फा. सं. ऐरा/20010/एमवाईटीपी/एमआईएएल-मुम्बई/सीपी- IV/2023-24
F. No. AERA/20010/MYTP/MIAL-Mumbai/CP-IV/2023-24

आदेश संख्या 01/2025-26
Order No. 01/2025-26

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

छत्रपति शिवाजी महाराज अंतर्राष्ट्रीय हवाईअड्डा, मुम्बई (सीएसएमआईए) के संबंध में चतुर्थ नियंत्रण अवधि (01.04.2024–31.03.2029) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में।

IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR CHHATRAPATI SHIVAJI MAHARAJ INTERNATIONAL AIRPORT, MUMBAI (CSMIA) FOR THE FOURTH CONTROL PERIOD (01.04.2024 – 31.03.2029)

भा.वि.आ.वि.प्रा.
AERA

जारी करने की तारीख: 07 मई, 2025
Date of Issue: 07th May, 2025

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LIST OF ABBREVIATIONS

Abbreviation	Expansion
AAI	Airports Authority of India
ACI	Airport Council International
ACS	Access Control System
AERA	Airports Economic Regulatory Authority of India
AERA Act	Airports Economic Regulatory Authority of India Act, 2008 (as amended by Airports Economic Regulatory Authority of India (Amendment) Act, 2019 and 2021
Aero	Aeronautical
AGL	Aeronautical Ground Lighting
AIA	Authorized Investigation Agency
AMS	Airport Management System
AO	Airport Operator
AOA	Airport Operator Agreement
AOCC	Airport Operation Control Centre
AODB	Airport Operations Data Base
ARR	Aggregate Revenue Requirement
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATM	Aircraft Traffic Movement
β	Levered Beta
βL	Re-levered Beta
βU	Unlevered Beta
BCAS	Bureau of Civil Aviation Security
BG	Bank Guarantee
BHS	Baggage Handling System
BIAL	Bangalore International Airport Limited
BOQ	Bill of Quantities
BTP	Bag Tag Printer
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CAPM	Capital Asset Pricing Model
CARE	CARE Advisory Research and Training Ltd
CCTV	Closed Circuit Television
CISF	Central Industrial Security Force
CP	Consultation Paper
CPI	Consumer Price Index
CPI – IW	Consumer Price Index – Industrial Workers
Cr	Crore
CSMIA	Chhatrapati Shivaji Maharaj International Airport
CUSS	Common User Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Work in Progress
D	Depreciation on Aeronautical Assets
D/E	Debt Equity Ratio
DF	Development Fee
DIAL	Delhi International Airport Limited
EMRP	Equity Market Risk Premium

Abbreviation	Expansion
FAR	Fixed Assets Register
FCP	First Control Period
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
FTC	Fuel Throughput Charges
FY	Financial Year
FoCP	Fourth Control Period
GA	General Aviation
GoI	Government of India
GST	Goods and Services Tax
HIAL	Hyderabad International Airport Limited
HRAB	Hypothetical Regulatory Asset Base
i	Number of years in the regulatory control period
IATA	International Air Transport Association
IB	Information Broker
ICAO	International Civil Aviation Organization
IDC	Interest During Construction
i.e.	That is
IT	Information Technology
ITP	Fuel Into Plane
JV	Joint Venture
JVC	Joint Venture Company
KMP	Key Managerial Personnel
LOA	Letter of Authorization
LOI	Letter of Intent
LOS	Level of Service
MAG	Minimum Annual Guarantee
MAT	Minimum Alternate Tax
MCDA	Multi-Criteria Decision Analysis
MDF	Metro Development Fee
MDP	Major Development Plan
MERC	Maharashtra Electricity Regulatory Commission
MIAL	Mumbai International Airport Limited
MLCP	Multi-Level Car Park
MMRC	Mumbai Metro Rail Corporation Limited
MMRDA	Mumbai Metropolitan Region Development Authority
Mn	Million
MoCA	Ministry of Civil Aviation
MOU	Memorandum of Understanding
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
Non aero	Non-Aeronautical
NOTAM	Notice to Airmen
NPV	Net Present Value
O&M	Operations & Maintenance
OMC	Oil Marketing Company
OMDA	Operation, Management and Development Agreement

Abbreviation	Expansion
Order 35	Order No. 35/2017-18 dated 12.01.2018 as amended by virtue of amendment dated 09.04.2018
Pax	Passengers
PCN	Pavement Classification Number
PIDS	Perimeter Intrusion Detection System
PSF (SC)	Passenger Service Fee (Security Component)
PQC	Pavement Quality Concrete
QTY	Quantity
R&M	Repairs and Maintenance
RAB	Regulatory Asset Base
RB	Regulatory Base pertaining to Aeronautical Assets
RBI	Reserve Bank of India
RCC	Reinforced Cement Concrete
RET	Rapid Exit Taxiways
Rd	Cost of Debt
RE	Return on Equity
Ref	Reference
Rf	Risk Free Rate
Rm	Returns from market
ROU Assets	Right Of Use Assets
RRSD	Return on Refundable Security Deposits
Rs.	Rupees
RSD	Refundable Security Deposit
RWY	Runway
S	30% of the Gross Revenue generated from the Revenue Share Assets
SCP	Second Control Period
SCN	Self-Contained Note
SEIS	Service Exports from India Scheme
SSA	State Support Agreement
T	Corporate taxes on earnings pertaining to Aeronautical Services
TCP	Third Control Period
3rd CP	Third Control Period
TCP Order	Third Control Period Tariff Order No. 64/2020-21
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TR	Target Revenue
TWY	Taxiway
UDF	User Development Fee
UPS	Uninterrupted Power Supply
VAT	Value Added Tax
VIP	Very Important Person
VOIP	Voice Over Internet Protocol
VRS	Voluntary Retirement Scheme
Wipro	Wipro Limited
WDV	Written Down Value
WPI	Wholesale Price Index
YoY	Year-on-Year
Units of Measurement	
KL	Kilolitre

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Abbreviation	Expansion
KM	Kilometre
KwH	Kilowatt Hours
MT	Metric Ton
SQM / SQMT	Square Meters

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1. BACKGROUND

1.1 Introduction

1.1.1 Mumbai International Airport was incorporated as a special purpose vehicle on 2nd March 2006 with AAI retaining 26% stake in it. A consortium led by the GVK Group was awarded the contract for operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji Maharaj International Airport (CSMIA) at Mumbai with 74% equity stake holding being acquired by members of the consortia.

1.1.2 The GVK consortia comprised of GVK Airport Holding Pvt Ltd, ACSA Global Limited and Bid Services Division (Mauritius) Ltd. On 4th April 2006, MIAL signed the Operation, Management and Development Agreement (OMDA) with AAI, whereby AAI granted to MIAL the exclusive right and authority during the term to undertake the functions of operations, maintenance and development of the CSMIA and to perform services and activities constituting aeronautical services and non-aeronautical services excluding reserved activities, defined in OMDA. MIAL took over the operations of CSMIA on 3rd May 2006. The OMDA has a term of 30 years, wherein MIAL has been granted the right to extend the agreement for a further period of 30 years, subject to its satisfactory performance under various provisions governing the arrangement between MIAL and AAI.

1.1.3 In addition to the OMDA, MIAL also entered into State Support Agreement (SSA) dated 26th April 2006 with the Government of India acting through the Ministry of Civil Aviation (MoCA) and MIAL, which outlined the support from the GoI. Besides the OMDA and the SSA, MIAL also entered into Shareholder Agreement, CNS-ATM Agreement, Airport Operator Agreement, State Government Support Agreement, Lease Deed, Substitution Agreement and the Escrow Agreement. MIAL took over operations at CSMIA on 3rd May 2006.

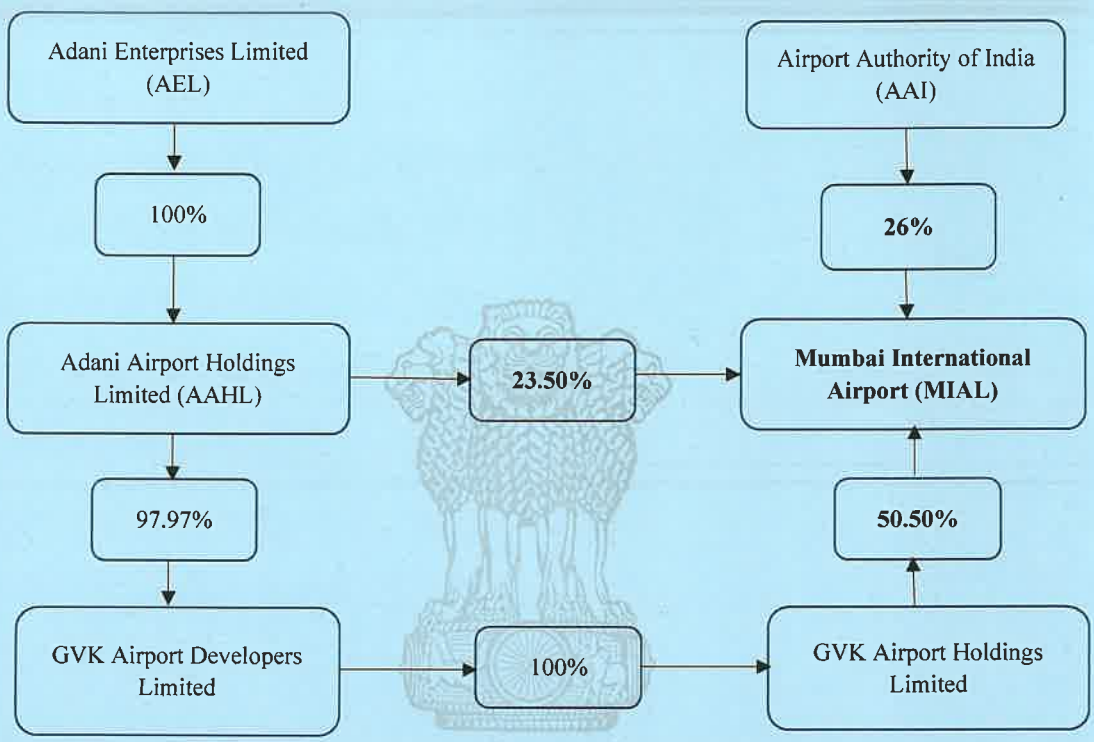
1.1.4 Adani Airport Holdings Limited (AAHL), a wholly owned subsidiary of Adani Enterprises Limited (AEL), took over the management control of MIAL from GVK Group on 13th July 2021. The current shareholding pattern and ownership structure of MIAL is given below:

Table 1: Shareholding pattern of MIAL

Shareholder	Ref	No. of Shares	% Shareholding
Adani Airport Holdings Limited (AAHL) - Directly or through a Subsidiary			
GVK Airport Holdings Limited (Immediate Holding Company) - Owned by AAHL through its subsidiary GVK Airport Developers Ltd	A	60,60,00,000	50.50%
Adani Airport Holdings Limited - Directly Held	B	28,20,00,000	23.50%
Adani Airports Holding Company (AAHL) - Total Shareholding	**C = A+B**	**88,80,00,000**	**74.00%**
Airports Authority of India	**D**	**31,20,00,000**	**26.00%**
Total	**E = C+D**	**1,20,00,00,000**	**100.00%**

** Refer ownership structure in Figure 1*

Figure 1 – Ownership Structure



1.1.5 Currently, the Chhatrapati Shivaji Maharaj International Airport serves several Domestic and International Destinations, making it the 2nd busiest airport in India, by both passengers handled and cargo traffic.

1.2 Profile of Chhatrapati Shivaji Maharaj International Airport (CSMIA)

1.2.1 CSMIA having a designated capacity of 55 MPPA (T1 – 15 MPPA & T2 – 40 MPPA) achieved a total passenger traffic of 52.82 MPPA in FY 2023-24, approximately 73% of which constitutes domestic passenger traffic. It is the 2nd busiest airport in India, by both passengers handled and cargo traffic.

Table 2: Actual Traffic achieved in the Third Control Period - as submitted by MIAL

Year	Passenger (in Millions)			ATM (in 000's)		
	Domestic	International	Total	Domestic	International	Total
FY20	33.57	12.36	45.92	228.68	75.99	304.68
FY21	9.84	1.22	11.05	91.81	23.18	114.98
FY22	18.56	3.18	21.75	150.75	34.90	185.65
FY23	32.72	11.21	43.92	221.86	67.78	289.64
FY24	38.50	14.32	52.82	241.81	83.15	324.96
Total	**133.19**	**42.28**	**175.47**	**934.90**	**285.01**	**1,219.91**

1.2.2 Technical and Terminal Building details of CSMIA submitted by MIAL are provided in the table below:

Table 3: Technical and Terminal Building details – as submitted by MIAL

Particulars	Details
Total Airport Land Area	1,951.84 Acres
Terminal Building Area	Terminal 1 – 1,03,131 sqm

Particulars	Details
	Terminal 2 – 4,48,432 sqm GA Terminal – 890 sqm
Designated Passenger Handling Capacity	T1 – 15 MPPA T2 – 40 MPPA
Peak Hour Passenger (two-way)	T1 – 4,403 T2 – 9,910
Runway Orientation & Length – 09/27	3,448 x 60m
Runway Orientation & Length – 14/32	2,871 x 45m
Taxiway	49 Nos.
No. of Apron Bays	131 Nos.
Boarding Gates/Aero Bridges	51 Nos.
Check-in Counters	205 Nos.
Emigration / Immigration Counters	Emigration 80 Nos. Immigration- 60 Nos.
Custom Counters	3 Nos.
Departure Conveyor	22 Nos.
Arrival Conveyor	19 Nos.
Security Gates	51 Nos.

1.3 Fuel Farm Services and Into Plane Services

Fuel Farm Services

1.3.1 MAFFFL was incorporated for the purpose of taking over and managing the aviation fuel facilities of the Oil PSUs, creating an integrated aviation fuel facility at that time for the Airport on an "open access" model. Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL) is a Joint Venture Company (JVC) floated by Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Mumbai International Airport Limited (MIAL), each having equal ownership. The License Agreement between MAFFFL and MIAL, dated 30th December 2014, is valid until 2nd May 2036. MAFFPL operates the following facilities in CSMIA:

The Integrated Facility mainly consists of:

(i) Fuel Hydrant system,
(ii) Connector pipeline between Integrated fuel farm & Hydrant System,
(iii) 5 nos. above ground JET A1 fuel storage tanks with total capacity of 47,500 KL,
(iv) Receipt facility of JET A1 through pipelines and /or tank trucks,
(v) Delivery facilities of JET A1 from the fuel farm to the aircraft through the Hydrant network as well as through refuellers,
(vi) Fully automated Fuel Farm Facility.

The revenue earned from the Fuel Farm Facility for FY 2024 is Rs 8.59 crores, which is also a component of the Aeronautical revenue.

Into Plane Services

1.3.2 There are two concessionaires handling the Into Plane Services in MIAL, namely, Bharat Stars Services Private Limited (BSSPL) and Indian Oil Skytanking Private Limited (IOSPL), both involved in implementing in "Open Access" model in Fuel Farm Operations and Single Man Refueling India. The revenue earned from the Into Plane Services for FY 24 is Rs 3.02 crores.

1.3.3 Both these concessionaires are in the business of handling Jet Fuel for Airlines on behalf of the suppliers and have started providing Into Plane Services from FY 2015 onwards at CSMIA.

1.3.4 The Into Plane Revenues, as submitted by MIAL, have been incorporated into the Target Revenue computation of MIAL as a component of Aeronautical Revenues.

1.4 Tariff setting principles

1.4.1 Airports Economic Regulatory Authority of India (AERA) was established by the Government of India vide notification No. GSR 317(E) dated May 12th, 2009. The function of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') read with AERA (Amendment) Act 2019 and 2021, which are as below:

(i) To determine the tariff for aeronautical services taking into consideration:

a) The capital expenditure incurred and timely investment in improvement of airport facilities.

b) The service provided, its quality and other relevant factors.

c) The cost for improving efficiency.

d) Economic and viable operation of Major Airports.

e) Revenue received from services other than the Aeronautical services.

f) The concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and

g) Any other factor which may be relevant for the purpose of the Act.

Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified in sub-clauses (i) to (vii).

(ii) To determine the amount of the development fees in respect of Major Airports.

(iii) To determine the amount of the passengers' service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.

(iv) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.

(v) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and

(vi) To perform such other functions relating to the tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act, 2008.

1.4.2 As per the AERA Act, 2008, the following are the Aeronautical services for which tariff is determined by the Authority:

(i) Aeronautical services provided by the Airport Operators.
(ii) Cargo Facility, Ground Handling and Fuel Supply Services.
(iii) Air Navigation Services.

1.4.3 AAI shall be handling the Air Navigation Systems (ANS) at MIAL. Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered

separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses, and revenues from ANS.

1.4.4 In so far as CSMIA is concerned, the provisions regarding "Tariff and Regulation" have been made in Chapter XII of OMDA and principles of tariff determination are further detailed out in the Schedule 1 read with clause 3.1 of the State Support Agreement (SSA) which is a part of OMDA.

1.4.5 Relevant extracts of Chapter XII of OMDA is provided below:

"12.1 Tariff

12.1.1 For the purpose of this Agreement, the charges to be levied at the Airport by the JVC for the provision of Aeronautical Services and consequent recovery of costs relating to Aeronautical Assets shall be referred to as Aeronautical Charges.

12.1.2 The JVC shall at all times ensure that the Aeronautical Charges levied at the Airport shall be as determined as per the provisions of the State Support Agreement. It is hereby expressly clarified that any penalties or damages payable by the JVC under any of the Project Agreements shall not form a part of the Aeronautical Charges and not be passed on to the users of the Airport.

12.4 Passenger Service Fees

12.4.1 The Passenger Service Fees shall be collected and disbursed in accordance with the provisions of the State Support Agreement".

1.4.6 Relevant extracts of Clause 3.1 of SSA are provided below:

*"GOI's intention is to establish an independent airport economic regulatory authority (the "**Economic regulatory authority**") which will be responsible for certain aspects of regulation (including regulation of aeronautical charges) of certain airports in India. GOI agrees to use reasonable efforts to have the Economic Regulatory Authority established and operating within two (2) years from the Effective Date. GOI further confirms that, subject to applicable law, it shall make reasonable endeavors to procure that Economic Regulatory Authority shall regulate and set/re-set aeronautical charges, in accordance with the draft principal set out in schedule one appended here to. Provided however, the upfront fee and the annual fees paid/payable by the JVC to AAI under the OMDA shall not be included as part of cost provision of aeronautical services and no pass through would be available in relation to the same."*

1.4.7 The Authority has been following the framework after analyzing the provisions of SSA as well as other relevant documents viz. OMDA etc. The Authority examined the covenants of SSA and OMDA in respect of MIAL for its implications on principles and mechanics of tariff fixation and has accordingly considered these provisions while determining the aeronautical tariff in respect of CSMIA. The Authority's examination of these covenants has been detailed in its Order No. 32/2012-13 dated 15th January 2013 and Order No. 13/2016-17 dated 23rd September 2016 in the matter of Determination of Aeronautical Tariff in respect of CSMI Airport for the First and the Second Control Periods respectively.

1.4.8 In line with the above approach, the Authority proposes to determine the Target Revenue (TR) by aggregating terms in the following formula:

$$TR_i = RB_i \times WACC_i + OM_i + D_i + T_i - S_i$$

where,

- ***TR*** *= target revenue*
- ***RB*** *= regulatory base pertaining to Aeronautical Assets and any investments made for the performance of Reserved Activities etc. which are owned by MIAL after incorporating efficient capital expenditure but does not include capital work in progress to the extent not capitalized in fixed assets. It is further clarified that penalties and liquidated damages, if any, levied as per the provisions of OMDA would not be allowed for capitalization in the regulatory base. It is further clarified that the Upfront Fee and any pre-operative expenses incurred by the successful bidder towards bid preparation will not be allowed to be capitalized in the regulatory base.*
- ***FRoR*** *= nominal post-tax weighted average cost of capital, calculated using the marginal rate of corporate tax*
- ***OM*** *= efficient operation and maintenance cost pertaining to Aeronautical Services. It is clarified that penalties and liquidated damages, if any, levied as per the provisions of OMDA would not be allowed as part of operation and maintenance cost.*
- ***D*** *= Depreciation charged on aeronautical assets calculated in the manner as prescribed in Schedule XIV of the Indian Companies Act, 1956 (and now amended under the Companies Act, 2013). In the event, the Depreciation rates for certain assets are not available in the aforesaid Act, then the Depreciation rates as provided in the Income Tax Act for such asset as converted to straight line method from the written down method will be considered. In the event, such rates are not available in either of the Acts then Depreciation rates as per generally accepted Indian accounting standards may be considered.*
- ***T*** *= Corporate taxes on earnings pertaining to Aeronautical Services*
- ***S*** *= 30% of the Gross Revenue generated from the Revenue Share Assets, which are defined to include:*
  - *Non-Aeronautical Assets; and*
  - *Assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets (e.g. Public admission fee etc.)*
- ***i*** *= time period (year) i*

$$RB_i = RB_i - 1 - D_i + I_i$$

where,

For the 1st regulatory period, RB would be the sum total of

- *the Book Value of the Aeronautical Assets in the books of MIAL and*
- *the Hypothetical Regulatory Base computed using the then prevailing tariff and the revenues, operation and maintenance cost, corporate tax pertaining to Aeronautical Services at the Airport, during the financial year preceding the date of such computation.*
- *I = Investment undertaken in the period.*

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AERA
Airports Economic Regulatory Authority of India

1.5 Authority's orders applied in the tariff proposals in this tariff order

1.5.1 Normative approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.

(i) The Authority issued Order No. 07/2016-17 dated 06th June 2016, in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.

(ii) Normative Approach Order is applicable to CSMIA as it is a major airport and will be appropriately applied by the Authority in tariff determination process.

1.5.2 Determination of useful life of airport assets

(i) The Authority issued Order No. 35/2017-18 dated 12th January 2018 and Amendment No.1 to Order No.35/2017-18 dated 9th April 2018, in the matter of determination of useful life of airport assets.

(ii) The Authority proposes to consider Order No. 35/2017-18 along with amendment in its determination of aeronautical tariff in respect of CSMIA.

1.6 Sequence of significant past events in the tariff determination process

1.6.1 Pursuant to the AERA Act, 2008, the Authority issued guidelines for determining aeronautical tariffs at major airports. MIAL submitted Multi-Year Tariff Proposals (MYTP) for the control periods, based on which the Authority determined the aeronautical tariffs as detailed below:

(i) For the First Control Period (1st April 2009 – 31st March 2014), the Authority determined the aeronautical tariff vide Order No. 32/2012-13 dated 15th January 2013. The Authority determined the X-factor for the First Control Period at -154.89% on the aeronautical tariff.

a) The Tariff Order No. 32/2012-13 was challenged by MIAL before the Hon'ble TDSAT tribunal in the AERA Appeal No. 4 of 2013 and the same was decided by the Tribunal.

b) The order passed by the Tribunal was further challenged before the Hon'ble Supreme Court of India in Civil Appeal No. 5401 of 2019 under Section 31 of the AERA Act in respect to the Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai. The appeal was decided by the Hon'ble Supreme Court on the 11th of July 2022.

(ii) For the Second Control Period (1st April 2014 – 31st March 2019), the Authority issued multiple interim orders extending the First Control Period tariffs. The aeronautical tariff was finalized vide Order No. 13/2016-17 dated 23rd September 2016, effective from 1st November 2016. The Authority determined the X-factor for the Second Control Period at +9.65% on the aeronautical tariff.

a) The Tariff Order No. 13/2016-17 was challenged by MIAL before the Hon'ble TDSAT tribunal in the AERA Appeal No. 9 of 2016 and the same was decided by the Tribunal and the outcome was pronounced on the 6th of October 2023.

(iii) For the Third Control Period (1st April 2019 – 31st March 2024), MIAL submitted its initial MYTP in 2019, later revised in 2020. Following stakeholder consultations, the aeronautical tariff was finalized vide Order No. 64/2020-21 dated 27th February 2021, effective from 1st April 2021.

a) The Tariff Order No. 64/2020-21 was challenged by MIAL before the Hon'ble TDSAT tribunal in the AERA Appeal No. 2 of 2021 and the same was decided by the Tribunal and the outcome was pronounced on the 6th of October 2023.

(iv) Apart from the Three Control Period Orders, the Authority also issued the following Orders in respect of Development Fee (DF) to be levied at the CSMIA:

a) Order No. 29/2012-13 dated 21st December 2012 in the matter of the levy of Development Fee by MIAL at CSMIA.

b) Order No. 46/2015-16 dated 28th January 2016 in the matter of the levy of Development Fee in respect of the Metro Connectivity Project for CSMIA.

1.6.2 The following are the tariff orders issued by the Authority for MIAL:

Table 4: Tariff Orders issued by the Authority for MIAL

Tariff Orders	Applicability Period	Pertaining To
Order no 32/2012-13 dated 15th January, 2013	w.e.f. 1st April 2009 to 31st March 2014	First Control Period
Order no 13/2016-17 dated 23rd September, 2016	w.e.f. 1st April 2014 to 31st March 2019	Second Control Period
Order no 64/2020-21 dated 27th February, 2021	w.e.f. 1st April 2019 to 31st March 2024	Third Control Period
Order no 40/2023-24	w.e.f. 1st April 2024 to 30th September 2024	Interim Tariff Extension Order for the Fourth Control Period
Order no 09/2024-25	w.e.f. 1st October 2024 to 31st March 2025	Interim Tariff Extension Order for the Fourth Control Period
Order no 18/2024-25	w.e.f. 1st April 2025 to 30th June2025 or till the determination of regular tariff.	Interim Tariff Extension Order for the Fourth Control Period

1.7 Hon'ble Supreme Court directions regarding the decisions taken by the Authority for the First Control Period

1.7.1 MIAL filed Civil Appeal in the Hon'ble Supreme Court against the Hon'ble TDSAT judgements dated 15th November 2018 in the matter of the Tariff Order for the First Control Period issued on 15th January 2013. The Hon'ble Supreme Court pronounced its judgement regarding these matters on 11th July 2022 post issuance of the Tariff Order for the Third Control Period by the Authority.

1.7.2 The Hon'ble Supreme Court vide its judgement dated 11th July 2022, has dismissed the Civil Appeal filed by MIAL against the Hon'ble TDSAT judgement dated 15th November 2018 except on the issue relating to corporate tax on earnings pertaining to aeronautical services.

1.7.3 As per the decision of the Hon'ble Supreme Court Order, the corporate taxes on earnings pertaining to Aeronautical services has to be computed solely on regulatory accounts prepared by the Authority for the Target Revenue. Article 3.1.1 of the SSA mandates that Annual Fee paid/payable to AAI shall not be considered as a cost in relation to provision of Aeronautical Services. Thus, Annual Fee payable by MIAL shall not be treated as an expense while calculating the corporate taxes on earnings pertaining to aeronautical services.

1.8 Hon'ble TDSAT directions regarding the decisions taken by the Authority for the Second and the Third Control Period

1.8.1 MIAL filed Appeal No. 9/2016 and 2/2021, against the Tariff Orders issued by the Authority for the Second and the Third Control Period, respectively. The Hon'ble TDSAT vide its judgement dated 6th October 2023

has disposed these Appeals. Additionally, the Hon'ble TDSAT also vide its order dated 21st July 2023 has disposed of the Appeals filed by DIAL against the Tariff Orders issued by the Authority for the Second and the Third Control Periods. Further, the Hon'ble TDSAT vide its order dated 14th February 2024 has disposed of the Appeals filed by GHIAL against the Tariff Order issued by the Authority for the Third Control Period. In all these judgements, certain issues have been decided in favor of the Airport Operators and certain issues have been decided in favor of the Authority. The decisions of the Hon'ble TDSAT decided in favor of the Airport Operators (MIAL, DIAL and GHIAL) have been factored by MIAL in the Multi Year Tariff Proposal (MYTP) submission for the Fourth Control Period.

1.9 Issuance of Consultation Paper and receipt of Stakeholder's Comments for the Tariff Determination for the Fourth Control Period

1.9.1 MIAL submitted the Multi Year Tariff Proposal (MYTP) document on 6th June 2024 seeking revision of tariffs for aeronautical services at CSMIA, for the Authority's consideration and approval for the Fourth Control Period (from 1st April 2024 to 31st March 2029). MIAL has factored in the decisions of the Hon'ble TDSAT on various issues and of Hon'ble Supreme Court judgement on the issue of corporate tax pertaining to earnings from Aeronautical services. These decisions have an impact on the First, Second and Third Control Period along with the treatment of Regulatory Building Blocks for the Fourth Control Period.

1.9.2 However, the Authority has challenged the decisions of the Hon'ble TDSAT by filing Civil Appeals in the Hon'ble Supreme Court under Section 31 of AERA Act, 2008. These Civil Appeals were opposed by MIAL and DIAL on the ground that AERA, being a Tariff determining Authority, is a quasi-judicial body and therefore, it cannot file Appeal against the judgement of Hon'ble TDSAT which is an appellate Authority.

1.9.3 The Hon'ble Supreme Court vide its judgement dated 18th October 2024 has rejected the contentions of MIAL and DIAL and has held that the appeals filed by the Authority under Section 31 of the AERA Act, 2008, against the Hon'ble TDSAT orders are maintainable on the ground that AERA is a necessary party in the Appeals filed before the Hon'ble TDSAT and the Authority is the custodian of public interest and for protecting public interest it can file Civil Appeal under Section 31 of the AERA Act, 2008. The Hon'ble Supreme Court has now listed these Civil Appeals filed by the Authority for hearing on merit and are pending before the Hon'ble Supreme Court for final settlement and thus are sub-judice.

1.9.4 The Authority has carefully examined the issue of implementation of the above-mentioned orders of the Hon'ble TDSAT. The Authority has utmost regards for the directions of the Appellate Authority. However, the Authority has challenged these orders in Hon'ble Supreme Court under section 31 of AERA Act, 2008, and Hon'ble Supreme Court is presently hearing the matter. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matter. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT order without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected considering MIAL's submissions on the basis of Hon'ble TDSAT judgments for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical Tariff which will have to be borne by the Airport users as MIAL will start recovery of increased tariff from the Airport users. If at a later stage, the Civil Appeals filed by the Authority are upheld or decided in its favor, then it will not be possible to refund the excess charges collected from the Airport users during this period on account of the increase in tariff. Due to all these factors, MIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering MIAL's submissions of giving effects to Hon'ble TDSAT judgements without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble

Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, public interest would be better served if Authority takes the decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

1.9.5 Considering the above and in public interest, the Authority proposed to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision regarding the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality in the proceedings before the Hon'ble Supreme Court.

1.9.6 The Authority, as mentioned in para 1.7.3, proposed to implement the Hon'ble Supreme Court Judgment dated 11th July 2022 with regard to corporate taxes on earnings pertaining to Aeronautical services and compute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense while computing the Aeronautical Taxes as per the directions contained in the said judgement of the Hon'ble Supreme Court.

1.9.7 The Authority has appointed an Independent Consultant, M/s PKF Sridhar & Santhanam LLP, to assess the MYTP submitted by MIAL for CSMIA for the Fourth Control Period. The independent consultant assisted the Authority in verifying the data from various supporting documents submitted by MIAL such as audited financial statements, Fixed Assets Register (FAR), construction contracts, expense register and submissions made on the basis of various judgements of Hon'ble TDSAT and Hon'ble Supreme Court. The independent consultant also assisted the Authority in ensuring that the treatment provided to various Regulatory Building Blocks is consistent with the Authority's methodology and approach.

1.9.8 The Authority, through its Independent Consultant, has examined the MYTP submitted by MIAL, including obtaining clarifications on the information shared by MIAL from time to time, to review the appropriateness of the classification of assets, the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure and other building blocks, for finalizing this Tariff Order.

1.9.9 MIAL has sought a Target Revenue (TR) of Rs. 38,724.19 crores (translating to an of NPV of Rs. 32,156.61 crores) for 5 years and one time increase of 675.72% for determination of aeronautical tariffs in the first year with an annual inflationary adjustment at the CPI (as per OMDA) inflation rate of 4.50% for each subsequent year.

1.9.10 The timelines of various submissions made by MIAL with regards to the Multi Year Tariff Proposal are as below:

Table 5: Timeline of Various Submissions made by MIAL

S. No	Activity	Date
1	MYTP Submission	6th June 2024
2	Introductory Meeting with MIAL	14th June 2024
3	Initial Set of Queries Sent to MIAL	2nd July 2024
4	Online Discussion presentation by MIAL Team on Capex	10th July 2024
5	Submission of Audited General Purpose Financial Statements by MIAL	22nd July 2024
6	Discussion Operating Expenses data related queries and additional data requirement (In person)	26th July 2024
7	Discussion Capital Expenditure data related queries and Capital Expenditure of the Fourth Control Period plan discussion (In Person)	8th Aug 2024
8	Discussion on pending information and Operating Expenses related queries with MIAL (Virtual meeting)	24th Aug 2024
9	Clarifications with respect to Capital Expenditure	28th Aug 2024

S. No	Activity	Date
10	Site visit for Capital Expenditure inspection	30th Aug 2024 and 31st Aug 2024
11	Clarification relating to Capital Expenses	10th Sep 2024
12	Clarifications related to Operating Expenses	19th Sep 2024
13	Clarifications relating to Operating Expenses and Non-Aeronautical Revenues	15th Oct 2024
14	Clarifications relating to Legal Expenses	28th Oct 2024
15	Clarification relating to Related Party Transactions	30th Oct 2024
16	Discussion on Digitalization App (Virtual meeting)	5th Nov 2024
17	Clarifications related to Operating Expenses	12th Nov 2024
18	NATS Study Report	18th Jan 2025
19	GST ITC Details	3rd Feb 2025

1.9.11 After reviewing the various submissions made by MIAL along with MYTP, the Authority issued the Consultation Paper No. 08/2024-25 dated 10th March 2025.

1.9.12 Subsequent to the release of the Consultation Paper, MIAL submitted the Annual Tariff Proposal (ATP) along with the Tariff Rate Card for the Fourth Control Period based on the Target Revenue determined by the Authority at the Consultation Stage. The ATP and Tariff Rate Card are available on AERA's website. Stakeholders' comments and MIAL's counter comments were scheduled for submission by 9th April 2025 and 19th April 2025 respectively. Considering the request of certain stakeholders for extension of timeline for submission of stakeholder comments, the Authority decided to extend the last date for submission of stakeholders' comments and MIAL's counter comments to 16th April 2025 and 26th April 2025 respectively. Following the release of the Consultation Paper, the Authority convened a meeting with Stakeholders on the 25th March 2025. The Minutes of the Meeting is available on AERA's website.

1.9.13 This Stakeholders consultation meeting was conducted in a hybrid mode to attract participation across the various streams of stakeholders and also to encourage active discussion on the various proposals of the Authority as enumerated in the Consultation Paper. Sufficient notices were also given in national newspapers to ensure adequate and necessary interest is generated towards the stakeholder consultation process to get the first-hand information/ views of the stakeholders.

1.9.14 As part of the Stakeholder's Consultation process, the following stakeholders submitted comments on the Consultation Paper No. 08/2024-25 dated 10th March 2025 till the last date of submission of Stakeholders' comments i.e., 16th April 2025 and these comments are available on AERA's website:

1. Mumbai International Airport Limited (MIAL)
2. Airports Authority of India (AAI)
3. Delhi International Airport Limited (DIAL)
4. Bangalore International Airport Limited (BIAL)
5. Association of Private Airport Operators (APAO)
6. International Air Transport Association (IATA)
7. Federation of Indian Airlines (FIA)
8. Airlines Operators Committee (AOC)
9. Business Aircraft Operators Association (BAOA)
10. Brihanmumbai Custom Brokers Association (BCBA)
11. Board of Airline Representatives in India (BAR)

1.9.15 The segregation of the stakeholders who have commented amongst the regulatory building blocks concerned are as shown in the table below:

Table 6: Names of Stakeholders who submitted comments/ views on Regulatory Building Blocks

Name of Stakeholders' who commented / submitted views on Regulatory Building Blocks / Tariff Determination Process	Component Impacting Tariff Determination for the Fourth Control Period
MIAL, DIAL, BIAL, APAO	Hon'ble TDSAT Orders
IATA	Civil Appeals in the Hon'ble Supreme Court of India
IATA	Related Party Transactions
IATA	Revenue from Fuel Farm Services
MIAL	Normative Costing Methodology
MIAL	True up of Aeronautical Tax for the First Control Period
MIAL	True up of Return on Regulatory Asset Base and Depreciation for the Second Control Period
MIAL	True up of FROR for the Second Control Period
IATA	True up of First and Second Control Period
IATA	True up of Traffic for the Third Control Period
MIAL, IATA	True up of Regulatory Asset Base for the Third Control Period
IATA	True up of Hypothetical Regulatory Asset Base for the Third Control Period
MIAL, IATA	True up of Depreciation for the Third Control Period
MIAL, APAO, IATA	True up of Aeronautical O&M for the Third Control Period
IATA	True up of Aeronautical Tax for the Third Control Period
MIAL, APAO, IATA	True up of FROR for the Third Control Period
MIAL, IATA	True up of Non-Aeronautical Revenue for the Third Control Period
MIAL, IATA	True up of Aeronautical Income for the Third Control Period
IATA, BAR	Traffic for the Fourth Control Period
MIAL, AAI, IATA, AOC, BAOA, BAR	Capex, Depreciation, RAB and HRAB for the Fourth Control Period.
MIAL, DIAL, BIAL, IATA, BAR	FROR for the Fourth Control Period
MIAL, DIAL, BIAL, AAI, IATA, APAO, BAR	Aeronautical O&M for the Fourth Control Period
MIAL, DIAL, IATA, BAOA	Non-Aeronautical Revenue for the Fourth Control Period
IATA	Aeronautical Taxes for the Fourth Control Period
IATA	Quality of Service for the Fourth Control Period
MIAL, FIA, IATA	Target Revenue for the Fourth Control Period
DIAL, IATA, APAO	Annual Tariff Proposal
BAOA, BAR	UDF/ Landing/ Parking charges
BCBA	Cargo

1.9.16 The counter comments from MIAL on the comments from other stakeholders were received on 26th April 2025. Thus, the Stakeholders consultation process concluded on receipt of counter comments from MIAL.

1.9.17 No input was received from the Ministry of Civil Aviation (MoCA) as part of the Consultation Process.

1.10 Related Party Transactions

1.10.1 The Authority, through its Independent Consultant, obtained details of the related parties with whom the airport operator has engaged, for rendering or receiving services. The list of such related parties and the nature of services rendered during the five years of the Third Control Period are provided in the table below:

Table 7: Related Parties of MIAL from July 2021 (managed by Adani Group)

S. No.	Nature of Services	Name of Related Party	Description of Relationship
1	Duty Free Income	Mumbai Travel Retail Pvt Ltd	Fellow Subsidiary
2	Lounge Services	Mumbai Airport Lounge Services Pvt Ltd	Joint Venture
3	Car Parking Management	Adani Airport Holdings Ltd	Intermediate Holding Company
4	Fuel Farm Facility (Aero)	Mumbai Aviation Fuel Farm Facility Private Ltd	Joint Venture
5	Cargo Services	Rajputana Smart Solution Ltd	Fellow Subsidiary
6	Utilities Charges	Adani Electricity Mumbai Ltd	Entities Controlled by Directors
7	Loan Interest Accrued/ Corporate Cost	AAHL	Intermediate Holding Company
8	Corporate Cost	AEL	Ultimate Holding Company
9	Reimbursement of Expenses	NMIAL	Subsidiary
10	Digital Service	Adani Digital Lab Pvt Ltd	Fellow Subsidiary
11	Annual Fees paid to AAI	Airports Authority of India (AAI)	Joint Venture
12	Energy Solutions	Adani Total Energies E-Mobility Limited	Entities Controlled by Directors
13	Cost Allocation	Ahmedabad International Airport Limited	Fellow Subsidiary
14	Cost Allocation	Lucknow International Airport Limited	Fellow Subsidiary
15	Aero Sales	Karnavati Aviation Private Limited	Entities Controlled by Directors
16	Training Related Services	Adani Institute for Education and Research	Entities Controlled by Directors

Table 8: Related Parties of MIAL from April 2019 to July 2021 (managed by GVK Group)

S. No.	Nature of Services	Name of Related Party	Description of Relationship
1	Revenue Share & Utility from Retail Concessionaire	Adaa Traders Pvt Ltd	Entities Controlled by Directors
2	Revenue Share & Utility from Taj Santacruz	Greenwood Palaces & Resorts Pvt Ltd	Entities Controlled by Directors
3	Corporate Cost	GVK Power & Infrastructure Ltd	Ultimate Holding Company
4	Technical Services	ACSA Global Ltd	Shareholder / Consortium Member in the Joint Venture
5	Reimbursement of Travel Ticket Cost/Credit Note Received for Earlier Years	Orbit Travel & Tours Pvt Ltd	Entities Controlled by Directors
6	Infrastructure Services	Crescent EPC Project and Technical Services Limited (CPTSL)	Entities Controlled by Directors

1.10.2 The Authority noted that MIAL has put in place a policy approved by its Board with respect to the matters pertaining to Related Party Transactions as required under Section 188 of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. As per the policy:

(i) Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee of the Board of MIAL whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve Related Party Transactions.

(ii) Further, if the Audit Committee of the Board of MIAL determines that a Related Party Transaction should be brought before the Board, or where Audit Committee does not approve of the transaction, it shall make its recommendation to the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction.

1.10.3 The Authority noted the following as per **Clause 8.5.7** with regards to Contracts, Leases and Licenses from the OMDA signed between MIAL and AAI as below:

"Contracts, Leases and Licenses

i. Sub-Contracting, Sub-Leasing and Licensing

a. Any activity may be sub-contracted by the JVC, provided always that notwithstanding the sub-contract, the JVC retains overall management, responsibility, obligation and liability in relation to the sub-contracted Airport Service. Any such subcontracting shall not relieve the JVC from any of its obligations in respect of the provision of such Airport Services under this Agreement. It is clarified that JVC shall remain liable and responsible for any acts, omissions or defaults of any sub-contractor, and shall indemnify AAI in respect thereof. Provided however that any sub-contract involving foreign manpower or materials shall be subject to the political sensitivities of GOI.

b. AAI hereby recognizes the right of JVC to sub-lease and license any part (but not whole) of the Airport Site to third parties for the purpose of performance of its obligations hereunder.

c. Before entering into contracts or granting any sub-lease or license, the JVC will:

d. Without prejudice to the foregoing, every contract entered into by the JVC shall be on an arms-length basis (and comply with contracting procedures set forth in Schedule 12), and shall contain an express provision allowing the transfer of the rights and obligations of the JVC under such contract to the AAI in the event of termination or expiry hereof. Every contract (including any sub-lease or license arrangement) entered into by the JVC shall contain an express provision recognizing the right of the AAI to acquire the Transfer Assets and the Non-Transfer Assets (including reversion of underlying land) in the manner provided herein, and contain an undertaking by the counter-party (ies), licensee/ sub-lessees, or owners of the relevant asset, as the case may be to transfer the relevant Transfer Asset and/ or the Non-Transfer Asset (including the reversion of the underlying land), as the case may be, upon the exercise of such right by AAI. JVC shall further procure that any contracts entered into by any counter-party (ies), licensees/ sub-lessees, as the case may be and relatable to any Transfer Asset and/ or the Non-Transfer Asset shall also recognize the right of the AAI to acquire the Transfer Assets and the Non-Transfer Assets in the manner provided herein, and contain an undertaking by the counter-party (ies), sub-licensee, sub-sub-lessees, as the case may be to transfer the relevant Transfer Asset and/ or the Non-Transfer Asset, as the case may be, upon the exercise of such right by AAI.

e. JVC shall ensure that any sub-contract, license or sub-lease granted in relation to the Airport expires on the thirtieth (30th) anniversary of Effective Date. JVC shall further procure that any contracts entered into by any counter-party (ies), licensees/ sub-lessees, as the case may be and relatable to the Airport shall also expire on the thirtieth (30th) anniversary of Effective Date.

f. The JVC shall prior to entering into or modifying any contract with a Group Entity of the JVC or any of its shareholders (other than AAI), inform AAI about the key terms of such contract and disclose the draft contract to the AAI. In relation to such contracts, AAI shall have the right to object to any key terms that it can reasonably demonstrate are not equitable, are inconsistent with or contrary to the letter or spirit of this Agreement or not on arms-length, and the JVC shall address the reasonable concerns of AAI prior to execution of such contracts. The JVC shall further ensure that any contract with a Group Entity of the JVC or any of its shareholders (other than AAI) shall only be entered into after the board of directors of the JVC (the "Board") duly approves such contract itself and the same is not approved by any sub-committee of the Board or by delegation to any person whatsoever. The Board shall have the right to consider and comment on the terms and conditions of such contracts and suggest modifications thereto. The Board shall be entitled to seek a report on the terms of contracts from the Independent Engineer. The Board shall approve any such contract only if it is satisfied that the terms thereof are no less favorable to the JVC than those which could have been obtained from bona fide non-Group Entities/ non-shareholders on arms-length commercial basis. The rights and obligations of the Board hereunder shall be incorporated into the Articles of Association of the JVC prior to Effective Date."

1.10.4 Reference is also drawn to Schedule 12 of the OMDA, which states that:

"...Where a shareholder of the JVC (or any of its Group Entities) intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arm's length arrangement. It is clarified that the independent probity auditor shall not be a Group Entity of JVC or any of its shareholders. JVC shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by AAI..."

1.10.5 The Authority observed that as per the provisions of OMDA mentioned above:

(i) For any contract entered into by MIAL with a Group Entity, AAI shall have the right to object to any key terms if it can reasonably demonstrate that they are not equitable, are inconsistent with or contrary to the letter or spirit of this agreement or are not on an arm's-length basis.

(ii) Any contract with a Group Entity or any of its shareholders (excluding AAI) shall only be executed after obtaining approval from MIAL's Board. The Board shall approve such contracts only if it is satisfied that the terms are on an arm's-length commercial basis.

(iii) MIAL shall ensure that transactions with Related Parties adhere to arm's-length pricing principles and comply with the contracting procedures outlined in Schedule 12 of the OMDA.

1.10.6 The Authority, through its Independent Consultant, also sought and reviewed few probity audit reports for Related Party Transactions during the Third Control Period.

1.10.7 The Authority also noted that the Board of Directors of MIAL comprise two nominee directors from AAI and one nominee director from MoCA.

1.10.8 Further, the Authority observed that as per the Notes to the Audited Financial Statements (signed by Statutory Auditors also) of MIAL for FY 2024:

"The transactions with related parties are made on terms of equivalent to those that prevail in arms' length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates."

1.10.9 Based on the above, the Authority expects the Board of Directors of MIAL and the AAI to exercise their rights and/or obligations under the Companies Act 2013, SEBI Regulations 2015 and OMDA to ensure that the contracts with Related Parties are at arm's length basis and that the Related Party has experience of providing similar service in other places to ensure protection of interest of all stakeholders, which may be followed in letter and spirit.

1.11 Construct of this Tariff Order

1.11.1 This Tariff Order has been developed in the order of the events and as explained above. Chapter-wise details have been summarized as follows:

(i) Chapter 1 (this chapter) provides background information pertaining to CSMIA, including terminal and technical details. Additionally, it also discusses the framework for tariff determination, elaborating on the sequence of past events, the directions issued by the Hon'ble Supreme Court and Hon'ble TDSAT, and the timelines associated with the determination of tariffs for the Fourth Control Period.

(ii) Chapter 2 sets forth MIAL's submissions as part of the current MYTP regarding various issues related to the true-up for the First Control Period. The chapter outlines the Authority's earlier analysis and decisions in the Third Control Period Tariff Order, followed by the Authority's current examination and proposals concerning the true-up for the First Control Period as part of the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, the response of MIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

(iii) Chapter 3 presents MIAL's submissions related to the true-up for the Second Control Period. The Authority's earlier analysis and decisions, as documented in the Third Control Period Tariff Order, are detailed alongside the Authority's current examination and proposals for the true-up for the Second Control Period as part of the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, the response of MIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

(iv) Chapter 4 lists MIAL's submissions regarding the true-up for the Third Control Period, focusing on specific issues. The chapter also summarizes the Authority's analysis and decisions regarding the building blocks for the Third Control Period as per the Third Control Period Tariff Order, followed by the Authority's current examination and proposals on the same issues as part of the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, the response of MIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

(v) Chapter 5 addresses the submissions made by MIAL concerning traffic projections for the Fourth Control Period. The chapter includes the Authority's examination of these submissions and its proposals on traffic projections for the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of

MIAL and other stakeholders, response of MIAL on other Stakeholders' comments, the Authority's analysis and final decisions are set out.

(vi) Chapter 6 includes MIAL's submissions regarding Capital Expenditure (CAPEX), Depreciation, Hypothetical Regulatory Asset Base (HRAB) and the Regulatory Asset Base (RAB) for the Fourth Control Period. The chapter outlines the Authority's detailed examination, adjustments, rationalization, and proposals regarding aeronautical CAPEX, depreciation, HRAB and RAB for the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, response of MIAL on other Stakeholders' comments, the Authority's analysis and final decisions are set out.

(vii) Chapter 7 to 12 includes MIAL's submissions on various regulatory building blocks for the Fourth Control Period, including the Fair Rate of Return, Inflation, Operating and Maintenance Expenses, Non-Aeronautical Revenue, Taxation, and Quality of Service. Each chapter also incorporates the Authority's examination and proposals regarding these matters for the Fourth Control Period Tariff Determination of the same as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, the response of MIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

(viii) Chapter 13 provides the Authority's determination of Target Revenue for the Fourth Control Period, derived from its examination of the regulatory building blocks and proposals outlined in preceding chapters as set out in the Consultation Paper No. 08/2024-25 dated 10th March 2025. Thereafter the comments of MIAL and other stakeholders, response of MIAL on other Stakeholders' comments, the Authority's analysis and final decisions are set out.

(ix) Chapter 14 summarizes the Authority's decisions on all matters related to Tariff Computation and Chapter 15 is the Tariff Order issued by the Authority for Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai for the Fourth Control Period.

(x) In Chapter 16 contains Tariff Rate Card approved by the Authority for Chhatrapati Shivaji International Airport (CSMIA), Mumbai for the Fourth Control Period.

1.12 Stakeholders' Comments with regards to the Background for Tariff Determination for CSMIA, Mumbai for the Fourth Control Period

During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, DIAL, BIAL, APAO and IATA in response to the proposals of the Authority in the Consultation Paper No. 08/2024-25 dated 10th March 2025 with regard to the non-implementation of the Hon'ble TDSAT Order, Normative Costing Methodology, Related Party Transactions and Fuel Farm Services. The comments of the stakeholders are presented below:

MIAL's comments with regards to the Background

1.12.1 MIAL's comment with regard to the Hon'ble TDSAT order is as follows:

"The Authority has challenged the Hon'ble TDSAT Judgement dated 6.10.2023 before the Hon'ble Supreme Court. However, it is an admitted position that no stay has been granted against the judgment & order dated 6.10.2023 passed by the Hon'ble TDSAT. Thus, in view of catena of judgements & established legal position that in absence of stay by the higher court, the parties to the judgment are bound by it and

have to unequivocally implement the same. Thus, the Authority should have implemented the judgement & order dated 6.10.2023 of the Hon'ble TDSAT. However, the Authority has taken a view to wait for the outcome of the appeals filed by them, which amounts to violation of the said judgment.

In this regard, it is imperative to note that as per Order 41 Rule 5 of the Code of Civil Procedure, 1908, unless there is an interim order, mere pendency of the appeal before the Hon'ble Supreme Court will not amount to the stay on the operation of the order passed by the Hon'ble TDSAT.

We wish to rely upon the following judgments in support of our contention, amongst many such other judgments which may be relied upon in future, if required.

i. *The statutory authorities are bound to carry out their statutory functions and comply with the orders of the Superior Courts in letter and spirit. Otherwise, the contempt proceedings may be initiated against them by the Superior authority/Appellate Tribunal. [Refer Bhopal Sugar Industries Vs. Income Tax Officer, Bhopal AIR 1961 SC 182 Para 7-12; RBF Rig Corporation, Mumbai Vs. Commissioner of Customs (Imports), Mumbai (2011) 3 SCC 573 Paras 17-19, 23 to 27]*

ii. *Principle of judicial discipline require that the orders of the higher appellate authorities should be followed unreservedly by the subordinate authorities. The mere fact that the order of the Appellate authority is the subject matter of an appeal cannot furnish any ground for not following it unless its operation has been suspended by a competent court. [Refer Union of India Vs. Kamlakshi Finance Corporation Limited (1992) Supp (1) SCC 443 Para 6: Kashi Vishwanath Steels Ltd. Vs. Uttaranchal Electricity Regulatory Commission and Ors. Appeal No. 169 of 2006 Para 4]*

iii. *The Regulatory Authorities are bound by this principle of judicial discipline. The orders passed by the Regulatory Authorities are appealable to the concerned Appellate Tribunal under the statute and any order passed in such appeal by the Appellate Tribunal is required to be carried out by the Regulatory Authority unless and until the order of the Appellate Tribunal is stayed, set-aside or modified by the Apex Court to which the second Appeal lies under the scheme of such statute. [Refer Judgment dated 23.09.2013 passed by APTEL in Appeal No. 52 of 2012- Para 121-124]*

iv. *Mere pendency of appeal before the Supreme Court against the order does not absolve the party not to comply with the order. Provisions of appeal, even if availed without any stay, will expose the party to contempt proceedings, for non-compliance. [Refer Dr. Sajad Majid Vs. Dr. Syed Zahoor Ahmed and Anr.; 1989 Cri LJ 2065 Para 8]*

v. *As per the Supreme Court Judgement in the case of 414 of 2007 delivered on 05-10-2023 in respect of Odisha Electricity Regulatory Commission (OERC) and APTEL, following are the important observations at Page 22 at para 26 and at page 47 – para 76): The Commission is bound by the orders of the Appellate Tribunal. (page 22- para 26) It is the duty of the Commission to implement the orders of the Appellate Tribunal as an Appellate Authority (page 47, para 76).*

In view of the above legal position, while the Authority is duty bound to implement the Hon'ble TDSAT Judgement, we request the Authority to implement the same in the Tariff Order to be passed for the Fourth Control Period. Without prejudice to this and in the alternate, we humbly request the Authority to be kind enough to implement the said Judgement as soon as Hon'ble Supreme Court disposes off the pending appeals by conduct of mid-term review of MIAL's tariff for the Fourth Control Period and not the same pending until the commencement of tariff determination process for Fifth control period (2029-34), which would be detrimental to the interest of the airport users."

1.12.2 MIAL's comment with regard to the Normative Costing Methodology is as follows:

"TDSAT vide order dated 16th April 2025 has observed that no benchmarks with respect to capital costs should be used by AERA. Following is the excerpt from the order:

*"If impugned order is held as a valid one and if the cost of runway has to be revaluated by AERA and subsequently allowed to be reduced, it will have a disastrous effect because with a lower cost, lower quality of runway will be given. This is not permissible, especially for the construction at the airport because every construction at the airport has a definite specification and sometimes as per international standards (i.e. for runway etc.). If the international standards are to be maintained, then the cost arrived at after due process of bidding which is known as "**market discovered price**" ought to have been allowed by AERA because it is a "**cost incurred**" as per Section 13(1)(a)(i) of AERA Act, 2008. At no cost, the project cost can be reduced by AERA which has a direct bearing upon the operational efficiency of the airport and, therefore, Section 13(1)(a) of AERA Act, 2008 has used the words "the Capital Expenditure incurred". Thus, by virtue of the impugned order (**Annexure A-1**), AERA cannot provide benchmark of capital expenditure."*

We request Authority to not apply normative benchmarks while approving the costs of Terminal Building and Runway/Taxiway/Apron projects."

Other Stakeholders' comments with regards to the Background

1.12.3 DIAL's comment with regard to the Hon'ble TDSAT Order is as follows:

"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."

1.12.4 BIAL's comment with regards to the Hon'ble TDSAT Order is as follows:

"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."

1.12.5 APAO's comment with regards to the Hon'ble TDSAT Order is as follows:

"The Authority has not implemented Hon'ble TDSAT Order dated 6th October 2023 which deals with various issues raised by MIAL in their Second and Third Control Period Order. The decision of the Authority is solely based on the public interest and increase in the tariffs which may impact the public adversely.

We humbly submit that it is the prime responsibility of the Authority to ensure the economic viability of the airport operators. However, the Authority has always emphasized public interest but at the cost of the airport operator's economic viability. If the airport operators are not economically viable then it is more harmful to all the other stakeholders due to operational inefficiencies setting in at the airport which would indirectly raise costs for all the other stakeholders besides affecting the quality of services for air passengers.

In addition to the above, even considering on legal grounds, it is the responsibility of the Authority to implement the Hon'ble TDSAT Judgement (being an Appellate Tribunal) unless there is a stay ordered on the judgement by the Hon'ble Supreme Court. In the current scenario, there is neither a stay nor an injunction by Hon'ble Supreme Court. Hence, we earnestly request the Authority to implement the TDSAT Judgment while approving the tariff of Fourth Control Period."

1.12.6 IATA's comment with regards to Civil Appeals in the Hon'ble Supreme Court of India is as follows:

- *"IATA supports the approach by AERA to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. We fully agree that the final decision regarding the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality in the proceedings before the Hon'ble Supreme Court.*
- *We believe that this approach is in the public interest, as there are significant implications for user charges depending on the final decision of the Hon'ble Supreme Court. Airport users should not be burdened with excessive recovery of charges, given the fact that these charges which will be borne by the passengers, cannot be refunded in case Civil Appeals filed by the AERA are upheld or decided in its favor.*
- *AERA has also taken the right approach in following the directions of the Hon'ble Supreme Court and not treating the annual fee payable by the airport operator as an expense while calculating the corporate taxes on earnings pertaining to aeronautical services."*

1.12.7 IATA's comment with regards to Related Party Transactions is as follows:

- *"While MIAL as the JVC prescribed within the OMDA may sub-contract out its activities, "... it shall not relieve MIAL from its obligations in respect of the provision of such Airport Services".*
- *Deploying related parties as sub-contractors for various airport services continues to be a preferred option by private airport operators to maximize their returns and dilute the overall revenue in the regulatory account; aeronautical revenue as well as non-aeronautical revenues that are recognized to offset aeronautical costs.*
- *Perhaps there is merit for AERA to address this risk/gap by setting the baseline to when the private airport operator first took over the management of the concessioned airport i.e. regardless of the sub-contract arrangement post the handover. For example: 100% of the non-aeronautical revenue will be recognized for the calculation of S-factor, instead of a portion received by MIAL based on its share or royalty arrangement post-handover. This would draw behaviors that better reflect a competitive market and protect airport users from the abuse of the dominant position of the airport operator."*

1.12.8 IATA's comment with regards to Fuel Farm Services is as follows:

"We support the correction by AERA in recognizing the fuel farm revenue as aeronautical revenue."

1.13 MIAL's response to Stakeholders' Comments for Tariff Determination for the Fourth Control Period

1.13.1 MIAL acknowledged the comments of DIAL, BIAL and APAO on Hon'ble TDSAT Order and submitted its response as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

1.13.2 MIAL's response to IATA's comment on Civil Appeals in the Hon'ble Supreme Court of India is as follows:

"The Authority has challenged the Hon'ble TDSAT Judgement dated 6.10.2023 before the Hon'ble Supreme Court. However, it is an admitted position that no stay has been granted against the judgment & order dated 6.10.2023 passed by the Hon'ble TDSAT. Thus, in view of catena of judgements & established legal position that in absence of stay by the higher court, the parties to the judgment are bound by it and have to unequivocally implement the same. Thus, the Authority should have implemented the judgement & order dated 6.10.2023 of the Hon'ble TDSAT. However, the Authority has taken a view to wait for the outcome of the appeals filed by them, which amounts to violation of the said judgment.

In this regard, it is imperative to note that as per Order 41 Rule 5 of the Code of Civil Procedure, 1908, unless there is an interim order, mere pendency of the appeal before the Hon'ble Supreme Court will not amount to the stay on the operation of the order passed by the Hon'ble TDSAT.

In view of the above legal position, while the Authority is duty bound to implement the Hon'ble TDSAT Judgement, MIAL requests the Authority to implement the same in the Tariff Order to be passed for the Fourth Control Period.

With respect to the issue of excessive recovery of charges raised by IATA, based on the flawed logic that these charges which will be borne by the airport users cannot be refunded, is completely baseless as true up mechanism ensures over recovery by airport operator is adjusted along with carrying costs in subsequent control period

Further, kindly refer para 1.12.1 of MIAL`s comments to CP."

1.13.3 MIAL's response to IATA's comment on Related Party Transactions is as follows:

"Sub-contractors are selected through transparent and fair practices as per the provisions of OMDA. In order to protect the interest of various airport users, there are safeguards in place in OMDA in case selected sub-contractor is a related party.

As per schedule 12 of OMDA on contracting procedures, if a shareholder of the MIAL (or any of its Group Entities) intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arm's length arrangement.

Schedule 12 of OMDA is reproduced as below, "Where a shareholder of the JVC (or any of its Group Entities) intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arms length arrangement. It is clarified that the independent probity auditor shall not be a Group Entity of the JVC or any of its shareholders. JVC shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by AAI. "

MIAL can enter into contract with Related party only once the concerns of AAI are addressed and transaction has been approved by Board of Directors. Clause 8.5.7 of OMDA is reproduced below:

"The JVC shall prior to entering into or modifying any contract with a Group Entity of the JVC or any of its shareholders (other than AAI), inform AAI about the key terms of such contract and disclose the draft contract to the AAI. In relation to such contracts, AAI shall have the right to object to any key terms that it can reasonably demonstrate are not equitable, are inconsistent with or contrary to the letter or spirit of this Agreement or not on arms length, and the JVC shall address the reasonable concerns of AAI prior to execution of such contracts. The JVC shall further ensure that any contract with a Group Entity of the JVC or any of its shareholders (other than AAI) shall only be entered into after the board of directors of the JVC (the "Board") duly approves such contract itself"

MIAL complies with the above provisions and all the related party transactions are done at arm's length price which is also certified by independent probity audit report.

The comment from IATA that the Authority need to relook into the risk management is indirectly questioning the integrity of the OMDA signed with AAI and State Support Agreement signed with the President of India.

The comments of IATA undermine the established principle of price discovery through transparent bidding process.

Further, IATA's assertion that 100% of the sub-contractor's revenue should be considered for cross subsidization is imaginary and without any merits and defies the provisions of OMDA & SSA, which clearly provides that the 30% of non-aeronautical revenues of MIAL can alone be considered for cross subsidization."

1.13.4 MIAL's response to IATA's comment on classification of fuel farm revenue is as follows:

"The comments provided by IATA on this issue lack logical reasoning and fail to present a coherent basis for their arguments.

Revenue receipts from Fuel farm business are primarily in the form of land lease rentals. Based on the nature of activity, which is primarily the leasing of the land, revenue should be treated as non-aeronautical revenue. The Authority has followed the same approach in the previous control periods.

Further, kindly refer para 4.10.17 of MIAL's comments to CP."

1.14 Authority's Analysis on Stakeholders' Comments for Tariff Determination for the Fourth Control Period

1.14.1 The Authority notes the comments of MIAL with respect to the Hon'ble TDSAT orders (as mentioned in para 1.12.1) and refers to the Authority's views and justifications under para 1.9.1 to 1.9.5 of this Tariff Order.

The Authority has utmost regards for the directions of the Appellate Authority. However, the Authority has challenged these orders in Hon'ble Supreme Court under section 31 of AERA Act, 2008, and Hon'ble Supreme Court is presently hearing the matter. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matter. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT order without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected considering MIAL's submissions on the basis of Hon'ble TDSAT judgments for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as MIAL will start recovery of increased tariff from the Airport users. If at a later stage, the Civil Appeals filed by the

Authority are upheld or decided in its favour, then it will not be possible to refund excess charges collected from the Airport users during this period on account of the increase in tariff.

The Authority reiterates that if it decides to implement the Hon'ble TDSAT order prior to final settlement of the issues before the Hon'ble Supreme Court, it shall lead to a significant increase in Aeronautical Tariff.

The Authority also notes that IATA has expressed support for the stand taken by the Authority in this matter.

Considering the above, and the fact that the matter is sub-judice before the Hon'ble Supreme Court, therefore in public interest, the Authority decides to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision with regard to the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality in the proceedings before the Hon'ble Supreme Court.

Further, the Authority notes that, as per the provisions of Section 13(2) of the AERA Act 2008, the tariff determined under the Tariff Order for a Control Period can be reviewed and revised during the Control Period of 5 years, if so, considered appropriate and in public interest.

1.14.2 The Authority notes the comments of DIAL, BIAL, APAO and IATA (Refer Para's 1.12.3, 1.12.4, 1.12.5 and 1.12.6) and the counter comments of MIAL (Refer Para's 1.13.1 and 1.13.2) regarding the Hon'ble TDSAT judgements for tariff determination for the Fourth Control Period. The views of the Authority are already mentioned under para 1.14.1.

1.14.3 The Authority notes the observation regarding the related party sub-contracting arrangements given by IATA (Refer Para 1.12.7), and MIAL's counter- comments (Refer Para 1.13.3) in this regard.

The Authority has undertaken a detailed review of Related Party Transactions as explained in paras of 1.10 of the Tariff Order, with a view to ensuring that such transactions are conducted at arm's length.

Further, the Authority notes that adequate safeguards regarding related party transactions are already embedded within the OMDA, including requirements for independent probity audits and prior review by AAI. It is also noted that the Board of Directors of MIAL comprise two nominee directors from AAI and one nominee director from MoCA. Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee of the Board of MIAL, whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve Related Party Transactions. The role of AAI in monitoring the RPTs further ensures transparency and protection of user interest.

The Authority, through its Independent Consultant / Aviation Expert, has also examined few probity audit reports submitted by MIAL as part of the true-up of the Third Control Period. It is also noted that AAI, being a shareholder and board member of MIAL, has not provided any specific comments or objections on RPTs during the stakeholder consultation process.

The Authority has also made suitable adjustments to proposed RPTs where it found that sufficient justification was not provided by MIAL (Refer Non-Aeronautical Revenues from Lounges in Table 338 of the Tariff Order).

The Authority further notes that there is no prohibition on related party transactions, and it is within the rights of the operator to contract with the most suitable party to execute the projects for the job, including a related party, provided it is on arm's length basis and not detrimental to the interest of other stakeholders.

1.14.4 The Authority has noted the comments of IATA regarding the treatment of Fuel Farm Services (Refer Para 1.12.8) as aeronautical revenues and the counter-comments of MIAL (Refer Para 1.13.4). In this regard, the view of the Authority may be referred under para 4.10.19.

1.14.5 The Authority notes the comments of MIAL regarding the non-applicability of normative costing methodology (Refer Para 1.12.2).

The Normative cost vide Order No. 07/2016-17 on 13th June 2016 was issued by the Authority after following due process. The normative benchmarks are derived after examining the capital cost incurred by comparable airports who meet all required ICAO safety and operational standards. The assessment of CAPEX with reference to normative cost does, in no manner whatsoever, undermine the quality or compliance with international specifications, as the benchmarks themselves are derived from projects meeting ICAO / other global standards. Further, these benchmarks costs have been suitably revised from time to time after taking into consideration all relevant factors including inflation.

The Authority notes that inflation adjusted normative costs are only benchmark costs, and are being used as reference for estimating CAPEX during the tariff determination for the control period. The Authority conducts project-specific reviews and allows deviations, if the same is justified through supporting documentation and technical validation, at the time of true-up, and thus the actual cost assessment will be carried out at the time of true-up of CAPEX while determining tariff for the next control period.

Further, as per Schedule 1, Principle 8 of the SSA and as per the provisions of the AERA Act, the Authority has the right to assess the efficiency with which CAPEX is undertaken.

Further, IATA has supported the normative cost assessments as part of their comments, and the relevant extract is given below:

"...Normative cost assessments help to reflect the economies of scale the airport is able to apply, to leverage cost efficiency benefits..."

In view of the above, the Authority would maintain its stand as given in the consultation stage to use normative costs as reference for estimating the costs related to Terminal Building and Runway/Taxiway/Apron infrastructure.

Further, an appeal is being filed by AERA in the Hon'ble Supreme Court against the Hon'ble TDSAT judgement dated 16th April 2025.

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2. TRUE UP OF THE FIRST CONTROL PERIOD

2.1 Issues raised by MIAL pertaining to the True Up for the First Control Period

2.1.1 MIAL raised the following issues relating to the First Control Period for the True up in MYTP for the Fourth Control Period:

(i) Regulatory Asset Base: DF Assets Capitalization, Aeronautical Asset Allocation Ratio
(ii) Depreciation changes consequent to changes in RAB
(iii) Revenue from Revenue Share Assets: Other Income, Revenue from Existing Assets and Annual Fees in the demised premises and annual fees paid to AAI should be excluded in the computation of 'S' Factor
(iv) Aeronautical Tax to be recomputed as per the Hon'ble Supreme Court and Hon'ble TDSAT Orders

2.1.2 MIAL raised these issues after factoring in the decisions of the Hon'ble TDSAT on various issues and of the Hon'ble Supreme Court judgement on the issue of corporate tax pertaining to earnings from Aeronautical services.

2.1.3 For each of the issues raised, the Authority analyzed submissions made by MIAL issue-wise in the following order:

(i) Recording and understanding MIAL's submission in the MYTP;
(ii) Recap of decision taken by the Authority for these matters as part of the True up for the First Control Period at the time of the Tariff Determination of the Third Control Period;
(iii) Examination and proposal regarding these matters as part of tariff determination for the Fourth Control Period put forth for consultation in the Consultation Paper No. 08/2024-25;
(iv) Recording of comments and counter comments from various stakeholders on the Consultation Paper No. 08/2024-25;
(v) Examination and final decisions on True up for the First Control Period as part of the tariff determination for the Fourth Control Period.

2.1.4 In view of the Authority's analysis provided in para's from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

2.1.5 Further, the Authority, at the Consultation Stage, proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022 as detailed in para 1.7.3 and recomputing the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fee paid to AAI during the control period as an expense while computing the Aeronautical Taxes.

The following paragraphs explain these issues in detail:

2.2 True Up of Regulatory Asset Base (RAB)

MIAL's Submission on the True Up of RAB for the First Control Period in MYTP for the Fourth Control Period

2.2.1 The Authority, in the Second Control Period tariff order adjusted the entire DF amount of Rs. 3,400 crores (as allowed by the Authority vide Order No. 32/2012-13) by FY 2013-14 while calculating RAB for the

First Control Period. It is to be noted that only a part of the new Terminal 2 was commissioned in FY 2013-14, while other facilities and balance Terminal 2 were commissioned only in FY 2015-16.

2.2.2 The Hon'ble TDSAT vide order dated 6th October 2023 directed the Authority to adjust the Development Fee based on actual amount of assets funded through Development Fee while calculating RAB, as per the Auditor's Certificate/Annual Accounts till FY 2015-16 when the project got completed because other facilities and balance portion of Terminal 2 was commissioned only in FY 2015-16.

Table 9: Comparison of adjustment to RAB as per the Authority and as per the audited accounts

(Rs. in crores)

Particulars	FY10	FY11	FY12	FY13	FY14	Total
DF adjustment as per audited accounts	26.87	72.93	77.08	126.40	3,038.87	**3,342.15**
DF adjustment as per the Authority	51.86	142.98	193.18	318.35	3,400.00	**4,106.37**
Variance (DF adjustment as per the Authority being higher than as per audited accounts)	24.99	70.05	116.10	191.95	361.13	**764.22**

2.2.3 MIAL has given effect to the above directions of the Hon'ble TDSAT in the current MYTP. Higher adjustment of DF, as considered by the Authority, has a direct impact on reducing the RAB of all the years of the First Control Period.

2.2.4 Based on the above, revised RAB of the First Control Period computed by MIAL considering DF adjustment as per the audited accounts is given below:

Table 10: Closing RAB of the First Control Period computed by MIAL as per the audited DF capitalization schedule

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Opening RAB	A	827.80	1,144.99	1,572.54	1,968.13	2,241.29	
Pro Rata Additions during the year	B	63.86	321.84	358.74	260.36	963.75	**1,968.54**
Balance Additions	C	308.11	193.03	150.08	145.54	2,476.66	**3,273.41**
Less: Depreciation	D	54.78	87.31	113.23	132.74	150.80	**538.86**
Closing RAB	**E = A + B + C – D**	1,144.99	1,572.54	1,968.13	2,241.29	5,530.90	
Average RAB	**F= A+B-D**	836.88	1,379.52	1,818.06	2,095.75	3,054.24	

2.2.5 Further, the Hon'ble TDSAT vide its order dated 6th October 2023 directed the Authority to consider asset allocation of 86.17% for FY 2013-14 by applying asset allocation ratio only to common assets of Terminal 2. The Authority had computed asset allocation at 83.97% by applying the ratio to the total cost of Terminal 2 in the First Control Period.

2.2.6 It is to be noted that MIAL commissioned a study by the Indian Register of Shipping (IRS) which carried out an independent verification of areas built at new T2 and submitted that total non-aeronautical Services area is 14.43% of the total area of new T2. Using this allocation ratio to allocate the common assets between Aeronautical Assets and Non-Aeronautical Assets already identified, the overall asset allocation was 86.17% as shown below:

Table 11: Computation of asset allocation of FY 2013-14 by MIAL

(Rs. in crores)

Asset Allocation as per MIAL	Ref	Total Assets	Asset Allocation	Aero Assets
Terminal 2 Assets				

Asset Allocation as per MIAL	Ref	Total Assets	Asset Allocation	Aero Assets
Aero	a	1,578	100.00%	1,578
Non-Aero	b	30	0.00%	-
Common	c	4,583	85.60%	3,922
Other Assets				
Aero	a1	3,583	100.00%	3,583
Non-Aero	b1	814	0.00%	-
Common	c1	377	84.10%	317
Total Assets				
Aero	A=a+a1	5,161		5,211*
Non-Aero	B=b+b1	845		-
Common	C=c+c1	4,960		4,239
Total	A+B+C	10,966		9,450
Asset Allocation				**86.17%**

**Additional 49.80 Crs asset reclassified by AERA to aeronautical, is classified as non-aero in ICWAI MARF study.*

2.2.7 MIAL submitted that if aeronautical asset allocation is changed from 83.97% to 86.17%, closing RAB of FY 2013-14 will change from Rs. 5,531 crores (computed in Table 11 above) to Rs. 5,766 crores and consequently the same will become the opening RAB of FY 2014-15.

Table 12: Computation of closing RAB of FY13-14 by changing aeronautical allocation from 83.97% to 86.17% - as submitted by MIAL

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Opening RAB	A	827.80	1,144.99	1,572.54	1,968.13	2,241.29	
Pro Rata Additions during the year	B	63.86	321.84	358.74	260.36	963.75	**1,968.54**
Balance Additions	C	308.11	193.03	150.08	145.54	2,476.66	**3,273.41**
Less: Depreciation	D	54.78	87.31	113.23	132.74	156.74	**544.80**
Closing RAB	E = A + B + C – D	1,144.99	1,572.54	1,968.13	2,241.29	5,530.90	
Average RAB	F= A+B-D	836.88	1,379.52	1,818.06	2,095.75	3,054.24	

Recap of decision taken by the Authority regarding the True Up for the First Control Period at the time of Tariff Determination for the Second Control Period

2.2.8 The Authority in the Second Control Period Order had adjusted the entire DF amount of Rs. 3,400 crores by FY 2013-14 while calculating RAB for the First Control Period and considered asset allocation ratio of 85.57% (aeronautical) for Terminal 2 and re-computed the overall asset allocation ratio for FY 2013-14 to 83.97%. The Authority did not true up this matter in the Third Control Period Order for reasons mentioned in the Third Control Period Order.

Table 13: Computation of asset allocation of FY 2013-14 by the Authority in the Second Control Period Order

(Rs. in crores)

Asset Allocation as per the Authority	Ref	Total Assets	Asset Allocation	Aero Assets
Terminal 2 Assets				
Aero	a	1,578	85.60%	1,351
Non-Aero	b	30	85.60%	26
Common	c	4,583	85.60%	3,923
Other Assets				
Aero	a1	3,583	100.00%	3,583
Non-Aero	b1	814	0.00%	-

Asset Allocation as per the Authority	Ref	Total Assets	Asset Allocation	Aero Assets
Common	c1	377	84.10%	317
Total Assets				
Aero	A=a+a1	5,161		4,984*
Non-Aero	B=b+b1	845		26
Common	C=c+c1	4,960		4,240
Total	A+B+C	10,966		9,250
Asset Allocation				**83.97%**

** Additional 49.8 Crs asset reclassified by AERA to aeronautical, is classified as non-aero in ICWAI MARF study. AERA has added Rs. 49.8 Crs to aero assets, but inadvertently has not reduced it from non-aero assets, increasing total assets from Rs. 10,966 Crs to Rs. 11,016 Crs.*

Authority's Examination of the matters regarding the True Up of RAB for the First Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

2.2.9 The Authority noted that MIAL had submitted the revised values for RAB consequent to the adjustment in DF assets as per the audited financial statements, and recalculating the overall asset allocation ratio for FY 2013-14 by considering asset allocation ratio to only Common Assets.

2.2.10 With regards to the change in RAB due to DF adjustment and the changes in Asset Allocation, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 2.1.4 of this Tariff Order.

2.2.11 Consequently, after excluding the Hon'ble TDSAT impact factored in by MIAL, the RAB for the First Control Period is shown below:

Table 14: RAB proposed to be considered by the Authority for the True up of the First Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Opening RAB	A	827.80	1,120.98	1,506.94	1,861.94	2,069.77	
Pro Rata Additions during the year	B	59.39	292.64	325.32	211.72	916.34	**1,805.41**
Balance Additions	C	287.48	177.16	137.12	118.32	2,354.54	**3,074.63**
Depreciation	D	53.69	83.84	107.43	123.22	141.88	**510.06**
Closing RAB	A+B+C-D	1,120.98	1,506.94	1,861.94	2,068.76	5,198.78	
Average RAB	A+B-D	833.51	1,329.78	1,724.83	1,950.45	2,844.24	

2.2.12 In view of the above, the Authority proposed to consider the same RAB as considered in the Third Control Period Tariff Order (as mentioned in Table 14 above) for the True up of the First Control Period, at the Consultation Stage.

Stakeholders' Comments on True Up of RAB for the First Control Period

2.2.13 No specific comments have been received from the stakeholders on true up of RAB for the First Control Period.

Authority's Analysis on Stakeholder's Comments on True Up of RAB for the First Control Period

2.2.14 The Authority notes that no specific comments were received from the Stakeholders on the true up of RAB for the First Control Period. The Authority decides to consider the RAB consistent with the proposal made in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The RAB proposed to be considered by the Authority for true up for the First Control Period (as per Table 14 of this Tariff Order) at the Consultation Stage stand unchanged.

2.3 True up of Depreciation on Regulatory Asset Base (RAB)

MIAL's Submission on the True Up of Depreciation on RAB for the First Control Period in MYTP for the Fourth Control Period

2.3.1 As explained above, due to the change in adjustment of DF in RAB, and considering aeronautical asset allocation of 86.17%, MIAL has submitted the depreciation for the First Control Period as follows:

Table 15: Depreciation for the First Control Period considering change in DF assets capitalization schedule and 86.17% aeronautical allocation for FY 2013-14

(Rs. in crores)

Particulars	FY10	FY11	FY12	FY13	FY14	Total
Revised Depreciation on RAB as per MIAL	54.78	87.31	113.23	132.74	156.74	**544.80**

Recap of decision taken by the Authority regarding the True Up for the First Control Period at the time of Tariff Determination for the Second Control Period

2.3.2 The Authority in the Second Control Period Order had calculated depreciation based on adjustment of entire DF amount of Rs. 3,400 crores by FY 2013-14 and considering 83.97% as asset allocation ratio for FY 2013-14. The same was followed during the tariff determination of the Third Control Period as well.

Table 16: Depreciation on RAB computed by the Authority for the First Control Period in the Second Control Period Order

(Rs. in crores)

Particulars	FY10	FY11	FY12	FY13	FY14	Total
Depreciation on RAB	53.69	83.84	107.43	123.22	141.88	**510.06**

Authority's Examination of the matters regarding the True Up of Depreciation on RAB for the First Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

2.3.3 With regards to the change in RAB due to DF adjustment and the changes in Asset Allocation, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same as mentioned in para 2.1.4 of this Tariff Order.

Stakeholders' Comments on True Up of Depreciation for the First Control Period

2.3.4 No specific comments have been received from the stakeholders on the true up of depreciation for the First Control Period.

Authority's Analysis on Stakeholder's Comments on True Up of Depreciation for the First Control Period

2.3.5 The Authority notes that no specific comments were received from the Stakeholders on the true up of depreciation for the First Control Period. The Authority decides to consider the depreciation consistent with the proposal made in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The depreciation proposed to be considered by the Authority for true up for the First Control Period (as per Table 16 of this Tariff Order) at the Consultation Stage stand unchanged.

2.4 True up of Revenue from Non-Aeronautical Revenue and 'S' factor

MIAL's Submission on the True Up of Revenue Share Assets and 'S' Factor for the First Control Period in MYTP for the Fourth Control Period

2.4.1 As per the definition mentioned in SSA, Revenue Share Assets are defined as below:

"Revenue Share Assets" shall mean (a) Non-Aeronautical Assets; and (b) assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets (e.g. Public admission fees, etc.)

2.4.2 MIAL in their MYTP for the Fourth Control Period had excluded Other Income, Revenue from Existing Assets and Annual Fee payable to AAI from the calculation of 'S' factor. MIAL had followed Hon'ble TDSAT orders dated 21st July 2023 for the Second Control Period and Third Control Period for DIAL, while computing S factor and the relevant Hon'ble TDSAT order excerpt is shown below:

Other Income as part of Revenue from Revenue Share Assets

"The definition of "Revenue Share Assets" defines "shall mean" meaning thereby to that, it is an exhaustive definition. The definition is not extensive. It would cover only those assets which are defined as Revenue Share Assets. Thus addition is not permissible. This aspect has not been properly appreciated by AERA while treating "other income" as part of revenue, generated from revenue share assets.

In view of the aforesaid reasons, "Other income" cannot be a part of revenue from Revenue Share Assets and consequently, in calculation of "S" factor in target revenue formula which is TR = RB X WACC + OM + D + T – S.

Since other income is not generated from sources allowed under contract, it should not be considered as part of Revenue from Revenue Share Assets.

Annual fee in the calculation of Revenue from Revenue Share Assets

Annual fee payable to Airport Authority of India (AAI) is not a cost, because the cost is an amount paid to acquire the revenue. Cost is that amount which the entrepreneur pays for procuring the revenue. The cost is an expenditure incurred by any company or firm to produce the goods or services for sale. The cost is an amount that is incurred to earn that revenue prior to such revenue is being earned. Annual fees accrues to AAI after "Revenue" has been earned by MIAL. Hence Annual fee is not included in the calculation of determination of "S" – factor.

"2. Establishment of Escrow Account and Declaration of Trust

2.1 Establishment of the Accounts

The Company and the Escrow Bank confirm that the Escrow Bank has established, in the name of the Company at the Escrow Bank's New Delhi branch, an account titled the "Escrow Account". The Escrow Account shall have the following sub accounts, maintained, controlled and operated by the Escrow Bank for the purposes of this Agreement, namely:

(a) a sub account maintained, controlled and operated by the Escrow Bank, titled the "Receivables Account";

(b) a sub account maintained, controlled and operated by the Escrow Bank, titled the "Proceeds Account" which shall have the following sub accounts:

(i) a sub-account maintained, controlled and operated by the Escrow Bank, titled the "Statutory Dues Account";

(ii) a sub-account maintained, controlled and operated by the Escrow Bank, titled the "AAI Fee Account"; and

(iii) a sub-account maintained, controlled and operated by the Escrow Bank, titled the "Surplus Account". "

As per Clause – 3 thereof, it appears that revenue comes in the hands of the JVC only in the "Surplus account". Clause 3.2 of the Escrow Account Agreement makes it explicitly clear that the revenue meant for this appellant is in "Surplus account". Thus, out of total "gross revenue", amount equal to Annual Fee never comes in the hands of or in the account meant for appellant and, therefore, while calculating gross revenue generated by JVC from the Revenue Share Assets, the amount of annual fee ought to be excluded.

Revenue accruing from Existing assets / Demised premises considered as part of revenue from Revenue Share Assets

"The definition of "Revenue Share Assets", as stated hereinabove it shall mean a Non-Aeronautical Assets and the assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets. Looking to the definition of Non-Aeronautical Assets, all the assets required or necessary for the performance of Non-Aeronautical Assets at the Airport as listed in Part-I of Schedule – 6 of OMDA as located at the Airport irrespective of whether they are owned by JVC or any third party to the extent such assets are located within or form part of any terminal building or are conjoined to any other Aeronautical assets, asset including in Paragraph (i) above, and such assets are incapable of independent access and independent existence or are prominently serving/catering any terminal complex/categorically complex and shall specifically include all the additional land (other than demised premises), property and structures thereupon acquired or leased during the Term in relation to such non-aeronautical assets.

Non-Aeronautical Services are the services which are listed in Part- I and Part-II of Schedule – 6 of OMDA. In view of the aforesaid definition of Revenue Share Assets, Non-Aeronautical Assets and Non-Aeronautical Services, it is explicitly clear that Non-Aeronautical Revenue accruing from existing premises/ demised premises could not be considered as part of revenue from "Revenue Share Assets" and consequently it cannot be used for cross subsidization. "

2.4.3 As per the above submissions taken in the Hon'ble TDSAT Order dated October 6th, 2023:

(i) MIAL has excluded "Other Income" from the computation of revenue derived from Revenue Share Assets.

(ii) The Hon'ble TDSAT ruled that revenue generated from existing assets or demised premises by the appellant cannot be considered as part of revenue from "Revenue Share Assets" for the determination of the 'S' factor – To take the effect of the mentioned order on Existing Assets, MIAL appointed a firm to calculate the Revenue accruing from the Existing Assets from 'S' factor in determining the Target Revenue.

(iii) The Hon'ble TDSAT has also directed the Authority to exclude the Annual Fee paid to AAI on Gross Revenue generated by the JVC from Revenue Share Assets in the calculation of the 'S' factor.

2.4.4 Based on the above, the revised 'S' factor submitted by MIAL is as below:

Table 17: Computation of revised 'S' factor of the First Control Period in line with the Hon'ble TDSAT Order – as submitted by MIAL

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Non-Aero Revenues including other income (AERA Order No.13/2016-17 Table 10)	A	515.35	688.14	801.50	851.39	883.12	**3,739.51**
Other Income (AERA Order No.13/2016-17 Table 10)	B	6.91	4.70	6.61	4.20	12.90	**35.31**
Revenues from existing assets (As per Independent Study)	C	505.41	655.87	760.41	784.17	755.09	**3,460.95**
Revenues from RSA	D=A-B-C	3.03	27.57	34.49	63.02	115.13	**243.25**
Annual Fee on above	E=38.7%*D	1.17	10.67	13.35	24.39	44.56	**94.14**
Revenues from RSA after annual fee paid to AAI	F=D-E	1.86	16.90	21.14	38.63	70.57	**149.11**
'S' Factor	G=30%*F	0.56	5.07	6.34	11.59	21.17	**44.73**

Recap of decision taken by the Authority regarding the True Up for the First Control Period at the time of Tariff Determination for the Third Control Period

2.4.5 The Authority, vide its decision in para 7.7.4 of the Third Control Period Order, had included other income while computing Revenue from Revenue Share Assets, used for computation of 'S' Factor. It was decided to be trued up in the next control period.

2.4.6 The Authority, in the Third Control Period Order, included the revenue from existing assets / demised premises as part of the Revenue from Revenue Share Assets and had not excluded the Annual Fee paid to AAI on Gross Revenue in its computation of the 'S' Factor.

Authority's Examination of the matters regarding the True Up of Revenue Share Assets and 'S' Factor for the First Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

2.4.7 The Authority consistent with the decisions taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 2.1.4 of this Tariff Order.

