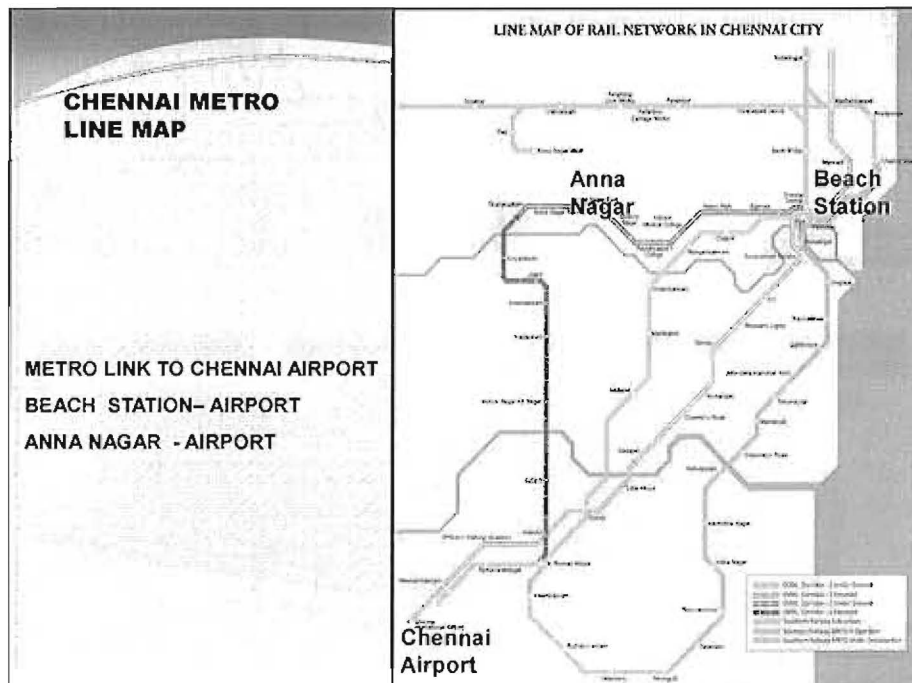
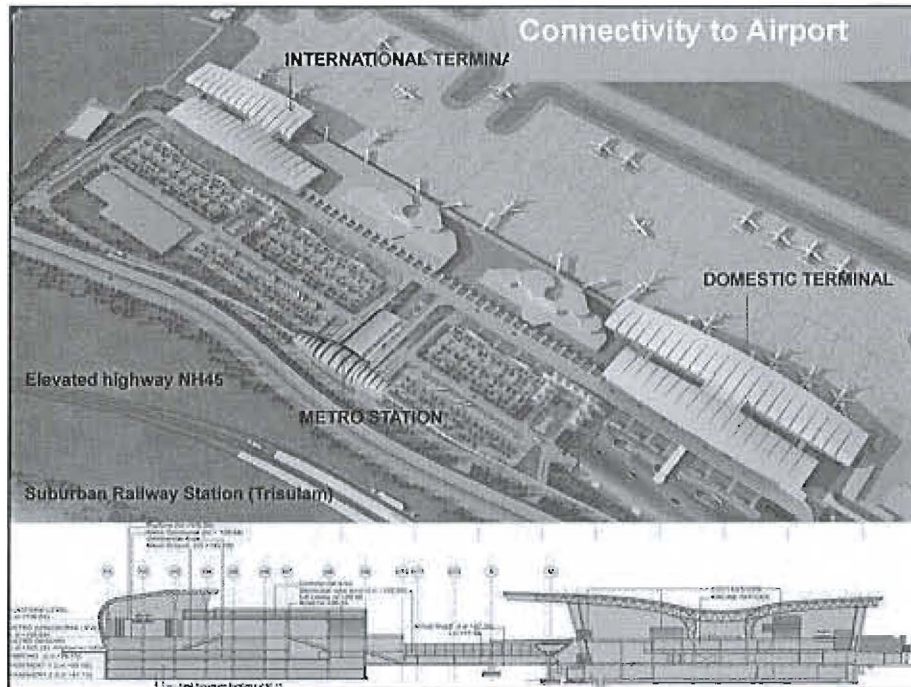


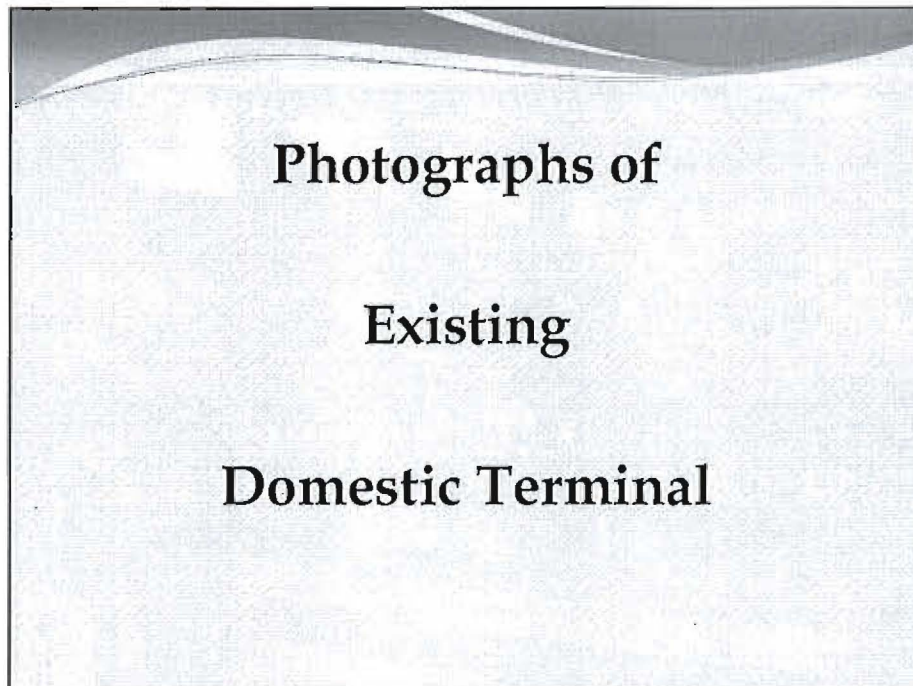
70

04-09-2012













Runway and Apron capacity (Air Side)	
Existing main Runway length	11998 feet (3658 meters) Capable to handle 'E' type of Aircraft
Existing Secondary Runway length	6840 feet (2085 meters)
Existing handling capacity	30 Aircraft movements per hour
Extension of Secondary Runway/ Ultimate length	3117feet (1032 meters) /9957 feet (3117 meters) Capable to handle 'D' type of Aircraft
Ultimate handling Capacity	40 Aircraft movements per hour
Existing Aircraft parking bays	57 numbers
Additional bays	24 numbers

76

Domestic Terminal Salient Features			
Facilities	Existing	Expansion & Modernisation	Total (after expansion & modernisation)
Area	19,250 Sqm	72,614 Sqm	91,864 Sqm
Annual Passenger Capacity	6 Million	10 Million	16 Million
Peak hour Capacity	2060 Passengers (9.35 sqm per Pax.)	3300 Passengers (22 sqm per Pax.)	5360 Passengers
Aerobridges	3 Nos.	7 Nos.	10 Nos.
Check-in Counters	53 Nos	52Nos.	105 Nos.
Baggage Conveyor Belts	4 Nos	4 Nos	8 Nos.

New Int'l Terminal Salient Features			
Facilities	Existing	Expansion & Modernisation	Total after Expansion & Modernisation
Area	42,300 Sqm	60,528 Sqm	1,02,828 Sqm
Annual Passenger Capacity	3 Millions	4 Millions	7 Millions
Peak hour Passenger Capacity	2150 Pax. (20 sqm per Pax.)	2300 Pax. (26.50 sqm per Pax.)	4450 Pax.
Aerobridges	5 Nos.	3 Nos.	8 Nos.
Check-in Counters	43 nos.	52 Nos.	95 Nos.
Baggage Conveyor Belts	4 Nos	3 Nos.	7 Nos.
Immigration/Customs counters (Arrival)	20/16 Nos.	18/10 Nos.	38/26 Nos.
Immigration/Customs counters (Departure)	16/3 Nos.	18/4 Nos.	34/7 Nos.

Cargo Terminal Capacity

INTEGRATED TERMINAL	EXISTING	ADDITIONAL CAPACITY	TOTAL
Export and Import	3.25 lakh metric tonnes	7.75 lakhs metric tonnes	11 lakh metric tonnes

Photographs of

Domestic Terminal -2

after completion

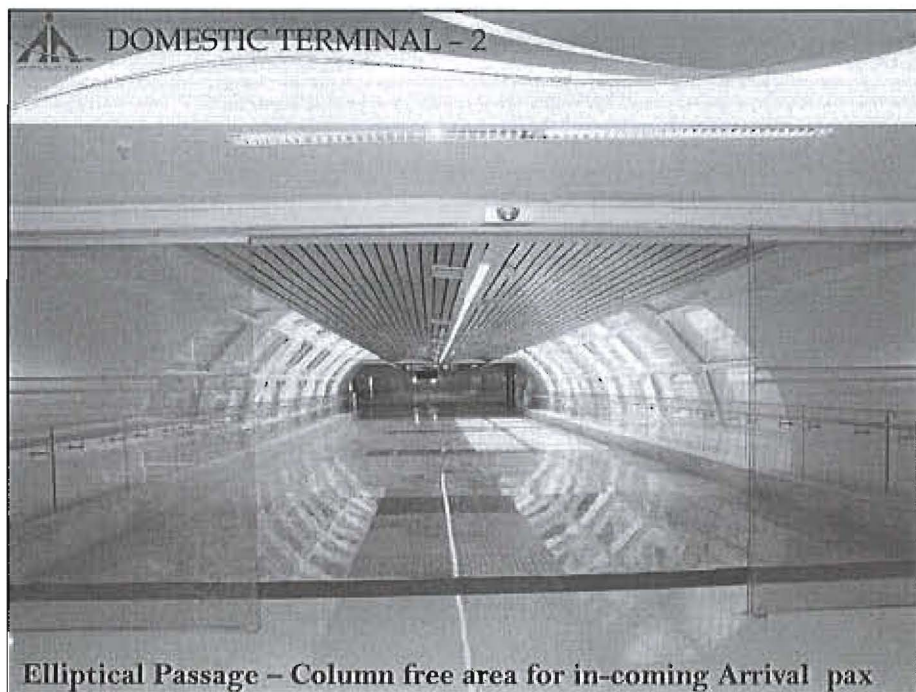
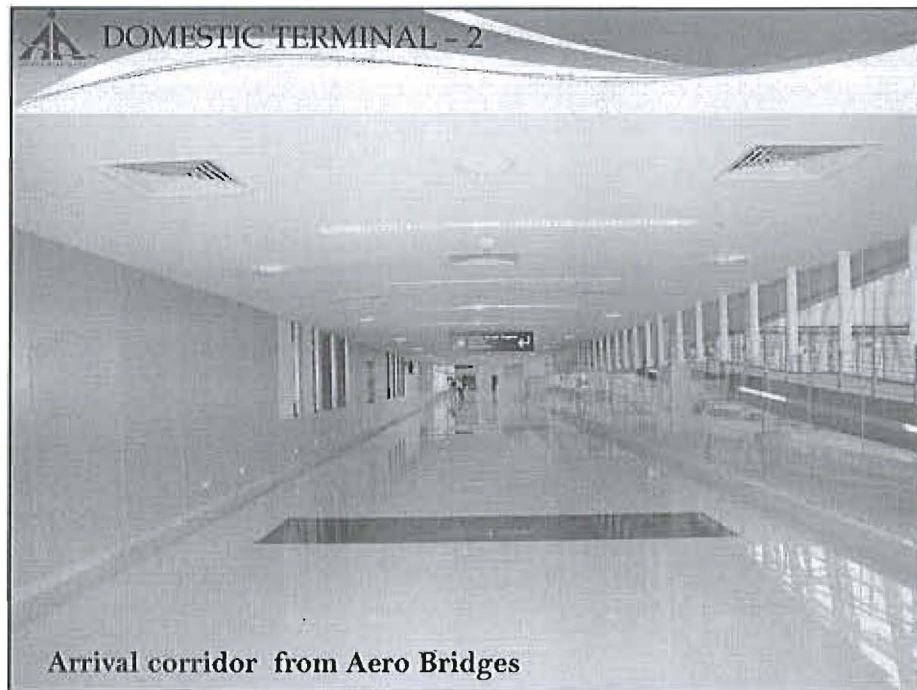


DOMESTIC TERMINAL-2
City-side view

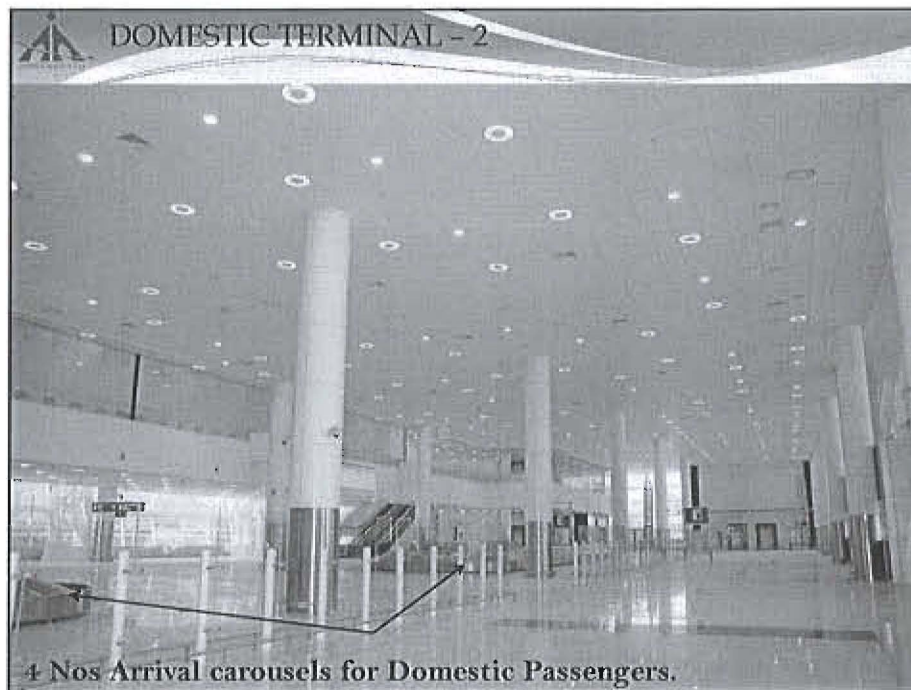
The new Domestic Terminal is a twin wing-like hovering roofs providing 300-meter long, column free space. This Building, is a 5-level structure having an total area of 72614 sqm & 7 nos of Aerobridges. The capacity of the new Terminal building is 10 Million passengers per annum corresponding to a Peak Hour passenger handling capacity is 3300 pax.



