

MAY 11, 2011

Mr.Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport
New Delhi - 110 003.

13/5/11
ESD-II

AGM (AAS)

Dear Mr.Sandeep Prakash,

13/5/11

Please refer to your letter no.AERA/20011/DIAL-DF/2009-10/Vol.IV/159 dt.21st April 2011 and the subsequent meeting we had at Delhi on the 9th of May 2011, we are sending the following :

- (1) We understand the AAI has drawn up a master plan for Delhi Airport way back in 2006 and the details of the then estimated project cost is not available for cross verification. This needs to be looked into in detail.
- (2) When the original project cost estimated as initial project cost by DIAL is Rs.8,975 crores, who authorised them to incur an expenditure of Rs.12,857 crores. DIAL has already collected Rs.1395 crores as DF, which is more than what the original funding gap would have been. When the Govt. & the MOCA decided to charge DF at the rate of Rs.200/- per domestic passenger and Rs.1300/- for international passenger embarking from and through DIAL, we are certain that they would have worked out the same based on a formula and this should have also been shared with us.
- (3) Justifying this kind of expenditure by appointing Engineers India Ltd., and also KPMG does not make any difference. This is because, you are only asking them to verify the expenditure which was incurred at the will of the airport developer and naturally any Agency is going to verify and certify based on facts. This does not mean that the passenger should be penalized.
- (4) One of the reasons for additional built up area is " location of Food Court" and the justification in the note circulated is that this adds to passenger facilities. We have the following questions ?
 - (a) What is the lease rental deposits collected from these occupants of Food court ?
 - (b) What is the rent per sq.ft. per month ?

Hiren Bhasker Shah

National Secretary

Rahul Patel

Regional Vice - President (West)

Vipul Gupta

Regional Vice - President (Central)

D. Sudhakara Reddy

Founder & President

Kishor Dandekar

Area Chairman - Chennai Chapter

Ramesh Tiwari

Area Chairman - NCR Region.

Milan Ratilal Zatakia

National Vice President

Capt Sandeep Saraf

Regional Vice President (North)

Mr. Vijay Narayan

Vice President - Legal

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- (c) What is the rent per sq.ft. per month ?
- (d) Due to the high cost of operating these outlets in Food Court, the cost of a cup of coffee or a sandwich is exorbitant and beyond the means of 80 – 85% of the passengers. Only a passenger who can afford a five star luxury can afford the prices charged in the Food Court area. One should keep in mind an ordinary passenger who travels at his own cost and who is also a fare paying passenger.
- (5) Due to the inability of AAI not being able to bring in their share of the equity capital to meet with the revised total capital of the company --DIAL, AAI has no authority to ask for continuance of DF. This is because on one side they have not brought in their share of the capital and on the other they are justifying that the funding gap should be bridged by continuing to levy DF. AERA should look into the possibility of AAI contributing towards the funding gap based on the equity held by them, to maintain their equity share at 26% on the increased capital.
- (6) It is a fact that DIAL and its management have taken a decision to go ahead with the expenditure on the project and it is not justified by any other explanation. Simply by stating that the passengers are required to pay the development fee to bridge the funding gap is highly unjustified and does not convince us that the passenger should be penalized for the 41% increase in the project cost. If the Ministry has approved/authorized it, the ministry should arrange for funds to bridge the funding gap and not tax the air passenger with an additional burden of DF. In all practical purposes DF must stop immediately and notification to that effect should be issued. We appeal to AERA to look at all other alternatives, including increase of capital by the promoters, additional capital from AAI and other means of funding and not through DF.
- (7) DF is collected only when a new project is under development. It is also important to note that the air passenger should not have been penalized for no role that he has played in building an airport for catering to 60 million passengers. We also believe that there should be no distinction between a domestic and international passenger, as both of them enjoy the same facilities.

Thanking you.

Yours faithfully,
For AIR PASSENGERS ASSOCIATION OF INDIA



D.SUDHAKARA REDDY
President