2.4.8 Consequently, the Authority proposed the following for the calculation of the 'S' factor:

(i) Not to exclude Other Income.
(ii) Not to reduce the Revenue from Existing Assets.
(iii) Not to exclude the Annual Fee paid to AAI.

2.4.9 Accordingly, the Authority proposed the 'S' factor for the true up of the First Control Period as per the table below:

Table 18: 'S' Factor as proposed by the Authority for the True up of the First Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Non-Aero Revenues including other income (AERA Order No.13/2016-17 Table 10)	A	515.35	688.14	801.50	851.39	883.12	**3,739.51**
'S' Factor	B=30%*A	154.61	206.44	240.45	255.42	264.94	**1,121.85**

2.4.10 In view of the above, the Authority proposed to consider the same 'S'-Factor as considered in the Third Control Period Tariff Order (as mentioned in Table 18 above) for the True up of the First Control Period.

Stakeholders' Comments on True Up of Revenue from Revenue Share Assets for the First Control Period

2.4.11 No specific comments have been received from the stakeholders on the true up of Revenue from Revenue Share Assets for the First Control Period.

Authority's Analysis on Stakeholder's Comments on True Up of Revenue from Revenue Share Assets for the First Control Period

2.4.12 The Authority notes that no specific comments were received from the Stakeholders on the true up of Revenue from Revenue Share Assets for the First Control Period. The Authority decides to consider the Revenue from Revenue Share Assets as per Table 18 of this Tariff Order.

2.5 True Up of Aeronautical Tax

MIAL's Submission on the True Up of Aeronautical Tax for the First Control Period in MYTP for the Fourth Control Period

2.5.1 As per MIAL, the Hon'ble Supreme Court vide its judgment dated 11th July 2022 has decided that Component 'T' in the formula of Target Revenue (TR) in SSA has to be computed based solely on regulatory accounts for the TR formula. Corporate Tax has to be calculated based on provisions of the SSA, and Annual Fees paid to AAI needs to be excluded from the Aeronautical Expenses to compute Aeronautical Tax.

2.5.2 Further Hon'ble TDSAT vide its order dated 6th October 2023 has held that amount equal to "S-Factor" partakes the color of aeronautical revenue and also looking to the definition of 'T' in SSA, which is, "Corporate Taxes is on earnings pertaining to aeronautical services" and it is not on Target Revenue. Accordingly, Hon'ble TDSAT has directed 'S' factor should be added to aeronautical revenues to compute 'T'.

2.5.3 In addition to the above, MIAL has claimed depreciation as per the Companies Act for the tax computation in the First Control Period True up and has adjusted for the Interest cost based on the allowances for Return on RAB, i.e., RAB * Actual Gearing Ratio * Cost of Debt.

2.5.4 Based on the above Hon'ble Supreme Court and Hon'ble TDSAT Judgements and additional submissions, MIAL has revised the calculation of Aeronautical Tax for the First Control Period as shown below:

Table 19: Computation of 'T' for the First Control Period as submitted by MIAL - in line with the Hon'ble Supreme Court and Hon'ble TDSAT Order

(Rs. in crores)

Particulars	FY10	FY11	FY12	FY13	FY14	Total
Aero Revenues (AERA order 13/2016-17 Table 10)	476.44	486.11	507.16	621.84	1,280.26	**3,371.81**
Add: 'S' Factor (30% of RSA)	0.56	5.07	6.34	11.59	21.17	**44.73**
Total Revenues	**476.99**	**491.18**	**513.50**	**633.43**	**1,301.43**	**3,416.54**
Less: Aero Expenses (AERA order 13/2016-17 Table 10)	374.97	190.58	311.45	382.19	502.21	**1,761.40**
Less: Aero Depreciation	54.78	87.31	113.23	132.74	156.74	**544.80**
Less: Interest Cost*	57.71	91.84	130.57	157.19	235.37	**672.69**
Net Profit	**(10.47)**	**121.45**	**(41.74)**	**(38.69)**	**407.10**	**437.66**
Tax Rate	33.99%	33.22%	32.45%	32.45%	33.99%	
Aero Taxation	**-**	**40.34**	**-**	**-**	**138.37**	**178.72**

**Interest Cost = RAB X Gearing X Cost of Debt*

Recap of decision taken by the Authority regarding the True Up for the First Control Period at the time of Tariff Determination for the Third Control Period

2.5.5 The Authority vide its decision for computation of the true up of tax for the First Control Period in the Third Control Period Order had:

(i) Considered the annual fees paid to AAI as an expense.
(ii) Not considered the 'S' factor for revenue computation.
(iii) Considered Depreciation as per the Income Tax Act.
(iv) Calculated Interest expense at the actual interest paid on the existing debt.

2.5.6 Based on the above, the tax for the true up of the First Control Period in the Third Control Period Order was decided as "NIL" by the Authority.

Authority's Examination of the matters regarding the True Up of Aeronautical Tax for the First Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

2.5.7 The Authority examined the submissions made by MIAL for the true up of Aeronautical Taxes and noted that MIAL has considered 'S' Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023) and had not considered Annual Fee paid to AAI as an expense for the purpose of determination of Aeronautical PBT and consequently the Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

2.5.8 With regards to the submissions made by MIAL, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 2.1.4 of this Tariff Order with regards to the treatment of 'S' Factor for the computation of Aeronautical Taxes.

2.5.9 As mentioned in para 2.1.5 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022, and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense towards True Up of the First Control Period as per the directions contained in the judgement of Hon'ble Supreme Court.

2.5.10 Therefore, the Authority proposed to re-compute the tax for the First Control Period as below:

Table 20: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the First Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Average RAB	A	833.51	1,329.78	1,724.83	1,950.45	2,844.25	
Gearing Ratio (D/E)	B	67.60%	68.00%	70.90%	69.71%	70.07%	
Interest Rate	C	10.20%	9.79%	10.13%	10.76%	11.02%	
Aeronautical Interest Expense	D=A*B*C	**57.48**	**88.53**	**123.87**	**146.30**	**219.62**	**635.79**

Table 21: Computation of 'T' for the True up of the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Aeronautical Revenue	A	476.44	486.11	507.16	621.84	1,280.26	**3,371.81**

Particulars	Ref	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Aeronautical Operating Expenses	B	374.98	190.58	311.46	382.04	502.71	**1,761.76**
EBITDA	C=A-B	**101.45**	**295.53**	**195.70**	**239.81**	**777.55**	**1,610.04**
Depreciation	D	53.69	83.84	107.43	123.22	141.88	**510.06**
Interest Expense-aeronautical	E	57.48	88.53	123.87	146.30	219.62	**635.79**
Profit Before Tax	F=C-D-E	(9.71)	123.16	(35.61)	(29.70)	416.05	**464.19**
Opening Accumulated (Losses)	G	-	(9.71)	-	(35.61)	(65.31)	
Current (Losses)	H	(9.71)	-	(35.61)	(29.70)		
Current Year Set Off	I	-	123.16	-	-	416.05	
Closing Accumulated (Losses)	J=G+H-I	(9.71)	113.45	(35.61)	(65.31)	350.74	
Profit for Taxation	K	-	113.45	-	-	350.74	**464.19**
Tax Rate	L	33.99%	33.22%	32.45%	32.45%	33.99%	
Tax	M=K*L	-	**37.68**	-	-	**119.22**	**156.90**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee has not been treated as an expense (Refer para 2.1.5).

2.5.11 In view of the above, the Authority proposed to consider the Aeronautical Taxes amounting to Rs. 156.90 Crores towards True up for the First Control Period.

Stakeholders' Comments on True Up of Aeronautical Tax for the First Control Period

2.5.12 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL in response to the proposals of the Authority with regard to the True-up of Aeronautical Tax for the First Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to the Aero tax - previous year losses Set off

2.5.13 MIAL's comments with regards to the Aero tax - previous year losses Set off is as follows:

"The Authority while calculating Aero tax has set off previous year's losses against current year's profits.

There is no concept of adjustment of the previous year's losses while computing the tax liability of the company under Regulatory books under SSA.

Therefore, we request the Authority not to set off previous year losses against current year`s profits while computing aeronautical tax for all control period."

Authority's Analysis on Stakeholder's Comments on True Up of Aeronautical Tax for the First Control Period

2.5.14 The Authority notes the comment of MIAL (Refer Para 2.5.13) with regard to the set off prior period losses against current year`s profits while computing aeronautical tax.

In this regard, the Authority notes that certain fundamental principles of Income Tax Laws, although not explicitly stated in SSA, cannot be disregarded. For example, if one were to strictly go by the SSA, the applicable tax rate would only be 10% as against the prevailing Corporate Tax Rate. Similarly, the principle

of carrying forward and setting off losses must be applied in consistency with the broader Income Tax framework.

2.5.15 Accordingly, the Authority decides to consider True up of Aeronautical Tax as per Table 21.

2.6 True Up of Target Revenue of the First Control Period

MIAL's Submission regarding the True Up of Target Revenue of the First Control Period in MYTP for the Fourth Control Period

2.6.1 Based on the above-mentioned changes in various building blocks, revised TR for the First Control Period is as below:

Table 22: Computation of Target Revenue of the First Control Period as submitted by MIAL for the MYTP of the Fourth Control Period

(Rs. in crores)

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Return on RAB and HRAB	217.02	277.63	325.21	353.20	464.86	**1,637.92**
Add: Operating Expenses	374.97	190.58	311.45	382.19	502.21	**1,761.40**
Add: Depreciation	96.99	134.99	161.25	180.53	180.53	**754.29**
Add: Aeronautical Taxes	-	40.34	-	-	138.37	**178.72**
Less: 30% Revenue Share Assets	(0.56)	(5.07)	(6.34)	(11.59)	(21.17)	**(44.73)**
Target Revenue	**688.42**	**638.48**	**791.57**	**904.33**	**1,264.80**	**4,287.60**
Actual Aero Revenues	476.44	486.11	507.16	621.84	1,280.26	**3,371.81**
True-up/True-down	**211.98**	**152.37**	**284.41**	**282.48**	**(15.45)**	**915.79**
Carrying Cost @12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	
Years	5.00	4.00	3.00	2.00	1.00	
Factor	1.78	1.58	1.41	1.26	1.12	
True-up with Carrying Cost	**376.59**	**241.29**	**401.50**	**355.48**	**(17.34)**	**1,357.53**

Recap of decision taken by the Authority regarding the True Up of the Target Revenue of the First Control Period as per Tariff Order for the Third Control Period for the First Control Period

2.6.2 The True up which was approved by the Authority for the First Control Period in the Third Control Period Order is as follows:

Table 23: True up of the Target Revenue of the First Control Period as decided in the Tariff Order for the Third Control Period

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Landing Charges	A	268.72	285.21	298.07	341.43	624.41	**1,817.84**
Parking Charges	B	16.18	11.01	9.03	11.41	33.53	**81.16**
Passenger X- Ray Charges	C	20.11	-	-	-	-	**20.11**
PSF	D	98.25	109.93	117.11	96.33	2.19	**423.81**
Aerobridge Charges	E	-	-	-	4.15	29.88	**34.03**
UDF	F	-	-	-	67.07	482.79	**549.86**
Unauthorised Overstay	G	-	-	-	5.70	5.81	**11.51**
Aircraft Refuelling	H	73.17	79.96	82.95	95.76	101.66	**433.49**
Into Plane Revenue	I	-	-	-	-	-	-
Total Aeronautical Revenues	J=Sum(A:I)	**476.44**	**486.11**	**507.16**	**621.84**	**1,280.26**	**3,371.81**
Target Revenue							
Regulatory Base							
Avg. Regulatory Base	K	833.51	1,329.78	1,724.83	1,950.45	2,844.24	

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Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Avg. HRAB	L	944.93	899.98	852.12	804.22	768.43	
Total	M=K+L	**1,778.44**	**2,229.76**	**2,576.95**	**2,754.67**	**3,612.67**	
FRoR	N	12.18%	12.18%	12.18%	12.18%	12.18%	
Return on RAB	O=M*N	216.61	271.58	313.87	335.52	440.02	**1,577.61**
O&M - Operation & Maintenance Cost	P	374.98	190.58	311.46	382.04	502.71	**1,761.77**
Depreciation - RAB	Q	53.69	83.84	107.43	123.22	141.88	**510.06**
Depreciation - HRAB	R	42.21	47.69	48.03	47.79	23.79	**209.49**
Total Depreciation	S=Q+R	**95.90**	**131.53**	**155.46**	**171.00**	**165.67**	**719.55**
Tax	T	-	-	-	-	-	-
Share of Revenue from Revenue Share Assets	U	154.61	206.44	240.45	255.41	264.92	**1,121.83**
Target Revenue	V	**532.89**	**387.24**	**540.34**	**633.15**	**843.47**	**2,937.10**
Determination of true up amount							
Under Recovery / (Over Recovery)	W=V-J	56.45	(98.86)	33.18	11.31	(436.78)	**(434.71)**
Under Recovery / (Over Recovery) on PV Terms	X	100.29	(156.57)	46.84	14.23	(489.98)	
True Up for the First Control Period as on 01.04.2014	**Y=Sum(X)**	**(485.20)**					

Authority's Examination regarding the True Up of Target Revenue for the First Control Period as part of the Tariff Determination for the Fourth Control Period at the Consultation Stage

2.6.3 Since the Authority had not considered the changes submitted by MIAL as mentioned in para 2.1.4 of this Tariff Order except for the direction from the Hon'ble Supreme Court as mentioned in para 2.1.5 of this Tariff Order, the Authority proposed to True up the First Control Period only to that extent, which is as follows:

Table 24: True up of the Target Revenue for the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Total Aeronautical Revenues	A	**476.44**	**486.11**	**507.16**	**621.84**	**1,280.26**	**3,371.81**
Regulatory Base							
Avg. Regulatory Base	B	833.51	1,329.78	1,724.83	1,950.45	2,844.24	
Avg. HRAB	C	944.93	899.98	852.12	804.22	768.43	
Total	D=B+C	**1,778.44**	**2,229.76**	**2,576.95**	**2,754.67**	**3,612.67**	
FRoR	E	12.18%	12.18%	12.18%	12.18%	12.18%	
Return on RAB	F=D*E	216.61	271.58	313.87	335.52	440.02	**1,577.61**
O&M - Operation & Maintenance Cost	G	374.98	190.58	311.46	382.04	502.71	**1,761.77**
Depreciation - RAB	H	53.69	83.84	107.43	123.22	141.88	**510.06**
Depreciation - HRAB	I	42.21	47.69	48.03	47.79	23.79	**209.49**
Total Depreciation	J=H+I	**95.90**	**131.53**	**155.46**	**171.00**	**165.67**	**719.55**
Tax	K	-	37.68	-	-	119.22	**156.90**
Share of Revenue from Revenue Share Assets	L	154.61	206.44	240.45	255.40	264.93	**1,121.84**
Target Revenue	M=F+G+J-L	**532.89**	**424.93**	**540.34**	**633.16**	**962.69**	**3,094.00**

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Determination of true up amount							
Future Value Factor	N (at FRoR of 12.18%)	1.78	1.58	1.41	1.26	1.12	
Under Recovery / (Over Recovery)	O=M-A	56.45	(61.18)	33.18	11.32	(317.57)	**(277.81)**
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2014	P	100.28	(96.89)	46.84	14.24	(356.25)	
True Up for the First Control Period as on 01.04.2014	**Q=Sum(P)**	**(291.78)**					

2.6.4 Based on the above, the over-recovery of Rs. 291.78 Crores for the First Control Period as determined by the Authority is proposed to be considered for true up in the subsequent Control Periods as part of tariff determination process for the Fourth Control Period.

Stakeholders' Comments on True Up of Target Revenue for the First Control Period

2.6.5 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL and IATA in response to the proposals of the Authority with regard to the True-up of Target Revenue for the First Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

2.6.6 MIAL's comment pertaining to True up for the First Control Period has been presented in para 1.12.1 of this Tariff Order.

2.6.7 IATA's comment on the True up of First Control Period is as follows:

"IATA supports the approach by AERA, and the treatments applied, which is consistent with its position and best regulatory practices."

Authority's Analysis on Stakeholder's Comments on True Up of Target Revenue for the First Control Period

2.6.8 The Authority has noted MIAL's comment (Refer Para 2.6.6) with regard to the Hon'ble TDSAT order and also took note of the request to implement the judgements as soon as Hon'ble Supreme Court disposes off the pending appeal by conduct of mid-term review of tariff rather than revisiting at the time of tariff determination for the Fifth Control Period.

The Authority's view with regard to the Hon'ble TDSAT order are provided in para 1.14.1 of this Tariff Order.

Further, the Authority notes that as per the provisions of Section 13(2) of the AERA Act 2008, the tariff determined under the Tariff Order for a Control Period of 5 years can be reviewed and revised during the Control Period, if considered appropriate and in public interest.

2.6.9 The Authority acknowledges the comments of IATA (Refer Para 2.6.7) supporting AERA's decision with regard to True Up of the First Control Period.

2.6.10 Thus, based on the above, the Authority decides to consider the True up of Target Revenue for the First Control Period as per Table 24.

2.7 Authority's Decisions regarding True Up for the First Control Period as part of Tariff Determination exercise for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding True up for the First Control Period:

2.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

2.7.2 To consider True up of Aeronautical Taxes as per Table 21 consistent with the Hon'ble Supreme Court judgement.

2.7.3 To consider the True up for the First Control Period as per Table 24.

2.7.4 To consider the over-recovery of Rs. 291.78 crores during the True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period.

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3. TRUE UP OF THE SECOND CONTROL PERIOD

3.1 Issues pertaining to the True Up for the Second Control Period

3.1.1 MIAL raised the following issues relating to the Second Control Period for True up in MYTP for the Fourth Control Period:

(i) Regulatory Asset Base
(ii) Hypothetical Regulatory Asset Base
(iii) Depreciation
(iv) Fair Rate of Return
(v) Revenue from Revenue Share Assets
(vi) Aeronautical Tax
(vii) Operating Expenditure

3.1.2 MIAL has raised these issues after factoring in the decisions of the Hon'ble TDSAT on various issues and of the Hon'ble Supreme Court judgement on the issue of corporate tax pertaining to earnings from Aeronautical services.

3.1.3 The Authority has analyzed submissions made by MIAL issue-wise in the following order in the subsequent paragraphs:

(i) Recording and understanding MIAL's submission in the MYTP;
(ii) Recap of decision taken by the Authority for these matters as part of True up for the Second Control Period;
(iii) Examination and proposal regarding these matters as part of Tariff Determination for the Fourth Control Period put forth for consultation in the Consultation Paper No. 08/2024-25;
(iv) Recording of comments and counter comments from various stakeholders on the Consultation Paper No. 08/2024-25;
(v) Examination and final decisions on True up for the Second Control Period as part of the Tariff Determination for the Fourth Control Period.

3.1.4 In view of the Authority's analysis provided in para from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

3.1.5 Further, the Authority proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022 and recomputing the Aeronautical Taxes based on the regulatory accounts as detailed in para 1.7.3 of this Tariff Order. This will involve not treating the Annual Fee associated with Aeronautical Revenues as an expense while computing the Aeronautical Taxes.

3.1.6 Additionally, the Authority received a letter dated 30.08.2023 with a Self-Contained Note ("SCN") from the Authorized Investigation Agency (AIA). In the said SCN, AIA intimated the completion of the investigation and has requested AERA to adjust the excess amount of tariff claimed by MIAL. The relevant para 12 of the aforesaid SCN is reproduced as below:

"In view of the aforesaid facts revealed during investigation, you are hereby requested to kindly adjust the excess amount of tariff of Rs. 305 /- Crores claimed by M/s. MIAL in the 3rd Control Period (01.04.2019 to

31.03.2024). The same has to be trued up during the tariff determination of M/s MIAL (Airport Operator of CSMIA, Mumbai) for the 4th Control Period which will be starting from 1st April 2024."

As per the extract of para 48 of the notes to special purpose standalone financial statements of MIAL of FY 2023-24 as reproduced below:

"... The management has received legal advice that the observations / allegations in the chargesheet are not to be treated as conclusive, final or binding till the time it is confirmed by the Court..."

Accordingly, the Authority, through its Independent Consultant, in compliance of the above mentioned SCN, has given effect to this request by adjusting the excess amounts of tariff claimed by MIAL under the heads Depreciation (Refer Table 36) and Return on RAB (Refer Table 52) in the True Up of the Second Control Period and subsequent control periods subject to the final outcome in the matter.

3.2 True Up of Regulatory Asset Base (RAB)

MIAL's Submission on the True Up of RAB for the Second Control Period in MYTP for the Fourth Control Period

3.2.1 The True-Up of RAB as discussed in the First Control Period True up with respect to DF assets and revised aeronautical allocation will have an impact on RAB of the Second Control Period as well.

3.2.2 Further, MIAL submits that the calculation of Proportionate closing RAB done by the Authority in Table 52 of the Third Control Period Order is based on proportionate addition of assets considering the actual date of capitalization, but disposal of assets has been considered on first day of the year without considering the actual date of disposal of assets.

3.2.3 MIAL has mentioned in their MYTP that during the course of hearings of the Third Control Period matters before Hon'ble TDSAT, the Authority has clarified that the true up of the return on disposed of assets would be carried out proportionately in the subsequent control period.

3.2.4 Based on the above-mentioned changes, MIAL has computed closing RAB for the Second Control Period as follows:

Table 25: RAB as submitted by MIAL for the true up of the Second Control Period in the MYTP for the Fourth Control Period

(Rs. in crores)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Opening RAB	5,766.19	5,180.36	5,533.15	6,309.83	6,129.97	
Add: Additions	(223.19)	908.12	1,224.19	299.59	262.03	**2,470.74**
Less: Depreciation	(349.54)	(369.23)	(447.51)	(479.44)	(495.02)	**(2,140.74)**
Closing RAB (A)	5,193.46	5,719.25	6,309.83	6,129.97	5,896.98	
Proportionate RAB addition (on account of disposal of asset - Hon'ble TDSAT judgement related) (B)	65.66	0.40	0.01	0.20	1.93	**68.20**
Revised RAB for the 2nd Control Period as per revised calculation (A+B)	**5,259.12**	**5,719.65**	**6,309.84**	**6,130.17**	**5,898.91**	

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.2.5 The Authority during the true up of the Second Control Period in the Third Control Period Order has approved the following RAB.

Table 26: RAB as considered by the Authority for the Second Control Period in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Opening RAB	A	5,198.78	4,636.61	5,329.57	6,107.86	5,929.70	
Add: Proportionate Capitalization during the year	B	(216.01)	851.31	197.53	239.79	110.19	**1,182.81**
Balance to be carried forward for the year	C	211.56	1,026.66	59.80	151.84	150.89	**1,600.76**
Add: Brought forward balance to be added to RAB	D	-	211.56	1,026.66	59.80	151.84	**1,449.86**
Less: Depreciation	E	348.16	367.91	445.90	477.74	493.18	**2,132.89**
Proportionate Closing RAB	**F=A+B+D-E**	**4,634.61**	**5,331.57**	**6,107.86**	**5,929.70**	**5,698.56**	

Authority's Examination of the matters regarding the True Up of RAB for the Second Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

3.2.6 The Authority noted that the submission by MIAL for revised values for the Second Control Period true up of RAB is based on the adjustment in DF assets and asset allocation ratio made in the First Control Period. MIAL had also adjusted the proportionate RAB on account of disposal of assets for computation of the closing RAB.

3.2.7 The revision in the values for true up of the Second Control Period of RAB by MIAL is based on the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023.

3.2.8 With regards to the change in RAB due to DF adjustment and the changes in Asset Allocation, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach as mentioned in para 1.1.1(ii) of this Tariff Order.

3.2.9 Thus, the Authority is retaining the RAB for the True up of the Second Control Period except for giving adjustment to the depreciation expenses (Refer Table 37) as per the SCN as mentioned in para 3.1.6.

Table 27: RAB as proposed by the Authority for the True up of Second Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Opening RAB	A	5,198.79	4,640.61	5,342.80	6,129.58	5,961.56	
Add: Proportionate Capitalization during the year	B	(216.01)	851.31	197.53	239.79	110.19	**1,182.81**
Balance to be carried forward for the year	C	211.56	1,026.66	59.80	151.84	150.89	**1,600.75**
Add: Brought forward balance to be added to RAB	D	-	211.56	1,026.66	59.80	151.84	**1,449.86**

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Less: Depreciation (Refer Table 37)	E	342.17	360.68	437.40	467.60	482.52	**2,090.38**
Proportionate Closing RAB	**F=A+B+D-E**	**4,640.61**	**5,342.80**	**6,129.58**	**5,961.56**	**5,741.07**	

Treatment of Assets identified in the Self-Contained Note of AIA:

3.2.10 The Authority has recomputed the gross fixed asset, and the depreciation thereon based on the details provided in the SCN as given below:

Table 28: Value of the Assets identified from the Fixed Asset Register (FAR) in the Self-Contained Note

(Rs. in crores)

Particulars	As per SCN Order Dated 30.08.2023 (A)	Considered based on FAR (B)	C=B-A
Assets identified as non-existent	**642.43**	**689.56***	**47.13**

**The difference between the value in FAR and the value derived in the SCN is because of the carrying cost attached to the value of the asset in the FAR. A list of these assets is enclosed in Annexure 2 (Refer 16.2).*

3.2.11 In compliance to para 12 of SCN dated 30.08.2023 referred at above para 3.1.6, the Authority, through its Independent Consultant, has computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Return on RAB and Depreciation as reflected in Table 53.

3.2.12 In view of the above, the Authority proposed to consider the RAB as per Table 27 for the True up of the Second Control Period.

Stakeholders' Comments on True Up of RAB for the Second Control Period

3.2.13 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL in response to the proposals of the Authority with regard to the True-up of RAB for the Second Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholder is presented below:

MIAL comments with regards to adjustment in TR on account of Return on RAB and Depreciation

3.2.14 MIAL comments with regards to adjustment in TR on account of RAB and Depreciation is as follows:

"Adjustment in TR on account of Return on RAB and Depreciation allowed on Alleged Assets as per the Self-Contained note (SCN) of Authorized Investigative Agency (AIA)

The contention of the Authority that since they have received a letter dated 30.08.2023 with a Self – Contained Note from the Authorized Investigation Agency (AIA) whereby AIA has intimated the completion of the investigation and has requested AERA to adjust the alleged excess amount of tariff to the tune of Rs.305 Crs claimed by MIAL.

MIAL submits that it is not privy to any such letter dated 30.08.2023 with a Self-Contained Note from the Authorized Investigation Agency (AIA), as no such document is provided by the Authority to MIAL. Any reliance by the Authority on the said letter dated 30.08.2023 of AIA without providing a copy of the same to MIAL would amount to violation of the principles of natural justice and it is void ab initio. Additionally, the said AIA has no right and/or authority to interfere with the tariff determination process, much less to give any such directives to the Authority.

We therefore request the Authority to kindly discard the said letter dated 30.08.2023 with a Self – Contained Note from the Authorized Investigation Agency (AIA) whereby AIA has intimated the completion of the investigation and has requested AERA to adjust the excess amount of tariff to the tune of Rs.305 Crs claimed by MIAL.

Without prejudice to the above, we submit that the Authority cannot place reliance upon the same, as the investigation is being concluded, and the matter is now pending before the criminal court. At the highest after the conclusion of trial, if the allegations of prosecution are found to be true and any civil liability is arising out of it to MIAL, necessary true up can be given in the next control period in accordance with the direction of the competent final appellate court, in accordance with OMDA, SSA and in accordance with the provisions of AERA Act, 2008.

Here, we are concerned with the true up from the Second Control Period onwards and not with criminal liability. Any civil liability can always be adjusted in the next Control Period which is known as true up in the next control period. Hence, we see no reason to adjust the alleged excess tariff of Rs. 305 /- Crs claimed by MIAL, much less any justifiable reason."

Authority's Analysis on Stakeholder's Comments on adjustment in TR on account of Return on RAB and Depreciation

3.2.15 The Authority notes MIAL's comments (Refer Para 3.2.14) regarding the adjustment of return on RAB and depreciation allowed on assets referred to in the Self-Contained Note dated 30.08.2023, received from the Authorized Investigative Agency. The Authority clarifies that an official correspondence was addressed to the Authority intimating the completion of investigation along with an SCN outlining the alleged overstatement of asset base and corresponding excess tariff collection. The adjustment made is a regulatory safeguard to avoid extending benefit of return and depreciation on assets that are currently under formal investigation and whose admissibility is under question.

In line with established regulatory practice, any further adjustment, if required, based on the final outcome of judicial proceedings, can be undertaken in the form of a true-up in subsequent control periods.

However, deferring adjustment until the conclusion of the trial would result in continuation of return on potentially inadmissible assets as assessed by AIA in their investigation.

3.2.16 Accordingly, the Authority decides that the true up of TR for the Second Control Period considered at the Consultation Stage remains unchanged.

3.3 True Up of Hypothetical Regulatory Asset Base

MIAL's Submission on True Up of Hypothetical Regulatory Asset Base for the Second Control Period in MYTP for the Fourth Control Period

3.3.1 MIAL has submitted HRAB for the Second Control Period as follows:

Table 29: HRAB as submitted by MIAL for True up of the Second Control Period

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	756.54	696.72	648.26	592.53	537.12	
Depreciation	B	59.82	48.46	55.73	55.41	53.31	**272.73**
Closing HRAB	C = A-B	696.72	648.26	592.53	537.12	483.81	
Average HRAB	D = (A+C)/2	726.63	672.49	620.40	564.83	510.47	

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.3.2 The following table shows the value of HRAB computed by the Authority for the Second Control Period.

Table 30: HRAB as decided by the Authority for the Second Control Period in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	756.54	696.72	648.26	592.53	537.12	
Depreciation	B	59.82	48.46	55.73	55.41	53.31	**272.73**
Closing HRAB	C = A-B	696.72	648.26	592.53	537.12	483.81	
Average HRAB	D = (A+C)/2	726.63	672.49	620.40	564.83	510.47	

Authority's Examination of the matters regarding the True Up of Hypothetical Regulatory Asset Base for the Second Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

3.3.3 The Authority observed that MIAL had submitted the HRAB for the true up of Second Control Period as decided by the Authority in the Third Control Period.

3.3.4 The Authority complying with the directions of the Authorized Investigation Agency as explained in para 3.1.6. had adjusted the depreciation computation as mentioned in para 3.4.8. This adjustment had subsequently impacted the HRAB, as shown in the table below:

Table 31: HRAB proposed by the Authority for the True up of the Second Control Period as part of the Tariff Determination for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	756.54	697.75	650.24	595.57	541.33	
Depreciation (Refer Table 38)	B	58.79	47.51	54.67	54.23	52.16	**267.36**
Closing HRAB	C = A-B	697.75	650.24	595.57	541.33	489.17	
Average HRAB	D = (A+C)/2	727.14	673.99	622.91	568.46	515.26	

3.3.5 In view of the above, the Authority proposed to consider the HRAB as per Table 31 for the True up of the Second Control Period.

Stakeholders' Comments on True Up of Hypothetical Regulatory Asset Base for the Second Control Period

3.3.6 No specific comments have been received from the stakeholders on true up of Hypothetical RAB for the Second Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Hypothetical Regulatory Asset Base for the Second Control Period

3.3.7 The Authority notes that no specific comments were received from the Stakeholders on the true up of Hypothetical RAB for the Second Control Period. The Authority decides to consider the Hypothetical RAB as per Table 31 of this Tariff Order.

3.4 True Up of Depreciation

MIAL's Submission on the True Up of Depreciation for the Second Control Period in MYTP for the Fourth Control Period

3.4.1 Hon'ble TDSAT Directions to the Authority as per Order dated October 6th, 2023 mentions the following:

(i) To account for the impact of reclassifying the Shivaji Statue from non-aeronautical to aeronautical assets.

(ii) To reflect changes in the aeronautical asset allocation of common assets in Terminal 1, based on the revised floor area of non-aeronautical activities, which has been adjusted from 10.64% to 10.03%.

(iii) To treat General Aviation (GA) terminal assets as common assets within the total gross asset allocation of 82.58%, as computed by the Authority as of March 31, 2019.

3.4.2 The above orders impact on the asset allocation ratio, which gets revised from 82.58% to 82.78%.

3.4.3 MIAL has recomputed the depreciation after giving effect to the change in the asset allocation ratio as below:

Table 32: Depreciation on Revised RAB as submitted by MIAL for the True up of the Second Control Period

(Rs. in crores)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Depreciation on RAB for the Second Control Period as per revised calculation	349.54	369.23	447.51	479.44	495.02	**2,140.74**

Table 33: Depreciation on HRAB as submitted by MIAL for the True up of the Second Control Period

(Rs. in crores)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Depreciation on HRAB	59.82	48.46	55.73	55.41	53.31	**272.73**

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.4.4 The Authority during the true up of the Second Control Period in the Third Control Period Order has approved the following depreciation on RAB:

Table 34: Depreciation on RAB as decided by the Authority for True up of the Second Control Period in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Total Depreciation	A	688.70	666.47	799.55	851.80	920.16	**3,926.68**
Depreciation on Upfront Fee	B	5.14	5.14	5.14	5.14	5.14	**25.70**
Aeronautical assets %	C	0.83	0.83	0.83	0.83	0.83	**4.13**
Depreciation on Aeronautical DF Funded Assets	D	211.63	171.57	198.83	201.14	206.76	**989.93**
Depreciation on Disallowed Capitalized Assets	E	2.88	4.57	5.32	5.38	5.53	**23.68**
Depreciation on runway recarpeting work proposed to be considered as part of Operating Expenditure	F	2.91	2.38	6.71	16.75	20.86	**49.61**

AERA

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Depreciation on RAB as proposed by the Authority in CP 35	G=[(A-B)*C]-D-E-F	**347.05**	**367.60**	**445.17**	**475.89**	**522.47**	**2,158.18**
Add: Change in Depreciation due to revision in average rate of Depreciation pursuant to changes in capital expenditure allowance for the Second Control Period in Tariff Order	H	1.11	0.30	0.74	1.85	5.87	**9.87**
Less: Aeronautical portion of additional Depreciation claimed by MIAL based on technical opinion obtained by it.	I					35.16	**35.16**
Aeronautical Depreciation as decided by the Authority	**J=G+H-I**	**348.16**	**367.90**	**445.91**	**477.74**	**493.18**	**2,132.89**

Table 35: Depreciation on HRAB of MIAL as proposed by the Authority for True up of the Second Control Period in the Third Control Period Order at Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Aeronautical assets	A	5,622.53	7,333.64	7,729.15	8,328.98	8,936.64	**37,950.95**
Depreciation on aeronautical assets	B	348.16	367.90	445.91	477.74	493.18	**2,132.89**
Average rate of Depreciation on aeronautical assets %	C=B/A	**6.19%**	**5.02%**	**5.77%**	**5.74%**	**5.52%**	
HRAB	D	966.03	966.03	966.03	966.03	966.03	
Depreciation on HRAB	E=D*C	**59.82**	**48.46**	**55.73**	**55.41**	**53.31**	**272.74**

Authority's Examination of the matters regarding the True Up of Depreciation on RAB and HRAB for the Second Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

3.4.5 The Authority noted that MIAL has submitted revised depreciation values for the Second Control Period, reflecting changes due to change in asset allocation of aeronautical assets as per the Hon'ble TDSAT Order dated 6th October 2023.

3.4.6 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 1.1.1(ii) of this Tariff Order, except for complying with the directions of the Authorized Investigation Agency as explained in para 3.1.6.

3.4.7 The Authority had computed the adjustment to depreciation as mentioned in para 3.1.6 as below:

Table 36: Aeronautical Depreciation as computed by the Authority for the Second Control Period on the assets identified in the SCN of AIA at the Consultation Stage

(Rs. in crores)

Particulars	Second Control Period - Depreciation					Total Depreciation
	FY15	FY16	FY17	FY18	FY19	
Aeronautical Depreciation	5.98	7.23	8.50	10.14	10.66	**42.51**

3.4.8 Consequently, the Authority proposes to adjust the depreciation as mentioned in para 3.1.6 as given below:

Table 37: Depreciation on RAB of MIAL as proposed by the Authority for True up of the Second Control Period as part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Aeronautical Depreciation as decided by the Authority in the Third Control Period Order (Refer Table 34)	A	348.16	367.90	445.91	477.74	493.18	**2,132.89**
Aeronautical Depreciation on the non-existent assets identified in SCN (Refer Table 36)	B	5.98	7.23	8.50	10.14	10.66	**42.51**
Final Aeronautical Depreciation proposed as true-up	C = A-B	342.17	360.68	437.40	467.60	482.52	**2,090.38**

Table 38: Depreciation on HRAB of MIAL as proposed by the Authority for True up of the Second Control Period as part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Aeronautical assets	A	5,622.53	7,333.64	7,729.15	8,328.98	8,936.64	**37,950.95**
Depreciation on aeronautical assets (Refer Table 37)	B	342.17	360.68	437.40	467.60	482.52	**2,090.38**
Average rate of Depreciation on aeronautical assets %	C=B/A	**6.09%**	**4.92%**	**5.66%**	**5.61%**	**5.40%**	
HRAB	D	966.03	966.03	966.03	966.03	966.03	
Depreciation on HRAB	E=D*C	**58.79**	**47.51**	**54.67**	**54.23**	**52.16**	**267.36**

3.4.9 In view of the above, the Authority proposed to consider the Depreciation as per Table 37 and Table 38 for RAB and HRAB respectively for the True up of the Second Control Period.

Stakeholders' Comments on True Up of Depreciation for the Second Control Period

3.4.10 No specific comments have been received from the stakeholders on true up of depreciation for the Second Control Period.

Authority's Analysis on Stakeholder's Comments on True Up of Depreciation for the Second Control Period

3.4.11 The Authority notes that no specific comments were received from the Stakeholders on the true up of depreciation for the Second Control Period. The Authority decides to consider the depreciation for true up for the Second Control Period as per Table 38 of this Tariff Order.

3.5 True Up of Fair Rate of Return

MIAL's Submission on the True Up of Fair Rate of Return for the Second Control Period in MYTP for the Fourth Control Period

3.5.1 MIAL has computed the revised Fair Rate of Return (FRoR) after incorporating the following changes based on the Hon'ble TDSAT order:

(i) Profits have been recalculated by excluding the depreciation amount related to the re-carpeting of Runway/Apron/Taxiway. The Authority had previously reduced the expenditure from the Regulatory Asset Base (RAB) and increased O&M expenditure but had not adjusted the depreciation in the Profit and Loss computations. This error, which impacted the gearing ratio and FRoR computation, has now been rectified.

(ii) Hon'ble TDSAT directed that accumulated reserves and surplus must not be adjusted against subsequent losses when determining the Fair Rate of Return (FRoR). The Authority's earlier approach of protecting only the paid-up Equity Share Capital rather than the Net Worth (which includes equity share capital and accumulated reserves and surplus) for FRoR calculation has been set aside.

(iii) As per the Hon'ble TDSAT order, a return equivalent to the Cost of Equity has been allowed on Refundable Security Deposits, replacing the Authority's earlier provision of only allowing the Cost of Debt on RSD.

3.5.2 The revised FRoR for the Second Control Period, after implementing these changes, has been calculated at 12.22%, compared to the earlier 11.80% computed for the Second Control Period as part of true-up of the Second Control Period in the Third Control Period Order.

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.5.3 The FRoR decided by the Authority during the true up of the Second Control Period in the Third Control Period Order is as follows:

Table 39: FRoR decided by the Authority for the True up for the Second Control Period in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Opening Cumulative Debt	Do	5,450.98	5,900.98	6,256.13	6,616.60	6,515.99
Closing Cumulative Debt	Dn	5,900.98	6,256.13	6,616.60	6,515.99	6,273.60
Average Cumulative Debt	**D = Avg (Do, Dn)**	**5,675.98**	**6,078.55**	**6,436.37**	**6,566.29**	**6,394.79**
Opening Equity	Eo	2,255.32	1,888.93	1,803.90	1,644.24	1,524.76
Closing Equity	En	1,888.93	1,803.90	1,644.24	1,524.76	1,586.10
Average Equity	**E = Avg (Eo, En)**	**2,072.12**	**1,846.41**	**1,724.07**	**1,584.50**	**1,555.43**
Opening RSD	RSDo	100.00	100.00	166.00	169.14	366.47
Closing RSD	RSDn	100.00	166.00	169.14	366.47	366.47
Average RSD	**R = Avg (RSDo, RSDn)**	**100.00**	**133.00**	**167.57**	**267.81**	**366.47**
Average Capital Employed	**C=D+E+R**	**7,848.10**	**8,057.97**	**8,328.01**	**8,418.60**	**8,316.70**
Average Debt %	D%=D/C	72.32%	75.44%	77.29%	78.00%	76.89%
Average Net Worth %	NW%= E/C	26.40%	22.91%	20.70%	18.82%	18.70%
Average RSD %	R%= R/C	1.27%	1.65%	2.01%	3.18%	4.41%
Cost of Capital (%)						
Weighted Avg Gearing %		76.04%				
Weighted Avg Equity %		21.44%				
Weighted Avg RSD %		2.53%				
Cost of Debt %		11.64%	11.21%	10.93%	9.99%	9.66%

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Weighted Average Cost of Debt %		10.66%				
Cost of Equity %		16.00%				
Cost of RSD %		10.66%				
FRoR %		**11.80%**				

Authority's Examination of the matters regarding True Up of Fair Rate of Return for the Second Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

3.5.4 The Authority examined the revised submission by MIAL for the Fair Rate of Return and noted that changes made by MIAL in FRoR is as per the Hon'ble TDSAT judgements.

3.5.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 1.1.1(ii) of this Tariff Order.

3.5.6 Consequently, the Authority proposed to consider the FRoR for the true up of the Second Control Period as approved by the Authority in the Third Control Period Order as per Table 39 above.

Stakeholders' Comments on True Up of Fair Rate of Return for the Second Control Period

3.5.7 During Stakeholders' Consultation Process, the Authority has received comments / views from MIAL in response to the proposals of the Authority with regard to the True-up of Fair Rate of Return for the Second Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL comments with regards to FRoR

3.5.8 MIAL comments with regards to FRoR is as follows:

"WACC of Second Control Period not changed on account exclusion of depreciation of runway recarpeting expenses from total depreciation while computing the reserves and surplus of Second Control Period

During tariff determination of TCP, the Authority had considered the entire expenditure incurred on the re-carpeting of Runway / Apron /Taxiway as part of O&M expenditure in the year of incurrence up till FY18. However, from FY19 onwards, any expenditure incurred on the Re-carpeting of RWY/Apron/TWY is amortized over a period of 5 years.

To give effect of this adjustment, the Authority should have reduced capex incurred on re-carpeting of Runway / Apron /Taxiway from Regulatory Asset Base, and at the same time adjusted Depreciation and Operational and Maintenance expenditure. The Authority has reduced the amount from Regulatory Asset Base, increased O&M expenditure but failed to reduce the depreciation amount in the computation of Profit and Loss.

Owing to the above error, the profit and loss amount in all the years of Second Control Period are reduced, which has impacted the gearing ratio and ultimately the WACC computation for Second Control Period. MIAL has corrected the above mistake in MYTP of FoCP. However, the same has been overlooked and not given effect to in the ongoing tariff determination exercise of FoCP.

During the course of proceedings of TCP tariff order before TDSAT, the Authority has agreed to correct the above mistake. Excerpt from the reply filed by the Authority on this matter is reproduced below:

1. It is pertinent to note that the concern regarding impact on the gearing ratio and ultimately Weighted Average Cost of Capital computation for Second Control Period was not raised by the Appellant during the consultation process.
2. However, as the impact is miniscule (estimated to be Rs. 2.03 crores), Respondent No.1 will undertake to adjust it by effectuating requisite true-up during tariff determination of the Fourth Control Period provided it is properly justified and all details are provided in a timely manner by the Appellant.

It is requested to true-up the WACC as has been committed by the Authority to the Appellate Court."

Authority's Analysis on Stakeholders' Comments on True Up of Fair Rate of Return for the Second Control Period

3.5.9 The Authority notes the comments of MIAL (Refer Para 3.5.8) with regard to the FRoR of the Second Control Period. Upon review of the documents submitted by MIAL and taking into account the Authority's written submissions in the Hon'ble TDSAT proceedings, the Authority has decided to allow the adjustment submitted by MIAL.

3.5.10 Accordingly, the Authority has decided to revise the True up of FRoR for the Second Control Period to 11.83%, as against 11.80% that was considered in the Consultation Paper as shown in the table below:

Table 40: FRoR as decided by the Authority for the true up of the Second Control Period

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Opening Debt	A	5,450.98	5,900.98	6,256.13	6,616.60	6,515.99
Closing Debt	B	5,900.98	6,256.13	6,616.60	6,515.99	6,273.60
Average Debt	**C = (A+B)/2**	**5,675.98**	**6,078.55**	**6,436.37**	**6,566.29**	**6,394.79**
Opening Equity	D	1,199.62	1,199.62	1,199.62	1,196.15	1,199.62
Closing Equity	E	1,199.62	1,199.62	1,199.62	1,199.62	1,199.62
Average Equity	**F = (D+E)/2**	**1,199.62**	**1,199.62**	**1,199.62**	**1,197.88**	**1,199.62**
Opening Reserves	G	1,055.70	690.43	608.28	460.72	374.65
Closing Reserves	H	690.43	608.28	460.72	374.65	488.42
Average Reserves	**I = (G+H)/2**	**873.07**	**649.35**	**534.50**	**417.69**	**431.53**
Opening RSD	J	100.00	100.00	166.00	169.14	366.47
Closing RSD	K	100.00	166.00	169.14	366.47	366.47
Average RSD	**L = (J+K)/2**	**100.00**	**133.00**	**167.57**	**267.81**	**366.47**

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Average Capital Employed	**M = C+F+I+L**	**7,848.66**	**8,060.52**	**8,338.05**	**8,449.67**	**8,392.41**
Debt %	N = C/M	72.32%	75.41%	77.19%	77.71%	76.20%
Equity %	O = (F+I)/M	26.41%	22.94%	20.80%	19.12%	19.44%
RSD %	P = L/M	1.27%	1.65%	2.01%	3.17%	4.37%
Weighted Avg Gearing	Q	75.82%				
Weighted Avg Equity	R	21.67%				
Weighted Avg RSD	S	2.52%				
Weighted Avg CoD	T	11.64%	11.21%	10.93%	9.99%	9.67%
Cost of Debt	U	10.67%				
Cost of Equity	V	16.00%				
FRoR	**W = (Q*U) + (R*V) + (S*U)**	**11.83%**				

3.5.11 Thus, based on the above, the Authority decides to consider the True up of FRoR for the Second Control Period at 11.83% as per the above Table 40.

3.6 True up of Revenue from Non-Aeronautical Revenue and 'S' factor

MIAL's Submission on the True Up of Revenue Share Assets and 'S' Factor for the Second Control Period in MYTP for the Fourth Control Period

3.6.1 All adjustments claimed by MIAL in the true-up of the First Control Period (Refer para's 2.4.2 and 2.4.3) were claimed for the Second Control Period as well.

3.6.2 In line with the true up of the First Control Period, MIAL has excluded "Other Income" and "Revenue from Existing Assets" in the calculation of 'S' factor and has also not considered Annual Fee to AAI as an expense in the computation of 'S' factor. Therefore, the revised non-aeronautical revenues and 'S' Factor for the true up of the Second Control Period is as below:

Table 41: Computation of revised 'S' factor for the true up of the Second Control Period in line with Hon'ble TDSAT Judgement as submitted by MIAL

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Non-Aero Revenues including other income (AERA Order No 64/2020-21 Table 78)	A	1,020.13	1,246.58	1,433.47	1,682.00	1,832.23	**7,214.41**
Other Income (AERA Order No 64/2020-21 Table 78)	B	29.74	81.47	71.36	111.92	91.70	**386.18**
Revenues from existing assets (As per independent Study)	C	487.58	520.96	493.28	548.80	542.64	**2,593.26**
Revenues from RSA	D=A-B-C	502.80	644.16	868.84	1,021.28	1,197.89	**4,234.97**
Annual Fee on above	E=38.7%*D	194.58	249.29	336.24	395.23	463.58	**1,638.93**
Revenues from RSA after annual fee paid to AAI	F=D-E	308.22	394.87	532.60	626.04	734.31	**2,596.03**
'S' Factor	G=30%*F	92.47	118.46	159.78	187.81	220.29	**778.81**

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.6.3 Non-Aeronautical Revenue as considered by Authority during the true up of the Second Control Period in the Third Control Period Order is given below:

Table 42: Non-Aeronautical Revenue as decided by the Authority for the True up of the Second Control Period in the Third Control Period Order

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Retail Licences	721.37	825.53	993.12	1,162.55	1,329.13	**5,031.70**
Rent & Services	145.54	188.93	222.62	242.67	315.19	**1,114.95**
Cargo Revenue	237.57	272.76	299.05	363.14	309.73	**1,482.25**
Less: Revenue from Other than Revenue Share Assets (i.e. Non-Transfer Assets)	(10.00)	(13.92)	(23.53)	(29.40)	(37.02)	**(113.88)**
Less: FTC Revenues	(103.78)	(106.65)	(127.53)	(167.02)	(174.17)	**(679.15)**
Less: ITP Revenues	(0.32)	(1.53)	(1.60)	(1.85)	(2.34)	**(7.64)**
Other Income	29.74	81.47	71.36	111.92	91.70	**386.19**
Total Non-aeronautical Revenue for the 2nd Control Period	**1,020.12**	**1,246.58**	**1,433.47**	**1,682.01**	**1,832.23**	**7,214.41**

Authority's Examination of the matters regarding the True Up of Revenue Share Assets and 'S' Factor for the Second Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

3.6.4 The Authority noted that MIAL in line with the submission made in the First Control Period had submitted the revised values for the Revenue Share Assets and 'S' Factor based the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023 for the Second Control Period.

3.6.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same as mentioned in para 1.1.1(ii) of this Tariff Order.

3.6.6 Consequently, the Authority proposed the following:

(i) Not to exclude Other Income
(ii) Not to reduce the revenue from existing assets.
(iii) Not to exclude the annual fee paid to AAI from the calculation of the 'S' factor.

3.6.7 Accordingly, the Authority proposed the 'S' factor for the true up of the Second Control Period as per the table below:

Table 43: 'S' factor as proposed by the Authority for the true up of the Second Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Non-aeronautical Revenue for the 2nd Control Period	A	1,020.12	1,246.58	1,433.47	1,682.01	1,832.23	**7,214.41**
'S' Factor	B=30%*A	306.04	373.97	430.04	504.60	549.67	**2,164.32**

3.6.8 In view of the above, the Authority proposed to consider the same 'S' Factor as considered in the Third Control Period Tariff Order (as mentioned in Table 43 above) for the True up of the Second Control Period.

Stakeholders' Comments on True Up of Revenue from Revenue Share Assets for the Second Control Period

3.6.9 No specific comments have been received from the stakeholders on true up of Revenue from Revenue Share Assets for the Second Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Revenue from Revenue Share Assets for the Second Control Period

3.6.10 The Authority notes that no specific comments were received from the Stakeholders on the true up of Revenue from Revenue Share Assets for the Second Control Period. The Authority decides to consider the Revenue from Revenue Share Assets for true up for the Second Control Period as per Table 43 of this Tariff Order.

3.7 True Up of Aeronautical Tax

MIAL's Submission on the True Up of Aeronautical Tax for the Second Control Period in MYTP for the Fourth Control Period

3.7.1 Impact of Hon'ble Supreme Court Judgment dated 11th July 2022, and the Hon'ble TDSAT Judgment dated 6th October 2023 on Aeronautical Tax for the Second Control Period are shown below:

Table 44: Computation of 'T' for true up of the Second Control Period in line with SC and Hon'ble TDSAT Judgement as submitted by MIAL

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Aero Revenues (AERA Order No 64/2020-21 Table 83)	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	**8,211.14**
Add: 'S' Factor (30% of RSA)	92.47	118.46	159.78	187.81	220.29	**778.81**
Total Revenues	**1,468.66**	**1,630.49**	**1,799.96**	**1,974.36**	**2,116.48**	**8,989.95**
Less: Aero Expenses (AERA Order No 64/2020-21 Table 83)	772.89	589.42	721.49	862.74	839.30	**3,785.84**
Less: Aero Depreciation	349.54	369.23	447.51	479.44	495.02	**2,140.74**
Less: Interest Cost*	427.44	460.41	499.24	435.52	395.00	**2,217.61**
Net Profit	**(81.21)**	**211.43**	**131.73**	**196.66**	**387.15**	**845.77**
Profit for Tax Computation	**(81.21)**	211.43	131.73	196.66	387.15	**845.77**
Tax Rate	33.99%	34.61%	34.61%	34.61%	34.94%	
Aero Taxation	-	**73.17**	**45.59**	**68.06**	**135.29**	**322.11**

**Interest Cost = RAB X Gearing X Cost of Debt*

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.7.2 The Authority vide its decision in para 3.10.8, for computation of the true up of tax of the Second Control Period in the Third Control Period Order has:

(i) Considered the annual fees paid to AAI as an expense.
(ii) Not considered the 'S' factor for revenue computation.
(iii) Considered Depreciation as per the Income Tax Act.
(iv) Calculated Interest expense at the actual interest paid on the existing debt.

3.7.3 Based on the above, the tax for the true up of the Second Control Period in the Third Control Period Order was decided as "NIL" by the Authority.

Authority's Examination of the matters regarding the True Up of Aeronautical Tax for the Second Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

3.7.4 The Authority examined the submissions made by MIAL for the true up of Aeronautical Taxes and noted that MIAL has considered 'S' Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023) and had not considered Annual Fee to AAI as an expense for the purpose of determination of Aeronautical PBT and consequently the Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

3.7.5 With regards to the submissions made by MIAL, the Authority consistent with the decisions taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 1.1.1(ii) of this Tariff Order with regards to the treatment of 'S' Factor for computation of Aeronautical Taxes.

3.7.6 As mentioned in para 3.1.5 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022, and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense towards True Up of the Second Control Period as per the directions contained in the judgement of the Hon'ble Supreme Court.

Table 45: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Second Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Average RAB	A	4,640.61	5,342.80	6,129.58	5,961.56	5,741.07	
Gearing Ratio (D/E)	B	73.63%	77.12%	79.01%	79.78%	78.96%	
Interest Rate	C	11.64%	11.21%	10.93%	9.99%	9.67%	
Aeronautical Interest Expense	D=A*B*C	**397.74**	**461.82**	**529.59**	**475.22**	**438.37**	**2,302.74**

3.7.7 Based on the above, the Aeronautical Taxes proposed to be considered by the Authority for the true up for the Second Control Period is as follows:

Table 46: Computation of 'T' for the True up of the Second Control Period as proposed by the Authority at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Aeronautical Revenue	A	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	**8,211.14**
Aeronautical Operating Expenses	B	820.12	592.10	721.53	858.69	788.92	**3,781.37**
EBITDA	C=A-B	**556.07**	**919.92**	**918.65**	**927.86**	**1,107.27**	**4,429.78**
Depreciation (Refer Table 37)	D	342.17	360.68	437.40	467.60	482.52	**2,090.38**
Interest Expense-Aeronautical	E	397.74	461.82	529.59	475.22	438.37	**2,302.74**
Profit Before Tax	F=C-D-E	(183.84)	97.42	(48.33)	(14.96)	186.37	**36.65**
Opening Accumulated (Losses)	G	-	(183.84)	(86.43)	(134.76)	(149.72)	
Current (Losses)	H	(183.84)	-	(48.33)	(14.96)	-	

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Current Year Set Off	I	-	97.42	-	-	186.37	
Closing Accumulated Profit / (Losses)	J=G+H+I	(183.84)	(86.43)	(134.76)	(149.72)	36.65	
Profit for Taxation	K	-	-	-	-	**36.65**	**36.65**
Tax Rate	L	33.99%	34.61%	34.61%	34.61%	34.94%	
Tax	M=K*L	-	-	-	-	**12.81**	**12.81**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee has not been treated as an expense (Refer para 3.1.5).

3.7.8 In view of the above, the Authority proposed to consider the Aeronautical Taxes as per Table 46 for the True up of the Second Control Period.

Stakeholders' Comments on True Up of Aeronautical Tax for the Second Control Period

3.7.9 No specific comments have been received from the stakeholders on true up of Aeronautical Tax for the Second Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Aeronautical Tax for the Second Control Period

3.7.10 The Authority notes that no specific comments were received from the Stakeholders on the true up of Aeronautical Tax for the Second Control Period. The Authority decides to consider the Aeronautical Tax consistent with the proposal made in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Aeronautical Tax proposed to be considered by the Authority for true up for the Second Control Period (as per Table 46 of this Tariff Order) at the Consultation Stage stand unchanged.

3.8 True Up of Operating Expenses

MIAL's Submission on True Up of Operating Expenses for the Second Control Period in MYTP for the Fourth Control Period

3.8.1 MIAL submitted the following Operating Expenses for the true up of the Second Control Period.

Table 47: O&M expenses for the Second Control Period submitted by MIAL for True up

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Employee Cost	123.73	135.39	169.28	173.34	180.73	**782.46**
Utilities Expenses	102.23	97.90	91.77	108.46	106.58	**506.94**
Repair & Maintenance Expense	76.82	72.44	91.43	105.80	129.87	**476.36**
Rents, Rates & Taxes	24.28	3.30	27.68	42.20	69.78	**167.24**
Advertisement Expense	5.58	6.51	7.84	7.13	7.68	**34.74**
Administrative Expenses	48.34	74.86	74.15	59.92	72.36	**329.63**
AOA Fees	6.69	7.28	7.29	7.34	8.01	**36.61**
Insurance Expense	4.25	3.82	3.25	3.43	4.08	**18.83**
Consumable stores	3.96	6.57	8.12	5.79	6.31	**30.74**
Operating cost	84.44	106.53	118.60	124.95	131.30	**565.83**
Bad debts written off	-	-	-	-	0.05	**0.05**
Working Capital Interest	5.21	8.93	15.29	5.40	7.74	**42.57**
Financing charges	7.38	21.35	23.70	28.33	33.49	**114.26**
VRS exp	17.31	16.75	16.61	16.24	15.97	**82.88**
Loss on scrapping of Asset	242.22	1.94	1.45	-	-	**245.61**
Provision for PSF (exp)	9.75	-	13.59	-	-	**23.33**
Exchange gain and loss	10.71	12.30	(16.12)	0.20	0.35	**7.43**

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
CWIP – Written off	-	13.54	-	-	-	**13.54**
Runway Recarpeting	-	-	67.56	168.46	59.20	**295.21**
Carrying cost on runway recarpeting	-	-	-	5.77	5.81	**11.58**
Total Aeronautical Operating Expenditure	**772.89**	**589.42**	**721.49**	**862.74**	**839.30**	**3,785.84**

3.8.2 MIAL has also submitted additional expenses for the change in Asset Allocation Ratio's as part of the Second Control Period True up based on the Hon'ble TDSAT Order as mentioned in para 1.8.1.

Table 48: Additional Operating expenses for the Second Control Period submitted by MIAL for True up

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Total Corporate Overheads Cost as per the Authority	47.80	108.69	58.47	74.35	96.91	**386.22**
Change in asset allocation	0.20%	0.20%	0.20%	0.20%	0.20%	
Change in Corporate Overheads (A)	**0.10**	**0.22**	**0.12**	**0.15**	**0.19**	**0.77**
Total Airport Common Cost as per the Authority	52.75	57.86	63.36	77.36	142.23	**393.56**
Change in area asset allocation	0.13%	0.13%	0.13%	0.13%	0.13%	
Change in Airport Common Cost (B)	**0.07**	**0.08**	**0.08**	**0.10**	**0.18**	**0.51**
Aeronautical Operating Expenditure (C) (From Grand Total of Table 47)	**772.89**	**589.42**	**721.49**	**862.74**	**839.30**	**3,785.84**
Operating Expenditure for Target Revenue (A+B+C)	**773.06**	**589.71**	**721.69**	**862.99**	**839.68**	**3,787.12**

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.8.3 The Authority decided to consider the aeronautical operating and maintenance expenditure for the True up of the Second Control Period in the Third Control Period Order as per the following table:

Table 49: Year wise Adjusted Aeronautical Operating and Maintenance Expenses as decided by the Authority for True up of the Second Control Period in the Third Control Period

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Employee Cost	123.73	135.39	169.28	173.34	181.01	**782.75**
Utilities Expenses	102.23	97.90	91.77	110.32	108.87	**511.10**
Repair & Maintenance Expense	76.82	72.44	91.43	105.80	129.87	**476.36**
Rents, Rates & Taxes	24.28	3.30	27.68	42.20	69.73	**167.19**
Advertisement Expense	5.58	6.51	7.84	7.13	7.68	**34.74**
Administrative Expenses	48.34	74.86	74.15	59.79	73.53	**330.67**
AOA Fees	6.69	7.29	7.30	7.34	8.01	**36.63**
Insurance Expense	4.25	3.81	3.25	3.43	4.08	**18.81**
Consumable stores	3.96	6.57	8.12	5.79	6.31	**30.74**
Operating cost	84.44	106.53	118.60	124.95	131.30	**565.83**
Bad debts written off	-	-	-	-	0.05	**0.05**
Working Capital Interest	5.21	25.47	15.29	5.29	7.72	**58.98**
Financing charges	7.38	7.48	23.74	28.34	33.49	**100.43**
VRS exp	17.31	16.75	16.61	16.23	15.97	**82.87**
Loss on scrapping of Asset	242.22	1.94	1.45	-	-1.02	**244.59**
Provision for PSF (exp)	9.75	-	13.59	-	-	**23.33**
Exchange gain and loss	10.71	12.30	(16.12)	0.20	0.35	**7.43**
CWIP – Written off		13.54	-	-	-	**13.54**

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Runway Recarpeting	47.22	-	67.56	168.46	11.98	**295.22**
Total Aeronautical Operating Expenditure	**820.12**	**592.10**	**721.53**	**858.69**	**788.92**	**3,781.37**

Authority's Examination of the matters regarding the True Up of Operating Expenses for the Second Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

3.8.4 The Authority noted that MIAL had submitted the revised values for the Operating Expenses based on the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023 for the Second Control Period.

3.8.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, as mentioned in para 1.1.1(ii) of this Tariff Order.

3.8.6 Therefore, the Authority proposed to consider the Operating Expenses for the true up of the Second Control Period as decided in the Third Control Period Order i.e. as per Table 49.

Stakeholders' Comments on True Up of Operating Expenses for the Second Control Period

3.8.7 No specific comments have been received from the stakeholders on true up of Operating Expenses for the Second Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Operating Expenses for the Second Control Period

3.8.8 The Authority notes that no specific comments were received from the Stakeholders on the true up of Operating Expenses for the Second Control Period. The Authority decides to consider the Operating Expenses consistent with the proposal made in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Operating Expenses proposed to be considered by the Authority for true up for the Second Control Period (as per Table 49 of this Tariff Order) at the Consultation Stage stand unchanged.

3.9 True Up of Target Revenue for the Second Control Period

MIAL's Submission regarding the True Up of Target Revenue of the Second Control Period in MYTP for the Fourth Control Period

3.9.1 Based on above mentioned changes in various building blocks, revised ARR of the Second Control Period is as below:

Table 50: Computation of Target Revenue of the Second Control Period after incorporating changes in various Building Blocks

(Rs. in crores)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Return on RAB and HRAB	731.23	780.88	846.61	817.88	782.98	**3,959.59**
Add: Operating Expenses	773.06	589.71	721.69	862.99	839.68	**3,787.12**
Add: Depreciation	409.36	417.69	503.24	534.85	548.33	**2,413.47**
Add: Aeronautical Taxes	-	73.17	45.59	68.06	135.29	**322.11**
Less:30% Revenue Share Assets	(92.47)	(118.46)	(159.78)	(187.81)	(220.29)	**(778.81)**
True up for the 1st Control Period	1,357.53	-	-	-	-	**1,357.53**
Target Revenue	**3,178.71**	**1,742.99**	**1,957.35**	**2,095.97**	**2,085.99**	**11,061.01**
Actual Aero Revenues	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	**8,211.14**
True-up/true-down	**1,802.51**	**230.97**	**317.17**	**309.41**	**189.80**	**2,849.86**

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Carrying Cost @ 12.22%	12.22%	12.22%	12.22%	12.22%	12.22%	
Years	5.00	4.00	3.00	2.00	1.00	
True-up with carrying cost	**3,207.43**	**366.24**	**448.18**	**389.63**	**212.99**	**4,624.47**

Recap of decision taken by the Authority regarding the True Up for the Second Control Period at the time of Tariff Determination for the Third Control Period

3.9.2 The Authority's computation of true up of the Second Control Period in the Third Control Period Order is as follows:

Table 51: True up of the Target Revenue for the Second Control Period as decided in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Landing charges	A	648.17	691.95	940.09	1,335.23	1,391.30	**5,006.75**
Parking charges	B	28.66	29.36	47.85	63.75	65.53	**235.15**
Aerobridge	C	42.10	45.92	71.67	87.14	89.56	**336.39**
UDF	D	547.25	629.77	442.26	119.58	160.42	**1,899.28**
Unauthorised Overstay	E	5.92	6.85	9.18	11.98	12.87	**46.80**
Aircraft refuelling	F	103.78	106.65	127.53	167.02	174.17	**679.14**
Into Plane Revenue	G	0.32	1.53	1.60	1.85	2.34	**7.65**
Total Aero Revenue	H = Sum (A:G)	**1,376.20**	**1,512.03**	**1,640.18**	**1,786.55**	**1,896.19**	**8,211.15**
Target Revenue							
Average RAB	I	4,634.61	5,329.57	6,107.86	5,929.70	5,698.56	
Average HRAB	J	726.63	672.49	620.39	564.82	510.46	
Total	**K = I + J**	**5,361.24**	**6,002.06**	**6,728.25**	**6,494.52**	**6,209.01**	
FroR	L	11.80%	11.80%	11.80%	11.80%	11.80%	
Return on RAB	M = K x L	632.68	708.30	794.00	766.41	732.72	**3,634.11**
OM – Efficient Operation & Maintenance Cost	N	820.12	592.10	721.53	858.69	788.92	**3,781.37**
Total Depreciation	O	407.98	416.37	501.64	533.15	546.49	**2,405.63**
Tax	P	-	-	-	-	-	-
Non-Aeronautical Revenue	Q	1,020.12	1,246.58	1,433.47	1,682.01	1,832.23	**7,214.41**
Share of Revenue from Revenue Share Assets	R = Q x 30%	306.04	373.98	430.04	504.60	549.65	**2,164.31**
True up for the 1st Control Period	S	(485.20)	-	-	-	-	**(485.20)**
Target Revenue	**T = M + N + O + P – R + S**	**1,069.54**	**1,342.80**	**1,587.12**	**1,653.66**	**1,518.48**	**7,171.60**
Under Recovery / (Over Recovery)	**U = T – H**	**(306.65)**	**(169.23)**	**(53.06)**	**(132.89)**	**(377.70)**	**(1,039.54)**
Under Recovery / (Over Recovery) on PV Terms	**V**	**(535.64)**	**(264.40)**	**(74.15)**	**(166.11)**	**(422.27)**	**(1,462.58)**
True Up for the Second Control Period as on 01.04.2019	**S = Cum(V)**	**(1,462.58)**					**(1,462.58)**

Authority's Examination regarding the True Up of Target Revenue for the Second Control Period as part of the Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

3.9.3 The Authority had computed the Return on RAB as mentioned in para 3.1.6.

Table 52: Change in Return on RAB for the Second Control Period as proposed by the Authority based on the SCN at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Second Control Period - Return on RAB					Total
		FY 15	FY 16	FY 17	FY 18	FY 19	
WDV as on previous year	A	105.49	100.25	137.98	161.80	205.18	
WDV as on current year	B	100.25	137.98	161.80	205.18	194.52	
Return on RAB Impact as per SCN	C = (Average(A,B))* 11.80% (FRoR)	12.14	14.06	17.69	21.65	23.58	89.11

3.9.4 Since the Authority is not considering the changes proposed by MIAL except for complying with the Hon'ble Supreme Court Order on Aeronautical Taxation and the directions of the Authorized Investigation Agency as explained in para 3.1.6, the Authority proposed to consider the True Up of the Second Control Period only to that extent.

3.9.5 The True Up of the Target Revenue for the Second Control Period as proposed by the Authority is as per Table 53 below:

Table 53: True up of Target Revenue as proposed by the Authority for the True up of the Second Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Landing charges	A	648.17	691.95	940.09	1,335.23	1,391.30	**5,006.75**
Parking charges	B	28.66	29.36	47.85	63.75	65.53	**235.15**
Aerobridge	C	42.10	45.92	71.67	87.14	89.56	**336.39**
UDF	D	547.25	629.77	442.26	119.58	160.42	**1,899.28**
Unauthorised Overstay	E	5.92	6.85	9.18	11.98	12.87	**46.80**
Aircraft refuelling	F	103.78	106.65	127.53	167.02	174.17	**679.14**
Into Plane Revenue	G	0.32	1.53	1.60	1.85	2.34	**7.65**
Total Aero Revenue	H = Sum (A:G)	**1,376.20**	**1,512.03**	**1,640.18**	**1,786.55**	**1,896.19**	**8,211.14**
Target Revenue							-
Average RAB	I	4,640.61	5,342.80	6,129.58	5,961.56	5,741.07	
Average HRAB	J	727.14	673.99	622.91	568.46	515.26	
Total	**K = I + J**	**5,367.75**	**6,016.79**	**6,752.49**	**6,530.02**	**6,256.34**	
FRoR	L	11.80%	11.80%	11.80%	11.80%	11.80%	
Return on RAB	M = K x L	633.39	709.98	796.79	770.54	738.25	**3,648.96**
Impact on Return on RAB due to non-existent assets as per SCN	N (As per Table 52)	12.14	14.06	17.69	21.65	23.58	**89.11**
Net Return on RAB	O = M-N	621.26	695.93	779.11	748.89	714.67	**3,559.85**
OM - Efficient Operation & Maintenance Cost	P	820.12	592.10	721.53	858.69	788.92	**3,781.37**

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Total Depreciation (Refer Table 37 and Table 38)	Q	400.96	408.19	492.07	521.84	534.68	**2,357.75**
Tax	R	-	-	-	-	12.81	**12.81**
Non-Aeronautical Revenue	S	1,020.13	1,246.58	1,433.47	1,682.00	1,832.23	**7,214.41**
Share of Revenue from Revenue Share Assets	T = S x 30%	306.04	373.98	430.04	504.60	549.67	**2,164.32**
True up for the 1st Control Period	U	(291.78)	-	-	-	-	**(291.78)**
Target Revenue	**V = O + P + Q + R - T + U**	**1,244.53**	**1,322.24**	**1,562.66**	**1,624.82**	**1,501.41**	**7,255.67**
Future Value Factor	W (at FRoR of 11.80%)	1.75	1.56	1.40	1.25	1.12	
Under Recovery / (Over Recovery)	**X = V – H**	**(131.67)**	**(189.78)**	**(77.52)**	**(161.73)**	**(394.78)**	**(955.48)**
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	**Y**	**(229.58)**	**(296.50)**	**(108.32)**	**(202.15)**	**(441.36)**	
True Up for the Second Control Period as on 01.04.2019	**Z = Sum(Y)**	**(1,278.32)**					

3.9.6 Based on the above, the over-recovery of Rs. 1,278.32 Crores for the Second Control Period as determined by the Authority is proposed to be considered for true up in the subsequent Control Periods as part of Tariff Determination process for the Fourth Control Period.

Stakeholders' Comments on True Up of Target Revenue for the Second Control Period

3.9.7 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL and IATA in response to the proposals of the Authority with regard to the True-up of Target Revenue for the Second Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

3.9.8 MIAL's comment pertaining to True up for the Second Control Period has been presented in para 1.12.1 of this Tariff Order.

3.9.9 IATA's comment on the AERA's approach is as follows:

"IATA supports the approach by AERA, and the treatments applied, which is consistent with its position and best regulatory practices."

Authority's Analysis on Stakeholders' Comments on True Up of Target Revenue for the Second Control Period

3.9.10 The Authority's has noted MIAL's comments (Refer Para 3.9.8) with regard to the Hon'ble TDSAT order and also took note of the request to implement the judgements as soon as Hon'ble Supreme Court disposes off the pending appeal by conduct of mid-term review of tariff rather than revisiting at the time of tariff determination for the Fifth Control Period.

The Authority's view with regard to the Hon'ble TDSAT order are provided in para 1.14.1 of this Tariff Order.

Further, the Authority notes that as per the provisions of Section 13(2) of the AERA Act 2008, the tariff determined under the Tariff Order for a Control Period of 5 years can be reviewed and revised during the Control Period, if considered appropriate and in public interest.

3.9.11 The Authority acknowledges the comments of IATA (Refer Para 3.9.9) supporting AERA's decision with regard to True Up of the Second Control Period.

3.9.12 Based on the change to the True up of FRoR for the Second Control Period (Refer para's from 3.5.9 till 3.5.11), the Authority notes that there is a consequential effect on the Return on RAB (including the impact on Return on RAB relating to the non-existent assets as per the SCN). The revised impact on Return on RAB as per the SCN is as follows:

Table 54: Change in Return on RAB for the Second Control Period as decided by the Authority based on the SCN

(Rs. in crores)

Particulars	Ref	Second Control Period - Return on RAB					Total
		FY 15	FY 16	FY 17	FY 18	FY 19	
WDV as on previous year	A	105.49	100.25	137.98	161.80	205.18	
WDV as on current year	B	100.25	137.98	161.80	205.18	194.52	
Return on RAB Impact as per SCN	C = (Average(A,B))* 11.83% (FRoR)	12.17	14.09	17.73	21.71	23.64	89.34

3.9.13 Thus, based on the revision to the Return on RAB due to the change in FRoR, the Target Revenue decided by the Authority for the True up of the Second Control Period is shown in the table below:

Table 55: True up of Target Revenue as decided by the Authority for the True up of the Second Control Period

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Landing charges	A	648.17	691.95	940.09	1,335.23	1,391.30	**5,006.75**
Parking charges	B	28.66	29.36	47.85	63.75	65.53	**235.15**
Aerobridge	C	42.10	45.92	71.67	87.14	89.56	**336.39**
UDF	D	547.25	629.77	442.26	119.58	160.42	**1,899.28**
Unauthorised Overstay	E	5.92	6.85	9.18	11.98	12.87	**46.80**
Aircraft refuelling	F	103.78	106.65	127.53	167.02	174.17	**679.14**
Into Plane Revenue	G	0.32	1.53	1.60	1.85	2.34	**7.65**
Total Aero Revenue	H = Sum (A:G)	**1,376.20**	**1,512.03**	**1,640.18**	**1,786.55**	**1,896.19**	**8,211.14**
Target Revenue							-
Average RAB	I	4,640.61	5,342.80	6,129.58	5,961.56	5,741.07	
Average HRAB	J	727.14	673.99	622.91	568.46	515.26	
Total	**K = I + J**	**5,367.75**	**6,016.79**	**6,752.49**	**6,530.02**	**6,256.34**	
FRoR	L	11.83%	11.83%	11.83%	11.83%	11.83%	
Return on RAB	M = K x L	634.92	711.70	798.72	772.40	740.03	**3,657.77**
Impact on Return on RAB due to non-existent assets as per SCN	N (As per Table 54)	12.17	14.09	17.73	21.71	23.64	89.34
Net Return on RAB	O = M-N	622.76	697.61	780.99	750.70	716.39	**3,568.43**

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
OM - Efficient Operation & Maintenance Cost	P	820.12	592.10	721.53	858.69	788.92	**3,781.37**
Total Depreciation (Refer Table 37 and Table 38)	Q	400.96	408.19	492.07	521.84	534.68	**2,357.75**
Tax	R	-	-	-	-	12.81	**12.81**
Non-Aeronautical Revenue	S	1,020.13	1,246.58	1,433.47	1,682.00	1,832.23	**7,214.41**
Share of Revenue from Revenue Share Assets	T = S x 30%	306.04	373.98	430.04	504.60	549.67	**2,164.32**
True up for the 1st Control Period	U	(291.78)	-	-	-	-	**(291.78)**
Target Revenue	**V = O + P + Q + R - T + U**	**1,246.03**	**1,323.92**	**1,564.54**	**1,626.63**	**1,503.43**	**7,264.26**
Future Value Factor	W (at FRoR of 11.80%)	1.75	1.56	1.40	1.25	1.12	
Under Recovery / (Over Recovery)	**X = V – H**	**(130.17)**	**(188.10)**	**(75.64)**	**(159.92)**	**(393.06)**	**(946.89)**
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	**Y**	**(227.65)**	**(294.17)**	**(105.78)**	**(200.00)**	**(439.55)**	
True Up for the Second Control Period as on 01.04.2019	**Z = Sum(Y)**	**(1,267.15)**					

3.9.14 Based on the above, the Authority decides to True up the Target Revenue for the Second Control Period as per the above Table 55. Thus, there is an over-recovery of Rs. 1,267.15 crores for the True up of the Second Control Period as against the over-recovery considered in the Consultation Stage of Rs. 1,278.32 crores. The reason for the variance is:

(i) Change in FRoR from 11.80% to 11.83% as mentioned in para 3.5.9.

(ii) Consequential change in the Return on RAB due to the aforementioned change in FRoR.

3.10 Authority Decisions regarding True Up for the Second Control Period as part of Tariff Determination exercise for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding True up for the Second Control Period:

3.10.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

3.10.2 To consider the Aeronautical Taxes as per Table 46 consistent with the Hon'ble Supreme Court judgement.

3.10.3 To consider the impact on depreciation as per Table 36 and Return on RAB as per Table 54 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).

3.10.4 To True up the Target Revenue for the Second Control Period as per the Table 55.

3.10.5 To consider the over-recovery of Rs. 1,267.15 crores during the True up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period.

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4. TRUE UP OF THE THIRD CONTROL PERIOD

4.1 Background

4.1.1 The Authority had determined the tariff for the Third Control Period as per the Third Control Period Order setting out various regulatory building blocks after evaluating all of MIAL's and other stakeholder comments considering MIAL's submission on the impact on account of the COVID Pandemic. MIAL has filed an appeal against the Order which was adjudicated by a Hon'ble TDSAT Order in AERA Appeal/2/2021 dated 6th Oct 2023. As stated in Para 1.9.5 the order is sub-judice and therefore not considered in the current tariff computation.

4.1.2 MIAL, in the current MYTP has submitted True up workings for the Third Control Period (April 1st, 2019, to March 31st, 2024) after giving effect to the judicial orders as explained in Section's 1.7, 1.8 and 1.9.

4.2 Issues raised by MIAL pertaining to True Up for the Third Control Period

4.2.1 MIAL has submitted true-up workings relating to the Third Control Period in the MYTP covering the items set out below:

(i) Traffic
(ii) Aeronautical Revenues
(iii) Regulatory Asset Base
(iv) Hypothetical Regulatory Asset Base
(v) Depreciation
(vi) Fair Rate of Return
(vii) Operating and Maintenance Expenses
(viii) Non-Aeronautical Revenue
(ix) Aeronautical Taxation

4.2.2 MIAL has raised these issues after factoring in the decisions of the Hon'ble TDSAT on various issues and of the Hon'ble Supreme Court judgement on the issue of corporate tax pertaining to earnings from Aeronautical services.

4.2.3 For each of the issues raised by MIAL, the Authority examined the True up for the Third Control Period, issue wise, in the following manner in the following paragraphs:

(i) Recording and understanding MIAL's submission in the MYTP;
(ii) Recap of decision taken by the Authority for these matters at the time of Tariff Determination for the Third Control Period;
(iii) Examination and proposal regarding these matters as part of Tariff Determination for the Fourth Control Period put forth for consultation in the Consultation Paper No. 08/2024-25;
(iv) Recording of comments and counter comments from various stakeholders on the Consultation Paper No. 08/2024-25;
(v) Examination and final decisions on True up for the Third Control Period as part of the Tariff Determination Exercise for the Fourth Control Period.

4.2.4 The Authority had considered the following documents for determining true up of the Third Control Period:

(i) Tariff Order for the Third Control Period (Order No. 64/2020-21) dated 27th February 2021.
(ii) Multi Year Tariff Proposal (MYTP) submitted by MIAL for the Fourth Control Period.

(iii) AERA Guidelines and Orders.
(iv) The Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.
(v) Hon'ble Supreme Court and Hon'ble TDSAT orders.

4.2.5 In view of the Authority's analysis provided in para from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

4.2.6 Further, the Authority proposed implementing the Hon'ble Supreme Court judgement dated 11th July 2022 and recomputing the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fee associated with Aeronautical Revenues as an expense while computing the Aeronautical Taxes.

4.2.7 Additionally, as explained in Para 3.1.6, the Authority had dealt with this issue identified in SCN under the True up of Regulatory Asset Base.

4.3 True Up of Traffic

MIAL's Submission on True Up of Traffic for the Third Control Period in MYTP for the Fourth Control Period

4.3.1 MIAL submitted the following ATM and Passenger Traffic for the True up of the Third Control Period in MYTP:

Table 56: MIAL's submission for True up of Traffic for the Third Control Period in MYTP for the Fourth Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Passenger Traffic						
Domestic (in millions)	33.57	9.84	18.56	32.72	38.50	133.19
International (in millions)	12.36	1.22	3.18	11.21	14.32	42.28
Total	**45.92**	**11.05**	**21.75**	**43.92**	**52.82**	**175.47**
ATM Traffic						
Domestic (in millions)	228.68	91.81	150.75	221.86	241.81	934.90
International (in millions)	75.99	23.18	34.90	67.78	83.15	285.01
Total	**304.68**	**114.98**	**185.65**	**289.64**	**324.96**	**1,219.91**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.3.2 The Authority had decided to *"true-up the Traffic based on the actual numbers during the Third Control Period, at the time of tariff determination for the Fourth Control Period."* The traffic considered in the Third Control Period tariff computation is set out below:

Table 57: Passenger/ATM Traffic considered by the Authority during tariff determination for the Third Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Passenger Traffic						
Domestic (in millions)	33.60	9.30	20.59	33.50	36.30	133.29
International (in millions)	12.30	1.20	7.75	12.40	13.60	47.25
Total	**45.90**	**10.50**	**28.34**	**45.90**	**49.90**	**180.54**

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
ATM Traffic						
Domestic (in millions)	229.00	87.00	140.00	229.00	247.00	932.00
International (in millions)	76.00	22.00	48.00	76.00	84.00	306.00
Total	**305.00**	**109.00**	**188.00**	**305.00**	**331.00**	**1,238.00**

Authority's Examination of the matters regarding the True Up of Traffic for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

4.3.3 The Authority compared the Traffic as proposed by MIAL for the Third Control Period with the actual Traffic as published in the AAI website. The comparative analysis is provided below:

Table 58: Comparison of Traffic as per MIAL submission and as per data in AAI website for the Third Control Period

Particulars	As per	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Domestic Passengers (in Mn)	MIAL	A	33.57	9.84	18.56	32.72	38.50	**133.19**
Domestic passengers (in Mn)	AAI	B	33.52	9.84	18.56	32.72	38.50	**133.14**
Difference (in Mn)		C= A-B	0.05	-	-	(0.01)	-	**0.04**
% Difference		D = C/B	0%	0%	0%	0%	0%	**0%**
International Passengers (in Mn)	MIAL	E	12.36	1.22	3.18	11.21	14.32	**42.28**
International Passengers (in Mn)	AAI	F	12.36	1.22	3.18	11.21	14.32	**42.28**
Difference (in Mn)		G = E-F	-	-	-	-	0.00	**0.00**
% Difference		H = G/F	0%	0%	0%	0%	0%	**0%**
Domestic ATMs (in '000)	MIAL	I	228.68	91.81	150.75	221.86	241.81	**934.90**
Domestic ATMs (in '000)	AAI	J	228.68	92.20	151.28	222.61	241.81	**936.58**
Difference (in '000)		K= I-J	-	(0.39)	(0.54)	(0.74)	-	**(1.68)**
% Difference		L = K/J	0%	0%	0%	0%	0%	**-1%**
International ATM's (in '000)	MIAL	M	75.99	23.18	34.90	67.78	83.15	**285.01**
International ATM's (in '000)	AAI	N	75.99	23.67	34.90	67.78	83.17	**285.52**
Difference (in '000)		O =M-N	-	(0.49)	-	-	(0.02)	**(0.51)**
% Difference		P=O/N	0%	(2%)	0%	0%	0%	**(2%)**

4.3.4 Based on the above table, the Authority observed that the difference between the actual Traffic as submitted by MIAL and the Traffic published on AAI's website is insignificant

4.3.5 The Authority analyzed the traffic submission of MIAL as per the MYTP towards true up for the Third Control Period and has noted the following:

(i) The trend of actual recovery of Passenger Traffic in the Third Control Period is broadly aligned with the traffic projections made by the Authority at the time of the tariff determination for the Third Control Period.

(ii) The variation in Pax Traffic between the traffic projected by the Authority at the time of tariff determination for the Third Control Period and the actual as submitted by MIAL is as shown in the table below:

Table 59: Variance between Traffic approved in the Third Control Period Order with the Traffic submitted by MIAL for true-up for the Tariff Determination of the Fourth Control Period

FY ending March 31 (MPPA)	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total PAX Traffic Projected by the Authority (A)	45.90	10.50	28.34	45.90	49.90	180.54
Total PAX Traffic as per MIAL (B)	45.92	11.05	21.75	43.92	52.82	175.47
Variation in Traffic – Increase/(Decrease) C = (B-A)	0.02	0.55	(5.59)	(1.98)	2.92	(5.07)
Variation in Traffic in % – Increase/(Decrease) D = (C/A)*100	0.04%	5.24%	(19.72%)	(4.31%)	5.85%	(2.81%)

- FY 2021-22 and FY 2022-23 were years of COVID-19 recovery, a global black swan event that disrupted economies and industries worldwide, with the aviation sector being among the hardest hit. The recovery during this period was slower than anticipated, with traffic volumes below projections due to the prolonged impact of the pandemic on travel restrictions, travel demand and passenger confidence. These years were especially affected by the disruptions in international traffic, with countries imposing strict entry and exit regulations, quarantine protocols, and temporary bans on international flights due to which the movement of passengers across borders were restricted.
- Gradually, the traffic is slowly recovering to pre-pandemic levels, with the overall traffic of the Third Control Period lower than projections by only 5.07 MPPA (i.e., -2.81%).

4.3.6 The Authority noted that there is only a 2.8% variance in the overall traffic approved in the Third Control Period Order with the Traffic submitted by MIAL for true-up.

4.3.7 Based on the above, the Authority proposed to consider the Actual Traffic for the True Up of the Third Control Period as per Table 56.

Stakeholders' Comments on True Up of Traffic for the Third Control Period

4.3.8 No specific comments have been received from the stakeholders on true up of Traffic for the Third Control Period.

Authority's Analysis of Stakeholders' Comments on True Up of Traffic for the Third Control Period

4.3.9 The Authority notes that no specific comments were received from the Stakeholders on the true up of Traffic for the Third Control Period. The Authority decides to consider the Traffic for true up for the Third Control Period as per Table 56 of this Tariff Order.

4.4 True Up of Regulatory Asset Base

MIAL's Submission on the True Up of RAB for the Third Control Period in MYTP for the Fourth Control Period

4.4.1 MIAL, as part of the True Up of Capital Expenditure for the Third Control Period, has submitted the Capital Expenditure (CAPEX), Asset Allocation, Aeronautical Depreciation and the final RAB and HRAB.

4.4.2 MIAL has submitted that, although the execution of capex was delayed in wake of the impact of Covid-19 and change in ownership of CSMIA, the pace of execution picked up in FY 2023-24. All the critical projects required for safety, security and passenger convenience were executed in a cost-effective and time-bound manner.