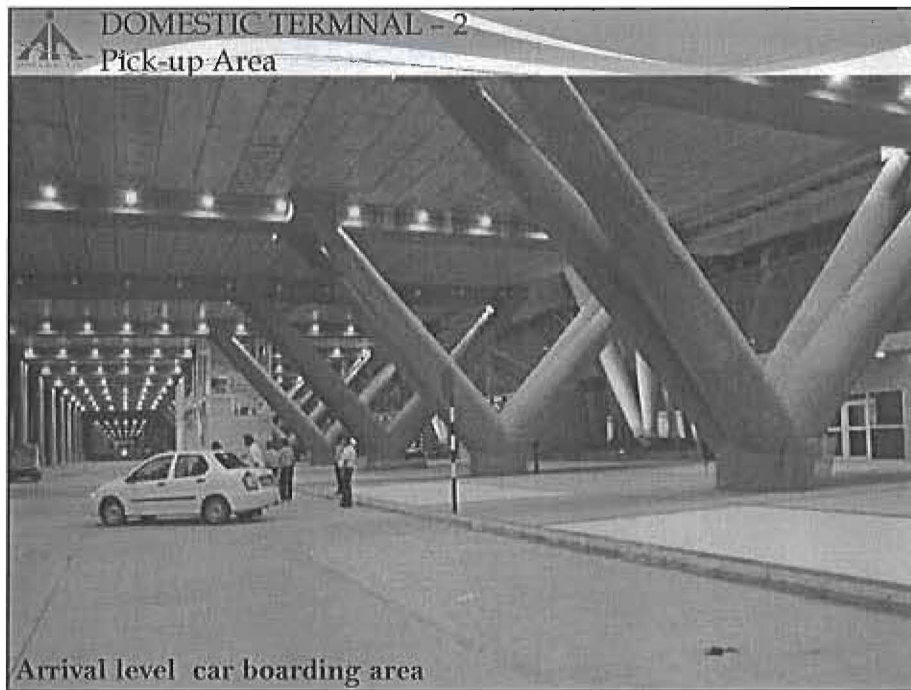
Departure Level Check-in area



- 80 -



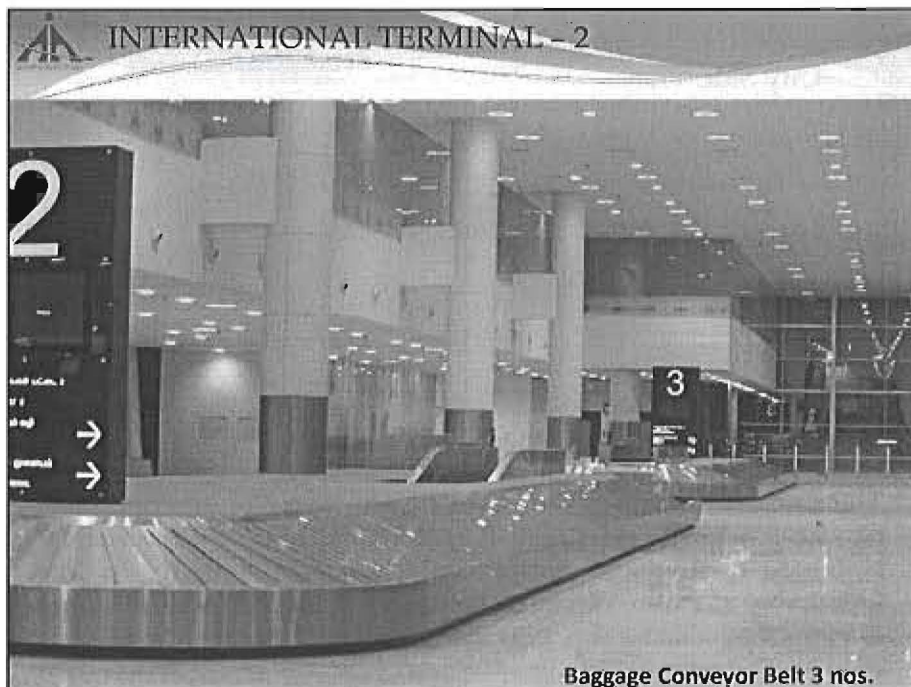


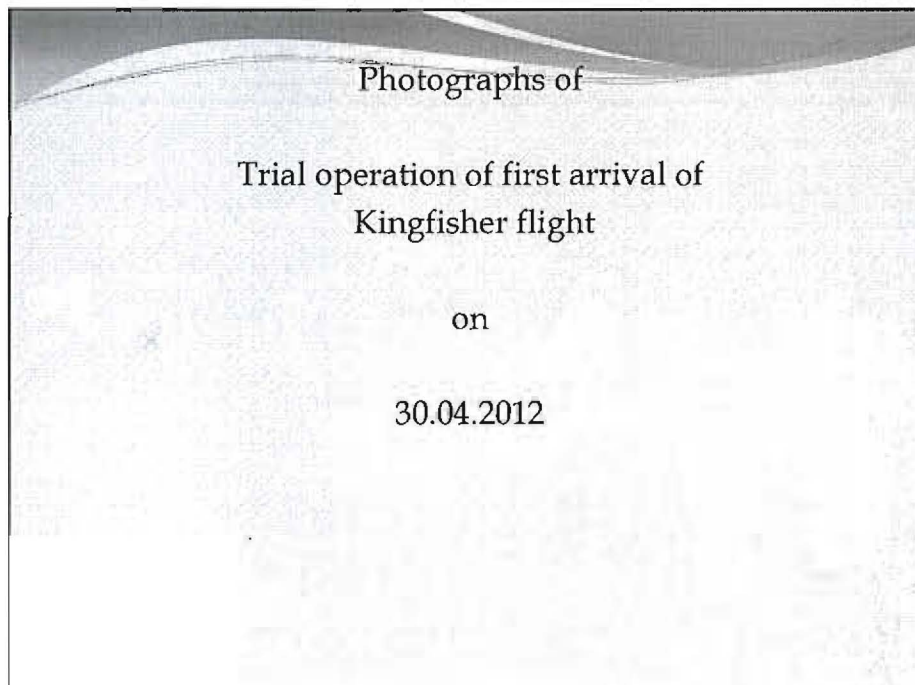
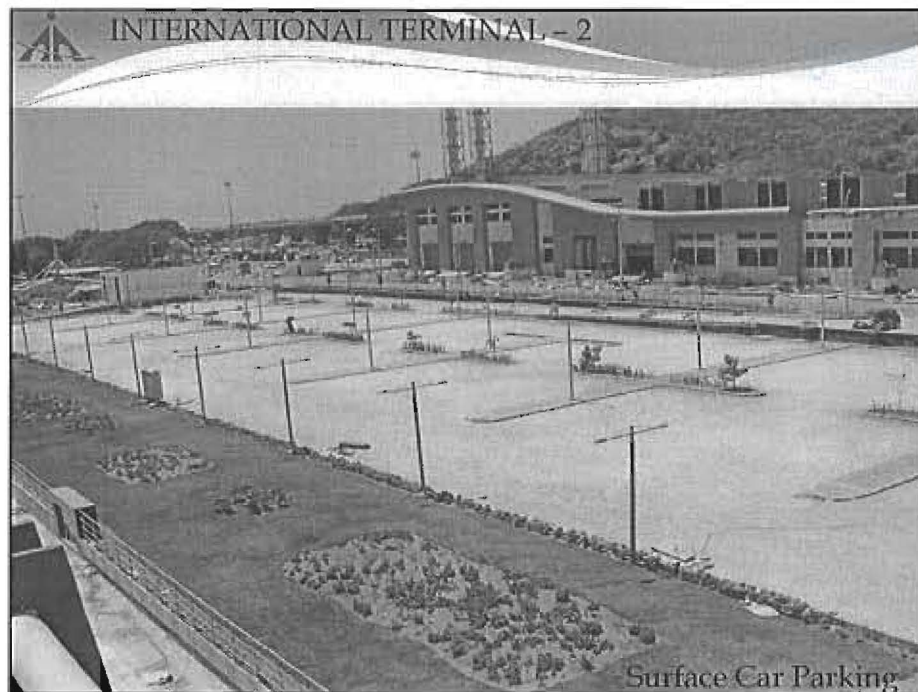


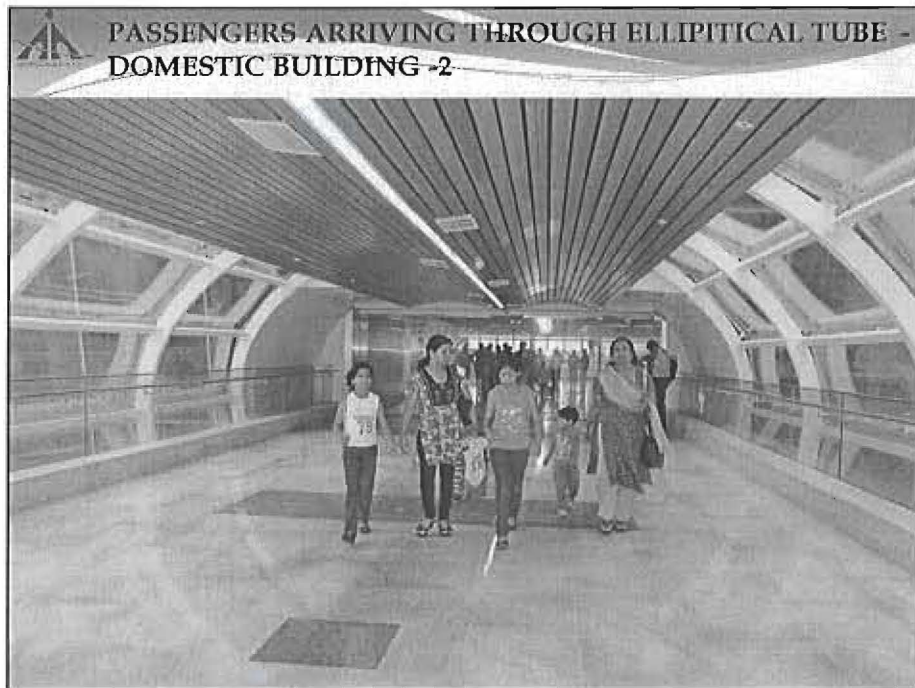
Photographs of International Terminal -2 after completion



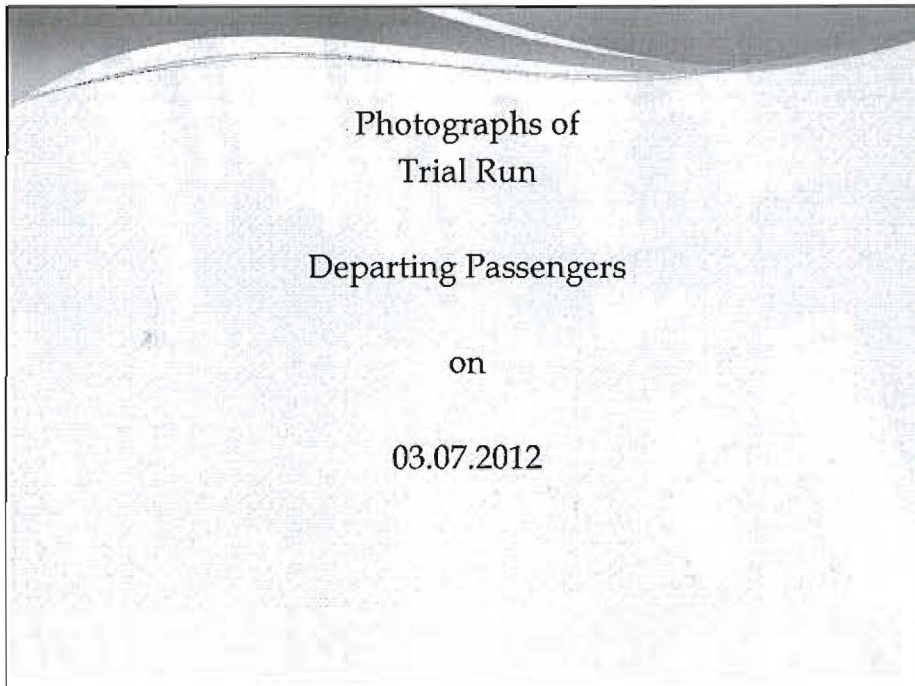
The new International Terminal is a twin wing-like hovering roofs providing column free space. This Building, is a 5-level structure having an total area of 60528 sqm & 3 nos of Aerobridges. The capacity of the new Terminal building is 4 Million passengers per annum corresponding to a Peak Hour passenger handling capacity is 2300 pax.





