

To,

DIAL/2025-26/Regulatory/3725

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

Subject : Response to Mumbai International Airport consultation paper
Reference : Consultation Paper no 08 /2024-25 dated 10th March'2025

Dear Sir,

This is with reference to the above captioned consultation paper for Mumbai International Airport for Fourth Control Period. We have the following comments to the consultation paper for your kind consideration:

1. **Cost of Debt:** Authority has proposed not to consider MIAL's submission regarding the cost of debt for the Fourth Control Period. Instead, it has determined the cost of debt based on the State Bank of India's Marginal Cost of Funds-based Lending Rate (MCLR) as of March 2024, which is 8.65%. The Authority has examined the spread relevant to MIAL's credit rating based on data taken from Fixed Income Money Market Derivatives Association (FIMMDA), as of April 2024. Basis this, the spread applicable to MIAL's credit rating of AA- is 150 basis points. Considering a spread of 150 basis points and the MCLR, the total Cost of Debt for the Fourth Control Period is recalculated as follows: 8.65% (MCLR) + 1.50% (Spread for AA-) = 10.15%.

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.

Cost of Debt is decided by the banks based on a variety of factors, including, the risk profile of the project, MCLR, repo rates, etc.

Hence, we request AERA to consider cost of debt at actuals.

2. **Non – Implementation of Hon'ble TDSAT Judgements:** The Authority has challenged the Hon'ble TDSAT Judgement in Supreme Court and in the absence of stay order, based on earlier Supreme Court Judgements and legal positions authority should have implemented the referred TDSAT

Judgement. However, the authority has taken a view to await for the outcome of Supreme Court Judgement.

We request Authority to be kind enough to implement the Judgement as soon as Hon'ble Supreme Court disposes off the pending appeal by conduct of mid term review of the tariff.

3. **Non-aeronautical revenue:** AERA proposed to consider true up of Non-Aeronautical Revenues at the time of the determination of tariff for the Next Control Period if it is higher than that proposed by the Authority in Table 297.

AERA proposal that Non-Aeronautical Revenue will not be trued up at the time of tariff determination of next control period if it is lower than that proposed by the Authority. Such proposal of setting minimum threshold of revenues from non-aeronautical services, AERA has in effect prescribed the tariff of such services as the aggregate revenues earned by Appellant would largely be dependent on the tariff of such services. AERA's decision to undertake true-up based on actuals only if non-aeronautical revenues exceed the minimum threshold is a departure from its own practice of undertaking true-up in the next control period based on actuals to account for any over-recovery and under-recovery in the past control period

Hence, we request AERA to consider the non-aeronautical revenue estimations based on the airport's actuals.

4. **Legal Charges:** The Authority vide para 9.2.51 proposed not to consider legal costs as part of the Operating Expenses. It may be perused that there is no restriction in OMDA/SSA on legal expenses. Since the Airport Sector being a regulated sector in India, Airport Operator needs to incur the legal costs to protect its integrity on various matters along with its economic viability and sustainability. Non consideration of legal expenses in 4th control period is not in line with AERA stand taken in previous control period. Legal expenses being genuine expense in nature we request Authority to approve legal costs for Fourth Control Period based on efficiency test.
5. **Tariff Card:** MIAL has proposed a rational and balanced Tariff Card for the fourth control period. We support the tariff structure proposed by MIAL. Accordingly, we request the Authority to kindly approve the tariff card submitted by the MIAL.

Thanking you
For Delhi International Airport Ltd.



K Narayana Rao
Director

Date: April 08th 2025