Table 60: MIAL's submission on CAPEX incurred during the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Capitalization as per Books	518.80	3.50	160.50	212.90	847.70	1,743.40
Aero Capitalization	332.05	3.32	150.74	181.51	777.52	1,445.14
Less: Runway Recarpeting Works considered as OPEX for comparison purposes	137.89	0.60	3.80	-	115.00	256.90
Comparable Aero Capitalization	194.55	2.72	146.94	181.51	662.52	1,188.24

Table 61: MIAL's submission on proportionate capitalization and RAB for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening RAB	5,896.98	5,654.95	5,238.96	4,858.18	4,696.13	
+ Addition based on proportionate capitalization*	270.90	75.22	28.15	250.88	295.33	920.48
- Depreciation	512.94	491.21	408.93	412.93	404.08	2,230.09
Closing RAB	**5,654.95**	**5,238.96**	**4,858.18**	**4,696.13**	**4,587.37**	

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Capitalization during the year*	194.55	3.32	150.74	181.51	777.52	1,307.64
Less: Carried forward to next year	74.54	2.64	125.22	55.86	538.05	
Proportionate Capitalization during the year	**120.01**	**0.68**	**25.51**	**125.65**	**239.47**	
Add: Brought forward balance to be added to RAB	150.89	74.54	2.64	125.22	55.86	
Total Capitalization during the year	**270.90**	**75.22**	**28.15**	**250.88**	**295.33**	**920.48**
*Difference between Rs. 1,188.24 in Table 60 and Rs. 1,307.64 is due to Runway Recarpeting included as part of RAB by MIAL	-	**0.60**	**3.80**	-	**115.00**	**119.40**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.4.3 The RAB as computed by the Authority in the Third Control Period Order is given below:

Table 62: RAB as approved by the Authority in the Third Control Period Tariff Order

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening RAB	A	5,698.56	5,789.44	5,901.90	5,860.07	5,641.51	
Less: Depreciation	B	512.62	512.77	451.92	441.69	418.40	2,337.40
Add: Capitalization during the year	C	452.61	625.23	410.09	223.13	219.36	1,930.42*
Add: Brought forward projects	D	150.89	-	-	-	-	150.89
Closing RAB	E = A-B+C+D	5,789.44	5,901.90	5,860.07	5,641.51	5,442.47	
Average RAB	**E=Avg(A+D,E)**	**5,819.45**	**5,845.67**	**5,880.98**	**5,750.79**	**5,541.99**	

**Of the total capex of Rs. 1,938.88 Crores approved by the Authority for the Third Control Period, Rs. 1,930.42 Crores pertains to aeronautical CAPEX, which has been included as part of the Regulatory Asset Base.*

4.4.4 The Authority decided to True up the aeronautical additions to Regulatory Asset Base for the Third Control Period and resultant asset allocation as per the actual additions on the basis of a certificate from the statutory

auditors certifying the line-by-line classification of additions into aeronautical and non-aeronautical based on the broad framework provided by the independent study undertaken for the Second Control Period.

4.4.5 The Authority also decided to re-adjust the project cost by 1% and the applicable carrying cost in the Target Revenue at the time of Tariff Determination for the Fourth Control Period in case of non-completion of the project as per the proposed timelines due reasons which are unjustified.

Authority's Examination of the matters regarding the True Up of RAB for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

4.4.6 The Authority, through its Independent Consultant / Aviation Expert, had undertook a detailed review of MIAL's Capex True-Up submissions to trace the changes between the costs approved in the Third Control Period Order and the actual amounts incurred by MIAL. The Authority sought detailed submissions from MIAL on the actual Capex incurred, along with the supporting documentation and reconciliation of these figures with the Fixed Asset Register.

4.4.7 The Authority, through its Independent Consultant, reconciled the Capex True-Up submissions line item-wise with the FAR while examining the quantum and narration of each line item in the FAR to verify their alignment with the approved scope of works and project descriptions. The Authority had also reviewed few purchase orders, work orders, contracts, and invoices to verify the costs incurred. Additionally, few physical verifications of assets were conducted during the site visits.

4.4.8 The Authority noted that the amount of Rs 1,938.88 Crores was approved as Capex in the Third Control Period and observes that MIAL had claimed Rs. 1,443.40 Crores as True-Up of the Third Control Period as part of its MYTP submission for the Fourth Control Period.

4.4.9 The Authority, through its Independent Consultant / Aviation Expert analyzed the variance between the approved Capex in the Third Control Period and the actual expenditure incurred by MIAL by taking into consideration the following:

(i) Identifying cost escalations or reductions in completed projects and seeking justifications for the same.
(ii) Scrutinizing unapproved projects to evaluate their necessity, relevance, and alignment with the airport's operational requirements.
(iii) Projects that have not been executed and reasons thereof.

4.4.10 The Authority, through its Independent Consultant / Aviation Expert, segregated MIAL's Capex submissions into the following categories:

A. **Projects executed with a scope change / cost overrun:** Projects where the actual expenditure incurred exceeded the approved cost estimates (Table 64).

B. **Projects executed at a lower cost:** Projects completed at a cost lower than the approved estimates (Table 65).

C. **Projects carried forward to the next control period:** Projects either not completed fully and carried forwarded to next control period or entirely carried forwarded to next control period (Table 66).

D. **Projects executed which were approved on an incurrence basis:** Projects where costs were approved by the Authority on an incurrence basis during the Third Control Period (Table 67).

E. **Projects approved in the Third Control Period but dropped by MIAL:** Projects that were approved during the Third Control Period but were subsequently not executed (Table 69).

F. Additional projects executed in the Third Control Period: Projects undertaken during the Third Control Period which were not part of the proposal during the Third Control Period Order (Table 68).

Table 63: Summary of variance in capex approved by the Authority in the Third Control Period and Capex incurred by MIAL in the Third Control Period as submitted in the MYTP of the Fourth Control Period

(Rs. in crores)

Particulars	Amount
Amounts approved in 3rd CP	1,938.27*
Add: Change in scope / cost overruns (refer Table 64)	184.68
Less: Projects completed at a lower cost (refer Table 65)	(240.33)
Less: Project Carry forward to next control period (refer Table 66)	(734.69)
Add: Projects approved on incurrence basis executed (refer Table 67)	21.02
Add: Additional projects executed (refer Table 68)	144.28
Less: Projects not undertaken (refer Table 69)	(126.56)
Cost proposed by MIAL for true-up (refer Table 71)	**1,186.67**
Add: Runway recarpeting works (refer Table 70)	256.73
Total	**1,443.40**

Note: MIAL in its MYTP has submitted an aero capitalization of Rs 1,445.14 Crores but had only submitted project-wise details for Rs 1,443.40 Crores. Accordingly, the Authority proposed to only consider Rs 1,443.40 Crores for the purpose of true-up.
**MIAL had only submitted a project wise CAPEX of Rs. 1,938.27 Crs against the Rs. 1,938.88 approved in the Third Control Period Tariff Order. Accordingly, the Authority proposed to only consider Rs. 1,938,27 Crores for the purpose of comparison given in this table.*

Authority's examination of the matters regarding True Up of cost overrun projects for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

A. Projects executed with a scope change / cost overrun:

4.4.11 The Authority, through its Independent Consultant observed that there was a change in scope/cost overrun over the cost approved in the Third Control Period in the following projects of MIAL. Justifications were sought for each line item, and MIAL's responses are provided below:

Table 64: Projects executed with a scope change

(Rs. in crores)

Project Name	Project Cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance (Cost Overrun) (A-B)	Reason for variance provided by MIAL
Projects where variance is > Rs. 5 Crores				
VDGS for Charlie, Delta & Romeo Apron at T1 & T2	10.00	61.92	(51.92)	The initial plan was to replace VDGS only in Charlie and Delta aprons. However, due to aircraft safety considerations, MIAL had installed it in all aprons.
Ground Service Equipment Common Infra	22.58	34.45	(11.87)	In the 3rd CP, the CWIP as of March 2019 was omitted to be included in the cost estimate submitted by MIAL.
Tech refresh of CCTV at T1, T2 Customs & CA	16.23	31.28	(15.05)	In the Third Control Period, only the replacement of 600 CCTVs were proposed. However, on account of security considerations, MIAL has replaced 1400 CCTVs.

Project Name	Project Cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance (Cost Overrun) (A-B)	Reason for variance provided by MIAL
Additional SBD machines	6.10	25.08	(18.98)	With the intention to increase passenger throughput inside the Terminal, MIAL had introduced 25 SBDs during the Third Control Period. This was done for passenger convenience and operational efficiency.
Vehicles	1.03	21.62	(20.59)	MIAL had introduced various EVs at airside and landside basis MOCA's direction to be net zero by 2029. A total of 104 vehicles were purchased.
HLC Revamp	7.78	16.50	(8.72)	In the 3rd CP, the CWIP as of March 2019 was omitted to be included in the cost estimate submitted by MIAL.
Dual View X-BIS - ILBS	5.93	13.81	(7.88)	To comply with the BCAS circular which mandated installation of dual view XBIS machines.
GA Terminal (Refurbishment/Expansion)	2.12	7.97	(5.85)	The scope was enhanced considering the increasing trend of using bigger Charter flights at GA Terminal.
Explosive Trace Detectors - ILBS	1.84	7.41	(5.57)	On safety considerations, 36 out of life ETDs were replaced in 3rd CP.
Tech refresh of Desktops/ Laptops	0.08	6.26	(6.18)	In the 3rd CP, the Authority had inadvertently allowed Rs. 0.08 Crores instead of Rs. 8 Crores. Refer Appendix 10 (Pg no. 400) in the 3rd CP Order.
Projects costing > Rs. 10 Crores where variance is < Rs. 5 Crores				
CPWD Offices - Kanenagar	33.00	33.38	(0.38)	CPWD office which was located in Airport land had been relocated in Kane Nagar to make land available for airport development. Accordingly, the Authority allowed it in the 3rd CP. Deviation is within limits.
Reconstruction Taxiway K3	26.64	27.75	(1.11)	Deviation is within limits.
Relocation of MT Building Civil stores to address Non-Compliance	24.29	27.73	(3.44)	This work was taken up to comply DGCA CAR requirement. Excess cost incurred due to a delay in execution of work on account of Covid-19.
Rapid Exit Taxiway W5 from Runway 32 and connecting Taxiway K3	13.94	15.28	(1.34)	Deviation is within limits.
Tech refresh of Wi-Fi, VOIP & Switches	10.31	11.13	(0.82)	Deviation is within limits.
Tech refresh of FIDS – T2	10.01	11.06	(1.05)	Deviation is within limits.
Other Projects				
Miscellaneous	53.43	77.33	(23.90)	Comprising 47 projects, most of which were completed in the second half of the Control Period due to Covid-19, which resulted in cost escalations.

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Project Name	Project Cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance (Cost Overrun) (A-B)	Reason for variance provided by MIAL
Total	**245.31**	**429.99**	**(184.68)**	

4.4.12 The Authority had perused the reasons provided by MIAL in detail. Since the justifications were reasonable, the Authority proposed to consider Rs. 429.99 Crores as a part of the true-up of the Third Control Period's CAPEX.

B. Projects Completed at a Lower Cost

4.4.13 The Authority, through its Independent Consultant, observed the following projects were completed at a cost lower than the cost approved in the Third Control Period. Reasons for variance were sought and MIAL's responses are provided below:

Table 65: Projects completed at a lower cost

(Rs. in crores)

Project Name	Project Cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance (Cost Saving) (A-B)	Project Status	Reason for variance provided by MIAL
Reconstruction of Apron "A"& TWY L	100.51	34.80	65.71	Completed	Reduction in the scope of work had resulted in cost reduction.
Miscellaneous - Engineering & Maintenance	66.90	62.28	4.62	Completed	Deviation is within limits.
Reconstruction of TWY K1	52.44	51.37	1.07	Completed	Deviation is within limits.
Construction of Parking Stand V3	40.39	30.84	9.55	Completed	Cost reduction due to negotiated rates.
Procurement of Disabled aircraft Removal kit	26.10	14.74	11.36	Completed	Due to lower procurement cost.
Tech refresh of AODB infra	23.52	11.03	12.49	Completed	Cost reductions due to negotiated rates.
Cyber security setup & Tech refresh of NW infra	19.28	18.54	0.74	Completed	Cost reduction via vendor negotiation and review.
Reconstruction of Access Road - T1 & T2 & Elevated Road	18.89	11.83	7.06	Completed	The work had been executed as per site requirement with a scope reduction.
Reconstruction of Junction of TWY N and K1	16.23	13.25	2.98	Completed	Deviation is within limits.
Refurbishment of BHS-T2	15.28	11.57	3.71	Completed	Deviation is within limits.
Check in Counter and conveyors belts	13.62	1.09	12.53	Completed	Reduction in scope.
Ceremonial Lounge (Refurbishment)	13.36	8.64	4.72	Completed	Cost reduction due to negotiated rates.
Upgradation of Runway 32 beginning	10.03	10.03	-	Completed	-
Other Projects- Less than 10 crores	187.35	83.57	103.78	Completed	Comprising 128 projects where there was cost saving due to

Project Name	Project Cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance (Cost Saving) (A-B)	Project Status	Reason for variance provided by MIAL
					negotiated rates / reduction in scope.
Total	**603.90**	**363.57**	**240.33**	**Completed**	

4.4.14 The Authority had noted that several projects have been completed at a cost lower than approved, due to rate negotiations and reduction in scope, and accordingly proposed to consider Rs. 363.57 Crores as a part the True-Up of the Third Control Period's CAPEX.

C. Projects Carried Forwarded

4.4.15 The Authority, through its Independent Consultant observed the following projects have been either fully or partially carried forward to the Fourth Control Period. Reasons were sought and MIAL's responses are provided below:

Table 66: Projects Carried Forwarded to the Next Control Period

(Rs. in crores)

Project Name	Project cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance [Unutilized / (Overutilized)] (A-B)	Project Status	MIAL's justification for projects carried forward
Construction of eastern taxiway (Between E5 and E7) parallel to RWY 14-32	263.56	-	263.56	Carried forward	Could not be taken up since the land was not available.
CT EDS Machine- T1 & T2	153.04	63.56	89.48	Carried forward	Around 6 machines provided in 3rd CP and balance carried forward.
Reconstruction of parking stand of Apron C	71.20	49.64	21.56	Carried forward	Only part of Tier 2 is constructed, as TWY W6 is used for operations.
Integrated security check - T2 (Civil, ATRS, Body Scanner)	62.24	29.26	32.98	Carried forward	Part scope executed. BCAS had not finalized the specifications for Body Scanners.
Construction of Parking Stand V2	51.44	1.86	49.58	Carried forward	Land was not available for construction of Parking Stand V2.
New Fire Station	42.00	-	42.00	Carried forward	The existing fire station is located in the area of the proposed Taxiway M extension. This work is scheduled to commence immediately prior to the construction of Taxiway M extension. Since the work relating to Taxiway M extension was not taken up in 3rd CP, this was also deferred.
Procurement of Crash Fire Tenders (CFT's)	35.78	5.81	29.97	Carried forward	1 CFT was purchased, other CFT's were not

Project Name	Project cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance [Unutilized / (Overutilized)] (A-B)	Project Status	MIAL's justification for projects carried forward
					purchased since their replacements were not due.
Reconstruction of Perimeter Road	34.52	22.28	12.24	Carried forward	Work Partly done in the Third Control Period as per site requirement.
Construction of RET E6	29.16	-	29.16	Carried forward	Work was not taken up since land was not available.
Fire Compliance for T1B	27.47	9.83	17.64	Carried forward	Part of the work (related to essential items) has been completed.
Installation of standby cable for AGL of RWY 14-32	23.51	15.57	7.94	Carried forward	Partial work was executed and the balance to be undertaken along with balance recarpeting of Runway 14-32.
Reconstruction of Taxiway U	22.18	-	22.18	Carried forward	Not taken up in the Third Control Period due to operational constraint. Proposed to be taken up in the Fourth Control Period.
Replacement of Trolleys	16.96	3.30	13.66	Carried forward	Only the required trolley replacement were done.
Reconstruction of Compound wall	16.51	10.93	5.58	Carried forward	Multiple locations (in patches) were completed as per the requirement and site conditions.
Replacement of ILS RWY 09 & 14	15.46	6.51	8.95	Carried forward	Civil and Electrical Infrastructure works by MIAL completed in July 2024.
Reconstruction of GA Apron	15.11	-	15.11	Carried forward	It could not be taken up since GA Hangars were not removed.
Tech refresh of Video Wall	14.23	1.35	12.88	Carried forward	Partially executed and balance carried forward.
Reconstruction of drain along TWY K1	11.09	-	11.09	Carried forward	Execution level approval from DGCA was required.
Other Projects- Less than 10 crores	57.04	7.91	49.13	Carried forward	Comprising 11 Projects which were only partially undertaken based on requirement and balance carried forward.

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Project Name	Project cost approved in 3rd CP Order (A)	Actual Cost (B)	Variance [Unutilized / (Overutilized)] (A-B)	Project Status	MIAL's justification for projects carried forward
Total	**962.50**	**227.81**	**734.69**	**Carried forward**	

4.4.16 From the above table, the Authority noted that some projects could not be completed due to the non-availability of land, and MIAL submitted that only essential CAPEX was undertaken during the Covid affected periods. Consequently, MIAL has carried forwarded these projects to the Fourth Control Period. The Authority proposed considering Rs. 227.81 Crores as a part of the true-up of the Third Control Period's CAPEX.

D. Projects On Incurrence Basis

4.4.17 The Authority, through its Independent Consultant observed that the following projects which were approved on an incurrence basis in the Third Control Period were executed by MIAL, as shown below:

Table 67: Projects which were approved in the Third Control Period Order on an incurrence basis

(Rs. in crores)

Project Name	Project Reference	Project Cost approved in 3rd CP Order	Actual Cost	MIAL's Submission
NAD Colony including IDC	Buildings / Improvements	250.85	0.77	A small portion of barricading work was undertaken in the 3rd CP and the balance is carried forward to the Fourth Control Period (Refer Project E-2)
Digi Yatra	Plant and Machinery	51.60	20.25	A portion of the work (like Departure Gate Scanner Bar Code, E-gates and face pods) were undertaken in 3rd CP and the balance is carried forward to the Fourth Control Period (Refer Project 2I-4)
Total		**302.45**	**21.02**	

4.4.18 The Authority had reviewed MIAL's submissions and noted that these are ongoing projects. Accordingly, the Authority proposed to allow Rs. 21.02 crores as True up for the Third Control Period.

E. Additional projects undertaken in the Third Control Period

4.4.19 The Authority, through its Independent Consultant observed that the following projects carried out by MIAL in the Third Control Period were not approved as part of the Third Control Period Order. The Authority has sought detailed justifications for each of the additional projects, and MIAL's submissions are given below:

Table 68: Additional projects undertaken in the Third Control Period

(Rs. in crores)

Project Name	Capitalization Date	Actual Cost	MIAL's Submission
Airside-RWY strip - CBR Upgradation - RWY 14-32	30-11-2023	36.22	As per the observations from DGCA Inspection conducted in March 2021, sinking and rolling resistance data for Basic Strip were not maintained as per regulatory requirements. Hence, MIAL has undertaken a project to enhance CBR (California Bearing Ratio) of RWY 14-32 to comply with DGCA CAR (Civil Aviation Requirement) 4B1 requirements.

Project Name	Capitalization Date	Actual Cost	MIAL's Submission
Runway End Safety Area Development	31-03-2024	26.92	As pointed out by DGCA in their inspection in March 2021, Runway 09 RESA CBR were to be maintained as per CAR. Accordingly, MIAL has upgraded the CBR value of RESA -09 to comply with DGCA CAR 4B1. The same is included by MIAL in the action report submitted to DGCA as well.
PIDS Installation	31-03-2024	18.85	PIDS are advanced sensors designed to alert security authorities to any attempts at intrusions through the airport's boundary walls. BCAS AVSEC Circular No. 03/2022, dated June 6, 2022, mandated the installation of Perimeter Intrusion Detection Systems (PIDS) at all hyper-sensitive airports by December 31, 2023.
T1B Forecourt Development	30-11-2023	14.32	The old arrival forecourt required a facelift due to worn-down vitrified tiles, causing frequent maintenance costs of approximately Rs. 2 lakhs per month, and water accumulation during monsoons, which inconvenienced passengers. MIAL undertook this redevelopment to address these issues, ensuring smooth movement for passengers and their greeters while enhancing overall usability and convenience.
Pax Flow Management System	31-03-2024	8.97	The project, approved by the Authority as part of the tariff determination under 3rd CP (referenced as Passenger Queue Analytics in Annexure 6 (Pg no 387) of the 3rd CP Order), was mistakenly omitted from the total capital expenditure list.
Landside-4 MLD STP-sewerage treatment-IAD colony	30-11-2023	8.87	MIAL had constructed 4 MLD STP in AAI Colony since it is proposed to connect the nearby Air India hangars to this STP. Additionally, during the redevelopment of T1, temporary administrative offices for approximately 200 people will be housed in porta cabins at this location, with the STP catering to the development's needs. Accordingly, this project was undertaken in the 3rd CP.
Feature Wall - Chhatrapati Shivaji Statue	01-09-2023	6.08	As part of the airport's development, MIAL constructed a grand Shivaji Smarak, including a statue of Chhatrapati Shivaji Maharaj, at the CSMIA entrance. Responding to local representatives' requests and respecting community sentiments, MIAL initiated a project to add a Maratha-style architectural backdrop to strengthen ties with the local community, key stakeholders in the airport's development.
Central Store Utility Building	30-09-2023	3.97	This facility was constructed to serve as a centralized hub for storing airside and landside maintenance materials, including consumables like chemicals, fuels, and spares essential for daily airport operations. It also houses an underground fire tank for cargo fire services.
ARFF-Customized/Fabricated Ambulance	30-11-2023	2.72	The project is a mandatory operational requirement involving the replacement of current vehicles, along with an additional Rs. 1.88 Crore allocated to extend the lifespan of Crash Fire Tenders (CFT) by five years.
Other Projects less than 2.50 crores	Various	17.34	Projects include ESG Projects, T1- Meeting / Training room revamp, Airside Driving Simulator System, SAP IT related projects, Vile Parle Police Station, ARFF - Forward Mobile Command Post Vehicle.

Project Name	Capitalization Date	Actual Cost	MIAL's Submission
Total		**144.28**	

4.4.20 The Authority, through its Independent Consultant and Aviation Expert examined each of these projects and noted MIAL's reasoning for the need and necessity for each of the projects. Since the justifications given by MIAL were found reasonable, relating to the safety and security of the Airport, the Authority proposed to include Rs. 144.28 Crores as part of the Third Control Period Capital Expenditure.

F. Projects not undertaken

4.4.21 The Authority, through its Independent Consultant observed that some of the projects proposed as part of the Third Control Period Order were dropped by MIAL. The Authority sought reasons and clarifications for each of those projects and MIALs submission is given in the table below:

Table 69: Projects not undertaken

(Rs. in crores)

Project Name	Project Cost approved in 3rd CP Order	MIAL's Submission
Engineered Material Arrestor System (EMAS)	35.00	The project was dropped due to cost considerations.
MET Farm	11.20	The project, brought forward from an earlier control period, was dropped by MIAL as the MET team agreed to invest this cost.
Electronic Flight Strips for ATC Tower	10.44	The project was dropped by MIAL as it pertains to compliance requirements, which will be addressed by AAI through the ATC automation project.
Construction of utility duct bank below TWY K1	5.50	The project was dropped as the K1 Taxiway work is completed, and the utility duct bank will be relocated elsewhere.
Tech refresh of AODB storage and backup	5.31	Dropped because of duplication.
Business Process Manager	3.28	Dropped due to phasing out of technology
SITC of new 1300TR centrifugal chiller for T2 chiller plant.	3.27	Dropped as this was not required anymore.
Provision of new Constant current Regulator at CSMIA	3.25	Dropped due to phasing out of technology
Other projects less than Rs. 3 Crores each	49.31	Other Projects include Replacement of Marking Machine, Airport Sweeper, SITC of Cooling Tower, etc., which were dropped by MIAL.
Total	**126.56**	

4.4.22 The Authority observed that certain projects approved in the Third Control Period Order were dropped by MIAL, while many others were deferred to the next control period. The Authority draws reference to its decision in the Third Control Period Order as explained in Para 5.5.3:

"...From the above table, it is noted that MIAL had a trend of proposing capex in one control period and postponing the same to future Control Periods without execution. This leads to services not being available to passengers who have paid up. This trend does not further instill any confidence in the Authority that large projects which were proposed in earlier Control Periods nor the large new projects proposed by MIAL

would be completed on time. In order to discourage this trend, the Authority proposed to introduce a re-adjustment of cost clause whereby if the project is committed to be completed by MIAL in each control period and if the same was not completed, then the ARR / target revenue shall be reduced by 1% as re-adjustment of the total project cost..."

However, the Authority noted that a portion of the Third Control Period was impacted by the unprecedented COVID-19 pandemic, which created widespread uncertainty and disruptions across the globe. In view of the black swan event which has affected almost all aspects of the supply chain and commercial activities, the Authority proposed to not evaluate this 1% cost re-adjustment as a penal measure during this control period.

4.4.23 The Authority noted that MIAL had included runway recarpeting works of Rs. 256.73 Crores as part of Aero-Capitalization. The project-wise details are provided in the table below:

Table 70: Cost incurred by MIAL in the Third Control Period towards Runway Recarpeting Works

(Rs. in crores)

Particulars	Actual Cost
Runway 14/32 Re-carpeting	115.03
Runway 9/27 Re-carpeting	141.70
Total	**256.73**

4.4.24 On review of the submission made by MIAL, the Authority, through its Aviation Expert conducted an independent comparison of the Pavement Classification Number values before and after the recarpeting exercise using information available on the AAI website.

4.4.25 Since there is no increase in PCN value was noted after the recarpeting exercise, the Authority proposed to consider the runway recarpeting expenses under Operation and Maintenance Expenses in the current control period as detailed in Authority's Order 35 in the matter of 'Determination of Useful Life of Airport Assets'. Accordingly, the Authority had examined the same under Operation and Maintenance Expenses (Refer **4.9.96**).

4.4.26 Based on the above discussions, the CAPEX for the Third Control Period as submitted by MIAL in MYTP for the Fourth Control Period viz-a-viz the CAPEX proposed to be considered by the Authority is presented below:

Table 71: Comparison of cost submitted by MIAL and proposed by Authority for the True-up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Cost submitted by MIAL	Cost proposed by Authority
Projects as per Table 64	429.99	429.99
Projects as per Table 65	363.57	363.57
Projects as per Table 66	227.81	227.81
Projects approved on Incurrence Basis as per Table 67	21.02	21.02
Additional Projects undertaken as per Table 68	144.28	144.28
Runway recarpeting works as per Table 70	256.73	-
Total	**1,443.40**	**1,186.67**

4.4.27 In view of the above, the Authority proposed to consider the CAPEX incurred of Rs. 1,186.67 as per Table 71 for the True up of the Third Control Period.

Treatment of assets identified in the Self-Contained Note of AIA:

4.4.28 In addition to the adjusting the assets mentioned in the Self-Contained Note (SCN) of AIA in the Second Control Period, as stated in paras 3.1.6 and 4.2.7, based on the SCN, there are assets to be adjusted in the Third Control Period also.

Table 72: Value of the Assets identified to be adjusted from the Third Control Period additions in the Self-Contained Note extracted from the FAR of MIAL as on 1st April 2024

(Rs. in crores)

Particulars	Cost as per SCN Order Dated 30.08.2023 (A)	Cost extracted from FAR (B)	Difference (C=B-A)
Assets identified as non-existent	174.34	174.34	-

** A list of these assets is enclosed in Annexure 2 (Refer 16.2).*

4.4.29 In compliance to para 12 of SCN dated 30.08.2023 referred at above para 3.1.6, the Authority, through its Independent Consultant, had computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Depreciation (Refer Table 92) and Return on RAB (Refer Table 167) and as reflected in the Target Revenue (Table 168).

4.4.30 The Authority noted that all these assets amounting to Rs. 174.34 Crores as mentioned in the above table are categorized as non-aeronautical assets, therefore the Authority proposed not to give any effect to them.

Stakeholders' Comments on True Up of RAB for the Third Control Period

4.4.31 During Stakeholders' Consultation Process, the Authority has received comments / views from MIAL in response to the proposals of the Authority with regard to the True-up of RAB for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL comments with regards to True up of RAB

4.4.32 MIAL comments with regards to consideration of Right of Use Asset as part of RAB and the depreciation on the same, is given below:

"Right of Use Asset capitalized in FY22-23 not considered in RAB and depreciation not allowed on the same

The amount of Rs. 64 Crs has been paid by MIAL for land which will be used for airport development and aeronautical purposes. On 20th November 2024, MIAL provided a detailed note on the requirement and justification of this land and subsequent payment done to Regency, however the same is not reflected in the consultation paper. For quick reference, we reiterate our position on this matter in the following paragraphs.

The dispute between the Airports Authority of India (AAI) and Regency Convention Centre and Hotels Private Limited (Regency) with respect to the land measuring 31,000 square meters (CTS No. 145A (Part) of Village Sahar and CTS No. 1405 (Part) of Village Marol situated at Village Sahar and Marol , Andheri) near Terminal-2 of CSMIA has been subject matter of pending litigation before the Hon'ble Bombay High Court for almost 25 years, with interim court orders of the years 2001 and 2006 prohibiting creation of third party interest in such land without the permission of Court.

Thereafter, in the interest of airport development and aviation community as a whole, MIAL and Regency engaged in discussions for arriving at a mutually agreeable settlement and to resolve the long pending litigation. It was paramount that the said land was made available for the purposes of various critical projects, inter alia, construction of the proposed Airport Metro Station, a project of immense public importance undertaken by Mumbai Metro Rail Corporation Limited (MMRCL) and construction of at-grade and elevated airport access roads and other passenger facilities.

In order to resolve the above issues and to ensure airport development in an expeditious manner and to avoid any future disputes, it was decided that MIAL acquire Regency and in turn Regency to withdraw the suit. On 29th April 2022, MIAL acquired Regency for total consideration of Rs. 64 Crs. MIAL Board took note of the same and ratified the decision of management for the above payment and purchase of equity shares of Regency Company in 85th Board Meeting held on 2nd May 2022.

This investment was pursuant to Regency agreeing to unconditionally waive all its rights, title, claims and interest in a land area which had been a disputed matter between Regency, Airports Authority of India ('AAI') and MIAL. Since the above investment was essential to enable the execution of various critical projects related to airport development, the same has been considered as enabling cost of above-mentioned aeronautical projects and included in the RAB of the Third Control Period.

In May 2022, Regency had filed an application to Ministry of Corporate Affairs for striking off the company's name from Registrar of Companies. Considering that the parcel of land was no longer under dispute as Regency had unconditionally waived all its rights, title, claims and interest prior to application for striking off, the land now formed a part of the demised premises and can be used by MIAL as per OMDA. The application for strike off has been approved by Registrar of companies on 02 November 2022 and the name has been struck off from the register of companies and the company is dissolved.

Considering that the total consideration of Rs. 64 Crs was to enable MIAL to obtain the right to use the aforementioned parcel of land, as per accounting norms the consideration so paid has been treated as Right-to-Use asset which will be depreciated over the remaining primary period of the Grant under OMDA.

If consideration had been paid to take over the operations of the company for some strategic purposes, the same would have distinctly appeared under the head Non-Current Investments in Financial Statements, which is clearly not the case in this matter.

It is acknowledged that MIAL has added above enabling costs in the opening balance of RAB but inadvertently missed adding the same in the closing balance of RAB of FY23 in the financial model. The Authority is requested to rectify this mistake and revise the closing balance of the RAB of FY23 and subsequent years.

In light of the above, the Authority should consider this as a part of RAB as enabling cost for the construction of various aeronautical projects and accordingly provide depreciation and Return on RAB on it."

Authority's Analysis on Stakeholders' Comments on True Up of RAB for the Third Control Period

4.4.33 The Authority has examined MIAL's submissions (Refer Para 4.4.32) regarding the payment of Rs. 64 Crores towards the acquisition of Regency Convention Centre and Hotels Private Limited. The Authority also notes that while AAI was a party to the original dispute concerning the land, it has not raised any objections to this transaction, despite being a shareholder and a representative on the Board of MIAL.

MIAL has submitted that expenditure was incurred to secure the usage of a critical parcel of land which was essential for various airport related infrastructure projects, including the Airport Metro Station, at-grade and elevated access roads, and other passenger facilities. Given the nature of the expenditure as an enabling cost, and considering the linkage to airport development, the Authority considers it appropriate to treat the amount as an expenditure incurred for enabling the construction of infrastructure projects for Airport, and accordingly consider it as capital expenditure for third control period subject to the application of the actual aero and non-aero allocation ratio on the said parcel of land.

As far as allocation ratio is concerned it is found appropriate to consider 50:50 (Aero:Non-Aero) since actual usage of the land has not been clearly indicated by MIAL / AAI and the same has been elaborately described in para 9.6.10. Accordingly, after applying the applicable aeronautical allocation ratio of 50%, the Authority decides to consider Rs. 32.01 Crores as an Aeronautical CAPEX for the Third Control Period.

Further, the Authority notes that MIAL has depreciated this asset over the remaining primary period of concession under OMDA and finds this to be justified.

Thus, based on the above, the Authority decides to consider the True up of RAB for the Third Control Period as per Table 82.

4.5 True Up of Asset Allocation

Recap of Authority's Decision on Asset Allocation in the Third Control Period Order

4.5.1 In the determination of RAB, a factor of relevance is the allocation of CAPEX into Aeronautical and Non-aeronautical assets. The exercise of allocation of assets into Aero and Non-Aero takes into consideration multiple factors like nature, location and use, revenues derived, area occupied etc.

4.5.2 The Authority had commissioned an independent study on the Allocation of Assets ("Independent Study on Asset Allocation") at the time of tariff determination for the Third Control Period, and same was carried out by R. Subramaniam and Company LLP. The key methodology, principles, and salient features of this asset allocation study are outlined below:

(i) The Independent Study on Asset Allocation segregated the total assets of the airport under the following categories:

a) Aeronautical: All assets that are exclusively utilized for activities covered under Schedule 5 of the OMDA are tagged as "Aeronautical" assets. Examples - Runways, drainage and culverts, taxiways, aprons and bays, airfield ground lighting, etc.

b) Non-aeronautical: All assets that are exclusively utilized for non-aeronautical activities covered under Schedule 6 of OMDA are treated as non-aeronautical assets. Examples - Development of the Retail Stores, Cargo assets, Metro Station Development.

c) In-Admissible Asset: Upfront Fee paid to AAI (Rs. 154 crores) and retirement compensation payable (Rs. 317 Crores) to AAI employees in line with OMDA have been capitalized as Intangible assets. The upfront fee capitalized is not an admissible asset as it is not a pass-through item in the State Support Agreement. Retirement Compensation is allowed by the Authority on a payment basis therefore not considered as part of the asset base.

d) Common Assets: Assets which are not directly allocable to either Aeronautical or Non-aeronautical are classified as Mixed assets/Common assets and allocated based on the nature of assets, location,

usage and criteria defined under relevant documents. Common assets are further classified into the following categories:

- Common assets related to Terminal operations are apportioned between Aeronautical and Non-aeronautical activities based on the Weighted Average Terminal Floor Space ratio.
- Common assets that are situated outside the Terminal building are apportioned between Aeronautical and Non-aeronautical activities based on the adjusted Gross Fixed Assets ratio.

(ii) In 2019, MIAL appointed IRS (Indian Register of Shipping) to verify and certify the areas utilized for commercial use in Terminal 1, Terminal 2 and GA Terminal of CSMIA and to provide a Survey Report, wherever applicable. As part of this survey, a physical verification was carried out by the Independent Consultant to assess both occupied and vacant spaces in all three terminals. Based on this verification, the proportion of space designated entirely for non-aeronautical activities was determined. Further, common areas were allocated using the overall aero: non-aero ratios.

4.5.3 Based on the approach mentioned in Para 4.5.2, the following ratios have been derived by MIAL:

Table 73: Cumulative Summary of Area occupied / to be occupied for Commercial (Non-Aeronautical) Use in Terminal 2, Terminal 1 and GA Terminal

Sections & Areas in Square Meters	T2					T1	GA	Total
	L1	L2	L3	L4	Total			
Food & Beverage (F&B)	805	786	2,645	2,200	6,436	2,004	-	8,440
Vacant (F&B)	-	23	162	336	521	111	15	647
Seating (F&B)	152	689	888	713	2,442	280	-	2,722
Hotel & Lounges	3,326	3,486	4,185	2,582	13,579	724	-	14,303
Retail	-	427	3,323	1,898	5,648	1,845	12	7,505
Passenger Services including Forex, ATMs, Car Rentals, Hotel Reservations, etc	293	155	113	467	1,028	106	-	1,134
Promotional - Advertising	-	-	203	36	239	47	-	286
Airlines offices & Storage	15,136	540	6,518	490	22,684	5,269	15	27,968
Duty Free	-	2,005	435	4,012	6,452	-	-	6,452
Total - Commercial Area including seating areas	19,712	8,111	18,472	12,734	59,029	10,386	42	69,457
Total Area of Terminal					4,48,432	1,03,131	890	5,52,453
% of Non-Aeronautical Area					**13.16%**	**10.07%**	**4.70%**	**12.57%**
% of Aeronautical Area					**86.84%**	**89.93%**	**95.30%**	**87.43%**

MIAL's Submission on Asset Allocation for the Third Control Period

4.5.4 MIAL, for the purpose of allocation of assets between Aeronautical and Non-Aeronautical for the Third Control Period, followed the methodology adopted in this Independent Study on Asset Allocation. MIAL has also submitted an independent auditor's certificate on the statement of additions to fixed assets made

for each financial year of the Third Control Period, classifying it into aeronautical and non-aeronautical assets.

4.5.5 The following table presents the summary of the asset allocation used by MIAL for allocating the assets for the Third Control Period:

Table 74: Asset Allocation used by MIAL for the assets capitalized in the Third Control Period

Cost Centre	Cost Driver for Segregation of common expenses
Aeronautical Assets	100% Aero
Non-Aeronautical Assets	100% Non-Aero
Common Assets situated **inside** the Terminal Building	Weighted Average terminal Floor Area Ratio of the Terminal 87.43%
Common Assets situated **outside** the Terminal Building	Gross Aeronautical Fixed Assets Ratio based on Closing Gross Block of FY24 – 83.40%

Table 75: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as computed by MIAL

3rd CP – Asset Allocation	2019-20	2020-21	2021-22	2022-23	2023-24
Asset Allocation (%)	82.83%	82.83%	82.94%	82.94%	83.40%

Authority's Examination on the Asset Allocation submitted by MIAL for the True Up of Third Control Period at the Consultation Stage

4.5.6 The Authority noted that instead of adopting the values for each year as per the above Table 75, MIAL had used the FY 2023-24 allocation percentage of 83.40% commonly for all the five years for the purpose of computing depreciation in the true up of the Third Control Period. This has been further discussed in Para 4.7.5 on aeronautical depreciation.

4.5.7 The Authority, through its Independent Consultant, obtained the Fixed Asset Register from MIAL and reviewed the assets capitalized during the Third Control Period. This evaluation included considerations of the asset description, location revenue streams and the intended use.

4.5.8 The Authority analyzed the asset allocation used on a case-to-case basis and proposed revising the allocation ratios for the following assets:

Table 76: Revised allocation ratios proposed by the Authority for assets capitalized in the Third Control Period at the Consultation Stage

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
T1B Forecourt Development-Civil	Building	12.36	Common - 83.40%	Common - 73.30%	MIAL had submitted that ~597 sq.m. out of total forecourt area of 2,236 sq.m. is occupied by Non-Aero Concessionaires. Accordingly, this gross floor ratio of 73.30% had been considered as aero.
T1B Forecourt Development-MEP	Plant & Machinery	3.59	Common - 83.40%	Common - 73.30%	
GA Terminal Refurbishment and related works	Building	3.51	Common - 95.30%	Non-Aero	As per Part I of Schedule 6 of OMDA, General Aviation is Non-Aeronautical

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
GA Terminal Refurbishment and related works	Electrical Installations and Equipment	0.74	Common - 95.30%	Non-Aero	
GA Terminal Refurbishment and related works	Furniture and Fixtures	2.55	Common - 95.3%	Non-Aero	
GA Terminal Refurbishment and related works	Office Equipment	0.74	Common - 95.3%	Non-Aero	
GA Terminal Refurbishment and related works	Plant & Machinery	0.55	Common - 95.3%	Non-Aero	
Integrated SHA-Civil-T2	Building	2.82	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Runway intersection overlay works	Runways, Taxiways & Aprons	2.18	Aero	Considered as Aero Opex	No increase in PCN value
Server for WIFI System at MCR 2 Terminal 2	Servers & Network	0.82	Aero	Common - T2 86.84%	Since it is a part of Terminal
Server for WIFI System at MCR 1 Terminal 1	Servers & Network	0.71	Aero	Common - T1 89.93%	Since it is a part of Terminal
Re-branding signages at Various Location	Furniture and Fixture	0.69	Common 87.43%	Common – Overall	Since it is both within and outside Terminal
T2 Content Management Software E-Gate & ATRS System	Servers & Network	0.45	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
T1B-LED fixtures Departure SHA and Arrival area	Electrical installations	0.44	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
T1 Refurbishment of Washroom SHA/T1/AOG	Building	0.42	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
T1-Air Curtains	Office Equipment's	0.31	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Customized Lamination Roll for Biometric System	Computer - End Users	0.30	Aero	Common – Overall	Since it is a part of Terminal Building
Baby Stroller cum shopping trolley - T2	Furniture and Fixture	0.30	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Waterproofing works pump room -T1A	Building	0.20	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Landside- Nursery Shed With irrigation system	Building	0.10	Aero	Common – Overall	Being a common landside area
TERMINAL 1C - HVAC	Plant And Machinery	0.08	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Electrical Work at MIAL training center-T-1	Electrical Installations & Equipment	0.10	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Light fittings at SHA1 and Back-office Area-T1	Electrical installations	0.07	Aero	Common - T1 89.93%	Since it is a part of Terminal Building

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
MIAL Nursery - Portable Greenwall	Plant & Machinery	0.10	Aero	Common – Overall	Being a common landside area
Smart Timer Switch Street light-T2	Electrical Installations & Equipment	0.10	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Lamps & Fans MLCP (T2)	Office Equipment	0.02	Common 86.84%	Non-Aero	Since it is at the MLCP
AGL Intersection Overlay	Electrical Installations & Equipment	0.01	Aero	Considered as Aero Opex	No increase in PCN value

4.5.9 Based on the reclassification of certain assets in Para 4.5.8 from the asset additions submitted by MIAL for the Third Control Period, the revised Aeronautical portion (%) of asset additions proposed to be considered by the Authority for the Third Control Period is as follows:

Table 77: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as proposed by the Authority at the Consultation Stage

3rd CP – Asset Allocation (%)	2019-20	2020-21	2021-22	2022-23	2023-24
Asset Allocation as submitted by MIAL (From Table 75)	82.83%	82.83%	82.94%	82.94%	83.40%
Less: Change in % as per Authority's analysis	-	-	0.02%	0.02%	0.02%
Asset Allocation as proposed by the Authority	82.83%	82.83%	82.92%	82.92%	83.38%

4.5.10 Considering the ratios given in Table 77, the Aeronautical CAPEX proposed by the Authority for the Third Control Period is given in the table below:

Table 78: Aeronautical CAPEX as proposed by The Authority for True up of Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Capitalization as per Authority	194.44	2.74	146.88	171.09	660.33	**1,175.48**
Addition considered on Pro-rata basis	117.76	0.63	22.36	67.00	145.98	**353.74**
Adjustments carried forward to next year on Pro-rata basis	76.68	2.10	124.52	104.09	514.35	**821.74**

Table 79: RAB as proposed by the Authority for True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening RAB	A	5,741.07*	5,511.74	5,112.02	4,741.03	4,542.24	
Add: Addition based on proportionate capitalization (Refer Table 80)	B	268.65	77.31	24.47	191.52	250.08	812.02
Less: Depreciation (Refer Table 94)	C	497.99	477.03	395.46	390.31	355.90	2,116.69
Closing RAB	**D = A+B-C**	**5,511.74**	**5,112.02**	**4,741.03**	**4,542.24**	**4,436.41**	

Refer Table 27 for Opening RAB of FY 20.

Table 80: Statement of Proportionate Addition during the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Aeronautical Capitalization during the year	A	194.44	2.74	146.88	171.09	660.33	**1,175.48**
Less: Carried forward to next year	B	76.68	2.10	124.52	104.09	514.35**	**821.74**
Proportionate capitalization during the year	**C = A-B**	**117.76**	**0.63**	**22.36**	**67.00**	**145.98**	**353.74**
Add: Brought forward balance to be added to RAB	D	150.89*	76.68	2.10	124.52	104.09	**458.28**
Total Capitalization during the year	**E = C+D**	**268.65**	**77.31**	**24.47**	**191.52**	**250.08**	**812.02**

** Refer Table 27 for brought forward balance of FY 20*

*** Rs 514.35 Crores is carried forward to the Fourth Control Period*

4.5.11 In view of the above, the Authority proposed to consider the RAB as per Table 79 for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Asset Allocation for the Third Control Period

4.5.12 During Stakeholders' Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority with regard to the True-up of Asset Allocation for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

Other stakeholders' comments

4.5.13 IATA comments with regards to asset allocation is as follows:

"While the usage of surface area can be considered as a relatively simple and common approach, it raises important concerns in the context of allocation costs at airports. Intuitively, the use of surface areas would not make sense in a competitive environment. If a company has two identical warehouses, one providing storage of luxury goods and the other of low value goods, it would make sense in an accounting approach to allocate the real estate costs across both equally. However, it would not make sense to allocate all other costs according to the same rule. This becomes even more obvious when considering that in airports most commercial activities are inextricably linked to air transport. When various lockdowns were lifted worldwide, airside revenues did not pick up in the same way that off-airport retail has.

Taking the simplistic surface area approach will lead to serious underestimations of the costs that should be allocated to non-regulated activities:

- *The cost of building infrastructure to surface area: Volumetric considerations critically impact both CAPEX and OPEX.*
- *The cost of providing large open spaces with big spans and high ceilings will have a large impact on both substructure and superstructure that is not proportional to square meters. These types of spaces are usually designed to accommodate wide open spaces for commercial areas to increase commercial revenues.*

- *In some instances, the need to provide additional square meters for commercial spaces (shops, restaurants, offices...) will result in additional "floors" or reinforced structures resulting in a marked increase in costs.*
- *In some airports, decisions on affecting some areas to 100% regulated activity (i.e. check-in hall, security etc.) are not driven by sound, rational and customer-supported decisions after consultation and agreement, with the airlines operating and paying for those areas. Neither the passengers nor the airlines need an architectural masterpiece, wooden roofs or 15 meters high ceilings with art displays to efficiently do their required processes. All those decisions are usually made unilaterally by airports with the objective of creating a good impression on the passenger that will improve the likelihood of increasing commercial revenues by changing the passengers' frame of mind.*
- *The use of surface areas as the allocation driver also leads to situations where certain activities could generate revenues at "zero" cost (e.g. advertising on walls, boarding bridges, baggage belts, trolleys, information screens, among others that don't occupy "floor space").*

Generally, the discretion of the airport operator to structure its business makes it difficult to divide one infrastructure - such as a terminal - into two or more mere segments; additionally, the cost allocation keys leave room for a lot of discretion. Similar issues arise on operating costs.

Fundamentally, allocation systems will be flawed if they are built on the wrong assumptions. If a system starts by directly allocating revenues or costs purely based on the name of the activity but without considering externalities or links between activities, the result will be flawed.

This accounting approach ignores the economic reality of different activities and the dependencies between activities. For instance, AERA does not apportion any runway costs to non-regulated activities under the premise that "landing" is a purely aeronautical activity. The fact that if a runway is closed, no passengers can arrive or leave and therefore certain activities will have no customers, is completely ignored. The significant investment made in bringing travellers through a specific building making them captive customers is reduced to zero in many systems. A number of airports are located outside of city centres with long journeys to the city and it is doubtful that a passenger would drive to that distant location and pay significant car parking fees to then shop and dine at the commercial facilities an airport proposes. In fact – shopping centres of that nature frequently provide complementary shuttles or shoulder the cost of public transport facilities or roads to bring foot traffic to the location. While sceptics would argue that this does not hold for city centre airports, any airport operator will confirm that post-security commercial offers are a substantial portion of commercial activity due to passenger dwell time and that simply does not hold for an equivalent non-airport facility in the same location.

Along the same lines – the costs of some services such as security provide benefits to both aeronautical and non-aeronautical activities, as do services that serve both passengers and staff. This complexity is rarely reflected in allocation rules and passenger security costs are deemed to be 100% aeronautical while restaurants and dining facilities are 100% non-aeronautical.

In a nutshell, a pure accounting-based approach that ignores economic externalities and links between activities will result in rules that are unfair. For the same reasons that competition authorities carefully scrutinize companies that attempt to vertically integrate or practices linked to tied selling, applying overly simplistic rules on the basis of surface areas will result in a bad outcome for consumers. It is of extreme

importance that this fundamental issue is understood and acknowledged by AERA and that measures are taken to implement a fair cost allocation system for both assets and operating costs.

IATA would welcome the opportunity to bring alternative examples for AERA's consideration."

MIAL's response to Stakeholders' Comments on True Up of Asset Allocation for the Third Control Period

4.5.14 MIAL's response to IATA's comment on Asset allocation is as follows:

"Design of Terminal is as per requirements mentioned in Schedule 1 (Development Standards and Requirements) of OMDA and facilities at the terminal are to be designed to IATA level of service standard C for the 30th busy hour in the design year. For any non-aero facility which is constructed within the terminal building, cost of such facility should be considered as non-aero. However, since these facilities are housed in the terminal building it does not mean that the cost of terminal building has to be divided into Aero and Non-aero assets. MIAL submits that the entire building has to be an Aero Assets. Even without any non-aero facilities there would not have been any change in size and cost of terminal. The Authority's approach to bifurcate the terminal building based on areas of these activities in the terminal building is in the interest of airport users at the expense of airport operator.

IATA assertion w.r.t. applying overly simplistic rules on the basis of surface areas to allocation of expenses and assets is not correct. Allocation of expenses is done in an exhaustive and holistic manner where in each expense incurred by MIAL it is allocated into aeronautical, non-aeronautical and common expense. Only common expenses (which is only portion of total expenses) are allocated based on various drivers like Terminal Building Ratio, Gross Block Ratio etc. Assets are allocated into aeronautical, non-aeronautical and common purely based on the usage of these assets. Common assets are allocated based on Terminal Building Ratio. This is a fair and practical approach to complete the exhaustive and complex exercise of tariff determination in time bound manner.

Security expenses for services provided by sovereign agencies like CISF, being a reserved service as per Concession Agreement, are incurred from ASF. Funds collected from levy of ASF are managed by NASFT and Airport Operator does not have control over the same. Security expenses of private security agencies (PSAs) employed by airport operator are not considered 100% aeronautical but the same are classified based on nature of activity. For e.g. expenses of PSAs guarding the air cargo complex are considered non-aeronautical.

IATA's proposed approach of bifurcating the runway cost is unimaginable because even if all non-aero services in the airport are taken off, passengers will still travel from the airport and airport operator will have to ensure safety, security and convenience of passengers."

Authority's Analysis on Stakeholder's Comments on True Up of Asset Allocation for the Third Control Period

4.5.15 The Authority acknowledges IATA's comments (Refer Para 4.5.13) regarding the limitations of using surface area as the primary basis for allocation of costs between aeronautical and non-aeronautical assets, including concerns related to volumetric considerations and airport design decisions. Also, the counter comments of MIAL (Refer Para 4.5.14) in this regard have been noted.

The Authority reiterates that the allocation of assets at CSMIA has been undertaken based on an independent asset allocation study commissioned specifically for this purpose. The methodology used in this study was consistent with the principles of the OMDA.

The use of floor area as an allocation driver is a standardized and widely accepted practice in airport economics. It offers a clear, measurable, and consistent basis for allocating costs, especially in complex infrastructures where multiple activities coexist.

The Authority notes IATA's suggestion to apportion runway and security costs to non-aeronautical activities, based on the premise that these facilities indirectly support commercial revenues. However, it is noted that the commercial revenues arising from passenger presence do not alter the primary function of aeronautical assets. Non-Aeronautical revenues are merely a consequence of core aeronautical services, and under the Hybrid Till model, 30% of such non-aeronautical revenues are already utilized to cross-subsidize aeronautical tariffs.

Similarly, the Authority uses appropriate cost drivers in allocation of O&M expenditures, based on the Independent Study commissioned by the Authority in the Third Control Period.

Accordingly, the Authority has considered the allocation to be reasonable and in accordance with the established regulatory practices being followed across other airports.

4.5.16 Based on the Authority's detailed analysis of the Stakeholders' comments received as part of the Stakeholder's Consultation process, the Authority decides to consider the following changes to the proposals in the Consultation Paper No. 08/2024-25 dated 10th March 2025.

- To consider the Right of Use Assets Rs. 32.01 Crores in FY 23 as an aeronautical CAPEX for the Third Control Period, and also to consider consequential depreciation on the same.

4.5.17 Based on the Stakeholders' comments and the Authority's analysis, the Aeronautical CAPEX decided to be considered by the Authority for the True up of the Third Control Period is given in the table below:

Table 81: Aeronautical CAPEX decided to be considered by the Authority for True up of Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Capitalization as per Authority	194.44	2.74	146.88	203.10	660.33	**1,207.48**
Addition considered on Pro-rata basis	117.76	0.63	22.36	99.01	145.98	**385.74**
Adjustments carried forward to next year on Pro-rata basis	76.68	2.10	124.52	104.09	514.35	**821.74**

Table 82: RAB decided to be considered by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening RAB	A	5,741.07*	5,512.17	5,112.88	4,742.32	4,573.87	
Add: Addition based on proportionate capitalization	B	268.65	77.31	24.47	223.52	250.08	844.03
Less: Depreciation	C	497.56	476.60	395.03	391.97	357.56	2,118.71
Closing RAB	**D = A+B-C**	**5,512.17**	**5,112.88**	**4,742.32**	**4,573.87**	**4,466.39**	

**Refer Table 27 for Opening RAB of FY 20.*

Table 83: Proportionate Addition decided to be considered by the Authority for the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Aeronautical Capitalization during the year	194.44	2.74	146.88	224.17	660.33	**1,228.56**
Less: Carried forward to next year	76.68	2.10	124.52	104.09	514.35**	**821.74**
Proportionate capitalization during the year	**117.76**	**0.63**	**22.36**	**99.01**	**145.98**	**385.74**
Add: Brought forward balance to be added to RAB	150.89*	76.68	2.10	124.52	104.09	**458.28**
Total Capitalization during the year	**268.65**	**77.31**	**24.47**	**223.52**	**250.08**	**844.03**

** Refer Table 27 for brought forward balance of FY 20*

*** Rs 514.35 Crores is carried forward to the Fourth Control Period*

4.5.18 Thus, based on the above, the Authority decides to consider the True up of Aeronautical CAPEX, Asset Allocation and Proportionate Additions for the Third Control Period as per the above Table 81, Table 82 and Table 83 respectively.

4.6 True Up of Hypothetical Regulatory Asset Base

MIAL's Submission on True Up of Hypothetical Regulatory Asset Base for the Third Control Period in MYTP for the Fourth Control Period

4.6.1 The Authority while determining tariff for the Third Control Period decided not to consider the cost attributable to the old demolished T2 as part of HRAB and accordingly reduced the HRAB by Rs. 194.74 crores as on 1st April 2019, along with a reduction in carrying cost of Rs. 64.09 Crores, resulting in a net impact to the Target Revenue of Rs 258.83 Crores (Refer 4.4.14 of the Third Control Period Order).

4.6.2 Hon'ble TDSAT vide order dated 6th October 2023 has directed the Authority not to reduce HRAB on account of demolition of old T-2. Hence, MIAL has not considered the one-time impact of Rs. 258.83 crores computed by the Authority on account of reduction in HRAB for the purpose of calculation of true-up of the Third Control Period.

4.6.3 MIAL has submitted revised HRAB for the Third Control Period as follows:

Table 84: HRAB as submitted by MIAL for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	483.81	430.34	379.15	337.22	295.68	
Depreciation	B	53.47	51.19	41.93	41.54	37.60	**225.73**
Closing HRAB	C = A-B	430.34	379.15	337.22	295.68	258.08	
Average HRAB	D = Avg (A, C)	457.07	404.74	358.19	316.45	276.88	

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.6.4 While computing the HRAB for the Third Control Period, the Authority reduced the cost of the demolished old Terminal 2 amounting to Rs. 194.74 crores.

4.6.5 This reduction affects the depreciation on HRAB and the return on HRAB for the period from FY 2013-14 to FY 2018-19. The total impact, including the carrying cost as on 1st April 2019, amounts to Rs. 258.83 crores.

4.6.6 The following table shows the value of HRAB computed by the Authority for the Third Control Period.

Table 85: HRAB Computation by the Authority for the Second Control Period after the removal of the old Terminal 2

(Rs. in crores)

Particulars	Ref	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	780.32	561.80	517.38	481.39	440.00	398.86	
Reduction due to removal of old T2	B	194.74						**194.74**
Depreciation	C	23.79	44.42	35.99	41.39	41.15	39.59	**226.32**
Closing HRAB	D = A-B-C	561.80	517.38	481.39	440.00	398.86	359.26	
Average HRAB	E = Avg (A, D)	671.06	539.59	499.38	460.70	419.43	379.06	

Table 86: HRAB as decided by the Authority during the tariff determination of the Third Control Period order

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	359.26	320.10	283.39	252.30	222.56	
Depreciation	B	39.16	36.72	31.08	29.74	27.60	**164.30**
Closing HRAB	C = A-B	320.10	283.39	252.30	222.56	194.97	
Average HRAB	D = Avg (A, C)	339.68	301.74	267.84	237.43	208.76	

Authority's Examination of the matters regarding the True Up of Hypothetical Regulatory Asset Base for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

4.6.7 As mentioned in para 4.2.5 of this Tariff Order, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, based on which HRAB proposed by the Authority for True up of the Third Control Period is as per the below table:

Table 87: HRAB Computation for the Second Control Period after the removal of the old Terminal 2 based on Revised Depreciation

(Rs. in crores)

Particulars	Ref	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	780.32	561.80	518.14	482.86	442.26	401.99	
Reduction due to removal of old T2	B	194.74						
Depreciation	C	23.79	43.66	35.28	40.60	40.27	38.73	**222.33**
Closing HRAB	D = A-B-C	561.80	518.14	482.86	442.26	401.99	363.26	
Average HRAB	E = Avg (A,D)	671.06	539.97	500.50	462.56	422.13	382.62	

Table 88: HRAB proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	363.26	324.14	287.23	257.12	227.93	
Depreciation (Refer Table 95)	B	39.12	36.90	30.12	29.18	24.90	**160.22**
Closing HRAB	C = A-B	324.14	287.23	257.12	227.93	203.04	
Average HRAB	D = (A+C)/2	343.70	305.68	272.17	242.52	215.48	

4.6.8 In view of the above, the Authority proposed to consider HRAB as per Table 88 for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Hypothetical Regulatory Asset Base for the Third Control Period

4.6.9 No specific comments have been received from the stakeholders on true up of Hypothetical RAB for the Third Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Hypothetical Regulatory Asset Base for the Third Control Period

4.6.10 The Authority notes that no specific comments were received from the Stakeholders on the true up of Hypothetical RAB for the Third Control Period.

4.6.11 However, due to the change in depreciation as mentioned in para 4.7.13, the revised Average HRAB decided by the Authority for the true up of Third Control Period is as given in the table below:

Table 89: HRAB decided by the Authority for the True up of the Third Control Period

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	363.26	324.17	287.31	257.23	227.93	
Depreciation (Refer Table 97)	B	39.09	36.86	30.08	29.30	25.01	**160.33**
Closing HRAB	C = A-B	324.17	287.31	257.23	227.93	202.92	
Average HRAB	D = (A+C)/2	343.71	305.74	272.27	242.58	215.43	

4.6.12 Thus, based on the above, the Authority decides to consider the True up of HRAB for the Third Control Period as per the above Table 89.

4.7 True Up of Depreciation

MIAL's Submission on the True Up of Depreciation for the Third Control Period in MYTP for the Fourth Control Period

4.7.1 Depreciation on the Regulatory Asset Base of the Third Control Period, based on the actual capitalization and depreciation on HRAB as submitted by MIAL after excluding the impact of the removal of the old Terminal 2, is as follows:

Table 90: Depreciation on RAB and HRAB as submitted by MIAL for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aero Allocation Ratio for Depreciation	83.40%	83.40%	83.40%	83.40%	83.40%	
Aeronautical Depreciation on RAB	512.94	491.21	408.93	412.93	404.08	**2,230.09**
Depreciation on HRAB	53.47	51.19	41.93	41.54	37.60	**225.73**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.7.2 The Authority in the Third Control Period Order had decided to True up the depreciation based on the actual capital expenditure incurred and actual date of capitalization of assets.

4.7.3 The depreciation as considered by the Authority for the Third Control Period is as follows:

Table 91: Depreciation on RAB and HRAB decided by the Authority during Tariff determination for the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Depreciation on RAB (Refer Table 135 of 3rd CP Order)	512.62	512.77	451.92	441.69	418.40	**2,337.40**
Depreciation on HRAB	39.16	36.72	31.08	29.74	27.60	**164.30**

Authority's Examination of the matters regarding the True Up of Depreciation for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

4.7.4 The Authority, through its Independent Consultant, reviewed the submission by MIAL for Depreciation of the Third Control Period and had also reviewed the audited financial statements of MIAL, especially on the accounting policy followed by MIAL for Depreciation. The Authority noted that for certain classes of assets, MIAL had adopted different useful lives than that prescribed in Order No.35/2017-18. The Authority proposed to adopt the rates of depreciation laid out in Annexure-I of the said Order for the purpose of calculation of depreciation on aeronautical assets in the Third Control Period.

4.7.5 The Authority, through its Independent Consultant / Aviation Expert also noted that, for the purpose of computing aeronautical depreciation, MIAL had applied the Gross Fixed Asset Ratio of FY 2023-24 (i.e., 83.40%) across all the five years of the Third Control Period. The Authority noted that Gross Fixed Asset Ratio specific to each year should be applied for allocation as per Table 75.

4.7.6 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same decisions as mentioned in para 4.2.5 of this Tariff Order, except for complying with the directions of the Authorized Investigation Agency as explained in para 4.2.7.

4.7.7 The Authority had computed the depreciation on the assets identified in the SCN by AIA as mentioned in para 3.1.6 as below:

Table 92: Aeronautical Depreciation as computed by the Authority on the assets identified in SCN for the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Third Control Period – Depreciation					Total Depreciation
	FY 20	FY 21	FY 22	FY 23	FY 24	
Aeronautical Depreciation	10.63	10.42	8.61	8.06	7.54	**45.26**

4.7.8 The Authority had recomputed the depreciation for the Third Control Period after adjustment set out below:

(i) removing depreciation 614-line items where MIAL had claimed depreciation rates higher than those prescribed in Order No. 35/2017-18 and had restricted the depreciation rates to those specified in the order.
(ii) removing Depreciation on the re-carpeting of Runway 14/32, which was submitted by MIAL as capital expenditure but was reclassified as Operating Expenditure by the Authority.
(iii) revising the asset allocation ratio based on Table 75.
(iv) adjusting the depreciation impact on consequent to the SCN as per Table 92.
(v) non-consideration of depreciation on Right of Use Assets in FY 2022-23 and FY 2023-24.

Table 93: Asset class-wise summary of Differential Depreciation between depreciation rates claimed by MIAL and in the Order No. 35

(Rs. in crores)

Particulars	No. of Line Items	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Building	25	0.00	0.00	0.15	0.21	0.32	**0.68**
Electrical Installations	4	-	-	0.01	0.06	0.06	**0.13**
Furniture and Fixture	10	-	-	0.02	0.13	0.14	**0.29**
Office Equipment's	12	-	0.00	0.00	0.01	-0.00	**0.02**
Plant & Machinery	563	1.73	1.87	3.60	8.19	20.87	**36.26**
Total additional Depreciation claimed by MIAL based on technical opinion obtained by it (a)	**614**	**1.73**	**1.88**	**3.78**	**8.60**	**21.39**	**37.38**
% of aeronautical assets (b)		82.83%	82.83%	82.92%	82.92%	83.38%	

Particulars	No. of Line Items	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical portion of Additional Depreciation claimed by MIAL Based on Technical opinion obtained by it (c = a x b)		**1.43**	**1.56**	**3.13**	**7.13**	**17.84**	**31.09**

Table 94: Depreciation on RAB as proposed by the Authority for the True up of the Third Control Period as a part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Depreciation as per Books (does not include depreciation on upfront fees paid to AAI)	690.33	670.89	552.41	547.50	537.01	2,998.14
Less: Depreciation on ROU Assets*	-	-	-	4.21	4.21	8.42
Depreciation after deduction of depreciation on ROU Assets	690.33	670.89	552.41	543.29	532.79	2,989.71
Aero Allocation Ratio for Depreciation	82.83%	82.83%	82.92%	82.92%	83.38%	
Aeronautical Depreciation as per FAR	**571.79**	**555.71**	**458.07**	**450.51**	**444.25**	**2,480.34**
Less: Higher depreciation in books as compared to the Authority (614-line items)	1.43	1.56	3.13	7.13	17.84	31.09
Less: Runway recarpeting amortize separately as O&M	56.89	62.13	47.13	41.39	59.89	267.43
Less: Depreciation on disallowed projects**	4.85	4.58	3.74	3.62	3.09	19.87
Less: Depreciation Impact on non-existent assets as per SCN	10.63	10.42	8.61	8.06	7.54	45.26
Aeronautical Depreciation	**497.99**	**477.03**	**395.46**	**390.31**	**355.90**	**2,116.69**

** On 29th April 2022 MIAL acquired 100% of equity shares of Regency Convention Centre and Hotels Private Limited for total consideration of Rs. 64 Crores. MIAL in its submissions claimed depreciation on this ROU asset as a part of Aeronautical Depreciation. However, the Authority noted that this is only an investment in equity shares and does not form part of RAB. Accordingly, the Authority proposed not to consider the depreciation on this asset as a part of Aeronautical Depreciation.*

***Depreciation of Rs. 19.87 Crores on 7-line items with Gross Book value of Rs. 122.18 Crores not considered in RAB during the First and the Second Control Periods excluded. See Table 57 in the Third Control Period Order.*

4.7.9 The Authority also noted that the average depreciation rate in the Third Control Period will vary from the average rate considered by MIAL based on allocation ratio, the adjustments in depreciation calculations made by the Authority and adjustment made due to the depreciation on runway recarpeting reclassified as an operating expenditure.

4.7.10 Accordingly, the Depreciation on HRAB was revised. In view of this, the Authority has estimated the Depreciation on HRAB as follows:

Table 95: Depreciation on HRAB as proposed by the Authority for True up of the Third Control Period as part of the Tariff Determination exercise for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical assets	A	9,131.76	9,272.39	9,419.85	9,594.77	10,255.10	
Depreciation on aeronautical assets (ReferTable 94)	B	497.99	477.03	395.46	390.31	355.90	**2,116.69**
Average rate of Depreciation on aeronautical assets %	**C=B/A**	**5.45%**	**5.14%**	**4.20%**	**4.07%**	**3.47%**	

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
HRAB	D	717.36	717.36	717.36	717.36	717.36	
Depreciation on HRAB	**E=D*C**	**39.12**	**36.90**	**30.12**	**29.18**	**24.90**	**160.22**

4.7.11 In view of the above, the Authority proposed to consider the Depreciation on RAB and HRAB as per Table 94 and Table 95 respectively for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Depreciation for the Third Control Period

4.7.12 No specific comments have been received from the stakeholders on true up of depreciation for the Third Control Period.

Authority's Analysis on Stakeholders' Comments on True Up of Depreciation for the Third Control Period

4.7.13 The Authority has noted MIAL's comment (as mentioned in para 4.4.32) on the issue of inclusion of Right of Use as part of RAB, and the depreciation on the same.

The Authority's views regarding the above is provided in para 4.4.33 of this Tariff Order. Based on the Stakeholders' comments and the Authority's analysis, the depreciation on RAB and HRAB decided to be considered by the Authority for true up for the Third Control Period is as follows:

Table 96: Depreciation on RAB decided by the Authority for the True up of the Third Control Period

Particulars (Rs in crs)	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Depreciation as per Books (does not include Depn on upfront fees paid to AAI)	690.33	670.89	552.41	547.50	537.01	2,998.14
Aero Allocation Ratio for Depreciation	82.83%	82.83%	82.92%	82.92%	83.38%	
Aeronautical Depreciation as per FAR	**571.79**	**555.71**	**458.07**	**454.01**	**447.77**	**2,487.35**
Less : Higher depn in books as compared to AERA (614 line items)	1.43	1.56	3.13	7.13	17.84	31.09
Less : Runway recarpeting amortized separately as O&M	57.33	62.57	47.57	41.82	60.32	269.61
Less : Depreciation on disallowed projects	4.85	4.57	3.73	3.63	3.10	19.89
Less: Depreciation Impact on non-existent assets as per SCN	10.63	10.42	8.61	8.06	7.54	45.26
Less:50% of Depreciation on ROU	-	-	-	1.39	1.41	2.79
Aeronautical Depreciation	497.56	476.60	395.03	391.97	357.56	2,118.71

Table 97: Depreciation on HRAB decided by the Authority for True up of the Third Control Period

Particulars (Rs in crs)	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical assets (A)	9,131.76	9,274.56	9,422.03	9,596.95	10,257.28	
Depreciation on aeronautical assets(B)	497.56	476.60	395.03	393.35	358.95	**2,121.48**
Average rate of Depreciation on aeronautical assets % (C = B / A)	**5.45%**	**5.14%**	**4.19%**	**4.08%**	**3.49%**	
HRAB (D)	717.36	717.36	717.36	717.36	717.36	
Depreciation on HRAB (E = D * C)	**39.09**	**36.86**	**30.08**	**29.30**	**25.01**	**160.33**

4.7.14 Thus, based on the above, the Authority decides to consider the True up of Depreciation for RAB and HRAB for the Third Control Period as per the above Table 96 and Table 97 respectively.

4.8 True Up of Fair Rate of Return

MIAL's Submission on the True Up of Fair Rate of Return for the Third Control Period in MYTP for the Fourth Control Period

Cost of Equity:

4.8.1 MIAL considered the Cost of Equity as approved by the Authority in the tariff order for the Third Control Period i.e. 15.13%.

Cost of Debt:

4.8.2 MIAL's submission on the Cost of Debt for the True-Up of FRoR for the Third Control Period is as given below:

"As a part of Consultation Paper proposals for the Third Control Period, AERA initially proposed adjusting Cost of Debt by allowing an increase of 0.50% (50 bps) – raising it from 10.30% to a maximum of 10.80%. However, when finalizing the Tariff Order, based on Stakeholder Comments, AERA decided to strictly cap the Cost of Debt fixed at 10.30%, without allowing any increase for the Control Period."

4.8.3 During the tariff determination process of the Third Control Period, MIAL had submitted the letter from State Bank of India dated 20th December 2019 to the Authority which stated that on account of downgrade in the external rating of MIAL by India Ratings from A+ to A-, the existing pricing on all the credit facilities has been increased by 0.50% w.e.f. 9th August 2019, effective rate of interest being 10.30% p.a.

4.8.4 Subsequently, MIAL's financial profile was severely impaired by the outbreak of COVID-19, the resultant lockdowns, and the continued restrictions on airlines' operations starting from March 2020.

4.8.5 MIAL's liquidity crisis was aggravated in FY 2020-21 as total passengers handled plummeted from 45.9 MN in FY 2019-20 to 10.5 MN in FY 2020-21 resulting in constrained operating cash flow.

4.8.6 In July 2021, MIAL, with the support from AAHL and AEL, refinanced its existing debt with short term bridge to bond facility which was mix of 11% Non-Convertible Debentures redeemable at the end of one year and Term Loans with interest rate of MCLR plus spread of 4.65% (effective interest rate of 11%) repaid at the end of one year in March 2022 of Rs. 7,250 Crs.

4.8.7 In April 2022, MIAL raised USD 750 million (~Rs 5,500 crores) through 7.25-year USD Notes/Bonds through US Private Placement (USPP). Funds raised through Private placement along with additional borrowings from Adani Airport Holdings Limited (AAHL) were used for refinancing of existing short term bridge loan of Rs. 7,250 crores as on 31 March 2022. It is to be noted that only ~75% of existing debt was refinanced from USD notes and balance was refinanced by inter-company loan from AAHL.

4.8.8 USD Notes are repayable in 7.25 years on the last day of Tenor (Bullet Repayment on last date of Tenor). As per the existing loan agreements, the effective interest rate is ~11.5% (7.25% effective coupon rate + 3.8% hedging cost+6% TDS Gross up on coupon payments).

4.8.9 The intercompany loan from AAHL is unsecured and subordinated to the senior debt. It carries interest 12.5% per annum.

4.8.10 The year wise cost of debt and weighted average cost of debt for the Third Control Period is as follows:

Table 98: Computation of weighted average cost of debt for the Third Control Period – as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Outstanding Debt	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Outstanding Debt	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt	**6,206.00**	**6,107.02**	**6,629.32**	**7,648.52**	**8,428.57**
Interest Cost	615.75	635.17	732.62	907.30	954.57
Cost of Debt	9.92%	10.40%	11.05%	11.86%	11.33%
Weighted Avg Cost of Debt	**10.98%**				

4.8.11 The Authority had finalized the process of tariff determination of MIAL for the Third Control Period in February 2021 with consultation process getting completed in November 2020. There were significant changes in the global economy post this period. Interest rates surged sharply globally post December 2020.

4.8.12 Since May 2022, the Reserve Bank of India has increased Repo Rate by 2.50% leading to cost of domestic borrowing becoming dearer in India.

4.8.13 Even if MIAL had continued with the existing debt facility, the increase in interest rate for FY 2022-23 would have been 1.25% (since average interest rates increased gradually) and 2.5% for FY 2023-24 considering only the overall increase in interest rates in the economy. Based on the above, the weighted average rate of interest for the Third Control Period would have been 11.17% as given hereunder:

Table 99: Computation of weighted average cost of debt if MIAL had continued with existing debt facility throughout the Third Control Period – as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Outstanding Debt	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Outstanding Debt	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt	**6,206.00**	**6,107.02**	**6,629.32**	**7,648.52**	**8,428.57**
Cost of Debt	10.30%	10.30%	10.30%	11.55%	12.80%
Weighted Avg Cost of Debt					**11.17%**

4.8.14 Hon'ble TDSAT vide judgement dated 6th October 2023 has ruled that Authority ought to allow actual cost of debt incurred by MIAL especially looking into fact that debt availed is from reputed lenders.

4.8.15 FRoR: As per the weighted average cost of debt of 10.98% for the Third Control Period and cost of equity of 15.13% and normative gearing ratio of 48:52 as decided by the Authority in the Third Control Period tariff order, calculation of revised FRoR for the Third Control Period is as follows:

Table 100: Computation of FRoR for the Third Control Period as submitted by MIAL

Calculation of FRoR for the Third Control Period	
Cost of Debt	10.98%
Cost of Equity	15.13%
Gearing	48.00%
FRoR for the Third Control Period	**13.14%**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.8.16 The Authority in the Third Control Period Order decided to consider Cost of Equity at 15.13% and Debt Equity Ratio of 48%:52% as per the recommendations / outcome of the Independent Study Report (Refer Para 5.2.5 of the Third Control Period Order).

4.8.17 The Cost of Debt was considered at 10.30% and decided to be trued up subject the cap of 10.30%. The Cost of Debt was applied across total debt, irrespective of the source, i.e., both on Debt and Refundable Security Deposit (RSD).

4.8.18 Accordingly, the Authority had considered FRoR at 12.81% considering Cost of Debt at 10.30% to be trued up subject to cap, Cost of Equity of 15.13% and the gearing ratio of 48:52.

Authority's Examination of the matters regarding True Up of Fair Rate of Return for the Third Control Period as part of Tariff Determination for the Fourth Control Period at the Consultation Stage

4.8.19 The Authority noted that MIAL has submitted the True up of FRoR for the Third Control Period based on the Hon'ble TDSAT judgement as explained in para 1.8.1.

4.8.20 The Authority consistent with the decisions taken during the tariff determination for the Third Control Period proposed to retain the same as mentioned in para 4.2.5 of this Tariff Order.

4.8.21 Additionally, the Authority observed MIAL's and analyzed it further. The following table lists the loan position of MIAL throughout the five years in the Third Control Period:

Table 101: Computation of FRoR for the true up of the Third Control Period as submitted by MIAL

Particulars	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Interest
Project Term Loan – SBI	5,665	5,560	5,714	-	-	-	MCLR+1.80=10.30%
Term Loans From banks – SCB & DB	-	-	-	4,100	-	-	11%
Term loan from financial institution – Aseem Infra Finance	-	-	-	250	-	-	11%
Non-convertible debentures (NCD)	-	-	-	2,900	-	-	11%
ECB – Apollo Group	-	-	-	-	6,201	6,339	Coupon EIR-7,25
Inter corporate loans – AAHL	-	-	-	113	2,093	2,584	12.50%
Real Estate loan	609	287	288	-	-	-	9.30 % to 11.95%
Working Capital Loan	322	291	74	-	-	-	9.25%

Particulars	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Interest
Total Borrowing Considered in MYTP	**6,596**	**6,138**	**6,076**	**7,363**	**8,294**	**8,923**	

4.8.22 From the above table, it is evident that MIAL initially relied on a Loan from SBI at a relatively lower interest rate MCLR + 1.80% (10.30%). However, over time, this borrowing was replaced with other higher-cost sources, reflecting a more expensive shift in funding.

4.8.23 The SBI loan was phased out through borrowings from Azeem Infra Finance, NCD and Term Loans from other Banks at a higher interest rate of 11%, which was further replaced in the next year (FY 2021-22) by a combination of loans, i.e., an External Commercial Borrowing Facility at 11.50% and an intercorporate loan from AAHL at 12.50% p.a, both of which were at higher rates of interest.

4.8.24 The Authority's examination is summarized below:

(i) MIAL states that it had to restructure the borrowing arrangement with SBI due to defaulting loans under the previous management. MIAL stated that even if it had continued with the borrowings from SBI, the rate of interest would have been substantially higher and would have resulted in a weighted average cost of borrowing of 11.17% as stated in Para 4.8.13. The Authority analyzed the movement in SBI MCLR in the table below:

Figure 2 - SBI – 1 Year MCLR ranging from March 2019 to September 2024



From the above figure, it is clearly seen that the SBI MCLR rate experienced a significant decline from the beginning of FY 20 and remained at those levels for about two years before returning to its pre-covid range by FY 24. This indicates that if MIAL had continued with the same debt facility during this period, it could have benefitted from the reduced interest rates, resulting in lower borrowing costs for most part of the Third Control Period. Based on the movement of SBI MCLR, even considering the highest interest rate, the Authority finds that cost of debt would have only increased to 10.15% (MCLR – 8.65% + 1.50% Spread) as per **Figure 2**.

(ii) The Authority also notes the inter-corporate loan being availed at the highest rate of 12.50%, is quite high in the context of funding available in the Indian market at that relevant time for the infrastructure

sector. The trend of SBI MCLR in **Figure 2** clearly indicates that finance was available to MIAL at a substantially lower rate than its current borrowing rate. Therefore, availing the inter-corporate loan from AAHL at 12.50% had increased the cost of debt substantially when compared to the borrowing from SBI.

(iii) In view of the foregoing analysis and reasoning, the Authority proposed not to consider the weighted average costs of debt and is continuing with its decision to apply the cap on the interest rate at 10.30% as decided in the Third Control Period.

4.8.25 Consequently, the Authority proposed not to make any change to the decisions made in the Third Control Period Order for the Fair Rate of Return. Therefore, the FRoR as decided in the Third Control Period Order (Ref para 5.6.5) is proposed to be continued for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Fair Rate of Return for the Third Control Period

4.8.26 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, IATA, APAO in response to the proposals of the Authority with regard to the True-up of Fair Rate of Return for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL comments with regards to True up of FRoR for the Third Control Period

4.8.27 MIAL comments with regards to the Cost of Debt capped at 10.30% is as follows:

"Cost of debt allowed only on basis of MCLR (benchmark rate) without considering credit spread

Cost of debt is dependent on two factors, which are benchmark rates like MCLR, Base rate etc. and credit spread which in turn is dependent on business risks as perceived by the lenders. Greater is the risk perceived, greater is the credit spread.

The Authority have relied on trajectory of SBI 1 year MCLR which declined in 2020 on account of reduction in benchmark rates by RBI and concluded that if MIAL had continued with the same debt facility during TCP, it could have benefitted from the reduced interest rates, resulting in lower borrowing costs. Above inference is flawed as the Authority has completely ignored the second factor of credit spread which ballooned in the wake of the financial stress induced by COVID. This was on account of deterioration in credit rating of MIAL which was downgraded to Default (D) . Below table demonstrates how credit spread widens with downward revision in credit rating (source: state of the economy report published by RBI on 24 December 2020).

Ratings	3-year Corporate Bond Spread		
	Pre-COVID		
	31-Dec-19	31-Jan-20	28-Feb-20
	1	2	3
AAA	59	60	90
AA+	103	104	128
AA	136	140	167
AA-	175	178	207
A+	315	278	307
A	345	328	357
A-	425	378	407
BBB+	475	403	432
BBB	500	428	457

Ratings	3-year Corporate Bond Spread		
	Pre-COVID		
	31-Dec-19	31-Jan-20	28-Feb-20
	1	2	3
BBB-	550	453	482

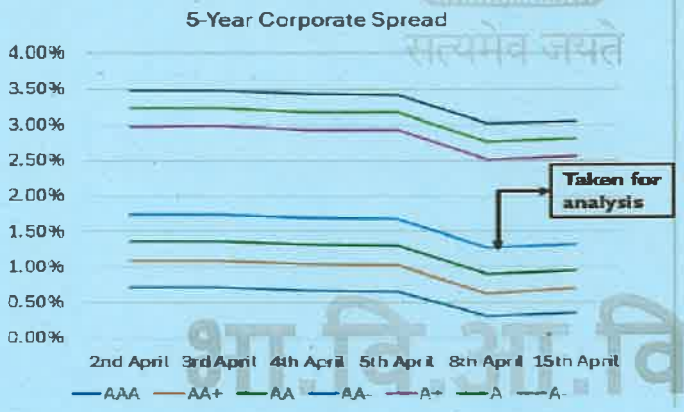
As is amply clear from table above, credit spread on AAA rated entities was 90 basis points and it was 482 basis points for BBB- rated entities. Spread of the entity rated C or D (comparable to MIAL rating in 2020 and 2021) will be much higher.

Following table demonstrates that even if we consider lowest MCLR rate in the entire control period (as considered by the Authority above) of 7% and apply spread of rating "BBB- "of 482 basis points (whereas actual rating D), cost of debt comes to 11.82%.

Calculation of cost of debt as per the Authority methodology	
Particulars	Rate
MCLR rate (A)	7.00%
Spread (B)	4.82%
Cost of Debt (A+B)	**11.82%**

Further reference is invited to figure 41 of the Consultation Paper giving details of 5 year Corporate Bond Spread.

Figure 41: 5-year Corporate Bond Spread – Data Source: FIMMDA



Data in the above figure has been used to compute the cost of debt of 10.15% for FoCP based on MCLR of 8.65% and spread of 1.5% assuming rating of AA-. Authority itself has relied on credit spread to arrive at cost of debt of Fourth Control Period. However, this factor has been ignored while allowing the cost of debt of TCP.

As per this figure the spread of entity rated A- is ~3.5% which is almost 200 basis points higher than entity which is rated 3 notches higher at AA-. It is to be noted that MIAL rating was downgraded to default in 2021 (CRISIL Report attached as Annexure A) and accordingly the risk perception and credit spread for MIAL would have been much higher.

The increased risk perception of airport business is clearly evident in the report published by World Bank titled "Infrastructure Financing in Times of COVID-19: A Driver of Recovery" (Annexure B)

The Covid-19 outbreak constitutes a demand and a supply shock that has caused a disruption in infrastructure projects both during construction and operation. Construction has been interrupted or delayed due to a lack of personnel, supply chain disruptions, or delays in government approvals. Assets in operation dependent on user fees have, in many sectors, faced a drastic decrease in demand that has led to revenue losses for project sponsors. This has in turn increased project risks, such as default events, termination, insolvency or government breaching of contracts, among others.

For demand-risk projects that are more linked to the economy's performance, such as the transport sector (roads, airports, ports), the significant reduction in demand has caused revenues to plummet. This will likely lead to contract renegotiations and debt restructurings. According to ACI5, total airport revenues fell by 35 percent worldwide in Q1 2020 (equivalent to $14 billion) and by 90 percent in Q2 2020 (equivalent to $39 billion).

Facility wise Analysis of cost of debt

It is to be noted that MIAL had availed three external lending facilities in the TCP which are as below

Name	Tenure	Interest Rate
SBI Facility	Till July-21	10.3% (MCLR+180 bps)
Bridge to Bond Loan	July-21 to April-22	11%
External Commercial Borrowing	April 22 to March-24	10.3% till April-25*

**Effective interest rate (EIR) on ECB facility as on March-24 was 10.3%. However, EIR considering entire tenure of the facility is 11.93% due to step up of 50 bps in coupon rate every year starting from FY26*

Out of the above three facilities, only the cost of bridge to bond loan is higher than 10.3% whereas cost of other two facilities is ~10.3%.

The cost of bridge debt incurred by MIAL in July 2021 was higher due to several critical factors. MIAL was tagged a RFA account by lenders, with a default credit rating that rendered it ineligible for any new borrowing and made all outstanding debts immediately callable. Furthermore, One Time Restructuring (OTR) sought by lenders would have led to further deterioration in the capital structure.

Amidst these challenging scenarios, MIAL received new sponsor support from the Adani Group, which incentivized MIAL to opt for new financing which did not impose any amortization structure, allowing for cash accumulation essential for capital expenditures and improved liquidity. During the pandemic, which severely impacted business operations, the bridge debt (by SCB) was highly competitive and refinanced the entire SBI loan, along with additional debt for general corporate purposes for MIAL. All these factors combined justify the 11% interest rate, reflecting the increased risk and liquidity constraints while ensuring that MIAL had the necessary funds to continue its operations and development projects uninterrupted.

Considering the above, we request the Authority to allow costs of debt of 11% for a period corresponding to bridge to bond. It is to be noted that this was the worst period for Aviation Sector in the recent past.

TDSAT Judgment dated 6th October 2023

We also request the Authority to take cognizance of the TDSAT Judgment dated 6th October in which TDSAT has ruled that

"AERA ought to have allowed actual cost of debt incurred by the appellant especially looking to the fact that debt availed by this appellant is from reputed lenders. Putting a cap upon cost of debt is uncalled for as AERA has in fact, allowed actual interest rate for First Control Period and Second Control Period and therefore the same methodology should be applied for Third Control Period as well. We therefore direct AERA to consider actual cost of debt and necessary true up shall be done accordingly.

Further, this action of AERA is also in violation of provisions of AERA Act, 2008 especially Sec. 13 thereof because the expenditure incurred ought to be allowed to be recovered as per formula of Target Revenue given in SSA"

Practice adopted by other Sectoral Regulators

We have reviewed the tariff orders issued by CENTRAL ELECTRICITY REGULATORY COMMISSION (CERC) and found that CERC allows actual cost of debt in the regulatory framework. For quick reference extract from tariff order w.r.t. Petition for truing-up of tariff for the period 2014-19 and for determination of tariff for the period 2019-24 in respect of 262.5 MW gross capacity sale from Kamalanga Thermal Power Plant of GMR-Kamalanga Energy Limited (1050 MW) to GRIDCO is as follows: -

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized

vi) The weighted average rate of interest on the loan has been arrived at after rectifying the computational error in Form-13. Accordingly, the WAROI has been calculated as 12.708% in 2014-15,12.222% in 2015-16,12.470% in 2016- 17, 11.875% in 2017-18 and 12.483% in 2018-19.