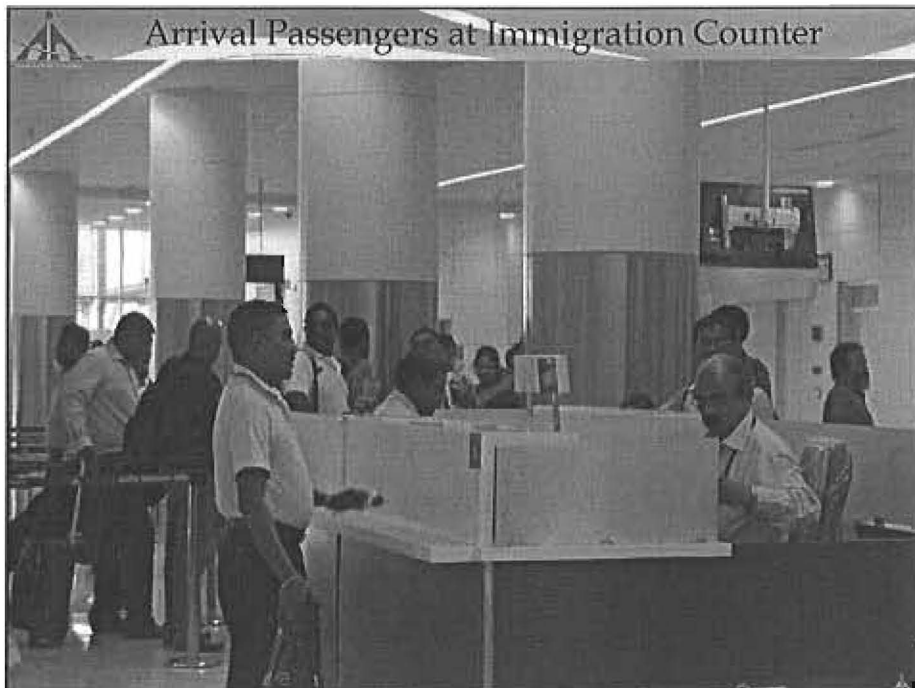


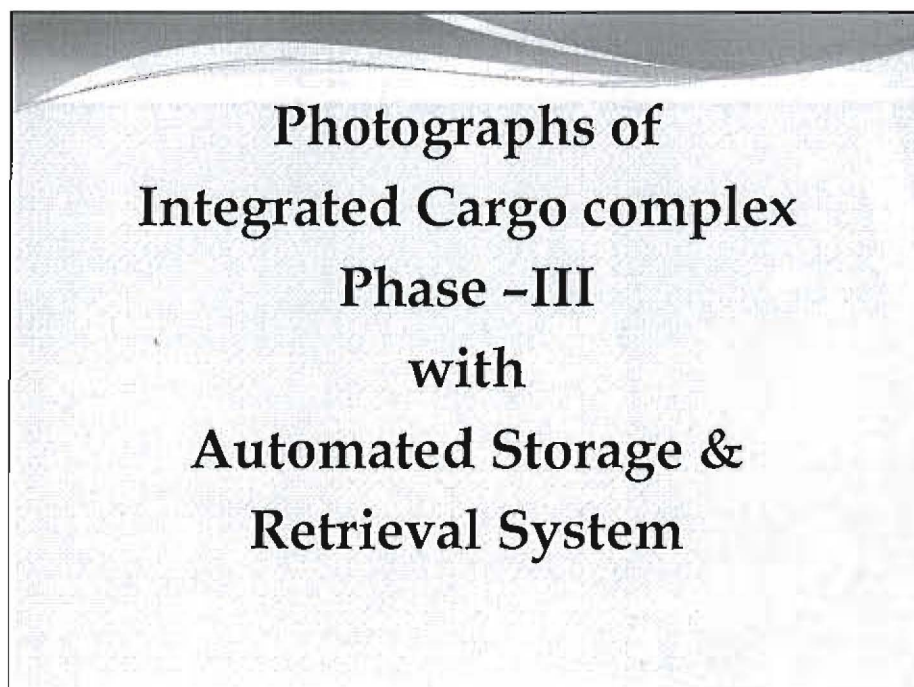
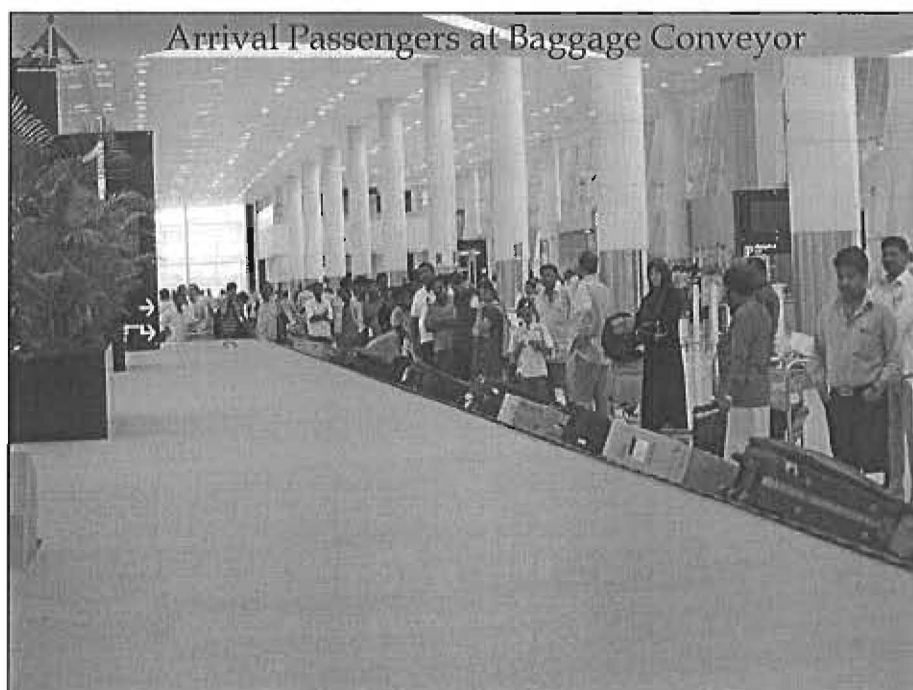
87 -

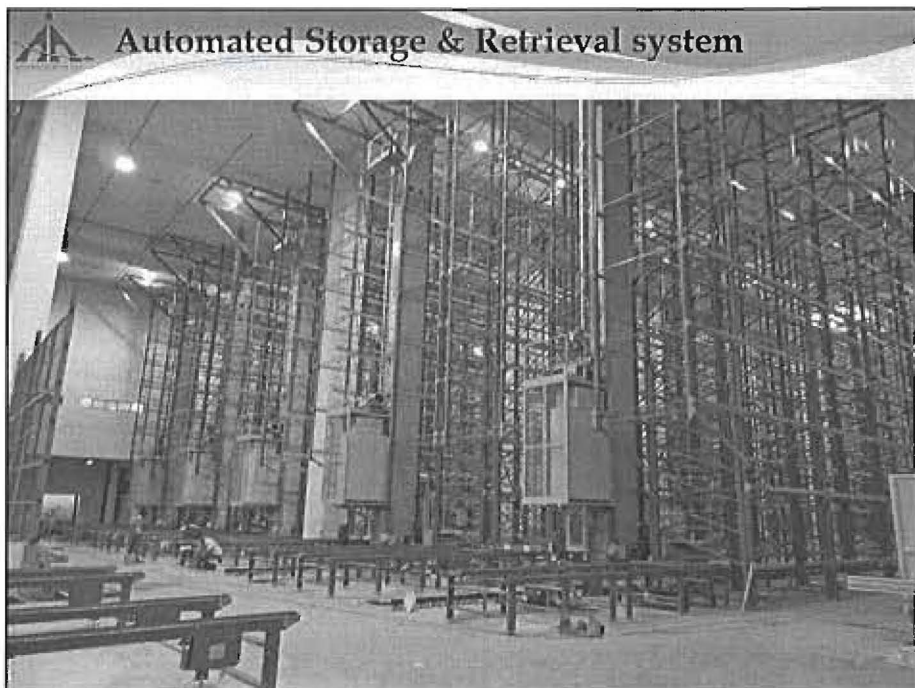
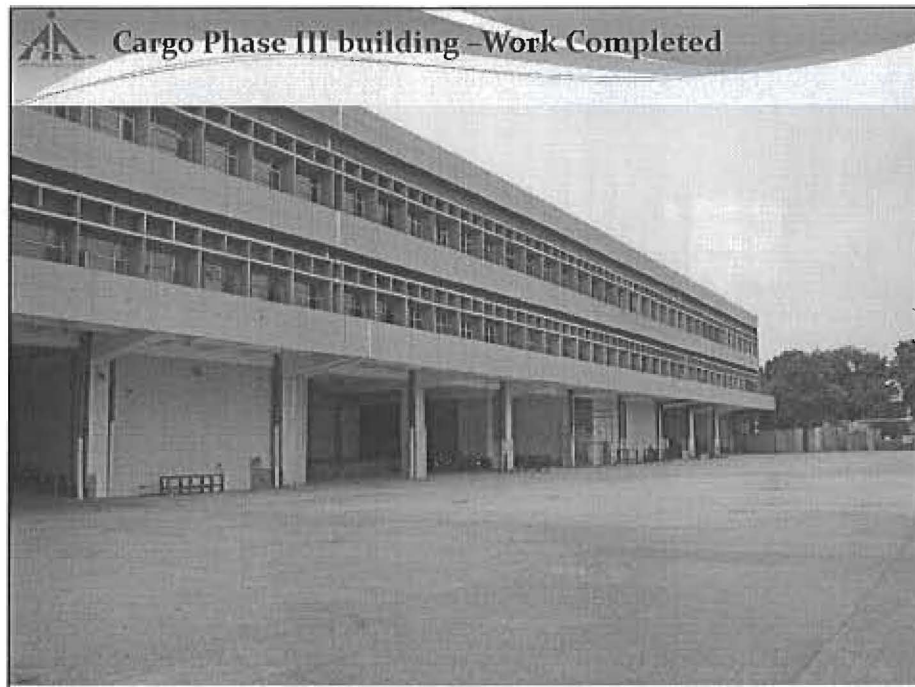


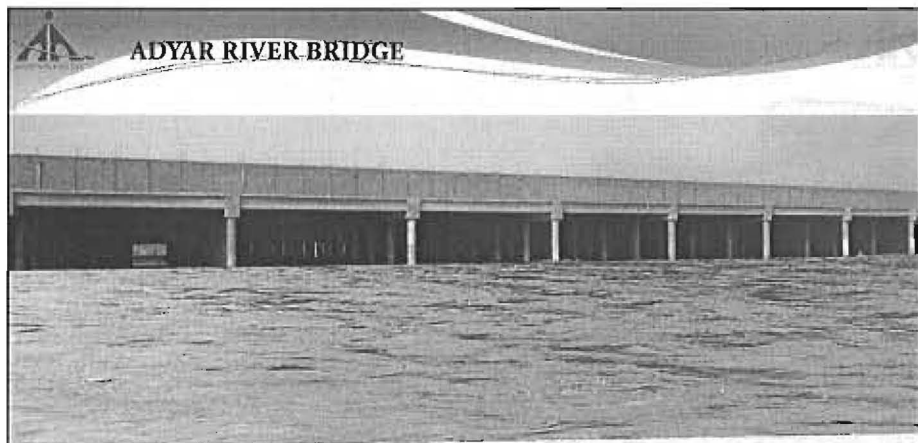
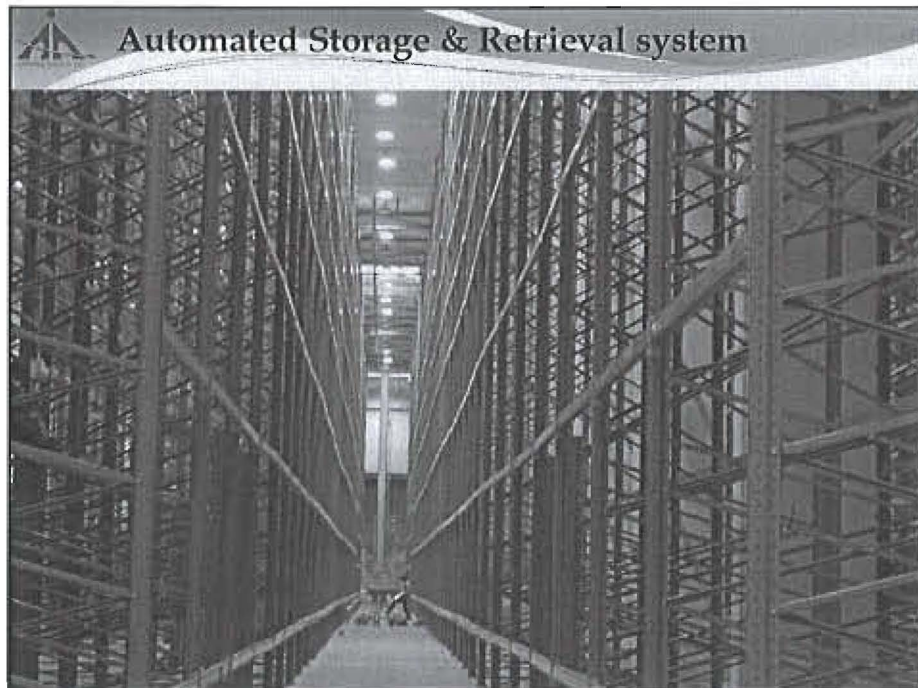






