

Dated: 17th October'2020

The Director (P&S, Tariff)
Airports Economic Regularity Authority of India
AERA Building, Administrative Office
Safdarjung Airport
New Delhi 110 003

Sub: Response to stakeholder's consultation meeting held on 9th October 2020, for comments on consultation paper for the determination of tariff for 1st Control Period for Raipur Airport

Dear Sir,

This is in reference to the consultation paper no. 34/2020-21 issued by AERA on 18th September 2020, for the determination of MYTP for 1st Control Period for Raipur Airport. We, at the outset, would like to thank you for the opportunity to participate in stakeholder's consultation meeting held on 9th October 2020.

Further to the consultation paper and the meeting held, we are providing as below, our observation for your kind reference:

- Given the present situation of COVID 19, there is a high degree of uncertainty on the traffic figures. Also, a dip in Non-Aero revenues has been estimated by air traffic agencies to the tune of 50% on SPPs and actuals. While the fall in traffic and the resulting reduction of revenues would be considered for true-up based on actual in the subsequent control period, a reduction of the present scale would lead to a significant cash flow mismatch for the Concessionaire. Considering the above, we support AERA's position that the projections for traffic would be rationalized, in addition to the rationalization of Non Aero revenues.
- We would like to submit that (as has been recognized by AERA in the past) capital expenditure in the subsequent control period should be based on actual costs incurred, rather than using a normative approach.
- 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. We would like to submit that for a private player, there is a 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. We suggest that such a huge deterrent may not be levied as a precondition.

- An effective tax rate of 25.17% has been used for tax calculation. We agree with the AERA approach 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.

Yours sincerely,

For **GMR Airports Ltd.**

NARAYANA
RAO KADA

Digitally signed by Narayana Rao Kada
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