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross opening loan (A)	356447.79	382205.89	389569.93	392989.78	393487.87
Cumulative repayment of loan up to previous year (B)	12307.60	38799.68	66491.25	94594.03	122757.57
Net Loan Opening C= (A-B)	344140.19	343406.21	323078.67	298395.75	270730.30
Addition due to additional capital expenditure (D)	25758.10	7364.03	3419.85	498.10	497.68
Repayment of loan during the year (E)	26495.66	27709.32	28107.94	28253.83	28282.83
Less: Repayment adjustment on account of de-capitalization (F)	3.58	17.75	5.16	90.29	138.61
Net Repayment of loan during the year (G=E-F)	26492.08	27691.57	28102.78	28163.54	28144.22
Net Loan Closing (H= C+D-G)	343406.21	323078.67	298395.75	270730.30	243083.76
Average Loan (I= (C+H)/2)	343773.20	333242.44	310737.21	284563.02	256907.03
Weighted Average Rate of Interest of loan (J)	12.708%	12.222%	12.470%	11.875%	12.483%
Interest on Loan (K= I*J)	**43687.86**	**40728.81**	**38748.49**	**33791.62**	**32068.97**

CERC tariff order for Udupi Thermal Power Plant (1200 MW).

82. The Petitioner, vide ROP dated 25.5.2021 was directed to submit the 'statement showing changes in the rate of interest corresponding to each loan, if any, from 1.4.2014 till 31.3.2019; along with documentary evidence in respect of interest rates considered for the calculation of weighted average rate of interest in Form-13'. In response, the Petitioner has submitted the details of actual rate of interest charged by various banks corresponding to each loan as per its Books of Accounts along with the Statutory Auditor Certificate

as submitted vide its affidavit dated 18.1.2021, as a and 11.200% in 2018-19 as claimed by the Petitioner has been considered for the purpose of tariff. documentary evidence. Hence, the Weighted Average Rate of Interest (WAROI) of 14.448% in 2014-15, 12.780% in 2015-16, 11.133% in 2016-17, 11.292% in 2017-18

Thus, it is requested that the actual cost of debt as submitted in MYTP and which is also followed by other regulatory commissions as efficient cost, should be used for computation of WACC."

Other Stakeholders' comments

4.8.28 APAO's comments with regards to Cost of Debt at 10.3% is as follows:

"The Authority has to consider the fact that the loans obtained by MIAL during the covid period where the entire travel & leisure industry was adversely impacted. The Authority has not provided any reasoning with regard on this specific matter in the consultation paper for not considering the covid related impacts and resultant downgrade in ratings. The Authority's reasoning is based only of its analysis of MCLR rates which clearly shows the unfairness of the Authority. We request the Authority to therefore kindly consider the actual cost of debt rather than artificially capping the same at 10.3%."

4.8.29 IATA's comment with regards to Fair Rate of Return is as follows:

"While we are supportive of AERA's proposal on the cost of debt, we would like to reiterate our objection as to how the cost of equity is being calculated. As evidenced in the entire chapter, both costs and revenues are being trued up, which eliminates the risks borne by MIAL. This has to be reflected in a much lower return on equity allowance. This point is further elaborated in our comments on WACC for the Fourth Control period."

MIAL's response to Stakeholders' Comments on True Up of Fair Rate of Return for the Third Control Period

4.8.30 MIAL acknowledged the response from APAO's on capping of Cost of Debt and responds as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

4.8.31 MIAL's response to IATA's comment on Fair Rate of Return is as follows:

"It seems that IATA may not have fully reviewed the Consultation Paper and might have some pre-existing assumptions about the regulatory guidelines. The true-up process primarily addresses variances in costs considered as efficient by the Authority. The Authority has not provided true-up for all costs as evident from the various disallowances made by the Authority in the subject CP. Further bad debts on account of non-payment of airport dues by airlines are not realized as revenues by MIAL and same are also not allowed as part of O&M expenses by the Authority. Hence IATA's assertion that costs and revenues are being trued up is not correct. Furthermore, MIAL faces other operational, regulatory, and market risks that justify a reasonable return on equity.

The Authority has allowed the cost of equity at 15.13% as per IIM-Bangalore study against MIAL proposal of 18.30%. IATA's comment to rationalize the cost of equity is already taken into account by the Authority.

Further, kindly refer para 4.8.27,4.9.119, 7.3.2 and 7.3.3 of MIAL's comments to CP on Cost of Equity and Cost of Debt respectively."

Authority's Analysis on Stakeholders' Comments on True Up of Fair Rate of Return for the Third Control Period

4.8.32 The Authority has examined MIAL's submission (Refer Para 4.8.27) and draws reference to its detailed analysis in Para 4.8.19 to Para 4.8.25 of this Tariff Order. MIAL initially availed debt at a lower cost from SBI (MCLR + 1.80% spread), which was later replaced with higher-cost borrowings, including an Intercompany Deposit from Adani Airport Holdings Limited, a related party. It is noted that at the time of tariff determination for the Third Control Period, the Authority had decided to consider cost of debt of 10.30% (as submitted by MIAL) to be trued up subject the cap of 10.30%.

The Authority further notes MIAL's comments on the non-consideration of covid related impact and resultant adverse credit rating of MIAL in the Third Control Period. In addition to the views already mentioned above, the Authority would like to add that the External Credit Rating of the Airport deteriorated only for a short period within the Third Control Period, and further, more than expected equity infusion in NMIA and delays in real estate monetization were also the reasons for the deterioration in credit rating. The relevant extract from the credit rating report, as submitted by MIAL as part of comments, is given below:

"...The ratings reflect MIAL's exposure to risks associated with construction of a greenfield airport at Navi Mumbai and weakened liquidity on account of delay in real estate monetisation. These weaknesses are partially offset by the company's strong market position as the developer and operator of Chhatrapati Shivaji Maharaj International Airport, Mumbai, and regulated returns from aeronautical (aero) revenue..." Therefore, the increase in spread for this short period cannot be considered for determining the Cost of Debt for the entire 5 year Control Period..."

Further, the outlook for the aviation sector was adverse on account of the pandemic, and this was a universal phenomenon across the sector. It is further noted here that the Credit Rating of comparable airport DIAL was never below A during the same period, despite facing similar sectoral challenges.

The Authority expects that the Airport operators would strive to be more efficient in their fund-raising endeavors rather than taking comfort from the true up option available to them considering the actual cost of debt.

With regard to the Hon'ble TDSAT judgement, the views of the Authority are mentioned under para 1.14.1.

The Authority notes the reference to the Central Electricity Regulatory Commission practices of allowance of actual cost of debt in tariff determinations. However, it is important to recognize that the regulatory frameworks and operational dynamics of the electricity sector differ significantly from those of the aviation sector. While the practices of other sectoral regulators are noted, the Authority maintains that its current approach to determining the cost of debt within the WACC framework is appropriate, consistent, and serves the objectives of equitable and efficient economic regulation in the aviation sector.

Considering the above, the Authority, as already explained at the Consultation Stage, decides to restrict the Efficient Cost of Debt to 10.30% as allowed by the Authority in the Tariff Order for the Third Control Period.

4.8.33 The Authority notes the comments of APAO (Refer Para 4.8.28) regarding the cost of debt and the counter comment by MIAL (Refer Para 4.8.30) in this regard. The views of the Authority are mentioned under para 4.8.32 above.

4.8.34 The Authority acknowledges the comments of IATA (Refer Para 4.8.29) with regard to the Cost of Debt, which has been further elaborated in para 7.5.2. Also the counter comments of MIAL (Refer Para 4.8.31) in this regard is noted. The Authority's view regarding the Cost of Equity has been presented in Para 7.5.1.

4.8.35 Accordingly, the Authority decides to consider the True up of Cost of Debt at 10.30%, Cost of Equity at 15.13% and the resultant FRoR at 12.81% for the Third Control Period as considered at the Consultation Stage.

4.9 True Up of Operating Expenses

MIAL's Submission on True Up of Operating Expenses for the Third Control Period in MYTP for the Fourth Control Period

4.9.1 MIAL has submitted the O&M expenses for the true-up of the Third Control Period based on actuals incurred during the period.

4.9.2 The component wise breakup of Operating and Maintenance expenditure submitted by MIAL for the Third Control Period is as follows:

Table 102: O&M expenses submitted by MIAL for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total	(+) / (-) % as per MIAL's submission from the 3rd Control Period Tariff Order
Employee Cost	217.68	220.79	168.02	146.12	159.37	**911.98**	18.39%
Utilities Expenses	120.95	63.53	73.40	108.40	132.75	**499.03**	15.44%
Repair & Maintenance Expenses	179.53	127.17	164.41	205.41	180.29	**856.81**	-24.06%
Rent, Rates and Taxes	45.97	43.84	48.05	53.88	57.25	**248.99**	27.88%
Advertisement Expenses	5.17	2.28	3.06	8.17	3.58	**22.26**	10.96%
Administrative Expenses	78.80	59.33	23.87	41.79	59.82	**263.60**	32.33%
AOA Fees	10.53	8.81	-	-	-	**19.34**	62.32%
Insurance Expenses	9.15	15.54	15.13	16.05	17.83	**73.70**	-85.83%
Consumption of Stores	8.63	5.12	9.05	20.41	17.47	**60.68**	-44.34%
Operating Expenditure	159.30	150.12	127.61	161.58	174.71	**773.32**	5.83%
Interest on Working Capital	24.98	28.00	27.23	17.50	17.50	**115.21**	
Financing Charges	24.74	14.98	162.64	38.93	27.77	**269.06**	-169.06%
Runway Recarpeting along with Carrying Cost on Unamortised Portion	52.32	56.21	51.13	45.92	29.51	**235.10**	1.86%
Corporate Cost Allocation	-	-	91.47	100.10	76.00	**267.57**	

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total	(+) / (-) % as per MIAL's submission from the 3rd Control Period Tariff Order
Provision for Bad Debts	6.08	36.39	3.24	15.09	0.43	**61.23**	
Bad Debts Written Off	1.41	-	10.66	19.46	0.71	**32.24**	
Loss on Scrapping of Asset	2.35	-0.03	-	-	-	**2.32**	
Collection Charges over DF	2.96	2.75	0.41	5.52	5.77	**17.41**	
CSR Cost	0.48	0.04	-	-	-	**0.52**	
Exchange Gain and Loss	0.03	0.12	-	0.37	-0.14	**0.38**	
CWIP - Written Off	-	-	8.65	-	-	**8.65**	
Investment Written Off	-	-	0.06	-	-	**0.06**	
Total	**951.06**	**834.99**	**988.09**	**1,004.70**	**960.63**	**4,739.46**	**-6.23%**

4.9.3 MIAL has stated that it was able to achieve savings in various heads of O&M like Employee Expenses, Utilities, Rates and Taxes, Advertisement, Administrative Expenses and Operating expenses over the cost approved by the Authority in the Third Control Period. However there has been an increase in expenses for some heads of expenditure as well, like Repairs and Maintenance, Insurance, Working Capital, and Financing Charges, for which MIAL has provided reasons as detailed below:

Reasons for increase in various heads of expenditure as per MIAL:

Corporate allocation costs from AEL and AAHL resulting in higher Administration Costs

4.9.4 Adani Enterprises Ltd (AEL), through its subsidiary Adani Airport Holdings Ltd (AAHL), acquired Mumbai International Airport Ltd (MIAL) in July 2021, adding MIAL to its portfolio of eight airports, including Navi Mumbai International Airport and six others. AEL is the flagship company of the Adani Group, promoting various sectors such as airports, power, renewable energy, and logistics. AEL and AAHL have centralized strategic functions, including finance, legal, procurement, and human resource management, providing corporate support services across Adani Group companies, including airports. These services are essential for efficient airport operations and are provided on a cost-to-cost basis, without a markup, to avoid duplication of expenses at each airport.

4.9.5 MIAL, after its acquisition by Adani, discontinued payments for services previously made to GVK Power and Infra Ltd and ACSA, resulting in cost savings. The cost allocation to MIAL by AEL and AAHL is consistent with other Adani airports and has been accepted by the Authority for airports like Ahmedabad, Mangalore, and Lucknow.

4.9.6 Hon'ble TDSAT directed the Authority to include corporate costs in MIAL's operating expenses, following an appeal by MIAL after these costs were excluded during the Third Control Period tariff determination process. The judgment requires the Authority to allow the true-up of these costs in the final tariff determination (Fourth Control Period).

Repair and Maintenance Costs

4.9.7 The Authority, in its Third Control Period projection, approved repair and maintenance (R&M) costs based on 1.1% of the opening gross block for a given year. However, an error was made in calculating R&M expenses, as the Authority used only the aeronautical gross block rather than the total gross block. This led to an underestimation of the actual R&M costs for MIAL.

4.9.8 The closing gross block for FY 2018-19 was Rs. 15,046.88 Crores, as confirmed in the Authority's independent study. MIAL has further stated that, the R&M expenses should have been computed on the total gross block of assets, and then the portion pertaining to aeronautical expense should have been worked out on that base.

4.9.9 MIAL used to incur AMC costs for security equipment, which were reimbursed by NASFT. However, NASFT revised its list of allowable expenditures in January 2021, excluding AMC/CAMC for security equipment. As a result, MIAL has not been reimbursed for these expenses since July 2019. Hence, this cost has been considered as R&M by MIAL.

4.9.10 Despite these issues, MIAL's total actual R&M expenses for the Third Control Period were Rs. 856.81 Cr, which is lower than the projected amount and also well below the 6% of opening RAB, a benchmark often used in the recent Authority's tariff orders.

Increase in costs related to Financing Charges

4.9.11 During the tariff determination process for the Third Control Period, the Authority approved financing costs based on the average yearly costs incurred in the Second Control Period. These financing charges encompass recurring costs such as upfront fees, arranger fees for banks, bank guarantee commissions, and other bank charges.

4.9.12 In November 2020, MIAL requested the Authority to approve a one-time restructuring/refinancing cost of Rs. 55 Cr, based on preliminary estimates. Due to a significant reduction in revenue and a liquidity crisis, MIAL faced challenges in fulfilling its debt obligations, leading to a request for loan restructuring as per RBI guidelines. In December 2020, MIAL's credit rating was downgraded from C to D (default).

4.9.13 In this challenging economic environment, MIAL decided to refinance its existing loans with long-term bonds, but due to financial instability and uncertainty caused by the COVID pandemic, it could not raise funds. In July 2021, MIAL, with support from AAHL and AEL, refinanced its debt through a short-term bridge-to-bond facility, incurring one-time financing charges of Rs. 158 Crs.

4.9.14 Although MIAL initially requested a one-time restructuring cost of Rs. 55 Cr, this amount was lower than the actual costs incurred. Given the circumstances that necessitated the refinancing for the airport's survival, MIAL seeks to have these one-time costs recognized as allowable financing charges. Furthermore, Hon'ble TDSAT's judgment on October 6, 2023, directed the Authority to include these financing charges in MIAL's operating expenses and to allow true-up in the final tariff determination for the Fourth Control Period.

Interest on Working Capital

4.9.15 During the tariff determination of the Third Control Period, the Authority noted that if working capital was needed, it would be reviewed in the Fourth Control Period based on actual costs and justification. MIAL had historically incurred working capital interest of Rs. 71.42 crores during the Second Control Period, which was approved by the Authority. The need for working capital became more crucial during the pandemic-induced liquidity crunch.

4.9.16 At the start of the Third Control Period, MIAL had a cash credit/working capital limit of up to Rs. 330 crores, with average utilization ranging from Rs. 180 to Rs. 200 crores. Interest payments of Rs. 17.56 crores and Rs. 17.76 crores were made in FY 2019-20 and FY 2020-21, respectively. Hon'ble TDSAT, in its October 6th, 2023 Judgment, directed the Authority to include MIAL's working capital interest during the Third Control Period in operating expenses and true it up in the First Control Period.

4.9.17 In July 2021, MIAL refinanced its existing debt, including Rs. 180 crores in outstanding working capital debt, with a short-term bridge-to-bond facility. The new facility included 11% Non-Convertible Debentures and term loans with an effective interest rate of 11%, replacing the previous working capital facility.

4.9.18 MIAL paid Rs. 3.77 crores in interest on working capital debt until July 2021. For FY 2021-22, FY 2022-23, and FY 2023-24, the interest on working capital is estimated at Rs. 17.5 crores annually, based on historical usage and average utilization of Rs. 180 crores. This amount is accounted for when calculating the FRoR by adjusting the total interest cost and outstanding debt.

Insurance Expenses

4.9.19 As per OMDA provisions, MIAL is required to maintain various insurance policies covering aspects like physical loss, business interruption, and employee insurance. The Authority had approved insurance costs for the Third Control Period.

4.9.20 There was a significant rise in insurance expenses in FY 2019-20 and FY 2020-21 due to factors like increased insurance rates by reinsurers, reinstatement of asset values, and higher premiums for the Industrial All Risk Policy, particularly due to COVID-19.

4.9.21 Since these insurance expenses are mandatory and determined by insurance companies regulated by IRDAI, they are beyond MIAL's control. MIAL has requested the Authority to consider the actual insurance costs incurred during the Third Control Period.

4.9.22 Hon'ble TDSAT, in its October 6, 2023, judgment, directed the Authority to include the actual insurance expenses incurred by MIAL during the Third Control Period as part of operating expenses, with a true-up to be given in the tariff determination for the Fourth Control Period.

Aeronautical Allocation of Operating Expenses as submitted by MIAL:

4.9.23 Expenses have been allocated by MIAL based on an independent study of Operation and Maintenance expenses of the Second Control Period during tariff determination of the Third Control Period. The principles determining the segregation of Operation and Maintenance costs in Aeronautical and Non-Aeronautical expenses for the purpose of tariff determination is discussed below. The process of segregation broadly involved the following steps:

4.9.24 As per the independent study, segregation of various costs into Aeronautical, Non-Aeronautical and Common were done based on review of the cost centers.

4.9.25 Methodology for allocation of common cost is as below:

(i) Common costs related to Terminal operations are apportioned between Aeronautical and Non-Aeronautical activities based on the weighted average terminal floor space ratio.

(ii) Corporate Overheads (Costs incurred outside the Terminal Building) are apportioned between Aeronautical & Non-Aeronautical activities based on the adjusted gross fixed assets ratio.

4.9.26 Based on the above-mentioned segregation logic as per the independent study, aeronautical allocation percentages of various expenses of the Third Control Period using above allocation principles is given below:

Table 103: Comparison of Costs Centers being used by MIAL for segregation purposes

Cost Centre	Description	Classification for regulatory purposes	Cost Driver for Segregation of common expenses
Aeronautical Common	For cost common to Aeronautical activities	Aeronautical	100% Aero
Airport Common	For costs common to Aeronautical and Non-Aeronautical Activities	Common	Weighted average terminal floor area ratio of the terminal 87.43%
Non-Aeronautical Common	For costs common to Non-aeronautical Activities	Non-aeronautical	0% Aero
Corporate Overheads	For allocation of corporate overheads applicable at the entity level	Common	83.40% (Gross Aeronautical fixed assets ratio of closing gross block of FY24)

4.9.27 Basis on the above-mentioned allocation method, the aeronautical operation and maintenance percentages allocated by MIAL for each cost head is as follows:

Table 104: Aeronautical allocation ratios of O&M expenses submitted by MIAL in the Third Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	As Applied by the Authority in the 3rd Control Period
Employee Cost	89.69%	89.43%	88.07%	88.41%	88.41%	86.50%
Utilities Expenses	99.04%	98.60%	98.18%	98.85%	98.85%	98.60%
Repair & Maintenance Expense	93.56%	98.94%	93.27%	96.83%	95.82%	86.90%
Rents, Rates & Taxes	91.22%	91.18%	90.95%	84.80%	94.26%	81.90%
Advertisement Expense	92.53%	95.15%	89.21%	83.90%	86.48%	91.40%
Administrative Expenses	76.07%	83.08%	78.78%	82.57%	82.57%	77.50%
AOA Fees	83.40%	83.40%	0.00%	0.00%	0.00%	82.60%
Insurance Expense	83.40%	83.40%	83.40%	83.40%	83.40%	82.60%
Consumable Stores	87.90%	87.95%	87.72%	87.43%	87.30%	93.70%
Operating Cost	87.40%	87.11%	91.00%	90.91%	98.90%	91.20%
Bad Debts Written Off	100.00%	0.00%	61.18%	0.00%	0.00%	
Working Capital Interest	83.40%	83.40%	83.40%	83.40%	83.40%	82.60%
Financing Charges	83.40%	83.40%	83.40%	83.40%	83.40%	78.30%
Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Carrying Cost on Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%	
Corporate Cost Allocation	89.69%	89.43%	88.07%	88.41%	88.41%	

4.9.28 Aeronautical Portion of various expenses of the Third Control Period using the above allocation principles is given below:

Table 105: Aeronautical O&M expenses submitted by MIAL for the true-up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	195.23	197.46	147.98	129.19	140.90	**810.75**
Utilities (net of recoveries)	119.78	62.64	72.07	107.15	131.23	**492.87**
Repair & Maintenance Expenses	167.97	125.82	153.34	198.89	172.76	**818.78**
Rent, Rate and Taxes	41.93	39.97	43.70	45.69	53.97	**225.27**
Advertisement Expenses	4.78	2.17	2.73	6.85	3.10	**19.63**
Administrative Expenses	59.94	49.29	18.81	34.51	49.39	**211.93**
AOA Fees	8.78	7.35	-	-	-	**16.13**
Insurance Expenses	7.63	12.96	12.62	13.39	14.87	**61.47**
Consumption of store	7.59	4.50	7.94	17.85	15.25	**53.12**
Operating Expenditure	139.23	130.78	116.13	146.89	172.79	**705.82**
Interest on Working Capital	20.83	23.35	22.71	14.60	14.60	**96.09**
Financing Charges	20.63	12.49	135.64	32.47	23.16	**224.40**
Runway Recarpeting along with carrying cost on unamortised portion	52.32	56.21	51.13	45.92	29.51	**235.10**
Corporate Cost Allocation	-	-	80.56	88.50	67.19	**236.25**
Provision for Bad Debts	-	-	-	-	-	-
Bad debts written off	1.41	-	6.52	-	-	**7.93**
Loss on scrapping of Asset	-	-	-	-	-	-
Collection charges over DF	-	-	-	-	-	-
CSR cost	-	-	-	-	-	-
Exchange gain and loss	0.03	-	-	-	-	**0.03**
CWIP - Written off	-	-	-	-	-	-
Investment written off	-	-	-	-	-	-
Total	**848.08**	**724.99**	**871.87**	**881.89**	**888.72**	**4,215.56**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.9.29 In the tariff determination of the Third Control Period order, *"The Authority decides to true up operating and maintenance expenditure for the current control period, at the time of tariff determination for the next control period, after evaluation of the reasonableness and efficiency of the costs incurred."*

4.9.30 The Authority has considered the following Aeronautical Operating Expenses at the time of tariff determination for the Third Control Period.

Table 106: Aeronautical Operating and Maintenance Expenditure decided by the Authority during the tariff determination of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	201.73	201.73	218.89	237.50	257.70	1,117.55
Utilities Expenses	147.30	92.14	79.38	128.83	142.48	590.12
Repair & Maintenance Expense	128.19	133.06	139.52	143.82	146.04	690.62
Rents, Rates & Taxes	46.26	46.92	76.41	87.40	88.28	345.27
Advertisement Expense	5.00	5.00	5.00	5.00	5.00	25.00
Administrative Expenses	83.10	68.22	73.80	79.40	85.02	389.54
AOA Fees	9.88	10.07	10.26	10.46	10.66	51.34
Insurance Expense	4.58	8.19	8.56	8.96	9.37	39.64
Consumption and Store Expenses	6.34	7.11	8.13	10.00	10.46	42.03
Operating Expenditure	149.72	156.65	163.90	171.49	179.43	821.20
Financing Charges	20.00	20.00	20.00	20.00	20.00	100.00
VRS Expenses	1.47		-	-	-	1.47

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Collection Charges over DF	2.72	2.72	2.72	-	-	8.16
Works claimed by MIAL as part of Operational Capex allowed as Opex	13.74	59.45	59.45	59.45	47.46	239.55
Total Aeronautical Opex	**820.03**	**811.25**	**866.01**	**962.31**	**1,001.89**	**4,461.49**

4.9.31 The Authority had decided to True up the Aeronautical Operating and Maintenance Expenditure for the Third Control Period, at the time of determination of tariff for the Fourth Control Period, after evaluation of the reasonableness and efficiency of the costs incurred.

Authority's Examination and Proposal regarding the True Up of Operating and Maintenance Expenditure for the Third Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

4.9.32 As part of the true-up exercise, the Authority had reviewed the O&M expenditure by undertaking the following steps:

(i) Obtaining a party-wise / ledger-wise breakup and other internal records of expenses to assess the composition of costs.
(ii) Reconciling the expenses with the financial statements audited, wherever possible.
(iii) Examining the reasons for variances between the costs submitted by MIAL for true-up and those approved by the Authority in the Third Control Period.

The Authority had examined the expenditure component wise, which is discussed below:

Employee Costs:

4.9.33 The Authority noted that the employee cost includes salaries, wages, social security benefits, bonus, perquisites (such as medical reimbursement), gratuity paid to employees and fees paid to retainers.

4.9.34 The employee count of MIAL and the comparison of costs submitted by MIAL for true-up and as approved by the Authority in the Third Control Period is given in Table 107:

Table 107: Employee Count as submitted by MIAL for True up of the Third Control Period

Name of the Department (Employee Count)	Classification	FY20	FY21	FY22	FY23	FY24
Land Management and Slum Rehabilitation	Common	10	9	11	6	4
CSD	Non-Aero	-	-	-	10	16
Project Operations	Aero	93	80	23	39	35
CEO/MD Office	Common	10	9	6	8	6
Operations Procurement	Aero	24	30	14	19	15
Finance and Accounts	Common	45	47	31	38	34
Information Technology	Common	21	21	14	12	12
Terminal Operations	Aero	71	70	71	71	65
Administration	Common	13	13	6	7	6
Guest Relations	Common	28	26	21	18	16
Jaya He	Aero	6	4	4	2	2
Security	Aero	361	364	339	376	356
Landside Operations	Aero	15	13	11	10	9
Commercial	Non-Aero	12	13	19	28	27
Legal	Common	8	6	6	7	7
Human Resources	Common	16	17	8	10	13

Name of the Department (Employee Count)	Classification	FY20	FY21	FY22	FY23	FY24
Aero Commercial	Aero	9	5	3	3	3
Horticulture	Aero	11	11	8	6	6
Aerodrome Rescue & Fire Fighting	Aero	162	159	152	156	176
Airport Operations Services	Aero	34	35	30	38	35
Airside & Ground Maintenance	Aero	12	11	11	11	10
Airside Operations	Aero	9	8	6	4	3
Airside Safety	Aero	44	45	37	43	45
Baggage Operations	Aero	26	26	25	25	26
Engg & Maint	Aero	65	76	65	75	77
Environment	Aero	4	3	1	2	3
Facilities	Common	28	28	24	23	19
Health &Safety	Aero	5	4	3	5	5
Joint Control Centre	Aero	5	5	5	5	5
Quality and Customer Care	Aero	92	89	65	52	44
Medical Services	Aero	3	3	3	3	3
Corporate Communication	Common	8	7	2	3	4
Corporate Relations	Common	4	5	3	1	1
Corporate Aviation Terminal	Aero	16	16	14	12	10
Cargo	Non-Aero	8	9	7	7	7
Air Transport Services	Aero	-	-	-	-	-
Regulatory	Aero	6	2	-	-	-
Chairman's Office	Common	5	5	-	-	-
Airport Services	Non-Aero	38	33	25	18	-
Urban Planning	Common	25	18	-	-	-
Total		**1,352**	**1,325**	**1,073**	**1,153**	**1,105**

Table 108 : Comparison of Employee Cost as submitted by MIAL for true-up and as approved by the Authority in the Third Control Period

(Rs. in crores)

Employee Costs	FY 20	FY 21	FY 22	FY 23	FY 24	Total
As submitted by MIAL (a)	217.68	220.79	168.02	146.12	159.37	**911.98**
As approved in the Third Control Period Order (b)	201.73	201.73	218.89	237.50	257.70	**1,117.55**
Difference (b-a)	(15.95)	(19.06)	50.87	91.38	98.33	**205.57**

4.9.35 The Authority noted that the cost incurred by MIAL is lower than the cost approved in the Third Control Period, since MIAL has stated that many of the administrative functions are being outsourced from AEL and AAHL and included as part of the Corporate Costs.

Table 109: Average Employee Cost as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Average Employee Cost	0.16	0.17	0.16	0.13	0.14

4.9.36 The Authority observed that the average employee headcount had decreased, and the average employee cost had reduced initially and thereafter sustained during the Third Control Period. Accordingly, the Authority considers the employee cost of Rs. 911.98 crores as mentioned in Table 108 for the purpose of the true up of the Third Control Period.

Utilities Expenses:

4.9.37 The Authority reviewed MIAL's submission regarding utility expenses for the Third Control Period. It was observed that utility expenses comprise electricity, water, and fuel charges, primarily related to lighting, HVAC systems, and other airport equipment. These expenses also include utility costs incurred by non-aeronautical concessionaires, such as retail outlets, food shops, beverage stores, and cargo operations. For cost computation purposes, MIAL had adjusted the utility consumption attributed to these non-aeronautical concessionaires.

4.9.38 The Authority reviewed the utility costs submitted by MIAL for the true-up of the Third Control Period, along with the costs approved in the Third Control Period Order. The Authority had analyzed the average consumption, average rates, and net recovery from concessionaires as provided by MIAL in the table below:

Table 110: Electricity Cost as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Gross Consumption (KwH)	A	16.19	9.93	12.06	15.15	16.43	69.76
Recoveries (KwH)	B	5.09	2.67	3.77	4.86	5.42	21.81
Net Consumption (KwH)	C=A-B	11.1	7.26	8.29	10.29	11.01	47.95
Rate per KwH	D	11.33	8.98	8.68	10.17	11.58	
Gross Amount	**E=C*D**	**125.82**	**65.15**	**71.94**	**104.68**	**127.48**	**495.07**
Other Credit and Recoveries	F	12.41	6.44	5.7	4.68	4.91	34.14
Net Amount	**G=E-F**	**113.41**	**58.71**	**66.24**	**100**	**122.57**	**460.93**

Table 111: Water Cost as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Consumption (KL)	A	0.16	0.1	0.13	0.16	0.15	0.70
Recoveries (KL)	B	0.04	0.02	0.03	0.04	0.01	0.14
Net Consumption (KL)	C=A-B	0.12	0.08	0.1	0.13	0.14	0.56
Rate per KL	D	88.38	94.45	99.95	107.00	108.20	
Gross Amount	**E= C*D**	**10.49**	**7.32**	**10.02**	**13.58**	**14.72**	**56.12**
Savings due to recycled water	F	3.02	2.5	3.28	5.06	4.67	18.52
Net Amount	**G= E-F**	**7.47**	**4.82**	**6.74**	**8.52**	**10.05**	**37.60**

4.9.39 The comparison of cost submitted by MIAL for true-up and as approved by the Authority in the Third Control Period is given in the table below:

Table 112: Comparison of Utilities Expenses as submitted by MIAL for True up and as approved by the Authority for the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Electricity Cost	A	113.41	58.71	66.24	100.00	122.57	460.93
Water Cost	B	7.47	4.82	6.74	8.52	10.05	37.60
Fuel Cost	C	0.07	0.00	0.42	(0.12)	0.13	0.50
Utilities Cost as submitted by MIAL	**D = A+B+C**	**120.95**	**63.53**	**73.40**	**108.40**	**132.75**	**499.03**
Utilities Cost as approved in the Third Control Period Order	**E**	**147.30**	**92.14**	**79.38**	**128.83**	**142.48**	**590.12**
Difference	**F = E-D**	**26.35**	**28.61**	**5.98**	**20.43**	**9.73**	**91.09**

4.9.40 The Authority noted that the Utility charges (net of recoveries) incurred by MIAL in the Third Control Period are substantially lower than the charges approved by the Authority in the Third Control Period. Therefore, the Authority proposed to allow utility expenses of Rs. 499.03 Crores submitted by MIAL as per Table 112.

Repair and Maintenance Expenses

4.9.41 The Authority noted that repair and maintenance expenses include cost incurred towards repair and maintenance (including annual maintenance contracts) in nature of:

(i) Civil Works at the passenger, terminal, cargo areas, etc,
(ii) Electrical Works such as aerobridges, airside ground lighting, air conditioning equipment, power supply and degeneration sets, etc,
(iii) Plant and Machinery,
(iv) IT & Electronics,
(v) Vehicles,
(vi) Furniture's and Fixtures.

4.9.42 The Authority had reviewed the costs submitted by MIAL for the true-up of the Third Control Period and compared them with the costs approved in the Third Control Period Order.

Table 113: Comparison of Repairs and Maintenance Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Civil Works	62.50	22.18	27.28	25.82	13.45	151.22
Electrical Works	85.52	77.74	78.65	91.07	50.49	383.48
Plant & Machinery	8.32	4.93	13.50	59.76	67.49	154.00
IT & Electronics	21.53	21.18	43.73	22.12	35.06	143.63
Security Automation Expenses	-	-	-	2.54	5.03	7.57
Vehicles	1.16	1.00	1.12	3.35	0.32	6.95
Furniture's and Fixtures	0.49	0.13	0.13	0.75	0.37	1.88
Others	-	-	-	-	8.07	8.07
R&M Expenses as submitted by MIAL (a)	**179.53**	**127.17**	**164.41**	**205.41**	**180.29**	**856.81**
R&M Expenses as approved in the Third Control Period Order (b)	**128.19**	**133.06**	**139.52**	**143.82**	**146.04**	**690.62**
Difference (b-a)	**(51.34)**	**5.89**	**(24.89)**	**(61.59)**	**(34.25)**	**(166.19)**

4.9.43 The Authority noted that the cost incurred by MIAL is higher than the amount approved by the Authority in the Third Control Period by Rs. 166.19 Crores. This excess is attributed to a variance in the tariff order of the Third Control Period as stated by MIAL in para's from 4.9.7 and 4.9.8, which is explained with an example below:

Figure 3 – Repair and Maintenance Expenses – Comparison what was done in the Third Control Period Order to how it should have been done

What Was Done

- A • Sub-Total of Tangible Assets (FY19) = **14,162.78 crs**
- B • Aeronautical Assets % (FY 20) = **82.58%**
- C • Opening Gross of Aeronautical Fixed Assets (FY 20) (**A*B**) = **11,695.62 crs**
- D • % considered as repairs and maintenance expenses = **1.10%**
- E • R&M Expense (FY 20) (**C*D**) = **128.19 crs**
- F • Aeronautical R&M% = **86.91%**
- G • Aeronautical R&M Expense considered in O&M expense for TR calculation (FY 20) (**E*F**) = **111.41 crs**

What Should Have Been Done

- H • Total Tangible Assets * 1.10% (A*D) = **155.79 Crs**
- I Aero R&M Expense = 155.79 * 86.91% (H*F) = **135.40 Crs**

4.9.44 Apart from the above, R&M expenses has increased due to discontinuation of AMC costs for security equipment by NASFT.

4.9.45 It is further noted that R&M expenses incurred by MIAL is less than the benchmark 6% of opening RAB.

4.9.46 Accordingly, the Authority proposed to consider the cost of Rs 856.81 Crores submitted by MIAL as per Table 113 for the True up of Repair and Maintenance Expenses.

Rents, Rates and Taxes:

4.9.47 The Authority noted that the Rents, Rates and Taxes include rental paid for accommodating custom offices, guest house rentals, property taxes, non-agricultural tax, and other levies of similar nature.

4.9.48 The Authority had analyzed the cost submitted by MIAL for the True up of the Third Control Period and also compared it with the cost approved in the Third Control Period Order in the below table:

Table 114:Comparison of Rents, Rates and Taxes Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Rents	9.87	8.60	11.77	13.79	11.30	55.33
Other Rates and Taxes	0.12	0.09	0.02	-	-	0.23
Property Tax	15.18	16.74	17.28	0.35	25.78	75.33
Non-Agricultural Tax	20.80	18.41	18.98	39.74	20.17	118.11
Rent, Rates and Taxes as submitted by MIAL (a)	45.97	43.84	48.05	53.88	57.25	248.99
Rent, Rates and Taxes as approved in the Third Control Period Order (b)	46.26	46.92	76.41	87.41	88.28	345.26
Difference (b-a)	0.29	3.08	28.36	33.53	31.03	96.27

4.9.49 The Authority observed that the expense incurred by MIAL is lower than cost approved in the Third Control Period on account of the following:

(i) Increase in Agricultural Tax, which was originally estimated to increase 3 times once in every 5 years, was much lower due to the Covid-19 pandemic.

(ii) The increase in Property Tax, which was originally expected to be around 40%, was much lower due to the Covid-19 pandemic.

4.9.50 The Authority had also reviewed the few tax challan documents and found MIAL's submission satisfactory, therefore the Authority had decided to consider the cost of Rs 248.99 Crs as submitted for True up by MIAL for the Third Control Period as per Table 114.

Advertisement Expenses:

4.9.51 The Authority noted that advertisement expenses include expenses towards general advertisement, retention of a PR agency and surveys relating to customer satisfaction.

Table 115: Comparison between advertisement cost as submitted by MIAL for True up and as Approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
As submitted by MIAL (a)	5.17	2.28	3.06	8.17	3.58	22.26
As approved in the Third Control Period Order (b)	5.00	5.00	5.00	5.00	5.00	25.00
Difference (b-a)	(0.17)	2.72	1.94	(3.17)	1.42	2.74

4.9.52 The Authority had capped the Advertisement Expenses at Rs. 5 Crores/year in the Third Control Period Order and noted that the total expenses incurred by MIAL is lower than the amount approved in the Third Control Period Order. The Authority on its examination noted that:

(i) MIAL has exceeded the cap in FY 2019-20 by Rs. 0.17 Crores and by Rs. 3.17 Crores in FY 2022-23. The total expenditure is however within the overall cap for the Third Control Period.

4.9.53 Consequently, the Authority proposed considering the advertisement expenditure of Rs 22.26 Crores submitted for true-up by MIAL as per Table 115.

Administrative Expenses:

4.9.54 The Authority noted that the administrative expenses include legal fees, professional fees, travelling and lodging expenses, telephone expenses, business development, conveyance, printing & stationery, subscription / membership fees and hospitality expenses.

4.9.55 The Authority examined the Administrative Expenses submitted by MIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 116: Comparison between Administrative Expenses submitted by MIAL for True up and as approved by the Authority in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Miscellaneous Expenses	8.72	4.75	2.60	11.27	7.14	34.48
Travelling and Conveyance	4.84	3.76	1.87	2.02	1.70	14.19
Communication Expenses	1.15	1.30	0.96	1.51	0.79	5.71
Director's Sitting Fees	0.34	0.29	0.45	0.31	0.36	1.75
Donation	1.71	-	-	-	-	1.71
Professional Charges	47.23	29.33	5.26	4.96	23.70	110.48
Remuneration to Auditors	0.96	0.53	1.50	0.63	1.19	4.81

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Legal Expenses	13.85	19.37	11.23	21.09	24.94	90.48
Administrative Expenses as submitted by MIAL (a)	**78.80**	**59.33**	**23.87**	**41.79**	**59.82**	**263.60**
Administrative Expenses as approved in the Third Control Period Order (b)	**83.10**	**68.22**	**73.80**	**79.40**	**85.02**	**389.54**
Difference (b-a)	**4.30**	**8.89**	**49.93**	**37.61**	**25.20**	**125.94**

4.9.56 The Authority observed that MIAL has included donation expenses of Rs. 1.71 Crores as part of Administrative Expenses. However, since donations are not related to airport operations, the Authority proposed not to consider the same.

4.9.57 The Authority further noted that the Administrative Expenses submitted by MIAL for true-up is lower than the cost approved by the Authority for the Third Control Period by Rs. 125.94 Crores (32.33%), primarily due to variances in Travelling & Conveyance expenses (lower by Rs. 56 Crores) and Professional Fees (lower by Rs. 59 Crores) on account of Covid-19.

4.9.58 Accordingly, the Authority proposed to consider the costs of Rs 261.89 Crores for the true up of Administrative Expenses as per Table 117 for the Third Control Period, after excluding donation expenses of Rs 1.71 Crores.

Table 117: Administrative Expenses proposed by the Authority for True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Miscellaneous Expenses	8.72	4.75	2.60	11.27	7.14	34.48
Travelling and Conveyance	4.84	3.76	1.87	2.02	1.70	14.19
Communication Expenses	1.15	1.30	0.96	1.51	0.79	5.71
Director's Sitting Fees	0.34	0.29	0.45	0.31	0.36	1.75
Professional Charges	47.23	29.33	5.26	4.96	23.70	110.48
Remuneration to Auditors	0.96	0.53	1.50	0.63	1.19	4.81
Legal Expenses	13.85	19.37	11.23	21.09	24.94	90.48
Administrative Expenses	**77.09**	**59.33**	**23.87**	**41.79**	**59.82**	**261.89**

Airport Operator Fees:

4.9.59 In line with the requirements of OMDA, MIAL entered into an airport operator agreement with ACSA Global Limited on 28.04.2006 to leverage their expertise in airport operations as mentioned in the extract below:

Extract from Schedule 8 of OMDA:

"Form of Airport Operator Agreement (AOA)

The Joint Venture Company is required to enter into an AOA with the Airport Operator (AO), who is a member of the consortium (nominated if more than one AO are in the consortium) which contractually sets out the role, responsibilities, accountabilities and financial arrangements between the AO and the JVC."

"The term of the AOA must be for a minimum term of seven (7) years from the Effective Date of OMDA with any change of AO subject to the approval of the AAI."

4.9.60 MIAL had submitted the AOA Cost as part of true-up of the Third Control Period, and the same has been compared with the cost approved in the Third Control Period Order as per table below:

Table 118: Comparison of Airport Operator Fees as submitted by MIAL for true up and as approved in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
AOA Fees as submitted by MIAL (a)	10.53	8.81	-	-	-	**19.34**
AOA Fees as approved in the Third Control Period Order (b)	9.88	10.07	10.26	10.46	10.66	**51.34**
Difference (b-a)	(0.65)	1.26	10.26	10.46	10.66	**32.00**

4.9.61 MIAL had stated that, ***"Airport Operator Fee has been discontinued post the acquisition of MIAL by Adani Group."*** The Authority had noted that OMDA has permitted engaging a Airport operator for the first seven years from the commencement of the Airport (Refer the relevant extract from **OMDA** in para 4.9.59) and this has been consistently included in the operating costs in the previous controls periods. The Authority further noted that the Airport Operator Arrangement fees has been discontinued since FY 22 onwards.

4.9.62 Since the cost submitted by MIAL for true-up is as per the provisions of OMDA, the Authority proposed to consider it as a part of operating expenditure for true up.

Insurance Expenses:

4.9.63 The Authority noted that insurance expenses include premium paid for Mega Risk Policy, Airport Operator's Liability Policy and for Cyber Policy.

4.9.64 The Authority examined the Insurance Cost submitted by MIAL for the true up of the Third Control Period with the cost approved by the Authority in the Third Control Period Order in the table below:

Table 119: Comparison of Insurance Expenses as submitted by MIAL for True up and as approved in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Mega Risk Policy	7.73	12.97	10.49	10.92	11.78	53.89
Airport Operators Liability Insurance Policy	0.36	1.37	1.57	2.31	2.42	8.03
Cyber Crime Policy	0.25	0.61	0.99	2.33	2.37	6.55
Terrorism Premium Policy	0.23	0.38	0.33	0.46	0.57	1.97
Industry All Risk Policy	0.54	-	-	-	0.00	0.76
Vehicle Insurance Policy	0.11	0.02	0.02	0.11	0.24	0.44
Others	-	0.20	1.74	0.13	0.42	2.27
Insurance Expenses as submitted by MIAL (a)	**9.15**	**15.54**	**15.13**	**16.05**	**17.83**	**73.70**
Insurance Expenses as approved in the Third Control Period Order (b)	**4.58**	**8.19**	**8.56**	**8.96**	**9.37**	**39.64**
Difference (b-a)	**(4.57)**	**(7.35)**	**(6.57)**	**(7.09)**	**(8.46)**	**(34.06)**

4.9.65 The Authority had reviewed the insurance expenses incurred by MIAL during the Third Control Period and notes that the actual expenses totaled is higher than the cost approved in the Third Control Period Order by 34.06 Crores (85.92%).

4.9.66 MIAL was asked to submit detailed justifications for the variance, the summary of which is given below:

(i) Variance of approximately Rs. 27 Crores is primarily on account of a significant increase in insurance rates post-COVID, attributable to the heightened risk awareness and an increase in the frequency of claims globally.

(ii) Additionally, MIAL had introduced a new Cyber Crime Policy during FY 2022-23, incurring an insurance premium cost of Rs. 6.55 crores. This policy was implemented to address the growing threat of cyberattacks, which have increasingly targeted airports worldwide.

4.9.67 After examination, the Authority finds the explanations provided by MIAL to be satisfactory and proposed to consider the insurance costs of Rs 73.70 Crores submitted by MIAL as per Table 119 for the true-up for the Third Control Period.

Consumable Stores Expenses:

4.9.68 Consumable Store Expenses include expenses towards purchase and consumption of facility stores including engineering stores, cleaning chemicals and other consumables.

4.9.69 The Authority had analyzed the Consumable Store Expenses submitted by MIAL for True up of the Third Control Period with the cost approved in the Third Control Period Order as per the table below:

Table 120: Comparison of Consumable Stores Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Consumable Stores as submitted by MIAL (a)	8.63	5.12	9.05	20.41	17.47	60.68
Consumable Stores as approved in the Third Control Period Order (b)	6.34	7.11	8.13	10.00	10.46	42.03
Difference (b-a)	(2.29)	1.99	(0.92)	(10.41)	(7.01)	(18.65)

4.9.70 The Authority noted that the consumable expenses submitted by MIAL for true-up is approximately 44% higher than the expenses approved by the Authority in the Third Control Period, with majority of the variance observed in FY 2022-23 and FY 2023-24.

4.9.71 The Authority sought detailed justifications from MIAL for this variance. MIAL submitted that there is an increase due to a reclassification of certain expenses post takeover by the new management (Adani Group). Items such as gels, lubricants, and similar materials used for runway sweeping machines, fire alarm systems, and other equipment, which were previously classified as Repair and Maintenance Expenses, were reclassified to Consumable Store Expenses.

4.9.72 Considering the increase is on account of an accounting reclassification, and also reviewing the breakup provided by MIAL, the Authority found the explanation satisfactory, and proposed to consider MIAL's submission of Rs 60.68 Crores as per Table 120 for the true-up of consumable expenses for the Third Control Period.

Operating Contracts

4.9.73 The Authority analyzed MIAL's submission regarding Operating Contracts (which includes cleaning, security, horticulture, trolley, medical emergencies, etc.) for the True up of the Third Control Period with the cost approved in the Third Control Period Order as per the table below:

Table 121: Comparison of Operating Contract Expenses as submitted by MIAL for true up and as approved in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Security Contracts	21.43	18.47	14.45	0.04	-	**54.39**
Gardening Contracts	8.11	5.45	6.44	5.84	6.60	**32.44**
Cleaning Contracts	67.35	45.99	49.09	65.29	70.21	**297.94**
Trolley Contracts	15.25	8.46	8.77	12.12	13.80	**58.40**
Other Operating Contracts	47.16	71.75	48.86	78.29	84.10	**330.16**
Operating Contracts Cost as submitted by MIAL (a)	**159.30**	**150.12**	**127.61**	**161.58**	**174.71**	**773.32**
Operating Contracts Cost as approved in the Third Control Period Order (b)	**149.72**	**156.65**	**163.90**	**171.49**	**179.43**	**821.20**
Difference (b-a)	**(9.58)**	**6.53**	**36.29**	**9.91**	**4.72**	**47.88**

4.9.74 The Authority observed that MIAL has reclassified certain expenses, such as certain security, gardening and cleaning contracts, to the "Other Operating Contracts" category, particularly in FY 2023-24. It is observed that this is only an internal sub-category reclassification within the head "operating contracts".

4.9.75 The Authority noted that the Operating Contract Expense submitted by MIAL is lower than the cost approved in the Third Control Period Order by 47.88 Crores (5.83%), which MIAL submitted is because of lower expenditure incurred during the periods affected by the Covid-19 pandemic.

4.9.76 The Authority proposed to consider the cost of Rs 773.32 Crores as per Table 121 as submitted by MIAL for the True up of the Third Control Period.

Working Capital Interest:

4.9.77 The Authority had reviewed MIAL's submission regarding the True-up of Working Capital Interest for the Third Control Period.

4.9.78 It is noted that in the Third Control Period Order, the Authority did not allow any costs for Working Capital Interest, as MIAL had not included the same in its submissions at that time. However, MIAL had indicated that such costs might be required if the tariff was set at a lower rate. The Authority had concluded that this matter would be reviewed during the Fourth Control Period, based on the actual incurrence of costs and submission of proper justification.

4.9.79 The Authority observed that MIAL had a separate working capital loan during FY 2019-20, FY 2020-21, and part of FY 2021-22, for which interest was paid at a rate of 9.25%. Following the refinancing of its project loan through an External Commercial Borrowing (ECB) facility, MIAL surrendered this working capital facility in FY 2021-22.

4.9.80 The Authority noted MIAL's submission in its current MYTP,

"At the start of the Third Control Period, MIAL has cash/credit working capital limits of upto Rs. 330 Crores which it used for working capital purposes. The average utilization of these facilities varied with time depending on business requirements and average utilization was in the range of Rs. 180 to Rs. 200 Crores."

4.9.81 Thus, based on the above, MIAL had now submitted a working capital loan interest at a cost of Rs. 17.50 crores per year, for the remaining part of FY 2021-22, and the whole years of FY 2022-23, and FY 2023-24. This is worked out on a working capital loan of Rs. 180 crores at an implied interest rate of approximately 9.72% per annum.

4.9.82 Upon reviewing MIAL's financial statements, the Authority noted the need for a working capital facility for the last three financial years in the Third Control Period, as summarized in the table below:

Table 122: Working Capital Interest Requirement Computation by Authority for Analysis

(Rs. in crores)

Particulars	Ref	FY 22	FY 23	FY 24
Total Current Assets	a1	1,646.23	2,117.97	1,718.64
Cash & Equivalents	a2	581.64	467.19	508.90
Current Investments	a3	-	70.11	283.48
Net Current Assets	**A = a1-a2-a3**	**1,064.59**	**1,580.67**	**926.26**
Total Current Liabilities	b1	9,715.12	2,603.20	1,272.12
WC Loan / Short Term Borrowings	b2	8,493.00	800.05	-
Capital Creditors	b3	286.84	254.46	276.40
Interest Accrued but Not Due	b4	0.64	171.73	174.32
Net Current Liabilities	**B = b1-b2-b3-b4**	**934.64**	**1,376.96**	**821.40**
Net Working Capital Required	**C = A-B**	**129.95**	**203.71**	**104.85**

4.9.83 The Authority observed that the average working capital requirement for the three financial years (FY 22, FY 23 and FY 24) is approximately Rs. 150 Crores based on the figures reported as of the respective balance sheet dates as presented in the table above. However, it is recognized that the closing balance sheet figures may not accurately reflect the actual utilization of the working capital during the year, as they are derived from year end balances. Actual utilization may differ due to efforts typically undertaken at the year-end to minimize receivables, while interim requirements and delays in realization may result in higher working capital usage.

4.9.84 MIAL had currently claimed a notional working capital of around Rs. 180 Crores Y-o-Y. As highlighted in MIAL's submission (Refer para 4.9.80), the historically availed working capital facility has generally been within the same range as the amount currently requested by MIAL.

4.9.85 Consequently, the need for a Working Capital Loan has been established as per the above table and it is proposed to be approved by the Authority. The Authority had reviewed the basis of the working capital claimed by MIAL as summarized in the table below:

Table 123: Working Capital Loan and Interest as submitted by MIAL for the Third Control Period True up

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Working Capital Loan as submitted by MIAL	A	290.73	74.45	180.00	180.00	180.00	
Working Capital Loan Interest as submitted by MIAL	B	24.98	28.00	27.23	17.50	17.50	115.21

4.9.86 The Authority noted that the notional working capital interest claimed by MIAL is lower than the Cost of Debt with a cap of 10.30% approved in the Third Control Period Order. Accordingly, the Authority proposed to consider MIAL's submission of Rs 115.21 Crores as working capital interest for the True up of the Third Control Period.

Financing Charges:

4.9.87 The Authority had reviewed the submission by MIAL for the True up of Financing Charges for the Third Control Period and compared it with the cost approved in the Third Control Period order in the table below:

Table 124: Comparison between Financing Charges as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Financing Charges as submitted by MIAL (a)	24.74	14.98	162.64	38.93	27.77	**269.06**
Financing Charges as approved in the Third Control Period Order (b)	20.00	20.00	20.00	20.00	20.00	**100.00**
Difference (b-a)	(4.74)	5.02	(142.64)	(18.93)	(7.77)	**(169.06)**

4.9.88 The Authority observed that MIAL's submission for financing charges substantially exceed the costs approved in the Third Control Period order, primarily due to two refinancing charges incurred during the Third Control Period:

(i) an interim arrangement (Bridge-to-Bond Loan) in FY 2021-22 of Rs. 7,250 Crs.

(ii) a long-term (i.e., 7.25 years) ECB Loan in FY 2022-23 of Rs. 8,294 Crs. The financing charges for this ECB loan is being amortized over the loan period.

Table 125: Breakup of Financing Charges as submitted by MIAL for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Upfront Fees on Amortization of SBI Loan	A	16.01	6.78	54.34	-	-	**77.13**
One-time refinancing fee on short term loan	B	-	-	100.94	-	-	**100.94**
Amortization of One-time refinancing fee on ECB loan	C	-	-	-	18.81	12.17	**30.98**
DF Loan Charges		-	-	2.41	-	-	**2.41**
ADF Loan Advisory Fees – Barclays	D	-	-	-	11.35	12.30	**23.65**
Exchange Rate Differential on Financial Instruments	E	-	-	-	3.72	-	**3.72**
Bank Guarantee / Commission / Other Charges	F	8.73	8.20	4.94	5.05	3.30	**30.22**
Financing Charges as submitted by MIAL	**G = Sum (A:F)**	**24.74**	**14.98**	**162.64**	**38.93**	**27.77**	**269.06**

4.9.89 MIAL submitted the following details for refinancing charges incurred:

(i) MIAL paid re-financing charges of Rs 100.94 Crores for an interim bridge-to-bond loan. This was acquired partly as a Non-Convertible Debenture and partly as a Short-Term Loan at an interest rate of 11%. The arrangement was funded by lenders including Standard Chartered Bank, Aseem Infrastructure Finance Limited, Deutsche Bank AG, DB International (Asia) Limited, J.P. Morgan Securities India Pvt. Ltd., J.P. Morgan Securities Asia Pvt. Ltd., and Arka Fincap Limited. MIAL paid an upfront fee of 1.39%, increasing the effective cost of this borrowing to 11.16%.

(ii) Additionally, MIAL paid refinancing charges of Rs. 107.52 crores (being 1.70% of the ECB Loan of USD 75 million), which is being amortized over the tenure of the loan of 7.25 years starting July 2022.

4.9.90 The Authority noted that the bridge-to-bond refinancing arrangement was executed at a notably high cost, which is considered inefficient. While the Authority had allowed refinancing charges in cases where they lead to more efficient borrowing, this arrangement presents a high-cost structure. The total upfront charges (100.94 + 107.52 = Rs. 208.46 Crores) for the total borrowing, which comes to almost 3.28%, exceeds industry benchmarks. The upfront fee of Rs. 100.94 crore incurred in FY 2021-22 represents 11.74% of MIAL's total operating expenditure for the year, which is considered very high.

4.9.91 The Authority observed that financing costs in India typically range from 9.5% to 10.15%. By comparison, MIAL's refinancing charges during the Second Control Period (FY 2016-17) amounted to Rs. 50 Crores, which reflected a more cost-effective arrangement. Given the critical importance of financing efficiency for large projects, the Authority proposed to exclude the one-time refinancing fee of Rs. 100.94 crores, considering it inefficient.

4.9.92 The Authority further observed:

(i) The ADF Loan Advisory Fees of Rs. 23.65 crores (Ref 'd' in Table 125) pertain to assets funded through DF and cannot be included in the tariff computation.

(ii) The Exchange Rate Differential of Rs. 3.72 crores (Ref 'e' in Table 125) is a notional cost related to financial instruments, which is ultimately included in interest and finance costs upon settlement. Therefore, it cannot be considered under operating expenditure.

4.9.93 Based on the analysis, the Authority proposed considering Rs. 138.33 Crores out of the Rs. 269.06 Crores claimed by MIAL, as detailed in the table below:

Table 126: Financing Charges as proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Financing Charges	24.74	14.98	59.28	23.86	15.47	**138.33**

Runway Recarpeting and Carrying Cost of Runway Recarpeting

4.9.94 The Authority reviewed MIAL's submission regarding Runway Recarpeting Expenses, including the carrying cost, and compared it with the expenses approved in the Third Control Period Order.

4.9.95 It is further noted that in the Third Control Period Order, the Authority did not allow the inclusion of carrying costs for runway recarpeting, as the amortization of these expenses over five years was intended to ensure tariff stability, rather than to provide returns on such expenditures.

Table 127: Comparison of Runway Recarpeting Cost as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Runway Recarpeting as submitted by MIAL (a)	39.56	39.56	39.66	39.66	27.67	**186.11**
Runway Recarpeting as approved in 3rd CP Order (b)	13.74	59.45	59.45	59.45	47.46	**239.55**
Difference (b-a)	(25.82)	19.89	19.79	19.79	19.79	**53.44**

Table 128: Carrying Cost on Runway Recarpeting as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Carrying cost on runway recarpeting as submitted by MIAL (a)	12.76	16.65	11.48	6.27	1.84	**48.99**
Carrying cost on runway recarpeting as approved in the Third Control Period Order (b)	-	-	-	-	-	-
Difference (b-a)	(12.76)	(16.65)	(11.48)	(6.27)	(1.84)	**(48.99)**

4.9.96 The Authority observed that the actual runway recarpeting costs submitted by MIAL for the true-up of the Third Control Period are lower than those approved in the Third Control Period Order due to shifting of the completion dates. However, the Authority found that the overall cost incurred is in line with the industry benchmark and proposed to allow the cost of runway recarpeting as submitted by MIAL in Table 127.

4.9.97 Regarding the carrying cost for runway recarpeting, the Authority noted that MIAL has submitted this cost in line with the Hon'ble TDSAT Order (Refer para 1.8.1). The Authority, taking note of its decisions in other recent tariff orders, proposed to consider the carrying cost for the true-up of the Third Control Period,

4.9.98 The Authority further observed that the costs incurred for the recarpeting of Runway 14/32 and Runway 09/27 had been reclassified from Capital Expenditure (Refer Table 70) to Operating Expenditure, of which the amortization for recarpeting Runway 09/27 is already included in MIAL's submission for Operating Expenditure. The Authority proposed to consider the amortization of Runway 14/32 of Rs. 114.68 Crores over a period of 5 years starting from FY 2023-24 with carrying cost based on the FRoR of 12.81% (Refer 4.8.25).

Table 129: Runway Recarpeting and Carrying Cost on Runway Recarpeting as proposed by the Authority for True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Runway Recarpeting	39.56	39.68	40.44	40.44	51.46	**211.59**
Carrying cost on runway recarpeting	12.44	16.23	11.38	6.45	7.93	**54.44**

Table 130: Carrying Cost on Runway Recarpeting computation by the Authority at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening unamortized amount	47.94	146.27	107.17	70.55	30.11	
Add: Addition	137.89	0.58	3.83	-	115.02	

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Less: Amortized During the year	39.56	39.68	40.44	40.44	51.46	
Closing unamortized amount	146.27	107.17	70.55	30.11	93.66	
Average unamortized amount (a)	97.10	126.72	88.86	50.33	61.89	
FRoR (b)	**12.81%**	**12.81%**	**12.81%**	**12.81%**	**12.81%**	
Carrying cost on runway recarpeting (c = a*b)	12.44	16.23	11.38	6.45	7.93	**54.44**

4.9.99 Based on the above, the Authority proposed to allow Runway Recarpeting cost and carrying cost on runway recarpeting as per Table 129 above.

Corporate Cost:

4.9.100 The Authority noted that MIAL submitted Corporate Cost of Rs. 338.39 Crores in its MYTP for the Third Control Period, but the same was not allowed by the Authority then as it did not find merit in MIAL's request for separate allowance of corporate costs (Refer Para 6.4.10 of the Third Control Period Order).

4.9.101 As part of the true-up of the Third Control Period submitted as part of the MYTP of the Fourth Control Period, MIAL had once again submitted corporate costs of Rs. 267.57 Crores as part of their operating expenses. MIAL submitted that these are towards support services received from the Holding Companies, namely AEL and AAHL.

4.9.102 AEL provides various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, human resource management, etc., and also includes various leadership functions. AAHL through its corporate structure, provides expertise and specialist domain knowledge in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Hospitality, Customer management, Cargo Development and Management, Airline Marketing, Non-Aeronautical etc.

4.9.103 AEL and AAHL incur costs at the corporate level to provide these services and support to various Group Companies (including Airports) and Airport companies. The major composition of these costs includes salaries and administrative costs. These costs (except shareholders services and non-Aeronautical services) are recovered by AEL and AAHL through a pre-determined, appropriate allocation method.

4.9.104 Similar corporate cost allocation process is used by other private airport operators' holding entities, such as GMR Infrastructure Limited (GIL) and GMR Airports Limited (GAL), which provide corporate administration services to DIAL and GHIAL, and their costs are allocated based on suitable drivers. Similarly, AAI also allocates its Central Head Quarters (CHQ) / Regional Head Quarters (RHQ) costs to various airports based on appropriate cost drivers. The detailed break-up of the actual cost along with the basis of allocation submitted by MIAL is given below:

Table 131: Cost Allocation from AAHL as submitted by MIAL

(Rs. in crores)

Cost Allocation from AAHL	FY 22	FY 23	FY 24	Allocation Basis approved in Board meeting dated 15th Mar 22
Human Resource	9.05	8.37	3.6	Ratio of No of MIAL Employees: Total No of employees in airport grp
CEO's Office	4.75	5.33	5.89	Ratio of Per Pax Revenue of MIAL to Per Pax Revenue of all airports
Finance Tax & Internal Audit	2.06	5.78	2.61	Ratio of Debt raised for MIAL to total Debt raised for Airport Group & Ratio of Turnover

Cost Allocation from AAHL	FY 22	FY 23	FY 24	Allocation Basis approved in Board meeting dated 15th Mar 22
IT	2.06	4.48	2.25	Ratio of Number of IT users in MIAL to total IT users in all airports
Inhouse Legal Team	0.83	1.05	1.70	Ratio of Legal of MIAL to Total Legal of all airports
Total	**18.76**	**25.01**	**16.05**	

Table 132: Cost Allocation from AEL as submitted by MIAL

(Rs. in crores)

Cost Allocation from AEL	FY22	FY23	FY24	Allocation Basis approved in Board meeting dated 15th Mar 22
Human Resource	23.3	14.72	28.46	Ratio of No. of MIAL Employees: Total No. of Adani Group Employees
Finance Tax, & Internal Audit	17.81	20.82	14.96	Ratio of Debt raised for MIAL to total Debt raised for Adani group & Ratio of Turnover
IT	15.42	10.51	8.81	Ratio of Number of IT users in a MIAL to total Group users
Legal Services	0.67	1.02	0.30	Ratio of Legal of MIAL to Total Legal of all airports
CMD Office	9.11	19.81	8.26	Ratio of a MIAL PBT to Group PBT
Land and Estate	0.31	-	-	Ratio of a MIAL PBT to Group PBT
Central Procurement Cell	0.08	-	-	Ratio of Turnover of a MIAL to Total Group Turnover
Total	**66.72**	**66.88**	**60.78**	

Note: MIAL had wrongly grouped some portions of the corporate cost under Professional Expenses in the Head Administrative expenses- ***Rs 5.99 Crores in FY22 and Rs 8.12 Crores in FY23.***

Table 133: Corporate Cost as submitted by MIAL for True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Corporate Cost Allocation	-	-	91.47	100.10	76.00	**267.57**

4.9.105 MIAL had submitted that the activities of certain Functions such as Finance, HR & Admin and IT are performed both centrally at Corporate (AEL, AAHL) and at individual Airports. The same has been detailed as follows:

(i) Activities performed at the Corporate level: These are strategic, decision-making activities that are carried out across the Group such as:

a) Designing policies and procedures, benchmarking and standardization of processes across the Group
b) Monitoring annual budgeting process
c) Implementation of ERP for the Group (particularly Finance and HR functions)
d) Reviewing performance of the Group and providing guidance to Group Companies
e) Maintaining Adani Airports Information Repository, standards in software development and networking.
f) Identifying new revenue generating IT services, technologies and solutions.

(ii) Activities performed at the Airport: These are operational in nature which includes:

a) Recording of Financial data in ERP
b) Preparation of monthly MIS for presenting it to corporate team

c) Financial due diligence of various proposals.
d) Conducting interviews at site level for hiring of manpower and managing manpower at the site.
e) Executing Performance appraisal process and providing feedback to corporate team.
f) Executing day-to-day IT requirements at the Airport.
g) Maintaining airport related IT assets such as AODB, FIDS, software used in AOCC, etc.
h) Support HO/Corporate IT team in the areas of IT Strategy, delivery, and Governance.

4.9.106 The Authority noted that AEL on an overall basis, extends support and guidance to various Group Companies and AAHL provides expertise and specialist domain knowledge to the Airport Companies, which are essential for the sustainable operations of the business. The major composition of the costs of these services includes salaries and administrative costs that are recovered by AEL and AAHL through an appropriate allocation method. Further, this process is consistent with the approach followed by other PPP airports such as DIAL, GHIAL etc. for allocation of corporate costs to the Airports. Based on the above factors, the Authority considered the apportionment of costs of AEL and AAHL to MIAL as reasonable.

4.9.107 In view of the above, the Authority proposed to consider the Corporate Cost Allocation sought by MIAL. However, the Authority observed that the aforementioned cost includes the allocated costs of legal team of AEL (Rs. 1.99 Crores) and AAHL (Rs. 3.58 Crores), which is in addition to the cost of employees of Legal department available at MIAL, already considered under the employee expenses (Refer Table 107 above) and is not justified. Hence, the Authority proposed to exclude these legal costs of Rs. 5.67 Crores and consider only the remaining amount submitted by MIAL.

Table 134: Corporate Cost as proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Corporate Cost as submitted by MIAL	-	-	91.47	100.10	76.00	**267.57**
Less: Legal Expenses	-	-	1.50	2.17	2.00	**5.67**
Corporate Cost as proposed by the Authority	-	-	**89.97**	**97.93**	**74.00**	**261.90**

Other Expenses:

4.9.108 The Authority noted that MIAL in its MYTP had submitted the following miscellaneous expenses:

Table 135: Other Expenses as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Provision for Bad Debts	6.08	36.39	3.24	15.09	0.43	**61.23**
Bad Debts Written off	1.41	-	10.66	19.46	0.71	**32.24**
Loss on Scrapping of Assets	2.35	-	-	-	-	**2.35**
Collection Charges over DF	2.96	2.75	0.41	5.52	5.77	**17.41**
CSR Cost	0.48	0.04	-	-	-	**0.52**
Exchange Gain and Loss	0.03	0.12	-	0.37	(0.14)	**0.38**
CWIP Written off	-	-	8.65	-	-	**8.65**
Investment Written off	-	-	0.06	-	-	**0.06**
Total Other Expenses	**13.31**	**39.30**	**23.02**	**40.44**	**6.77**	**122.84**

4.9.109 The Authority noted that, while all of these expense are non-aeronautical in nature, MIAL had considered a portion of Bad Debts Written Off as Aeronautical Expenditure. MIAL had explained that the reason for this to be as majority of the bad debts arise from unreconciled amounts for services rendered to Air India Ltd.

4.9.110 The Authority observed that MIAL has failed to reconcile these receivables and collect its dues, resulting in the recovery of inefficient costs through the tariff. Based on this assessment and upon review, the Authority had determined that all these expenses listed in Table 135 related to non-core services and all of these services are non-aeronautical in nature. Therefore, the Authority proposed to reject MIAL's claim and has not considered these expenses for tariff computation.

4.9.111 Based on the above analysis, the Authority proposed Operating and Maintenance Expenses for the true up of the Third Control Period as provided below:

Table 136: Operating Expenses as proposed by the Authority for True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	217.68	220.79	168.02	146.12	159.37	**911.98**
Utilities (net of recoveries)	120.95	63.53	73.40	108.40	132.75	**499.03**
Repair & Maintenance Expenses	179.53	127.17	164.41	205.41	180.29	**856.81**
Rent, Rate and Taxes	45.97	43.84	48.05	53.88	57.25	**248.99**
Advertisement Expenses	5.17	2.28	3.06	8.17	3.58	**22.26**
Administrative Expenses	77.09	59.33	23.87	41.79	59.82	**261.89**
AOA Fees	10.53	8.81	-	-	-	**19.34**
Insurance Expenses	9.15	15.54	15.13	16.05	17.83	**73.70**
Consumption of store	8.63	5.12	9.05	20.41	17.47	**60.68**
Operating Expenditure	159.30	150.12	127.61	161.58	174.71	**773.32**
Interest on Working Capital	24.98	28.00	27.23	17.50	17.50	**115.21**
Financing Charges	24.74	14.98	59.28	23.86	15.47	**138.33**
Runway Recarpeting along with carrying cost on unamortized portion	52.00	55.91	51.83	46.89	59.39	**266.03**
Corporate Cost Allocation	-	-	89.97	97.93	74.00	**261.90**
Total	**935.72**	**795.42**	**860.91**	**947.99**	**969.43**	**4,509.47**

Aeronautical Allocation of Operating and Maintenance Expenses proposed by the Authority

4.9.112 The Authority had aligned the segregation principles and aero allocation methodology with the independent study conducted in the Third Control Period Order. The Authority noted that MIAL had also adopted a similar approach (Refer Table 103). The ratios considered by the Authority are as follows:

(i) Common costs incurred within the terminal building (T1 & T2) - 87.43%
(ii) Corporate Overheads (Gross Fixed Assets ratio) - as determined in Table 77.

4.9.113 The segregation logic proposed by the Authority is detailed below:

Table 137: Segregation Logic proposed by the Authority for allocation of Operating and Maintenance expenses for the True up of the Third Control Period

Cost Head	Particulars
Employee Cost	Segregation of man-power expenses was done based on department wise actual gross cost to company. Employee costs of departments engaged in Aeronautical activities had been taken as Aeronautical.

Cost Head	Particulars
	Employees of departments engaged in non-aeronautical activities had been taken as non-aeronautical. Employee costs of common departments had been segregated based on the gross fixed assets ratio
Utilities Expenses	Electricity, water, and gas consumed by the concessionaires was charged from them and reduced from the gross consumption charges. Utility expenses (net of recovery) had been taken as fully Aeronautical other than expenses attributable to non-aeronautical activities.
Repair & Maintenance Expenses	Segregation had been done on expense-by- expense basis. Repairs relating to Aeronautical assets had been classified as Aeronautical and those relating to non-aeronautical assets classified as non-aeronautical. Common expenses other than corporate overheads had been segregated based on the weighted average floor area ratio of the terminals. Corporate overheads had been segregated based on gross fixed assets ratio
Rents, Rates and Taxes	Rent expenses had been segregated based on the usage of the premises. Property tax (net of recovery) had been considered wholly Aeronautical. Non-Agricultural Tax had been considered as common and segregated using the floor area ratio. Common expenses other than corporate overheads had been segregated based on the weighted average floor area ratio of the terminals. Corporate overheads had been segregated based on gross fixed assets ratio
Advertisement Expenses	Promotional expenses relating to the company in general had been classified as common expenses/ corporate overheads. Promotional expenses relating to Aeronautical marketing had been classified as Aeronautical. Promotional expenses relating to non-aeronautical activities/service lines had been classified as Non-Aeronautical. Common expenses other than corporate overheads had been segregated based on the weighted average floor area ratio of the terminals. Corporate Overheads had been segregated based on adjusted Gross Fixed Assets ratio
Administrative Expenses	Major items in administrative expenses are legal fees, professional fees, corporate allocation, travelling. Legal expenses had been considered as Corporate Overheads Professional fees had been segregated based on the nature of the expense. Common expenses other than corporate overheads had been segregated based on the weighted average floor area ratio of the terminals. Corporate overheads had been segregated based on the Gross Fixed Assets ratio.
AOA Fees	Airport Operator Agreement (AOA) fee (till FY21) had been segregated based on gross fixed assets ratio.
Insurance Expense	Insurance expenses had been segregated based on gross fixed assets ratio
Consumable Stores	Consumables had been classified by MIAL based on their usage.
Operating Contracts	Operating Contract Services include cleaning, security, horticulture, trolley, medical emergencies etc. Trolley contracts were classified as fully aeronautical. Security and Cleaning was classified as Aeronautical except when deployed for wholly non-aeronautical activities. Horticulture was considered Aeronautical except when relating to wholly non-aeronautical activities. Common expenses other than corporate overheads had been segregated based on the weighted average floor area ratio of the terminals. Corporate overheads had been segregated based on Gross Fixed Assets ratio.
Working Capital Interest	Working Capital Interest had been considered as a corporate overhead and had been segregated using the Gross Fixed Assets ratio.

Cost Head	Particulars
Financing Charges	Financing charges had been classified as corporate overhead. Segregated based on Gross fixed assets ratio
Runway Recarpeting and its Carrying Cost	Since these are core Aeronautical activities, considered as fully Aero.
Corporate Cost Allocation	The Corporate Cost Allocation has been allocated in the ratio applied for employee cost.

4.9.114 Based on the above-mentioned allocation principles, the Authority computed the Allocation ratios as per the table below:

Table 138: Aeronautical allocation of O&M expenses as proposed by the Authority for the Third Control Period at the Consultation Stage

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Employee Cost	89.69%	89.43%	88.07%	88.41%	88.41%
Utilities Expenses	99.04%	98.60%	98.18%	98.85%	98.85%
Repair & Maintenance Expense	93.56%	98.94%	93.27%	96.83%	95.82%
Rents, Rates & Taxes	91.22%	91.18%	90.95%	84.80%	94.26%
Advertisement Expense	92.53%	95.15%	89.21%	83.90%	86.48%
Administrative Expenses	76.07%	83.08%	78.78%	82.57%	82.57%
AOA Fees	82.83%	82.83%	0.00%	0.00%	0.00%
Insurance Expense	82.83%	82.83%	82.92%	82.92%	83.38%
Consumable Stores	87.90%	87.95%	87.72%	87.43%	87.30%
Operating Cost	87.40%	87.11%	91.00%	90.91%	98.90%
Bad Debts Written Off	100.00%	0.00%	61.18%	0.00%	0.00%
Working Capital Interest	82.83%	82.83%	82.92%	82.92%	83.38%
Financing Charges	82.83%	82.83%	82.92%	82.92%	83.38%
Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%
Carrying Cost on Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%
Corporate Cost Allocation	89.69%	89.43%	88.07%	88.41%	88.41%

4.9.115 The Authority proposed the following Aeronautical Portion of Operating Expenses for the True up of the Third Control Period based on the Aeronautical Allocation ratios detailed in the above table:

Table 139: Aeronautical Operating and Maintenance Expenditure proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	195.23	197.46	147.98	129.19	140.90	**810.75**
Utilities (net of recoveries)	119.78	62.64	72.07	107.15	131.23	**492.87**
Repair & Maintenance Expenses	167.96	125.14	153.34	198.89	172.77	**818.10**
Rent, Rate and Taxes	41.92	39.96	43.69	45.69	55.89	**227.16**
Advertisement Expenses	4.78	2.17	2.72	6.82	3.09	**19.58**
Administrative Expenses	58.64	49.29	18.81	34.51	49.39	**210.63**
AOA Fees	8.72	7.30	-	-	-	**16.02**
Insurance Expenses	7.58	12.87	12.55	13.31	14.87	**61.17**
Consumption of store	7.59	4.50	7.94	17.85	15.25	**53.12**
Operating Expenditure	139.21	130.76	116.12	146.89	172.79	**705.77**
Interest on Working Capital	20.69	23.19	22.58	14.51	14.59	**95.57**
Financing Charges	20.49	12.41	49.16	19.79	12.90	**114.74**
Runway Recarpeting along with carrying cost on unamortized portion	52.00	55.91	51.83	46.89	59.39	**266.03**
Corporate Cost Allocation	-	-	79.24	86.58	65.42	**231.24**

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total	844.59	723.60	778.01	868.07	908.49	4,122.76

4.9.116 In view of the above, the Authority proposed to consider Aeronautical Operating and Maintenance Expenditure of Rs. 4,122.76 crores as per Table 139 for the True up of the Third Control Period as against MIAL's submission of Rs. 4,193.07 Crores. The Authority noted the variance is mainly due to aligning the expenditure in line with the practice consistently adopted by the Authority as below:

(i) As explained from para's 4.9.89 to 4.9.93, financing charges rationalized and included on an amortized basis.

(ii) Runway recarpeting expenses claimed by MIAL as part of Capex have been reclassified as Operating Expenditure.

Stakeholders' Comments on True Up of Operating Expenses for the Third Control Period

4.9.117 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, IATA, APAO in response to the proposals of the Authority with regard to the True-up of Operating Expenses for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to operating expenses

4.9.118 MIAL's comments with regards to consideration of runway intersection overlay works under operating expenses is as follows:

"***Runway Intersection Overlays works classified from Aero Capex to Aero Opex but not included in Operational Expenditure***

The Authority has proposed 2 assets related to runway intersections works viz. Runway intersection overlays (Rs. 2.18 Crs) and AGL intersection overlays (Rs. 0.01 Crs) to be reclassified from Aero Capex to Aero Opex.

However, while doing the true up of the Aero opex of TCP, the same is not included in O&M expenses.

By doing so, the Authority has nullified the impact of above projects in TR computation.

MIAL request the Authority to add the above Rs. 2.19 Crs in opex as same has not been included in RAB."

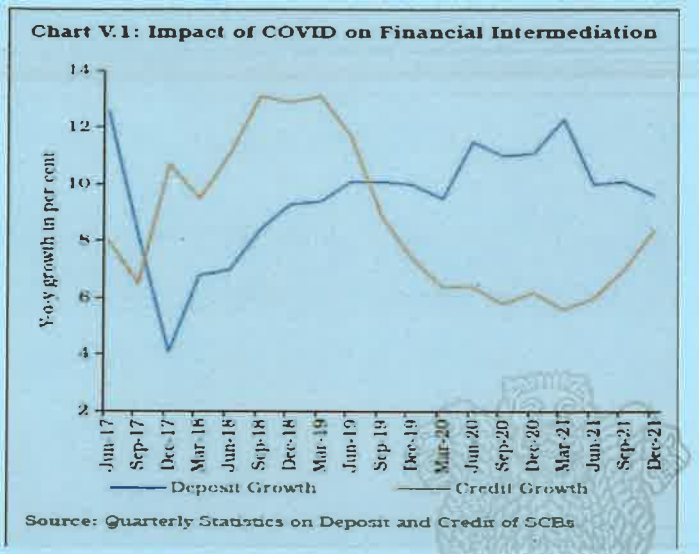
4.9.119 MIAL's comment with regards to non-consideration of financing charges of Bridge to bond short term loan is as follows:

"***Financing Charges related to bridge to bond short term loan not allowed as part of O&M expense***

Deteriorated Economic Environment in 2020 and 2021

We want to draw the attention of the Authority to deteriorated credit conditions in the peak COVID period of 2020-21. Same is corroborated from RBI report titled "The Role of Finance in Revitalizing Growth" (Annexure C)

As a first reaction to the pandemic-related lockdowns, supply chains froze, demand declined, and precautionary/ forced savings increased due to lack of opportunities to spend, particularly on contact-intensive services. The confluence of these factors resulted in a sharp decline in credit growth even as deposits increased, affecting banks' net interest margins.



Despite the recovery in economic activity since H2:2020-21, credit growth remains muted, indicative of pandemic scarring as also risk aversion of banks.

The COVID outbreak stifled risk appetite, resulting in a hardening of money market rates, widening of risk spreads, and a drop in equity market indices.

From the above it is amply clear that credit growth had deteriorated and access to the same had become very difficult in COVID period.

MIAL Specific Factors

In November 2020, during the tariff determination process of TCP, MIAL requested the Authority to approve the one-time restructuring/refinancing cost of Rs. 55 Crs (as per the preliminary estimates based on limited discussion with lenders). However, the Authority did not take cognisance of the same in the TCP Order

Subsequently, due to severe liquidity crunch caused by substantial reduction in revenue, MIAL was not able to fulfil its debt servicing obligations resulting in Credit Ratings being downgraded to D (Default). MIAL bank accounts were tagged as RFA by the lenders, and was under scrutiny by various sovereign agencies

It is noted that existing facility from SBI Consortium was callable facility after MIAL defaulted on payments. One Time Restructuring (OTR) as sought by lenders would have led to a further deterioration in the capital structure.

Restructuring of existing debt even if done would not have yielded any results as same would completely disregarded the liquidity profile of MIAL due to fixed amortization schedule and severe restrictions on incurrence of Capital expenditure

Since tough economic environment made restructuring of existing debt infeasible, it was decided to go for refinancing of all existing loans. Due to weaker financial strength and existing uncertainties around the traffic in wake of COVID pandemic, MIAL was not able to raise funds through long term bonds.

In July 21, MIAL, with the Corporate Guarantee and support from AAHL and AEL refinanced its existing debt with short term bridge to bond facility which had a tenure of 1 year. This helped to resolve the issue of RFA, and default rating assigned by the Credit Rating agencies.

MIAL along with its parent Adani Group ensured to keep Airport operations sustainable. It first cleaned the RFA tag and removed default rating by doing immediate short-term financing by replacing SBI facility with other debts and same was further refinanced into long term ECB facility in line with liquidity profile of MIAL. The timely response of the new management to the claims of sovereign agencies helped build transparency and accountability in the company.

We request the Authority to kindly re-assess the reasonable cost of impact on airline operations, passengers flying cost, direct / indirect / implied economic impact vs the additional costs of financing incurred by MIAL, if the operations of India's second largest Airport are interrupted. For reference MIAL contributes 3.35% to the GDP of Maharashtra. (Source:https://ncaer.org/wp-content/uploads/2022/09/1426851446NCAER-Report-Economic-Impact-Study-1.pdf)

Airport Operator did its best to keep Indian passenger/airlines flying without any adverse effect on normal airport operations. We request the Authority not to penalize MIAL by not allowing the costs. The same will be in contravention to principles of the AERA Act which mandates the Authority to ensure economic and viable operation of Airport

Response to the Authority contention of refinancing costs being high and inefficient

The Authority has opined that the bridge-to-bond refinancing arrangement was executed at a notably high cost, which is considered inefficient. It is to be noted that refinancing cost was ~Rs. 100 Crs and total loan refinanced was Rs. 7,250 Crs which translates to refinancing costs of 1.3% of loan amount and same is in line with industry benchmarks.

The Authority has also noted that MIAL's refinancing charges during the Second Control Period (FY 2016-17) amounted to Rs. 50 Crs, which reflected a more cost-effective arrangement. It is clarified that financing charges were lower in SCP as amounts of loan refinanced was also lower and no unforeseen events like COVID happened during that time. Hence comparison of financing charges of SCP and TCP is not correct and justified.

TDSAT Judgment dated 6 October 2023

We request the Authority to take note of the TDSAT Judgment which also directs to true up refinancing costs on actual basis.

"Similarly, the financing charges, actually paid by this appellant to the financial consultant for restructuring of the loan should also be treated as operation and maintenance expenses. The restructuring of loan was a necessary expenditure for running Chhatrapati Shivaji Maharaj International Airport, Mumbai (CSMIA) efficiently. This aspect of the matter was also highlighted during the consultation process by the present appellant though it was not a part of MYTP. We, therefore, direct AERA to consider financing charges incurred by this appellant during 3rd Control Period as a true-up in 4th Control Period on actual basis."

Looking into circumstances under which refinancing of entire debt was necessary for survival of airport, expenditure related to refinancing of debt is justified. Hence, we request the Authority to allow the same."

4.9.120 MIAL's comment with regards to bad debts is as follows:

"Bad debts should be allowed

MIAL has segregated bad debts into aeronautical and non-aeronautical and only aeronautical bad debts (on account of default by airlines) have been considered as part of O&M expenses. There is huge administrative effort involved on part of MIAL in following up with airlines to clear the outstanding dues. Airport Operator has to make various legal attempts to recover these expenses. However, if the airlines default, the same is beyond the control of MIAL. Airport Operator should not be punished for inefficiencies of airlines.

Airlines are important stakeholders. They have been providing suggestions/comments/public advocacy to the Authority. The Authority considers their valuable inputs while formulating tariff orders, guidelines, rules, etc. It is the fiduciary duty of Airlines to make timely payments corresponding to approved tariffs of the Airport Operator. We request the Authority to not penalize the Airport Operator by not allowing the pass through of bad debts.

The Authority has allowed bad debts related to aeronautical activities in the previous control periods. Relevant excerpt from the Third Control Period Order is as follows:

Bad debts written off	*0.05*	*6.87*	*6.92*	• *Bad debts have been classified based on the nature of debt written off. Aero dues written off have been classified as aeronautical and non-aero dues written off have been classified as non-aeronautical*

We request that a consistent approach be followed, and bad debt written off to be allowed."

4.9.121 MIAL's comments with regards to corporate allocation of legal expenses is as follows:

*"**Corporate allocation – legal expenses***

Regarding the Authority's proposal to exclude the cost of legal employees from Corporate Support Services' cost, as the Authority has allowed corporate cost allocation for other departments like Operations, Finance, etc. it is logical that corporate cost allocation for legal department should also be allowed. Similar to other functions, the Legal department also has different roles and responsibilities at Airport company and Corporate Level

Roles and Responsibilities at Corporate Level

- *Providing business and legal perspective and advice on a wide range of strategic, tactical, and operational issues to all Airports teams*
- *Determination of legal interests and options and counsel to top leadership on legal matters*
- *Coordinating and giving directions with external counsels*
- *Participating in the formulation of general management policy as a member of the executive management team*
- *Developing and leading internal audit and corporate compliance programs*

Roles and Responsibilities at Airport Level

- *Transaction support, including in relation to contracting and compliance.*
- *Drafting and vetting of RFP/RFQs,*
- *Applicability and compliances of local laws applicable to the Airport and maintaining proper corporate interactions with the relevant local, state and federal governmental bodies, legislatures.*

In the recently issued tariff order no 20/2045-25 for DIAL, no such deduction of legal expenses from the Corporate Cost Allocation has been done by the Authority. It is to be noted that the Corporate Cost Allocation of DIAL also includes costs for legal resources at the Corporate office.

We request the Authority to take reference from Consultation Paper No. 15/2020-21 of DIAL for Third Control Period which clearly demonstrates that legal costs of legal department of Group company have been allocated to DIAL. The extract from DIAL Consultation Paper No. 15/2020-21 is provided as follows:

13.6.1 GMR AIRPORTS LIMITED

Table 80Cost Objected allocated from GAL to DIAL

S.NO	DEPARTMENT COST CHARGED	COST TYPE	BASIS OF APPORTIONMENT
1	GCM Office	Fully Chargeable	Weighted Average Ratio of Assets*
2	BCM Office	Fully Chargeable	Weighted Average Ratio of Assets
3	CEO Office	Fully Chargeable	Weighted Average Ratio of Assets
4	Stakeholder Management	Fully Chargeable	Weighted Average Ratio of Assets

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S.NO	DEPARTMENT COST CHARGED	COST TYPE	BASIS OF APPORTIONMENT
5	Commercial and BD	Semi- Chargeable*	Weighted Average Ratio of Assets
6	Legal	Fully Chargeable	Weighted Average Ratio of Assets
7	Sector HR	Semi- Chargeable*	Weighted Average Ratio of Assets
8	Sector IT	Semi- Chargeable*	Weighted Average Ratio of Assets
9	Strategic Planning Group	Fully Chargeable	Weighted Average Ratio of Assets
10	Finance and Accounts	Semi- Chargeable*	Weighted Average Ratio of Assets
11	Regulatory	Fully Chargeable	Weighted Average Ratio of Assets

It is important that a consistent approach is followed for DIAL and MIAL as both airports have similar concession agreements, i.e. OMDA and SSA. This is essential to foster consistency in the regulatory framework.

We request the Authority to allow the full corporate cost allocation without any downward adjustment for legal department costs."