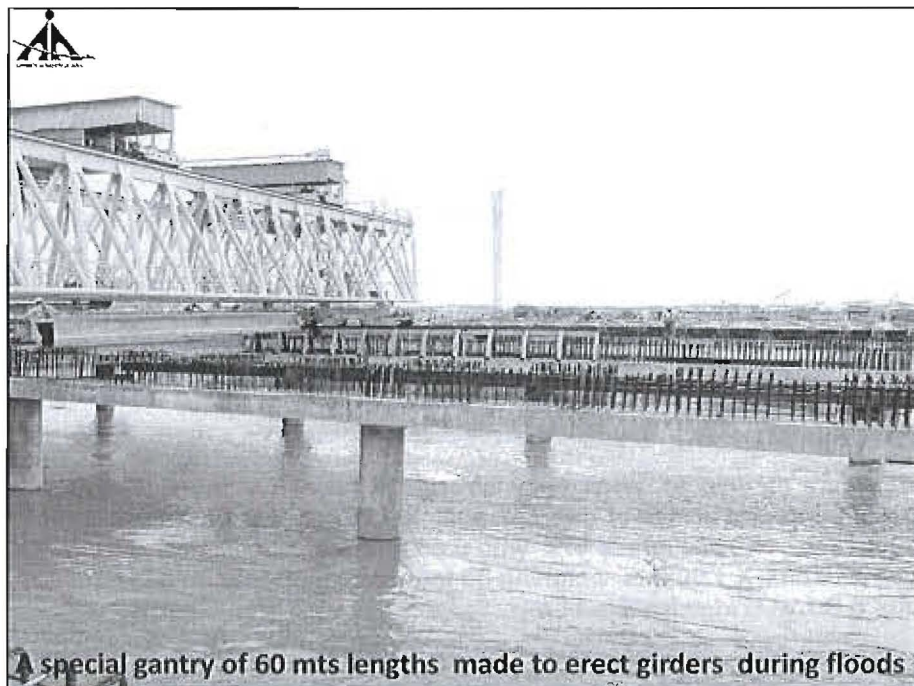
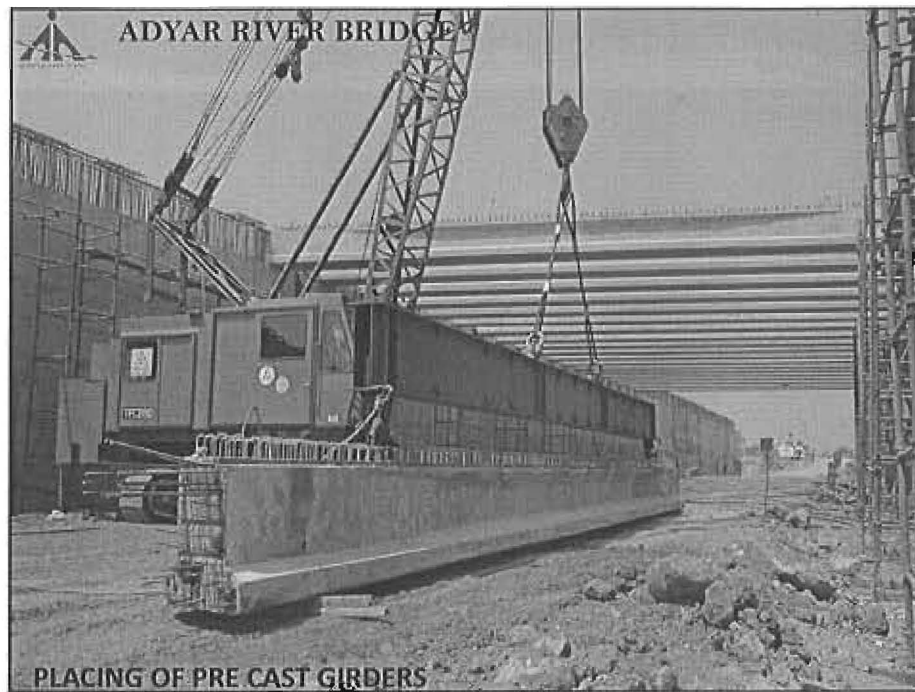


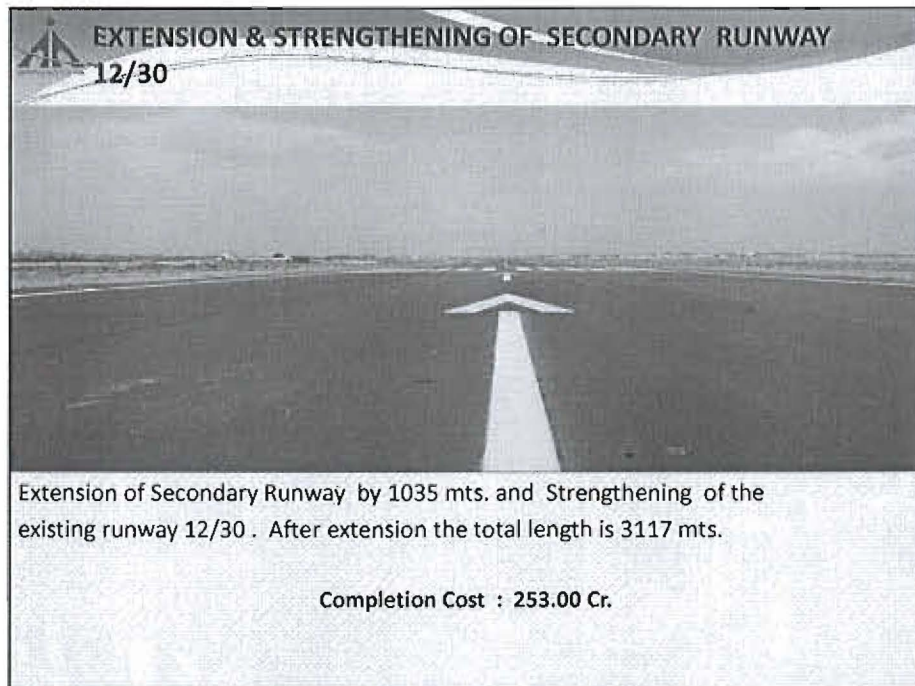


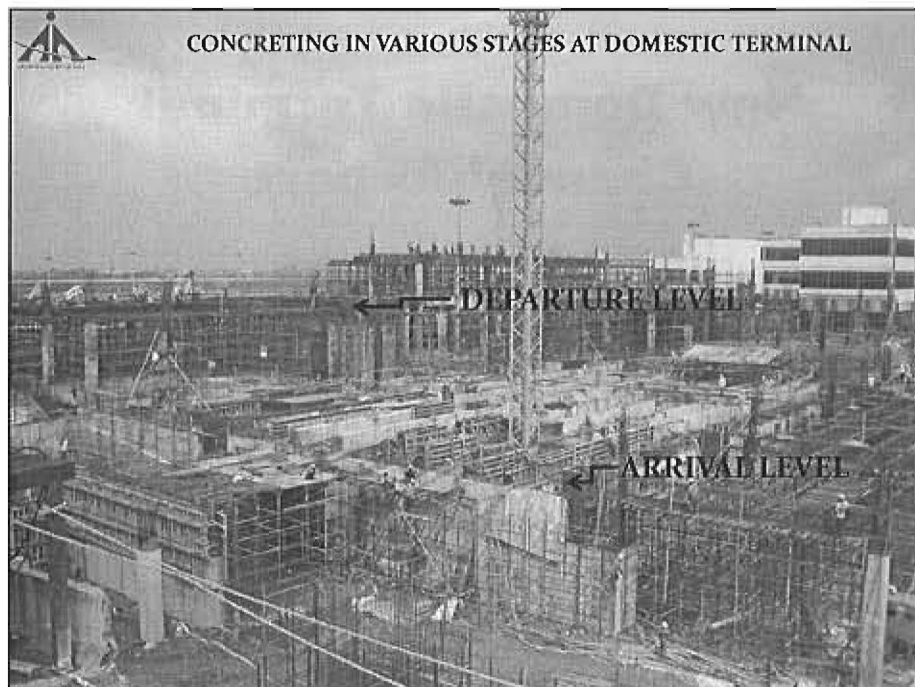


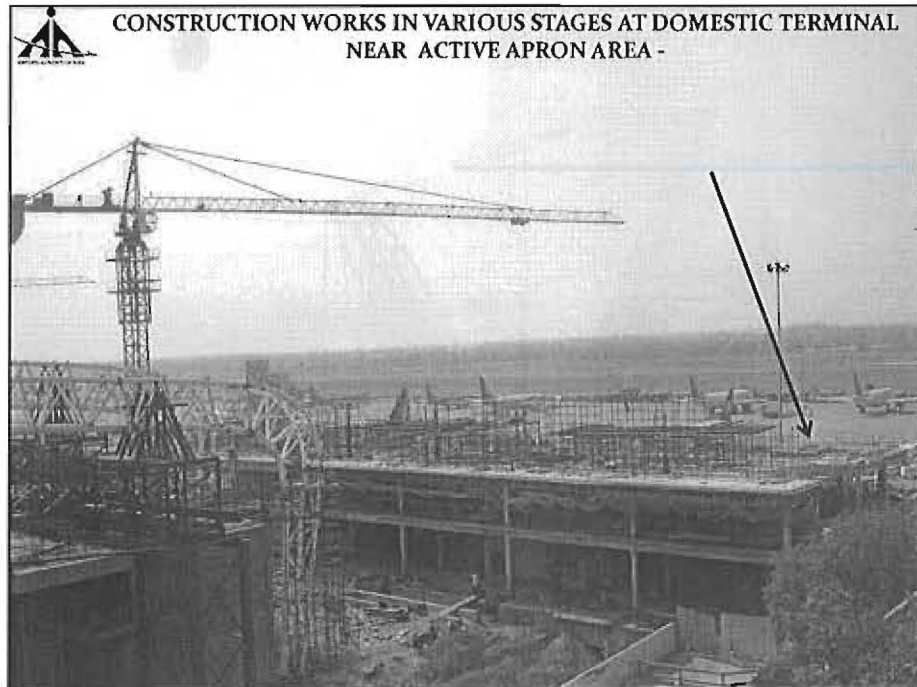
Maximum loading of Wide body aircraft is taken for the full strength design. Integral bridge of size 447.50m X 200 m with about 10 spans of 20m each . No. of Piers is 477 with 0.85 mts dia. No. of 'I' Girders 2410 of 19.10 mts X 1.00 mts weighing 30 tonnes. R.L at river bed level is 4.4 mts & R.L at bridge level is 11 mts.

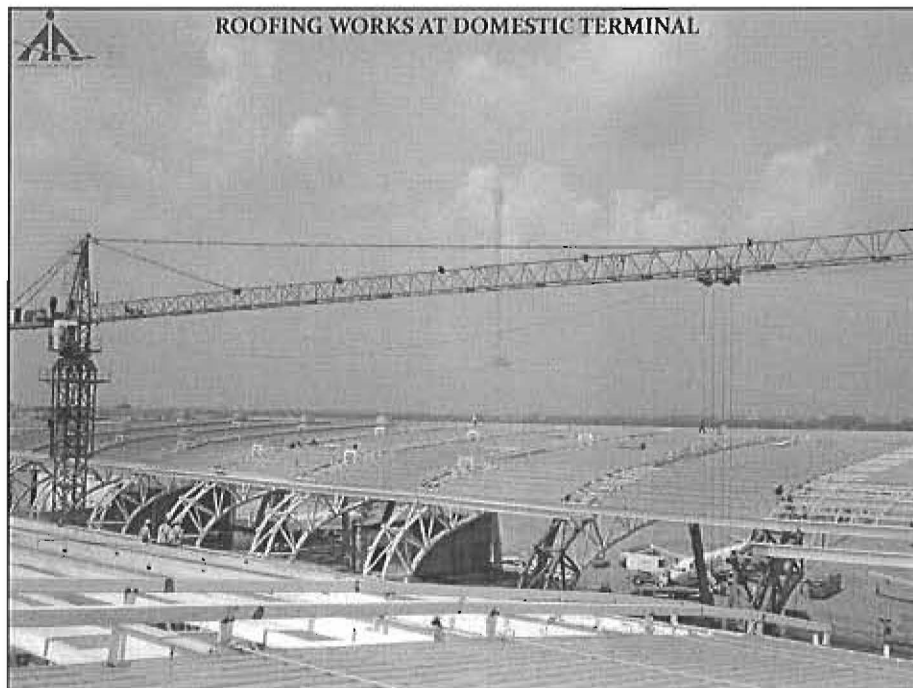
Completion Cost Rs. 212.00 Cr.

