

CIAL/FIN/AERA
March 7, 2020

The Chairman
Airports Economic Regulatory Authority of India
AERA Building, Administrative Office
Safdarjung Airport
New Delhi-110 003.

Sir,

Sub: Response to AERA Consultation Paper vide No.22/2019-20 dated 05-03-2020 – there of

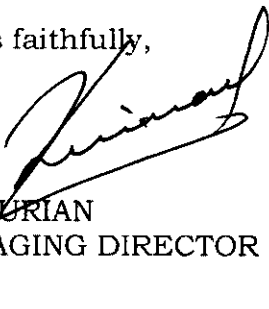
We are indeed grateful for promptly considering our request for compensating the abolition of fuel through put charges. Though, Cochin International Airport Limited (CIAL) has proposed for a hike of 28% and 38% for the Domestic and International sectors respectively for the period beginning from 15-01-2020 to 31-03-2020 and another hike of 6% and 9% with effect from 01-04-2020 to 31-03-2021, the authority has proposed to increase a uniform hike of 30.87% with effect from 01-04-2020 to 31-03-2021 to both International and Domestic sectors, which, in fact reduce the compensation amount by Rs.12 crores for the period beginning from 15.01.2020 to 31.03.2021.

The loss on account of withdrawal of FTC to Cochin International Airport is estimated at Rs.46.77 crores for the period under reference, albeit the airlines will substantially gain with an additional tax benefit to the tune of Rs.16.32 crores. It was expected that the Authority will compensate the entire loss to airport due to withdrawal of FTC, however, the proposed hike will only compensate us for an amount of Rs.34.83 crores as against the estimate of Rs.46.77 crores. Nevertheless, the Authority has proposed to true up the figures while determining the tariff for the third control period beginning from 01-04-2021 to 31-03-2026.

Considering the above facts as well as the challenges the aviation industry is now undergoing, we would like to support the Authority's proposal except with a request to implement the order with effect from 15-01-2020 to 31-03-2021.

Thanking you,

Yours faithfully,



V.J. KURIAN
MANAGING DIRECTOR