Other stakeholders' comments

4.9.122 IATA comment on Aeronautical operating and Maintenance expenses is as follows:

"***Employee Cost:***

- *IATA notes that the cost incurred by MIAL is lower than the cost approved for the Third Control Period. This could be attributed to the rationalization realized during the pandemic and the subsequent recovery of the number of employees corresponding to the passenger traffic. What is missing is the ability for stakeholders to determine if more can be done to contain and optimize the costs. In reviewing Table 97, IATA would like to get the assurance that the following employees' costs classified under AERO have been classified correctly, reflecting the following:*
  - *Is expenditure on horticulture solely to support the airside/aero areas? If it is to support the entire airport, such as the terminal and surrounding areas, it should be classified as Common expenses.*
  - *Engineering & Maintenance: similar to the above, we believe would be more appropriate to be classified under Common expenses?*
  - *Health & Safety: generally, this is aerodrome-wide, all-encompassing, both aeronautical and non-aeronautical activities and should therefore be classified under Common expenses.*
  - *Quality and Customer Care: we request that the scope of these employees be identified and the 'customers' being served by them be defined – whether this includes aero only or including non-aero.*
  - *Medical Services: these are aerodrome-wide, hence should be under Common expenses.*
  - *Corporate Aviation Terminal: costs to be demarcated to this group of users and appropriately recovered – without cross-subsidization by other users.*
  - *We also note the elimination of "airport services" staff. Do these relate to activities/services that are not provided anymore by the airport or has this staff been absorbed by other activities. If the latter, we recommend AERA to review whether these have been correctly allocated.*
- *In terms of the evolution of the number themselves (Table 97), we note a significant reduction in quality and customer care. We would appreciate understanding what activities this staff were involved in and why they were not needed.*

Corporate cost allocation:

- *We see that employee numbers at MIAL have reduced by around 200 staff. However, that is not necessarily due to the efficient running of operations at the airport, but simply that some of the activities have been "outsourced" through the "corporate cost". We are concerned that such cost is opaque and does not allow an appropriate scrutiny. We request AERA to further clarify how it has come to the conclusion of these costs as "efficient".*
- *We also note that a number of drivers have been used by MIAL to allocate corporate costs between AEL, AAHL and MIAL (such as employee numbers, IT users, PBT, etc.). However, the Authority has then used single driver to sub allocate those costs between Aero and non-aero (i.e. number of employees). The authority may need to revisit this.*
- *In a similar manner, we would also like to understand what are the financial taxes being allocated to MIAL, which appear to be significant.*
- *We support AERA proposal not to allow the cost for the legal team of group companies AEL (Rs. 1.99 Crores) and AAHL (Rs. 3.58 Crores), which is in addition to the cost of employees of the legal department available at MIAL, already considered under the employee expenses. More scrutiny is needed as there could be further duplication of costs within corporate costs.*

Utility expenses:

- *While we note that actual costs have been lower than what AERA allowed (which are proposed to be trued up), we would encourage AERA to launch a comparator study of Indian airports to see whether electricity consumption at BOM is efficient relative to other major regulated airports.*

Rental expenses:

- *IATA would question loading costs such as rental paid for accommodating custom offices, guest house rentals, onto the airport users.*

Advertisement expenses:

- *IATA maintains our position that, as the sole monopoly service provider and with healthy traffic growth and constrained capacity, there is limited need/benefit derived from advertisements of aeronautical activities. If MIAL chooses to do so to benefit its brand, it should be rightfully funded by MIAL and not the users.*

Administrative Expenses:

- *In reviewing Table 107, we would like to better understand the details of the following expenses:*
  - *Travelling and Conveyance*
  - *Professional Charges*
  - *Legal Expenses*
- *It is important to emphasise that AERA should be excluding any legal expenses related to court cases linked to appeals to regulatory decisions. Users should not be asked to cover such expenses. We would appreciate for AERA to review whether this is the case.*

Airport operator fees:

- *We support discontinuing the Airport Operator Fees. We are concerned though, that the corporate cost allocation appears to be an Airport Operator fee "through the backdoor".*

Operating contracts:

- *The Operating Contract Expense submitted by MIAL is lower than the cost approved in the Third Control Period Order by Rs. 47.88 Crores (5.83%), which MIAL submits is because of lower expenditure incurred during the periods affected by the COVID-19 pandemic. We would like to ascertain if this could have gone lower? For example, any clauses in contracts for Force Majeure events? Were these exercises triggered?*
- *It would be appropriate to review the current arrangement if it still delivers the best outcome, balancing cost efficiency and the overall need of MIAL in enlisting a third-party operator. A business case to support such an arrangement and a detailed assessment of the cost demarcations would be useful to allow users to assess the appropriateness of the arrangement.*

Other expenses:

- *IATA fully supports rejecting the costs stated under Table 125. Users should not be asked to cover these costs.*

Working Capital interest:

- *Please refer to our comments on the subject in relation to the 4th control period, as AERA estimates a negative working capital for the 4th control period but then allows a positive working capital on the third control period. This appears to be inconsistent."*

4.9.123 APAO's comment on financing charges of Bridge to Bond is as follows:

"At the peak of COVID, long term financing for Infrastructure sector had become extremely scarce. MIAL, with the support of Adani Group received a lifeline in the form of short-term financing referred to as bridge to bond loan for which it has incurred financing charges of Rs 100 Cr. We request the Authority to allow the actual expenses incurred by MIAL on this short-term financing in line with the directions of TDSAT."

MIAL's response to Stakeholders' Comments on True Up of Operating Expenses for the Third Control Period

4.9.124 MIAL's response to IATA's comment on Operating Expenses is as follows:

*"**Employee Cost:***

The classification of employee expenses for the Third Control Period has been carried out in accordance with the principles established in the independent study conducted by the Authority during the same period. Therefore, IATA's suggestion to re-evaluate these well-founded principles undermines the credibility of the extensive work and rigorous studies undertaken by the Authority.

Airport Services activity has been outsourced to third party and therefore there are no in-house employees from FY 23-24 onwards.

Further, employees in Quality and Customer Care department have been rationalized considering the needs of the business.

Corporate cost allocation:

Since Corporate Allocation expenses are mostly related to employee benefit expenses of the employees on the group companies who provide services to the airports, it is appropriate to use the same driver for allocation of these expenses. The Authority has been using this approach consistently over various tariff orders of other major airports. IATA's questioning of the principles adopted by the Authority in determining tariffs for major airports is unwarranted. The Authority must ensure the application of consistent principles across all airports and control periods to maintain fairness and uniformity.

Finance, tax and internal audit is one of the sub-head of corporate costs. A common pool of employees working in fundraising, taxation matters, and internal audits are on payrolls of group companies rather than having these employees on payroll of each airport.

Utility Expenses:

Electricity operates as a regulated sector, with rates varying significantly across different regions, states, and utilities based on approvals from regulatory bodies such as the Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions (SERCs). Consequently, IATA's proposal to benchmark electricity rates with other airports is logically flawed and disregards these regulatory frameworks, as it fails to account for the diverse regulatory environments, local energy sources and their mix in overall consumption, and demand patterns that influence electricity costs at each airport.

MIAL is implementing several initiatives to reduce electrical consumption. These include the installation of more efficient LED lighting, which significantly lowers energy usage compared to traditional lighting. Additionally, MIAL is increasing its reliance on in-house renewable energy sources, to further reduce its carbon footprint and enhance sustainability

Rental expenses

Offices for custom officials and guest houses for AAI staff are required as they are important stakeholders in the airport ecosystem. In the absence of sufficient space at airport premises, MIAL has taken certain spaces on rent in the vicinity of the airport so as to accommodate the needs of these airport stakeholders.

Advertisement Expenses

Advertisement expenses includes expenses related to various advertisements in leading newspapers mainly for inviting bids for competitive bidding process for execution of various contracts. ACI passenger survey expenses required to be done as per OMDA.

Administrative expenses

Most of the travel and conveyance expenses are incurred for regulatory and statutory visits by MIAL staff. These visits often involve meetings with key stakeholders, such as AAI, DGCA, and BCAS, many of whom are based in Delhi. Additionally, MIAL staff are required to travel to attend various trainings and seminars organized by industry bodies like ACI, IATA, ICAO, ASSOCHAM, etc.

Professional and consultancy fees are payments made for the expertise and services of skilled professionals and consultants required for various assignments like doing traffic studies, preparation of Master Plan, Cost estimation, process improvements, etc. They are typically based on the time and effort required and the complexity of the work. Taking services of these experts is beneficial in the long term as MIAL does not have to employ full-time staff for these one-time services.

Legal expenses are incurred mainly to defend the litigation cases filed against MIAL and to initiate litigation to defend & protect interest, commercials, reputation and brand MIAL, which will have direct bearing on the credit worthiness of MIAL. There cannot be any doubt that these are essential expenses and not discretionary or wasteful expenses.

Also refer para 9.4.3 of MIAL's comments to CP submitted on 16th April 2025.

Airport operator fees and Corporate Cost Allocation

IATA's allegation of a backdoor arrangement is not only unprofessional but also baseless, as it lacks any evidence-based feedback to substantiate such a serious claim. This kind of unfounded accusation seriously undermines the integrity of professional international body like IATA and can lead to unnecessary confusion and mistrust in the entire ecosystem. It is crucial for such assertions to be backed by concrete evidence to maintain credibility and professionalism in the industry.

The scope of services outlined in the Airport Operator Agreement and Corporate Cost Allocation differ significantly, not only in the nature of the services provided but also in the extent and scale of those services.

Scope of Airport Operator Agreement is very limited, mainly related Operation and Maintenance of terminals, airport utilities and compliance with safety requirements as defined in Schedule 8 of OMDA. However Corporate Allocation Agreement has much wider scope and includes strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, taxation,

management assurance, internal audit, shared service for financial transactions. human resource management. AAHL houses a team of specialized subject matter experts in Aviation sector having domain knowledge and expertise in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Human Resources, Transition Management, Hospitality, Customer management, Finance Management, Legal expertise, Airline Marketing, etc.

Further it is to noted that Airport Operator Fees has been discontinued from FY22 onwards. Only Corporate Cost Allocation is being charged as part of O&M expense.

The Authority is requested to take reference from DIAL tariff order issued recently in which the Authority has allowed both these costs separately as part of O&M expenses, unlike MIAL where it has only allowed corporate allocation.

Operating contracts

All operating contracts at MIAL are established through thorough due diligence and intense negotiations with vendors, leaving no further scope for cost reduction.

Payments to vendors are made strictly according to the terms of the contract. We assure that the current arrangement delivers the best outcome, balancing cost efficiency with the overall need of MIAL.

As mentioned above in this document and in various responses to previous control periods, there is a very strong mechanism of procurement defined under the OMDA. We hereby request the Authority to kindly advise IATA to please take note of the same critically.

Other expenses

MIAL submits that other expenses related to aeronautical activities should be considered in the computation of Target Revenue.

Working Capital interest

At the start of TCP, MIAL had cash credit/working capital limits of upto Rs. 330 Crs which it used for working capital purposes. The average utilization of these facilities varied with time depending on business requirements and average utilization was in the range of Rs. 180 to Rs. 200 Crs. MIAL has paid interest on working capital of Rs. 17.56 and Rs 17.76 Crs in FY20 and FY21 respectively.

In July-2021, MIAL, with the support from AAHL and AEL, refinanced its existing debts (including outstanding working capital debt of approx. Rs. 180 Crs) with short term bridge to bond facility which was mix of 11% Non-Convertible Debentures redeemable at the end of one year and Term Loans with interest rate of MCLR plus spread of 4.65% (effective interest rate of 11%) repayable at end of one year.

Considering the fact that MIAL was using the working capital facility in past and has been paying interest on the same of approx. Rs. 17.5 Crs with average utilization of facility of Rs. 180 Crs, we have considered the amount of interest on working capital of Rs. 17.5 Crs for FY22, FY23 and FY24.

No working capital has been allowed by the Authority for Fourth Control Period and same would be allowed on an actual incurrence basis.

It is submitted that existing debts (which included working capital portion) will remain outstanding during the fourth control period and airport operators inherently require working capital.

Based on computation of working capital done by the Authority for years FY22 to FY24, it is evidently clear that average working capital requirement will be ~Rs 150 Cr and same is expected to continue in FoCP as well."

4.9.125 MIAL acknowledges APAO's comment on financing charges of Bridge to Bond and their response is as given below:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

Authority's Analysis on Stakeholders' Comments on True Up of Operating Expenses for the Third Control Period

4.9.126 The Authority notes MIAL's submission (Refer Para 4.9.118) regarding the reclassification of runway intersection overlay works amounting to Rs. 2.19 crore from aeronautical capital expenditure to aeronautical operating expenditure. The Authority observes that since these assets have been excluded from the Regulatory Asset Base, the corresponding expenditure ought to have been considered under aeronautical O&M expenses.

Considering the above, the Authority has decided to consider the cost of Rs. 2.19 Crores as part of Aeronautical O&M expense in the true-up of operational expenditure for the Third Control Period. The Runway Recarpeting and Carrying Cost on Runway Recarpeting as decided by the Authority for True up of the Third Control Period after giving impact of the above adjustment in O&M expense is given below:

Table 140: Runway Recarpeting and Carrying Cost on Runway Recarpeting as decided by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Runway Recarpeting	40.00	40.11	40.88	40.88	51.90	**213.77**
Carrying cost on runway recarpeting	12.55	16.43	11.52	6.53	7.96	**54.99**

Table 141: Computation of Carrying Cost on Runway Recarpeting decided by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening unamortized amount	47.94	148.01	108.47	71.42	30.54	
Add: Addition	140.07	0.58	3.83	-	115.02	
Less: Amortized During the year	40.00	40.11	40.88	40.88	51.90	
Closing unamortized amount	148.01	108.47	71.42	30.54	93.66	
Average unamortized amount (a)	97.97	128.24	89.95	50.98	62.10	
FRoR (b)	**12.81%**	**12.81%**	**12.81%**	**12.81%**	**12.81%**	
Carrying cost on runway recarpeting (c = a*b)	12.55	16.43	11.52	6.53	7.96	**54.99**

4.9.127 Thus, based on the above, the Authority decides to allow Runway Recarpeting cost and Carrying cost on Runway Recarpeting as per the above Table 140.

4.9.128 The Authority notes MIAL's request (Refer Para 4.9.119) highlighting the acute financial distress on account of COVID-19 Pandemic, default rating, Red flag account etc., for allowing the financing charges related to the bridge-to-bond facility as part of O&M expenses.

The Authority has now reassessed this matter based on the aforesaid submissions made by MIAL at Para 4.9.119. It is noted that, as per past precedents including in the case of MIAL itself, the Authority has allowed only the transaction costs associated with primary loan disbursements. The Authority notes that, under normal conditions, transaction costs related to refinancing arrangements are not considered unless they lead to demonstrable efficiency in borrowing.

However, in the present case, the Authority recognizes the exceptional nature of the circumstances under which the Bridge-to-Bond facility was taken by MIAL. It has been highlighted that the COVID-19 pandemic severely impacted the aviation sector, resulting in a reduction in airport revenues and liquidity constraints. MIAL has submitted that it was not able to fulfil its debt servicing obligations, and its bank accounts were tagged as Red Flag Accounts (RFA) by the lenders. The tough economic environment made restructuring of existing debt infeasible, due to which they decided to go for refinancing of all existing loans. MIAL further submitted that due to weaker financial strength and existing uncertainties around the traffic in wake of COVID-19 pandemic, it was not able to raise funds through long term bonds. In this context, the short-term bridge facility was the available option to enable MIAL to maintain continuity of operations and eventually transition to a long-term debt structure. Hence to clean up the RFA tag and remove default rating, immediate short-term financing option was resorted by taking Bridge-to-Bond loan by replacing SBI facility with other debt and further refinancing the same into long-term ECB facility in line with the liquidity profile of MIAL enabling MIAL to survive in the then prevailing economic situation.

The Authority further observed from the MIAL's submission that restructuring of debt, even if carried out it would not have yielded any results as the same would be completely be disregarded in the liquidity profile of MIAL due to fixed amortization schedule and severe restrictions on incurrence of Capital Expenditure. The Authority through its independent consultant noted that MIAL had paid the refinance charge of Rs 100.94 Crs. and has accounted for this expenditure in its audited financial statements.

The Authority also noted that several reliefs concessions, special dispensations and support were extended to businesses especially in the travel sector by Government and other financial institutions to tide over the acute financial distress that happened during COVID-19 pandemic when revenues of all businesses had almost reduced to nil. Mumbai Airport being an important public utility, MIAL could not have let it continue in RFA category and invite penal action from the lenders and therefore there was a need for replacing the debt as bridge to bond facility for a tenure of one year and later substituting with a long term source of finance.

Given these extraordinary and unique circumstances, and the constraints MIAL had to face due to COVID-19 pandemic which affected the entire travel and aviation sector, the Authority has decided to allow the one-time re-financing charges incurred on the Bridge-to-Bond loan of Rs 100.94 Crores. The Authority also notes that only the Aeronautical Portion (82.92%) would be included in the Tariff computation.

With regard to the Hon'ble TDSAT judgement, the views of the Authority are mentioned under para 1.14.1.

Therefore, based on the above, the revised financing charges decided by the Authority for the true up of the Third Control Period is shown in the table below:

Table 142: Breakup of Financing Charges as decided by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Upfront Fees on Amortization of SBI Loan	A	16.01	6.78	54.34	-	-	**77.13**
One-time refinancing fee on Short Term Bridge-to-Bond Loan	B	-	-	100.94	-	-	**100.94**
Amortization of One-time refinancing fee on ECB loan	C	-	-	-	18.81	12.17	**30.98**
Bank Guarantee / Commission / Other Charges	D	8.73	8.20	4.94	5.05	3.30	**30.22**
Total Financing Charges	**E = Sum (A:D)**	**24.74**	**14.98**	**160.22**	**23.86**	**15.47**	**239.27**

4.9.129 The Authority notes MIAL's request (Refer Para 4.9.121) to include legal employee costs as part of the Corporate Support Services allocation. The Authority has already allowed the employee expenses towards the in-house legal team of MIAL and therefore is of the view that providing additional expenses towards the legal department at the Corporate Level would result in duplication/redundancy.

The Authority has already examined this matter in detail and the views are presented in Para 4.9.107 of this Tariff Order and also acknowledges that IATA has supported this. Accordingly, the Authority finds no reason to change the stand considered at the Consultation Stage.

With respect to MIAL's comment on treatment in DIAL, the Authority notes that the department wise breakup of Corporate Cost was not provided by DIAL. Further, the cost claimed by DIAL towards Corporate Cost Allocation in the true-up of Third Control Period was much lower than the amount approved in the Third Control Period Order.

4.9.130 The Authority notes MIAL's comment (Refer Para 4.9.120) to include Aeronautical bad debts as a part of the O&M expenses. The Authority examines claims of bad debts on a case-to-case basis. Where such debts arise due to reasons beyond the control of the airport operator—such as bad debts from defunct airline companies—the Authority may consider them based on demonstrated need. However, in the present case, the bad debt has arisen due to inefficiencies in reconciliation and collection by the operator. As explained in Para 4.9.110 of this Tariff Order, MIAL's failure to reconcile receivables and collect its dues should not result in the recovery of inefficient costs through the tariff. Accordingly, the Authority decides to disallow the bad debts claimed by MIAL. The stand of the Authority is further supported by IATA, submitted as part of their comments on Other Expenses.

4.9.131 The Authority notes the comments of APAO (Refer Para 4.9.123) with respect to the financing charges and the counter comments by MIAL (Refer Para 4.9.125) in this regard, and the views of the Authority are mentioned under para 4.9.128.

4.9.132 The Authority notes IATA's comments (Refer Para 4.9.122) on Aeronautical O&M and the counter comments by MIAL (Refer Para 4.9.124) in this regard. The Authority's view about the same are presented below:

Employee cost:

The Authority, at the time of Tariff Determination of the Third Control Period, had commissioned an independent study on MIAL's Efficient Operation and Maintenance Costs, and the segregation has been

carried out in accordance with the principles enunciated in this independent study. Therefore, the Authority, based on the outcome of the such study and the rationale provided therein, finds no reason to deviate its stand in this regard.

Corporate cost allocation:

The Authority notes IATA's comments regarding Corporate Cost.

As detailed in the Tariff Order, only those costs that are clearly attributable to services rendered to MIAL and supported by adequate justification have been considered.

Given that Corporate Cost largely pertain to employee benefit costs of group company personnel providing services to CSMIA, the Authority has applied the same aeronautical allocation ratio as used for employee costs and finds this to be an appropriate driver.

Utility expenses:

The Authority notes the suggestion of IATA in relation to utility expenses.

Rental Expenses:

The Authority notes IATA's comments regarding the inclusion of rental expenses such as those for customs offices and guest houses.

The Authority has reviewed the break-up of expenses submitted and has only allowed those costs deemed necessary and essential for airport operations. Further, the segregation principles and aero allocation methodology was based on the independent study conducted in the Third Control Period.

Advertisement Expenses:

The Authority notes IATA's views on advertisement expenses. Based on the breakup submitted by MIAL, the Authority, through its independent consultant, notes that these costs primarily relate to public notices for tenders, website maintenance, new airline inaugurations, passenger awareness initiatives, and similar operational activities, which are necessary for the airport operations.

Further, as mentioned in the Tariff Order, the Authority had capped advertisement expenses at Rs. 5 Crore per annum in the Tariff Order for the Third Control Period. MIAL's actual expenditure during the period was within this cap.

Administrative Expenses:

The Authority notes IATA's comments and MIAL's counter comments on administrative expenses, and the Authority's views are given in para 4.9.56 to para 4.9.58 of the Tariff Order.

Airport Operator Fees:

The Authority acknowledges the support of IATA on the discontinuation of Airport Operator Fee. With regards to the Corporate Cost Allocation, the Authority's views are given in Para 4.9.100 to Para 4.9.107 of the Tariff Order.

The Authority will continue to ensure that costs are scrutinized, based on the detailed prudence checks, to protect the interests of airport users.

Operating Contract:

The Authority notes IATA's comment on Operating Contract and clarifies that it has reviewed the breakup, sample contracts / invoices and tallied the expenses with audited financial statements.

Other Expenses:

The Authority notes the support of IATA with respect to disallowance of Other Expenses.

Working Capital Interest:

The Authority notes the comment of IATA regarding the allowance of working capital interest for the Third Control Period. As explained in Table 122 of the Tariff Order, there was a demonstrated need for working capital in the Third Control Period, and accordingly, working capital interest was allowed. The Authority has analyzed the need of working capital in the Third Control Period and has provided detailed reasoning for the working capital interest cost as included in the tariff computation as a part of true up of the third control period. The Authority finds no reason to change the stand taken at the Consultation Stage.

4.9.133 Thus, based on the above changes, the Aeronautical Operation and Maintenance Expenses decided by the Authority for the True up of the Third Control Period is as shown in table below:

Table 143: Aeronautical Operating and Maintenance Expenditure as decided by the Authority for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	195.23	197.46	147.98	129.19	140.90	**810.75**
Utilities (net of recoveries)	119.78	62.64	72.07	107.15	131.23	**492.87**
Repair & Maintenance Expenses	167.96	125.14	153.34	198.89	172.77	**818.10**
Rent, Rates and Taxes	41.92	39.96	43.69	45.69	55.89	**227.16**
Advertisement Expenses	4.78	2.17	2.72	6.82	3.09	**19.58**
Administrative Expenses	58.64	49.29	18.81	34.51	49.39	**210.63**
AOA Fees	8.72	7.30	-	-	-	**16.02**
Insurance Expenses	7.58	12.87	12.55	13.31	14.87	**61.17**
Consumable Stores	7.59	4.50	7.94	17.85	15.25	**53.12**
Operating Expenditure	139.21	130.76	116.12	146.89	172.79	**705.77**
Interest on Working Capital	20.69	23.19	22.58	14.51	14.59	**95.57**
Financing Charges	20.49	12.41	132.86	19.79	12.90	**198.44**
Runway Recarpeting along with carrying cost on unamortized portion	52.55	56.54	52.40	47.41	59.86	**268.76**
Corporate Cost Allocation	-	-	79.24	86.58	65.42	**231.24**
Total	**845.14**	**724.23**	**862.29**	**868.59**	**908.95**	**4,209.20**

4.9.134 In view of the above, the Aeronautical Operating and Maintenance Expenditure of Rs. 4,209.20 crores as per Table 143 for the True up of the Third Control Period is decided by the Authority as against the Rs. 4,122.76 Crores proposed at the Consultation Stage. The reasons for the variance are:

(i) Reclassification of Runway Intersection Overlay Works amounting to ₹2.19 crores from CAPEX to O&M Expenses, considered as 100% aeronautical. This includes ₹2.19 crores for runway recarpeting and a carrying cost of ₹0.55 crores.

(ii) Inclusion of the refinancing fee related to the Short-Term Bridge-to-Bond Loan amounting to ₹100.94 crores under Financing Charges, apportioned at 82.92% based on the Gross Fixed Asset Ratio (refer Table 138 and Para 4.9.128.

4.10 True Up of Non-Aeronautical Revenue

MIAL's Submission on the True Up of Non-Aeronautical Revenue for the Third Control Period in MYTP for the Fourth Control Period

4.10.1 MIAL had submitted the Non-Aeronautical Revenue for the Third Control Period (i.e., Revenue from Revenue Sharing Asset) as per the table below:

Table 144: Revenue from Revenue Share Assets as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues						
F&B	138.46	18.88	59.33	138.25	184.43	539.35
Flight Kitchen	25.15	6.08	14.31	36.80	55.09	137.43
Retail Concession	152.54	25.78	72.64	158.08	159.90	568.94
Foreign Exchange, Banks & ATM	61.24	4.34	15.43	62.38	71.29	214.68
IT & Communication	52.42	4.62	2.58	37.44	164.68	261.74
Car Rental & Hotel Reservation	24.66	5.20	10.39	24.78	25.51	90.54
Duty Free Shops	351.70	31.97	66.95	207.48	316.30	974.40
Advertising Income	155.02	32.05	113.43	187.35	218.87	706.72
Car Parking	33.42	4.89	41.01	51.27	56.38	186.97
Ground Handling	108.06	39.78	78.64	129.92	141.81	498.21
Others	45.23	21.57	68.20	69.26	54.33	258.58
Total (A)	**1,147.90**	**195.16**	**542.91**	**1,103.02**	**1,448.59**	**4,437.58**
Rent & Service Revenues						
Land Rent & Lease	96.23	91.89	97.65	151.72	185.34	622.83
Hanger Rent	18.01	15.01	20.06	25.67	33.01	111.76
Terminal Building Rent	63.41	59.50	65.85	76.96	108.77	374.49
Cute Counter Charges	12.85	3.57	6.13	12.07	13.98	48.60
Lounges	73.07	17.70	72.73	115.66	151.64	430.80
Cargo Building Rent & Other Building Rent	28.26	27.66	29.75	29.00	35.08	149.75
Total (B)	**291.83**	**215.33**	**292.17**	**411.09**	**527.82**	**1,738.24**
Cargo Revenues						
Domestic Cargo	32.28	25.85	32.85	37.80	30.74	159.52
International Cargo	202.55	202.00	221.49	231.84	311.39	1,169.27
Perishable Cargo	21.72	24.36	25.77	25.76	34.72	132.33
Courier Services	20.42	11.34	18.06	17.54	19.60	86.96
Others	25.15	16.61	25.17	28.53	31.36	126.82
Total (C)	**302.12**	**280.16**	**323.34**	**341.46**	**427.81**	**1,674.89**
Revenue from Other than Revenue Share Assets (i.e., Non-Transfer Assets) **	13.75	14.83	15.30	15.81	19.13	78.82
Grand Total Revenues from RSA (A+B+C)	**1,741.85**	**690.65**	**1,158.42**	**1,855.57**	**2,404.22**	**7,850.70**

***Revenue other than revenue share assets has not been included in NAR for Target Revenue Computation as per the provisions of OMDA*

4.10.2 MIAL submitted a revised true up of Revenue from Revenue Share Assets by taking into consideration Hon'ble TDSAT order dated 6th October 2023. The Hon'ble TDSAT vide its order has pronounced that Other Income, Annual Fee payable to AAI and revenue from Existing assets are required to be excluded

from the calculation of the 'S' factor. The relevant Hon'ble TDSAT excerpts have been discussed in detail under the section 2.3.5 under the True up for the First Control Period in this Tariff Order.

Table 145: Computation of 'S' factor for True up of the Third Control Period as submitted by MIAL

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Non-Aero Revenues	a	1,741.85	690.65	1,158.48	1,855.57	2,404.22	7,850.76
Revenues from existing assets	b	524.70	341.99	413.66	592.61	592.61	2,465.57
Revenues from RSA	c=a-b	1,217.14	348.66	744.82	1,262.96	1,811.61	5,385.19
Annual Fee on above	d=38.7%*c	471.03	134.93	288.24	488.77	701.09	2,084.07
Revenues from RSA after annual fee paid to AAI	e=c-d	746.11	213.73	456.57	774.19	1,110.52	3,301.12
S Factor as 30% of Revenue from RSA	**f=30%*e**	**223.83**	**64.12**	**136.97**	**232.26**	**333.16**	**990.34**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.10.3 The Authority had included Other Income as a part of the Non-Aeronautical Revenue in FY 2019-20 in the tariff determination for the Third Control Period order, alongside the otherwise projected non-aeronautical revenue.

4.10.4 The Non-Aeronautical Revenue forecasted during the tariff determination of the Third Control Period is as follows:

Table 146: Non-aeronautical revenues as decided by the Authority in the Third Control Period Tariff Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues						
F&B	138.00	23.31	65.83	111.55	126.85	**465.53**
Flight Kitchen	38.73	7.44	21.01	35.60	40.48	**143.25**
Retail Concession	154.00	26.37	74.47	126.20	143.51	**524.55**
Foreign exchange, Banks & ATM	73.33	3.24	14.33	17.68	19.98	**128.55**
IT & Communication	61.66	-	-	70.00	79.60	**211.26**
Car Rental & Hotel Reservation	24.00	6.17	18.93	25.63	27.61	**102.35**
Duty Free Shops	370.00	22.41	151.35	253.42	290.73	**1,087.92**
Advertising Income	165.36	32.20	90.88	154.00	175.12	**617.55**
Car Parking	33.40	7.70	23.80	32.00	34.10	**131.00**
Ground Handling	126.93	35.02	71.20	114.85	131.99	**479.98**
Others (mainly relating to SEIS)	60.29	12.36	34.89	59.12	67.23	**233.89**
Total (A)	**1,245.70**	**176.22**	**566.70**	**1,000.03**	**1,137.20**	**4,125.84**
Rent & Service Revenues						
Land Rent & Lease	113.29	47.40	86.77	129.66	135.62	**512.75**
Hanger Rent	15.30	8.20	18.51	28.42	48.57	**119.00**
Terminal Building Rent	74.38	27.75	53.15	80.43	84.13	**319.84**
Cute counter charges	13.71	6.85	10.27	13.70	14.94	**59.47**
Lounges	80.00	41.76	65.40	91.03	103.52	**381.71**
Cargo Building Rent & Other Building rent	35.74	15.37	28.91	44.40	47.73	**172.17**
Total (B)	**332.43**	**147.33**	**263.01**	**387.64**	**434.51**	**1,564.93**
Cargo Revenues						

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Domestic Cargo	36.11	17.65	28.89	41.09	45.21	**168.95**
Cargo Handling Revenue	26.78	13.95	21.85	30.42	34.26	**127.26**
Perishable Cargo	19.96	20.22	20.50	21.22	24.33	**106.24**
Courier Revenue	20.51	11.35	17.08	23.30	26.64	**98.88**
International Cargo Revenue	228.88	88.43	154.32	264.94	287.99	**1,024.56**
Total (C)	**302.12**	**280.16**	**323.34**	**341.46**	**427.81**	**1,674.89**
Grand Total Revenues from RSA (A+B+C)	**1,880.25**	**603.71**	**1,153.05**	**1,729.13**	**1,999.52**	**7,365.66**
Less: Revenue from Other than Revenue Share Assets (i.e., Non-Transfer Assets)	13.75	14.83	15.30	15.81	19.13	78.82
Add: Other Income	22.31					22.31
Grand Total	**1,918.93**	**460.32**	**1,057.05**	**1,752.84**	**1,971.01**	**7,160.15**
Cross subsidization (30% of above)	**575.68**	**138.10**	**317.12**	**525.85**	**591.30**	**2,148.05**

4.10.5 The Authority had decided to True up the non-aeronautical revenues for the Third Control Period on actuals, at the time of determination of tariff for the Fourth Control Period.

Authority's Examination of the matters regarding the True Up of Non- Aeronautical Revenue for the Third Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

4.10.6 The Authority, had examined the Non-Aeronautical Revenue ("NAR") as follows:

(i) Agreed with the Gross NAR submitted by MIAL in comparison with the audited financial statements of MIAL.

(ii) Obtained and reviewed few contracts / vouchers / invoices / other relevant documents and records supporting the NAR.

(iii) Reviewed the variance between the NAR approved by the Authority in the Third Control Period Order with the NAR submitted by MIAL for the true-up of the Third Control Period.

4.10.7 The Authority proposed to reclassify the Revenue earned from the Fuel Farm Facility from NAR to Aeronautical Revenue. This is in alignment with the Authority's consistent position of classifying all Fuel related activities as aeronautical (as per Schedule 5 of OMDA), a classification that has been upheld by the Hon'ble Supreme Court in their Order dated 11th July 2022 ruling out that all revenue related to Fuel and Into Plane Services are Aeronautical in nature. Thus, the Authority proposed to re-classify the revenue from the Fuel Farm Facility (Refer 4.10.9 and Table 151) from NAR and add it to the Aeronautical Revenue portion (Refer Table 163 and para 4.12.6).

4.10.8 The comparison of Non-Aeronautical Revenues (NAR) for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order is given in the below three tables:

Table 147: Comparison of Retail Licenses NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order

(Rs. in crores)

S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Reasons for Variance
A.	**Retail Licenses**				

S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Reasons for Variance
1	Duty Free Shops	**1,088**	**974**	**(114)**	**Basis of Forecast:** Embarking International Passengers and Inflation (4.60%). **Reasons for Variance:** Embarking international passengers lower than forecasted by 1.73 Mn i.e., 7.3%, primarily due to due to Covid impact until FY 23. Hence NAR from duty free shops lower by ~ 10%.
2	Advertising Income	**618**	**707**	**89**	**Basis of Forecast:** Total Passenger numbers and Inflation (4.60%). **Reasons for Variance:** Though actual no. of passengers lower than forecast by 2.8%, advertising income higher by 14.40% due to higher rates.
3	Retail Concession	**525**	**569**	**44**	**Basis of Forecast:** Estimated Revenue Per Total Embarking Passenger and Inflation (4.60%). **Reasons for Variance:** Though actual no. of passengers lower than forecast by 2.8%, retail income higher by 8.38% due to higher rates.
4	Ground Handling	**480**	**498**	**18**	**Basis of Forecast:** Total International ATM and Inflation. **Reasons for Variance:** Though actual International ATM was lower than forecast by 18.95%, the ground handling revenue higher by 3.75% due to higher rates.
5	F&B	**466**	**539**	**74**	**Basis of Forecast:** Estimated Revenue Per Total Embarking Passenger and Inflation (4.60%). **Reasons for Variance:** Though actual number of Embarking Passengers lower than forecast by 1.99%, F&B revenue higher by 15.67% due to higher rates.
6	IT & Communication	**211**	**262**	**50**	**Basis of Forecast:** Forecasts were based on Revenue per Embarking Passenger. However, FY21 and FY22 revenue forecast was nil revenue as estimated passenger numbers were below the sustenance level (due to COVID-19). **Reasons for Variance:** Significant increase in FY 24 NAR (Rs. 164 Crores against Rs. 80 Crores forecasted) since MIAL took over IT operations from Wipro.
7	Flight Kitchen	**143**	**137**	**(6)**	**Basis of Forecast:** Forecasted based on Total Embarked Passengers. **Reasons for Variance:** Since traffic was lower by 2.8%, flight kitchen income lower by ~ 4%.

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S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Reasons for Variance
8	Car Parking	131	187	56	**Basis of Forecast:** Forecasted based on Per Total Passenger Revenue, along with Inflation (4.60%). **Reasons for Variance:** Significant increase in Parking revenue in last 3 years of the 3rd Control Period (148 Crores against 90 Crores forecasted).
9	Foreign Exchange, Banks & ATM	129	215	86	**Basis of Forecast:** Foreign Exchange – Total International Passengers Banks & ATM – Total Passengers **Reasons for Variance:** Forecast was on the lower side due to uncertainties of covid. But due to strong recovery in the last 2 years of the 3rd Control Period, revenue higher overall by 66.67%.
10	Car Rentals & Taxi Service	102	91	(12)	**Basis of Forecast:** Forecasted based on Total Disembarking Passengers and Inflation (4.60%). **Reasons for Variance:** Major variance due to FY 22, where traffic was much lower than forecast.
11	Others	234	259	25	**Basis of Forecast:** Forecasted based on Passenger Traffic & Inflation (4.60%). **Reasons for Variance:** Revenue from Passenger Facilities and Meet & Assist Services higher than forecast.
	Total	4,126	4,438	312	

Table 148: Comparison of Rents and Services NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order

(Rs. in crores)

S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
B.	**Rents & Services Revenue**				
1	Land Rent & Lease	513	623	110	**Basis of Forecast:** Forecasted on Inflation. **Reasons for Variance:** The actuals were higher due to new leases.
2	Lounges	382	431	49	**Basis of Forecast:** Forecasted over Total Embarking Passengers. **Reasons for Variance:** There had been a significant increase in lounge revenue in the last 2 years.
3	Terminal Building Rent	320	374	54	**Basis of Forecast:** Forecasted on the Average Rate Per Square Meter, and Inflation. **Reasons for Variance:** Rent Rates have increased FY 24 onwards.

S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
4	Cargo Building Rent & Other Building Rent	**172**	**150**	**(22)**	**Basis of Forecast:** Authority increased the rent by 7.5% Y-O-Y which was much higher than MIAL's submission during the Third Control Period MYTP. **Reasons for Variance:** Increase in rent was lower than 7.5% and hence the variance.
5	Hangar Rent	**119**	**112**	**(7)**	**Basis of Forecast:** Authority increased rent by 7.5% Y-O-Y. **Reasons for Variance:** Very small variance.
6	Cute Counter Charges	**59**	**49**	**(10)**	**Basis of Forecast:** Forecasted on Total ATMs, **Reasons for Variance:** Due to International ATM's being lower than forecast, revenue is also lower, since International ATMs are generally charged 3 times as that of Domestic ATMs.
	Total	**1,565**	**1,738**	**174**	

Table 149: Comparison of Cargo NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order

(Rs. in crores)

S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
C.	**Cargo Revenue**				
1	International Cargo Revenue	**1,025**	**1,169**	**144**	**Basis of Forecast:** Forecasted based on Terms of the Contract. **Reasons for Variance:** International Cargo Rates increased significantly during the control period, thereby increasing revenue significantly.
2	Domestic Cargo	**169**	**160**	**(9)**	**Basis of Forecast:** Forecasted based on Inflation (4.60%). **Reasons for Variance:** During the 3rd CP, there was a change in concessionaire whose revenue share is lower than the previous one. MIAL submits that each time a concessionaire is changed, the capex (interiors and P&M) has to be borne by the concessionaire. Usually, a lower revenue share % is quoted in bid for initial years to recover capex cost. Hence actuals lower than forecast.
3	Cargo Handling	**127**	**126**	**(1)**	**Basis of Forecast:** Forecasted over Inflation. **No major variance.**
4	Perishable Cargo	**106**	**132**	**26**	**Basis of Forecast:** Forecasted based on Terms of the Contract. **Reasons for Variance:** FY 24's revenue has increased due to rates.
5	Courier Revenue	**99**	**87**	**(12)**	**Basis of Forecast:** Projected on Inflation and Expected Courier Volume Growth %.

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S. No.	Particulars	3rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
					Reasons for Variance: This revenue is ancillary to international cargo revenue. Since international cargo rates were increased, courier rates were not increased by much in the Third Control Period. Hence revenue lower than forecast.
6	Others	-	1	1	Includes X-Ray, Carting, Packing and others. No major variance.
	Total	**1,526**	**1,675**	**149**	

Table 150: Total Non-Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues (A)	1,147.90	195.16	542.91	1,103.02	1,448.59	4,437.58
Rent & Service Revenues (B)	291.83	215.33	292.17	411.09	527.82	1,738.24
Cargo Revenues (C)	302.12	280.16	323.34	341.46	427.81	1,674.89
Grand Total Revenues from RSA (D=A+B+C)	**1,741.85**	**690.65**	**1,158.42**	**1,855.57**	**2,404.22**	**7,850.70**

4.10.9 The Authority had reviewed the reasons for variances summarized in the table above and proposed considering MIAL's submission for the True up of the Non-Aeronautical Revenue for the Third Control Period. However, the Authority proposed to consider the Revenue generated from the Fuel Farm Facility (constituted under Land, Rents & Leases), as Aeronautical Revenue (Refer para's 4.10.7, 4.12.6 and Table 163) as per Table 151.

Table 151: Total Non-Aeronautical Revenue proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues (A)	**1,147.90**	**195.16**	**542.91**	**1,103.02**	**1,448.59**	**4,437.58**
Rent & Service Revenues as submitted by MIAL (b)	291.83	215.33	292.17	411.09	527.82	1,738.24
Land Rent & Leases Revenue as submitted by MIAL (b1)	96.23	91.89	97.65	151.72	185.34	622.83
Revenue Generated from Fuel Farm Facility (b2)	13.70	14.42	14.06	13.65	8.59	64.42
Net Land Rent & Leases Revenue (b3 = b1-b2)	82.53	77.47	83.59	138.07	176.75	558.41
Net Rent & Service Revenues (B = b-b2)	**278.13**	**200.91**	**278.11**	**397.44**	**519.23**	**1,673.82**
Cargo Revenues (C)	**302.12**	**280.16**	**323.34**	**341.46**	**427.81**	**1,674.89**
Grand Total Revenues from NAR (D=A+B+C)	**1,728.15**	**676.23**	**1,144.36**	**1,841.92**	**2,395.63**	**7,786.28**

4.10.10 The Authority noted that MIAL in line with the submission made in the First and the Second Control Period has submitted the revised computation of 'S' Factor based on the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023 for the Third Control Period.

4.10.11 With regards to the Revenue Share Assets and subsequently the 'S' Factor derived, as mentioned in para 4.2.5 of this Tariff Order, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same methodology.

4.10.12 Consequently, the Authority proposed the following:

(i) Not to exclude Other Income
(ii) Not to reduce the revenue from existing assets
(iii) Not to exclude the annual fee paid to AAI from the calculation of the 'S' factor.

4.10.13 The Authority also noted that MIAL has earned a dividend income (forming part of Other Income) of Rs. 10.58 Crores from the Fuel Farm Facility in FY 2024. As mentioned in para 4.10.7, the Authority proposed to reclassify the revenue earned from the Fuel Farm Facility from NAR to Aeronautical Revenue. Therefore, the Authority proposed to reduce the said income from NAR as shown in Table 152 and add it to the Aeronautical Revenue of MIAL for the True up of the Third Control Period as shown in Table 163.

4.10.14 Accordingly, the Authority proposed the 'S' factor for the true up of the Third Control Period as per the table below:

Table 152: Non-Aeronautical Revenue as proposed by the Authority for the True up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Revenue from RSA (A) (From Table 150)	1,728.15	676.23	1,144.36	1,841.92	2,395.63	7,786.28
Other Income with dividend from Fuel Farm Facility (b1)	13.91	37.24	80.19	32.38	60.62	224.34
Dividend Income earned from the Fuel Farm Facility (b2)	-	-	-	-	10.58	10.58
Net Other Income (B = b1-b2)	13.91	37.24	80.19	32.38	50.04	213.76
Grand Total (C=A+B)	**1,742.06**	**713.47**	**1,224.55**	**1,874.30**	**2,445.67**	**8,000.04**
Cross subsidization (30% of 'C')	**522.62**	**214.04**	**367.36**	**562.29**	**733.70**	**2,400.01**

4.10.15 In view of the above, the Authority proposed to consider Non-Aeronautical Revenue (NAR) of Rs. 8,000.04 Crores and the derived 'S' Factor of Rs. 2,400.01 Crores as per Table 152 for the True up of the Third Control Period as against MIAL's submission of NAR of Rs. 7,850.70 Crores and the derived 'S' Factor of Rs. 990.34 Crores. The Authority noted the reasons for the variances as below:

(i) Fuel Farm Facility being reclassified from NAR as Aeronautical Revenue.

(ii) As explained in para's 4.10.11 and 4.10.12, the Authority had not given effect to the judgement of Hon'ble TDSAT and therefore had not excluded the revenue from existing assets, Other Income and the Annual Fee paid to AAI from the calculation of the 'S" Factor.

Stakeholders' Comments on True Up of Non-Aeronautical Revenue for the Third Control Period

4.10.16 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL and IATA in response to the proposals of the Authority with regard to the True-up of Non-Aeronautical Revenue for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to true up of Non-aeronautical revenue

4.10.17 MIAL's comments with regards to consideration of fuel farm rental and dividend income as aeronautical revenue is as follows:

*"**Inconsistent approach as compared to previous control periods***

Rental and dividend income of Fuel Farm (MAFFFL) has been considered as Aeronautical Revenue in the tariff determination of Fourth Control Period whereas same was considered as non-aeronautical revenue in previous control periods. We request the Authority to maintain a consistent approach with respect to classification of various revenue streams.

Inconsistent approach as compared to recently issued tariff order no. 20/2024-25 for DIAL

In case of the recently issued tariff order no. 20/2024-25 for DIAL, the Authority has classified entire land rentals as non-aeronautical revenue without going into nature of service from which the land rental has been received. Since MIAL and DIAL have similar Concession agreements, the Authority should apply the same principles for both the airports.

Wrong interpretation of Supreme Court order

It is to be noted that the Supreme Court Judgement dated 11th July 2022 deals with the issue of Fuel Throughput Charges levied by MIAL to Oil Marketing Companies only. Land Lease Rental Income, which is levied by MIAL to Fuel Farm Operator i.e. MAFFPL, was not subject to the appeal filed by Airport Operators as same has always been considered as non-aeronautical by the Authority. Hence reliance by the Authority on the Supreme Court is not applicable.

Excerpts from the Supreme Court Judgment are as below:-

"21. The fuel supply chain at the airport begins from entry of Aviation Turbine Fuel (for short 'ATF') into the airport premises and extends up to fuelling the aircraft. Fuel Throughput Charge (for short 'FTC') is a fee collected by the airport operators from Oil Marketing Companies (for short 'OMCs') for providing fuel to the aircraft. If FTC is treated as an aeronautical revenue, it would be covered within the TR and in case it is treated as non-aeronautical revenue, only 30 per cent of the fee recovered from FTC will be covered in the TR. Thus, the controversy as it appears before this Court is whether FTC is a service or an access fee and if FTC is a service, whether FTC falls within the category of aeronautical services."

"45. We thus have no hesitation in upholding the view taken by the AERA and the TDSAT opining that the FTC was a part of the "Aeronautical Service."

It is clear from the above the issue of contention was limited to Fuel Throughput Charges (FTC) and SC Judgment has given the judgment is limited to this issue only.

Inconsistent approach within this Consultation Paper

As per Para 4.7.8 footnote to Table 86 of the Consultation Paper, the Authority is of the view that investment in equity shares does not tantamount to investment in RAB. Similarly in the case of Fuel Farm infrastructure, MIAL has invested in Fuel Farm joint venture through investment in equity share and that investment is not considered by the Authority as RAB too. Accordingly, any income generated as dividend from such equity investment cannot be considered as Aeronautical income attributable from RAB.

Hence in light of above clarifications, it is requested that land rentals and Dividend Income from Fuel Farm operator to be re-classified as Non-Aeronautical Revenues."

Other stakeholders' comments

4.10.18 IATA's comment with regards to Non- Aeronautical Revenues is as follows:

- *"We support the treatment of Fuel farm facility as aeronautical revenue (rather than NAR)*
- *We support the approach by AERA of not excluding the annual fee paid to AAI, revenue from existing assets and other incomes from the calculation of the "S" Factor."*

Authority's Analysis on Stakeholders' Comments on True Up of Non-Aeronautical Revenue for the Third Control Period

4.10.19 The Authority notes MIAL's submission (Refer Para 4.10.17) regarding the classification of land rent and dividend income from the Fuel Farm Operator, mentioning that all along fuel farm has been considered as Non-Aero and the same consistency may be maintained.

In this regard, the Authority has re-examined this matter, and in order to maintain consistency with prior tariff orders, has reclassified the land lease rental income from Fuel Farm operator as part of non-aeronautical revenue. However, the Authority continues to consider dividend income from the Fuel Farm joint venture as aeronautical, as it arises from investment in an entity exclusively engaged in the provision of aeronautical services. Accordingly, the dividend, being a financial return from a regulated aeronautical activity, is classified as aeronautical revenue.

4.10.20 The Authority notes the comment of IATA (Refer Para 4.10.18) in respect to the treatment of Fuel Farm Facility, and the view of the Authority is given above.

4.10.21 The Authority acknowledges the support of IATA in the non-exclusion of annual fee paid to AAI, revenue from existing assets and other income for the computation of the "S" Factor. The Authority acknowledges the support of IATA in the non-exclusion of annual fee paid to AAI, revenue from existing assets and other income for the computation of the 'S' Factor.

4.10.22 Therefore, based on the above discussions, the Authority decides to consider the rental income from the Fuel Farm Facility as Non-Aeronautical Revenue, as against the consideration of the same as Aeronautical in the Consultation Stage.

4.10.23 Accordingly, the Non-Aeronautical Revenue and the subsequent 'S' factor decided by the Authority for the true up of the Third Control Period is as per the table below:

Table 153: Non-Aeronautical Revenue and 'S' Factor as decided by the Authority for the True up of the Third Control Period

(Rs. in crores)

	Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
A.	**Retail Licenses**						
1	Duty Free Shops	351.70	31.97	66.95	207.48	316.30	**974.40**
2	Advertising Income	155.02	32.05	113.43	187.35	218.87	**706.72**
3	Retail Concession	152.54	25.78	72.64	158.08	159.90	**568.94**
4	Ground Handling	108.06	39.78	78.64	129.92	141.81	**498.21**
5	F&B	138.46	18.88	59.33	138.25	184.43	**539.35**
6	IT & Communication	52.42	4.62	2.58	37.44	164.68	**261.74**
7	Flight Kitchen	25.15	6.08	14.31	36.80	55.09	**137.43**
8	Car Parking	33.42	4.98	41.01	51.27	56.38	**186.97**
9	Foreign Exchange, Banks & ATM	61.24	4.34	15.43	62.38	71.29	**214.68**

	Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
10	Car Rentals & Taxi Service	24.66	5.20	10.39	24.78	25.51	**90.54**
11	Others	45.23	21.57	68.20	69.26	54.33	**258.58**
	Total Retail Licenses Revenue	**1,147.90**	**195.16**	**542.91**	**1,103.21**	**1,448.59**	**4,437.58**
B.	**Rents & Services Revenue**						
1.a	Land Rent & Lease	82.53	77.47	83.59	138.07	176.75	**558.41**
1.b	Rental Revenue Earned from Fuel Farm Facility	13.70	14.42	14.06	13.65	8.59	**64.42**
1.c (a+b)	**Total Land Rent and Lease**	**96.23**	**91.89**	**97.65**	**151.72**	**185.34**	**622.83**
2	Lounges	73.07	17.70	72.73	115.66	151.64	**430.80**
3	Terminal Building Rent	63.41	59.50	65.85	76.96	108.77	**374.49**
4	Cargo Building Rent & Other Building Rent	28.26	27.66	29.75	29.00	35.08	**149.75**
5	Hangar Rent	18.01	15.01	20.06	25.67	33.01	**111.76**
6	Cute Counter Charges	12.85	3.57	6.13	12.07	13.98	**48.60**
	Total Rents and Services Revenue	**291.83**	**215.33**	**292.17**	**411.09**	**527.82**	**1,738.24**
C.	**Cargo Revenue**						
1	International Cargo Revenue	202.55	202.00	221.49	231.84	311.39	**1,169.27**
2	Domestic Cargo	32.28	25.85	32.85	37.80	30.74	**159.52**
3	Cargo Handling	24.68	16.35	25.10	28.12	31.36	**125.61**
4	Perishable Cargo	21.72	24.36	25.77	25.76	34.72	**132.33**
5	Courier Revenue	20.42	11.34	18.06	17.54	19.60	**86.96**
6	Others	0.47	0.26	0.07	0.40	-	**1.20**
	Total Cargo Revenue	**302.12**	**280.16**	**323.34**	**341.46**	**427.81**	**1,674.89**
D.	**Other Income**	**13.91**	**37.24**	**80.19**	**32.38**	**50.04**	**213.76**
E.	**Grand Total (E=A+B+C+D)**	**1,755.76**	**727.89**	**1,238.61**	**1,877.95**	**2,454.26**	**8,064.46**
	Cross subsidization (30% of 'E')	**526.73**	**218.37**	**371.58**	**566.38**	**736.28**	**2,419.34**

4.10.24 In view of the above, the Non-Aeronautical Revenue and the resultant 'S' Factor for the True up of the Third Control Period is Rs. 8,064.46 crores and Rs. 2,419.34 crores respectively as per Table 153 is decided by the Authority as against the of NAR of Rs. 8,000.04 Crores and the derived 'S' Factor of Rs. 2,400.01 Crores that was proposed in the Consultation Stage. The reason for the variance is:

(i) Rental Income from the Fuel Farm Facility being reclassified as Non-Aeronautical Revenue of Rs 64.42 Crores.

4.11 True Up of Aeronautical Tax

MIAL's Submission on the True Up of Aeronautical Tax for the Third Control Period in MYTP for the Fourth Control Period

4.11.1 MIAL has computed 'T' – Tax reimbursement after considering the Impact of Hon'ble TDSAT judgment dated 6th October 2023 and the Hon'ble Supreme Court judgment dated 11th July 2022 as follows:

Table 154: Computation of Aeronautical Tax for the True up of the Third Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aero Revenues	1,721.98	882.24	668.05	1,225.41	1,500.95	**5,998.62**
Add: 'S' Factor (30% of RSA)	223.83	64.12	136.97	232.26	333.16	**990.34**
Total Revenues	**1,945.81**	**946.35**	**805.02**	**1,457.67**	**1,834.11**	**6,988.96**
Less: Aero Expenses	847.96	720.94	871.78	881.65	870.74	**4,193.07**
Less: Aero Depreciation	512.94	491.21	408.93	412.93	404.08	**2,230.09**
Less: Interest Cost*	269.32	261.55	257.71	267.39	249.38	**1,305.34**
Net Profit (P)	**315.60**	**(527.34)**	**(733.39)**	**(104.31)**	**309.91**	**(739.53)**
Tax Rate (T)	34.94%	34.94%	34.94%	25.17%	25.17%	
Aero Taxation (P x T)	**110.28**	-	-	-	**78.00**	**188.28**

**Interest Cost = RAB X Gearing X Cost of Debt*

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.11.2 The Authority vide its decision in para 8.5.4, for computation of tax in the Third Control Period Order has:

(i) Considered the annual fees to AAI as an expense.
(ii) Not considered the 'S' factor for revenue computation.
(iii) Considered Depreciation as per the Income Tax Act.
(iv) Calculated Interest expense at the actual interest paid on the existing debt.

4.11.3 Based on the above, the tax for the Third Control Period was decided by the Authority as shown in the table below:

Table 155: Income Tax Re-imbursement considered by the Authority during the tariff determination of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Revenue	1,708.50	696.95	777.18	1,342.19	1,526.96	**6,051.78**
Total Income for Aeronautical Tax Computation	**1,708.50**	**696.95**	**777.18**	**1,342.19**	**1,526.96**	**6,051.78**
Annual Fee to AAI	661.19	269.72	300.77	519.43	590.94	**2,342.05**
Aeronautical Expenses	723.15	716.61	761.01	852.13	886.25	**3,939.15**
EBITDA	**324.16**	**(289.38)**	**(284.60)**	**(29.37)**	**49.77**	**(229.42)**
Depreciation as per Income Tax – Aeronautical	606.97	607.17	603.59	571.54	535.91	**2,925.18**
Interest Expense - Aeronautical	468.43	462.03	429.93	392.32	350.75	**2,103.45**
Profit before Tax	**(751.24)**	**(1,358.57)**	**(1,318.12)**	**(993.23)**	**(836.89)**	**(5,258.05)**
Tax Rate	34.94%	34.94%	34.94%	34.94%	34.94%	
Tax	-	-	-	-	-	-

Authority's Examination of the matters regarding the True Up of Aeronautical Tax for the Third Control Period as part of Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

4.11.4 The Authority examined the submissions made by MIAL for the true up of aeronautical taxes and noted that MIAL had considered 'S' Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023) and had not considered Annual Fee to AAI as an expense for the purpose of determining Aeronautical PBT and consequently for the Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

4.11.5 With regards to the submission made by MIAL, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposed to retain the same approach, with regards to the Hon'ble TDSAT order on treating the 'S' Factor as a revenue base for the computation of Aeronautical Tax as mentioned in para 4.2.5 of this Tariff Order.

4.11.6 As mentioned in para 4.2.6 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022, and recomputed the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense towards True Up of the Third Control Period as per the directions contained in the judgement of Hon'ble Supreme Court.

4.11.7 Accordingly, the Authority had recomputed the applicable Interest and Tax as below:

Table 156: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average RAB (Refer Table 79)	A	5,511.74	5,112.02	4,741.03	4,542.24	4,436.41	
Normative Gearing Ratio	B	48.00%	48.00%	48.00%	48.00%	48.00%	
Interest Rate	C	10.16%	10.30%	10.30%	10.30%	10.30%	
Aeronautical Interest Expense	D=A*B*C	**268.79**	**252.74**	**234.40**	**224.57**	**219.34**	**1,199.83**

Table 157: Computation of the 'T' element for the True up of the Third Control Period as proposed by the Authority at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Revenue	A	1,735.68	896.66	682.11	1,239.06	1,520.12	**6,073.62**
Aeronautical Operating Expenses	B	844.59	723.60	778.01	868.07	908.49	**4,122.76**
EBITDA	C=A-B	**891.09**	**173.05**	**(95.90)**	**370.99**	**611.63**	**1,950.86**
Depreciation (Refer Table 94)	D	497.99	477.03	395.46	390.31	355.90	**2,116.69**
Interest Expense-aeronautical	E	268.79	252.74	234.40	224.57	219.34	**1,199.83**
Profit Before Tax	F=C-D-E	**124.31**	**(556.71)**	**(725.75)**	**(243.89)**	**36.39**	**(1,365.65)**
Opening Accumulated (Losses)	G	-	-	(556.71)	(1,282.47)	(1,526.36)	
Current (Losses)	H	-	(556.71)	(725.75)	(243.89)	-	
Current year Set Off	I	124.31	-	-	-	36.39	

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Closing Accumulated (Losses)	J=G+H-I	-	(556.71)	(1,282.47)	(1,526.36)	(1,489.97)	
Profit for Taxation	K	**124.31**	-	-	-	-	
Tax Rate	L	34.94%	34.94%	34.94%	25.17%	25.17%	
Tax	M=K*L	**43.44**	-	-	-	-	**43.44**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 155 has not been treated as an expense (Refer para 3.1.5).

4.11.8 In view of the above, the Authority proposed to consider the Aeronautical Taxes as per Table 157 for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Aeronautical Tax for the Third Control Period

4.11.9 During Stakeholders' Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority with regard to the True-up of Aeronautical Tax for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholder is presented below:

Other stakeholders' comments

4.11.10 IATA's comment with regards to true-up of Aeronautical Tax is as follows:

- *"We support the approach taken by AERA to recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense towards True Up of the Third Control Period as per the directions contained in the judgement of Hon'ble Supreme Court."*

Authority's Analysis on Stakeholders' Comments on True Up of Aeronautical Tax for the Third Control Period

4.11.11 The Authority acknowledges IATA's support (Refer Para 4.11.10) regarding the True-up of Aeronautical Tax for the Third Control Period in line with the judgement of the Hon'ble Supreme Court.

4.11.12 The Authority notes that, as a result of the changes in various regulatory building blocks as discussed above in this Chapter, there is a change in Aeronautical Tax from the amount proposed in the Consultation Stage.

4.11.13 Accordingly, the Authority had recomputed the applicable Interest and Tax as below:

Table 158: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Closing RAB (Refer Table 82)	A	5,512.17	5,112.88	4,742.32	4,573.87	4,466.39	
Normative Gearing Ratio	B	48.00%	48.00%	48.00%	48.00%	48.00%	
Interest Rate	C	10.16%	10.30%	10.30%	10.30%	10.30%	
Aeronautical Interest Expense	D=A*B*C	**268.81**	**252.78**	**234.46**	**226.13**	**220.82**	**1,203.00**

Table 159: Computation of the 'T' element for the True up of the Third Control Period as decided by the Authority

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Revenue	A	1,721.98	882.24	668.05	1,225.41	1,511.53	**6,009.20**
Aeronautical Operating Expenses	B	845.14	724.23	862.29	868.59	908.95	**4,209.20**
EBITDA	C=A-B	**876.84**	**158.01**	**(194.24)**	**356.82**	**602.58**	**1,800.00**
Depreciation (Refer Table 96)	D	497.56	476.60	395.03	391.97	357.56	**2,118.71**
Interest Expense-aeronautical	E	268.81	252.78	234.46	226.13	220.82	**1,203.00**
Profit Before Tax	F=C-D-E	**110.47**	**(571.38)**	**(823.72)**	**(261.28)**	**24.20**	**(1,521.71)**
Opening Accumulated (Losses)	G	-	-	(571.38)	(1,395.10)	(1,656.38)	
Current (Losses)	H	-	(571.38)	(823.72)	(261.28)	-	
Current year Set Off	I	110.47	-	-	-	24.20	
Closing Accumulated (Losses)	J=G+H-I	-	(571.38)	(1,395.10)	(1,656.38)	(1,632.18)	
Profit for Taxation	K	**110.47**	-	-	-	-	
Tax Rate	L	34.94%	34.94%	34.94%	25.17%	25.17%	
Tax	M=K*L	**38.60**	-	-	-	-	**38.60**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 155 has not been treated as an expense (Refer para 3.1.5).

4.11.14 In view of the above, the Authority decides to consider the Aeronautical Taxes as per Table 159 for the True up of the Third Control Period noting that the only change in this section is consequential change in taxes on account change in other building blocks. The Aeronautical Tax reimbursement has changed to Rs. 38.60 Crores as against Rs. 43.44 Crores considered at the Consultation Stage.

4.12 True Up of Aeronautical Revenue

Mial's Submission on the True Up of Aeronautical Revenue for the Third Control Period in MYTP

4.12.1 MIAL submitted the following Aeronautical Revenue for the True up of the Third Control Period in MYTP:

Table 160: Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	499.79	580.46	991.57	1,224.13	4,555.21
Parking & Housing Revenue	79.59	167.14	32.08	62.08	59.24	400.12
User Development Fee (UDF) Revenue	151.26	16.6	22.64	93.81	117.25	401.56
Aerobridge Charges	95.61	43.69	20.57	63.78	70.25	293.90
FTC Revenue	114.93	-	-	-	-	114.93
ITP Revenue	2.01	0.84	1.08	2.03	3.02	8.98
Unauthorized Overstay Charges	19.31	22.99	11.22	12.14	27.06	92.72
Additional Landing Domestic and International	-	131.2	-	-	-	131.20
Total Aero Revenue	**1,721.98**	**882.24**	**668.05**	**1,225.41**	**1,500.95**	**5,998.62**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

4.12.2 The Authority had considered the following aeronautical revenue in the Third Control Period Order.

Table 161: Aeronautical Revenue as approved by the Authority during the Tariff determination of the Third Control Period Tariff Order

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	590.78	658.78	1,145.28	1,303.30	4,957.41
Parking & Housing Revenue	79.59	25.65	28.61	50.00	56.72	240.58
Aerobridge Charges	95.61	23.96	26.72	47.25	54.05	247.58
User Development Fee (UDF) Revenue	151.30	47.91	53.43	90.00	103.25	445.88
Others (FTC, ITP and Overstay Charges)	122.73	8.66	9.65	9.65	9.65	160.34
Total Aeronautical Revenues	**1,708.50**	**696.95**	**777.18**	**1,342.19**	**1,526.96**	**6,051.79**

Note: Actual Revenue earned by MIAL was taken during the tariff determination of the Third Control Period for FY 20.

Authority's Examination of the matter regarding the True Up of Aeronautical Revenue for the Third Control Period as part of Tariff Determination Exercise for the Fourth Control Period

4.12.3 The Authority compared the above revenues submitted by MIAL of Rs. 5,998.62 crores (as per MIAL's financial statements) with the aeronautical revenues of Rs.6,051.79 crores as approved in the Third Control Period Order (Refer Table 232 of the 3rd CP order).

Table 162: Comparison between Aeronautical Revenue as submitted by MIAL for true up and as approved in the Third Control Period

(Rs. in crores)

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
Aeronautical Revenue as approved in the Third Control Period Order	A	1,708.50	696.95	777.18	1,342.19	1,526.96	**6,051.79**
Aeronautical Revenue submitted by MIAL for true-up	B	1,721.98	882.24	668.05	1,225.41	1,500.95	**5,998.62**
Difference	C = B-A	13.48	185.29	-109.13	-116.78	-26.01	**-53.17**
Difference %	D = C/A	0.78%	26.59%	-14.04%	-8.70%	-1.70%	**-0.88%**

4.12.4 The Authority noted the major significant shortfall in revenue against the projection is in FY 2021-22 and FY 2022-23 which is on account of the global pandemic outage. Since the Covid-19 generally affected the economy of all major countries and restricted air travel to a larger extent, the Authority proposed to True up Aeronautical Revenue for the Third Control Period as per MIAL's submission.

4.12.5 Since the variance between MIAL's submission of Aeronautical Revenue and those approved by the Authority in the Third Control Period Order is very insignificant (~ 0.88%), the Authority proposed to consider MIAL submission of the aeronautical revenues of Rs.5,998.62 crores as the True up of the Third Control Period.

4.12.6 Additionally, the Authority proposed to re-classify the revenue earned from the Fuel Farm Facility from Non-Aeronautical Revenue to Aeronautical Revenue. This decision aligned with the Authority's consistent position of classifying Fuel Farm activity (as per Schedule 5 of OMDA) as aeronautical, a classification upheld by the Hon'ble Supreme Court of India in their Order dated 11th July 2022. Consequently, the Authority had removed the revenue share earned from the Fuel Farm Facility from NAR (Refer Para's 4.10.7, 4.10.9 and Table 151) and has included it as a part of the Aeronautical Income of MIAL.

4.12.7 Thus, the Aeronautical Revenue proposed by the Authority to be True up for the Third Control Period is as follows:

Table 163: Aeronautical Revenue as proposed by the Authority for the true up of the Third Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	499.79	580.46	991.57	1,224.13	4,555.21
Parking & Housing Revenue	79.59	167.14	32.08	62.08	59.24	400.12
User Development Fee (UDF) Revenue	151.26	16.6	22.64	93.81	117.25	401.56
Aerobridge Charges	95.61	43.69	20.57	63.78	70.25	293.90
FTC Revenue	114.93	-	-	-	-	114.93
ITP Revenue	2.01	0.84	1.08	2.03	3.02	8.98
Unauthorized Overstay Charges	19.31	22.99	11.22	12.14	27.06	92.72
Additional Landing Domestic and International	-	131.2	-	-	-	131.20
Revenue from Fuel Farm Facility	13.70	14.42	14.06	13.65	8.59	64.42
Dividend Income earned from Fuel Farm Facility	-	-	-	-	10.58	10.58
Total Aero Revenue	**1,735.68**	**896.66**	**682.11**	**1,239.06**	**1,520.12**	**6,073.62**

4.12.8 In view of the above, the Authority proposed to consider Aeronautical Revenue of Rs. 6,073.62 crores as per Table 163 for the True up of the Third Control Period.

Stakeholders' Comments on True Up of Aeronautical Revenue for the Third Control Period

4.12.9 During Stakeholders' Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority with regard to the True-up of Aeronautical Revenue for the Third Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholder is presented below:

Other stakeholders' comments

4.12.10 IATA's comment with regards to true-up of Aeronautical Revenue is as follows:

"We support the true up of the aeronautical revenue as per Table 146."

Authority's Analysis on Stakeholders' Comments on True Up of Aeronautical Revenue for the Third Control Period

4.12.11 The Authority notes the comments of IATA (Refer Para 4.12.10) in respect to the True-up of Aeronautical Revenue for the Third Control Period.

4.12.12 The Authority notes MIAL's submission regarding the classification of rental income and dividend income from the Fuel Farm Operator and has provided its views in para 4.10.19. Accordingly, the Aeronautical Revenue decided by the Authority for the True up of the Third Control Period at the Consultation Stage reduces by Rs. 64.42 crores, i.e., by the extent of rental income from Fuel Farm Facility reclassified to Non-Aeronautical Revenues (Refer Para's from 4.10.19 till 4.10.24).

4.12.13 The Authority notes that, consequently, there is a change in the True up of the Aeronautical Revenue for the Third Control Period. Basis the above discussions, the Aeronautical Revenue decided by the Authority for the True up for the Third Control Period is as follows:

Table 164: Aeronautical Revenue decided by the Authority for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	499.79	580.46	991.57	1,224.13	4,555.21
Parking & Housing Revenue	79.59	167.14	32.08	62.08	59.24	400.12
User Development Fee (UDF) Revenue	151.26	16.6	22.64	93.81	117.25	401.56
Aerobridge Charges	95.61	43.69	20.57	63.78	70.25	293.90
FTC Revenue	114.93	-	-	-	-	114.93
ITP Revenue	2.01	0.84	1.08	2.03	3.02	8.98
Unauthorized Overstay Charges	19.31	22.99	11.22	12.14	27.06	92.72
Additional Landing Domestic and International	-	131.2	-	-	-	131.20
Dividend Income earned from Fuel Farm Facility	-	-	-	-	10.58	10.58
Total Aero Revenue	**1,721.98**	**882.24**	**668.05**	**1,225.41**	**1,511.53**	**6,009.20**

4.12.14 In view of the above, the Authority decides to consider Aeronautical Revenue of Rs. 6,009.20 crores as per Table 164 for the True up of the Third Control Period as against the Aeronautical Revenue of Rs. 6,073.62 Crores that was proposed in the Consultation Stage. The reason for the variance is:

(i) Rental Income from the Fuel Farm Facility being reclassified from Aeronautical Revenue to Non-Aeronautical Revenue.

4.13 True Up of the Target Revenue for the Third Control Period

MIAL's Submission regarding the True Up of Target Revenue of the Third Control Period in MYTP for the Fourth Control Period

4.13.1 Based on the above changes in various building blocks, MIAL has submitted the Target Revenue for the true up of the Third Control Period as below:

Table 165: Computation of Target Revenue for the true up of the Third Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Return on RAB and HRAB	803.02	741.49	685.35	658.57	639.08	3,527.51
Add: Operating Expenses	847.96	720.94	871.78	881.65	870.74	4,193.07
Add: Depreciation	566.41	542.39	450.86	454.47	441.68	2,455.81
Add: Aeronautical Taxes	110.28	-	-	-	78.00	188.28
Less:30% Revenue Share Assets	(223.83)	(64.12)	(136.97)	(232.26)	(333.16)	(990.34)
True-up for the 2nd Control Period	4,624.47	-	-	-	-	4,624.47
Target Revenue	**6,728.31**	**1,940.70**	**1,871.01**	**1,762.43**	**1,696.34**	**13,998.81**
Actual Aero revenues	1,721.98	882.24	668.05	1,225.41	1,500.95	5,998.62
True-up/true-down	**5,006.33**	**1,058.47**	**1,202.96**	**537.02**	**195.39**	**8,000.18**
Carrying Cost @13.15%	13.14%	13.14%	13.14%	13.14%	13.14%	
Years	5.00	4.00	3.00	2.00	1.00	
True-up with carrying cost	**9,280.46**	**1,734.27**	**1,742.14**	**687.41**	**221.07**	**13,665.34**

Recap of decision taken by the Authority as part of Tariff Determination for the Third Control Period

Table 166: Target Revenue as decided by the Authority in the Tariff Order of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
Control Period Year		1	2	3	4	5	

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
RAB & HRAB	A	6,159.13	6,147.41	6,148.83	5,988.22	5,750.76	
FRoR	B	12.81%	12.81%	12.81%	12.81%	12.81%	
Return on RAB	C = AxB	789.08	787.58	787.76	767.19	736.76	3,868.38
HRAB Impact	D	(258.83)	-	-	-	-	(258.83)
Depreciation	E	551.78	549.49	483.00	471.43	446.00	2,501.70
O & M Expense	F	723.15	716.61	761.01	852.13	886.25	3,939.15
Taxes	G	-	-	-	-	-	-
Gross Target Revenue (GTR)	**H = C+D+ E+F+G**	**1,805.18**	**2,053.68**	**2,031.77**	**2,090.75**	**2,069.01**	**10,050.39**
Less: Cross subsidy from Revenue Share Assets (NAR)	I	575.68	138.10	317.11	525.85	591.30	2,148.04
Net Target Revenue for the 3rd Control Period (NTR = GTR – NAR)	**J = H–I**	**1,229.50**	**1,915.58**	**1,714.66**	**1,564.90**	**1,477.71**	**7,902.35**
True up of the 1st and 2nd Control Periods (cumulative)	**K**	**(1,462.58)**	-	-	-	-	**(1,462.58)**
Adjusted Net Target Revenue (ANTR)	**L = J+K**	**(233.07)**	**1,915.58**	**1,714.66**	**1,564.90**	**1,477.71**	**6,439.77**
Discounting Factor	**M**	**0.89**	**0.79**	**0.70**	**0.62**	**0.55**	
Discounted ANTR	**N = LxM**	**(206.61)**	**1,505.20**	**1,194.31**	**966.21**	**808.76**	**4,267.87**
Computation of Total Aeronautical Revenues							
Total Landing Revenues	O	1,259.27	590.78	658.78	1,145.28	1,303.30	4,957.41
Total Parking Revenues	P	79.59	25.65	28.61	50.00	56.72	240.58
Total Aerobridge Revenues	Q	95.61	23.96	26.72	47.25	54.05	247.58
Total User Development Fee (UDF) Revenues	R	151.30	47.91	53.43	90.00	103.25	445.88
Others (FTC, ITP and Overstay Charges)	S	122.73	8.66	9.65	9.65	9.65	160.34
Total Aeronautical Revenues	**T = O+P+ Q+R+S**	**1,708.50**	**696.95**	**777.18**	**1,342.19**	**1,526.96**	**6,051.79**
Discounting Factor	**U**	**0.89**	**0.79**	**0.70**	**0.62**	**0.55**	
Discounted Total Aeronautical Revenues	**V = TxU**	**1,514.47**	**547.64**	**541.33**	**828.70**	**835.73**	**4,267.87**
X Factor (%)				**(38.37%)**			

Authority's Examination of the matters regarding the True Up of Target Revenue for the Third Control Period as part of the Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

4.13.2 The Authority had computed the return on RAB as per the SCN as mentioned in para 4.2.7 as below:

Table 167: Change in Return on RAB for the Third Control Period as proposed by the Authority at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Third Control Period - Return on RAB					Total
		FY 20	FY 21	FY 22	FY 23	FY 24	
WDV Value as of previous year	A	194.52	183.89	173.47	164.86	156.80	
WDV Value as on current year	B	183.89	173.47	164.86	156.80	149.26	

Particulars	Ref	Third Control Period - Return on RAB					Total
		FY 20	FY 21	FY 22	FY 23	FY 24	
Return on RAB Impact as per SCN	C = Average (a,b) * FRoR (12.81%)	24.24	22.89	21.67	20.60	19.60	109.00

4.13.3 Based on the discussions above, summarized below are the key changes made for the true up of the Third Control Period:

(i) **Depreciation:** Adjustments had been made due to higher depreciation rates applied by MIAL compared to those prescribed in Order 35, as well as reclassification of the re-carpeting cost of Runway 14/32. While MIAL submitted this cost as capital expenditure, the Authority had amortized it as Operating Expenditure. (Table 94).

(ii) **Asset Allocation Ratio:** MIAL had calculated the asset allocation ratio for all the five years of the Third Control Period. However, they had applied the FY 2023-24 ratio in all the five years of the Third Control Period. The Authority had re-calculated and applied the ratio for each year of the Third Control Period. (Refer para 4.5.9).

(iii) **RAB (Regulatory Asset Base):** Adjustments had been made to RAB based on the re-classification of the runway re-carpeting cost as operating expenditure (Refer Table 79).

(iv) **Operating Expenditure:** Changes had been made to reflect the actual expenditure data submitted by MIAL. (Refer Table 139).

(v) **Non-Aeronautical Revenue:** Updated based on the actual revenue values provided by MIAL (Refer Table 152).

(vi) **Self-Contained Note (SCN):** Changes in depreciation and return on RAB and the true up of the previous control period as per the SCN as mentioned in para 4.2.7.

(vii) In addition to the above changes, the Authority had not accounted for the impact of the Hon'ble TDSAT judgments on the computation of Target Revenue (TR) as explained in para 4.2.5.

4.13.4 Considering the above, the Authority proposed the Target Revenue for the True up of the Third Control Period as below:

Table 168: Computation of Target Revenue for the True up of the Third Control Period as proposed by the Authority at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average RAB	A	5,511.74	5,112.02	4,741.03	4,542.24	4,436.41	
Average HRAB	B	343.70	305.68	272.17	242.52	215.48	
Total	**C = A + B**	**5,855.43**	**5,417.70**	**5,013.20**	**4,784.76**	**4,651.90**	
FRoR	D	12.81%	12.81%	12.81%	12.81%	12.81%	
Return on RAB	E = C x D	750.17	694.09	642.27	613.00	595.98	3,295.53
Impact on Return on RAB due to non-existent assets as per the SCN	F (As per Table 167)	24.24	22.89	21.67	20.60	19.60	109.00
Net Return on RAB	G = E-F	725.94	671.21	620.60	592.40	576.38	3,186.53
HRAB Impact	H	(259.00)	-	-	-	-	(259.00)
OM - Efficient Operation & Maintenance cost	I	844.59	723.60	778.01	868.07	908.49	4,122.76
Total Depreciation (Refer and Table 95)	J	537.11	513.93	425.57	419.50	380.80	2,276.90

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Tax	K	43.44	-	-	-	-	43.44
Non-Aeronautical Revenue	L	1,742.06	713.47	1,224.55	1,874.30	2,445.67	8,000.04
Share of Revenue from Revenue Share Assets	M = L x 30%	(522.62)	(214.04)	(367.36)	(562.29)	(733.70)	(2,400.01)
True up for the 2nd Control Period	N	(1,278.32)					(1,278.32)
Target Revenue	**O = G + H + I + J + K - M + N**	**91.14**	**1,694.70**	**1,456.82**	**1,317.68**	**1,131.97**	**5,692.39**
Future Value Factor	P (at FRoR of 12.81%)	1.83	1.62	1.44	1.27	1.13	
Aeronautical Revenue	**Q (From Table 163)**	**1,735.68**	**896.66**	**682.11**	**1,239.06**	**1,520.12**	**6,073.62**
Under Recovery / (Over Recovery)	**R = O-Q**	**(1,644.54)**	**798.04**	**774.71**	**78.62**	**(388.15)**	**(381.23)**
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	**S**	**(3,004.78)**	**1,292.54**	**1,112.14**	**100.05**	**(437.88)**	
Projected Over Recovery pending to be Trued Up as on 01.04.2019	**Sum (T)**	**(937.84)**					

4.13.5 Based on the above, the over-recovery of Rs. 937.84 Crores for the Third Control Period as determined by the Authority is proposed to be considered for true up in the subsequent Control Periods as part of tariff determination process for the Fourth Control Period.

Stakeholders' Comments on True Up of Target Revenue for the Third Control Period

4.13.6 IATA's comment with regards to traffic, HRAB and depreciation is as follows:

"IATA is supportive of the proposals by AERA pertaining to Traffic, HRAB and Depreciation."

Authority's Analysis on Stakeholders' Comments on True Up of Target Revenue for the Third Control Period

4.13.7 The Authority acknowledges IATA's support (Refer Para 4.13.6) with respect to True up of Traffic, HRAB and Depreciation in the Third Control Period.

4.13.8 The Authority notes that no specific comments were received from the Stakeholders on the true up of Target Revenue for the Third Control Period.

4.13.9 Based on the changes decided to be considered by the Authority in the various regulatory building blocks for the true up of the Third Control Period, the Target Revenue decided to be considered by the Authority for the Third Control Period is shown in the table below:

Table 169: Target Revenue for the True up of the Third Control Period as decided by the Authority

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average RAB	A	5,512.17	5,112.88	4,742.32	4,573.87	4,466.39	
Average HRAB	B	343.71	305.74	272.27	242.58	215.43	
Total	**C = A + B**	**5,855.88**	**5,418.62**	**5,014.59**	**4,816.45**	**4,681.82**	

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
FRoR	D	12.81%	12.81%	12.81%	12.81%	12.81%	
Return on RAB	E = C x D	750.23	694.21	642.45	617.06	599.82	3,303.77
Impact on Return on RAB due to non-existent assets as per the SCN	F (As per Table 167)	24.24	22.89	21.67	20.60	19.60	109.00
Net Return on RAB	G = E-F	725.99	671.32	620.78	596.46	580.21	3,194.77
HRAB Impact	H	(259.00)	-	-	-	-	(259.00)
OM - Efficient Operation & Maintenance Cost	I	845.14	724.23	862.29	868.59	908.95	4,209.20
Total Depreciation (Refer Table 94 and Table 95)	J	536.64	513.46	425.10	421.27	382.56	2,279.04
Tax	K	38.60	-	-	-	-	38.60
Non-Aeronautical Revenue	L	1,755.76	727.89	1,238.61	1,887.95	2,454.26	8,064.46
Share of Revenue from Revenue Share Assets	M = L x 30%	526.73	218.37	371.58	566.38	736.28	2,419.34
True up for the 2nd Control Period	N	(1,267.15)					(1,267.15)
Target Revenue	**O = G + H + I + J + K - M + N**	**93.50**	**1,690.65**	**1,536.59**	**1,319.94**	**1,135.45**	**5,776.13**
Future Value Factor	P (at FRoR of 12.81%)	1.83	1.62	1.44	1.27	1.13	
Aeronautical Revenue	**Q (From Table 163)**	**1,721.98**	**882.24**	**668.05**	**1,225.41**	**1,511.53**	**6,009.20**
Under Recovery / (Over Recovery)	**R = O-Q**	**(1,628.48)**	**808.41**	**868.54**	**98.53**	**(376.08)**	**(233.07)**
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	**S**	**(2,975.43)**	**1,309.33**	**1,246.95**	**120.30**	**(424.26)**	
Projected Over Recovery pending to be Trued Up as on 01.04.2019	**Sum (T)**	**(723.11)**					

4.13.10 Based on the above, the over-recovery of Rs. 723.11 Crores for the Third Control Period as determined by the Authority is decided to be considered for true up in the subsequent Control Periods as part of tariff determination process for the Fourth Control Period as against the over-recovery of Rs. 937.84 Crores considered at the Consultation Stage. The reasons for this variance are:

(i) CAPEX and consequential depreciation considered on Right of Use Asset amounting to Rs. 64 Crores @ 50% aeronautical ratio.

(ii) Runway Intersection overlay works of Rs. 2.19 crores reclassified from CAPEX to Operating Expenses.

(iii) Re- financing fee pertaining to Short Term Bridge-to-Bond Loan of Rs. 100.94 considered as part of the Financing Charges.

(iv) Rental Income from Fuel Farm Facility of Rs. 64.42 Crores reclassified from Aeronautical Revenue to non-Aeronautical Revenue.

(v) Variance in true up of the previous control periods from an over-recovery of Rs. 1,278.32 Crores to an over-recovery of Rs. 1,267.15 Crores (as per Table 55).

4.14 Authority Decisions regarding True Up for the Third Control Period as part of Tariff Determination exercise for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding the True up for the Third Control Period as part of tariff determination for the Fourth Control Period:

4.14.1 To consider the Traffic for True up for the Third Control Period based on actuals as per Table 56.

4.14.2 To consider RAB as per Table 82 and HRAB as per Table 89 for the True up of the Third Control Period.

4.14.3 To consider Aeronautical Depreciation for RAB and HRAB for the True up of the Third Control Period as per Table 96 and Table 97 respectively.

4.14.4 To consider the FRoR for the True up for the Third Control Period as detailed in para 4.8.35, i.e., 12.81%.

4.14.5 To consider Aeronautical Operation and Maintenance Expenses for the True Up for the Third Control Period as per Table 143.

4.14.6 To consider Non-Aeronautical Revenue for the True up for the Third Control Period as per Table 153.

4.14.7 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and to consider Aeronautical Taxes for the True up of the Third Control Period as per Table 159.

4.14.8 To consider Aeronautical Revenues for the True up of the Third Control Period as per Table 164.

4.14.9 To consider the impact on depreciation as per Table 92 and Return on RAB as per Table 167 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).

4.14.10 To consider over-recovery of Rs. 723.11 crores (as per Table 169) for the tariff determination exercise for the Fourth Control Period.

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AERA

Examination of MYTP for the Fourth Control Period

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AERA

5. TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.1 MIAL Submissions on Traffic for the Third Control Period for the Fourth Control Period

5.1.1 MIAL, in its MYTP submission, has stated that Mumbai Airport is a land locked and constrained single runway airport and is also the most efficiently managed airport holding a world record for maximum movements on a single runway in a single day.

5.1.2 Historically, traffic has increased 5-6% on yearly basis which is attributed to increase in ATMs and Average Load Factor. Due to capacity constraint at Airside and the average load factor nearing to maximum planning position of 85%, the growth expected in future is almost negligible.

Table 170: Historical Traffic at Mumbai Airport as submitted by MIAL

Year	Passengers (MPPA)			ATM's (000's)		
	Dom Pax	Intl Pax	Total	Dom ATM	Intl ATM	Total
FY10	17.37	8.23	25.61	164.63	65.17	229.80
FY11	20.00	9.08	29.07	173.98	68.68	242.66
FY12	21.04	9.70	30.75	179.31	72.21	251.51
FY13	20.28	9.93	30.21	173.25	71.26	244.51
FY14	21.88	10.34	32.22	188.31	72.36	260.67
FY15	25.21	11.43	36.63	195.37	74.09	269.46
FY16	30.05	11.62	41.67	220.25	76.38	296.63
FY17	32.72	12.43	45.15	224.90	80.57	305.47
FY18	34.85	13.65	48.50	234.61	86.08	320.69
FY19	34.09	14.74	48.83	232.65	88.62	321.26
FY20	33.57	12.36	45.92	228.68	75.99	304.68
FY21	9.84	1.22	11.05	91.81	23.18	114.98
FY22	18.56	3.18	21.75	150.75	34.90	185.65
FY23	32.72	11.21	43.92	221.86	67.78	289.64
FY24	38.50	14.32	52.82	241.81	83.15	324.96
CAGR 5 years from FY15 to FY20 (pre-COVID)	5.90%	1.57%	4.62%	3.20%	0.51%	2.49%
CAGR 10 years from FY10 to FY20 (pre-COVID)	6.81%	4.14%	6.01%	3.34%	1.55%	2.86%

5.1.3 MIAL has proposed the re-construction of Terminal 1, which is currently handling approx. 15 MPPA domestic traffic. It is expected that once the operations at the existing Terminal 1 are halted for demolition and re-construction purposes, a portion of the traffic will be accommodated in Terminal 2. The remaining traffic is expected to shift to the upcoming Navi Mumbai International Airport, which is likely to commence operations in the early part of 2025. Once the T1 reconstruction is completed, it will cater to the available demand in the Mumbai Metropolitan Region (MMR).

5.1.4 MIAL based its projections of Traffic for the Fourth Control Period on an Independent Traffic Study Report conducted by ICF (Inner City Fund – ICF International Inc.) for CSMIA. This study considered the overall traffic demand in the Mumbai Metropolitan Region (MMR) and various supply-side constraints.

