Kempegowda
INTERNATIONAL
AIRPORT
BENGALURU

Ref: AERA/Finance/2024-25/01

Dated: 3rd March 2025

Director (P&S)
Airports Economic Regulatory Authority of India
Udaan Bhawan, 3rd Floor, D Block,
Rajiv Gandhi Bhawan, Safdarjung Airport,
NEW DELHI - 110003

Sub: **Response to Consultation Paper No. 7/2024-25 dated 31st January 2025**

Ref: **Determination of Tariff for Delhi International Airport Ltd (DIAL) for the 4th Control Period (FY2024-25 to FY2028-29)**

Dear Sir,

We thank the Authority for providing an opportunity to BIAL for sharing its comments and suggestions on the proposed position taken by AERA in the said consultation paper. In this regard, please find below our responses on the specific proposals contained in the above-mentioned Consultation Paper for the kind consideration of the Authority.

1) Cost of Debt

BIAL welcomes AERA's proposal to consider 1-year SBI MCLR at the start of commencement of the Control Period as the benchmark to which necessary spread has to be added which should absorb the financing and other associated costs incidental to fund raising activity.

Debt financing for Airports is typically led by a consortium of PSU Banks, Private sector Banks and Development Financial Institutions (DFIs). No single lender will be able to sanction the full debt required for the Airport infrastructure creation as there are group based and sector-based norms prescribed by RBI and Banks have to adhere to the same.

Hence, we request AERA to also include the benchmark rates of leading Private Scheduled Banks (like ICICI Bank and Axis Bank) and Development Financial Institutions (DFI) like IIFCL & NABFID which have been established solely by Government of India for Infrastructure Financing, for the estimation of cost of Debt.

Further, AERA's proposal to true up the cost of debt based on actuals or the cost of debt considering the spread of 150 bps plus SBI 1-year MCLR (whichever is lower) at the time of tariff determination for the Fifth Control Period, is contrary to the Hon'ble Tribunal's decision in its judgement dated 06.10.2023 in Mumbai International Airport Limited v. AERA, wherein the Hon'ble Tribunal had directed that AERA must consider the cost of debt actually incurred by the Airport Operator, especially if raised from reputed lenders. In view of the above decision, AERA needs to consider Cost of Debt actually incurred by DIAL.

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2) Rate Card

We fully support the Rate Card proposed by DIAL as the same considers the peak & off-peak usage of the Airport which is very important in maximizing the utilization of the Airport Infrastructure. Additionally, the UDF categorization into Economy and Business class passengers is a good step in aligning the pricing based on the facilities provided in the airport.

Further, DIAL's request to frontload the aeronautical revenue per pax needs to be considered by AERA as the same falls within the ambit of Section 13 (1) (a) (iv) of AERA Act which mandates that AERA shall determine the tariff for the aeronautical services taking into consideration the economic and viable operations of major airports.

Thanking you,

Yours faithfully,
For Bangalore International Airport Limited

Bhaskar Anand Rao
Chief Financial Officer