

15 July 2021



Secretary

Airports Economic Regulatory Authority of India

AERA Building, Administrative Complex, Safdarjung Airport,  
New Delhi – 110003

Dear Sir,

**Sub: Response to Consultation Paper No. 10/2021-22 dated 22.06.2021, in the matter of determination of Aeronautical Tariff for Kempegowda International Airport, Bangalore for the Third Control Period (01.04.2021 - 31.03.2026).**

We thank AERA for carrying out a detailed consultation in the matter of determination of Aeronautical Tariff for Kempegowda International Airport, Bangalore for the Third Control Period (01.04.2021 - 31.03.2026).

Please find below our submission in respect to above referred consultation paper;

1. While we thank KIAL for their efforts in supporting the airline community during the pandemic in 2020, with waiver of annual increase in lease rentals for the period from April 2020 to June 2020, we wish to submit to AERA that the prolonged COVID19 pandemic has imposed a period of great distress on airlines. Airlines are already severely challenged, with no relief from any quarter, and any further increase in charges at this time will do irreparable damage. In view of the current situation, unprecedented in the history of the airline industry, we would request AERA to consider maintaining status quo for landing, parking and other aeronautical charges for the next 2 years, and conduct a mid-term review once the situation normalises.
2. Corporate Social Responsibility (CSR) has been introduced in the Companies Act, 2013 as a concept, whereby companies are obliged to spend part of their profit for the betterment of their less privileged communities and/or the preservation of the environment. In the consultation paper AERA has considered Rs.74.41cr of CSR expenses, which needs to



be incurred by KIAL for third control period as operating expenditure. This is contrary to the spirit of CSR provision, as it is no longer a CSR activity from the profits of KIAL, but an imposition of an additional obligation of a funding contribution by airport users who already have their own CSR obligations. Airport users cannot be made responsible for a government obligation deductible from the profits of the airport operator, especially not when this same obligation is already imposed on the users themselves. We request AERA not to consider the cost of CSR incurred by BIAL and disallow the same for recovery from other airport users.

3. AERA has considered 7.85% as cost of debt for third control period. The said rate is considered based on present interest rate charged by State Bank of India for Rupee Term Loan offered to BIAL. As there has been overall reduction in the interest rates and said trend is going to be continue in near future, we request AERA to further reduce the interest rate for cost of debt. The said reduction will provide a window of opportunity for KIAL to look at various options to reduce the interest cost further to benefit KIAL and all users, as the Fair Rate of Return is linked to cost of debt.
4. Based on KIAL's submission, AERA has considered 16% increase in personnel expense for FY 2023 and FY 2025. The increase of personnel expenses appears excessive and does not appear to be line with the market increase in the aviation industry which is negatively impacted. We would request AERA to kindly review the same.

Thanking you,

**For Blue Dart Aviation Limited,**

  
**P. Parameshwaran**  
**Chief Financial Officer**