5.1.5 The study report analyzed GDP-Traffic relationships from multiple points of views with the base intention of assuming that the peak hour ATMs will grow from the current 46 to 55 ATMs per hour in FY 34. To explore this, the report adapts regression analysis for three different scenarios, as detailed below. It studied how the number of passengers (the outcome) is influenced by two primary factors, i.e., the country's economic growth (GDP) and ticket prices. The three scenarios analyzed by ICF are listed below:

(i) Unconstrained Passenger Forecast for MMR –To estimate the growth rate that would fit best for CSMIA during the constrained period, ICF compared passenger growth rates between FY17 – FY23 for Delhi & Tier 1 airports. Based on the comparison, Tier 1 growth rates were considered to project the unconstrained MMR traffic forecast.

(ii) Unconstrained Passenger Forecast for CSIA –Y-o-Y passenger growth rates from MMR unconstrained forecast were used to estimate an unconstrained passenger forecast of CSIA FY24 onwards. Further, based on LF and Seats per ATM assumptions, a forecast for pax per ATM by region was estimated. Pax per ATM estimates were then applied to unconstrained CSIA passengers to get unconstrained ATMs by regions at CSIA from FY24 onwards.

(iii) Constrained view of CSMIA –Constrained Annual ATM forecast was used to constrain the passengers at CSIA. This is because while the passenger capacity at an airport can go beyond its stated capacity because of better LFs and higher seats per ATM by airlines, the total number of ATMs that an airport can handle can only be maximized to a certain level because of the constraints at runway. Within this constrained perspective, ICF assumed one alternate scenario as well, that being a conservative one – where it has assumed a peak hour ATM of 52 ATMs per hour instead of the 55 ATMs assumed in the other scenarios.

5.1.6 The Authority notes that MIAL has adopted this conservative projection of traffic of 52 peak hour ATMs for their traffic forecasts in their MYTP submission as per (iii) above.

5.1.7 Based on this, the likely traffic to be handled at the CSMIA in the Fourth Control Period as submitted by MIAL is as follows:

Table 171: Projected Traffic for the Fourth Control Period as submitted by MIAL

Year	Passengers (Mn)			ATM ('000's)		
	Domestic	International	Total	Domestic	International	Total
FY25	38.60	14.11	**52.72**	250.73	81.18	**331.91**
FY26	33.61	11.01	**44.62**	214.36	63.02	**277.37**
FY27	31.49	9.54	**41.04**	200.03	54.13	**254.16**
FY28	32.83	9.63	**42.46**	207.62	54.13	**261.75**
FY29	38.63	9.72	**48.34**	243.17	54.13	**297.30**

5.2 Authority's Examination regarding the Traffic for the Fourth Control Period at the Consultation Stage

5.2.1 The Authority analyzed the CAGR of Traffic (both Passengers and ATMs) for the past Three Control Periods as given below:

Table 172: Details of Passengers and ATMs for the First, Second and Third Control Periods along with CAGR

Particulars (Mn)	FY10	FY11	FY12	FY13	FY14	Total
Domestic Pax	17.37	20.00	21.04	20.28	21.88	100.57
Domestic Y-o-Y Growth %		*15.14%*	*5.20%*	*(3.61%)*	*7.89%*	
International Pax	8.23	9.08	9.70	9.93	10.34	47.29
International Y-o-Y Growth %		*10.32%*	*6.82%*	*2.37%*	*4.13%*	
Total Pax	**25.61**	**29.07**	**30.75**	**30.21**	**32.22**	**147.86**
% Yearly increase		**13.51%**	**5.78%**	**(1.76%)**	**6.65%**	
Five Year CAGR					**5.91%**	
Domestic ATM	164.63	173.98	179.31	173.25	188.31	879.48

Particulars (Mn)	FY10	FY11	FY12	FY13	FY14	Total
Domestic Y-o-Y Growth %		*5.68%*	*3.06%*	*(3.38%)*	*8.69%*	
International ATM	65.17	68.68	72.21	71.26	72.36	349.68
International Y-o-Y Growth %		*5.39%*	*5.14%*	*(1.32%)*	*1.54%*	
Total ATM	**229.8**	**242.66**	**251.52**	**244.51**	**260.67**	**1,229.16**
% Yearly increase		**5.60%**	**3.65%**	**(2.79%)**	**6.61%**	
Five Year CAGR					**3.20%**	

Particulars (Mn)	FY15	FY16	FY17	FY18	FY19	Total
Domestic Pax	25.21	30.04	32.72	34.85	34.09	156.91
Domestic Y-o-Y Growth %	*15.22%*	*19.16%*	*8.92%*	*6.51%*	*(2.18%)*	
International Pax	11.43	11.62	12.44	13.65	14.74	63.88
International Y-o-Y Growth %	*10.54%*	*1.70%*	*6.93%*	*9.79%*	*8.04%*	
Total Pax	**36.64**	**41.67**	**45.16**	**48.50**	**48.83**	**220.79**
% Yearly increase	**13.72%**	**13.73%**	**8.38%**	**7.40%**	**0.68%**	
Five Year CAGR					**7.44%**	
Domestic ATM	195.37	220.25	224.90	234.61	232.65	1,107.77
Domestic Y-o-Y Growth %	*3.75%*	*12.73%*	*2.11%*	*4.32%*	*(0.84%)*	
International ATM	74.09	76.38	80.57	86.08	88.62	405.73
International Y-o-Y Growth %	*2.39%*	*3.09%*	*5.48%*	*6.84%*	*2.95%*	
Total ATM	**269.46**	**296.63**	**305.47**	**320.69**	**321.26**	**1,513.51**
% Yearly increase	**3.37%**	**10.08%**	**2.98%**	**4.98%**	**0.18%**	
Five Year CAGR					**4.49%**	

Particulars (Mn)	FY20	FY21	FY22	FY23	FY24	Total
Domestic Pax	33.57	9.84	18.56	32.72	38.50	133.19
Domestic Y-o-Y Growth %	*(1.52%)*	*(70.69%)*	*88.62%*	*76.29%*	*17.68%*	
International Pax	12.36	1.22	3.18	11.21	14.32	42.29
International Y-o-Y Growth %	*(16.15%)*	*(90.13%)*	*160.66%*	*252.52%*	*27.77%*	
Total Pax	**45.92**	**11.05**	**21.75**	**43.92**	**52.82**	**175.47**
% Yearly increase	**(5.96%)**	**(75.94%)**	**96.83%**	**101.93%**	**20.25%**	
Five Year CAGR					**3.56%**	
Domestic ATM	228.68	91.81	150.75	221.86	241.81	934.91
Domestic Y-o-Y Growth %	*(1.71%)*	*(59.85%)*	*64.20%*	*47.17%*	*8.99%*	
International ATM	75.99	23.18	34.90	67.78	83.15	285.00
International Y-o-Y Growth %	*(14.25%)*	*(69.50%)*	*50.56%*	*94.21%*	*22.68%*	
Total ATM	**304.68**	**114.98**	**185.65**	**289.64**	**324.96**	**1,219.92**
% Yearly increase	**(5.16%)**	**(62.26%)**	**61.46%**	**56.01%**	**12.19%**	
Five Year CAGR					**1.62%**	

5.2.2 The Authority observed that while ATM and Passenger Growth was significant during the First Control Period, it slowed towards the end of the Second Control Period and was further impacted by COVID-19 in the Third Control Period, ultimately returning to pre-COVID levels by FY24. In this background, the Authority feels it is pertinent to also review the current and projected airside and terminal capacities, in order to take a holistic view of the traffic, projections submitted for the Fourth Control Period.

5.2.3 The Authority had also taken note of the report of International Air Transport Association (IATA) dated 9th January 2025 on Air Passenger Market Analysis for the month of November 2024, which indicate stable passenger growth for India.

IATA in its report dated 9th January 2025 had presented the following:

(i) *The industry's total Revenue Passenger-Kilometer (RPK) increased by 8.1% YoY in November, continuing to exceed historical records. Available Seat-Kilometer (ASK) rose by 5.7% YoY lagging demand growth.*

(ii) *The Passenger Load Factor (PLF) improved by 1.9 percentage points compared to the previous year, reaching 83.4%, an all-time high for November.*

(iii) *Domestic traffic overall grew by 3.1% YoY. India led the main markets this month with a 13.3% rise in RPK. All monitored markets showed stable demand growth, although seat capacity in some areas plateaued.*

(iv) *International passenger traffic for the industry surged by 11.6% YoY in November. Carriers in the Middle East and Asia Pacific experienced higher growth, significantly contributing to global momentum. International RPK in Asia Pacific is now just 0.5% below pre-pandemic levels.*

5.2.4 The Authority noted the peak-hour runway movement capacity in FY 24 is 46 for the primary runway 09/27 and 36 for the secondary runway 14/32, and with a total designated passenger handling terminal capacity of around 55 MPPA (15 MPPA in Terminal 1 and 40 MPPA in Terminal 2.

5.2.5 With the current airside constraints, CSMIA was able to handle 52.82 MPPA in FY 2024 at a total of 324,960 ATMs, being the highest traffic ever recorded.

5.2.6 However, the Authority noted MIAL's submission on the proposed demolition and reconstruction of T1 (Refer from para 6.3.105), which would constraint the overall passenger handling capacity at terminal side. As mentioned in para 5.1.3, the Authority noted that some of the traffic from Terminal 1 will be accommodated at Terminal 2. On the Authority's recommendation, MIAL commissioned a study to estimate the designed handling capacity at Terminal 2 post capacity enhancement initiatives proposed as part of the Fourth Control Period. This report, prepared by M/s Jacobs, estimated the revised passenger handling capacity at Terminal 2 to be 44.79 MPPA against the current 39.56 MPPA.

5.2.7 With this background, the Authority noted the following observations on the traffic projections of MIAL:

(i) The traffic projected by MIAL for FY 25 is broadly consistent with the actual traffic levels achieved in FY 24.

(ii) T1 is proposed to be demolished on Oct-25 and is expected to be completed in Sep-28. During this period, MIAL has restricted the traffic based on the passenger handling capacity at T2. The traffic estimated for this period is in the range of 40 MPPA to 45 MPPA, in-line with the passenger handling capacity estimated for T2 (refer para 5.2.5).

(iii) Once the reconstruction is completed, i.e., Oct-28 onwards, MIAL estimates that the traffic will gradually ramp-up.

5.2.8 Based on the above, the Authority inferred that Passenger Traffic (Pax) in both India and Global Markets had rebounded significantly from the pandemic-induced lows. Furthermore, current traffic levels have not only recovered but have also surpassed pre-pandemic benchmarks. It is projected that passenger traffic will fully realign with its original pre-pandemic growth trajectory within the next two to three years, marking a complete recovery from the impacts of Covid-19.

5.2.9 Based on the above discussions, the Authority proposed to accept MIAL's traffic projections based on the study as per the table below:

Table 173: Passenger/ATM Traffic as proposed by the Authority for the Fourth Control Period at the Consultation Stage

Particulars (Mn)	FY25	FY26	FY27	FY28	FY29	Total
Domestic Pax	38.60	33.61	31.49	32.83	38.63	175.16
International Pax	14.11	11.01	9.54	9.63	9.72	54.01
Total Pax	**52.72**	**44.62**	**41.04**	**42.46**	**48.34**	**229.18**
Domestic Increase %		**(12.93%)**	**(6.31%)**	**4.26%**	**17.67%**	
International Increase %		**(21.97%)**	**(13.35%)**	**0.94%**	**0.93%**	
Total Increase %		**(15.36%)**	**(8.02%)**	**3.46%**	**13.85%**	

Particulars ('000's)	FY25	FY26	FY27	FY28	FY29	Total
ATM- Domestic	250.73	214.36	200.03	207.62	243.17	1,115.91
ATM- International	81.18	63.02	54.13	54.13	54.13	306.58
Total	**331.91**	**277.37**	**254.16**	**261.75**	**297.30**	**1,422.49**
Domestic Increase %		**(14.51%)**	**(6.68%)**	**3.79%**	**17.13%**	
International Increase %		**(22.37%)**	**(14.11%)**	**0.00%**	**0.00%**	
Total Increase %		**(16.43%)**	**(8.37%)**	**2.98%**	**13.58%**	

5.3 Stakeholders' Comments on Traffic for the Fourth Control Period

5.3.1 During the Stakeholder Consultation Process, the Authority has received comments/views from IATA in response to the proposals of the Authority in the Consultation Paper No. 08/2024-25 dated 10th March 2025 with respect to traffic for the Fourth Control Period. The Comments of the Stakeholders are presented below:

Other stakeholders' comments:

5.3.2 IATA's comment with regards to Traffic for the Fourth Control Period is as follows:

- *"Given the common cross-ownership of BOM and NMI, the airport operator will naturally be incentivized to shift traffic from BOM to NMI, considering the much lower rate of revenue share The mismanagement or lack of proper capacity planning at BOM, such as the unplanned demolition of T1 and airside constraints, is not an acceptable justification for escalation in costs on a per-pax basis. We request AERA to consider this aspect in its assessment, particularly on any behaviours that reflect the abuse of market power by MIAL and the overall consideration of the bundling of airports in the tariff determination process.*
- *Since T1 is mainly dedicated to Domestic flights, why does the forecast traffic assume a reduction in international passengers? Even worse, the reduction is bigger on the international passenger than domestic ones (-32% and -18% respectively between FY25 and FY27). And worse still, there is no recovery at all on the international passenger forecasts, when there is some on the Domestic side. This has a direct impact on the revenue forecast since there are differentials between international and domestic tariffs as well as the impact of different aircraft types.*

  There may be some logic behind these numbers, but these have not been shared with users. There needs to be much more transparency and justification behind these numbers. If these cannot be justified, then AERA may need to amend the forecast.
- *On truing up: We note that the growth in traffic is truncated by the demolition of T1 and that it will start to ramp up after the reconstruction is completed (i.e. Oct 2028). We would like to propose AERA not to true up any traffic deviations in the case that the Terminal is not completed by the target date.*

Otherwise, a blanket true up approach would not provide adequate incentives to BOM to finish on time (the 1% penalty on uncapitalized assets may not be enough on this particular project)"

5.4 MIAL's response to Stakeholders' Comments on Traffic for the Fourth Control Period

5.4.1 MIAL's response to IATA's comment on Traffic is as follows:

"IATA's allegation of deliberately shifting traffic from Chhatrapati Shivaji Maharaj International Airport (BOM) to Navi Mumbai International Airport (NMI) is baseless and reflects a superficial understanding of the airport business. The traffic projections for the Fourth Control Period by MIAL are based on an independent traffic study conducted by ICF, which indicates that there is sufficient dormant or latent demand in the Mumbai Metropolitan Region (MMR) of 10-15 million passengers that can be accommodated by both the airports.

IATA's concerns regarding the differential growth in domestic and international passengers and its impact on tariffs and revenues highlight a fundamental misunderstanding of the established regulatory framework. Without questioning the accuracy of the traffic study conducted by ICF, it is important to note that the Airport Operator is permitted to recover a fixed Target Revenue as determined by AERA. If MIAL's intention were to earn excess revenues from higher actual international passengers, it would not have proposed a User Development Fee (UDF) for domestic passengers and would have continued with its previous tariff structure, which only included an international UDF. This approach clearly demonstrates MIAL's commitment to a balanced and fair revenue recovery strategy that aligns with regulatory guidelines.

Furthermore, the current regulatory framework includes an in-built mechanism of true-down with carrying costs, which imposes penalties for non-compliance and delays in project execution. This ensures that Airport Operator adheres to its commitments and timelines, maintaining operational efficiency and accountability."

5.5 Authority's Analysis on Stakeholders' Comments on Traffic for the Fourth Control Period

5.5.1 The Authority acknowledges IATA's observation (Refer Para 5.3.2) and MIAL's counter comments (Refer Para 5.4.1) regarding traffic for the Fourth Control Period.

In this context, the Authority clarifies that MIAL engaged an independent consultant to conduct a traffic study. The relevant extract from the Traffic Study Report is given below:

"... Further it is assumed that terminal 1 has a capacity of 10 million and 5 million for domestic and international passengers respectively. When the terminal re-opens on Sep-28, it is assumed that Terminal 1 will have a capacity of 15 million domestic passengers, which will be absorbed by CSIA in a phased manner. The % share for airlines is reflected for CSIA with lesser impact on Indigo and Air India, while the spill over traffic is absorbed by Navi in the given time frame..."

The Authority notes that due to planned closure of T1, T2 would have to accommodate the spillover of domestic traffic. This operational shift may temporarily impact the capacity and scheduling of international flights. Furthermore, the forecasts account for factors such as airline fleet planning, slot availability, and market demand dynamics. Accordingly, the Authority finds the traffic projections to be justified and decides to consider the traffic as proposed in the Consultation Stage.

The Authority notes the comment of IATA on penalty for delayed completion of project, and the Authority's views in this regard are provided under Para 6.3.292 of this Tariff Order.

5.5.2 The Authority has considered the actual traffic details for FY 25 received by MIAL as part of their ATP submissions and noted that there is no significant variance from the projections considered at the Consultation Stage. While the total passenger traffic has increased from 52.7 MPPA to 54 MPPA, the ATM traffic has marginally reduced from 331.91k to 329.05k.

5.5.3 Accordingly, the Authority decides to accept MIAL's traffic projections as decided in the Consultation Stage, and after adjusting the traffic of FY 2025 as mentioned above, as per the table below:

Table 174: Passenger and ATM Traffic as decided by the Authority for the Fourth Control Period

Particulars (Mn)	FY25	FY26	FY27	FY28	FY29	Total
Domestic Passenger	39.00	33.61	31.49	32.83	38.63	175.55
International Passenger	15.00	11.01	9.54	9.63	9.72	54.90
Total Passengers	**54.00**	**44.62**	**41.04**	**42.46**	**48.34**	**230.45**
Domestic Increase %		**(13.82%)**	**(6.31%)**	**4.26%**	**17.67%**	
International Increase %		**(26.62%)**	**(13.35%)**	**0.94%**	**0.93%**	
Total Increase %		**(17.38%)**	**(8.02%)**	**3.46%**	**13.85%**	
ATM - Domestic	238.87	214.36	200.03	207.62	243.17	1,104.04
ATM - International	90.19	63.02	54.13	54.13	54.13	315.59
Total ATM's	**329.05**	**277.37**	**254.16**	**261.75**	**297.30**	**1,419.63**
Domestic Increase %		**(10.26%)**	**(6.68%)**	**3.79%**	**17.13%**	
International Increase %		**(30.13%)**	**(14.11%)**	**0.00%**	**0.00%**	
Total Increase %		**(15.71%)**	**(8.37%)**	**2.98%**	**13.58%**	

Table 175: Breakup of the Passenger Traffic decided by the Authority for the Fourth Control Period

Passengers (Mn)	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Embarked	27.37	22.58	20.75	21.46	24.40	**116.55**
Disembarked	26.60	22.02	20.27	20.98	23.93	**113.80**
Transit	0.03	0.02	0.02	0.02	0.02	**0.11**
Total Passengers	**54.00**	**44.62**	**41.04**	**42.46**	**48.34**	**230.45**

5.5.4 Thus, based on the above, the Authority decides to revise the Traffic for the Fourth Control Period as per the above Table 174.

5.6 Authority's Decisions regarding Traffic Projections for the Fourth Control Period

Based on the available facts and analysis thereupon, the Authority decides the following regarding the Traffic Projections for the Fourth Control Period:

5.6.1 To consider Traffic for the Fourth Control Period for CSMIA as per Table 174, which shall be trued up based on actuals at the time of tariff determination the tariff for the Fifth Control Period.

AERA

6. CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

6.1 Background

6.1.1 RAB is an essential element in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Target Revenue for an Airport Operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment is provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.

6.1.2 Given this context, the Authority noted that MIAL has proposed capital expenditure for the Fourth Control Period based on its plan to develop CSMIA Airport to increase the annual passenger throughput capacity (domestic and international), along with ancillary facilities as per traffic demand projections.

6.1.3 The Authority, through its Independent Consultant, undertook a site visit to assess the capital expenditure proposed for the Fourth Control Period. During the site visit, the Independent Consultant engaged with the technical team of MIAL to understand the challenges in the existing airport infrastructure, traffic estimation methodologies, and the short, medium, and long-term development plans for the Airport.

6.1.4 As part of the exercise, discussions were held with the design and planning teams of MIAL to understand the scope of capital expenditure proposed by MIAL for the Fourth Control Period. These discussions included a review of the project plan, tentative drawings, and the phasing of projects to align with projected passenger traffic and operational needs.

6.1.5 The Independent Consultant conducted a physical survey of the land earmarked for new projects within the airport premises and reviewed existing infrastructure and physical assets where upgrades and refurbishments have been proposed. The technical feasibility, including spatial constraints and infrastructure integration, was assessed to validate the need and alignment of these projects with the airport's growth plans.

6.1.6 Further, interactions were held with the costing team of MIAL to examine the basis of cost estimation, including unit rates, contingency provisions, escalation factors, and benchmarking against industry standards for similar infrastructure projects. The Authority also conducted an independent assessment of project timelines and proposed procurement strategies. The assessment also factored in the considerations for obtaining regulatory approval which are required for project completion.

6.1.7 The Independent Consultant performed an analysis of the submissions made by MIAL regarding CAPEX. In this respect, the Independent Consultant had performed the following functions:

(i) Sought and verified various technical and study reports provided by MIAL, Drawings and Plans, BOQs, cost estimates and break-up, detailed justification and explanation, Copies of Letter of Intent (LOI), Letter of Award (LOA), Purchase Orders and Work Orders, etc. as applicable, provided by MIAL.

(ii) Sought documentary evidence and verified the process of approval of CAPEX projects including competitive bidding process for award of various work orders, where applicable, to the contractors for such projects.

(iii) Analyzed the reasonableness of the proposed cost with reference to the Tentative Ceiling decided by the Authority vide order No. 7/2016-17 dated 13.06.2016 and based on the details of the rates and quantity as per Government / Industry approved norms.

6.1.8 With this background, the Authority had examined the capital expenditure proposed by MIAL for the Fourth Control Period, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Fourth Control Period with a view to encourage the investment and maintain a balanced approach between the sustainable operations of MIAL and the interest of the airport users. Further, the Authority, along with the necessity of the capex, had also assessed the feasibility of implementing the proposed capex within the remaining years in the Fourth Control Period. It is imperative that MIAL completes the proposed capex within the time frame as otherwise the airport users would end up bearing the burden of the capex funding requirement in the form of higher tariff, without having access to the facilities.

6.1.9 Towards this objective, the Authority, through its Independent Consultant / Aviation Expert, had examined in detail the Aeronautical Capital Expenditure, Aeronautical Depreciation, HRAB and RAB submitted by MIAL.

6.1.10 The Authority had sought and examined MIAL's submission based on the following details/criteria:

(i) Nature of the expenditure
(ii) Necessity/requirement of the expenditure
(iii) Business plan and Master plan for all projects
(iv) Airside capacity – present and projected
(v) Number of passengers, both at present and projected, for the Fourth Control Period
(vi) Terminal Capacity, both at present and projected for the Fourth Control Period
(vii) Other short-term and long-term plans of MIAL
(viii) Sustainability of airport operations
(ix) Passenger service considerations
(x) Safety and security of the airport
(xi) Process of approval and sanction for various work orders/purchase orders

6.1.11 Based on the above, the Authority had rationalized the capital expenditure for some of the projects based on verification of item rates and optimization of the capacity augmentation proposed by MIAL and accordingly proposed capital additions for the Fourth Control Period. However, if the project is mandated by regulatory requirements or are incurred for improving operational efficiency, the Authority will true up the costs on an actual incurrence basis, subject to evaluation of reasonableness and efficiency at the time of determination of tariff for the Next Control Period.

6.2 Master Plan 2024

6.2.1 The Master Plan of the Airport provides the strategic framework for long-term airport growth, and the CAPEX proposal outlines the investments needed to achieve these objectives.

6.2.2 As per Clause 3.5.1 of the State Support Agreement, MIAL is required to prepare and submit a Master Plan based on realistic traffic forecasts, as assessed by an independent expert. The Master Plan shall be updated every 10 years, provided the same can be updated at shorter intervals if the JVC finds that the traffic growth is such as to require more frequent updates, or at such intervals as may be notified by the

AAI or GOI or in the event the airport reaches passenger capacity, cargo capacity or other capacity constraints.

Relevant clauses from the State Support Agreement regarding the Master Plan (Clauses 3.5.2 to 3.5.5)

Clause 3.5.2 of the SSA:

"...Within thirty (30) days of the JVC submitting to GOI the Master Plan in accordance with Clause 3.5.1 hereinabove, GOI shall provide (in writing) to the JVC any comments or suggested changes that GOI may have vis-à-vis the Master Plan, to the extent GOI feels that such Master Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.5.1 hereinabove are not satisfied. In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the Master Plan in accordance with the provisions of this Clause 3.5.2, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to the Master Plan and the Master Plan submitted by the JVC in accordance with Clause 3.5.1 shall be deemed to be the final Master Plan, which shall be binding on the JVC and shall regulate the operation, management and development of the Airport in accordance with the OMDA.

Clause 3.5.3 of the SSA:

In the event GOI provides any comments and/or suggestions to the Master Plan pursuant to Clause 3.5.2 hereinabove, the JVC shall, within fifteen (15) days of receiving any such comments or suggested changes, submit to GOI a revised Master Plan, incorporating reasonable comments and/or changes suggested by GOI.

Clause 3.5.4 of the SSA:

Within fifteen (15) days of the JVC re-submitting the Master Plan in accordance with Clause 3.5.3 hereinabove, GOI shall provide any comments and/or suggested changes that GOI may have vis-à-vis the revised Master Plan, to the extent GOI feels that such Master Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.5.1 hereinabove are not satisfied. In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the revised Master Plan in accordance with the provisions of this Clause 3.5.4, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to the revised Master Plan and the revised Master Plan submitted by the JVC in accordance with Clause 3.5.3 shall be deemed to be the final Master Plan, which shall be binding on the JVC and shall regulate the operation, management and development of the Airport in accordance with the OMDA.

Clause 3.5.5 of the SSA:

In the event GOI provides any comments and/or suggestions to the revised Master Plan pursuant to Clause 3.5.4 hereinabove, the JVC shall, within fifteen (15) days of receiving any such comments or suggested changes, submit to GOI the final Master Plan, incorporating reasonable comments and/or changes suggested by GOI. The Parties hereby acknowledge and agree that the final Master Plan submitted by the JVC shall be binding on the JVC and shall govern the operations, management and development of the Airport in accordance with the OMDA..."

Relevant clauses from the OMDA regarding the Master Plan

As per Clause 8.3.1 of the OMDA,

"...The JVC shall prepare a Master Plan for the Airport setting out the proposed development for the entire Airport, planned over a 20 year time horizon. The Master Plan shall include traffic forecasts for this period and link all planned major development to these forecasts.."

Further, as per Clause 8.3.7 of the OMDA,

"...(a) All developments (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets) at the Airport shall be as per the then existing Master Plan;

(b) No development (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets or Non-Transfer Assets) that is not envisaged in the Master Plan shall be allowed to be undertaken; and

(c) The Airport, inclusive of aeronautical and non-aeronautical developments, Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets shall at all times comply with the then existing Master Plan..."

6.2.3 The Master Plan of CSMIA was last updated in 2019. As per the Master Plan submitted in 2019, the traffic forecast was estimated at 55 MPPA. CSMIA has surpassed 90% capacity of this target, handling 52.82 MPPA in FY 2023-24.

6.2.4 Accordingly, MIAL has prepared and submitted an updated Master Plan to Ministry of Civil Aviation for their comments and review, and to AAI for information in September 2024. This Master plan of CSMIA is prepared in compliance to section 8.3.5 of OMDA, which states:

"...the JVC hereby undertakes to submit the initial Master Plan to the AAI for its information, and to the Ministry of Civil Aviation ("MoCA") for its review and comments before the expiry of six (6) months from the date of execution of this Agreement, which thereafter must be updated and resubmitted to the AAI for its information and to the MCA for its review and comments periodically, every 10 years. Provided however that the Master Plan shall be updated at shorter intervals, if the JVC finds that the traffic growth is such as to require more frequent updates or for any other reasonable reason, or at such intervals as may be notified by AAI or MCA in the event the Airport reaches passenger capacity, cargo capacity and other capacity restraints..."

6.2.5 MIAL had prepared and submitted the updated Master Plan in 2024 and the main objective of the Master Plan 2024 is for achieving and sustaining airport capacity of 65+ MPPA, 1M+ tonnage of cargo handling and 52+ air traffic movements in peak hours.

6.2.6 Some of such projects identified for implementation for enabling the airport to cater to 65MPPA capacity are as below:

(i) Reconstruction of T1 to enhance the capacity from 15 MPPA to 20MPPA
(ii) Terminal 2 NW Pier (Check in Facilities, Construction of Bus boarding Gates(V3)) Terminal T2 Expansion etc., to enhance the capacity to 45MPPA
(iii) Additional Aircraft Parking Stands in the Southern side of RWY 09-27
(iv) Construction of Parking Stand V2+V1
(v) Additional Aircraft Parking stand adjacent Apron J
(vi) Construction of Airside Tunnel
(vii) Construction of Eastern taxiway (between E5 and E7) parallel to RWY 14-32

(viii) Extension of Taxiway M
(ix) TWY West to 14-32
(x) TWY W1 parallel TWY to 14-32 West
(xi) Construction of RET E6
(xii) Construction of RET W3
(xiii) Construction of Taxiway S
(xiv) Kerbside improvements in front of T1 and T2 etc.,

Figure 4 – Existing CSMIA Land Use Plan

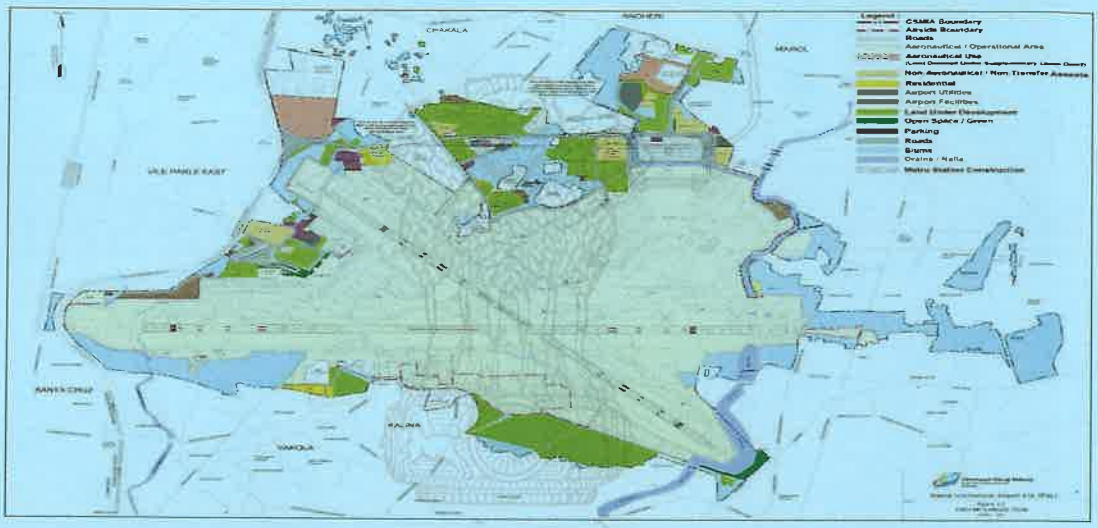


Figure 5 – Proposed CSMIA Land Use Plan



6.2.7 MIAL submitted updated Master plan of CSMIA to MoCA on 5th September 2024. The Authority, through its Independent Consultant, directed MIAL to confirm the status of approval from MoCA, and MIAL submitted the following:

"...Mumbai Airport had submitted updated Master plan of CSMIA to MoCA on 5th September 2024. However, no comments have been received and hence same is deemed as approved as per provision 3.5.2 of State Support agreement. Communication to this effect has been shared with MoCA as well..."

6.2.8 The Authority had reviewed the capital expenditure submitted by MIAL in the context of the Airport's Master Plan and proposed development.

Capacity Assessment as per Master Plan 2024

6.2.9 As part of the Master Plan 2024, various new projects were identified to enhance operational efficiency of CSMIA and enhancing the airport capacity with peak hour runway operations in excess of 52 ATMs and enabling airport to cater to minimum of 65 MPPA.

6.2.10 As per the IMG norms, capacity creation in case of big airports with > 5 MPPA shall be from the 7th year from Planning Year. As per Traffic Study Report, based on unconstrainted projections, if traffic continues to grow at same pace, traffic forecast of Mumbai Metropolitan Region will reach 65.6 MPPA by 2025. Based on constrained projections, traffic at CSMIA is likely to be 60.4 MPPA by 2032 (i.e., 7th year of planning).

6.2.11 Presently, the passenger handling capacity at Terminal 1 is 15 MPPA and at Terminal 2 is 40 MPPA. MIAL as part of its Master Plan 2024 has proposed the reconstruction of Terminal 1 (majorly from safety point of view to mitigate structural issues), with the reconstructed Terminal 1 having a capacity of 20 MPPA. MIAL has also proposed various capacity enhancements at Terminal 2 as part of the CAPEX of the Fourth Control Period, and had engaged M/s. Jacobs to undertake a capacity assessment study. As per the study, the following capacity enhancement initiatives are instrumental in increasing the passenger throughput at Terminal including:

(i) A dedicated crew facility and Bus Boarding Gates in Northwest Pier Extension.

(ii) Addition of Check-in desk (SBDs) at each Island.

(iii) Reconfiguration Customs Handbag Screening Facility

6.2.12 Post these capacity enhancement, M/s Jacobs had identified the limiting factors for each category of passengers. For international passengers, the limiting infrastructure was noted to be immigration on arrivals, with 6 MPPA one-way capacity or 12 MPPA two-way capacity, an increase of around 0.5 million compared to existing capacity. For domestic passengers, security was the most constrained facility, providing a one-way annual capacity of 16 MPPA or 32 MPPA for two-way, an increase of 2 MPPA compared to existing capacity. Consequently, the enhanced capacity at Terminal 2 is expected to be 45 MPPA. Overall, the combined passenger handling capacity at the terminal side (T1+T2) is expected to be 65 MPPA.

6.2.13 Since the traffic at CSMIA is constrained due to airside, MIAL (as requested by AERA) in consultation with AAI has engaged independent consultant NATS to undertake an airside capacity assessment, after taking into consideration the planned CAPEX in the Fourth Control Period, and to determine potential future peak-hour ATM.

6.2.14 MIAL in its master plan has submitted that the peak hour ATMs at CSMIA grew from 42 ATMs in FY13 to 47 in FY15. With 49 ATMs, peak hour ATMs maxed out in FY17. However, starting FY18, no growth in peak hour ATMs was observed and hence can be considered as the year when constraints finally hit the airport. The current declared capacity of CSMIA is 46 ATM per hour. Due to available slots over the last years, the number of movements have grown steadily with a maximum of 48 to 50 movements reached in certain hours.

6.2.15 As per Master Plan 2024, the hourly airport capacity is expected to increase to 52-55 ATMs, after implementation of proposed improvements to airfield infrastructure and ATC procedures. It is also expected that the peaks will spread further throughout the day and late night, beyond current peak periods.

6.2.16 NATS, in their study, have mentioned that a reduction in Arrival-Departure-Arrival spacing could increase theoretical balanced runway demand capacity from 48 movements per hour to 52-55 movements per hour at CSMIA. However, it is further noted that Navi Mumbai International Airport is being developed approximately 10NM to the Southeast of CSMIA. Two parallel runways are planned, oriented in the direction 08/26, almost parallel to 09/27 at CSMIA. There are common waypoints used by inbound and outbound routes to both airports and as traffic increases, more arrivals and departures will be routed through these points, leading to possible congestion and potential conflicts. NATS has recommended that a CONOPs is produced for both airports that takes into consideration optimal usage of airspace.

6.2.17 MIAL, vide email dated 18th December 2024, had confirmed that the draft NATS Study Report has been shared with the AAI ATM Team for their comments / views, being the sole ANS service provider at CSMIA. The Authority, vide its letter dated 6th January 2025, had also requested AAI to review / examine the Study Report and furnish their comments / observations.

6.2.18 AAI, vide its letter dated 30-Jan-25 to AERA, submitted the following:

"...MIAL to coordinate with all airlines and other stake holders to ensure Air Traffic Movements (ATM) of 44 during period of High Intensity Runway Operations (HIRO) and 42 Movements in Non-HIRO periods with two (02) General Aviation / Non-Scheduled Flights permissible in every Non-HIRO hours. The issue of air space congestion after any change may be addressed to.

MIAL is to ensure that all Developments (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets) at the Airport shall be as per existing Master Plan and no Development that is not envisaged in the Master Plan shall be undertaken as per Article 8.3.7 of OMDA..."

Authority's examination of Master Plan and capacity at CSMIA:

6.2.19 The Authority, as part of the examination, observed that:

(i) MIAL had submitted Master Plan 2024 to Ministry of Civil Aviation (MoCA) in September 2024 for their comments or suggested changes. MoCA, vide OM No. AV-24011/9/2019-AD dated 07.02.2025 has written to different Ministry/agencies/departments to bring to the notice of MoCA by 28.02.2025 any deviation/violation of OMDA & SSA provisions.

(ii) In response to MIAL's letter dated 28.01.2025 regarding intimation of complete closure of operations at Terminal 1 at Mumbai Airport., MoCA vide letter no. AV-24032/41/2015-AD dated 11th February, 2025 sought clarifications from MIAL on phase wise timeline for T-1 demolition and construction, its impact on airside facilities, Terminal side capacity addition after reconstruction of new Terminal,

year wise (till 2030) projected demand and how it will be catered through Mumbai and Navi Mumbai International Airport.

The Airport Operator has submitted his reply vide letter dated 24.02.2025 which is reproduced below:

"...

Figure 6 – MIAL's response letter to MoCA (1/3)

With reference to MOCA letter dated 11th February, 2025 please refer below point-wise response for your perusal:

(i) **Detailed phase-wise timeline for T-1's demolition and construction plan:**
Reconstruction of Terminal-1 is estimated to be completed in 3 years. Demolition activity for the existing Terminal-1 is planned to commence in November 2025 and construction of the new Terminal-1 is likely to be completed by September 2028. These timelines are subject to various approvals and stakeholder consultations.

(ii) **With the demolition of existing Terminal 1 at MIAL, whether there would be any impact on airside facilities including runways or flights would be disrupted in any manner along with details thereof:**
Reconstruction of Terminal-1 will not have any impact on airside operations (including Runway)

(iii) **Terminal side capacity addition after construction of new Terminal:**
The project is being undertaken by MIAL to redefine passenger experience and set an unprecedented standard in sustainability and innovation. Once complete, the new terminal will be able to manage 20 million passengers, annually,

(iv) **Keeping in view the past traffic trend and increasing demand for air travel where Navi Mumbai Greenfield Airport is also scheduled for commissioning this year, a tabular statement of the projected traffic demand of Mumbai/Navi Mumbai upto year 2030 and how it would be catered through Mumbai and Navi Mumbai Airports be furnished in both the scenarios, (a) when existing Terminal-1 at MIAL remains operational and (b) when existing Terminal 1 at MIAL is demolished, so as to avoid any congestion at Mumbai airport :**

T1 complex consists of T1A, T1B and T1C buildings. T1 complex is built over the last 60 years, part of T1B was constructed in 1960s, T1A in 1992 while T1C was built in 2010. It may be noted that T1A, T1B and T1C are not complete/full-scale terminals independently. Since the terminal building has lived its economic service life and will require frequent structural strengthening and extensive repairs works in future, the existing Terminal-1 will be completely shut down and

AERA

Figure 7 – MIAL's response letter to MoCA (2/3)

is planned to be non-operational from November 2025 onwards for execution of the Terminal 1 redevelopment.

Below table shows the capacity of CSMIA and Navi Mumbai Airport and projected demand that will be handled by two airports for the period FY'24-25 to FY'29-30:

Capacity and Demand Assessment (mppa)	FY'24-25	FY'25-26	FY'26-27	FY'27-28	FY'28-29	FY'29-30
MIAL T2	*40*	*45*	*45*	*45*	*45*	*45*
MIAL T1	*15*	*-*	*-*	*-*	*20**	*20*
MIAL Capacity (T2 + T1) (A)	**55**	**45**	**45**	**45**	**65**	**65**
NMIA Capacity (B)	**-**	**20**	**20**	**20**	**20**	**50***
Total Capacity (A + B)	**55**	**65**	**65**	**65**	**85**	**115**
MIAL Traffic Projections	54	45	41	42	48	55
NMIA Traffic projections		12	19	22	22	34
Traffic likely to be handled by MIAL and NMIAL	**54**	**57**	**60**	**64**	**70**	**89**

**Expected to be operationalized in the middle of the respective year.*

Figure 8 – MIAL's response letter to MoCA (3/3)

CSMIA is having current capacity of 55 mppa (T1 15 mn + T2 40 mn) which is almost fully utilized. Navi Mumbai Airport is expected to be operationalized in 2025, and it will have an initial capacity of 20 mppa. MIAL has initiated various projects which are at different stages of implementation and these projects once completed will enhance the capacity of Terminal 2 from 40 mppa to 45 mppa.

By FY'29-30, CSMIA and Navi Mumbai Airport are expected to have a joint capacity of 115 mppa to cater to the growing demands of Mumbai City and the Mumbai Metropolitan Region.

..."

The final view of MoCA as on date is not known to the Authority.

(iii) As per the Master plan 2024, Terminal 1 is planned for reconstruction on account of structural defects identified and verified by IIT Mumbai, lack of segregation of arrival and departure passengers and capacity expansion. Accordingly, MIAL had proposed reconstruction for a passenger handling capacity of 20 MPPA, which the Authority had reviewed and dealt with in its analysis.

(iv) MIAL (as requested by the Authority) had engaged NATS to provide an independent high-level review of the infrastructure and forecast demand contained in CSMIA Master Plan. NATS has done a study and has confirmed the peak hour theoretical capacity of 55 ATM's based on its analysis benchmarking with other busy single runway airports like Gatwick but in respect to taxiway infrastructure, it has stated that the "Master plan changes appear to offer significant benefits, but they

require more detailed assessment to confirm. The phasing of the taxiway infrastructure changes should be reviewed to ensure that sufficient capacity is provided as demand grows"

(v) As per Schedule 1, Principle 8 of the State Support Agreement,

"Master Plan and Major Development Plans: AERA will accept the Master Plan and Major Development Plan as reviewed and commented by the GOI and will not seek to question or change the approach to development if it is consistent with these plans. However, the AERA would have the right to assess the efficiency with which capital expenditure is undertaken."

(vi) AAI's comment on the Authority's request on the NATS study report as re-produced at the above para 6.2.18 would show that there is no categorical viewpoint given by AAI on the recommendations in the report but it has just mentioned Air Traffic Movements (ATM) during High Intensity Runway Operations (HIRO) and during Non-HIRO periods, while at the same time saying that the Airport Operator has to ensure development as per existing Master Plan as provided in the relevant article of OMDA. It is pertinent that Schedule 1, Principle 8 of SSA has stipulated the obligation of AERA in respect of Master Plan, the extract of which is given at above para 6.2.19(v). Hence, there is a need for clarity on this issue by AAI.

6.2.20 In view of the foregoing, although a need has been felt for demolition and reconstruction of Terminal 1 at CSMIA from a safety aspect, considering the air side constraints and Navi Mumbai International Airport getting built, the Authority in the light of the factors mentioned at above para 6.2.19 would require further clarity on the aforesaid issues based on the inputs from the stakeholders, including AAI and MoCA in order to take an informed decision in this matter. Accordingly, in the interim, the Authority has included the reconstruction of T1 with some area and cost rationalization in this Tariff Order as discussed in para 6.3.105 to para 6.3.133 . However, a final view will be taken on the basis of updated status and comments by Airport Operator and other stakeholders on the following:

(i) NATS Study

(ii) Master Plan

(iii) Requirement of T1 demolition and reconstruction

The Authority seeks stakeholder inputs on these to ensure a well-informed assessment of capacity creation at CSMIA, in order to balance long-term traffic projections, airside constraints, and terminal expansion plans.

6.2.21 AUCC – MIAL has submitted that, pursuant to the provisions contained in the Authority's (AERA) Guidelines, stakeholders were invited to attend a consultation meeting to discuss the capex proposal above Rs. 50 Crores planned in the Fourth Control Period. The meeting was held on 13th March 2024 and the Project Information File with respect to planned capex projects was also shared with the stakeholders. The minutes of this meeting is given in Appendix 1 of Consultation Paper.

6.3 Capital Expenditure for the Fourth Control Period

MIAL Submission regarding Capex for the Fourth Control Period

6.3.1 MIAL has proposed total capital expenditure of Rs. 17,439.38 Crores for the Fourth Control Period for CSMIA. MIAL has provided a phasing plan and calculated the related aeronautical depreciation on these assets, determining the closing Regulatory Asset Base accordingly. Additionally, MIAL has computed and sought depreciation on HRAB based on their calculations. The Authority has organized the discussion in this chapter in the following order:

(i) Capital expenditure proposed for the Fourth Control Period
(ii) Aeronautical allocation of capital expenditure for the Fourth Control Period
(iii) Aeronautical depreciation for the Fourth Control Period
(iv) Regulatory Asset Base for the Fourth Control Period
(v) Hypothetical Regulatory Asset Base for the Fourth Control Period

6.3.2 MIAL's capex proposal for the Fourth Control Period includes several projects aimed at upgrading and enhancing the airport's infrastructure. The primary objective of these Capex proposals is to cater to the increasing traffic demand, improve operational efficiency and maintain compliance with regulatory and safety standards. MIAL's Capex plan for the Fourth Control Period is divided into various categories, including airside improvement works, passenger terminal works, ancillary building development, kerbside improvements, and operational capital works.

6.3.3 The Authority, through its Independent Consultant / Aviation Expert, had undertaken a comprehensive analysis of the Capex proposals submitted by MIAL. This analysis includes an assessment of the necessity, feasibility, and cost-effectiveness of each proposed project, with a particular focus on ensuring that the proposed expenditure aligns with the long-term interests of airport users and other stakeholders.

6.3.4 In the following sections, the Authority presents its analysis of the capex projects proposed by MIAL as given in the table below:

Table 176: Summary of Capital Expenditure projects submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in Crores)

S. No.	Particulars	Cost proposed by MIAL	Number of Projects
1	**Airport Project Capex**		
1.A	Airside Improvement Works	3,188.79	38
1.B	Passenger Terminal & Associated works	3,496.11	5
1.C	Kerbside Improvements	280.20	5
1.D	External Connectivity Improvements	58.87	2
1.E	Ancillary Building Development Works	2,152.06	10
2	**Operational / Sustaining / Minor Capex Works**	3,109.48	251
3	**Indexation, Technical consultancy, contingencies, pre-operative cost, design cost, PMC, preliminary expenses & Interest During Construction**	5,153.85	-
TOTAL		**17,439.38**	**311**

6.3.5 Basis of capital expenditure considered in preparing the estimation as submitted by MIAL is as follows:

(i) **Block Cost Estimate** – Block Cost estimation for works / projects as included in each category of capex is based on the Schedule of Rates published by various Departments of Govt. of Maharashtra / Delhi Schedule of Rates (DSR) published by CPWD / MoRTH, Govt. of India / Plinth Area Rates (PAR) / Market rate analysis at price level valid including all necessary Taxes, duties, levies etc. as applicable. For certain projects where applicable, cost is considered based on Contract / Work Order / PO / LOA / Budgetary Quotation.

(ii) **Indexation** @ 5% per annum has been considered based on the cash flow projections being made in the respective years of the Control Period.

(iii) **Soft Costs** of approx. 16% covering contingencies, design cost and PMC.

(iv) **Interest During Construction (IDC)** – IDC is calculated on the proposed capital expenditure based on construction phasing and capitalization of assets. The amount is calculated considering debt funding of 70% at an interest rate of 11.93%.

Authority's Examination regarding Capital Expenditure (CAPEX) for the Fourth Control Period at the Consultation Stage

6.3.6 The Authority analyzed MIAL's submissions regarding CAPEX for the Fourth Control Period as submitted in the MYTP. The Authority grouped the proposed CAPEX for the Fourth Control Period based on the categories submitted by MIAL for evaluation along with the respective base costs as detailed below. Further, the indexation increase based on expenditures across different years, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses, and IDC are presented separately as a total for all proposed capital expenditures at the end of the table.

Table 177: Project wise CAPEX as submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in Crores)

S. No.	Projects	Base Cost*	Start Date	Completion Date
1	PROJECT CAPEX PROPOSALS	9,176.04		
A	**Airside Projects**	**3,188.79**		
A1	**Runway Improvement Works**			
A1-1	Recarpeting of RWY 09-27	148.71	Oct-27	May-28
A2	**Taxiway Improvement Works**			
A2-1	Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32	73.59	Oct-27	Mar-28
A2-2	Construction of Taxiway M Extension (East side)	60.99	Oct-26	Mar-28
A2-3	Construction of TWY W (North-West side, parallel to RWY 14-32)	161.65	Oct-26	Mar-28
A3	**Apron Improvement Works**			
A3-1	Construction of Additional Aircraft Parking Stands (V1+V2)	113.26	Oct-26	Mar-28
A3-2	Reconstruction of Apron C (Tier1) and Taxiway W6	53.16	Oct-25	Mar-27
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12	Oct-25	Mar-27
A4 to A9	**Other Airside Works**			
A4	Reconstruction of Perimeter Road	202.50	Apr-24	Mar-29
A5	Construction of Airside Tunnel	894.23	Oct-25	Mar-29
A6	Reconstruction of Airside Drain	498.80	Apr-24	Mar-29
A7	Aircraft Maintenance Hangar	92.76	Oct-25	Mar-28
A8	Parking Stands at NEC Hangar	120.00	Apr-24	Mar-25
A9	Airside improvement works less than Rs. 50 Crores	716.02	Apr-24	Mar-29
B	**Passenger Terminal Improvement & Associated Works**	**3496.11**		
B1	Reconstruction of T1	3,129.23	Apr-24	Sep-28
B2	Terminal 2 Expansion Project	141.88	Apr-25	Mar-27
B3	GA Terminal Expansion	225.00	Apr-24	Oct-25
C	**Kerbside Improvement Projects**	**280.21**		
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80	Oct-25	Oct-26
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48	Oct-26	Mar-
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80	Oct-25	Mar-28

S. No.	Projects	Base Cost*	Start Date	Completion Date
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00	Apr-25	Mar-28
C3-2	At-Grade Road widening for International Airport Road	19.13	Oct-25	Mar-27
D	**External Connectivity Improvement Project**	**58.87**		
E	**Ancillary Building Development Works**	**2,152.06**		
E1	Construction of Airport Management Corporate Office Building	1,229.36	Apr-24	Mar-29
E2	Construction of NAD Colony	282.65	Apr-24	Mar-28
E3	Mumbai Metro Line 3: Construction of 3 Metro Stations at CSMIA	216.00	Apr-24	Mar-28
E4	Sewage Treatment Plant and associated works	16.41	Apr-28	Mar-29
E5	Development of T2 Forecourt	124.80	Apr-24	Mar-28
E6	Crew Terminal	98.70	Oct-24	May-26
E7	Relocation of ATC Technical Block	184.14	Apr-25	Mar-27
2	**OPERATIONAL CAPEX PROPOSALS**	**3,109.48**		
2A	CT Handbag X-ray	320.00	Apr-24	Mar-29
2B	Full Body Scanner	69.00		
2C	Crash Fire Tender	50.00		
2D	Refurbishment of Washrooms at T2	189.00		
2E	Transfer Hub Initiatives at Baggage Handling Systems at T2	190.00		
2F	Follow the Greens	200.00		
2G	Self-Bag Drops at T2	222.00		
2H	CT-EDS	78.00		
2I	Operational Capex Projects less than Rs. 50 Crores	1,791.48		
	SUB-TOTAL (Project Capex + Operational Capex) (1+2)	**12,285.52**		
3	**SOFT COSTS**	**5,153.85**		
3A	Indexation @5% as per cash flow	1,703.07	Apr-24	Mar-29
3B	Technical consultancies, contingencies, pre-operative Cost, design cost, PMC, preliminary expenses @16%	2,238.17	Apr-24	Mar-29
3C	IDC at 11.93% Cost of Debt considering 70% Debt funding	1,212.61	Apr-24	Mar-29
	TOTAL (Project Capex + Operational Capex + Soft Costs) (1+2+3)	**17,439.38**		

**The base cost for each project line item excludes respective indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and IDC which are given separately from 3A to 3C.*

6.3.7 **AUCC -** The Authority noted that MIAL conducted an Airport Users Consultative Committee (AUCC) meeting on 13th March 2024 with all the stakeholders and discussed the CAPEX proposals above Rs. 50 Crores planned to be undertaken during the Fourth Control Period effective from FY 2024-25 to FY 2028-29. The meeting was attended by various aviation stakeholders including International Air Transport Association (IATA), Federation of Indian Airlines (FIA), Maharashtra Metro Rail Corporation Limited (MMRCL), Airline Partners, and DGCA.

6.3.8 As per the minutes of the meeting (Refer Appendix 1 of the Consultation Paper No. 08/2024-25 dated 10th March 2025), the Authority observed that MIAL had broadly discussed the following with the stakeholders:

(i) Brief about Adani airport strategy, aviation outlook and a background of CSMIA along with the milestones achieved by the airport in last few years.

(ii) Overview of the traffic forecast for the next 10 years and traffic drivers.

(iii) Presentation on challenges and bottlenecks in the existing infrastructure
(iv) Master Plan of the Airport along with CAPEX projects proposed to be executed in the Fourth Control Period.

6.3.9 Certain observations made by stakeholders:

(i) Federation of Indian Airlines (FIA) raised concerns about the downward trend in MIAL's traffic forecast methodology. They suggested that certain airlines have projected a progressive increase in traffic, calling for an explanation of the rationale behind the current forecasts.
(ii) IATA requested additional detailed information about the capital expenditure projects, particularly timelines, dependencies, and benefits expected from the projects to enable more informed feedback.
(iii) IATA mentioned that the claims of increasing aircraft movements from 46 to 50+ ACMs per hour must be substantiated with thorough research.
(iv) IATA also wanted to know T1 closure and re-provision impact, how the displaced demand will be provided in T2 and the assumptions regarding relocation of airlines to Navi Mumbai International Airport. They also wanted to understand the details of how the Fourth Control Period capital plan specifically accounts for capacity enhancement on account of the likely completion of Navi Mumbai International Airport in Summer 2025.

MIAL has given its responses to these observations and the same is enclosed (Refer Appendix 1 of the Consultation Paper No. 08/2024-25 dated 10th March 2025).

6.3.10 The Authority, through its Independent Consultant, examined the cost estimate submitted by MIAL and noted that they are generally based on CPWD DSR / PAR rates & MoRTH (exceptions noted to this have been detailed in the respective sections). The Authority had the following observations:

(i) MIAL has considered 10% additional cost towards working in operational areas, in certain BOQ line items. However, the Authority is of the view that the provision made by MIAL towards additional cost for working in operational area is high and therefore proposed to consider the allowance for extra cost over applicable rates for working in operational areas to the maximum allowable level, i.e. 5% as considered in other airports, in the BOQ items where MIAL has claimed 10% additional cost for operational area works.

(ii) MIAL has included costs for the diversion of existing utilities and infrastructure either as a lump sum or as a percentage of the total project cost. However, the Authority observes that the percentage varies from 2% to 10% across different projects. To ensure consistency and cost efficiency, the Authority proposed to rationalize these costs by applying a standard rate of 2% where diversion of utilities is deemed necessary subject to considering a lump sum in cases where the cost of utility diversion is significantly high or disallowing the cost altogether where utility diversion is not considered essential.

(iii) MIAL has included 15% of the overall taxiway and apron costs for Airfield Ground Lighting (AGL) in the costing estimates of airside projects. The Authority, through its independent consultant / aviation expert, observed that AGL systems typically account for around 10% of the total taxiway and apron costs for similar projects. This includes the cost of installation, equipment, and electrical infrastructure required for safe ground operations. Given this industry standard, the Authority proposed considering only 10% of the overall taxiway and apron costs towards AGL.

(iv) MIAL has included the demolition cost of existing structures as an enabling cost, where projects involve demolition of structures. However, the Authority observed that demolition of structures typically involves the recovery of salvageable materials, such as steel, concrete, and other reusable

components. These materials have a residual value and can be sold as scrap, generating a net inflow for the operator. In most cases, contractors engaged for demolition can offset their costs through the resale of these materials, and hence the operator would not incur costs for demolition of structures. Hence, the Authority proposed not to consider demolition costs of buildings as enabling costs in the overall cost estimate.

(v) MIAL has included costs for Project Management Consultancy (PMC), contingency, and indexation within certain individual project cost estimates. Since these costs have already been proposed separately for all projects as a whole, the Authority proposed not to include them within the individual CAPEX projects, and has dealt with these items separately for all projects together in Paras 6.3.277 to 6.3.288.

6.3.11 The Authority, through its Independent Consultant, interacted with the technical team of MIAL on the aspects of airport planning, traffic estimation, designing and its short-, mid- and long-term impact on Airport Economics. The Authority considered various applicable factors such as current capacity, traffic estimates, normative cost benchmarks, need assessment etc. together with the need for phased development of facilities, and has rationalized the Capital Expenditure proposed.

6.3.12 The Authority observed that MIAL has submitted various Operational Capex Proposals under different heads consisting of numerous sub-projects/procurements planned to be carried out over the Fourth Control Period. The Authority noted that for certain Operational Capex Proposals, MIAL has provided POs and BOQs for only a portion of the cost. For the remaining amounts, which consists of multiple line items, only a broad level cost estimate has been submitted to justify the proposed costs. In the absence of such details, it is not possible to assess the reasonableness of these expenses. Thus, the Authority proposed to rationalize the capital expenditure for some of the projects / capital items at this stage. In the event that such projects are necessary and critical to airport operations, MIAL may incur the remaining amounts and the same would be taken into due consideration on an actual incurrence basis subject to evaluation of efficiency and reasonableness, by the Authority, at the time of determination of tariffs for the Fifth Control Period.

6.3.13 The Authority had reviewed the projects proposed by MIAL (refer Table 177), with a project-wise analysis provided in the following paragraphs. The cost mentioned represents the base cost of each item, while the evaluation of soft costs added to the base cost.

6.3.14 The Authority, through its Independent Consultant / Aviation Expert, had also examined the individual line items under each project and classified them based on the nature of the project into aeronautical, non-aeronautical and common. The common assets were further bifurcated using the Terminal Area Ratio as applicable. Accordingly, only the aeronautical portion of the cost has been considered as part of aeronautical capital expenditure.

A - Airside Improvement Works (Rs. 3,188.79 Crores)

6.3.15 MIAL had proposed the following Airside Improvement Works in the Fourth Control Period in order to:

(i) create additional aircraft parking stands and associated GSE areas
(ii) increase and sustain the ATM capacity of Runway 14-32 by providing parallel taxiways
(iii) reconstruct the outlived and damaged taxiways and apron areas
(iv) ensure overall operational efficiency, airside safety and enhance airside capacity

Table 178: Summary of Projects proposed by MIAL for Airside Improvement Works (A) at the Consultation Stage

(Rs. in Crores)

S. No.	Project Name	Cost proposed by MIAL
A1 - Runway Improvement Works		
A1-1	Recarpeting of RWY 09-27	148.71
A2 - Taxiway Improvement Works		
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	73.59
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	60.99
A2-3	Taxiway West to RWY 14-32	161.65
A3 - Apron Improvement Works		
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	113.26
A3-2	Reconstruction of Apron C (Tier 1) and Taxiway W6	53.16
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12
A4 to A9 - Other Airside Works		
A4	Reconstruction of Perimeter Road	202.50
A5	Construction of Airside Tunnel	894.23
A7	Aircraft Maintenance Hangar	92.76
A6	Reconstruction of Airside drain	498.80
A8	Parking Stands at NEC Hangar	120.00
A9	Airside Projects less than 50 Crores	716.02
TOTAL		**3,188.79**

A1 – Runway Improvement Works

A1-1 Recarpeting of RWY 09-27 (Rs 148.71 Crores)

MIAL's submission:

6.3.16 MIAL had proposed the recarpeting of RWY 09-27, which is the primary runway at CSMIA and used approximately 94% of the time for aircraft operations. The last recarpeting of this runway was undertaken in 2019, and MIAL has projected that the next round of recarpeting will be necessary in 2027, which is in line with the typical recarpeting cycle of every 7 to 10 years for high-traffic runways.

6.3.17 The proposed work involves recarpeting of runway surface over an area of 3,27,983 Sqm which will consist of three layers:

(i) One layer of 75 mm Dense Bituminous Macadam (DBM),
(ii) Two layers of 50 mm Bituminous Concrete (BC).

6.3.18 MIAL has represented that recarpeting is essential for maintaining good riding surface and surface friction necessary for safe aircraft operations, particularly in the monsoon season when the runway is subject to heavy use under wet conditions. The project also includes the resurfacing of taxiways that connect to RWY 09-27 and fall under the runway clearance area.

Authority's examination regarding recarpeting of RWY 09-27 at the Consultation Stage

6.3.19 The Authority, through its Independent Consultant / Aviation Expert, had examined the submission of MIAL and is of the view that periodic recarpeting of primary RWY 09-27 is necessary to ensure the continued safety and operational efficiency of the airport. The primary RWY 09-27 is 3,448m long and 60m wide, and the total area is 3,27,983 sqm, considered by MIAL for recarpeting includes the primary runway, runway shoulders on both sides, inter-section of RWY 09-27 and RWY 14-32 and the taxiways

leading to and from RWY 09-27 up to the runway strip. MIAL had proposed this recarpeting with three layers of bituminous work, as explained in Para 6.3.17 above.

6.3.20 The Authority, through its Independent Consultant / Aviation Expert, observed that, typically, recarpeting works at other airports involve the use of only two layers of Bituminous Concrete. In line with industry standards and practices followed at other airports, the Authority proposed to consider the cost for two layers of BC, as against the cost for three-layers proposed by MIAL.

6.3.21 Based on the MoRTH analysis and considering only 2 layers of BC, the cost / sqm recomputed by the Authority worked out to Rs. 3,350 for the primary runway as against Rs 4,440 proposed by MIAL, and Rs. 2,470 for the runway shoulders as against Rs 3,850 proposed by MIAL.

6.3.22 Further, the Authority, through its Independent Consultant / Aviation Expert, noted that MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that this cost is very high since only the runway edge lights have to be made available for operations during the recarpeting work and accordingly proposed to consider only 2% as detailed in para 6.3.10(ii).

6.3.23 Based on the above discussions, the adjustments to Recarpeting of RWY 09-27 as proposed by the Authority is given in the table below:

Table 179: Cost proposed by the Authority towards Recarpeting of RWY 09-27 at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Resurfacing of Runway - Rigid Pavement	A	115.56	87.19	28.37	Cost rationalized considering only 2 layers of BC instead of 3 layers proposed by MIAL
Resurfacing of shoulders - Flexible Pavement	B	26.07	16.73	9.34	Cost rationalized considering 1 layer of DBM & 1 layer BC instead of 3 layers proposed by MIAL.
Diversion of Existing Utilities & Infrastructure	C	7.08	2.08	5.00	Lumpsum provision reduced to 2% from 5% proposed by MIAL.
Total	**D = SUM (A:C)**	**148.71**	**106.00**	**42.71**	

6.3.24 The Authority had also referred to its decision in Order No. 35/2017-18 dated 12th January 2018 in the matter of 'Determination of Useful Life of Airport Assets', which states that: *"...Resurfacing & runway: The cost of resurfacing & runway leading to restoration of original PCN value would be amortized over 5 years for the purpose of tariff computation..."*

6.3.25 The Authority noted that MIAL has not provided sufficient evidence to indicate that the proposed recarpeting will result in an increase in the Pavement Classification Number (PCN) of the runway, and accordingly proposed that the recarpeting should be treated as Operation and Maintenance expenses and amortized over a period five years as per Table 301.

Based on the above examination, the Authority proposed to consider Rs. 106.00 Crores for Recarpeting of RWY 09-27.

A2 Taxiway Improvement works

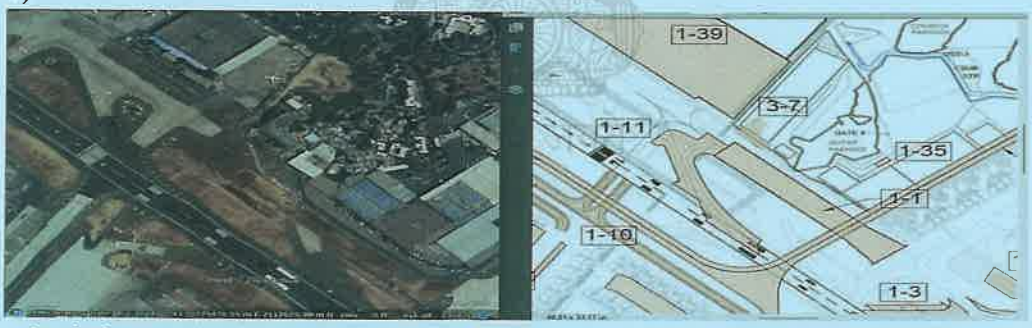
A2-1 Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 (Rs 73.59 Crores)

MIAL's submission

6.3.26 MIAL has submitted that full-length parallel taxiways are currently unavailable on both the eastern and western side of RWY 14-32. As a result, its peak hour ATM capacity (35 ATMs per hour) is significantly lower compared to RWY 09-27 (46 ATMs per hour). This limitation causes considerable congestion and flight delays whenever the primary RWY 09-27 is closed for maintenance or due to adverse weather conditions. Additionally, on the eastern side, aircraft's operating to and from T2 are required to backtrack on RWY 14-32, resulting in increased fuel consumption.

6.3.27 In view of the above, MIAL proposed to construct Taxiway E (29,989 Sqm) to reduce Runway Occupancy Time (ROT) for aircrafts landing on RWY 32 and proceeding towards T2 apron. This project was approved by the Authority in the Third Control Period, but MIAL could not execute the project due to external dependencies. MIAL has now proposed this in the Fourth Control Period.

Figure 9 – Proposed location of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 (labeled 1-1)



Authority's examination regarding construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 at the Consultation Stage

6.3.28 The Authority, in its examination through the Independent Consultant, noted that the project is needed for improving the airside operations at CSMIA. However, the Authority noted that this construction is dependent on the following enabling works:

(i) Relocation of the ATC Technical Block,
(ii) Relocation of the pump house, water tank, cargo sheds, and cargo buildings.

6.3.29 The Authority observed that the relocation of the ATC Technical Block is contingent on the conclusion of ongoing discussions with AAI. This dependency is critical, as the relocation is a prerequisite for executing this project. Given that the ATC Technical Block falls under the purview and operational control of AAI, its relocation is outside the immediate control of the Airport Operator.

6.3.30 In view of these external dependencies, the Authority proposed not to consider this project cost at this stage as part of additions to RAB. If the project is commissioned and put to use in the Fourth Control

Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A2-2 Taxiway M extension (East side) including Taxiway bridge over Mithi river (Rs 60.99 Crores)

MIAL's submission

6.3.31 MIAL has proposed extending the existing taxiway M to link it with the physical beginning of RWY 27, including the construction of a bridge over the Mithi river. The proposed Taxiway M extension will create an additional holding area for aircraft from Apron of T2 entering Runway 27. It will be designed for Code F aircraft.

Authority's examination regarding Taxiway M extension (East side) including Taxiway bridge over Mithi river at the Consultation Stage

6.3.32 The Authority noted that this project was allowed in the Third Control Period only on an incurrence basis, considering the external dependencies like acquisition of land and the need for vacation of encroachments from the vicinity of RWY 09-27.

6.3.33 The Authority also observed, based on the physical site inspection, that these encroachments still remain to be shifted from the vicinity of RWY 09-27 as can be seen from Figure **10**.

Figure 10 – Closer view of the land required for construction of Taxiway M extension (East Side) including Taxiway bridge over Mithi river (labeled 1-2)



6.3.34 In view of these external dependencies, the Authority proposed not to consider this project cost at this stage as part of additions to RAB. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A2-3 Taxiway West to RWY 14-32 (Rs 161.65 Crores)

MIAL's submission

6.3.35 MIAL has submitted that full-length parallel taxiways are currently unavailable on the western side of RWY 14-32. The aircrafts operating from T1 apron and Kalina (Western side) are required to cross active RWY 14-32. Further, large aircrafts landing using RWY 32 are required to backtrack, increasing Runway Occupancy Time (ROT) and defeating the objective of achieving environmental sustainability.

6.3.36 In view of the above, MIAL proposed to construct Taxiway W (1,04,301 Sqm) to reduce ROT, and also to function as a buffer area during departure peaks, freeing up space on the congested domestic apron (i.e. T1 apron).

Figure 11 – Proposed location of Taxiway West to RWY 14-32 (labeled 1-10)



6.3.37 MIAL submitted a cost estimate of Rs. 161.65 Crores for construction of Taxiway West to RWY 14-32. The taxiway area considered by MIAL is 59,649 sqm of rigid pavement and 44,652 sqm of flexible pavement for shoulders.

Authority's examination regarding Taxiway West to RWY 14-32 at the Consultation Stage

6.3.38 The Authority noted the importance of this project in enhancing operational efficiency, particularly during the use of Runway 14-32 and for aircraft utilizing the Apron near T1.

6.3.39 The Authority noted the following observations regarding the cost proposed by MIAL:

(i) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(ii) MIAL included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority was of the view that this cost is very high and hence proposed to include lumpsum provision as detailed in para 6.3.10(ii).

(iii) MIAL included a 15% mark-up on cost for AGL. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise cost for AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.

(iv) MIAL included the cost of constructing a portion of the compound wall, which is also separately included in Project A9-16. To avoid duplication, the Authority proposed not to consider this cost as part of this project.

6.3.40 The Authority further noted that MIAL is proposing a parallel taxiway with a length of approximately 1,800m with four connections to RWY 14-32. Out of these, three connections are proposed within the land available with MIAL, and one connection at the end of RWY 14-32 is proposed on the land currently under encumbrance. After a review of the land requirements as part of the site visit, the Authority observed that a significant portion of the project can be carried out at present, except for approximately 200m of taxiway connection as explained above, which is contingent upon removal of encumbrance. The Authority further noted that this portion of 200m is only proposed as a redundant and additional parking space for one aircraft queuing for take-off while using RWY 14-32, and noted that the rest of the taxiway can be made

operational even without this strip. Considering this, the Authority proposed to only consider 90% of the project cost after making the aforementioned adjustments to cost.

6.3.41 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 180: Cost proposed by the Authority towards Taxiway West to RWY 14-32 at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost – Demolition	A	41.25	21.84	19.41	• Revision of costs for working in operational areas from 10% to 5%. • Demolition cost of buildings / structures not considered for 10 buildings of G+2 concrete structures, and a slum area covering 20 sqm.
Enabling Cost - New Construction of Compound Wall	B	0.81	-	0.81	• Compound wall separately considered in project A9-16.
New Construction - Rigid Pavement	C	78.14	70.98	7.16	• Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
New Construction - Flexible Pavement	D	35.72	32.60	3.13	• Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
Diversion of Existing Utilities & Infrastructure	E	5.73	1.00	4.73	• Lumpsum provision considered.
Total	**F = SUM (A:E)**	**161.65**	**126.42**	**35.23**	
90% of the project cost as explained above	**G = F * 90%**		**113.78**		

6.3.42 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR and MoRTH rates and thus proposed considering Rs.113.78 Crores (i.e., 90% of Rs.126.42 Crores) for this project in this control period.

A3 Apron Improvement Works

A3-1 Construction of Additional Aircraft Parking Stand (V1+ V2) (Rs 113.26 Crores)

MIAL's submission

6.3.43 MIAL has proposed the construction of additional parking stands, associated GSE areas and Taxiway Z extension adjoining T2. This is expected to meet the increasing demand of overnight halt by Indian domestic carriers, and for additional flights by foreign carriers during peak periods at night.

Authority's examination regarding construction of Additional Aircraft Parking Stand (V1+ V2) at the Consultation Stage

6.3.44 The Authority noted the need for this project to meet demand for aircraft parking stands. MIAL had proposed the construction of Parking stand V1, V2 & V3 in the Third Control Period. The Authority had allowed the proposal for the construction of Parking Stand V2 and V3, but deferred the construction of V1 stand as the land was not readily available. The Authority observed that MIAL constructed parking stand V3 during the Third Control Period but was unable to construct parking stand V2 due to non-availability of land.

6.3.45 The land identified for the proposed construction of parking stands V1 and V2 was previously occupied by the structures and buildings of AI Assets Holding Limited ("AIAHL"). MIAL has now taken over the possession of these buildings and structures by compensating AIAHL for the book value of Rs 23.39 Crores (Refer Project A9-26 which is considered as an enabling cost). For this purpose, MIAL has executed a Handing Over and Taking Over Note ("HOTO Note") dated 12th January 2024 with AIAHL. These existing buildings / structures have been subsequently demolished to enable the construction of these parking stands. The Authority had also physically inspected the availability of land through the site inspection conducted by the Independent Consultant.

6.3.46 The Authority noted that MIAL has issued the work order for the construction of parking stand V2 at a cost of Rs 34.92 Crores.

6.3.47 The Authority noted the following observations on cost proposed by MIAL for construction of parking stand V1 over a total area of approx. 50,269 sqm:

(i) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(ii) MIAL included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority was of the view that these costs are high and proposes to consider a lump sum amount as detailed in para 6.3.10(ii).

(iii) MIAL included the cost of constructing a portion of the compound wall, which is again separately included in Project A9-16. To avoid duplication, the Authority proposed not to consider the cost under this project.

(iv) MIAL included the demolition cost of existing structures as an enabling cost. The Authority proposed not to consider these as detailed in para 6.3.10(iv) on the BOQ items.

6.3.48 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 181: Cost proposed by the Authority towards Construction of Additional Aircraft Parking Stand (V1+ V2) at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Parking Stand V1					
Enabling Cost - Demolition	A	8.54	1.65	6.89	Revision of costs for working in operational areas from 10% to 5%. Demolition costs of buildings / structure not considered for 4 buildings of

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
					concrete structure and for the steel truss structure access gate to cargo.
Enabling Cost - New Construction of Compound Wall	B	1.17	-	1.17	New construction of compound wall considered separately in project A9-16.
New Construction - Rigid pavement	C	67.26	61.33	5.93	Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
Diversion of existing utilities & infrastructure	D	1.37	0.5	0.87	Lumpsum provision considered.
Total - V1	**E = SUM (A:D)**	**78.34**	**63.48**	**14.86**	
Parking Stand V2	**F**	**34.92**	**34.92**	-	Based on awarded cost
Total - V2	**G = E + F**	**113.26**	**98.40**	**14.86**	

6.3.49 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposed considering Rs. 98.40 crores for this project in this control period.

A3-2 Reconstruction of Apron C (Tier 1) and Taxiway W6 (Rs. 53.16 Crores)

MIAL's Submission

6.3.50 MIAL has submitted that Apron C (Tier 1 and Tier 2) is situated in front of T1 and is the busiest apron in CSMIA having 3 Tiers of Parking stands. Tier 1 and Tier 2 of Apron C are made of Pavement Quality Concrete (PQC). These aforementioned Tiers have served the design life and are severely damaged, having developed signs of serious deterioration and full depth cracks, leading to safety issues.

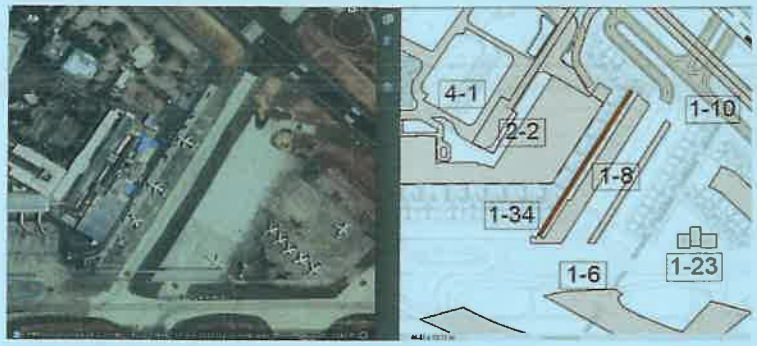
6.3.51 To address this issue, MIAL proposed for reconstruction of Tier 1 and Tier 2 of Apron C to ensure the airside operations safety and submits that this apron after reconstruction will meet Code E and Code F compliance.

Authority's examination regarding reconstruction of Apron C (Tier 1) and Taxiway W6 at the Consultation Stage

6.3.52 The Authority noted that this project was already approved in the Third Control Period and a part of the Tier 2 was constructed by MIAL. The Authority observed that the balance portion of Tier 2 (which could not be constructed to keep Taxiway W6, which is in between Tier 1 and Tier 2, operational) along with Tier 1, is now proposed for reconstruction.

Figure 12 – Apron C (Tier1) and Taxiway W6 (labeled 1-8)

AERA



6.3.53 The Authority noted that the reconstruction is required to ensure operational safety at the airside. This reconstruction involves rigid pavement of 16,271 sqm for taxiway and 12,606 sqm for Apron.

6.3.54 The Authority noted the following observations regarding the cost proposed by MIAL:

(i) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(ii) MIAL included a 15% mark-up on cost for AGL. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise cost for AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.

(iii) MIAL included a provision for miscellaneous works at 15% of pavement cost. Since all relevant costs have already been factored in cost estimate, the Authority proposed not to include these costs.

(iv) MIAL included costs for the diversion of existing utilities and infrastructure at 10% of the total project cost. The Authority was of the view that since this work is of reconstruction and not expected to have any diversion of utilities. The Authority hence proposed not to include these costs.

6.3.55 Based on the above, the cost proposed to be considered by the Authority is given in the table below:

Table 182: Cost proposed by the Authority for Reconstruction of Apron C (Tier1) and Taxiway W6 at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost - Demolition	A	6.86	5.83	1.03	Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
New Construction - Rigid Pavement	B	36.6	33.42	3.18	Revision of costs for AGL from 15% to 10%.
Miscellaneous costs relating to construction of pavement	C	5.49	-	5.49	No miscellaneous works expected being reconstruction of Apron.
Diversion of existing utilities & infrastructure	D	4.21	-	4.21	Not considered necessary being a reconstruction project.
Total	**E=SUM(A:D)**	**53.16**	**39.25**	**13.91**	

6.3.56 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and thus proposed considering Rs.39.25 crores for this project in this control period.

A3-3 Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 (Rs 53.12 Crores)

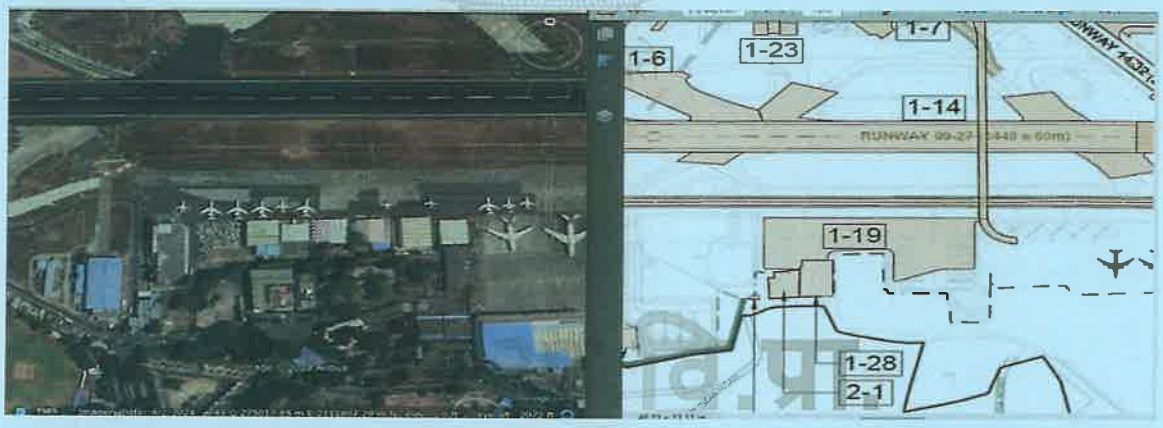
MIAL's Submission

6.3.57 MIAL submits that there is increasing demand for parking stands from various airlines and there is requirement of 155 stands against 114 stands present available (17 stands out of existing 131 stands are occupied by disabled Aircrafts and cannot be used actively).

6.3.58 Further, presently, the GA Apron on the southern side of RWY 09-27 is being used by GA Aircrafts. Aircraft parked in this apron infringe the Obstacle Limitation Surface (OLS) and the GA hangars adjacent to this Apron also infringe the OLS. The DGCA has granted only temporary exemption and this needs to be rectified immediately.

6.3.59 MIAL has submitted that the lease term of the GA Hangars expired in the month of September 2024, and that action has been initiated by MIAL for shifting/relocating these GA hangars to Navi Mumbai International Airport. Consequently, MIAL proposes constructing additional parking stands (6 code C and 14 Code B) on the southern side of RWY 09-27 in the existing GA Apron after removing the GA Hangars.

Figure 13 – Proposed location of Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 (labeled 1-19)



Authority's examination regarding Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 at the Consultation Stage

6.3.60 The Authority noted that this project was approved in the Third Control Period for Rs 15.11 Crores. MIAL had proposed to develop the entire GA apron on the southern side of Runway 09-27 (including existing hangars) of 47,666 sqm with rigid pavement, to be used as additional parking stands.

6.3.61 Considering the need for the additional parking stands and MIAL's submission that the Hangars will be vacated, the Authority noted that the site will be available for construction. Accordingly, the Authority proposed to consider this project in the Fourth Control Period.

6.3.62 The Authority noted the following observations regarding the cost proposed by MIAL:

(i) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(ii) MIAL included a 15% mark-up on cost for AGL. The Authority was of the view that the provision made by MIAL is high and therefore proposed to reduce the cost for the AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.

(iii) MIAL included the demolition cost of existing structures as an enabling cost. The Authority proposed not to consider these as detailed in para 6.3.10(iv) on the BOQ items.

6.3.63 Based on the above, the cost proposed to be considered by the Authority is given in the table below:

Table 183: Cost proposed by the Authority for Construction of Additional stands on southern side of RWY 09-27 at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost – Demolition	A	7.36	-	7.36	• Demolition of buildings / hangar sheds not considered.
New Construction - Rigid Pavement	B	45.76	41.95	3.81	• Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
Total	**C = SUM (A:B)**	**53.12**	**41.95**	**11.17**	

6.3.64 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposed considering Rs. 41.95 Crores for this project in this control period.

Other airside projects

A4 – Reconstruction of Perimeter Road (Rs 202.50 Crores)

MIAL's submission

6.3.65 MIAL has stated that the Perimeter Road at CSMIA comprises of a bituminous pavement, which is prone to damage during monsoon. Over the years, due to wear and tear, this Perimeter Road has significantly degraded. This has led to severe safety issues. There are numerous incidents of near-miss accidents by GSE vehicles, which have damaged nearby properties. Further the poor condition of the roads causes great damage to the airside and GSE vehicles. MIAL also submits that various complaints are received from Airlines especially during Monsoon period and has also provided a copy of few letters to the Authority. To ensure airside safety, MIAL proposes to reconstruct the existing bituminous Perimeter Road as Pavement Quality Concrete (PQC) roads, with proper crust layers to ensure longevity.

6.3.66 Further, due to certain proposed modifications at airside (addition of Parallel Taxiway, Aprons, etc.), re-alignment of the Perimeter Roads is also proposed in certain areas.

6.3.67 MIAL has submitted that stretches which are expected to be permanent in nature are proposed to be constructed with PQC (approx. 1,39,060 Sqm) and stretches where other airside infrastructure is expected

to come up in subsequent phases as per the Master Plan are proposed to be constructed with bituminous layers (approx. 60,900 Sqm).

Authority's examination regarding reconstruction of Perimeter Road at the Consultation Stage

6.3.68 The Authority noted that this project was earlier approved in the Third Control Period, and MIAL had only undertaken the portions where immediate reconstruction was required. It is observed that only the balance area covering a stretch of 14 kms is proposed in this control period.

6.3.69 The Authority reviewed the submissions made by MIAL and undertook a physical inspection of the perimeter road through its Independent Consultant / Aviation Expert. The Authority noted, after site inspection, that a major portion of road measuring 8.5 kms (approximately) is in good condition, and that reconstruction of road is required only for 2 km (approximately) like the head of stand road and road where movement of GSE vehicles are frequent. In all other areas, routine maintenance activity would be sufficient.

6.3.70 Further, the Authority noted that the immediate realignment of the Perimeter Road, as outlined in the Master Plan, is necessary for 3.5 km (approximately) to accommodate the proposed additions / modifications to the Apron and Taxiways.

6.3.71 Accordingly, the Authority proposed to consider only 40% of the area planned by MIAL (i.e only 5.5 kms out of the entire stretch of 14 kms).

6.3.72 The Authority noted the following observations regarding the cost proposed by MIAL:

(i) The Authority, through its Independent Consultant / Aviation Expert had verified the BOQ and found that estimate considered is as per CPWD DSR / MoRTH rates.

(ii) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(iii) MIAL included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority was of the view that this cost is very high and proposed to make a lumpsum provision as detailed in para 6.3.10(ii).

6.3.73 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 184: Cost proposed by the Authority for Reconstruction of Perimeter Road at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base cost as per		Variance	Remarks
		MIAL	Authority		
Demolition works	A	33.81	12.88	20.93	• Revision of costs for working in operational areas from 10% to 5%. • Only 40% of the perimeter road considered for reconstruction.
New construction - Rigid Pavement	B	116.81	44.56	72.25	
New construction - Flexible Pavement	C	43.85	16.59	27.26	

Particulars	Ref	Base cost as per		Variance	Remarks
		MIAL	Authority		
Diversion of utilities	D	8.03	1.00	7.03	• Lumpsum provision considered.
Total	**E = SUM (A:D)**	**202.50**	**75.03**	**127.47**	

6.3.74 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposed considering Rs. 75.03 Crores for this project in this control period.

A-5- Construction of Airside Tunnel (Rs. 894.23 Crores)

MIAL's submission

6.3.75 MIAL has proposed the construction of Airside Tunnel below Runway between T1 & T2 Apron also connecting proposed additional parking stands on the Southern Side of RWY 09-27, since there is strong operational inter-dependence between T1 and T2. During nighttime, some of the flights operating at T2 are required to be parked at the T1 apron due to shortage of stands at T2. When the flights are parked at T1 apron, passengers and baggage are required to be transported between T1 apron and T2 apron via the perimeter road around RWY 14-32, which takes a considerable time. The situation becomes especially adverse during monsoon season as the adverse weather significantly delays transportation of baggage and passengers between these aprons. MIAL has submitted that in the past, CSMIA has received numerous complaints/ grievances in this regard.

6.3.76 MIAL further stated that:

(i) T1 is proposed to be reconstructed in the Fourth Control Period and accordingly, all operations will be shifted to T2.

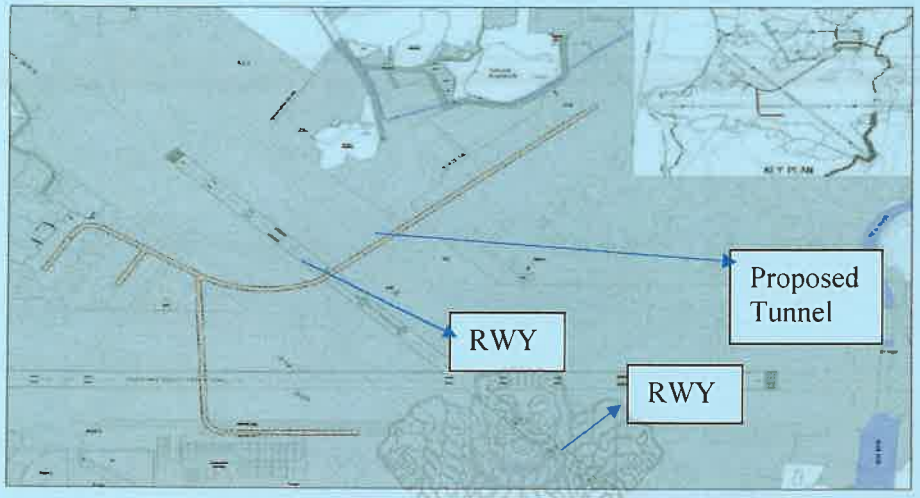
(ii) To access the aircraft parking stands in T1, it is imperative that a direct connectivity is established through an underground tunnel, to ensure operational efficiency (movement of staffs, GSE vehicles, etc.) and passenger convenience.