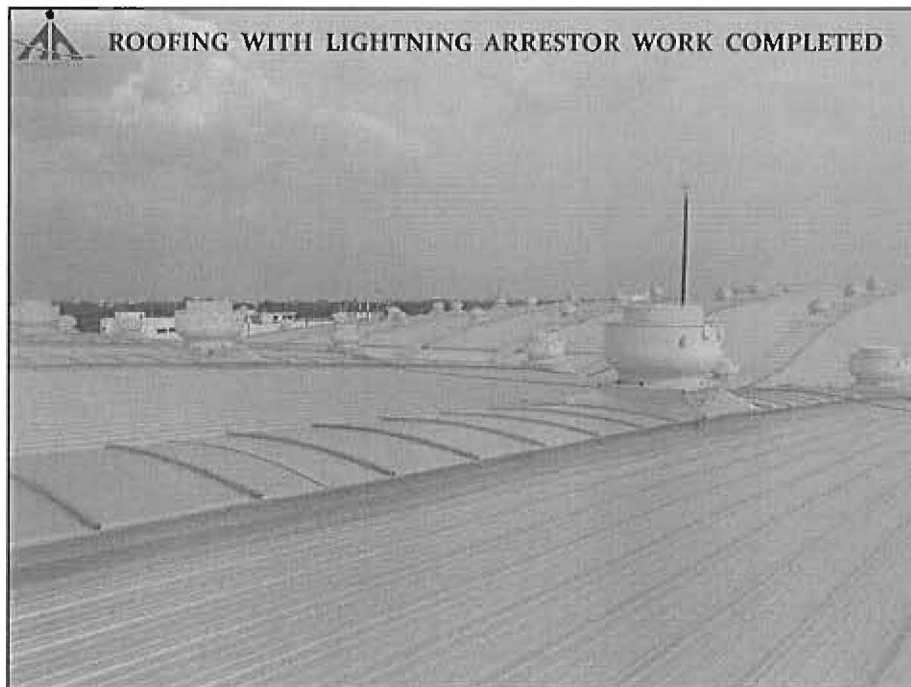




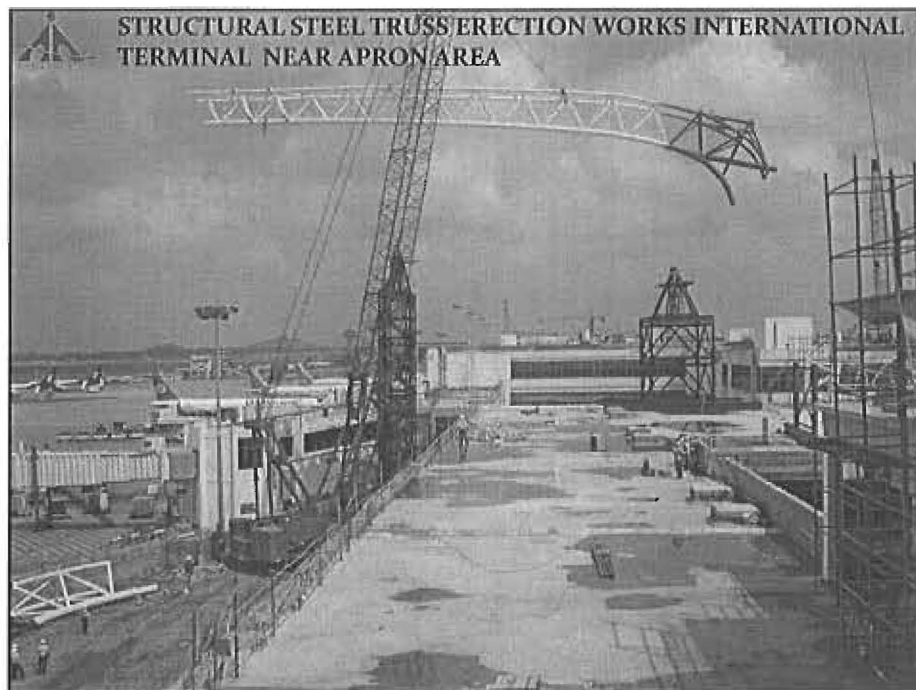


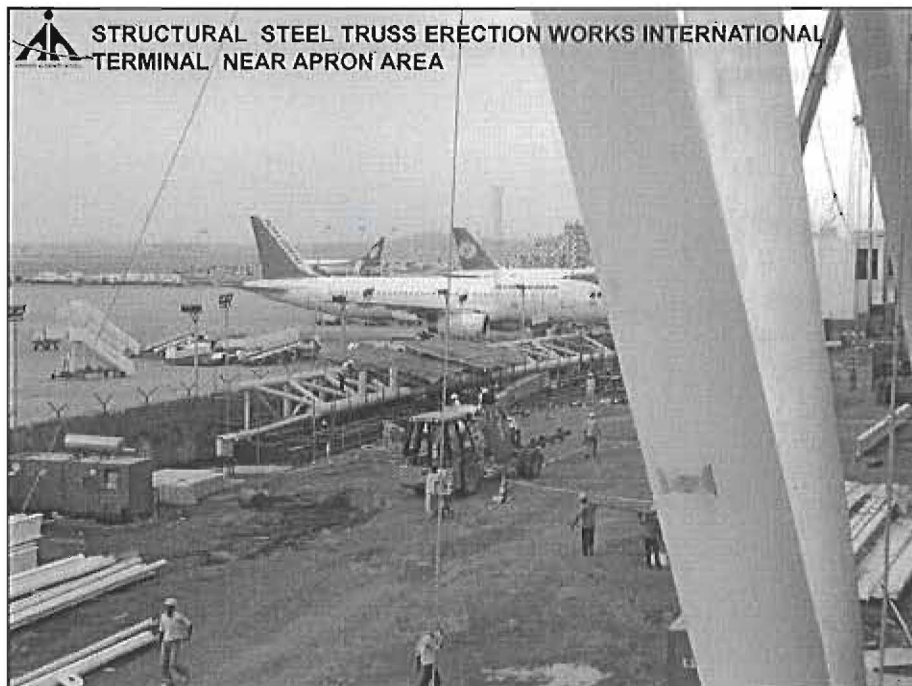
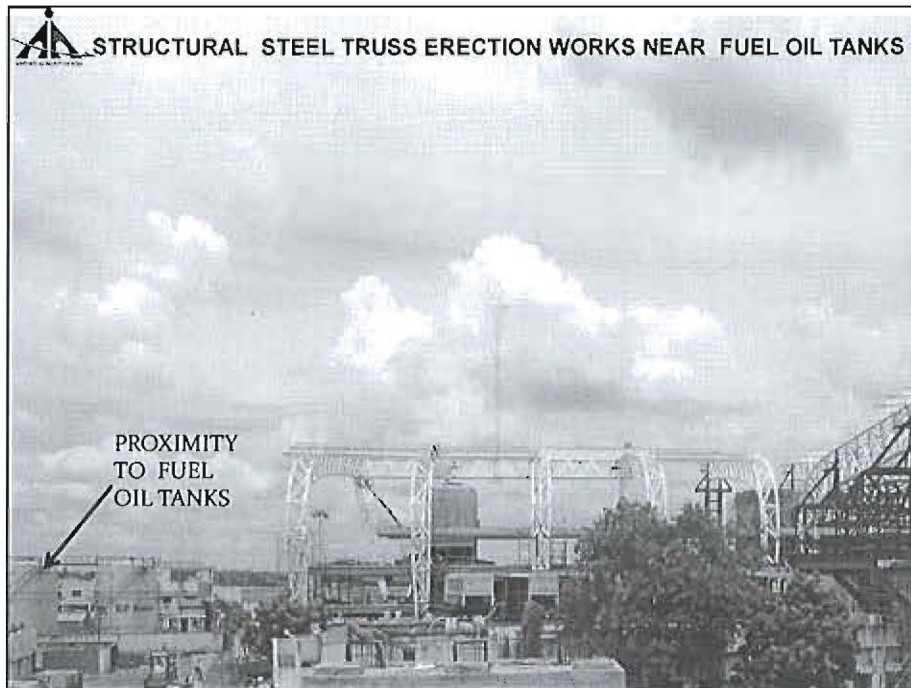


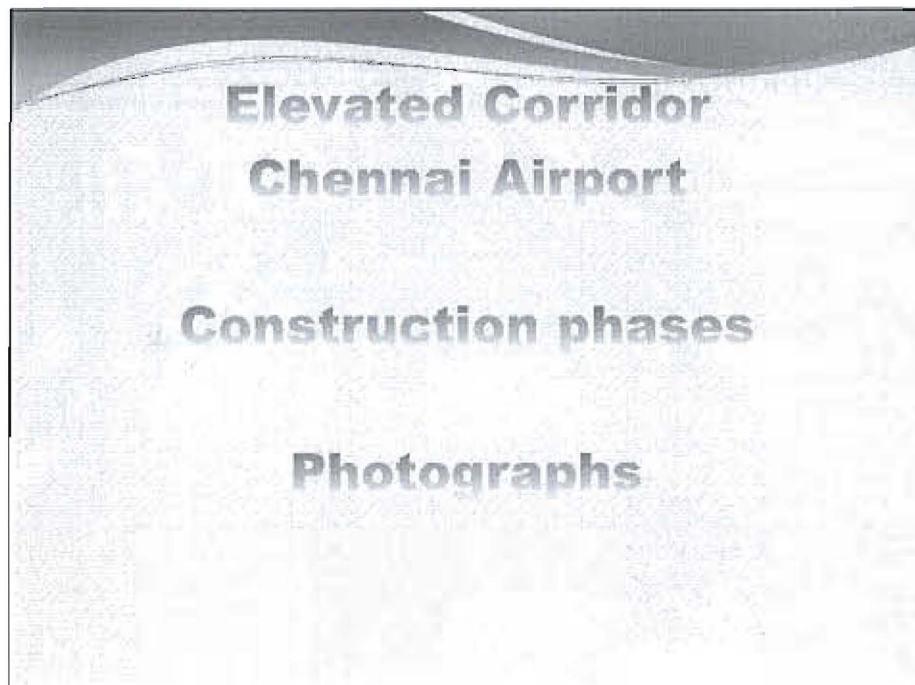


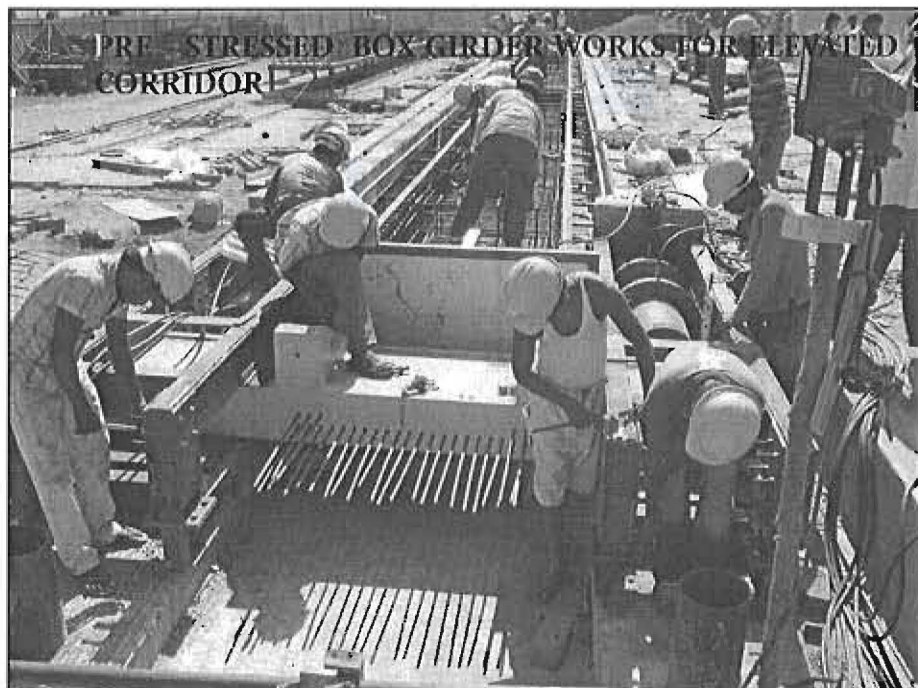
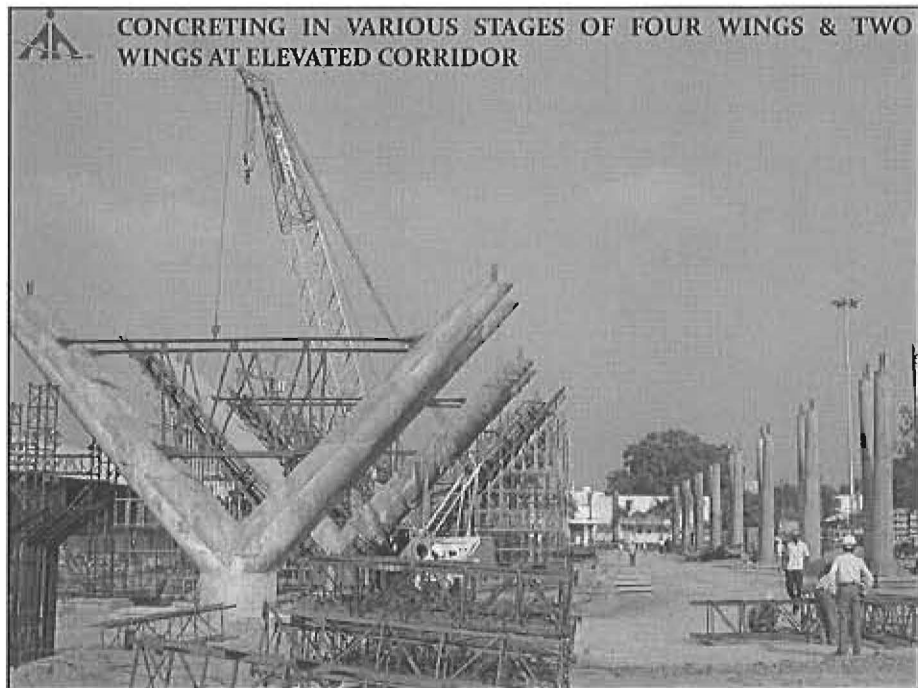


