



APAO/AERA/ 2022-23

Date: 21st November 2022

Shri Ram Krishan,
Director (P&S, Tariff),
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Subject: APAO's response to Consultation Paper No. 10/2022-23 dated 20th October 2022 in the matter of determination of aeronautical tariff for Sardar Vallabhbhai Patel International Airport (SVPIA), Ahmedabad (AMD) for the Third Control Period (01.04.2021-31.03.2026)

Dear Sir,

As the apex industry association of all major private airports operating in India, APAO is pleased to share its responses on the proposals in the abovementioned Consultation Paper for the kind consideration of the Authority.

Earlier in month of September-2022, we provided our comments on the Consultation Paper for Mangaluru Airport. We look forward for the final order to be released by the Authority and to provide clarity on the important points pertaining to the principles to be adopted for these new Concession Agreement. The approach to be adopted by the Authority is keenly awaited by the private operators, lenders, investors who have shown faith in the Aviation sector.

Most of the issues which APAO would like to raise in the SVPIA's Consultation Paper are of similar to that of Mangaluru Airport:

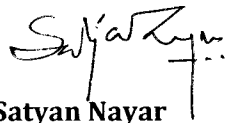
1. Intangible assets (Pre-COD expenses) not allowed for purpose of tariff determination.
2. Restricting R&M expenses to 6% of opening RAB.
3. Actual cost of debt @12% at which funds raised, in today's high inflation environment, by Airport operator is not accepted.
4. Cost of Equity requested by Airport Operator is not considered.
5. Soft costs claimed by the Airport Operator is reduced to half from 16% to 8%.
6. Authority's proposal to defer the ARR undermining the cash flow requirements of the Airport Operator.

We expect AERA to take a balanced approach and play a pivotal role in encouraging PPP.

Thanking you.

Yours Sincerely

For The Association of Private Airport Operators (APAO)



Satyan Nayar
Secretary General

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