(iii) Additional aircraft parking stands are proposed on the Southern side of the RWY 09-27, it is imperative to connect this apron with T1/T2 apron. In view of the above-mentioned strong interdependence among various aprons and to reduce transit time among them, it is proposed to construct a tunnel.

(iv) The alignment of Tunnel proposed as below:

- T1 and T2 apron: alignment is underneath RWY 14-32; and
- T1 apron and the proposed new Southern apron: alignment is underneath RWY 09-27.
- Proposed length of the tunnel is 3.042 kms.

Figure 14 – Location and alignment of Airside Tunnel



Authority's examination regarding Airside Tunnel at the Consultation Stage

6.3.77 The Authority observed that MIAL had proposed the construction of an S shaped tunnel in the Third Control Period connecting only apron T1 to apron T2 (710 m long below RWY 14-32) at a cost of Rs. 401 Crores. The Authority proposed to consider this on an incurrence basis in the Third Control Period.

6.3.78 The Authority noted that this project will be an enhanced feature for passenger convenience with the proposed tunnel spanning 3,042m against the 710m proposed in the Third Control Period, especially during monsoon season, and is expected to improve airside efficiency and support future capacity enhancements. However, the Authority noted that MIAL only prepared a concept level design with consultant M/s Jacobs and is yet to undertake further technical feasibility study for execution of this project, with required technical evaluation for tunnelling below active Runway and continuous operations thereafter. Further, the Authority noted that various approvals from DGCA and BCAS are required to be obtained before commencing construction.

6.3.79 In view of these external dependencies, the Authority proposed not to consider this project at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A6- Reconstruction of Airside Drain (Rs. 498.80 Crores)

MIAL's submission

6.3.80 MIAL has proposed the reconstruction of Airside drains with RCC and has given the following justification:

(i) The existing storm water drains (SWDs) are made of brick / stone masonry. At many places, the SWDs have collapsed, leading to severe flooding issues. Frequent damages at multiple locations lead to various operational mis-happenings and challenges. In a place like Mumbai which receives heavy rainfall, it is proposed to reconstruct the SWDs with RCC.

(ii) In addition to existing storm water drains, the proposed airside development (with paved surface areas e.g. addition of Aircraft Parking Stands, Taxiways, etc.) will result in an increase in storm water

run-off in the existing drainage network, so enhancement of existing airside storm water drainage system will be required.

(iii) Runway 09 and certain portions of the Taxiway get flooded during monsoon. Also, water from T1 apron and the Runway aggravates this situation. In order to mitigate this, it is proposed to reroute the drain and connect to the river/stream on the opposite side.

Accordingly, MIAL proposes to construct approx. 44,821 meters of RCC storm water drains to avoid flooding of operational area and effectively protect the airside.

Authority's examination regarding Airside Drain at the Consultation Stage

6.3.81 The Authority, during its site inspection conducted through the Independent Consultant, noted that the major portion of the airside drain appears to be in good condition, except in few locations where damages to the drain walls observed. The Authority also observed that it would be difficult to modify the culverts below active Taxiways.

6.3.82 In view of the above, the Authority proposed to consider the reconstruction of the airside drain only for the area where reconstruction is required i.e., around 9 km length of drain against proposed 44 km (i.e. only 20%) as detailed below:

(i) To avoid flooding of area near RWY 09, re-routing the drain towards Mithi river ~ 3.8km approximately

(ii) Realignment required due to Taxiway and Apron works proposed ~ 3.5km approximately

(iii) Reconstruction of damaged area ~ 1.7km approximately

6.3.83 The Authority noted the following on the cost proposed by MIAL:

(i) MIAL considered reinforcement steel of 150 kg per cum of RCC which appears to excessive for reconstruction of drain. The Authority proposed to consider the cost only for 120 kg per cum as per standard engineering practice.

(ii) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(iii) MIAL had included costs for the diversion of existing utilities and infrastructure at 2% of the total project cost. The Authority was of the view that this cost is very high and proposed to make a lumpsum provision as detailed in para 6.3.10(ii).

(iv) The Authority, through its Independent Consultant / Aviation Expert had checked the BOQ and found that the estimate considered is as per CPWD DSR rates.

6.3.84 Based on the above, the cost estimate proposed by the Authority is given in the table below:

Table 185: Cost proposed by the Authority for Reconstruction of Airside Drain at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
RCC open drain	A	208.12	39.54	168.58	• Revision of costs for working in operational areas from 10% to 5%. • Only 20% of drain is considered for reconstruction.
RCC closed drain	B	280.90	53.30	227.60	• Revision of costs for working in operational areas from 10% to 5% • Only 20% of drain is considered for reconstruction.
Diversion of utilities	C	9.78	1.00	8.78	• Lumpsum provision considered.
Total	**D = SUM(A:C)**	**498.80**	**93.84**	**404.96**	

Accordingly, the Authority proposed a cost of Rs 93.84 Crores for this project in this control period.

A7 – Aircraft Maintenance Hangar (Rs. 92.76 Crores)

MIAL's submission

6.3.85 MIAL proposes to construct one common Hangar (approx. 10,000 Sqm) in the Southern side of RWY 09-27, in lieu of the existing Hangars which are non-compliant since they infringe the Obstacle Limitation Surfaces. MIAL submits that DGCA has given only temporary exemption for these obstacles until December 2025. To ensure compliance with DGCA norms, MIAL has already served notices to the hangar operators and represents that the hangar lease term came to an end by September 2024. MIAL has also confirmed that the shifting / relocation of the GA hangars to Navi Mumbai International Airport is expected to commence in June 2025, once the new Navi Mumbai International Airport is operationalized.

6.3.86 MIAL submits that presently there is no common hangar available at CSMIA for undertaking maintenance work and accordingly proposes an aircraft maintenance hangar for parking of aircrafts which require long-term maintenance work. The modality of usage and allocation to Airlines is yet to be determined by MIAL.

Figure 15 – Location of Aircraft Maintenance Hangar (labeled 1-28)



Authority's examination regarding construction of Aircraft Maintenance Hangar at the Consultation Stage

6.3.87 The Authority noted that, while hangars are categorized as "Non-Aeronautical Services" as per Part I of Schedule 6 of OMDA, the proposal for an Aircraft Maintenance Hangar is to be further examined in detail. Accordingly, the Authority sought further clarification regarding the necessity of the proposed Aircraft Maintenance Hangar, the projected revenue from its usage, and the criteria differentiating it from other hangars which are classified as non-aeronautical. The Airport Operator's submissions in this regard are provided below:

(i) MIAL's submission on need for an Aircraft Maintenance Hangar:

"...Currently maintenance activities of the aircraft of scheduled airlines are carried out by the respective airlines in the open parking stand. However given the constraint airside at CSMIA, this is not a safe practice especially when aircrafts are stranded for long period of time. Hence common maintenance hangar has been proposed which can be used for long term parking of the aircraft for carrying out maintenance activities..."

(ii) MIAL's submission on revenue proposed to be collected from the usage of the Aircraft Maintenance Hangar:

"...Annual revenue will be function of the parking charges approved by AERA. Except from parking charges, no other revenue will be collected by MIAL..."

"...MIAL will not provide maintenance services. Airlines will be responsible for carrying out these maintenance activities..."

(iii) MIAL's submission on the criteria differentiating the aircraft maintenance hangar from other hangars which are classified as non-aeronautical:

"...Revenue earned by Airport Operator from Maintenance facilities/Hangar provided by Airport Operator to MRO operator which provides aircraft maintenance services to Airlines as a distinct line of business will be classified as Non-Aero as per the provisions of OMDA. However, in our case, the hangar is not for MRO operator, but it is for Airlines which will do basic maintenance for their own aircraft and airport operator does not earn any revenue from these activities. MIAL is responsible for providing only appropriate infrastructure to airlines to carry out aircraft maintenance work..."

6.3.88 The Authority noted that, as per MIAL's submissions, the Aircraft Maintenance Hangar is proposed to be used exclusively for aeronautical activities and all revenues collected in this regard will be aeronautical. The Airport Operator has also demonstrated why this Aircraft Maintenance Hangar does not squarely fall into the definition of hangars under Part I Schedule 6 of OMDA. Accordingly, the Authority finds the submissions of MIAL satisfactory and proposed to consider this as an aeronautical asset.

6.3.89 The Authority noted the following on the cost proposed by MIAL:

(i) MIAL considered structural steel of 170 kg per sqm which appears to be excessive for the pre-engineered structure of hangar. The Authority proposed to consider the cost only for 100 kg per sqm as per standard engineering practice.

(ii) MIAL included the demolition cost of existing structures as an enabling cost. The Authority proposed not to consider these as detailed in para 6.3.10(iv) on the BOQ items.

(iii) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over

approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.

(iv) MIAL included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority was of the view that there are no utilities that require diversion and accordingly had not considered the cost for diversion of existing utilities & infrastructure as detailed in para 6.3.10(ii).

6.3.90 Based on the above, the cost estimate proposed by the Authority is given in the table below:

Table 186: Cost proposed by the Authority for Aircraft Maintenance Hangar at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Demolition of structures	A	0.43	-	0.43	• Demolition of structures not considered.
New Construction-Structure (PEB Truss Hangar)	B	68.90	48.60	20.30	• Revision of costs for working in operational areas from 10% to 5% • Reduction in quantity of structural steel from 170kg/sqm to 100kg/sqm
New Construction - Building	C	18.20	17.25	0.95	• Revision of costs for working in operational areas from 10% to 5%
New Construction - Site Circulation	D	0.83	0.83	-	• Estimate considered reasonable
Diversion of existing utilities & infrastructure	E	4.40	-	4.40	• Not considered necessary
Total	**F = SUM (A : E)**	**92.76**	**66.68**	**26.08**	

6.3.91 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposed considering Rs. 66.68 Crores for this project in this control period.

6.3.92 The Authority proposed to take this into account the hangar charges while evaluating the annual tariff plan after the finalization of Target Revenues. Additionally, MIAL is directed to submit the modalities for allocation of this Aircraft Maintenance Hangar to airlines.

A8 – Parking Stands at NEC Hangar (Rs. 120 Crores)

MIAL's submission

6.3.93 MIAL states that currently there is a shortage of aircraft parking stands at CSMIA (requirement of 155 stands against available 114 stands) and is not able to meet the increasing demand of night parking from airlines. In order to increase airside capacity, MIAL plans to acquire the NEC hangar from AIESL, which can accommodate 8 additional parking stands. MIAL submits that the written down value of the NEC Hangar is expected to be Rs. 120 Crores.

Authority's examination regarding parking stands at NEC Hangar at the Consultation Stage

6.3.94 During the site visit by the Independent Consultant, it was observed that the existing New Engineering Complex (NEC) hangar, presently with Air India Engineering Services Limited (AIESL), houses a rigid pavement which can accommodate 8 code C Aircrafts. MIAL has submitted that AIESL is willing to vacate and hand over this NEC Hangar, provided MIAL compensates the written down value of existing structures. MIAL further submits that there has been a preliminary discussion held with AIESL, during which AIESL has indicated the written down value of structures to be approximately Rs.120 Crores.

6.3.95 While the Authority noted the need for additional parking stands at CSMIA, it is also observed that no agreement / MOU had been executed between MIAL and AIESL till date, and no further discussion / communication have been held post the preliminary discussion.

6.3.96 In view of the above, the Authority proposed not to consider the construction of additional parking stands at NEC Hangar, at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of reasonableness and efficient usage.

A9 – Airside improvement works less than Rs. 50 Crores (26 projects aggregating to Rs. 716.02 crores)

6.3.97 MIAL has submitted 26 airside projects, under Rs. 50 Crores each, for improving airside safety and operational efficiency.

6.3.98 The Authority had categorized and examined all these projects in the following manner:

(i) Table 187 –Projects not proposed to be considered as part of CAPEX by the Authority.

(ii) Table 188- Projects partly proposed to be considered as part of CAPEX by the Authority.

(iii) Table 189 – Projects proposed to be considered as part of CAPEX by the Authority, subject to certain adjustments on cost.

All estimates / BOQs were prepared by MIAL based on per CPWD DSR / PAR, MoRTH / Market rates, the same had been verified by Independent Consultant and found to be reasonable, except for the following rationalizations proposed by the Authority through its Independent Consultant / Aviation Expert:

Table 187: Airside improvement works less than Rs. 50 Crores not proposed to be considered as part of CAPEX by the Authority

(Rs. In Crores)

S. No	Project /Item Name	Base cost as per		Remarks
		MIAL	Authority	
A9-10	Recarpeting of balance portion of RWY 14-32	21.89	-	Since the cost of resurfacing is not proven to lead to increase over the original PCN value, this cost is proposed to be considered as Opex. Refer Table 301.
A9-13	Runway intersection overlay works	20.97	-	This runway intersection area has already been included in the scope of project "A1-1 Recarpeting of Runway 09-27."
TOTAL		42.86	-	

Table 188: Airside improvement works less than Rs. 50 Crores partly proposed to be considered as part of CAPEX by the Authority at the Consultation Stage

(Rs. In Crores)

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
A9-16	Airport Boundary Wall (New Construction) including demolition of existing wall	41.78	19.85	• During the site visit conducted by the Independent Consultant appointed by the Authority, it was observed that a major portion of the boundary wall is in good condition, while damages were noted in locations such as the additional stands near Apron J, Taxiway W parallel to Runway 14-32, and Parking Stand V1. In some cases, realignment of the boundary wall is required on account of proposed airside projects. Based on these observations, the Authority proposed to consider only 50% of the area for the Fourth Control Period. The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR rates and accordingly proposed considering Rs. 19.85 crores for this project in this control period.
A9-24	Construction of Emergency Service Road	45.02	10.58	• MIAL states that the emergency service road is provided from the Fire Station connecting the Taxiways for the movement of fire tenders and operational vehicles whenever required, and is made of asphalt which requires regular maintenance work every monsoon. MIAL plans to demolish the existing asphalt road and construct a concrete road which will avoid the annual recurring maintenance expenditure. During the site visit conducted by the consultant appointed by the Authority, it was observed that the majority of this road is in good condition, except for some small patches. The Authority further noted that there is no specific necessity for Rigid Pavement at present for these areas. Accordingly, the Authority proposed to consider only 25% of the area and recommends MIAL to focus on areas with water stagnation, damaged sections, or where realignment is necessary. • Further, Authority proposed revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i) and not to consider diversion of existing utilities & infrastructure as same is not expected to be required. • The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR and MoRTH rates and accordingly proposed considering Rs. 10.58 crores for this project in this control period.
TOTAL		86.80	30.43	

Table 189: Airside improvement works less than Rs. 50 Crores proposed to be considered as part of CAPEX by the Authority, subject to certain adjustments in cost at the Consultation Stage

(Rs. In Crores)

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
A9-1	Taxiway M Extension West Side	19.74	17.27	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i) • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) • Non-consideration of diversion of existing utilities & infrastructure as the same is not expected to be required.
A9-2	Taxiway M	45.98	39.09	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv). • Non-consideration of diversion of existing utilities & infrastructure as same is not expected to be required.
A9-3	Taxiway N1	26.39	23.48	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non-consideration of diversion of existing utilities & infrastructure as same is not expected to be required.
A9-4	Taxiway N7	21.66	19.12	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non-consideration of diversion of existing utilities & infrastructure as same is not expected to be required
A9-5	Re-Construction of Taxiway U	20.83	18.41	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non-consideration of diversion of existing utilities & infrastructure as this is a reconstruction project
A9-6	Taxiway W1 Parallel Taxiway toRWY14-32 West	49.36	38.38	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). Compound wall cost is not considered as it is given separately in Project A9-16. • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv)
A9-7	Construction of RET E6	34.86	34.86	• Based on awarded cost

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S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
A9-8	Construction of RET W3	31.72	31.72	• Based on awarded cost
A9-9	Construction of Taxiway S	44.01	40.17	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) • Non-consideration of diversion of existing utilities & infrastructure as same is not expected to be required
A9-11	CBR for RWY 09-27	46.80	43.70	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of diversion of existing utilities & infrastructure as this is a new project.
A9-12	Replacement of ILS RWY 14	5.05	5.05	• This work is for providing civil and electrical infrastructure for ILS for runway 14 which allows aircraft to conduct a precision approach, providing azimuth and vertical guidance to aircraft. The current ILS for runway 14 is an end-of-life product. The current equipment is 20 years old, and AAI upgraded the current 14 aperture LLZ antennae to 20 aperture antennae to provide better and more accurate coverage. Considering the quantum of work involved, the awarded cost appeared to be reasonable.
A9-14	Construction of New Fire Station	44.67	37.22	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv) • Reduction of AC Tonnage from 211 TR to 143 TR (considering 85% of building except CFT parking area). • Non-consideration of diversion of existing utilities & infrastructure as same is not considered necessary.
A9-15	Construction of New Fire Sub Station	13.15	11.90	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of diversion of existing utilities & infrastructure as this is a new project.
A9-17	CISF Staff Quarters	36.78	29.46	• MIAL had proposed the construction of residential quarters of 30 numbers for the gazetted officers of CISF in the Airport land, instead of hiring accommodation outside which is an expensive affair in Mumbai City. • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv) • Non-consideration of diversion of existing utilities & infrastructure as this is a new project

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S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				• Non-consideration of enhancement to project cost by 20% in the absence of any substantiation.
A9-18	New Retaining Wall including demolition of existing retaining wall	24.06	23.05	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i).
A9-19	Airside CISF Watch Tower (14 Nos.) & Goomties (30 Nos.)	3.35	2.96	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv).
A9-20	Refurbishment of Gate 8	4.12	3.52	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv). • Non-consideration of construction of temporary roads for diversion of roads / traffic as this is a new project. • Non-consideration of the cost of road (flexible pavement) since this is not considered necessary for this project.
A9-21	Additional Aircraft Parking stand adjacent to Apron J	47.20	20.05	• MIAL had proposed a cost of Rs 47.20 Crores but has provided detailed cost breakup for only Rs 23.08 Crores. The Authority considered only the cost estimate provided by MIAL for further analysis. • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) • Non-consideration of diversion of existing utilities & infrastructure as this is a new project
A9-22	Reconstruction of drain along TWY K1	30.17	25.85	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of diversion of existing utilities & infrastructure as this is a new project. • Reduction in quantities of reinforcement steel from 150 kg/cum to 120 kg/cum of RCC.
A9-23	Relocation of existing Airside Fire Tank	8.60	7.42	• Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Non-consideration of diversion of existing utilities & infrastructure as this is outside operational area
A9-25	Perimeter Intrusion Detection System (PIDS)	4.48	3.92	• MIAL proposed a cost of Rs 4.12 Crores in the MYTP but later submitted a cost breakup of Rs 4.48 Crores. The Authority has considered the

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				cost estimate provided by MIAL for further analysis. • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i)
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	23.40	23.40	• Based on awarded cost.
TOTAL		**586.38**	**499.98**	

6.3.99 The Authority, through its Independent Consultant, had verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR / CPWD PAR / MoRTH rates (as applicable) and thus proposed considering these costs for these projects in the above table for this control period.

6.3.100 As discussed in Table 187, Table 188 and Table 189, the Authority proposed to consider Rs.530.41 Crores against Rs.716.02 Crores proposed by MIAL.

6.3.101 The Authority had, after detailed analysis, issued its Order on Normative cost vide Order No. 07/2016-17 on 13th June 2016 where in the normative cost was given as Rs. 4,700 per sqm. The Authority, through its Independent Consultant / Aviation Expert noted that the cost mentioned is inclusive of taxes applicable at that time, which is 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Therefore, the Authority had rationalized the normative cost submitted by MIAL and computed the inflation adjusted normative cost by considering an additional 6% thereby resulting in total GST of 18% as given below:

Table 190: Inflation-adjusted normative rate considered for Apron and taxiway

Financial Year	CPI Inflation %	Inflation adjusted Cost	Inflation adjusted normative cost @18% GST	Reference
FY16		4,700**	4,952	As per RBI Bulletin*
FY17	4.50%	4,912	5,175	As per RBI Bulletin*
FY18	3.60%	5,088	5,361	As per RBI Bulletin*
FY19	3.40%	5,261	5,543	As per RBI Bulletin*
FY20	4.76%	5,512	5,807	As per RBI Bulletin*
FY21	6.18%	5,852	6,166	As per RBI Bulletin*
FY22	5.51%	6,175	6,506	As per RBI Bulletin*
FY23	6.70%	6,589	6,942	As per RBI Bulletin*
FY24	5.40%	6,944	7,316	As per RBI Bulletin*
FY25	4.50%	7,257	7,646	As per 90th Round CPI Headline Rate FY 24-25
FY26	4.40%	7,576	7,982	As per 90th Round CPI Headline Rate FY 24-25
FY27	4.40%	7,909	8,333	As per 90th Round CPI Headline Rate FY 24-25

Financial Year	CPI Inflation %	Inflation adjusted Cost	Inflation adjusted normative cost @18% GST	Reference
FY28	4.40%	8,258	8,700	As per 90th Round CPI Headline Rate FY 24-25

** Source: https://www.rbi.org.in/scripts/bs_viewbulletin.aspx*

*** Base amount as per Order No.7/2016-17 dated 13th June 2016 which is inclusive of prevalent tax of 12%*

Note:

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 4,700 per sqm
*Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112) = Rs. 4,196 per sqm*
*Add GST @ 18% (C=B*18%) = Rs. 755 per sqm*
Normative cost including GST (D = B+C) = Rs. 4,952 per sq

6.3.102 The Authority had compared the cost proposed by MIAL for apron and taxiway works and observed that the cost proposed by MIAL is lower than / in line with the inflation-adjusted normative cost for apron and taxiway.

6.3.103 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Airside Improvement Works is given in the table below:

Table 191: Cost proposed by the Authority for Airside Improvement Works at the Consultation Stage

(Rs. In Crores)

S. No	Project Name	Base Cost as per		Variance	Remarks
		MIAL	Authority		
A1-1	Recarpeting of RWY 9-27	148.71	-	148.71	• Considered as part of Operation & Maintenance Expenses
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	73.59	-	73.59	• To be considered on an actual incurrence basis, subject to relocation of facilities
A2-2	Taxiway M Extension East Side incl Taxiway bridge over Mithi river	60.99	-	60.99	• To be considered on an actual incurrence basis, subject to relocation of facilities
A2-3	Taxiway West to RWY 14-32	161.65	113.78	47.87	• Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Non-consideration of demolition costs as enabling costs • Non-consideration of cost of construction of Boundary wall
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	113.26	98.40	14.86	• Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Non-consideration of demolition costs as enabling costs • Cost of construction of Boundary wall considered in separate item.
A3-2	Reconstruction of Apron C (Tier 1) and Taxiway W6	53.16	39.25	13.91	• Revision of costs for working in operational areas from 10% to

S. No	Project Name	Base Cost as per		Variance	Remarks
		MIAL	Authority		
					5% and provision for AGL from 15% to 10% • Cost of miscellaneous works and diversion of utilities not considered.
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12	41.95	11.17	• Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Non-consideration of demolition costs as enabling costs
A4	Reconstruction of Perimeter Road	202.50	75.03	127.47	• Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Provision of only 40% of length of road considered for reconstruction in this control period based on site inspection.
A5	Construction of Airside Tunnel	894.23	-	894.23	• Not considered currently. Will be considered on actual incurrence basis, subject to due approvals
A6	Reconstruction of Airside drain	498.80	93.84	404.96	• Only 20% of drains are considered for reconstruction in this control period based on site inspection.
A7	Aircraft Maintenance Hangar	92.76	66.68	26.08	• Revision of costs for working in operational areas - 10% to 5% • Quantity of steel rationalized from 170 kg to 100 kg per sqm
A8	Parking Stands at NEC Hangar	120.00	-	120.00	• Considered on an incurrence basis due to pending MoU with AIESL for transfer/handing over of Hangar.
A9	Airside Projects less than 50 Crores	716.02	530.41	185.61	• As explained in Table 187, Table 188 and Table 189.
TOTAL		**3,188.79**	**1,059.34**	**2,129.45**	

B – Passenger Terminal & Associated works (Rs. 3,496.11 Crores)

6.3.104 MIAL has proposed the following Passenger Terminal & Associated works in the Fourth Control Period with the objective of increasing passenger handling capacity from 55 MPPA to 65 MPPA. These developments are planned to cater to growing passenger traffic, enhance service quality, and ensure improved convenience and facilities for passengers.

Table 192: Cost proposed by MIAL for Passenger Terminal & Associated works

(Rs. In Crores)

S. No	Project	Cost proposed by MIAL
B1	Reconstruction of Terminal T1	3,129.23

S. No	Project	Cost proposed by MIAL
B2-1	New Terminal 2 NW Pier	23.10
B2-2	New Terminal 2 NW Pier BUS BOARDING GATE (V3)	4.78
B2-3	TERMINAL T-2 EXTENSION	113.99
B3	GA Terminal Expansion	225.00
TOTAL		**3,496.11**

B 1 – Reconstruction of Terminal T1 (Rs. 3129.23 Crores)

Need for reconstruction of Terminal Building T-I

6.3.105 MIAL proposes to demolish the entire T1 complex (comprising T1A, T1B & T1C) and reconstruct a new Terminal 1 building of 2,01,074 sqm which will have the same feel and comfort of T2, with an objective to ensure passenger safety and convenience. MIAL has given the following justification for the proposed reconstruction of Terminal 1:

"The existing T1 building at Santacruz comprises of T1A, T1B and T1C. Currently, T1B and T1C are used for domestic operations (T1A was decommissioned after shifting of some domestic airlines to T2).

T1B building is more than 65 years old – it was constructed between 1957 and 1964, and the structure has developed various defects / distresses and seepage / leakage, which cannot be addressed by repair activities. Structural Audit conducted through third party independent agency has recommended demolition of a significant portion of the building.

T1C currently houses the Security Hold Area (SHA) – however, the current spatial arrangement of the building leads to mix of departure and arrival passengers, which is in violation of security regulations. Segregation of departure and arrival passengers will call for addition of floors, which will necessitate major alteration of the existing structure. Hence there is a need for comprehensive reconstruction of T1 to ensure safety of passengers and compliance with security regulations".

6.3.106 In the Third Control Period, MIAL proposed the reconstruction of T1B for 72,414 sqm with a two level building, stating that one part of the structure is very old and unsafe. The Authority had allowed the reconstruction of T1B considering the structural safety aspect at a cost of Rs. 832 Crores at the Consultation Paper Stage. However, MIAL later deferred the project due to the impact of Covid and consequent reduction in traffic.

6.3.107 To assess the interdependence of T1A, T1B and T1C, the Authority sought details from MIAL on the current usage of all parts of Terminal 1. MIAL provided the following note:

"...CSMIA has two terminals T1 and T2, wherein T1 complex consists of T1A, B and C buildings. T1 complex is built over last 60 years, part of T1B was constructed in 1960s, T1A in 1992 while T1C was built in 2010. Various domestic airlines like Indigo, Spice Jet and Akasa operate from T1.

T1 B has 74 check-in counters, 3 Security X-Ray machines for SHA 1 and 5 Security X-Ray machines for SHA 2 and 5 belts in baggage claim hall. T1 B has 20 bus gates and is connected to T1C for contact gates through security gates.

T1 C on the other hand does not have any check in counters but only security check area and 6 contact gates only. Passengers using T1C have to use T1B check in hall at present. There are no check in counters in T1C.

T1 A is isolated as passengers from T1B or T1C cannot use T1A landside due to various constraints like lack of depth of drop off ramp and lack of parking facilities due to vicinity of metro station. Further equipment at T1A like check in counters, X-ray machines are beyond repair and have outlived their useful life. Due to these reasons T1A is not presently in use.

As such it can be noted that T1 A, B and C are not complete/full-scale terminals independently. The demand is managed between T1B SHA2, T1 C and T1B SHA1. The complexity of fragmented operations between these terminals leads in inefficiency of operations and constraints optimization of assets. This also impacts passenger service quality as passengers are restricted to individual security hold areas and are unable to use facilities provided elsewhere..."

Figure 16 – Overview of the existing T1



6.3.108 MIAL has also submitted the report of structural study recently conducted by IIT Mumbai, where it is mentioned that Terminal T1A and T1B buildings show signs of distress and would need structural and non-structural measures to improve its serviceability. Terminal T1C building is generally free from any structural distress. The extract from the report is given below:

"...The Terminal T1A is presently disused building. It is approximately 30 years old. Although, the structure was unkempt, no major structural distress was observed in the building. Deteriorations in the paint and plaster of the structure were seen at many places. Some vegetation was also observed, and the steel elements had corroded. Lateral cracks were observed in the exposed columns, indicating corrosion in the tie bars.

The terminal T1B is more than 50 years old building. Most of the interior of the building is covered in claddings and false ceilings. The terrace at the first floor had brick bat coba with China mosaic as the water proofing. At another location on the first-floor terrace, had signs of being repaired with membrane. Both of these appeared to be damaged. The steel structural elements had corroded and spalling with exposed rebars was observed on the chajjas. The first-floor terrace had several installations. The waterproofing consisted of membrane waterproofing. The reinforced concrete structural elements on the terraces were severely deteriorated and longitudinal cracks, due to corrosion, were evident on them. At one location the rebar loss on the column was more than 50%. On the first-floor ceiling, extensive repairs on the columns were visible. Spalled concrete with exposed rebar was seen on one beam. Signs of seepage and leakages were also observed on the walls and structural members. On the ground floor, longitudinal cracks on columns and spalled concrete was seen on the exposed structural members. Some spalling of the beams and cracking due to corrosion was also seen on the airside structural members. Deterioration of paint and plaster was also seen at many places. At some places the kerb stones have been dislodged and concrete at the plinth level was severely damaged due to corrosion.

The terminal T1C building was mostly free from any structural and non-structural defects.

The canopies outside the terminal appeared in sound condition. In general, no corrosion is observed on the connections. At one location, excessive debris was observed on the chute. At few other locations, vegetation was seen to have overgrown on the canopy, which may overload the canopy edges, especially during the rains.

The UPV results of the terminal T1A building show that the concrete is of poor structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is very high. This indicates a high probability of loss of the passive layer on the rebars and increases the chances of corrosion of steel. As per IS 516 (Part 5/Sec 4):2020, carbonation can overestimate the Rebound Hammer test results upto 50% in extreme cases.

The UPV results of the terminal T1B building show that the concrete is of poor structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is very high. This indicates a high probability of loss of the passive layer on the rebars and increases the chances of corrosion of steel. As per IS 516 (Part 5/Sec 4):2020, carbonation can overestimate the Rebound Hammer test results upto 50% in extreme cases. The corrosion analysis shows more than 90% chances of corrosion in the structural members.

The UPV results of the terminal T1C building show that the concrete is of good structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is low, indicating that the passive layer is intact. ..."

6.3.109 MIAL also stated that T1 and T2 of CSMIA handled 52.8 million passengers in FY 2023-24 and is expected to handle similar number of passengers in FY 2024-25. However, from FY 2025-26, with the operationalization of Navi Mumbai International Airport, reduction in passenger traffic at CSMIA is expected. Further, certain modifications and additions are proposed in T2 to increase the capacity to 45 MPPA from the present 40 MPPA.

6.3.110 Taking the above into consideration, MIAL has stated that this will be the most appropriate time for undertaking the reconstruction of T1 as there will be minimum operational difficulty and passenger inconvenience can also be minimized. After reconstruction, the passenger handling capacity of T1 will increase by 5 MPPA i.e., from 15 MPPA to 20 MPPA. Overall capacity of CSMIA will become 65 MPPA (T1-20 MPPA & T2-45 MPPA) and can cater to additional traffic.

The proposed plan of T1 is shown below:

Figure 17 – Indicative layout of proposed T1 building

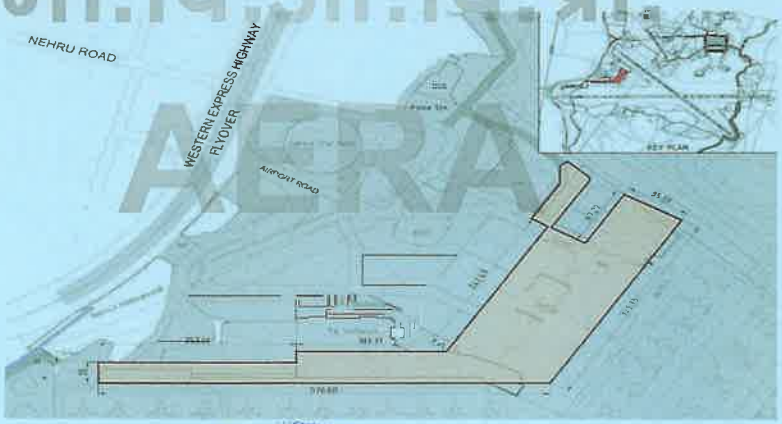


Figure 18 – Indicative floor plan at Arrival Level



6.3.111 MIAL has proposed to commence the reconstruction work in October / November 2025 and is expected to complete it by September 2028. Post completion, the passenger handling capacity will increase to 20 MPPA from the present 15 MPPA.

Authority's Examination regarding Reconstruction of Terminal Building T-I

Current location and usage of T1A and T1B

6.3.112 The Authority, through its Independent Consultant, conducted a site walkthrough with the terminal operations and the engineering team of MIAL. During this site visit, the Authority noted that T1 consists of 3 buildings viz., T1A, T1B and T1C. T1A is a two storied building of 36,716 sqm which is constructed in 1992 with departure at first floor level and arrival at ground floor level. This Terminal was not in use after all airlines shifted their operations to T2 in 2015. Also, the entrance ramp of T1A cannot be used as it falls in the alignment of the upcoming metro station. T1B is housing the check-in-area, security hold area (Gate 1 to 20) with arrival in Ground Floor, and offices of MIAL, Airlines and CISF in the first and second floor. A part of T1B (the RCC Structure) was constructed in the 1960s (around 30,000 sqm). The front portion, where check-in-processes are being handled, was constructed in 2005 and is only a steel structure with one floor.

6.3.113 Further, during this site visit, the Authority had observed that T1A and T1B buildings have several structural and nonstructural distresses related to corrosion, leakage and seepage, which have resulted in the formation of longitudinal cracks and spalling of concrete at several places on the building. Sample pictures taken during the site visit are given below:

Figure 19 - BMA Area of existing T1-B Building





Figure 20 – BMA Area and AHU Room of existing T1-B Building





Figure 21 – Terrace and Mezzanine Floor of existing T1-B Building





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Figure 22 –First Floor and Canteen of existing T1-B Building



Figure 23 – Demolished T1-B in 2019-20 as per Struckwel Report



Figure 24 – T1 B – Check-in area



Figure 25 – T1 A – Departure Area (First Floor)




Figure 26 – T1 A – Arrival Area (Ground Floor)




Figure 27 – T1 A – Arrival (GF), AHU (Terrace)




Current location and usage of T1C

6.3.114 T1C is housing the security hold area and airside corridor connecting PBBs on the first floor, and the BMA and utilities on the ground floor. T1C building is around 20,600 sqm in area and was constructed in 2010.

6.3.115 The Authority also noted that since T1C does not have any check-in facility, and the passengers after checking in at T1B proceed to the security check / security hold area through the link corridor in the cityside T1C, in order to access the Boarding gates 21 to 28. The airside corridor on the first floor in T1C is used for both arrival and departing passengers who use the PBBs. On account of this, there is a possibility of passengers arriving from one flight mixing with departing from another flight while moving through this corridor (i.e. adjacent to SHA-1C - Boarding Gates 21 to 28), violating BCAS guidelines as outlined in Circular No. 28/2006. MIAL has also submitted various letters from CISF, where instances of such incidents have been recorded.

Authority's examination of proposed reconstruction of T1

6.3.116 The Authority, with respect to the T1 reconstruction, noted that there are various critical assessments and deliberations are currently underway and are essential for determining the optimal infrastructure development at the airport as detailed in Para 6.2.20. The Authority reiterated its position that only the infrastructure necessary / essential to cater to the future projected traffic should be developed.

6.3.117 The Authority, through its Independent Consultant, had engaged in discussions with MIAL's design team to explore the feasibility of a modular approach to T1 reconstruction with an initial Phase for 10 MPPA and later expanding to 20 MPPA based on the actual traffic assessment after opening of the Navi Mumbai International Airport. This approach, if viable, would allow for phased development in response to demand fluctuations while optimizing capital investment. However, MIAL had clarified that due to the specific spatial constraints and the shape of the available land parcel, modular construction is not feasible.

6.3.118 Therefore, the Authority proposed to accept, tentatively, MIAL's submission that the reconstruction of the entire Terminal 1 is necessary for ensuring the safety and security for smooth conduct of the Airport operation and in compliance to BCAS directives, and based on the justification provided in the above para.

In view of the above, the Authority expected stakeholders (including AAI and MoCA) to provide valuable inputs which will enable a comprehensive and balanced evaluation of the necessity, scope, and timing of the proposed reconstruction, and ensure that the final decision aligns with the capacity requirement, operational feasibility and long-term infrastructure planning at CSMIA. Accordingly, the Authority would take a final view on this issue at tariff order stage based on comments / views received from the stakeholders during the consultation process.

6.3.119 The Authority also directed the Airport Operator to ensure that the reconstruction of T1 be performed in a seamless manner, ensuring that only the essential activities are carried out in the upgradation process avoiding all capex that can be avoided/deferred.

Evaluation of area

6.3.120 The Authority noted that MIAL has proposed an area of 2,01,074 sqm for the new Terminal 1 with separate levels for arrival and departure. As per the OMDA, the terminal building is to be constructed as per the IATA norms. It was observed that the area proposed by the Airport operator for Terminal 1 was slightly higher than the requirements for 7,000 PHP (as per IATA norms). As informed by MIAL, they have proposed this additional area due to recent circulars/directives of BCAS on reducing queuing time in

check-in and security. It was observed that MIAL has not provided details of usage of an area of 11,691 sqm. Accordingly, the Authority has considered terminal building area of 1,89,383 sqm for Terminal 1.

6.3.121 The Authority had reviewed the proposal of reconstruction of T1 considering the feedback awaited from stakeholders on the airside capacity and the operationalization of new Airport at Navi Mumbai in 2025. The Authority had also considered the proposed enhancement of approximately 5 MPPA of T2 by way of additions, modifications and automations etc., and the traffic projections made by MIAL for this control period.

6.3.122 The Authority had considered the construction of Terminal 1 with a capacity of 20 MPPA considering the constraints projected by MIAL for modular construction. Out of which, 10 MPPA shall be a complete terminal with all utilities and furnishes and the balance 10 MPPA with core shell and without equipment, in order to ensure optimal utilization of resources and avoid overcapacity. The installation of additional processing capacities and building finishes can be undertaken progressively, based on actual traffic growth and demand requirements in the future. However, the Authority will take a final decision on this matter at tariff order stage based on comments / views received from the stakeholders (including AAI and MoCA) during the consultation process.

6.3.123 The Authority noted that MIAL has projected to start the work in November 2025 and proposed to complete construction by September 2028. It is seen that the proposal is still under a concept/design stage and necessary approvals are yet to be obtained. MIAL has further confirmed that they are planning to close operations at T1 by November 2025.

Evaluation of cost estimates

6.3.124 MIAL has proposed a construction cost of Rs 3,094.43 Crores (Terminal Building at a cost of Rs.2,992.25 Crores for built-up area of 1,89,383 sqm at Rs. 1,58,000 per sqm, terminal extension at a cost of Rs.71.55 Crores for built-up area of 11,691 sqm at Rs. 61,200 per sqm, and the cost for construction of temporary roads / temporary barricading, signages, diversion of existing utilities etc. at a cost of Rs. 30.63 Crores) along with demolition cost of Rs 34.79 Crores.

6.3.125 MIAL has not provided adequate justification for the proposed terminal extension area of 11,691 sqm. Therefore, the Authority proposes not to consider it for the cost and consider only for 1,89,383 sqm.

Table 193: Area of Terminal 1 Building as submitted by MIAL and as proposed by the Authority at the Consultation Stage

Particulars	Ref	Area in Sqm proposed by MIAL	Proposed by the Authority
Total Area: Superstructure	**A**	**1,67,197**	**1,67,197**
Level 0 – Arrivals		64,529	64,529
Level 1- Arrivals Mezzanine		29,264	29,264
Level 2- Departure		73,404	73,404
Total Area: Fore Court	**B**	**22,186**	**22,186**
Level 0 - Arrivals Forecourt		8,886	8,886
Level 2- Departure Forecourt		13,300	13,300
Terminal Building Extension	**C**	**11,691**	-
Total Built-up Area	**D = A + B + C**	**2,01,074**	**1,89,383**

6.3.126 The Authority is of the view that demolition of structures typically involves the recovery of salvageable materials generating a net inflow as detailed in para 6.3.10(iv) and accordingly proposed to not include the costs proposed by MIAL for demolition works.

6.3.127 The Normative cost approved by the Authority vide its Order No. 07 / 2016-17 dated 6th June 2016 for Terminal Buildings is Rs. 65,000 per sqm. The cost of following items of specification have been considered for analysis of the prescribed rate per sqm - cost of terminal building, air conditioning, fire-fighting system, water supply, sanitary, substation equipment for power supply including stand by system, passenger facilities viz FIDS, Furniture, Signages and Security surveillance, airlines related services viz Check-in, CUTE, CUSS and Baggage Reconciliation System, In-line X ray screening, Standalone screening, BHS for arrival and departure, Escalators, Elevators, Travelators and PBB were included.

6.3.128 In respect of Terminal construction, the Authority noted that it had considered a normative cost of Rs. 1,00,000 per sqm for FY 2020-21 in some of the recent tariff orders of Ahmedabad, Lucknow, Patna, Thiruvananthapuram etc, based on the superior specifications, processes and the architectural features of modern Terminal Buildings. Further, the Authority felt that as the work on Terminal Building projected by MIAL would be carried out over the Fourth Control Period, it would be reasonable and justifiable to derive the project cost based on inflation-adjusted normative cost up to FY 2028-29 (using CPI inflation index) to address the time value of money.

6.3.129 The Authority had derived the inflation adjusted normative rates for Terminal Building for the current Control Period by considering the rate of inflation in the table below:

Table 194: Details of Inflation-adjusted Normative rates derived by the Authority for Passenger Terminal Building

Financial Year	CPI Inflation %	Inflation adjusted Cost	Inflation adjusted normative cost at 18% GST	Reference
FY21		1,00,000	1,05,357	
FY22	5.51%	1,05,510	1,11,162	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY23	6.70%	1,12,579	1,18,610	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY24	5.40%	1,18,658	1,25,015	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY25	4.50%	1,23,998	1,30,641	As per 90th Round CPI Headline Rate FY 24-25
FY26	4.40%	1,29,454	1,36,389	As per 90th Round CPI Headline Rate FY 25-26
FY27	4.40%	1,35,150	1,42,390	As per 90th Round CPI Headline Rate FY 25-26
FY28	4.40%	1,41,097	1,48,655	As per 90th Round CPI Headline Rate FY 25-26
FY29	4.40%	1,47,305	1,55,196	As per 90th Round CPI Headline Rate FY 25-26

**Note*

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 1,00,000 per sqm
*Inflation adjusted base amount (inclusive of 12% GST) (B = A*100/112) = Rs. 89,286 per sqm*
*Add GST at 18% (C = B*18%) = Rs. 16,071 per sqm*
Normative Cost including GST (D = B+C) = Rs. 1,05,357 per sqm

6.3.130 The Authority accordingly proposed to consider the cost of Rs. 1,55,196 per sqm as the normative cost for the expansion proposed against Rs. 1,58,000 per sqm considered by MIAL for the main terminal building.

6.3.131 The cost proposed to be considered by the Authority is worked out in the table below:

Table 195: Cost proposed by the Authority for Reconstruction of Terminal T1 at the Consultation Stage

		As per MIAL			As per the Authority			
Description of Item	**Ref**	**Rate**	**Quantity in Sqm**	**Amount in Crores**	**Rate**	**Quantity in Sqm**	**Amount in Crores**	**Remarks**
Demolition Works	A	4,500	77,311	34.79	-	-	-	Building demolition cost is not considered.
New Construction- Passenger Terminal Building T1 including Forecourt	B	1,58,000	2,01,074	2,992.25	1,55,196	1,89,383	2,939.15	On Normative cost basis
New Construction- Terminal Building extension	C	61,200	11,691	71.55	-	-	-	Not considered as details of usage not provided
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities etc	D			30.64			5.00	Cost proposed by MIAL rationalized.
Less: 50% of the cost of passenger processing and security equipment (Refer Para 6.3.122)	E						(378.76)*	Equipment cost considered only for 10 MPPA
Less: 50% of the cost for envelope and interior finishes (Refer Para 6.3.122)	F						(142.63)**	Envelope and interior finishes considered only for 10 MPPA
Total Cost (Rs.)	**G = SUM (A:F)**			**3,129.23**			**2,422.75**	

**MIAL estimates the cost of passenger processing and security equipment for 20 MPPA to be Rs 757.53 Crores (comprising airport systems at Rs.568.15 Crores and ICT Systems at Rs.189.38 Crores). From this, the Authority had reduced the cost associated with 10 MPPA considering only 50% of the cost, i.e, Rs. 378.76 Crores.*

*** MIAL estimates the cost of envelope and interior finishes for 20 MPPA to be Rs 285.26 Crores (comprising envelope at Rs.161.57 Crores and interior finishes at Rs.123.69 Crores). From this, the Authority had reduced the cost associated with 10 MPPA considering only 50% of the cost, i.e, Rs. 142.63 Crores.*

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6.3.132 Accordingly, the Authority proposed to consider the cost of reconstruction of T1 of 20 MPPA (10 MPPA complete terminal with all utilities and finishes and balance 10 MPPA with core shell without equipment's / fitouts) at Rs 2,422.75 Crores.

6.3.133 As elaborated in paras from 6.2.9 to 6.2.20 and as mentioned in the above paras 6.3.105 onwards, the Authority reiterated that the decision to include Terminal 1 reconstruction cost in the tariff computations at this stage is tentative and the Authority will make a final decision after taking into account all the comments from the stakeholders, including AAI and MoCA and accordingly the same will be reflected in the final tariff order.

B2-1, B2-2 & B2-3 - Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3), Terminal 2 Expansion Project (Rs. 141.88 Crores) along with examination of & E-6 Crew Terminal (Rs. 98.70 Crores) included under Ancillary Building Development Works

MIAL's proposal

MIAL proposes extending the pier on the Northwest on airside (along with the construction of V2 Parking stand) which will be housing Bus gates, contact gates, a dedicated crew Terminal and extension of T2 southside facing main Apron on airside with integrated passenger amenities area (as shown in Figure **29**), as part of proposed additions to increase the passenger handling capacity of T2.

(i) B2-1 and B2-2 Northwest Pier Extension along with bus boarding gate: MIAL has proposed constructing the balance portion of the North-West Pier (V1, V2, V3), which will increase the passenger handling capacity. The pier will be constructed as per the original design of T2, with gate and other associated terminal facilities for efficient terminal processing.

(ii) B2-3 Terminal 2 Expansion Project: MIAL submits that, currently, various passenger amenities are scattered in T2 Security Hold Area (SHA) in Level 3 and Level 4. With several initiatives being taken, CSMIA is set to transform itself as a major transfer hub, this will also require creation of appropriate passenger amenities comparable with global Hubs. Accordingly, MIAL proposes construction of approx. 13,080 Sqm of additional floor space to facilitate this.

(iii) E6 Crew Terminal: MIAL proposes construction of a Crew Terminal of approximately 3,000 sqm, since at present, air crew (approximately 2,000 numbers per day) are using common passenger security. If separate facilities are created for crew, the passenger's throughput at security check level will increase and result in operational efficiency.

Figure 28 – Proposed expansion of T2

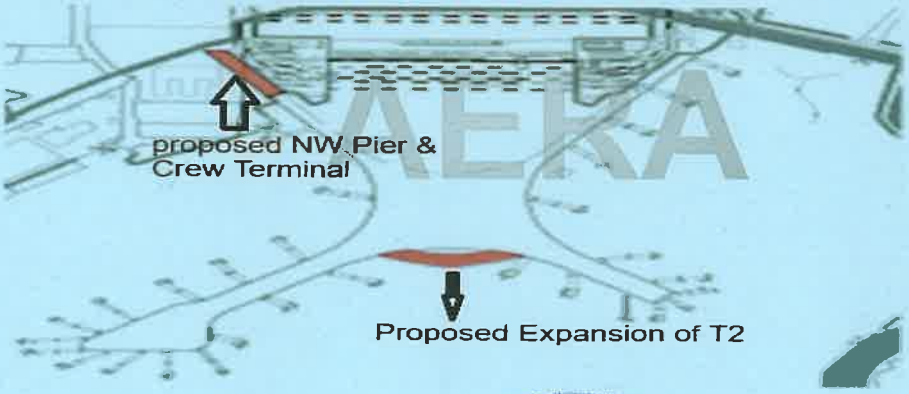
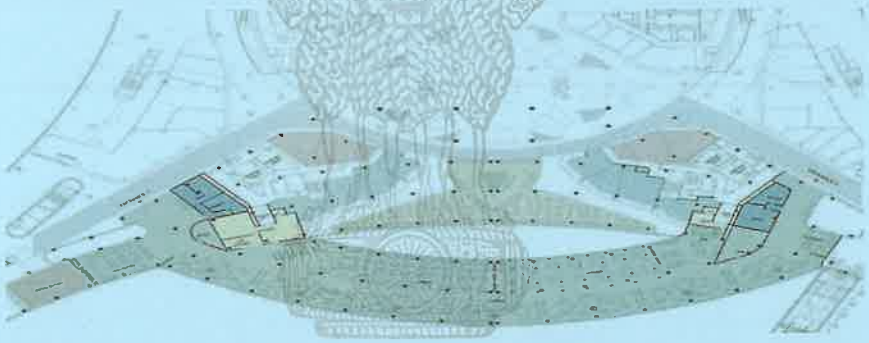


Figure 29 – Indicative Plan of T2 NW Pier & Crew Terminal with Level 1 (2,160 sqm), Level 2 (2,160 sqm) and Level 3 (2,160 sqm)



Figure 30 – Indicative Plan of Expansion of T2



6.3.134 MIAL submits that the concept design is finalized, and the tender action is being initiated. MIAL intends to start construction by June 2025, with the Terminal 2 NW Pier Bus Boarding Gate (V3) and Crew Terminal expected to be completed by May 2026, and the Terminal 2 extension and Terminal 2 NW Pier works expected to be completed by March 2027.

Authority's examination regarding Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3), Terminal 2 Expansion Project and E-6 Crew Terminal at the Consultation Stage

6.3.135 The Authority noted that this expansion will be required for having contact gates for parking stands V2 and V3 and would also improve the passenger facility and passenger handling capacity of Terminal 2.

6.3.136 The Authority noted the following observations regarding the cost proposed by MIAL:

(i) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items.

(ii) In the case of T2 Extension (Project B2-3), a new project, diversion of existing utilities & infrastructure is not considered necessary. Accordingly, the Authority proposed not to consider the same in the proposed cost.

(iii) MIAL had estimated the cost of Crew Terminal including civil works, interior works, mechanical, electrical, plumbing, and equipment installations with a construction rate of Rs.2.82 lakhs per square meter, which is higher than the normative cost for Passenger Terminal Building. Hence, the Authority proposed to consider the cost of the Crew Terminal at the normative cost of Passenger Terminal

Building. The Authority, through its Independent Consultant / Aviation Expert, had checked the BOQ and found that the estimate considered is as per normative cost of passenger terminal building, as the Crew Terminal is an extension of T2 (below the V3 Bus Boarding Gate) and is required to have similar aesthetics as is required in case of T1 and T2.

6.3.137 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 196: Cost proposed by the Authority for Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3) and Terminal 2 Expansion Project at the Consultation Stage

(Rs. In Crores)

Particulars	Reference	Base Cost as per		Variance	Remarks
		MIAL	Authority		
TERMINAL 2 NW PIER					
Enabling Cost - Demolition	A	0.22	-	0.22	Building demolition cost is not considered.
New Construction	B	22.66	21.52	1.14	Revision of costs for working in operational area-10% to 5%.
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities, etc	C	0.23	0.22	0.01	Considered at 1% post above mentioned adjustments.
Total	**D = SUM (A:C)**	**23.10**	**21.74**	**1.37**	
CONSTRUCTION OF BUS BOARDING GATE (V3)					
Enabling Cost - Demolition	A	0.11	-	0.11	Building demolition cost is not considered.
New Construction	B	4.63	4.39	0.24	Revision of costs for working in operational areas-10% to 5%
Diversion of existing utilities & infrastructure	C	0.05	0.04	0.00	Considered at 1% post above mentioned adjustments.
Total	**D = SUM (A:C)**	**4.78**	**4.44**	**0.35**	
TERMINAL 2 EXPANSION PROJECT					
New Construction	A	108.56	107.26	1.31	Revision of costs for working in operational areas-10% to 5%
Diversion of existing utilities & infrastructure	B	5.43	-	5.43	Not considered necessary, since this is only an extension.
Total	**C = SUM (A:B)**	**113.99**	**107.26**	**6.74**	

Table 197: Cost proposed by the Authority for E-6 Crew Terminal at the Consultation Stage

Description of Item	Ref	As per MIAL			As per Authority			Remarks
		Rate	Quantities in Sqm	Amount in crores	Rate	Quantities in Sqm	Amount in crores	
Construction of Crew Terminal	A	2,82,000	3,000	84.60	1,42,390	3,000	42.71	On Normative cost basis

		As per MIAL			As per Authority			
Description of Item	**Ref**	**Rate**	**Quantities in Sqm**	**Amount in crores**	**Rate**	**Quantities in Sqm**	**Amount in crores**	**Remarks**
Other Equipment's (IFRA and Enabling Works, Furniture & Fixtures, FIDS and TV etc.)	B			14.11			-	Included in normative cost
Total Cost (Rs.)	**C = A+B**			**98.70**			**42.71**	

6.3.138 The Authority, through its Independent Consultant / Aviation Expert, had reviewed the BOQ and found that the estimated costs align with the CPWD PAR rates, and considers them appropriate and reasonable.

B3 – GA Terminal Expansion (Rs. 225.00 Crores)

MIAL's submission

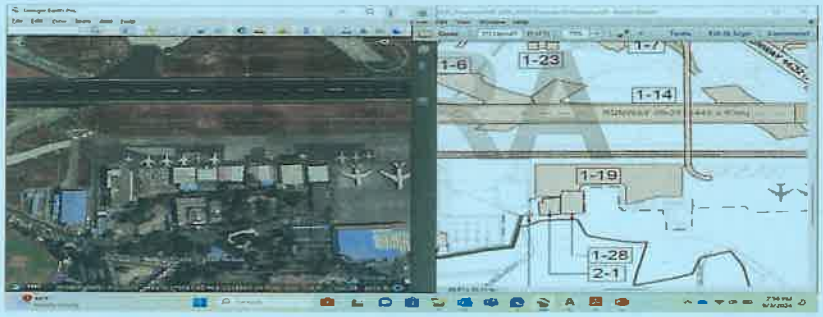
6.3.139 MIAL proposes to expand the existing GA Terminal by constructing another approx. 9,893 Sqm of Gross Floor Area. In this regard, MIAL submits the following:

(i) CSMIA experiences high demand for GA. In FY 2022-23, it recorded 12,444 GA ATMs in FY 2022-23, and in FY 2023-24, it recorded 13,831 GA ATMs (average of 38 ATMs per day).

(ii) The existing size and facilities in the GA Terminal are not sufficient to handle the GA Traffic and spread over Gross Floor Area of 890 Sqm only resulting in highly constrained operations. In addition to GA flights, there is an increasing trend for using bigger Charter flights (Code C equivalent, with 180 average seating capacity) by the Corporates, which are currently being operated from T2. Also, the current GA Terminal does not have any provision to handle International Passengers and they are being handled through T2 only.

(iii) To cater to the growing demand for GA and Charter flights with larger capacity, it is proposed to extend the existing GA Terminal, so that the Terminal is equipped to house the increased number of passengers from Charter flights. Also, it is proposed to have an Integrated Terminal for handling both Domestic as well as International Passengers from this Terminal without mixing of passengers.

Figure 31 –Proposed location GA Terminal (labeled 2-1)



Authority's examination regarding GA Terminal Expansion at the Consultation Stage

6.3.140 The Authority noted that there is increased demand for GA flights to Mumbai, especially from business travelers. Also, there is increased movement of International Charter flights, which justifies the need for expansion of GA Terminal.

6.3.141 The Authority noted that as per Part 1 of Schedule 6 of the OMDA, "General Aviation" is considered as a non-aeronautical service. Accordingly, the Authority proposed considering this project as non-aeronautical asset for the purpose of Tariff determination.

6.3.142 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Passenger Terminal & Associated works is given in the table below:

Table 198: Cost proposed by the Authority for Passenger Terminal & Associated works at the Consultation Stage

(Rs. In Crores)

S. No.	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
B1	Reconstruction of Terminal T1	3,129.23	2,422.75	706.48	Terminal Building of area 1.89 lakh sqm inflation adjusted normative cost, rationalized for envelope, interior finishes and passenger processing / security equipment only for 10 MPPA considered, against area of 2.01 lakhs sqm for processing 20 MPPA proposed by MIAL.
B2-1	New Terminal 2 NW Pier	23.1	21.74	1.36	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of dismantling & diversion of utilities not considered.
B2-2	New Terminal 2 NW Pier Bus Boarding Gate (V3)	4.78	4.44	0.34	
B2-3	Terminal T-2 Extension	113.99	107.26	6.73	
B3	GA Terminal Expansion	225.00	-	225.00	Considered as Non-Aeronautical asset
TOTAL		**3,496.11**	**2,556.18**	**939.93**	

C- Kerbside Improvement Works (Rs. 280.20 Crores)

6.3.143 MIAL has proposed the following Kerbside Improvement Works in the Fourth Control Period:

Table 199: Cost Proposed by MIAL for Kerbside Improvement Works

(Rs. In Crores)

S. No	Project	Base Cost Proposed by MIAL
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00
C3-2	At-Grade Road widening for International Airport Road	19.13

S. No	Project	Base Cost Proposed by MIAL
Total		280.20

C1-1 - New T1 Access Road (At-Grade) including demolition of existing pavement and C1-2 New T1 Access Road (Elevated Departure Driveway for T1) (Rs. 130.28 Crores)

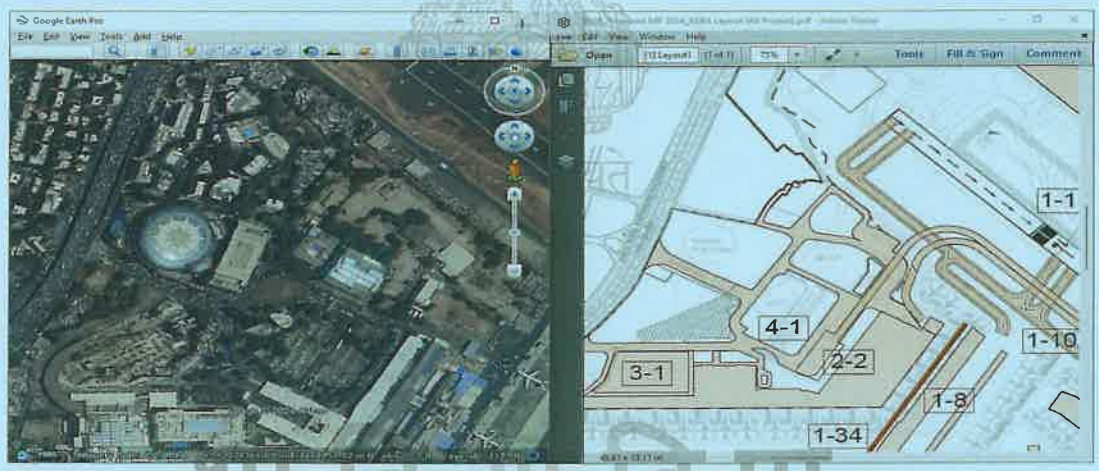
MIAL's submission

6.3.144 Terminal 1 is proposed to be reconstructed with departures and arrivals segregated at different levels. To facilitate this, MIAL proposes the construction of the following Kerbside access roads for Terminal 1:

(i) New At-Grade Access Road (Rs. 27.80 Crores): This involves the demolition of the existing pavement and construction of a new at-grade access road at the arrival level, covering approximately 27,253 sqm.

(ii) Elevated Departure Driveway (Rs. 102.48 Crores): This involves constructing a new elevated road with ramps at the departure level, covering approximately 14,725 sqm. This elevated road will separate the departures and arrivals, ensuring smoother traffic flow and improving passenger convenience.

Figure 32 –Location access roads to T1 (labeled 4-1)



6.3.145 MIAL has submitted that design consultants have been appointed, and construction of the at-grade road is scheduled to start in October / November 2025 along with Terminal 1, and the elevated road expected to start by October 2026. The at-grade road is expected to be completed by October 2026 and the elevated road is expected to be completed by March 2028.

Authority's examination regarding Access Roads at the Consultation Stage

6.3.146 The Authority, through the examination conducted by the Independent Consultant / Aviation Expert, is of the view that MIAL's assessment regarding the separation of departure and arrival levels through the construction of kerbside roads is essential for efficient terminal operations. The proposed elevated departure driveway and at-grade arrival road will ensure that passenger drop-off and pick-up areas are clearly segregated, reducing congestion and improving accessibility to T1. Given T1's proposed reconstruction, the Authority observed that these kerbside improvements are necessary to align with standard airport design.

6.3.147 The Authority noted that the cost estimate provided by MIAL are based on CPWD DSR and MoRTH rates which includes the cost of bituminous road, horticulture in central median portion, roadside drainage and road signage gantries, and RCC structure for elevated road portion. On comparison with industry benchmarks, the cost per sqm of Rs.7,200 for the at-grade roads and Rs. 83,000 for the elevated road appear reasonable. However, the Authority noted that MIAL has included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i).

6.3.148 Accordingly, the Authority proposed considering Rs 130.01 Crores as cost of construction of kerbside roads for T1 as against Rs 130.28 Crores proposed by MIAL.

C2 - At-Grade Road development over existing nallah in front of T2 MLCP (Rs. 81.80 Crores)

MIAL's submission

6.3.149 MIAL has proposed the construction of an at-grade road over the existing nallah in front of Terminal 2, covering an approximate area of 12,818 sqm. The purpose of this project is to accommodate the increased vehicular traffic volume at T2 and streamline traffic circulation in the forecourt area. The new road will reduce congestion and improve traffic flow, enhancing the overall efficiency of vehicular movement in front of the terminal. The project is currently in the concept stage, with construction expected to commence in October 2025 and completion projected by March 2027.

Figure 33 – Proposed location of at-grade road development over existing nallah in front of T2 MLCP (labeled 4-3)



Authority's examination regarding at-grade road development over existing nallah in front of T2 MLCP at the Consultation Stage

6.3.150 The Authority reviewed MIAL's submission and noted the potential benefits of constructing the proposed at-grade road over the existing nallah to streamline traffic in front of T2. However, based on an analysis of the current traffic flow, there does not appear to be significant congestion in this area at present. The Authority, therefore, directed MIAL to carefully consider the timing and necessity of this project at the time of execution.

6.3.151 The Authority noted that approval from MMRDA requires intense study on the flow of water in the Nallah River. Further, extensive coordination with State Government / MMRDA is necessary to ensure smooth

traffic management during construction of this bridge over the Nallah River. As such, any delays in obtaining this approval could impact on the project's schedule and overall viability.

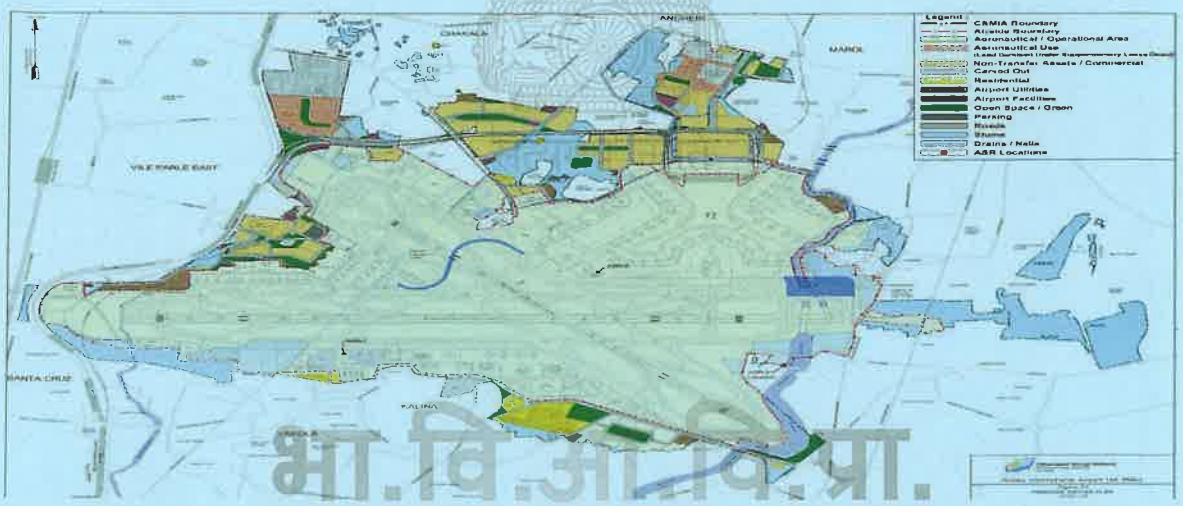
6.3.152 The Authority was also of the view that the portion of this road will also cater to the planned T2 forecourt, which is a non-aeronautical asset. Accordingly, only 50% of the project cost was proposed to be considered as aeronautical infrastructure, on an actual incurrence basis subject to evaluation of efficiency and reasonableness. The project should be subject to further review and analysis based on evolving traffic conditions.

C3-1 - External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees (Rs. 49.00 Crores)

MIAL's submission

6.3.153 MIAL has proposed the External Landscape and Horticulture project as part of the master plan to comply with environmental sustainability guidelines. The project involves the development of an irrigation system, planting new trees, transplantation of existing trees, and the removal of decayed plants and trees across the airport premises. This development is intended to enhance the aesthetic appeal of the airport and support environmental sustainability initiatives.

Figure 34 –Proposal for external landscape and horticulture with irrigation system including new trees, transplantation of trees and removal of trees



Authority's examination regarding external landscape & horticulture with irrigation system including new trees, transplantation of trees and removal of trees at the Consultation Stage

6.3.154 The Authority reviewed this project and fully supports environmental sustainability initiatives. However, upon reviewing the existing landscape around the airport, especially near the Chhatrapati Shivaji Maharaj Statue in front of T2 and within the T2 premises, the Authority observed that the existing landscape is in a good condition, and only replacements of decayed plants and shrubs may be required, which can be claimed as operating expenditure as and when incurred.

6.3.155 Additionally, the Authority considered that landscape planning for the T1 area should be taken up as part of the T1's reconstruction itself. The balance landscaping area proposed of approximately 40 acres appeared excessive. Moreover, the hardscape costs proposed by MIAL includes the cost for granite,

vitrified flooring, and paver blocks aggregating to Rs. 37.70 Crores, which has not been fully justified, and the cost-benefit analysis has not been sufficiently provided by MIAL.

6.3.156 Given the large scale of this project and the lack of clear necessity for certain elements, the Authority proposed to disallow the hardscape cost due to the absence of detailed area justification and recommended considering only Rs. 6 Crores for tree plantation and related landscape improvements as given in the table below:

Table 200: Cost proposed by the Authority for External Landscape & Horticulture with irrigation system including new trees, transplantation of trees and removal of trees at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Landscape and horticulture with irrigation system	A	46.37	9.09	37.28	Cost of hardscaping not considered due to lack of sufficient justification.
New trees	B	0.75	0.75	-	Estimate considered reasonable, subject to rationalization.
Transplantation of trees	C	1.34	1.34	-	
Remove trees	D	0.55	0.55	-	
Total	**E = SUM(A:D)**	**49.00**	**11.72**	**37.28**	
Proposed Amount			**6.00**		

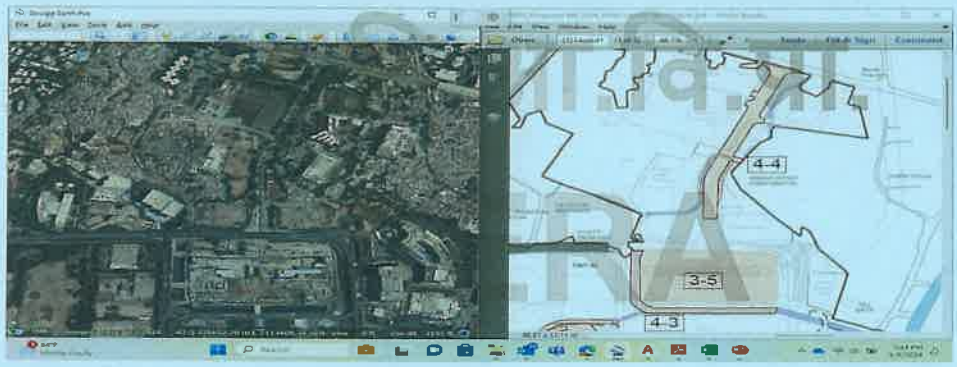
Accordingly, the Authority proposed a cost of Rs 6.00 Crores, based on the prevailing market rates, towards this project.

C3-2 - At-Grade Road widening for International Airport Road (Rs. 19.13 Crores)

MIAL's submission

6.3.157 MIAL has proposed the At-Grade Road Widening project for the International Airport Road to support improved traffic management and facilitate better passenger flow. The project is also intended to enhance connectivity between the upcoming Metro Line 3 and Metro Line 7 stations and Terminal 2 at Sahar. The widening of the road will ease vehicular movement and reduce congestion in the area, ensuring smoother access for passengers traveling to and from T2.

Figure 35 –Location of at-grade International Airport Road (labeled 4-4)



6.3.158 MIAL has estimated the cost for the project at Rs. 19.13 Crores in its MYTP submission. As part of subsequent submissions, MIAL provided a cost breakup of Rs 21.26 Crores, which included demolition costs for approximately 15,037 sqm of the existing road at a cost of Rs. 6.6 Crores, demolition of 1,400

sqm of existing compound wall at a cost Rs. 1.2 Crores and construction of new road with compound wall, street lights, drains and temporary barricading, signages, etc at a cost of Rs 13.46 Crores.

Authority's examination regarding at-grade road widening for International Airport Road at the Consultation Stage

6.3.159 The Authority reviewed the project and noted the following observations on cost:

(i) Upon reviewing the project's specifics, the Authority had determined that the demolition of 15,037 sqm of existing road included in MIAL's cost estimate may not be required. Since the objective of the project is only to widen the existing road, the demolition costs appear excessive and unnecessary for the scope of this project. Accordingly, the Authority proposed not to consider demolition cost of Rs. 6.6 Crores proposed by MIAL.

(ii) MIAL included a 10% mark-up on costs for working in operational areas. The Authority was of the view that the provision made by MIAL is high and therefore proposed to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i).

(iii) The Authority also proposed not to include the cost diversion of existing utilities & infrastructure as it may not be required for widening the road.

Table 201: Cost proposed by the Authority for At-Grade Road widening for International Airport Road at the Consultation Stage

(Rs. In Crores)

Particulars	Ref	Amount submitted by MIAL as cost estimate	Amount proposed by the Authority	Variance	Remarks
Demolition Works	A	7.81	1.15	6.66	Revision of costs for working in operational areas from 10% to 5%. Demolition of roads not considered necessary.
New Main T1 & T2 Access Road Carriageway (Flexible Pavement)	B	8.67	8.67	-	Estimate found to be reasonable by the Independent Consultant
New Structure - Compound Wall and Street Lights	C	1.98	1.98	-	Estimate found to be reasonable by the Independent Consultant
New Road Drain	D	2.17	2.17	-	Estimate found to be reasonable by the Independent Consultant
Construction of temporary roads for diversion of traffic.	E	0.64	-	0.64	Not considered necessary.

Particulars	Ref	Amount submitted by MIAL as cost estimate	Amount proposed by the Authority	Variance	Remarks
temporary barricading, Signages, Diversion of Existing utilities etc					
Total	**F = SUM(A:E)**	**21.26**	**13.96**	**7.30**	

6.3.160 The Authority, through its Independent Consultant / Aviation Expert, had checked the BOQ and found that the estimate considered is as per CPWD DSR / MoRTH rates, considering it to be reasonable.

6.3.161 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Kerbside improvement works is given in the table below:

Table 202: Cost proposed by the Authority for Kerbside Improvement Works at the Consultation Stage

(Rs. In Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80	27.80	-	Considered reasonable based on CPWD DSR and MoRTH rates
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48	102.21	0.27	Working restraints considered at 5% instead of 10%
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80	-	81.80	To be considered on an incurrence basis, subject to due approvals.
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00	6.00	43.00	Estimate cost of hard scaping like Granite, Vitrified tile flooring and paver block etc., not considered. Only 50% of soft scaping proposed in this control period.
C3-2	At-Grade Road widening for International Airport Road	19.13	13.96	5.16	Estimate cost of dismantling of pavements and diversion of utilities not considered.
Total		**280.20**	**149.98**	**130.23**	

D - External Connectivity Improvement Works (Rs 58.87 Crores)

6.3.162 MIAL had proposed the following External Connectivity Improvement Works in the Fourth Control Period:

Table 203: Cost proposed by MIAL for External Connectivity Improvement Works

(Rs. In Crores)

S. No	Project	Cost Proposed by MIAL
D-1	Construction of Overpass including roadway ramps	17.39
D-2	Construction of Underpass below WEH at T2 elevated road	41.48

S. No	Project	Cost Proposed by MIAL
Total		58.87

D-1 Construction of Overpass including roadway ramps and D-2 Construction of Underpass below WEH at T2 elevated road (Rs. 58.87 Crores)

MIAL's submission

6.3.163 MIAL has proposed two projects under the External Connectivity Improvement Works to enhance traffic flow between T1 and T2 at CSMIA. The distance between T1 and T2 is approximately 5 kilometers, and due to heavy vehicular congestion on the Western Express Highway (WEH) and other adjoining roads, the travel time between the terminals can take up to 30-45 minutes. To address this issue and reduce travel time, MIAL has proposed two projects:

(i) Construction of an Overpass (VOP) at a cost of Rs. 17.39 Crores - To reduce travel time between T1 and T2 by means of allowing quick access to the North-bound flyover located near T1 on Western Express Highway. This flyover has direct access to the already existing T2 elevated road entry underpass. All three signalized junctions on the existing route can be bypassed with reduced travel distance. Implementation of the VOP is possible with limited traffic management measures during construction on the Western Express Highway.

(ii) Construction of an Underpass (VUP) at a cost of Rs. 41.48 Crores – A 2 lane underpass is proposed at T2 elevated road on the Western Express Highway. This will facilitate North-bound movement of T2 exit traffic. For traffic movement between T2 and T1, the stretch between T2 elevated road and Nehru Road on the Western Express Highway becomes congested currently mainly due to ongoing flyover construction at T1 and North-bound traffic from T2 coming up to Nehru Road for U turn movement. Grade separation at T1 along with this underpass will help relieve traffic congestion on the Western Express Highway and provide faster connection from T2 to T1. The proposed underpass has been designed in such a manner that it will meet the existing underpass at its highest point with limited length of ramps. Further, existing landscaping will not be hampered.

Figure 36: Proposed Overpass (labeled 5-1)

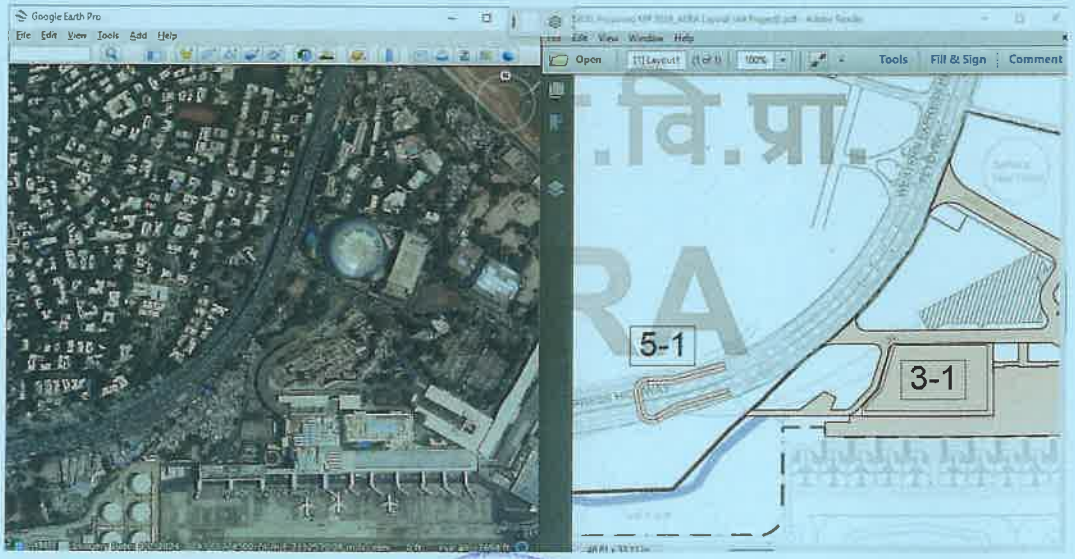


Figure 37: Proposed Underpass (labeled 5-2)

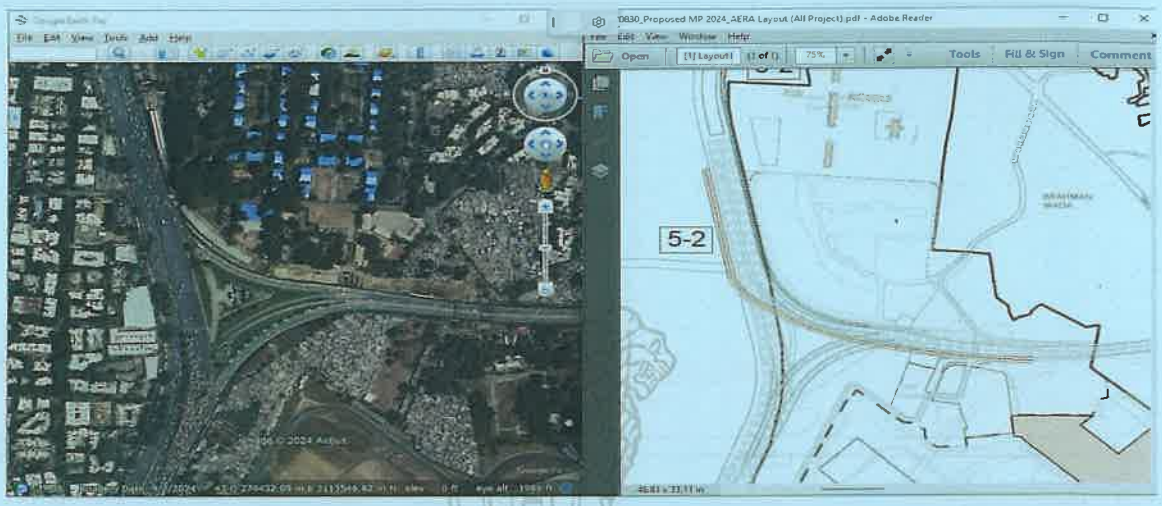


Figure 38: Another view of proposed overpass and underpass



Figure: Proposed Vehicular Overpass on Western Express Highway



Figure: Proposed Vehicular Underpass on Western Express Highway at T2 Elevated Road

6.3.164 MIAL has based its cost estimates on CPWD DSR and MoRTH rates, using tentative drawings for determining the quantities. The construction of these projects is planned to begin in April 2026 for the Overpass and October 2025 for the Underpass, with both projects expected to be completed by March 2028.

Authority's examination regarding construction of overpass including roadway ramps and construction of underpass below WEH at T2 elevated road at the Consultation Stage

6.3.165 The Authority noted the necessity of improving connectivity between T1 and T2 to reduce travel time and alleviate the traffic burden on the Western Express Highway. These improvements will enhance operational efficiency and passenger convenience, particularly given the high volume of passenger transfers between the terminals.

6.3.166 The Authority, however, noted that MMRDA approval is required for the execution of these projects. Further, since these are proposed in public roads / expressway, extensive coordination with State Government / MMRDA is necessary to ensure smooth traffic management during construction. As such, any delays in obtaining this approval could impact on the project's schedule and overall viability.

6.3.167 Hence, the Authority proposed to consider these projects on an incurrence basis, subject to evaluation of efficiency and reasonableness.

6.3.168 Based on the above discussions, the cost estimate proposed to be considered by the Authority for External Connectivity Improvements is given in the table below:

Table 204: Cost proposed by the Authority for External Connectivity Improvements at the Consultation Stage

(Rs. in Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
D-1	Construction of Overpass including roadway ramps	17.39	-	17.39	Will be considered on an actual incurrence basis, subject to due approvals
D-2	Construction of Underpass below WEH at T2 elevated road	41.48	-	41.48	
Total		**58.87**		**58.87**	

E. Ancillary Building Development Works (Rs. 2,152.06 Crores)

6.3.169 MIAL had proposed the following Ancillary Building Development Works in the Fourth Control Period to meet the evolving demands at CSMIA. These projects are proposed to strengthen the backend infrastructure that supports the airport's functions, ensuring that essential staff and critical operations have adequate and modern facilities to meet the growing demands.

Table 205: Cost proposed by MIAL for Ancillary Building Development Works

(Rs. in Crores)

S. No	Project	Cost proposed by MIAL
E-1	Construction of Airport Management Corporate Office Building	1,229.36
E-2	Construction of NAD Colony	282.65
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00
E-4-1	Sewage Treatment Plant for new Terminal T2	12.00
E-4-2	Hazardous Waste Storage	1.13
E-4-3	Distribution network for Utilities	3.28
E-5	Development of T2 forecourt (Metro Station)	124.80
E-6	Crew Terminal	98.70
E-7	Relocation of ATC Technical block	184.14
Total		**2,152.06**

E1 - Construction of Airport Management Corporate Office Building (Rs. 1,229.36 Crores)

MIAL's submission

6.3.170 MIAL has submitted that currently, most of its staff are scattered across various small office spaces, including Terminal T1-B, Terminal T2, and the Apron Control Building. However, the T1-B office, which houses a significant portion of MIAL's employees, is scheduled for demolition in 2025 as explained in the section on project "B1 New Construction of Terminal T1" under Passenger Terminal & Associated works. MIAL proposes consolidating its employees into one centralized Corporate Office to streamline airport

operations and improve staff efficiency. The office building is also planned to address the growing operational and administrative needs of the airport and of MIAL.

6.3.171 The building is proposed to be designed as a G+6 structure with a total area of 1,20,203 sqm, consisting of 70,073 sqm of office space and 50,130 sqm of basement area reserved for parking and utilities. The office will accommodate apart from 1,500 employees of MIAL, Customs, AAI, airlines, CISF, and other airport-related entities, with an average of 15-20 sqm allocated per staff member.

6.3.172 In addition to on-payroll employees, MIAL anticipates the need for off-payroll staff, consultants, subject matter experts, and third-party contractors who will work closely with MIAL in critical areas such as Detailed Design, Project Management, Master Planning, Slum Rehabilitation, and Terminal Operations. These off-payroll staff will require working space within the new office. Once these works are concluded in 5-7 years, MIAL estimates off-payroll staff will be replaced by additional MIAL staff since passenger capacity at CSMIA is expected to increase from 55 MPPA to 65 MPPA. MIAL has proposed this building with the intent of housing 1,500 employees over the present 1,200 employees.

6.3.173 MIAL has provided a detailed space breakdown for the building, which will feature modern amenities such as auditoriums, an Airside Operations Simulator Room, and dedicated workstations for different teams. The breakdown includes 43,660 sqm of office area, divided into workstations, meeting rooms, conference rooms, training rooms, and storage areas as detailed below:

Figure 39: Details of Airport Management Corporate Office Building as submitted by MIAL

Office Space Allocation of MIAL Corporate Office											
Sr. No.	Floor	Office Area	Toilet Area	Parking	Staircase & Lift core area	Services Area	Corridor Area	Kitchen & BOH Area	Terrace	Staff Amenities	Total Area (sq.m.)
1	Ground Floor Plan	4254	270		657	490	1403	1707		1023	9803
2	1st Floor Plan	5044	320		657	352	796	0		1180	8348
3	2nd Floor Plan	6873	436		657	352	739	0	190	1180	10426
4	3rd Floor Plan	6873	436		657	352	739	0		1180	10236
5	4th Floor Plan	6873	436		657	352	739	0		1180	10236
6	5th Floor Plan	6873	436		657	352	917	0		1180	10414
7	6th Floor Plan	6873	436		657	352	917	0	190	1180	10604
	Total	43660	2772		4597	2601	6248	1707	380	8102	70067
9	Basement 1			15102	1205	403					16710
10	Basement 2			15102	1205	403					16710
11	Basement 3			15102	1205	403					16710
	Total			45306	3616	1208					50130

The building is planned to be G+6 level with 3 basement parking. As can be seen in above table, 70,000 sq.m. area is reserved for Office area along with various associated utilities like washrooms, staircase, corridors, kitchen and staff amenities etc.

Further break up of 43660 sq.m. of Office area is as below:

Breakup of Office Area	
Workstation	21830
Meeting Room	6549
Conference Room	2183
Cabin	4366
Storage	4366
Training Room	2183
Breakout Space	1746
Reception	437
Total	**43660**

6.3.174 MIAL also stated that, currently, employees are using MLCP for parking vehicles as there is no dedicated parking space for employees. Hence, it is proposed to construct the basements for staff parking. Basements will also be used for providing utility services like Electrical substation, AC unit etc., required for the building.

Figure 40: Planned location of Airport Management Corporate Office building (labeled 3-1)



Authority's examination regarding construction of Airport Management Corporate Office Building at the Consultation Stage

6.3.175 The Authority noted the need for MIAL to consolidate its operations in a centralized Corporate Office, particularly in light of the upcoming demolition of the T1-B building (where the staff are currently seated). The Authority reviewed MIAL's space allocation and staff growth projections. The Authority noted that the proposed allocation per staff appears excessive. MIAL was asked to submit the current area being used as office space. MIAL has submitted as follows

"Current area used for office space in T1 building is. 10,000 Sq.m. approx of which 7,000 Sq.m. area is being used by MIAL employees and balance by CISF. It is to be noted that MIAL employees also sit at other airport locations like Terminal 2, Apron control building, fire station, which will be another 5000 sqm. "

6.3.176 After reviewing MIAL's submission on current office space usage, and considering the operational requirements of the airport, the Authority deemed it sufficient to consider 25,370 sqm (approximately) of office space. i.e., G+2 floors and terrace. This took into account that not all employees require dedicated office space, as many staff are stationed at the terminal building or at the airside, and some work on a shift basis. This proposed space allocation is expected to accommodate MIAL staff, along with other critical operations. Any future vertical expansion requirements may be considered in future based on demonstrated operational needs.

6.3.177 The Authority noted that MIAL has indicated, due to the absence of dedicated parking facilities, employees currently park vehicles in the MLCP. Additionally, the basement is expected to house critical utility services such as the electrical substation and AC units. In view of this, the Authority proposed to consider

the entire basement area of 50,130 sqm for staff parking and utilities. This structured approach provides ample space for current needs while allowing for future expansion of office area.

