

To,

DIAL/2023-24/Regulatory/2203

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airports,
New Delhi – 110002

Subject : Response to Thiruvananthapuram International Airport consultation paper
Reference : Consultation Paper no 25 /2023-24 dated 12th Feb'2024

Dear Sir,

This is with reference to the above referred consultation paper for Thiruvananthapuram Airport for Third control period. We have following comments to the consultation paper for your kind consideration:

1. **Cost of Equity:** AERA considered cost of equity of Thiruvananthapuram Airport as average of cost of equity of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. This approach of AERA is contrary to the Tariff computation guidelines which suggests that the Authority shall estimate cost of equity, for a Control Period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit. We suggest the regulator to conduct a specific study for Airport as each Airport has specific risk due to competition, catchment area and demography of passenger, connectivity, quantum of passenger etc.
2. **Cost of Debt:** AERA considered cost of debt of Thiruvananthapuram Airport as average of cost of debt of other five PPP airports viz., DIAL, MIAL, GHIAL, BIAL and CIAL. This approach of AERA is contrary to the Tariff computation guidelines which suggests that the Authority shall consider the forecast for future cost of: (i) debt proposed to be raised during the Control Period; or (ii) such debt which may be subject to a floating rate of interest subject to the Authority being assured of the reasonableness of such costs, based on a review including of its source, procedure and methods to be used for raising such debt. Hence, cost of debt to considered at Actual.
3. **Full Recovery of ARR:** The impact of COVID-19 is fully recovered, The traffic is growing at reasonable pace. Further in light of recent TDSAT order for GHIAL dated 14th Feb'2024, AERA should provide full recovery of ARR.



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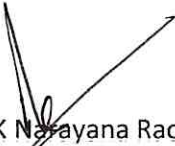


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4. **Exempt passengers for billing purposes:** As per notification of MoCA Certain categories of passengers are exempted from UDF and other airport charges which Airport Operators are required to follow. AERA should consider the impact of these exempt passenger while framing the tariff card, else it will lead to known shortfall in the recovery.

Thanking you

For Delhi International Airport Ltd.



K Narayana Rao

Director

Date: Mar 11th, 2024