

9<sup>th</sup> April 2025

Ref: AERA/Finance/2024-25/02

To,

The 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. 8/2024-25 dated 10<sup>th</sup> March 2025

**Ref:** Determination of Tariff for Mumbai International Airport Ltd (MIAL) for the 4<sup>th</sup> 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) Implementation of TDSAT decisions**

The Authority has proposed not to implement the Hon'ble TDSAT Order dated 6th October 2023 citing the reasons of public interest. We respectfully and humbly submit that the public will be better served if the Tribunal's order is implemented with immediate effect because any postponement in the implementation of a Tribunal's orders to a subsequent control period, will only result in increased charges to the Airport users and the same is not in public interest. Authority, being a statutory body is expected to set a good example of respecting a Tribunal's decision (a Tribunal being equivalent to a High court which is a Constitutional court). We request the Authority to follow a consistent approach in implementation of Tribunal's orders given that either party has a right of appeal before the Hon'ble Supreme Court of India whose decision is final, binding on parties and mandatorily has to be implemented. The current approach of the Authority does not demonstrate a balanced position and is also inconsistent with objectives of the AERA Act.

### **2) 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.

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 MIAL.

### 3) Legal Expenses

All applicable laws including AERA Act, provides a statutory right to the Airport operator to initiate appropriate legal proceedings to protect the interest of the entity, business and stakeholders. Therefore, any legal expenses incurred by the airport operator for enforcing its statutory rights, protecting business interests under the relevant laws, should not be disregarded by AERA.

The Authority's views that legal expenses are not critical / not predominantly related to the aeronautical operations are highly subjective. The reasoning that in the recent concession agreements entered by AAI, legal expenses are not a pass through costs of Airport operations, cannot be applied in this case as there are no such restrictions placed in the OMDA/ Concession agreement. Implementing such a decision would be tantamount to amending the terms of OMDA and AERA Act does not give such powers to the Authority.

Authority's views on disallowance of legal expenses incurred by the airport operator by linking it with employee costs of legal officers of the airport are subjective in nature and is not consistent with generally accepted regulatory principles.

Thanking you,

Yours faithfully,  
for **Bangalore International Airport Limited**



**Bhaskar Anand Rao**  
**Chief Financial Officer**