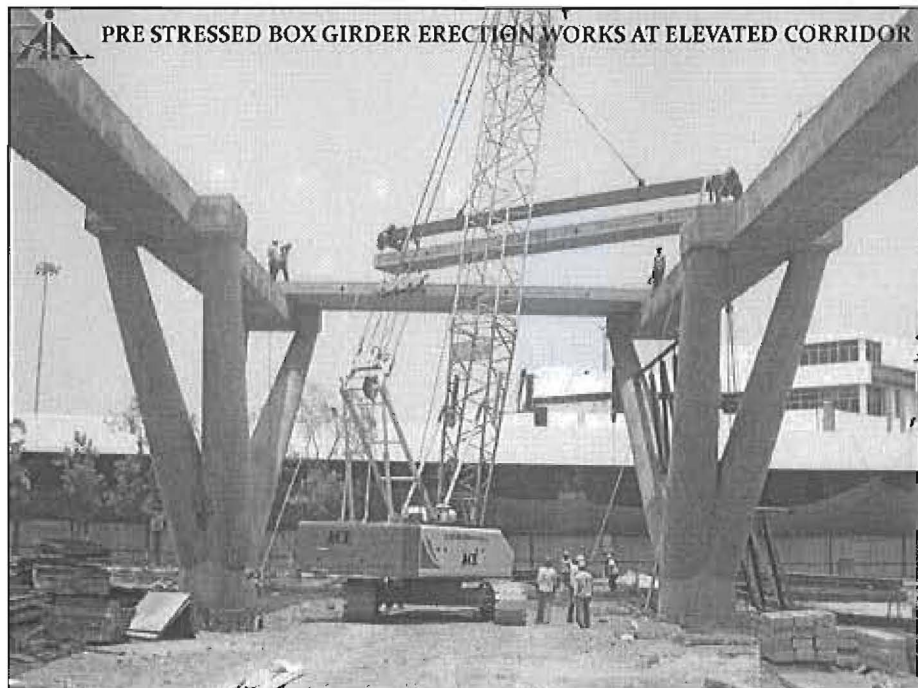
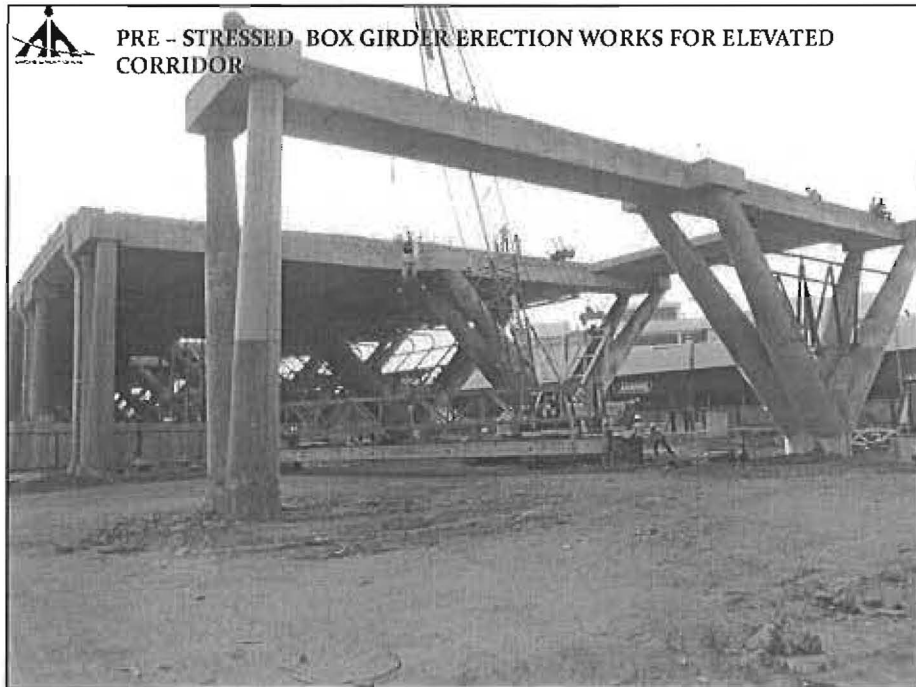


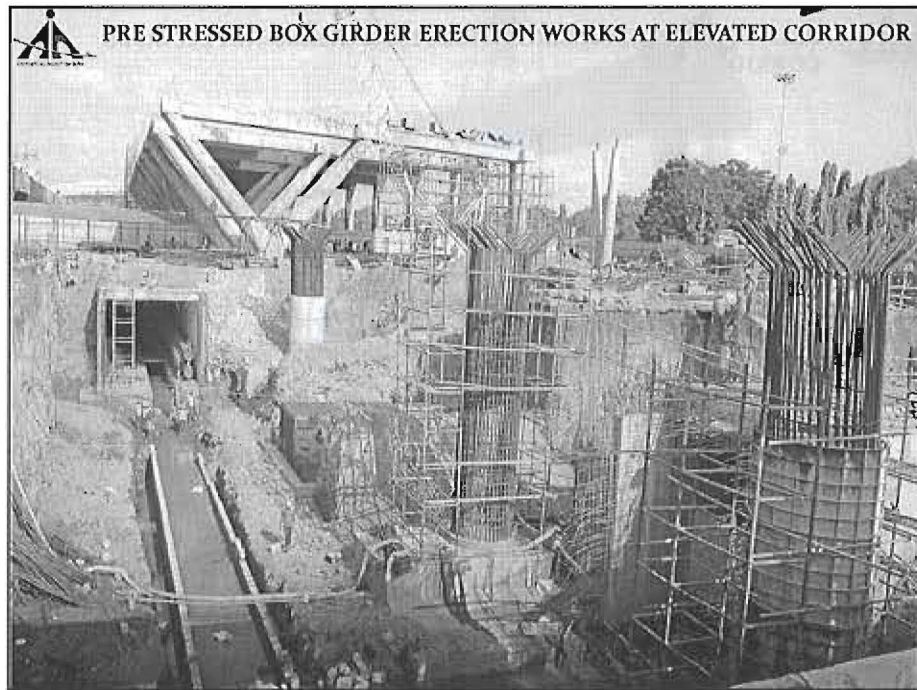


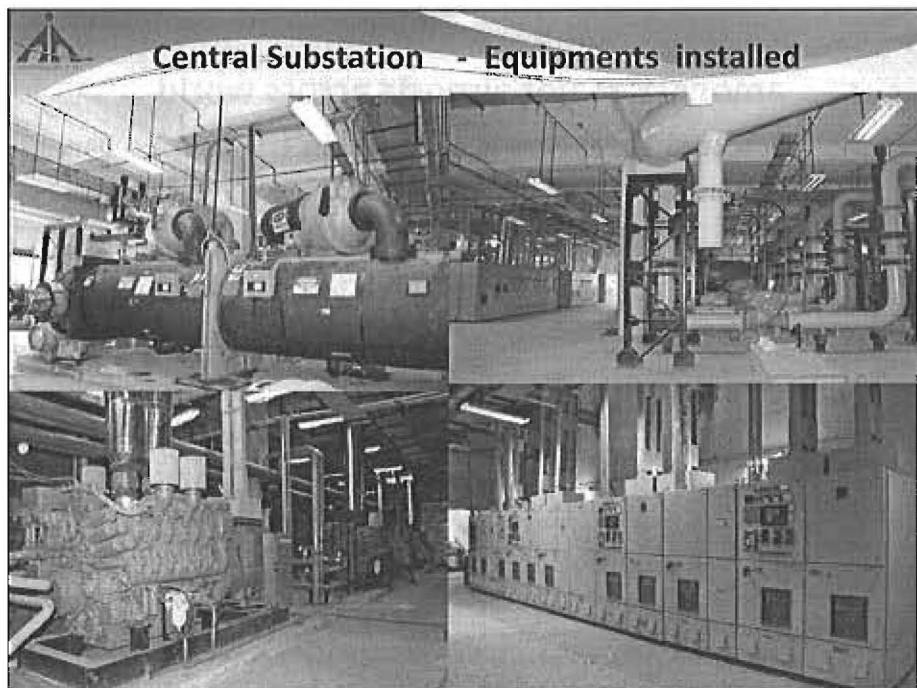








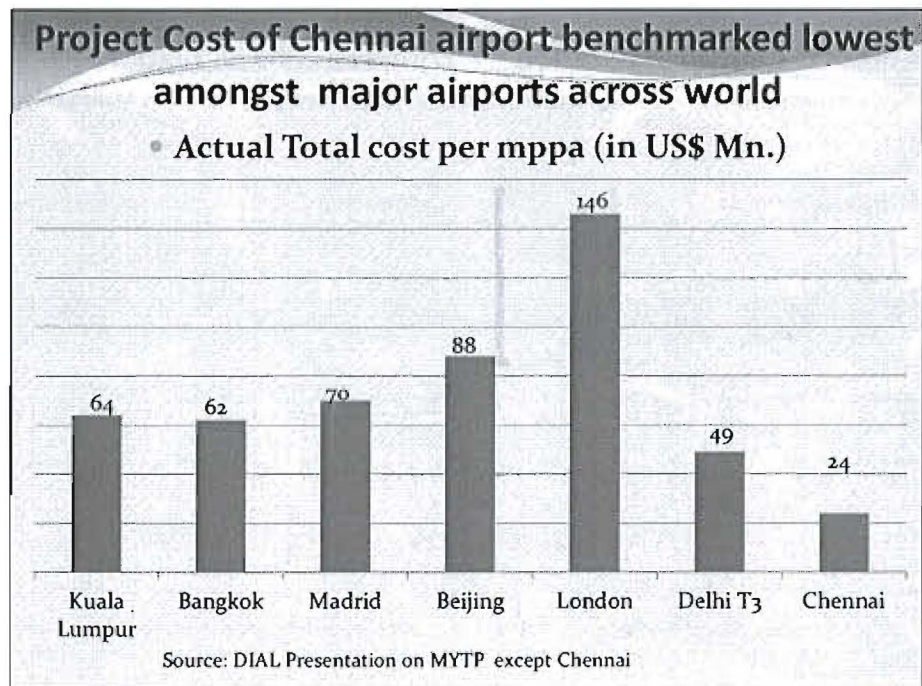




Implementation of Electronics/IT System

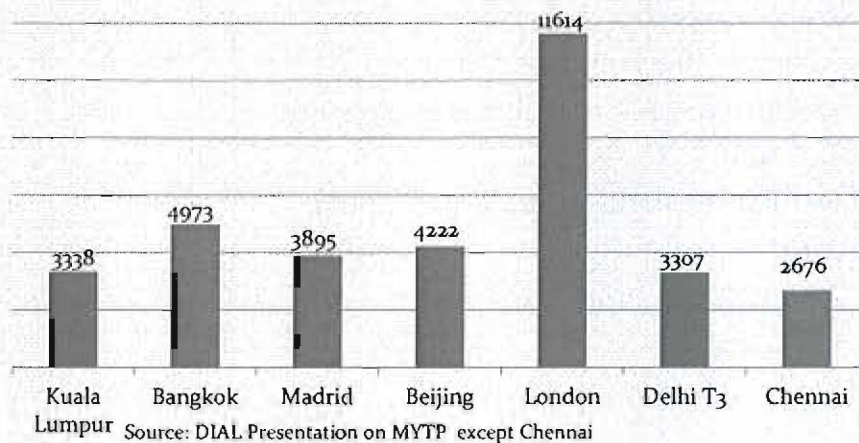
The following Components have been provided:-

- CUTE with BRS
- Wi-Fi Connectivity
- PAVA (Public Address & Voice Alarm System)
- FDAS (Fire Detection & Alarm System)
- FIDS (Flight Information Display System)
- BMS (Building Management System)
- SCCTV (Surveillance Closed Circuit TV System)



Project Cost of Chennai airport benchmarked lowest amongst major airports across world

Actual Total cost /SQM of GFA (in US\$ Mn.)



