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Airports

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

प्राप्त

डायरी नं० 16152
तारीख 20/7/2021



Chhatrapati Shivaji Maharaj
INTERNATIONAL AIRPORT
MUMBAI

MIAL/VPR/2021-22/06

20th July 2021

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

Sir,

Sub: Feedback / Suggestions on Consultation Paper No. 10/2021-22 dated 22nd June, 2021 (this CP) for determination of aeronautical tariff for Kempegowda International Airport, Bengaluru (Bengaluru airport) for the 3rd Control Period (01.04.2021 – 31.03.2026)

With reference of above we give below our feedback/suggestions on this CP for determination of aeronautical tariff for the 3rd control period (TCP):

1. Traffic Forecast for TCP [Para 4.2.8 (table 54) of this CP]

Authority in this CP has assumed unrealistic traffic forecast which differs from the forecasts of aviation agencies like ICAO, ACI, IATA and other airports.

Traffic recovery from pre-Covid level for FY22 is considered by the Authority at about 76% and 72% for domestic and international flights respectively. Recovery from pre-Covid level assumed for Bengaluru is too high as compared to other airports like Cochin, Chandigarh and Hyderabad. Looking at the present scenario, nearly non-existent international flights and the inevitable third wave of the pandemic, the traffic forecast considered by the Authority needs to be drastically pruned for all the years of the control period.

2. Withdrawal of Financing Allowance (Para 3.3.40 of this CP)

The Authority had on the basis of direction No. 05 of AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 allowed Financing Allowance in respect of 1st and 2nd control period tariff determination for Bengaluru airport. However, it has not been allowed now. The Authority needs to consistently follow its own Guidelines and is requested to allow Financing Allowance as per its own guidelines and the past practice for tariff determination of the Bengaluru airport.

3. Extra Shift Depreciation (Para 5.2.101 of this CP)

Extra Shift Depreciation had been specifically allowed by the Authority vide Amendment dated 9th April, 2018 to the Order no. 35/2017-18 dated 12th January, 2018. The Authority should allow the extra shift depreciation based on technical justification provided by BIAL. The Authority should also allow the lower useful life of assets based on the technical justification provided by BIAL.

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Secretary (AER) - on leave

Dir. (P&E)

निदेशक (नि० एवं सां०)

4. Interest rates for TCP [Para 6.2.7 of this CP]

Authority has considered existing interest rate of 7.85% for the entire tenure of 5 years of the TCP as against BIAL submission of 10%. Since the project loan interest rates are linked to MCLR issued by the lending banks, the upward movement of the MCLR shall also increase the interest rates on the project loans.

Authority should reconsider its stance on the cost of debt proposed and allow a rate which is fair considering the expected rise in interest rates as considered by BIAL, which should be tried up.

5. Consideration of Notional lease rentals (Para 8.2.34 of this CP)

The Authority has proposed to consider a notional lease rental from Bangalore Airport Hotels Limited (BAHL) from the Airport opening date i.e. 24.05.2008, while the hotel was under construction in initial years and started operations only in 2016-17 and no rental was received by BIAL. The Authority is requested to not consider notional lease rentals for the tariff determination.

6. Non-Aeronautical Revenue Estimates [Para 8.2.52 (Table 130) of this CP]

The Non-aeronautical revenues assumed by the Authority are very high and need to be re-worked in light of bleak passenger traffic scenario due to COVID-19 pandemic.

The Authority is kindly requested to consider the above points raised by us while determining the tariff for the Kempegowda International Airport, Bengaluru.

Thanking you,

Yours Sincerely

For Mumbai International Airport Ltd.



(Sanjiv Bhargava)

Vice President (Regulatory)