MULTI-YEAR TARIFF PROPOSAL

AND

ANNUAL TARIFF PROPOSALS

Key points of Consultation paper

Regulated Asset Base(RAB)
 Traffic Projection & Revenue
 Non-Aero Revenue
 Operation & Maintenance Expenditure
 Taxation
 Fair Rate of Return (FRoR) on Capital
 ARR
 Annual Tariff Proposal
 Rate Card

REGULATED ASSET BASE(RAB) at Chennai Airport

[RS. IN CRS]

	T ₁ (2011-12)	T ₂ (2012-13)	T ₃ (2013-14)	T ₄ (2014-15)	T ₅ (2015-16)
Opening RAB (1)	343.52	741.24	2070.79	2322.19	2106.93
Additions-WIP Capitalisation(2)	522.04	1615.21	590.47	134.99	0
Disposals/ Transfers (3)	0	0	0	0	0
Depreciation(4)	124.32	285.66	339.07	350.25	344.86
Closing Balance(5)	741.24	2070.79	2322.19	2106.93	1762.07
Average RAB [(1)+(5)]/2	542.38	1406.01	2196.49	2214.56	1934.50

NET ASSETS AS ON 31.3.2011 (Airport+Cargo)	
	[Rs. In Crs]
PARTICULAR	AMOUNT
Terminal & Other Building	156.43
BUILDINGS - RESIDENTIAL	1.71
Plant & Machinery	8.81
Electrical Installation	68.40
Furniture and Fittings	1.30
R/W, T/W, APRON	59.92
Roads , Bridges & Culverts	12.91
Other Vehicles	0.80
Computers	0.48
Office Appliances	0.14
Tools & Eqpt	0.77
BOUNDARY WALL-OPERATIONAL	7.53
C.F.T / FIRE FIGHTING EQUIP.	9.51
XBIS	11.52
Land	3.49
TOTAL CLOSING BALANCE	343.72

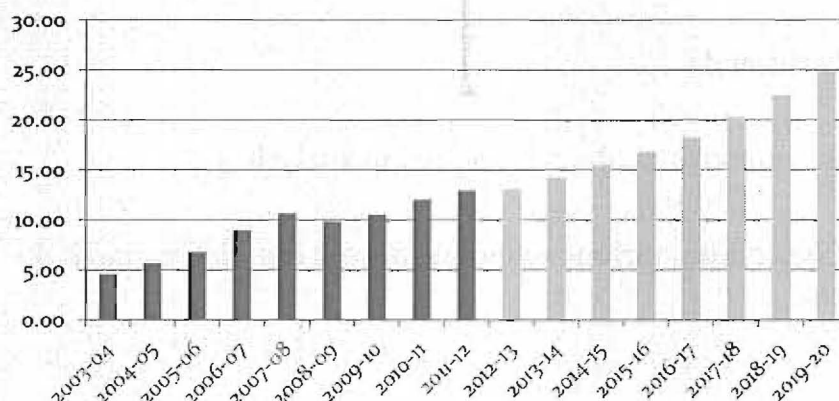
Traffic Projections

- Forecast for Aircraft, Cargo and Passengers Traffic have been made on the basis of :
- Past trends
- Econometric analysis & regression analysis
- Considering various economic factors & policy framework etc.

Traffic Projections – Passengers(nos.)

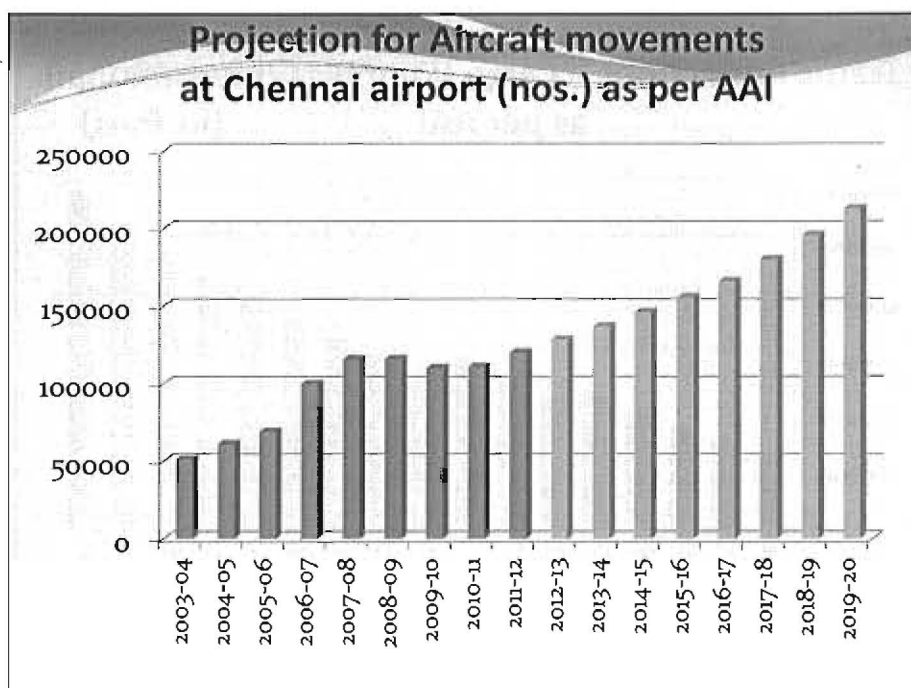
YEAR	DOM.	INTL.	TOTAL	% GROWTH
2003-04	2501778	2054043	4555821	
2004-05	3233256	2400670	5633926	24%
2005-06	4173345	2606638	6779983	20%
2006-07	6078196	2895930	8974126	32%
2007-08	7249501	3410253	10659754	19%
2008-09	6179282	3663908	9843190	-8%
2009-10	6670875	3860410	10531285	7%
2010-11	7803843	4245836	12049679	14%
2011-12 (Actual)	8617180	4308038	12925218	7%
2012-13	8095027	4953060	13048087	9%
2013-14	8742629	5448366	14190995	9%
2014-15	9442039	5993203	15435242	9%
2015-16	10197402	6592523	16789925	9%
2016-17	11013195	7251776	18264971	9%
2017-18	12114514	8121989	20236503	11%
2018-19	13325965	9096628	22422593	11%
2019-20	14658562	10188223	24846785	11%

Projection for Passenger Traffic at Chennai Airport (in mppa) as per AAI



Traffic Projections – Aircraft Movements (Nos.)
as per-AAI

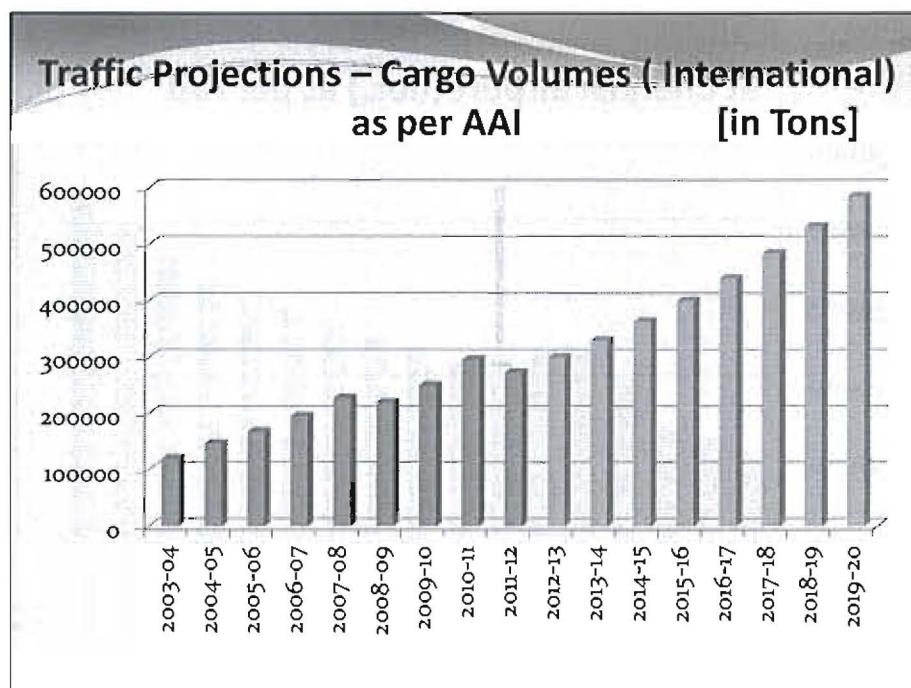
YEAR	DOM.	INTL.	TOTAL	% GROWTH
2003-04	36749	14502	51251	
2004-05	43122	18111	61233	19%
2005-06	47900	21155	69055	13%
2006-07	76208	23567	99775	44%
2007-08	88175	27690	115865	16%
2008-09	85458	30453	115911	0%
2009-10	78491	31674	110165	-5%
2010-11	78567	32211	110778	0.01%
2011-12 (Actual)	86592	33535	120127	8.4%
2012-13	89990	38436	128426	7%
2013-14	95389	41511	136900	7%
2014-15	101112	44832	145944	7%
2015-16	107179	48418	155597	7%
2016-17	113610	52292	165902	7%
2017-18	122698	57521	180219	9%
2018-19	132515	63273	195788	9%
2019-20	143116	60600	212716	0%

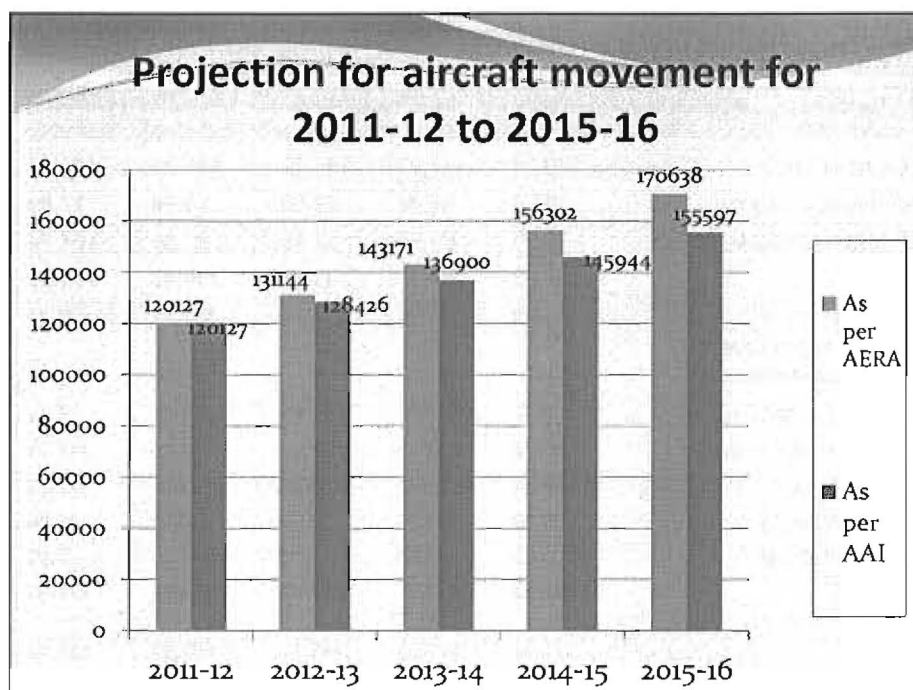
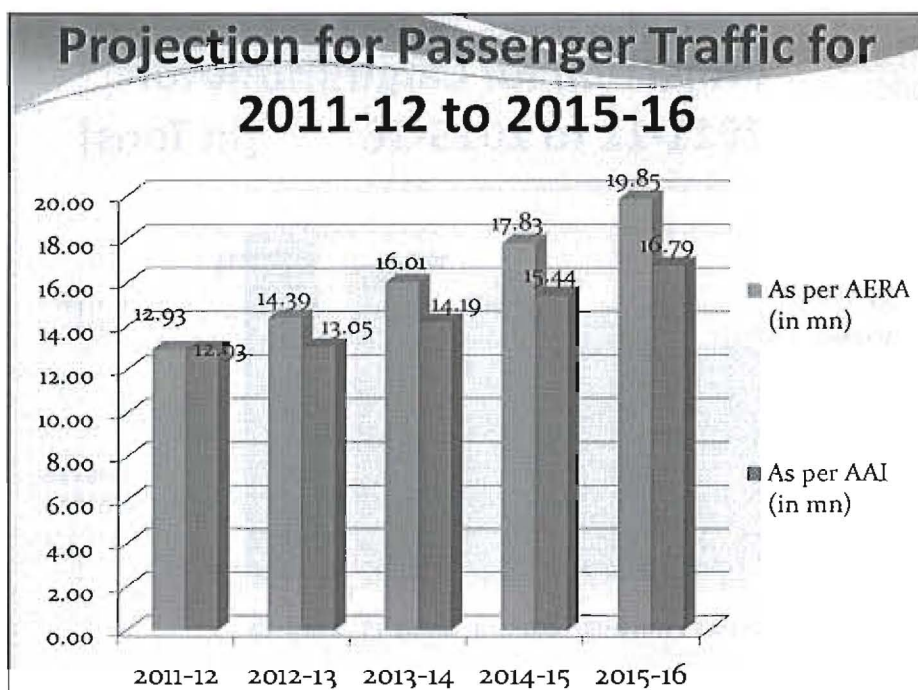


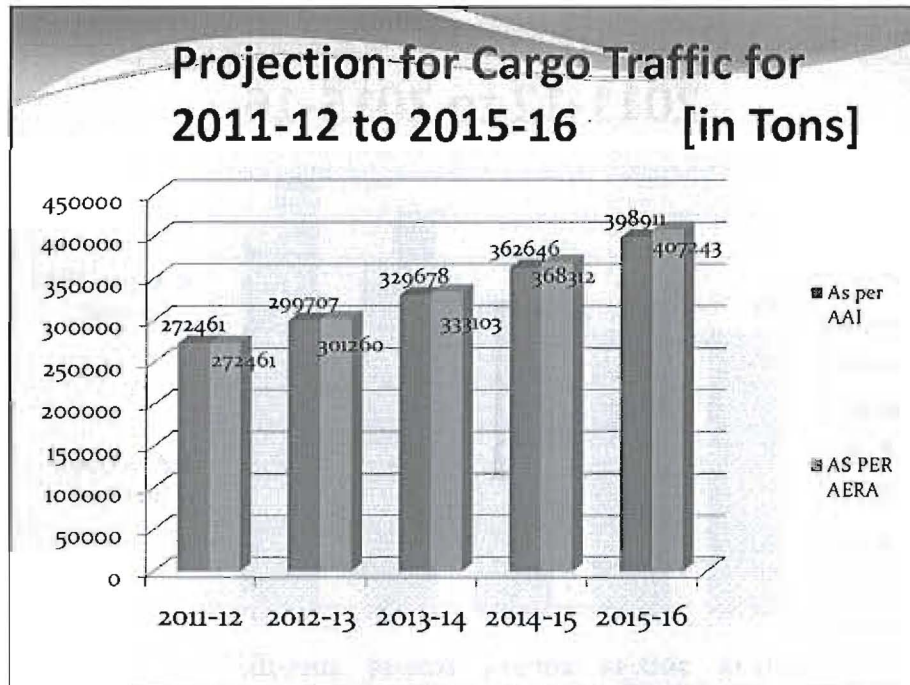
114

Traffic Projections – Cargo Volumes (International) as per AAI

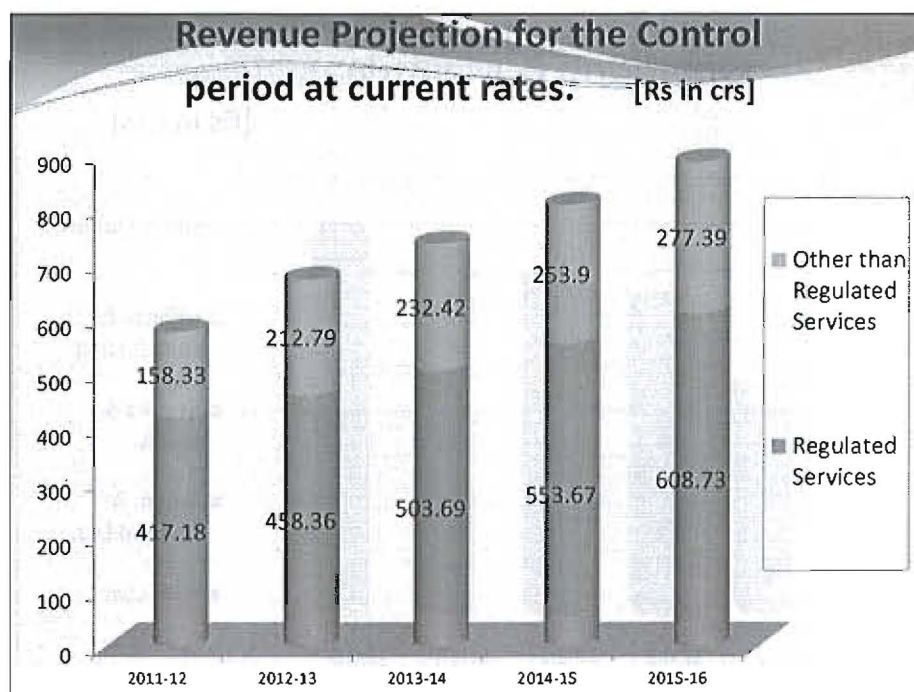
YEAR	CARGO (IN TONS)	% GROWTH
2003-04	119563	
2004-05	146443	21%
2005-06	167853	11%
2006-07	195195	16%
2007-08	227704	14%
2008-09	219562	1%
2009-10	249522	17%
2010-11	295497	22%
2011-12	272461	- 8%
2012-13	299707	10%
2013-14	329678	10%
2014-15	362646	10%
2015-16	398911	10%
2016-17	438802	10%
2017-18	482682	10%
2018-19	530950	10%
2019-20	584045	10%



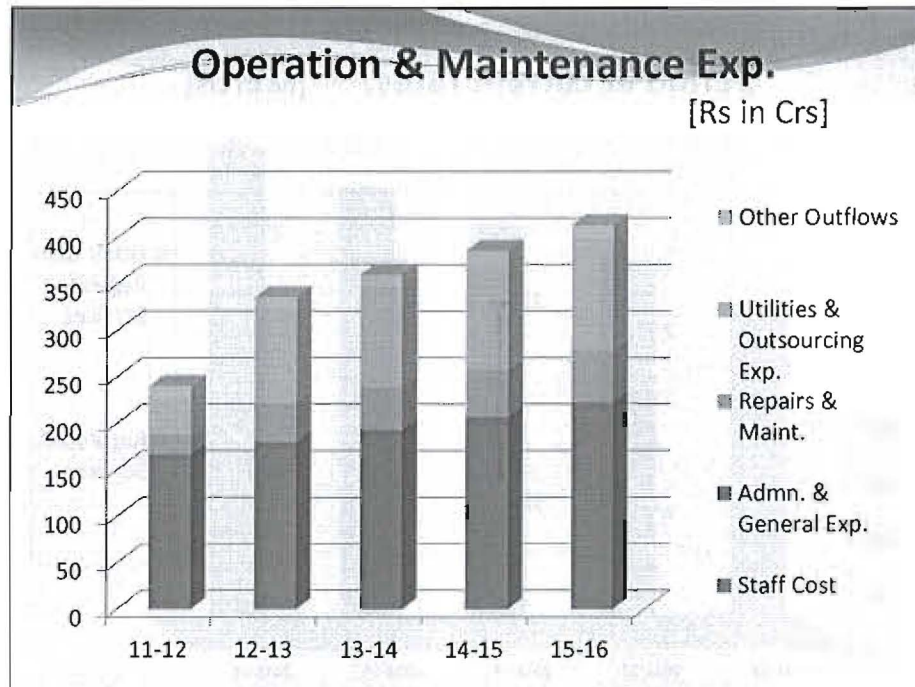




REVENUE PROJECTIONS [Rs. in Crs]					
REVENUE FROM REGULATED SERVICES	2011-12	2012-13	2013-14	2014-15	2015-16
LANDING, H&P	120.92	132.01	144.12	157.33	171.77
PSF (FALICITATION)	50.74	56.48	62.86	69.98	77.89
THROUGHPUT CHARGES	79.90	85.50	91.48	97.89	104.74
Cargo	165.62	184.37	205.23	228.47	254.33
TOTAL (I)	417.18	458.36	503.69	553.67	608.73
REVENUE FROM NON REGULATED SERVICES					
PUBLIC ADMISSION FEES	2.86	3.14	3.46	3.81	4.19
TRADING CONCESSIONS	82.76	111.73	122.9	135.19	148.71
RENT & SERVICES	46.08	62.21	66.87	71.89	77.28
OTHER REVENUES	25.08	33.85	37.24	40.96	45.06
INTEREST INCOME	1.55	1.86	1.95	2.05	2.15
TOTAL (II)	158.33	212.79	232.42	253.90	277.39
G.TOTAL (I)+(II)	575.51	671.15	736.11	807.57	886.12



Operation & Maintenance Expenditure [Rs in Crs]					
Particular	11-12	12-13	13-14	14-15	15-16
Staff Cost	161.95	173.74	186.45	200.16	214.94
Repairs & Maint.	20.44	41.48	45.63	50.2	55.2
Admn. & General Exp.	4.29	5.81	5.97	6.55	7.17
Utilities & Outsourcing Exp.	40.51	100.99	107.72	113.24	119.14
Other Outflows	12.43	13.45	13.89	15.06	16.32



Borrowings Cost

[Rs. in Crs.]

Sl. No.	Year	Loan amount.	Rate of Interest	Repayment
1	2009-10	98.11	7.4%	One lump sum amount in 2012-13
2.	2010-11	130.31	9.2%	One lump sum amount after 5 years in 2015-16
3.	2011-12	110.43	8.97%	one lump sum amount after 5 years in 2016-17
4.	2011-12	39.57	9.30%	one lump sum amount after 5 years in 2016-17

Tax Rate

- The corporate tax rate - 32.445% (including surcharge & education cess)

Fair Rate of Return(FRoR)

- Fair Rate of Return on Capital (WACC) – 15 %

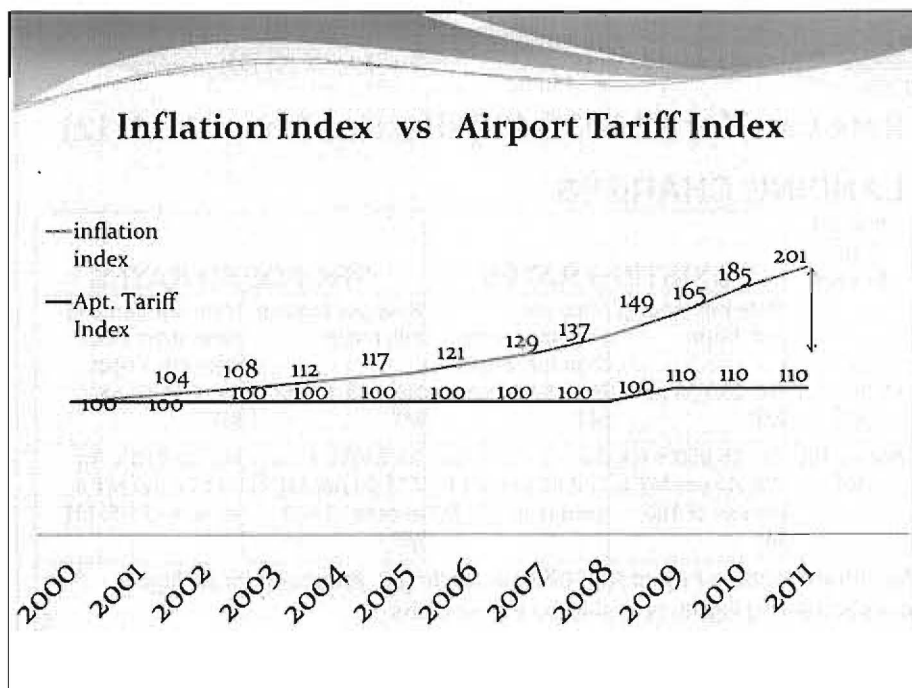
Aggregate Revenue Requirement

[Rs. In crs]

	2011-12	2012-13	2013-14	2014-15	2015-16
AVG. RAB	542.38	1406.01	2196.49	2214.57	1934.50
Return on RAB(15%)	81.36	210.90	329.47	332.18	290.18
Operating Expenditure	239.01	334.82	359.64	385.23	412.77
Depreciation	124.32	285.66	339.07	350.25	344.86
Corporate Tax (32.445%)	68.84	51.70	110.23	148.58	199.97
Less: Revenue from services other than Regulated Services	158.33	212.80	232.42	253.91	277.40
Less: Revenue from Cargo Services	165.62	183.13	202.48	223.88	247.55
ARR	189.58	487.15	703.51	738.45	722.83
No. of Passengers	12925217	14386206	16014190	17828448	19850505
Yield (Rs/pax)	146.67	338.62	439.30	414.20	364.14

Last Revision of Charges

- The last revision was done 2001 and after a gap of 8 years rates of Landing, Parking & Housing Charges were increased marginally by 10% in March, 2009.
- The rate of Passenger Service Fees(Facilitation) was last increased marginally by 10% in April, 2009.
- For Cargo the charges were revised in 2010-11 by 5%.



Proposal for increase in Regulated Charges for Airport Services for FY 2012-13 effective from 1st Nov. 2012

- Landing Charges (Domestic) - 48 % increase
- Landing Charges (International) - 118% increase
- Housing & Parking Charges - 83 % increase
- Passenger Service Fee(Facilitation) - No increase proposed
- Fuel Throughput Charges - 5% increase
- User Development Fee (Dom.) - Rs. 88 per embarking pax.
- User Development Fee(Intl.) - Rs. 590 per per embarking pax.
- UDF levy proposed to be made effective from 1st Jan. 2013
- PSF(Facilitation) proposed to be merged with UDF w.e.f. 1st Jan. 2013

Rate Card for FY 2012-13 (effective from 01-11-12)

LANDING CHARGES

Weight of Aircraft	EXISTING RATES		PROPOSED RATES	
	Rate per landing Intl. Flight	Rate per Landing-- other than Intl. Flight	Rate per landing Intl. Flight	Rate per Landing-- other than other than Intl. Flight
Upto 100 MT	Rs. 250.50 per MT	Rs. 187.90 per MT	Rs. 546.10 per MT	Rs. 278.10 per MT
Above 100 MT	Rs. 25,050 + Rs 336.60 per MT in excess of 100 MT	Rs. 18,790 + Rs 252.50 per MT in excess of 100 MT	Rs. 54610 + Rs 733.80 per MT in excess of 100 MT	Rs. 28,810 + Rs 373.70 per MT in excess of 100 MT

Minimum Landing Fee of Rs 5000 per landing is proposed for all flights except training flights operated by Flying clubs.

Housing and Parking Charges per Landing (Rate per Hour)

Weight of Aircraft	EXISTING RATES		PROPOSED RATES	
	Housing Charges	Parking Charges	Housing Charges	Parking Charges
Upto 100 MT	Rs.8.10 per hour per MT	Rs. 4.10 per hour per MT	Rs.14.80 per hour per MT	Rs 7.50 per hour per MT
Above 100 MT	Rs.810 + Rs.10.80 per MT per hour in excess of 100 MT	Rs. 410 + Rs. 5.40 per MT per hour in excess of 100 MT	Rs.1480 + Rs.19.80 per MT per hour in excess of 100 MT	Rs. 750 + Rs. 9.90 per MT per hour in excess of 100 MT

123

Passenger Service Fee(Facilitation)		
Existing Rate	Proposed Rate	Remarks
Rs. 77 per embarking pax	Rs. 77 per embarking pax	PSF(F) will be merged with UDF w.e.f. 1.1.13
Throughput Charges		
Existing Rate	Proposed Rate	Remarks
Rs 1459.83 per Kilolitre	Rs. 1532.82 per Kilolitre	
User Development Fee (UDF) [including PSF(F)]		
Dom. departing pax	Intl. departing Pax	Remarks
Rs 165 per departing pax	Rs 667 per departing pax	Inclusive of PSF(F)

ATP for Cargo Services

- Growth rate during the 2011-12 was negative.
- AAI has projected a growth rate of 10%.
- AERA increased the projection to 10.57%
- AAI intends to encourage Cargo Trade and to make Chennai a hub of Cargo.
- Hence AAI is not proposing any increase in cargo rates for 1st Control period.

124

04-09-2012