Table 206: Area proposed by the Authority for Airport Management Corporate Office Building at the Consultation Stage

Particulars	Proposed by MIAL (area in sqm)	Proposed by Authority (area in sqm)	Reasons for Variance
Basement 3	17,593	17,593	
Basement 2	17,360	17,360	
Basement 1	15,177	15,177	
Total basement area (A)	***50,130***	***50,130***	
Ground Floor	8,600	8,600	Only G+2 floors of office space considered based on estimated requirement for office space, along with entire basement.
1st Floor	7,758	7,758	
2nd Floor	8,290	8,290	
3rd Floor	8,882	-	
4th Floor	8,612	-	
5th Floor	9,075	-	
6th Floor	8,793	-	
7th Floor	9,342	-	
Terrace	720	720	
Total office area (B)	***70,006***	***25,370***	
Total built up area (C = A + B)	**1,20,203**	**75,500**	

6.3.178 MIAL's cost estimate for the building is based on PAR rates and market rates, calculated at Rs. 99,600 per sqm for 1,20,203 sqm, amounting to Rs 1,197.22 Crores, along with site circulation of Rs. 9.27 Crores, cost for construction of temporary roads, temporary barricading, signages, etc of Rs. 12.06 Crores along with Rs. 10.81 Crores for demolition of existing structures. The Authority reviewed the project cost submitted by MIAL, which is based on PAR and market rates, and notes the following observations:

(i) In this estimate, MIAL included superior interior finishes / façade items at a cost of Rs. 43,000/sqm amounting to Rs. 341.33 Crores. After reviewing the costs, the Authority adjusted the estimate for superior interior finishes / façade items to Rs. 20,000/sqm based on prevailing market rates.

(ii) MIAL included a 10% mark-up on costs for working in airside areas amounting to Rs. 107.63 Crores. The Authority was of the view that the office building is proposed to be outside of the operational area except for a small corridor which is likely to be connected to the reconstructed Terminal 1. Accordingly, the Authority proposed not to consider any cost for working restraints in the airside area.

(iii) MIAL proposed 1% of the overall cost of the project for temporary road for diversion of traffic and others which appears to be on the higher side. The Authority proposed to instead include a lumpsum amount as detailed in para 6.3.10(ii) on BOQ items.

(iv) MIAL included the demolition cost of existing structures as an enabling cost. The Authority proposed not to consider this cost in the cost estimate as detailed in para 6.3.10(iv) on the BOQ items.

6.3.179 Based on the above discussions, the cost proposed by the Authority is as given in the table below:

Table 207: Cost proposed by the Authority for Construction of Airport Management Corporate Office Building at the Consultation Stage

Description of Item	Ref	Proposed by MIAL			Proposed by Authority			Remarks
		Rate	Qty in Sqm	Amt in Crs	Rate	Qty in Sqm	Amt in Crs	
Demolition Works	A	4,500	24,017	10.81	-	-	-	Demolition cost is not considered necessary.
New Construction-Structure								
Corporate Office Building	B	99,600	1,20,203	1,197.22	60,600	75,500	457.52	Reduced cost of superior finishes from 43,000 to 20,000 per sqm and 10% working restraints. Area considered as per Table 206.
Site Circulation	C	4,600	20,160	9.27	4,300	20,160	8.67	Rationalized cost of drain
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities etc	D	1.00%		12.06	-	-	2.00	Lumpsum amount considered
TOTAL	**E = SUM(A:D)**			**1,229.36**			**468.19**	

6.3.180 The Authority, through its Independent Consultant / Aviation Expert, had checked the BOQ and found that the estimate considered is as per CPWD DSR, PAR and market rates, considering it to be appropriate and reasonable.

E2 Construction of NAD Colony (Rs. 282.65 Crores)

MIAL's submission

6.3.181 MIAL submits the redevelopment plan for NAD Colony as a carry-forward project from the Third Control Period. Initially approved by the Authority at Rs. 107 Crores in the First Control Period, the project cost was revised and enhanced to Rs. 208 Crores on an incurrence basis during the Third Control Period. However, this could not be executed in the Third Control Period due to delays caused by government permissions and COVID-19.

6.3.182 The current proposal includes the construction of 488 units in seven buildings over a total area of 44,243 sqm. The land of approximately 25 acres obtained through compact redevelopment of NAD Colony is proposed to be used for various aeronautical uses and support functions / infrastructure / utilities.

6.3.183 MIAL has submitted that core aeronautical functions such as the Airport Maintenance Compound, P&T Sorting Office, Aviation Training Centre, and parking are planned in this area. MIAL also notes that 1 acre of land has been provided to MMRDA for the construction of Metro Line-7.

Authority's examination regarding construction of NAD Colony at the Consultation Stage

6.3.184 The Authority had reviewed various submissions made by MIAL and the Supplementary Lease Deed was executed between AAI and MIAL on 15th May 2009. As per Clause C of this deed, the lease is taken pursuant to clause Section 2.6.3 of the OMDA which states:

"...With respect to land underlying the Carved Out Assets, the Parties further agree that if, at any time during the Term, the JVC requires the said land for providing any Aeronautical Services or developing and/or constructing any Aeronautical Assets, the Parties shall come together to negotiate in good faith the terms and conditions on which the AAI shall lease to the JVC, and the JVC shall take on lease from the AAI, the said land..."

6.3.185 The Authority further referred to the submission in the Master Plan and notes the below as per Clause 4.7.2:

"...Part area of NAD Colony – 1,01,175.00 Sqm / 25 Acre - This land area is proposed to be used for aeronautical uses like Airport Maintenance Compound, P & T Sorting Office, Aviation Training Centre with Guest facilities, Simulator, Fire Station, IT & Telecom, Inter Terminal transit facility, Parking and other aeronautical uses along with required roads, drainage, and open space, etc. It may be noted that approx. close to an acre of land area has been provided as right of way to MMRDA for construction of Metro Line-7 by AAI from demised premises of MIAL. This has reduced demised premises to MIAL..."

6.3.186 The Authority also reviewed the planned use of space out of which activities are being relocated to the densified NAD Colony. MIAL submitted that the facilities which will be shifted include Airport Maintenance Compound (currently situated at Airside and needs to be relocated to free up the space at already constrained airside), P&T Sorting Office (located on landside of T1 and relocation is required to improve the accessibility of passengers to T1). The Aviation Training Centre with Guest facilities, Simulator, Fire Station, IT & Telecom, and Inter Terminal transit facility are new facilities.

6.3.187 The Authority takes notes of MIAL's submission that NAD Colony is designated entirely for aeronautical use, and this has been confirmed by the Master Plan and MIAL has indicated that the land will be utilized for aeronautical functions, in compliance with the Supplementary Lease Deed and AAI mandate.

6.3.188 MIAL has submitted that the work is being carried out in a phased manner and has awarded the contract for 4 out of 7 buildings. The Authority noted that this award is a part of EPC contract which has various other works. The NAD colony is awarded at a cost of approximately Rs. 74,879 per sqm. After reviewing the approved drawings, verifying the awarded contract, and considering the additional works involved (like lift, firefighting, fire alarm works etc,), the Authority considered the cost estimates to be reasonable.

6.3.189 Accordingly, the Authority proposed to consider Rs 282.65 Crores as the cost of construction of NAD Colony.

E-3-1 Cost of 3 levels of basements for 2 metro stations and E-3-2 Additional Cost of T-1 Metro Station payable to MMRC (Rs. 216 Crores)

MIAL's submission

6.3.190 MIAL has submitted that the following 3 Stations are proposed at CSMIA as a part of the Mumbai Metro Line 3:

(i) T1 Terminal Forecourt Station.

(ii) T2 Terminal Forecourt Station.

(iii) Sahar Road Station (considered non-aeronautical)

6.3.191 MIAL submits that as per the Memorandum of Understanding signed between Mumbai Metro Rail Corporation (MMRC) and MIAL dated 16-Sep-2015 and as amended on 31-Aug-2017, MIAL is required to bear the costs with respect to development of these metro stations. This cost has already been appropriately considered for the purposes of tariff determination in the previous control periods.

6.3.192 In the Fourth Control Period, MIAL submits that the cost to be paid to MMRC for change in design of T1 station as per BCAS directions is Rs. 75.00 Crores. MIAL also submits that it is required to construct underground basements for two stations for structural stability purposes, since the basements will act as dead load to ensure stability to the metro stations. The cost of constructing these basements is estimated to be Rs. 141.00 Crores. MIAL has also submitted as follows:

"...Refer communication from MMRC ... which states that construction of three basement floors is required to form a full covered box for smooth functioning of metro operations, and to provide protection against storm water ponding, flotation of the station box, health and safety, smooth access to the station, firefighting, etc...."

Authority's examination regarding cost of 3 levels of basements for 2 metro stations and additional cost of T-1 metro station payable to MMRC at the Consultation Stage

6.3.193 The Authority had examined the correspondence with MMRC, and the cost estimate submitted by MIAL for the construction of basements. The Authority noted that this is necessary for the smooth operation of the metro stations. Accordingly, the Authority proposed to consider the cost of Rs 216.00 Crores towards the construction of Metro Stations and basements at CSMIA.

6.3.194 Though the Authority noted that the basement work is required for ensuring the structural stability, it is observed that the planned usage of these basements has not been provided by MIAL. In the Authority's view, it is likely that this basement space will be used for non-aeronautical activities in the future. Accordingly, the Authority proposed to consider 50% of the basement cost as a non-aeronautical asset (refer Table 228 under the Section on Asset Allocation).

E-4 Sewage Treatment Plant and associated works ("STP") (Rs 16.41 Crores)

6.3.195 MIAL has proposed a Sewage Treatment Plant for T2 of 2MLD capacity along with Hazardous Waste Storage and Distribution network for utilities. This is a part of the masterplan and also to ensure environmental sustainability guidelines. The new STP will also cater to aircraft waste at the airside.

6.3.196 The Authority, through its Independent Consultant, noted that this is necessary for the smooth operations at T2 and also reviewed the cost considering the cost for civil infrastructure and associated equipment. Based on the estimates submitted by MIAL, the project cost appears to be reasonable and comparable with CPWD & Market rates for similar works. Accordingly, the Authority proposed to consider the entire cost Rs 16.41 Crores proposed by MIAL.

E5 Development of T2 Forecourt (Rs. 124.80 Crores)

MIAL's submission

6.3.197 MIAL has proposed the development of the T2 forecourt area as part of the Fourth Control Period, with an objective to cater to passengers alighting from Metro Station Lines 3 and 7A. The proposed facility will include check-in and baggage drop facilities located at the Basement 1 level, streamlining passenger movement and reducing congestion within the terminal. MIAL has identified this project as critical for passenger convenience, particularly after the completion of the metro station, which is expected to increase footfall at T2.

6.3.198 The total project cost is estimated at Rs 124.80 Crores, based on detailed cost breakdowns provided by MIAL. The cost includes both baggage-related work and civil works. The baggage-related component is estimated at Rs. 85.00 Crores, which covers the cost for the tunnel, conveyors, hybrid self-bag drops, and screening machines. The civil works component, estimated at Rs. 39.80 Crores, includes design development, statutory building approvals, and construction costs and GST. Overall, the total area proposed for this project is 4,413 sq mts out of larger area of around 37,000 sq mts proposed for T2 forecourt.

Authority's examination regarding development of T2 forecourt at the Consultation Stage

6.3.199 The Authority noted the need for the development of this facility at the metro stations once the route becomes operational. The inclusion of check-in and baggage drop facilities in the basement will ease the flow of passengers within the terminal and enhance the overall passenger experience.

6.3.200 The Authority noted that while the cost summary is provided, a detailed cost breakdown has not been provided by MIAL since the project is at the concept stage. Given the present stage project, the Authority recommended this project on an incurrence basis, subject to evaluation of efficiency and reasonableness.

E6 Crew Terminal (Rs. 98.70 Crores)

6.3.201 As detailed in Table **197** in the section on Passenger Terminal Building and associated works, the Authority proposed to consider the cost of Crew Terminal at Rs 42.71 Crores based on the normative cost of passenger terminal building, as the Crew Terminal is a part of the Terminal 2.

E7 Relocation of ATC Technical Block (Rs. 184.14 Crores)

MIAL's submission

6.3.202 MIAL has proposed the relocation of the existing ATC Technical block, currently situated north of Runway 14-32, as it will penetrate the obstacle limitation surface of the proposed taxiway E5-E7. The current location of the ATC Technical block would violate DGCA and ICAO clearance standards once project "A2-1 Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32" becomes operational. MIAL has proposed a new building with an area of approximately 15,900 sqm to be constructed on an alternative site. The total estimated project cost for this includes enabling and construction cost. MIAL submits that this project is necessary for the safe and compliant operation of the airport and awaits final approval from the AAI for execution.

Authority's examination regarding relocation of ATC Technical Block at the Consultation Stage

6.3.203 The Authority noted the need for the relocation of the ATC Technical block to comply with the DGCA/ICAO clearance standards. It observed that the relocation is mandatory for the approval of the E5-E7 taxiway expansion. However, this project has been under discussion with AAI for many years, and a final decision on the location for the new technical block is still awaited. Therefore, the Authority

recommended approving the project on an incurrence basis, subject to evaluation of efficiency and reasonableness and subject to final approval from AAI.

6.3.204 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Ancillary Building Development Works is given in the table below:

Table 208: Cost proposed by the Authority for Ancillary Building Development Works at the Consultation Stage

(Rs. in Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
E-1	Construction of Airport Management Corporate Office Building	1,229.36	468.19	761.18	Estimate of extra cost over approved rates for working in operational area rationalized to 5%, cost of diversion of utilities rationalized, cost of superior finishes rationalized to reflect market rates and demolition of building not considered. Area considered only for G+2 floors with basement.
E-2	Construction of NAD Colony	282.65	282.65	-	Checked with awarded cost of building and CPWD PAR rates and found the estimate to be reasonable.
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00	141.00	-	Estimate found reasonable as per CPWD PAR and DSR rates.
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00	75.00	-	Estimate found reasonable as per the estimate provided.
E-4-1	Sewage Treatment Plant for new Terminal T2	12.00	12.00	-	Estimate found reasonable as per market quotation/rates.
E-4-2	Hazardous Waste Storage	1.13	1.13	-	Estimate found reasonable as per market quotation/rates.
E-4-3	Distribution network for Utilities	3.28	3.28	-	Estimate found reasonable as per market quotation/rates.
E-5	Development of T2 forecourt (Metro Station)	124.80	-	124.80	To be considered on an incurrence basis.
E-6	Crew Terminal	98.70	42.71	55.99	Cost considered based on inflation adjusted normative cost of Passenger Terminal Building.
E-7	Relocation of ATC Technical block	184.14	-	184.14	To be considered on an actual incurrence basis, subject to due approvals.
Total		**2,152.06**	**1025.97**	**1,126.10**	

2 - Operational Capex Proposals (Rs 3,109.48 Crores)

6.3.205 MIAL has submitted a cost of Rs. 3,109.48 Crores for enhancing operational efficiency, and at the same time, ensuring safety of passengers and providing convenient and hygienic facilities. Several Operational Capex projects / works are proposed in the Fourth Control Period, with the overall aim of the following:

(i) To comply with the directions / circulars of regulatory agencies such as BCAS for improving security of passengers and/or improving the overall security clearance process such as introducing CT Handbag X-Ray Machines, Full Body Scanners, etc.

(ii) To ensure operational readiness, such as equipping the airport with suitable Aircraft Rescue and Response operations by replacing old end-of-life Crash Fire Tenders

(iii) To ensure passenger hygiene by upgrading washrooms

(iv) To enhance airside safety and improve operational efficiency through innovative technology solutions such as "Follow the Greens"

(v) To improve existing passenger processing with smart solutions such as Self Bag Drops

(vi) To overall upgrade and enhance the airport facilities

6.3.206 The Authority reviewed the necessity of these projects, the proposed quantities, and reviewed the associated costs based on quotations / purchase orders / budgetary offers / contracts / cost estimates as submitted by MIAL, and as per competitive market rates, comparative rates in other Airports and past procurements.

6.3.207 The Authority also reviewed the tentative project completion timelines and independently assessed the current stage of each project to determine whether the timelines are achievable. For certain projects, the Authority recommended a phased implementation approach. In the case of certain discretionary expenditures, the Authority had deferred a part of the projects, while for projects of non-aeronautical nature, the Authority has excluded them from the Regulatory Asset Base.

6.3.208 For proposals above Rs. 50 Crores, the Authority conducted a project wise analysis which is given below.

6.3.209 Projects below Rs. 50 Crores have been further categorized based on their nature - such as security, safety, environment, electrical and mechanical, IT, etc., and the Authority provided an analysis for each such category.

Operational Capex proposals above Rs 50 Crores

2A - CT Handbag X-ray (Rs. 320.00 Crores):

MIAL's submission

6.3.210 MIAL has submitted a proposal for the procurement and installation of 40 CT Handbag X-ray Machines at various Pre-embarkation Security Checkpoints (PESC) across the airport. The implementation is expected to span from FY 2024-25 to FY 2026-27, with 38 machines proposed to be installed at T2, and 1 machine each at the CISF Training Centre and the General Aviation Terminal.

6.3.211 MIAL has justified the need for these machines, stating that the current dual-view and single-view X-ray Baggage Inspection Systems (XBIS) in operation at the PESC points generate only 2D images, which necessitates the removal of electronic devices, liquids, and gels from passenger hand baggage. This process slows down the screening procedure, increases the number of trays required for security checks, and decreases passenger throughput. MIAL proposes to replace these systems with CT Handbag X-ray Machines, which utilize rotating gantry technology to generate high-quality 3D images, thereby eliminating the need for passengers to remove electronic devices and liquids from their hand baggage, and help streamline the screening process, enhance security, improve operational efficiency, and provide a better customer experience.

6.3.212 MIAL further submits that the installation of CT machines is mandated by the Bureau of Civil Aviation Security (BCAS) for airports handling more than 5 million passengers per annum.

Authority's examination regarding CT Handbag X-ray at the Consultation Stage

6.3.213 The Authority reviewed MIAL's submission and noted the necessity of upgrading CT Handbag X-ray Machines to comply with BCAS directives and improve security standards. The Authority noted that this technology will streamline the screening process, enhance operational efficiency, and increase passenger throughput by reducing the time spent at security checkpoints.

6.3.214 However, with regard to the proposed number of machines, the Authority considered MIAL's plan to install 40 machines and noted that a phased implementation would be more appropriate, particularly given the traffic forecasts for the Fourth Control Period. The Authority proposed to consider the installation of 50% of the machines, i.e., 20 machines, for the purpose of tariff determination, with the remaining machines to be considered on an incurrence basis. Additionally, the Authority noted that the machine proposed for the GA Terminal is to be considered non-aeronautical as per OMDA, and the cost of this 1 machine is proposed to be excluded from the RAB.

6.3.215 MIAL proposed a cost of Rs. 8 crores per machine, including installation and civil works. After examining the quotations provided, the Authority, through its Independent Consultant, found the cost proposed by MIAL is not fully substantiated. Based on market rates and further analysis, the Authority proposed to consider the cost of Rs. 6 Crores per machine, inclusive of installation costs and inclusive of 10% for enabling works such as cabling and realignment of the Automated Tray Retrieval System.

6.3.216 The Authority, through its Independent Consultant and based on similar procurement cost at other airports in and around India, proposed to consider a cost of Rs. 6 Crores per machine for 20 machines at Rs.120 Crores. The cost for the balance 19 machines, if put to use in the Fourth Control Period, will be considered based on incurrence at the time of true up, subject to evaluation of efficiency and reasonableness.

2B - Full Body Scanner (Rs. 69 Crores)

MIAL's submission

6.3.217 MIAL has proposed the installation of 23 Full Body Scanners (FBS) across various PESC, with the project expected to be undertaken between FY 2024-25 and FY 2027-28. The is proposed on account of the current challenges in detecting non-metallic weapons and explosives by Walk-Through Metal Detectors (WTMD) and Hand-Held Metal Detectors (HHMD). MIAL submits that when a person carrying metallic objects passes through a WTMD, an audio alarm is triggered, but CISF personnel are unable to ascertain the exact location of the metal, requiring further manual frisking with HHMDs.

6.3.218 MIAL submits that FBS, by contrast, can detect both metallic and non-metallic objects, including weapons, explosives, and other prohibited items concealed under clothing or over the skin, thus significantly reducing frisking time. Further, BCAS has directed hypersensitive airports handling over 10 MPPA to install Full Body Scanners. MIAL proposes replacing all existing WTMDs with 23 FBS, 1 of which is designated for the General Aviation Terminal.

Authority's examination regarding Full Body Scanners at the Consultation Stage

6.3.219 The Authority reviewed MIAL's proposal and noted the need for Full Body Scanners in line with BCAS directives and for operational and security needs.

6.3.220 The Authority noted that 1 of the 23 proposed FBS machines is designated for the GA Terminal, which is non-aeronautical as per the provisions of OMDA. Therefore, the cost associated with this 1 machine is proposed to be excluded from RAB.

6.3.221 Further, the Authority proposed a phased implementation, with 50% of the Full Body Scanners, i.e., 11 units, to be installed during the Fourth Control Period, allowing for further assessment of operational requirements.

6.3.222 On the cost, MIAL proposed Rs. 3 Crores per FBS unit, including Annual Maintenance Contracts (AMC) and Comprehensive Maintenance Contracts (CMC). After reviewing market rates and supplier quotations, the Authority, through its Independent Consultant and based on market survey, proposed to consider Rs. 1.85 Crores per FBS unit along with 10% for enabling works such as installation and realignment, bringing the cost to Rs. 2 Crores per FBS unit.

6.3.223 Accordingly, the Authority proposed a revised total cost of Rs. 2 Crores per FBS unit, resulting in a total cost of Rs. 22 Crores for the 11 FBS units to be installed in the Fourth Control Period. The cost for the balance 11 machines, if put to use in the Fourth Control Period, will be considered based on incurrence at the time of true up, subject to evaluation of efficiency and reasonableness. The maintenance cost of Rs. 0.51 crores per unit proposed by MIAL is to be considered as part of Operating and Maintenance Expenditure.

2C - Crash Fire Tender (Rs. 50 Crores)

MIAL's submission

6.3.224 MIAL has proposed the procurement of four new Crash Fire Tenders (CFTs) to replace the aging fleet currently in operation. Of the seven CFTs available at the CSMIA, four are due for replacement. MIAL has already placed a purchase order for two conventional CFTs and proposes to procure the remaining two as electric vehicle (EV) models, aligning with its goal of achieving net zero emissions.

Authority's examination regarding Crash Fire Tender at the Consultation Stage

6.3.225 The Authority reviewed MIAL's proposal and noted the importance of replacing aging Crash Fire Tenders for effective Aircraft Rescue and Fire Fighting (ARFF) services and for responding to emergency situations, such as aircraft accidents or fire incidents, and ensuring airport safety.

6.3.226 While the Authority concurred with the need to replace the four CFTs, it had reservations regarding MIAL's proposal to procure two of them as EV models. The Authority's analysis indicated that while EV CFTs align with environmental goals, they carry higher initial costs and, given their low frequency of use, offer limited benefits in terms of emission reductions. Further, the technology for EV CFTs is relatively untested for heavy-duty, safety-critical operations like emergency response at airports. Concerns also arise regarding the limited range, charging requirements, and potential performance issues, such as reduced agility and power due to the additional weight of the batteries. In emergency situations, the proven reliability of conventional fuel-based CFTs makes them a safer and more dependable option.

6.3.227 The Authority, through its Independent Consultant and based on the above analysis, proposed the procurement of four conventional CFTs rather than adopting EV models at this stage.

6.3.228 The Authority found the estimated cost of Rs 8.55 Crores per conventional CFT reasonable, based on the PO already placed for two CFTs. Therefore, the Authority proposed to consider a cost of Rs 34.20 Crores at Rs 8.55 Crores per CFT for four conventional CFTs during the Fourth Control Period.

2D – Refurbishment of Washrooms at Terminal 2 (Rs. 189 Crores):

MIAL's submission

6.3.229 MIAL has proposed the refurbishment of staff, passenger and public washrooms at T2, citing the need for extensive renovation due to heavy usage and aging of facilities. MIAL highlights that the washrooms have been in use for over a decade, serving approximately 1.5 lakh passengers daily. The refurbishment aims to demolish and redevelop the washrooms with upgraded fittings and fixtures to enhance hygiene, create a touchless experience, and improve resource efficiency in terms of water and power consumption.

Authority's examination regarding Refurbishment of Washrooms at Terminal 2 at the Consultation Stage

6.3.230 The Authority reviewed MIAL's proposal and agreed that there is heavy passenger traffic in certain zones of T2 and noted that the proposed refurbishment aligns with the airport's broader objective of maintaining hygiene and improving resource efficiency.

6.3.231 During the site visits conducted by the consultants appointed by the Authority, it was observed that public washrooms, particularly the ones near the forecourt, require full-scale renovation due to broken fixtures and water-seepage issues. While the condition of staff washrooms generally appeared better, the Authority identified areas where soft refurbishment may be required, such as the replacement of urinals and WC units. The Authority also noted that most passenger washrooms appear to be in good condition and may only require regular repair and maintenance.

6.3.232 In terms of cost, MIAL's proposal is based on market rates for estimated quantities, including contingency provision of 10% on overall cost.

6.3.233 The Authority's analysis is given category-wise as detailed below:

Public Washrooms

6.3.234 MIAL has proposed a refurbishment cost of Rs. 0.89 Crores per set for 14 sets of public washrooms, amounting to a total of Rs 12.46 Crores. The Authority recommended a cost per set to Rs. 0.81 crores after excluding contingency, resulting in a revised cost of Rs 11.37 Crores for 14 sets.

Staff Washrooms

6.3.235 MIAL has proposed a refurbishment cost of Rs. 1.81 Crores per set for 36 sets of staff washrooms, totaling Rs. 65.16 Crores. The Authority noted that while staff washrooms require refurbishment, the level of wear and tear observed was not as severe as that seen in public washrooms. Hence, the Authority recommended refurbishment at 50% of the proposed cost after excluding contingency, at Rs. 0.82 Crores per set, resulting in a total cost of Rs. 29.69 crores for 36 sets of staff washrooms.

Passenger Washrooms

6.3.236 MIAL has proposed a refurbishment of all passenger washrooms at a cost of Rs. 2.54 Crores per set for 41 sets, totaling Rs. 104.14 Crores. Based on the site visit, the Authority recommended a phased approach, focusing initially on high-priority areas such as arrival zones where passenger footfall is the highest, while deferring other zones to later phases. Accordingly, the Authority recommended a soft refurbishment of 14 sets in the arrival zone at 50% of the proposed cost after excluding contingency, resulting in a revised cost of Rs. 1.15 Crores per set for 14 sets at a total cost of Rs 16.17 Crores.

BBA/BMA Washrooms

6.3.237 For BBA/BMA washrooms, MIAL proposes a cost of Rs. 0.45 crores per set for 18 sets, totaling Rs. 7.31 Crores. The Authority, through its Independent Consultant / Aviation Expert, found the cost reasonable

based on similar works / market rates, and proposed allowing the cost after excluding contingency, resulting in a revised cost of Rs. 0.41 Crores per set for 18 sets at a total cost of Rs 7.31 Crores.

The table below summarizes the Authority's recommended costs for the refurbishment of various categories of washrooms at T2:

Table 209: Cost proposed by the Authority for Refurbishment of Washrooms at Terminal 2 at the Consultation Stage

(Rs. in crores)

Category	Cost / Unit	Number	Base Cost Proposed by the Authority
Public Washroom	0.81	14	11.37
Staff Washroom	0.83	36	29.69
Passenger Washroom	1.15	14	16.17
BBA/BMA Washroom	0.41	18	7.31
Cost recommended			**64.54**

2E - Transfer Hub Initiatives at Baggage Handling System at T2 (Rs. 190 Crores)

MIAL's submission

6.3.238 As part of its effort to enhance its operations as an international hub, MIAL has proposed several initiatives aimed at improving the Baggage Handling System (BHS) at T2 aimed at streamlining the handling of passenger baggage and minimizing operational bottlenecks. These initiatives include the Auto Sortation of Inbound Bags for International-to-Domestic (I-D) Transfers and the Enhancement of Early Bag Store (EBS) Capacity and Process.

6.3.239 MIAL's proposal for Auto Sortation of Inbound Bags is to address a key operational challenge. Currently, I-D transfer passengers are required to manually collect their baggage, clear customs, and re-drop the bags for onward domestic connections. This results in delays and increases Minimum Connect Time (MCT) for passengers. MIAL proposes the installation of an Auto Sortation System at a total cost of Rs. 100 Crores, which will automatically sort bags for I-D passengers and transfer them directly to the departure system after customs clearance. The system is expected to reduce MCT, enhance passenger convenience, and mitigate baggage mishandling risks, thereby improving the overall transfer experience.

6.3.240 MIAL has also proposed the enhancement of EBS capacity, which involves expanding the storage capacity at T2 from 715 bags to 2,500 bags. The current semi-automated process is unable to handle peak loads efficiently, especially during high traffic periods, where an average of 800-900 bags per hour are processed, and the maximum baggage load was recorded at 2,940 bags per day. The new fully automated EBS will facilitate the seamless storage, retrieval, and dispatch of bags, eliminating human errors and allowing for smoother operations, particularly for transfer passengers. The total cost for the EBS enhancement is estimated at Rs. 90 Crores.

Authority's examination regarding transfer hub initiatives at baggage handling system at T2 at the Consultation Stage

6.3.241 The Authority, through its Independent Consultant / Aviation Expert, noted the need to improve the baggage handling process at T2. The Auto Sortation system will benefit passengers by eliminating the manual intervention required at multiple stages. The direct transfer of cleared baggage to the departure system enhances passenger experience and reduces potential baggage handling errors. The Authority noted that the project involves the installation of 18 conveyor belts, and after reviewing market quotations, noted

that the cost per belt is approximately Rs. 5.6 Crores based on similar works at other airports, which brings the total project cost to Rs. 100 Crores.

6.3.242 Similarly, the EBS Enhancement project is expected to significantly improve operational efficiency by increasing capacity to handle up to 2,500 bags. MIAL has submitted that the current load on the semi-automated system often exceeds capacity, and the highest ever load was noted in July 2023 with 2,940 bags. The proposed automation will allow smoother handling of early bags and will support transfer operations at T2. On reviewing the cost, which includes civil works, conveyor systems, and integration with the BHS, the Authority found the proposed cost of Rs. 90 Crores reasonable and justified based on market rates / quotations obtained.

6.3.243 Accordingly, the Authority proposed to consider the entire cost of Rs. 190 Crores for Transfer Hub Initiatives as discussed above.

2F - Follow the Green (Rs. 200 Crores)

MIAL's submission

6.3.244 MIAL has proposed the "Follow the Greens" initiative, an advanced AI-based platform aimed at enhancing airside operational efficiency and safety by guiding aircraft along the taxiway using green lights on the centerline. This system is designed to provide real-time, intelligent guidance to pilots and Air Traffic Controllers, identifying the most optimal and conflict-free route for aircraft to take between the runway and the terminal.

6.3.245 MIAL has highlighted that this system, already in use at major international airports, will reduce human errors, enhance airside safety—particularly during adverse weather conditions like monsoons—and optimize runway and taxiway utilization. By minimizing potential conflicts and hazards, the system aims to significantly increase Aircraft Movement efficiency, targeting over 50+ ATMs during peak hours. Additionally, the system is expected to reduce the workload on ATC personnel by automating multiple processes.

Authority's examination regarding Follow The Green at the Consultation Stage

6.3.246 While the Authority supports new technology initiatives aimed at improving airside safety and efficiency, the Authority noted that this system is the first of its kind in India. The Follow The Green system requires extensive integration with the existing infrastructure controlled by ATC, and MIAL has only held preliminary discussions with the AAI regarding the project. Given the complexity of the project, the need for regulatory approvals from the DGCA and concurrence from AAI, the Authority proposed not to consider the capitalization at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

2G Self-Bag Drop (Rs. 222 Crores):

MIAL's submission

6.3.247 MIAL has proposed the installation of Self-Bag Drop (SBD) counters at T2 with conversion of all 201 conventional check-in counters into hybrid SBDs. This is to address challenges with conventional check-in counters, such as dependency on airline staff, inefficiencies, and congestion during peak hours. MIAL states that SBD counters will enhance flexibility and improve overall check-in efficiency by reducing manual interventions and errors, particularly during periods of high passenger load.

6.3.248 MIAL submits that SBD implementation is expected to improve passenger throughput, reduce congestion, and upgrade the related baggage handling and IT infrastructure for seamless operations. However, MIAL has not provided a detailed cost-benefit analysis to substantiate its proposal.

Authority's examination regarding self-bag drops at the Consultation Stage

6.3.249 The Authority reviewed MIAL's submission and recognizes that the implementation of SBD counters aligns with the goal of improving passenger experience and efficiency at T2. However, during a site inspection and based on review of usage logs, it was observed that the current usage of the SBDs is relatively low, with passengers continuing to use traditional bag-drop counters.

6.3.250 The Authority reviewed the cost estimation for the project. MIAL obtained a quotation in the Third Control Period (in October 2023) for the supply of 25 SBDs at a cost of Rs. 0.84 Crores per unit. Based on review of the Fixed Asset Register as of 31st March 2024, the Authority noted that these SBDs were capitalized at a cost of Rs. 1 Crores per unit in FY 2023-24. In the Fourth Control Period, MIAL proposed a cost of Rs. 0.90 Crores per SBD for 201 machines, totaling Rs. 180 Crores, with an additional Rs. 21 Crores proposed for the modification of the existing baggage handling system and Rs. 20 Crores for IT network upgrades. The blended rate proposed in the Fourth Control Period comes to Rs 1.1 Crores.

6.3.251 Based on market assessments and recent installations, the Authority found the quoted cost for SBD units to be reasonable. However, the Authority recommended a phased implementation approach, starting with 50 SBDs in this control period. This initial implementation will allow for testing and assessment of performance before scaling the deployment. Further deployment will be considered after reviewing the detailed usage logs and operational efficiency.

6.3.252 The Authority proposed the initial phase at a cost of Rs. 55 Crores for the installation of 50 SBD units, subject to further review upon completion of the initial phase.

2H - CT EDS (Rs.78 Crores)

MIAL's submission

6.3.253 MIAL proposes the replacement of existing EDT system to CT EDS to comply with the directives of BCAS vide Circular 11/2017.

6.3.254 MIAL has stated that the new system will be capable of generating 3D and sliced image of each bag scanned, threat alarms can be resolved one by one, image clearance will be issued only after all threats are cleared, automatic detection of explosives of all types by category such as Military, Commercial, Sheet & Density alert would be ensured and these CT-EDS machines will have TSA/ ECAC Standard-3 certified algorithm.

6.3.255 MIAL further stated that PO has already been placed for these items.

Authority's examination regarding CT-EDS at the Consultation Stage

6.3.256 This Authority noted that this project was approved in the Third Control Period for an amount of Rs.153.04 Crores and MIAL has spent Rs.63.56 Crores and installed 6 machines against total requirement of 12 machines. MIAL has carried forward this project to the Fourth Control Period and proposed a cost of Rs.78 Crores for balance 6 machines.

6.3.257 The Authority noted the need for this period and observed that MIAL has capitalized certain CT-EDS Machines in FY 2023-24 at a cost of Rs 10.53 / machine. Accordingly, the Authority proposed to consider

a cost of Rs 10.53 / machine for 6 machines, resulting in a total cost of Rs. 64 crores for 6 CT EDS machines in this control period.

2I - OPERATIONAL CAPEX PROPOSALS - PROJECTS LESS THAN RS. 50 CR (Rs 1,791.48 Crores)

6.3.258 MIAL has submitted various operational capex items below Rs. 50 Crores as per Table **210**, aimed at improving the overall functionality and efficiency of the airport. These items have been categorized into Airside Operations, Baggage Handling Systems (BHS), Electrical & Mechanical (E&M), Environment, Facilities, Horticulture, Information Technology (IT), Joint Control Centre (JCC), Landside operations, Safety, Security and Terminal Operations.

Table 210: Category wise operational capex proposed by MIAL for the Fourth Control Period for projects costing less than Rs. 50 Crores

(Rs. in crores)

S. No.	Category	Cost Proposed by MIAL	Number of Projects
1	Safety	183.10	22
2	IT	422.56	39
3	E & M	565.35	75
4	BHS	137.64	12
5	Airside operations	124.60	20
6	Environment	48.70	12
7	Facilities	58.30	4
8	Security	112.45	20
9	Terminal operations	108.87	21
10	Others – JCC, Horticulture and Landside Operations	29.90	17
	Total	**1,791.48**	**242**

Table 211: Operational Capex proposed by MIAL for the Fourth Control Period (for projects costing less than Rs. 50 crores)

(Rs in Crores)

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
1	2I-7	SITC of Windshear Detection & Warning System for RWY 09-27 & RWY 14-32	-	30.00	10.00	-	-	**40.00**	Safety
2	2I-17	Installation of Autonomous Runway Incursion Warning System for RWY 09-27 & RWY 14-32	5.00	5.00	5.00	5.00	5.00	**25.00**	Safety
3	2I-18	Installation of configuration - B RWY Guard Lights	3.00	3.00	3.00	3.00	3.00	**15.00**	Safety
4	2I-54	Development of ERP & Primary Aerodrome Emergency Control Center	-	15.00	-	-	-	**15.00**	Safety

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
5	2I-45	Construction of alternate Aerodrome Emergency Control Center	-	10.00	-	-	-	**10.00**	Safety
6	2I-47	Development of Miscellaneous Software for Digital Transformation	2.00	2.00	2.00	2.00	2.00	**10.00**	Safety
7	2I-50	Installation of Digital Bollards at Airside & Landside for enhancement of Safety	-	2.00	5.00	3.00	-	**10.00**	Safety
8	2I-63	Establishment of Safety Library & Safety Park	3.00	1.00	1.00	1.00	1.00	**7.00**	Safety
9	2I-65	SITC of Runway Condition Reporting Tool for (Software & Hardware) for RWY 14-32	3.00	1.00	1.00	1.00	1.00	**7.00**	Safety
10	2I-67	GPS & IoT Based Vehicle and Equipment Tracking System at Airside	-	3.60	3.00	-	-	**6.60**	Safety
11	2I-87	Development of Safety Videos and Safety Training Modules	1.00	1.00	1.00	1.00	1.00	**5.00**	Safety
12	2I-88	Development of VR (Virtual Reality) / AR (Augmented Reality) Training Center for Runway Incursion Awareness & Prevention.	-	3.00	2.00	-	-	**5.00**	Safety
13	2I-94	SITC of LIDAR based Vehicle Speed Tracking & Warning System with Cameras & Display Screen in Airside and Landside	2.00	3.00	-	-	-	**5.00**	Safety
14	2I-101	Development of Emergency Management Solution (Software & Hardware)	3.00	1.50	-	-	-	**4.50**	Safety
15	2I-110	Installation of Runway Threshold Identification Lights	1.00	1.00	1.00	1.00	-	**4.00**	Safety
16	2I-112	Procurement of Go-Kits for Emergency Response Team	1.00	1.00	1.00	1.00	-	**4.00**	Safety
17	2I-130	Software for Safety Management System	3.00	-	-	-	-	**3.00**	Safety
18	2I-141	Development of Software for BA Test Scheduling Monitoring and Reporting	2.50	-	-	-	-	**2.50**	Safety

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S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
19	2I-146	Procurement of Safety and Miscellaneous Equipment for Safety Department	0.50	0.50	0.50	0.50	0.50	**2.50**	Safety
20	2I-211	SITC of Lightning Warning System at CSMIA	1.00	-	-	-	-	**1.00**	Safety
21	2I-225	SITC of Automatic Weather Monitoring Stations for RWY 09 & RWY 32	0.50	-	-	-	-	**0.50**	Safety
22	2I-226	SITC of Vehicle mounted mobile RWY Water Depth Measuring Tool	0.50	-	-	-	-	**0.50**	Safety
		Safety						**183.10**	
23	2I-2	5G Implementation	49.80	-	-	-	-	**49.80**	IT
24	2I-3	Tech Refresh and new - Access Layer Switches	35.00	14.00	-	-	-	**49.00**	IT
25	2I-4	Digi Yatra	40.00	1.00	1.00	1.00	1.00	**44.00**	IT
26	2I-232	Video Walls and Tensa Top Displays for JCC, arrivals area and security check	40.00	-	-	-	-	**40.00**	IT
27	2I-10	Laptop/Desktops	9.40	7.00	6.90	7.00	6.00	**36.30**	IT
28	2I-15	2 new Networking zones - Core & Distribution Layer switches	24.00	3.00	-	-	-	**27.00**	IT
29	2I-22	Situational awareness for Airside & Terminal-APOC	20.00	-	-	-	-	**20.00**	IT
30	2I-28	Contribution to Digi Yatra Foundation	3.15	3.15	3.15	3.15	3.15	**15.75**	IT
31	2I-42	Smart Airport Platform	10.50	1.50	-	-	-	**12.00**	IT
32	2I-38	Airside Duct bank strengthening and secondary route for ATC.	6.00	2.00	2.00	1.20	-	**11.20**	IT
33	2I-30	Video Analytics	2.10	2.10	2.10	2.10	2.10	**10.50**	IT
34	2I-43	Digital Twin	2.00	4.00	4.00	-	-	**10.00**	IT
35	2I-46	Data center facility for hosting 5G backend equipment including 2G,3G & 4G	8.00	2.00	-	-	-	**10.00**	IT
36	2I-51	Passenger Flow Management system	6.00	4.00	-	-	-	**10.00**	IT
37	2I-57	Tech Refresh- New Optical Fibre network	-	4.00	4.00	-	-	**8.00**	IT
38	2I-62	Data Center for hosting Edge platforms	5.00	2.00	-	-	-	**7.00**	IT
39	2I-73	Tech Refresh - Firewalls and router	6.00	-	-	-	-	**6.00**	IT

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
40	2I-78	Web app frameworks with basic capabilities	3.30	2.20	-	-	-	**5.50**	IT
41	2I-95	Software License	1.00	1.00	1.00	1.00	1.00	**5.00**	IT
42	2I-96	Tech Refresh LED screen	2.00	2.00	1.00	-	-	**5.00**	IT
43	2I-97	Telecom Hub room revamp	1.00	4.00	-	-	-	**5.00**	IT
44	2I-108	IB Upgrade	4.00	-	-	-	-	**4.00**	IT
45	2I-109	IIOT+ Platform with Self service capability	3.00	1.00	-	-	-	**4.00**	IT
46	2I-117	Unified Communication	3.70	-	-	-	-	**3.70**	IT
47	2I-126	Existing Data Centre Hardware Upgrade	1.00	1.00	1.00	-	-	**3.00**	IT
48	2I-12	e-Passport Integration	0.50	0.50	0.50	0.50	0.50	**2.50**	IT
49	2I-140	Data Analytics	2.50	-	-	-	-	**2.50**	IT
50	2I-143	Tech Refresh of Ceremonial Lounge	2.50	-	-	-	-	**2.50**	IT
51	2I-158	Additional FIDS in Passenger Areas	0.40	0.40	0.40	0.40	0.40	**2.00**	IT
52	2I-159	Additional Phones-AED, Emergency and Help	2.00	-	-	-	-	**2.00**	IT
53	2I-162	Digital Transformation using IoT/AI enabled devices-SW/HW Licenses, Cloud, networking.	0.50	0.50	0.50	0.50	-	**2.00**	IT
54	2I-231	Mobility solution for staff	2.00	-	-	-	-	**2.00**	IT
55	2I-192	Data Storage	1.20	-	-	-	-	**1.20**	IT
56	2I-193	ASMGCS Interface development	1.20	-	-	-	-	**1.20**	IT
57	2I-197	Additional VoIP phones for Airlines and staff	0.50	0.50	-	-	-	**1.00**	IT
58	2I-204	Outdoor Wi-Fi Tech Extension for Passengers	0.50	0.50	-	-	-	**1.00**	IT
59	2I-228	Tech Refresh - Fiber backbone and passive Infrastructure for Network	0.44	-	-	-	-	**0.44**	IT
60	2I-229	Tech Refresh - Video wall screens in SOCC, BHS	0.30	-	-	-	-	**0.30**	IT
61	2I-242	PM Wani (Prime Minister's Wireless Access Network)	0.18	-	-	-	-	**0.18**	IT
		IT						**422.56**	
62	2I-1	Miscellaneous works - E&M	18.00	18.00	18.00	18.00	18.00	**90.00**	E&M

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
63	2I-8	E&M-4_Replacement of 129 AVDGS	40.00	-	-	-	-	**40.00**	E&M
64	2I-9	Replacement of chillers and cooling towers	2.75	-	5.68	30.00	-	**38.43**	E&M
65	2I-13	Rubber & Paint removal machine	15.00	15.00	-	-	-	**30.00**	E&M
66	2I-14	SITC of CCTV's for PBB safety and smooth operations control at CSMIA	29.00	-	-	-	-	**29.00**	E&M
67	2I-16	Conversion of conventional fuel vehicles/equipment into EVs	-	-	5.00	10.00	10.00	**25.00**	E&M
68	2I-21	Refurbishment of sliding doors	4.00	4.00	4.00	4.00	4.00	**20.00**	E&M
69	2I-233	ACDM [Training & Purchase of Software]	10.00	10.00	-	-	-	**20.00**	E&M
70	2I-234	Project Olakh Implementation at T2 PESC- Phase I	20.00	-	-	-	-	**20.00**	E&M
71	2I-29	Out of life replacement of HT/LT panels, UPS batteries, ATS, circuit breakers and other accessories	3.00	3.00	3.00	3.00	3.00	**15.00**	E&M
72	2I-48	Digitalization and provision of asset management system	3.00	3.00	2.00	5.00	2.00	**15.00**	E&M
73	2I-35	Out of life replacement and installation of additional lights & fixtures at CSMIA	2.40	2.40	2.40	2.40	2.40	**12.00**	E&M
74	2I-36	SITC of AHU for FLB at T2, CSMIA.	2.40	2.40	2.40	2.40	2.40	**12.00**	E&M
75	2I-55	Modification and building of new office spaces along with ancillary works	1.80	1.80	1.80	1.80	1.80	**9.00**	E&M
76	2I-56	Airside Pavement Analysis	-	2.00	2.00	2.00	2.00	**8.00**	E&M
77	2I-58	Casualty Center	8.00	-	-	-	-	**8.00**	E&M
78	2I-59	PBB (TKS make) canopy replacement-32 no's to enhance life	1.50	1.60	1.71	1.83	1.12	**7.76**	E&M
79	2I-60	Retrofit of Cooling Tower fan & gearbox with direct driven EC fan in chiller plant, Utility complex, CSMIA.	-	5.50	2.00	-	-	**7.50**	E&M
80	2I-66	Upgrade and Retrofit of primary, secondary and condenser pumps in	3.00	-	4.00	-	-	**7.00**	E&M

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		chiller plant, Utility complex, T2, CSMIA.							
81	2I-68	Retrofit of EC fan phase-IV for AHU at Terminal-2, CSMIA.	6.50	-	-	-	-	**6.50**	E&M
82	2I-70	Installation of Prepaid energy meter	0.30	1.50	1.50	1.50	1.50	**6.30**	E&M
83	2I-72	Refurbishment of roof at CSMIA	1.20	1.20	1.20	1.20	1.20	**6.00**	E&M
84	2I-76	PBB (Shinmaywa make) canopy replacement-25 no's to enhance life	0.97	1.05	1.12	1.20	1.28	**5.62**	E&M
85	2I-82	SITC of UF & RO membrane	1.24	-	-	-	3.92	**5.16**	E&M
86	2I-86	Construction of PSS at airside	5.00	-	-	-	-	**5.00**	E&M
87	2I-89	Energy Saving and ESG projects	1.00	1.00	1.00	1.00	1.00	**5.00**	E&M
88	2I-98	Upgradation of flooring within terminal	1.00	1.00	1.00	1.00	1.00	**5.00**	E&M
89	2I-236	T2 Ground level landside works	5.00	-	-	-	-	**5.00**	E&M
90	2I-102	Out of life replacement of all pumps at STP & T2 pumping system.	1.50	1.00	1.00	1.00	-	**4.50**	E&M
91	2I-113	Replacement of airside LT cables	-	2.00	2.00	-	-	**4.00**	E&M
92	2I-114	Upgradation of water feature and submersible pumps and motors	-	-	2.00	1.00	1.00	**4.00**	E&M
93	2I-116	Replacement of VESDA Controller (ELEX/FAS/02)	0.80	0.53	1.07	1.43	-	**3.83**	E&M
94	2I-119	Installation of additional UF plant in STP (For ZLD purposed)	-	-	-	3.50	-	**3.50**	E&M
95	2I-121	Replacement of DG sets at airside	-	-	1.60	1.60	-	**3.20**	E&M
96	2I-123	Out of life replacement - Automatic Rescue Device	1.40	1.61	-	-	-	**3.01**	E&M
97	2I-124	Civil Strengthening works of T1A	1.50	1.50	-	-	-	**3.00**	E&M
98	2I-125	Civil Strengthening works of T1B	1.50	1.50	-	-	-	**3.00**	E&M
99	2I-132	Upgradation of Automatic Rescue Device	1.00	1.00	1.00	-	-	**3.00**	E&M
100	2I-237	Waterproofing works at T2	3.00	-	-	-	-	**3.00**	E&M
101	2I-133	Purchase of new AWP machine	-	1.25	1.60	-	-	**2.85**	E&M

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
102	2I-135	Installation of Regenerative based drives in place of VFDs	0.65	1.30	0.84	-	-	**2.79**	E&M
103	2I-137	Out of life replacement of streetlight poles, fittings and feeder pillars	0.45	0.45	0.56	0.56	0.63	**2.65**	E&M
104	2I-142	Implementation of Cyber Security Compliance for SCADA/BMS/Chiller System	1.00	1.50	-	-	-	**2.50**	E&M
105	2I-145	New Transformer Pits, replacing old Transformer Pit covers, Cable trays.	-	1.00	1.50	-	-	**2.50**	E&M
106	2I-147	Replacement of transformers	-	-	-	1.00	1.50	**2.50**	E&M
107	2I-148	Structural repairs of Buildings in utility complex	1.00	1.50	-	-	-	**2.50**	E&M
108	2I-149	Supply and installation of F 900 grade FRP covers in place of old Gatic covers- 90 Nos in the Phase II	2.50	-	-	-	-	**2.50**	E&M
109	2I-238	DFMD Replacement with Networking OEM [NS 13-Sep]	2.50	-	-	-	-	**2.50**	E&M
110	2I-153	Provision of Additional VHF and Airband Base station, Handheld R/T as per operational requirement	0.80	0.50	0.50	0.50	-	**2.30**	E&M
111	2I-154	Provision of Public Health Engineering (PHE) and drainage modification works	0.45	0.45	0.45	0.45	0.45	**2.25**	E&M
112	2I-155	IOT based lighting system	-	-	-	0.60	1.50	**2.10**	E&M
113	2I-164	Implementation of IOT at Airside (AAMS) including geo tagging of assets	2.00	-	-	-	-	**2.00**	E&M
114	2I-166	Refurbishment of flexible pavement	2.00	-	-	-	-	**2.00**	E&M
115	2I-167	Replacement of 1000 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	2.00	-	-	-	-	**2.00**	E&M
116	2I-168	Replacement of Coarse & Fine Screen	1.00	1.00	-	-	-	**2.00**	E&M
117	2I-169	Retrofitting of Emission Control Device (RECD) in DG sets at Airside as	1.00	1.00	-	-	-	**2.00**	E&M

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		per MPCB compliance at Airside.							
118	2I-171	Upgradation of photometric equipment and workshop at CCR	-	1.00	-	-	1.00	**2.00**	E&M
119	2I-176	Replacement of 1010 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	1.75	-	-	-	-	**1.75**	E&M
120	2I-177	Replacement of 625 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	1.75	-	-	-	-	**1.75**	E&M
121	2I-179	Out of life replacement of high mast lights and other light fixtures	-	0.40	0.40	0.40	0.40	**1.60**	E&M
122	2I-184	Civil Strengthening works near bus boarding gate T1	1.50	-	-	-	-	**1.50**	E&M
123	2I-186	Replacement of Air compressors of STP plant	1.40	-	-	-	-	**1.40**	E&M
124	2I-187	Replacement of Door Panels in passenger & trolley elevators	1.00	0.10	0.10	0.10	-	**1.30**	E&M
125	2I-188	Provision of polycarbonate sheet at various locations at T2	1.30	-	-	-	-	**1.30**	E&M
126	2I-189	Provision of Sequential Flashing Light on RWY 09	1.30	-	-	-	-	**1.30**	E&M
127	2I-194	PLC system upgradation of STP plant	0.30	0.90	-	-	-	**1.20**	E&M
128	2I-198	Augmentation of the Essential panel at T1C	1.00	-	-	-	-	**1.00**	E&M
129	2I-199	CCR Workshop upgradation with all equipment	1.00	-	-	-	-	**1.00**	E&M
130	2I-200	Install IOT base LCMS system	0.50	0.50	-	-	-	**1.00**	E&M
131	2I-207	Reconstruction of critical junction from flexible to rigid pavement	1.00	-	-	-	-	**1.00**	E&M
132	2I-208	Replacement of AC units at CSMIA	0.20	0.20	0.20	0.20	0.20	**1.00**	E&M
133	2I-209	Replacement of old panels, circuit breakers and other accessories	-	-	-	0.50	0.50	**1.00**	E&M
134	2I-210	Replacement of UPS batteries	-	-	0.50	0.50	-	**1.00**	E&M
135	2I-213	Upgradation of CCR software's - ILCMS, ALCMS etc.	-	0.50	-	-	0.50	**1.00**	E&M

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
136	2I-214	Upgradation of MT workshop equipment	0.25	-	0.25	0.25	0.25	**1.00**	E&M
		E&M						**565.35**	
137	2I-6	Refurbishment of BHS mechanical, Electrical, Controls - EOL, wear & tear	5.00	5.00	10.00	10.00	10.00	**40.00**	BHS
138	2I-20	Energy management and predictive maintenance initiatives & redundancy building	4.50	4.50	4.50	4.50	4.50	**22.50**	BHS
139	2I-24	System/ Process improvements of BHS	5.00	5.00	5.00	2.00	2.00	**19.00**	BHS
140	2I-26	BHS-6_Creation of additional build up belts to enhance the make-up capacity to support additional flights	17.99	-	-	-	-	**17.99**	BHS
141	2I-34	BHS- IT: EOL replacements, Integrations with third party, Patch updates , Cyber requirements, etc	1.50	-	0.50	10.00	-	**12.00**	BHS
142	2I-44	Civil works in Baggage Hall (Concrete Panel Replacement, Fabric canopy , Refurbishment of screener's room)	2.00	2.00	2.00	2.00	2.00	**10.00**	BHS
143	2I-90	Integration with third party systems & digitization	1.00	1.00	1.00	1.00	1.00	**5.00**	BHS
144	2I-120	BHS-242-Ventilation in Baggage Make up hall-Exhaust and fresh air system	3.30	-	-	-	-	**3.30**	BHS
145	2I-122	QHSE requirements for BHS T2	2.00	0.50	0.20	0.20	0.20	**3.10**	BHS
146	2I-138	Baggage Tubs (Baggage Tubs including modification's & handling accessories)	0.50	0.50	0.50	0.50	0.50	**2.50**	BHS
147	2I-182	BHS-32_To modify BHS to integrate the new CTEDS machines when replaced as per BCAS compliance	1.50	-	-	-	-	**1.50**	BHS
148	2I-220	Refurbishment of centralized screening room of Customs	0.75	-	-	-	-	**0.75**	BHS
		BHS						**137.64**	
149	2I-11	ULD racking system	-	33.70	-	-	-	**33.70**	Airside Operations

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
150	2I-23	Flexi barrier for airside	20.00	-	-	-	-	**20.00**	Airside Operations
151	2I-32	Bird detection and deterrence system	12.75	-	-	-	-	**12.75**	Airside Operations
152	2I-39	Airside Video Surveillance	11.00	-	-	-	-	**11.00**	Airside Operations
153	2I-52	Simulator for ARFF	10.00	-	-	-	-	**10.00**	Airside Operations
154	2I-79	Canteen facility	5.40	-	-	-	-	**5.40**	Airside Operations
155	2I-84	ARFF control center	-	5.00	-	-	-	**5.00**	Airside Operations
156	2I-99	Airside Operations Equipment	1.00	1.00	1.00	1.00	1.00	**5.00**	Airside Operations
157	2I-128	Runway painting machine	3.00	-	-	-	-	**3.00**	Airside Operations
158	2I-129	Runway sweeping machine	3.00	-	-	-	-	**3.00**	Airside Operations
159	2I-195	Forward command post	2.50	-	-	-	-	**2.50**	Airside Operations
160	2I-151	Runway sweeping machine	2.45	-	-	-	-	**2.45**	Airside Operations
161	2I-160	Airport Surface Movement Application (ASMA) Phase 3	2.00	-	-	-	-	**2.00**	Airside Operations
162	2I-170	Runway surface friction testing machine	-	2.00	-	-	-	**2.00**	Airside Operations
163	2I-185	Stand cleaning machine	1.50	-	-	-	-	**1.50**	Airside Operations
164	2I-191	Runway friction tester	1.25	-	-	-	-	**1.25**	Airside Operations
165	2I-196	Procurement of Fire Hoses	0.35	0.25	0.15	0.15	0.15	**1.05**	Airside Operations
166	2I-206	Procurement of 02 Small Fire Tenders	-	1.00	-	-	-	**1.00**	Airside Operations
167	2I-215	Airside Video Surveillance (Phase 2)	1.00	-	-	-	-	**1.00**	Airside Operations
168	2I-216	SITC of Internal Modification of Follow Me vehicles	1.00	-	-	-	-	**1.00**	Airside Operations
		Airside Operations						**124.60**	
169	2I-19	Zero Liquid Discharge on STP water	25.00	-	-	-	-	**25.00**	Environment
170	2I-31	Noise Monitoring Station	5.70	-	-	-	-	**5.70**	Environment
171	2I-103	Roof top Solar on CSMIA	4.20	-	-	-	-	**4.20**	Environment
172	2I-107	Electric Vehicle Charging Stations (air side)	-	1.00	1.00	1.00	1.00	**4.00**	Environment
173	2I-157	Conversion of ACs and Water Coolers (R22 to R32, R134A and R410	1.00	0.25	0.25	0.25	0.25	**2.00**	Environment

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		A) to lower GWP (Global Warming Potential) version							
174	2I-161	Bus - BDDS & DOG SQUAD	-	2.00	-	-	-	**2.00**	Environment
175	2I-178	Climate Risk Assessment Adaptation (Adaptation of Identified risk and opportunity)	0.10	0.50	0.50	0.50	-	**1.60**	Environment
176	2I-180	Biodiversity impact assessment adaptation (Adaptation of Identified risk and opportunity)	0.05	0.50	0.50	0.50	-	**1.55**	Environment
177	2I-212	SUV - QRT/Security (Bullet-proof)	-	1.00	-	-	-	**1.00**	Environment
178	2I-217	Water Conservation measures (Water harvesting, Optimization of fittings and fixtures etc.)	0.05	0.15	0.35	0.10	0.20	**0.85**	Environment
179	2I-222	Truck - Highlift 909	-	0.60	-	-	-	**0.60**	Environment
180	2I-230	Waste management certification and initiative (Waste management initiative.)	0.05	0.05	0.05	0.05	-	**0.20**	Environment
		Environment						**48.70**	
181	2I-5	Replacement of Carpet and Ceiling panels in T 2 Arrival corridor.	14.10	14.10	14.10	-	-	**42.30**	Facilities
182	2I-75	Refurbishment of flooring in Departure level	-	2.00	2.00	2.00	-	**6.00**	Facilities
183	2I-83	High Rise cleaning Machines	1.00	1.00	1.00	1.00	1.00	**5.00**	Facilities
184	2I-85	Cleaning Machines replacement	1.00	1.00	1.00	1.00	1.00	**5.00**	Facilities
		Facilities						**58.30**	
185	2I-25	QRT Equipments As per AvSec Circular 04/2023 - 18 Nos of special QRT Equipment - Approx 15 Cr.FY25 Bullet proof jacket 362 nos. - 1.41 Cr. FY28 Bullet proof helmets 362 nos. - 0.31 Cr. FY28 Bullet proof jacket cover-Additional 362 nos. - 0.20 Cr. FY28 BR shield Morcha - 1.20 Cr. (0.60 Cr. considered in FY25 & FY26)	15.60	0.60	-	1.92	-	**18.12**	Security

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
186	2I-33	CISF and Operational requirement Mobile phone, Air conditioners, Mess utensils, RO plants, Refrigerator, Television, Chairs / Furniture, Metal Barricades, Metal Sign boards, Chairs/Furniture, Projector with screen & speakers, Waterfilled Plastic Barricades, Hot & Cold water dispenser, Cement barricades, Furniture & Fixtures, Carpeting of Floor, ATRs Trays, Almirah, Staff Lockers, Fans (ceiling, cabin, pedestrian & exhaust, tubelights), Garden Umbrella, SRI Box, etc.	2.50	2.50	2.50	2.50	2.50	**12.50**	Security
187	2I-40	Bollard / Barrier / Tyre killer Tyre killer per unit - 0.40 Cr. Bollard per unit - 0.60 Cr. Barrier per unit -0.03 Cr	3.18	2.12	1.06	3.18	1.06	**10.60**	Security
188	2I-53	CCTV Cameras	9.34	-	-	-	-	**9.34**	Security
189	2I-64	Refurbishment of SOCC (Security Operations Control Centre)	2.33	2.33	2.33	-	-	**7.00**	Security
190	2I-71	Dual View XBIS (4 No of Machines per alternate year-per unit 0.50 Cr.)	2.00	-	2.00	-	2.00	**6.00**	Security
191	2I-74	PIDS - Razor Mesh for Perimeter	6.00	-	-	-	-	**6.00**	Security
192	2I-77	ATRS Trays	5.50	-	-	-	-	**5.50**	Security
193	2I-80	Relocation of ASTI	2.68	2.68	-	-	-	**5.36**	Security
194	2I-81	Miscellaneous	1.25	1.00	1.00	1.00	1.00	**5.25**	Security
195	2I-100	Security Equipment's (Explosive Trace Detector, Door Frame Metal Detector, Hand Held Metal Detector, Combined Test Piece & Operational Test Piece)	1.33	0.45	1.00	0.55	1.43	**4.75**	Security
196	2I-240	Access Control System	4.20	-	-	-	-	**4.20**	Security

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
197	2I-104	Refurbishment & Digitalization of ILBHS	4.01	-	-	-	-	**4.01**	Security
198	2I-136	Furniture & Fixtures_ CISF Duty Post, Security Hold Area & Secondary Ladder Point Check, etc	0.51	0.51	0.56	0.56	0.62	**2.77**	Security
199	2I-152	Security Infrastructure - Single storey duty post (20 Nos - 2.00 Cr), Bunker for storing explosives (0.20 cr) Washroom facility with water pipeline for airside gates & ghumti (40 Nos - 1.00 Cr). Refurbishment of Anti Hijacking Control Room, PortaCabin (40x10) 06 Nos & (10x10) - 02 Nos, Replacement of Morcha - 07 Nos.	0.46	0.65	0.53	0.46	0.20	**2.31**	Security
200	2I-156	BDDS Equipment Fiber Optics Surveillance Device (FOSD) - 01 No - 0.08 cr. FY25. Bomb Suit - 01 No. - 0.32 cr (FY26). NLJD - 01 No. - 0.10 cr (FY27). RTVS - 01 No.- 0.43 cr. (FY27). GSM & Frequency Jammer - 0.76 Cr (FY25) Recoiless Water Jet Distruptor - 0.36 (FY25)	1.20	0.32	0.53	-	-	**2.05**	Security
201	2I-241	ROIP-Radio over internet protocol to replace existing TMRS set up	2.00	-	-	-	-	**2.00**	Security
202	2I-172	Automation - RLCC using AI Module, Genetec licences,ISMS, MANTRA (VMS), ACPL	1.90	-	-	-	-	**1.90**	Security
203	2I-174	Expansion of T2 AEP Section	-	1.80	-	-	-	**1.80**	Security
204	2I-203	Network installation at CISF offices (Wifi)	1.00	-	-	-	-	**1.00**	Security
		Security						**112.45**	
205	2I-27	Signage Modification	10.00	7.00	-	-	-	**17.00**	Terminal Operations

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S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
206	2I-37	Customs Requirement- To detect Contraband stuff/Artificial Intelligence: 1) Full Body Scanner (2 Nos) 2) Millimeter Wave Body Sanner (2) 3) Narcotics Drugs Trace Detector (2) 4) Gold Spactrometer Device (2) 5) Artificial intelligence application/Soft Ware (motion sensor) 6) Artificial narcotics scent kit	-	5.00	5.00	1.40	-	**11.40**	Terminal Operations
207	2I-41	Replacement of Trolleys	5.25	5.25	-	-	-	**10.50**	Terminal Operations
208	2I-49	Furniture and Fixtures, for Customs & Immigration & Terminal	2.00	2.00	2.00	2.00	2.00	**10.00**	Terminal Operations
209	2I-61	RFID Tag Reader - Trolleys (Trolley management system)	-	3.70	3.70	-	-	**7.40**	Terminal Operations
210	2I-69	Boarding Gate passenger seating	6.50	-	-	-	-	**6.50**	Terminal Operations
211	2I-91	Interior works for Reserve Lounges	1.00	1.00	1.00	1.00	1.00	**5.00**	Terminal Operations
212	2I-92	Miscellaneous-Refurbishment	1.00	1.00	1.00	1.00	1.00	**5.00**	Terminal Operations
213	2I-235	Mesh (Additional Works)	5.00	-	-	-	-	**5.00**	Terminal Operations
214	2I-105	CT X Ray Machines of Customs Green Channel	4.00	-	-	-	-	**4.00**	Terminal Operations
215	2I-106	Customs Green Channel Screening area (Expansion)	4.00	-	-	-	-	**4.00**	Terminal Operations
216	2I-115	Terminal Operations (Equipment and Miscellaneous Capex)	0.80	0.80	0.80	0.80	0.80	**4.00**	Terminal Operations
217	2I-118	New Reserved lounges for Departing Pax	3.70	-	-	-	-	**3.70**	Terminal Operations
218	2I-127	Digital Standee	1.50	1.50	-	-	-	**3.00**	Terminal Operations
219	2I-139	Civil and Electrical work in existing spaces and new creation of spaces	0.50	0.50	0.50	0.50	0.50	**2.50**	Terminal Operations
220	2I-163	Hand baggage Trolleys	1.00	1.00	-	-	-	**2.00**	Terminal Operations
221	2I-173	Goodness Café 2.0/Airline cafeteria	1.82	-	-	-	-	**1.82**	Terminal Operations

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
222	2I-175	Vestibule Carpet mats (35 nos) (Replacement)	-	-	-	-	1.80	**1.80**	Terminal Operations
223	2I-183	Chairs (Slumber)	-	-	1.50	-	-	**1.50**	Terminal Operations
224	2I-239	Vestibule carpet	1.50	-	-	-	-	**1.50**	Terminal Operations
225	2I-190	Golf Carts	-	0.35	-	0.60	0.30	**1.25**	Terminal Operations
		Terminal Operations						**108.87**	
226	2I-111	New planters and landscape elements, horticulture material supply & its installations for CSMIA at various location.	0.50	0.50	1.00	1.00	1.00	**4.00**	Others - Horticulture
227	2I-131	Unique plants/ Accent plants/ plant supply for various locations of CSMIA.	0.50	0.50	0.50	0.70	0.80	**3.00**	Others - Horticulture
228	2I-150	Tree plantation drive.	0.50	0.50	0.50	0.50	0.50	**2.50**	Others - Horticulture
229	2I-165	Irrigation material, sensors & irrigation software & Mobile APP etc with installations.	0.30	0.30	0.30	0.30	0.80	**2.00**	Others - Horticulture
230	2I-181	Consultancy services & execution of Road network & infrastructure within plant nursery.	1.00	0.50	-	-	-	**1.50**	Others - Horticulture
231	2I-205	Portable green walls/ Hanging planters/ floating planters for commercial activities/ special event.	-	0.20	0.50	0.30	-	**1.00**	Others - Horticulture
232	2I-219	New nursery office container with interior and storage provision.	-	-	0.75	-	-	**0.75**	Others - Horticulture
233	2I-223	Greenwall structure for backup at nursery for T2 & GA terminal.	0.20	0.30	-	-	-	**0.50**	Others - Horticulture
234	2I-224	Hydraulic hand pallet trolley/rack/ nursery benches.	0.20	0.30	-	-	-	**0.50**	Others - Horticulture
235	2I-227	Solar Unit installations at nursery	0.50	-	-	-	-	**0.50**	Others - Horticulture
		Others - Horticulture						**16.25**	
236	2I-93	Replicating JCC for business continuity	-	5.00	-	-	-	**5.00**	Others - JCC
237	2I-201	Installation of video phones as Help Phones (about 40 help phones)	1.00	-	-	-	-	**1.00**	Others - JCC
		Others - JCC						**6.00**	

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
238	2I-134	SITC & Upgradation of UVSS (07 nos)	2.80	-	-	-	-	**2.80**	Others - Landside Operations
239	2I-144	Miscellaneous expenses - Landside (Seater benches, Heavy Duty Garden Umbrella, Mobile phones for shift Duty, Replacement of Light Fittings, Refurbishment of Porta Cabin)	0.50	0.50	0.50	0.50	0.50	**2.50**	Others - Landside Operations
240	2I-202	Major repair of Wall from Gate no. 9 to Airport Exit (Rs. 60,000/- for 166 mt)	1.00	-	-	-	-	**1.00**	Others - Landside Operations
241	2I-218	Metal Barricades (collapsible & fixed structure)- 150 nos each	-	0.23	-	0.25	0.27	**0.75**	Others - Landside Operations
242	2I-221	Development of new green fence including irrigation, civil & electrical work at T1 & T2	0.60	-	-	-	-	**0.60**	Others - Landside Operations
		Others - Landside Operations						**7.65**	

6.3.259 The Authority reviewed MIAL's submission on the need and cost for these projects. The Authority noted the importance of these projects, particularly in areas that ensure the continued safety and security of the airport's operations. The Authority also fully supports the environmental and technological initiatives and with MIAL's ambition to align with global standards.

6.3.260 However, after a review of the necessity, timing, and the scale of proposed capital expenditure, the Authority noted that MIAL's capex proposals appear to be higher than anticipated requirements. Considering that T1 is going under reconstruction in this control period, and considering Terminal 2 is only about 10 years old, the need for certain proposed projects is deemed less critical. The Authority is mindful of the substantial financial implications of these proposals and believes that MIAL's capital expenditure needs to be managed efficiently without compromising the airport's operations or passenger experience.

6.3.261 In this context, while the Authority supports the critical projects, it is recommended that a phased approach be adopted. Projects linked to safety, security, and environmental compliance, which are of utmost importance, should be prioritized and completed without delay. Other projects, particularly those involving upgrades or enhancements that do not present immediate operational needs, can be deferred for later implementation in the next control periods.

6.3.262 The Authority had undertook a review of the projects submitted by MIAL in each category. After careful consideration of the justifications provided, the Authority identified certain projects that are either proposed to be deferred or proposed not considered for this Control Period. These projects are analyzed in detail in the respective sections of this Tariff Order.

6.3.263 For the remaining projects within each category, the Authority proposed approving a percentage of the cost based on its assessment of the project's need and cost. The Authority ensured that all approved projects are proportionately phased within the Control Period to ensure a balanced and efficient capital expenditure program.

6.3.264 The Authority directed MIAL to submit a work-item wise comparison between the operational capex submitted by MIAL as part of the MYTP of the Fourth Control Period and the actual operational capex incurred in the Fourth Control Period in its MYTP submission of the Fifth Control Period.

Operational Capex - Safety (Rs 183.10 Crores)

6.3.265 In the following table, the Authority highlights specific observations regarding the proposed projects under the category "Safety":

Table 212: Authority's evaluation of certain projects proposed under the category "Safety"

(Rs. in crores)

S. No.	Project Name	Base Cost	MIAL' Submission	Authority's Analysis
2I-17	Installation of Autonomous Runway Incursion Warning System for RWY 09-27 & RWY 14-32	25.00	The installation of an Autonomous Runway Incursion Warning System for Runway 09-27 and Runway 14-32 is imperative to enhance runway safety. This project aims to mitigate the risk of runway incursions, to minimize the number of RWY Incursion at CSMIA and ensuring proactive detection and warning mechanisms, thereby safeguarding runway operations and reducing the potential for aircraft incident / accidents.	The Authority reviewed the proposal and recognizes the importance of enhancing runway safety. However, it noted that the current manual systems in place are deemed adequate for managing runway incursions at this time. Furthermore, the cost-benefit analysis provided by MIAL did not sufficiently justify the immediate need for an automated system. While the Authority noted the potential benefits of an autonomous system, it proposed considering this project in the next control period.
2I-45	Construction of alternate Aerodrome Emergency Control Center	10.00	The construction of an Alternate Aerodrome Emergency Control Center is imperative to enhance emergency response and business resilience by providing a back-up AECC in case of emergent requirements. This project ensures continuous and reliable emergency response capabilities, mitigates risks associated with unforeseen events, and strengthens the overall preparedness of the aerodrome, safeguarding both personnel and assets.	The Authority noted the importance of ensuring robust emergency response mechanisms. However, the Authority noted that the primary AECC proposed by MIAL is sufficient for handling current and foreseeable emergency requirements at the airport. Additionally, mobile setups would provide a more flexible and cost-effective alternative to serve as a backup AECC without the need for significant additional investment at this time. Given the adequacy of the existing infrastructure and the availability of alternative solutions, the Authority proposed considering this project to the next control period.
2I-50	Installation of Digital Bollards at	10.00	The installation of Digital Bollards at both airside and landside areas is essential for	The Authority noted the need for safety enhancement to strengthen access control and vehicle movement in critical areas.

S. No.	Project Name	Base Cost	MIAL' Submission	Authority's Analysis
	Airside & Landside for enhancement of Safety		elevating safety standards. These smart bollards enhance security by integrating digital technology to monitor and control access / conflict points. They contribute to airside safety by preventing Aircraft / Vehicle collisions on the apron areas. On the landside, they manage vehicular and pedestrian traffic efficiently, reducing the risk of accidents. The digital aspect allows for real-time monitoring, alerts, and responsive control measures, fostering a proactive safety environment. This project ensures a comprehensive safety infrastructure, mitigating potential risks and ensuring the well-coordinated movement of personnel and vehicles in and around the airport.	Digital technology integration would potentially improve security monitoring and prevent unauthorized access, particularly in sensitive zones. However, the Authority noted that MIAL had not provided a detailed cost breakdown for this project. Additionally, given the existing physical barriers and surveillance systems, the immediate need for digital bollards is not fully justified. The Authority proposed that MIAL conduct a thorough review of the current security measures to determine whether the installation of these bollards is a critical need at this point in time. Based on these considerations, the Authority proposed considering the project on an incurrence basis subject to evaluation of efficiency and reasonableness, while encouraging further evaluation to ensure the investment aligns with the airport's current and future security requirements.

6.3.266 Accordingly, the above projects are not proposed to be considered for the purpose of tariff determination of the Fourth Control Period.

6.3.267 Based on the Authority's review of MIAL's past trends, current infrastructure, and the immediate operational requirements, it recommends the approval of 75% of the remaining capex in this category. This ensures support for necessary and urgent projects, while ensuring that capital is allocated prudently. The recommended allocation ensures that operational efficiency is maintained while avoiding an excessive financial burden in the short term. The phased implementation will allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 213: Capital Expenditure proposed by the Authority for operational capex under category "Safety" at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	183.10
Less: Reduction in cost as per Table **212**	B	45.00
Cost proposed by MIAL for the remaining projects	C = A - B	138.10
Cost proposed by the Authority @ 75% of above	D = C * 75%	103.58

Operational Capex - Information Technology (Rs. 422.56 Crores)

6.3.268 In the following table, the Authority noted specific observations regarding the proposed projects under the category "Information Technology":

Table 214: Authority's evaluation of certain projects proposed under the category "Information Technology"

S. No.	Project Name	Base Cost	MIAL's Submission	Authority's Proposal
2I-2 & 2I-46	5G Implementation & data Center facility for hosting 5G backend Equipment	49.80 10.00	Currently, internet infrastructure like 2G, 3G being managed by Telecom Companies. To enable 5G services, back-end infrastructure like Master Unit, BTS (base trans receiver), POI (point of interface) etc., required to be installed in airport. MIAL also proposes a separate Data center facility for hosting 5G backend equipment including 2G,3G & 4G. MIAL stated that they have obtained a virtual network operator license in August 2024.	The Authority recognized the need for better internet facility to passengers. With the VNO license, MIAL can offer mobile network services, potentially leasing the infrastructure to telecom companies. This creates a revenue opportunity from telecoms. Premium connectivity services can also be provided to passengers and businesses at the airport. However, such revenues would be non-aeronautical in nature. Accordingly, the Authority considered this as an Non-Aeronautical asset and proposed not to consider this cost for RAB.
2I-28	Contribution to Digi Yatra Foundation	15.75	MIAL also proposed a contribution of Rs.3.15 crores per year for Digi Yatra Foundation.	Considering the Contribution to Digi Yatra Foundation is a recurring expenditure, the Authority proposed to consider this expenditure as OPEX as outlined in Table 308.

6.3.269 Based on the Authority's further review of MIAL's proposal in this category and considering the operational requirements, it recommended the approval of 75% of the remaining capex in this category. This phased implementation would allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 215: Capital Expenditure proposed by the Authority for operational capex under category "Information Technology" at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	422.56
Less: Reduction in cost as per Table **214**	B	75.55
Cost proposed by MIAL for the remaining projects	C = A - B	347.01
Cost proposed by Authority @ 75% of above	D = C * 75%	260.26

Operational Capex - Engineering & Maintenance (Rs. 565.35 Crores)

6.3.270 The Authority reviewed the submissions made by MIAL and has the following observations:

(i) In some instances, the cost estimate workings do not match with the cost proposed (eg: Replacement of 129 AVDGS of Rs. 40 Crores)

(ii) In some instances, MIAL had factored a contingency and indexation factor in the cost estimate workings (e.g.: Replacement of chillers and cooling Towers of Rs. 38.40 Crores)

(iii) In some instances, the cost proposed by MIAL is almost twice the cost incurred by it in the previous control period (Rubber & paint removal machine of Rs. 30 Crores)

6.3.271 Based on the Authority's further review of MIAL's proposal in this category and considering the operational requirements, it is proposed to consider 50% of the capex in this category. The phased implementation would allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 216: Capital Expenditure proposed by the Authority for operational capex under category "E&M" at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	565.35
Cost proposed by the Authority at 50% of above	B = A * 50%	282.68

Operational Capex - Security, Environmental initiatives and Facilities (Rs. 219.45 Crores)

6.3.272 MIAL has proposed operational capex for Security (Rs. 112.45 Crs), Environmental initiatives (Rs. 48.70 Crores) and Facilities (Rs. 58.30 Crores). The Authority, after careful review of the works and considering the necessity, operational safety, proposed to allow the entire cost of Rs. 219.45 Crores proposed by MIAL.

Operational Capex - BHS, Airside operations and Terminal operations (Rs. 371.11 Crores)

6.3.273 MIAL has proposed operational capex for BHS (Rs.137.64 Crores), Airside operations (Rs.124.60 Crores) and Terminal operations (Rs.108.87 Crores). The Authority, after careful review of these works and considering the requirement/necessity, proposed to consider these works at 50% of cost based on a phased implementation by MIAL. This phased implementation would allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 217: Capital Expenditure proposed by the Authority for operational capex under category "BHS, Airside operations and Terminal operations" at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	371.11
Cost proposed by the Authority at 50% of above	B = A * 50%	185.56

Operational Capex – Others being JCC, Horticulture and Landside Operations (Rs. 29.90 Crores)

6.3.274 MIAL has proposed operational capex for JCC (Rs.6.00 Crores), Horticulture (Rs.16.25 Crores) and Landside operations (Rs.7.65 Crores). The Authority, through its Independent Consultant / Aviation Expert, after careful review of these works and considering the immediate requirement/necessity, proposed to allow the entire cost of Rs 29.90 Crores.

6.3.275 Based on the discussions above, the cost proposed by the Authority for operational CAPEX under Rs. 50 Crores are as follows:

Table 218: Capital Expenditure proposed by the Authority for operational capex under Rs. 50 Crores at the Consultation Stage

(Rs. in crores)

S. No.	Category	Base Cost Proposed by MIAL	Base Cost Proposed by the Authority
1	Safety	183.10	103.58
2	IT	422.56	260.26
3	E & M	565.35	282.68

S. No.	Category	Base Cost Proposed by MIAL	Base Cost Proposed by the Authority
4	BHS	137.64	68.82
5	Airside operations	124.60	62.30
6	Environment	48.70	48.70
7	Facilities	58.30	58.30
8	Security	112.45	112.45
9	Terminal operations	108.87	54.44
10	Others – JCC, Horticulture and Landside Operations	29.90	29.90
	Total	**1,791.48**	**1081.42**

6.3.276 Based on the above, the Authority, through its Independent Consultant, proposed the cost for Operational Capex for the Fourth Control Period as per the table below:

Table 219: Cost proposed by the Authority for Operational Capex at the Consultation Stage

(Rs. in crores)

Sl. No.	Projects	Base Cost as per (in Rs.)		Variance	Remarks
		MIAL	Authority		
2	**OPERATIONAL CAPEX PROPOSALS**				
A	CT Handbag X-Ray	320.00	120.00	200.00	Based on quotation and proposed phasing of quantities.
B	Full Body Scanner	69.00	22.00	47.00	Based on quotation and proposed phasing of quantities.
C	Crash Fire Tender	50.00	34.20	15.80	Considered based on conventional CFTs over EV CFTs proposed by MIAL.
D	Refurbishment of Washrooms at T2	189.00	64.54	124.46	Adjusted for cost, contingency and proposed phasing of washrooms based on site inspection.
E	Transfer Hub Initiatives at Baggage Handling Systems at T2	190.00	190.00	-	Estimate considered reasonable based on quotation obtained / market rates
F	Follow the Greens	200.00	-	200.00	To be considered on an incurrence basis, subject to approvals
G	Self-Bag Drops at T2	222.00	55.00	167.00	Based on quotation and proposed phasing of quantities.
H	CT-EDS	78.00	64.00	14.00	Based on the actual expenditure incurred in FY 24 for similar items.
I	Operational Capex projects less than Rs. 50 Crores	1,791.48	1,081.42	710.06	Considering the number of projects and cost involved in projects, it is proposed to consider a portion of the cost submitted by MIAL based on the need and essential requirement for maintaining safe and smooth operations. Refer Table **218**.
	GRAND TOTAL	**3109.48**	**1,631.16**	**1,478.32**	

3 - Cost claimed towards indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and interest during construction ("Soft Cost")

6.3.277 The Authority observed that MIAL has claimed Rs. 5,153.85 Crores as soft cost as given in the table below:

Table 220: Cost proposed by MIAL towards indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and interest during construction

(Rs. in Crores)

S. No	Particulars	Amount (in Rs.)
3A	Indexation	1,703.07
3B	Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses	2,238.17
3C	Interest During Construction (IDC)	1,212.61
TOTAL		**5,153.85**

Indexation

6.3.278 The Authority noted that MIAL has submitted the expenditure on various projects proposed in the Fourth Control Period by considering the cost of FY 2023-24 as the base. Based on the year-wise cashflow, MIAL had adjusted the expenditure to account for inflation in the years beyond FY 2023-24. MIAL had considered inflation at 5% and had computed indexation cost as Rs. 1,703.07 crores.

6.3.279 The Authority noted that for the following projects, the cost is already finalized / is inclusive of indexation and accordingly proposed not to separately consider indexation:

Table 221: Projects for which the Authority proposes not to consider indexation

(Rs. in Crores)

S. No	Project /Item Name	Base Cost	Reason for not providing indexation
A9-7	Construction of RET E6	34.86	Based on awarded cost
A9-8	Construction of RET W3	31.72	Based on awarded cost
A9-12	Replacement of ILS RWY 14	5.05	Based on awarded cost
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	23.40	Based on actual cost
B1	New Construction of Terminal T1	2,422.75	Based on inflation adjusted normative cost
E-2	Construction of NAD Colony	282.65	Based on awarded cost
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00	Based on awarded cost
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00	Based on actual cost

6.3.280 For the rest of the projects, the Authority proposed to revise the indexation cost based on the rate of inflation proposed by it for the projects allowed for the Fourth Control Period (Refer Table 262: Inflation rates proposed to be considered by the Authority for the Fourth Control Period). Based on the above, the Authority arrived at an Indexation cost of Rs. 366.90 Crores as against Rs 1,703.07 Crores claimed by MIAL.

Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses as proposed by MIAL

6.3.281 MIAL has submitted that the inclusion of technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses for the projects under the Fourth Control Period is based on established practices followed by both domestic and international airports. These proposed include components such as planning consultancy, project management consultancy, and other technical services, which are necessary for the efficient execution of infrastructure projects.

6.3.282 MIAL submits that, as per the CPWD SOP 2022 (dated 13.07.2022), the applicable technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses cost components for various projects are as follows:

(i) Planning Consultancy: 4%

(ii) Project Management Consultancy (PMC): 5%

(iii) Other Technical Services: 7-24%, depending on the complexity and scale of the project

(iv) Contingency Costs: 3% as a standard provision

(v) ESI & EPF Contributions: Estimated at 2%

6.3.283 MIAL further states that as per accounting standards, the costs relating to the Project Team are required to be capitalized. These costs have been approved by the Authority in various orders for PPP and AAI Airports ranging between 2-3% of the project cost. The same is recognized by the Authority in its Guidelines. The overall costs based on the above is a minimum of 18-20%.

6.3.284 MIAL further submits that as per "Airport Capital Improvements: A Business Planning and Decision-Making Approach" study conducted by Airport Cooperative Research Program (ACRP), Transport Research Board (sponsored by US Government's Federal Aviation Administration), these costs range between 10% to 30%.

6.3.285 MIAL cites the Tariff Order No. 27/2023-24 for Manohar International Airport (GOX), where the Authority approved costs ranging between 13% and 16% for design consultancy, PMC, and other pre-operative expenses. Similarly, in MIAL's case, a blended cost of 16% has been proposed, which is in line with both domestic and international standards and with actual cost being incurred by Airport Operators.

6.3.286 The Authority had taken note on MIAL's submission and observed the following:

(i) Many of the CAPEX allowed to the AO are bought out items like crash fire tenders, SBDs, CT X-ray machines etc, wherein quotations are obtained / orders are placed on Supply, installation, Testing & Commissioning (SITC) basis. Hence, soft costs such as PMC, Design etc. are not required to be incurred on such items.

(ii) The proposed CAPEX for the Fourth Control Period includes works on the airside. On air side works such as Apron, Taxiway etc., Design / PMC charges are normally only in the range of 1% to 3%.

(iii) There are many projects like refurbishment of toilets etc. for which only a nominal consultant fee is required.

(iv) Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses claimed by the AO includes contingencies also, which do not come as a separate line item while capitalizing the assets and is not to be claimed without any contingent activity.

Hence, taking an overall view, cost for technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses @ an average 8% of total capital expenditure is reasonable and justified.

Interest During Construction (IDC)

6.3.287 IDC is calculated based on construction phasing, cash flows and proposed capitalization dates. The amount is calculated considering debt portion of 70% with actual cost of debt of ~11.9%.

6.3.288 The Authority considered IDC to be provided on the debt portion of the value of average CWIP derived on the basis of revised Capitalization Schedule proposed by the Authority. Further, the Authority proposed to consider the ratio proposed by MIAL (debt-equity ratio of 70:30) subject to true-up on actuals, and cost of debt @ 10.15% (refer Table 260) for the Fourth Control Period for calculating the IDC. Based on the same, the Authority had derived at an amount of Rs. 499.68 Crores and was inclined to allow the same as against Rs. 1,212.61 Crores claimed by the MIAL for the Fourth Control Period.

6.3.289 Based on the analysis detailed above, the Authority proposed the total Capital Expenditure for the Fourth Control Period as per the table below:

Table 222: Capital Expenditure proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in Crores)

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
A	**Airside Projects**		**3,188.79**	**1,059.34**	**2,129.45**	
A1	*Runway Improvement Works*					
A1-1	Recarpeting of RWY 09-27		148.71	-	148.71	Considered as part of Operation & Maintenance Expenses (Refer Para 6.3.25)
A2	*Taxiway Improvement Works*					
A2-1	Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32		73.59	-	73.59	To be considered on incurrence basis, subject to relocation of facilities (Refer Para 6.3.30)
A2-2	Construction of Taxiway M Extension (East side)		60.99	-	60.99	To be considered on actual incurrence basis, subject to relocation of facilities (Refer Para 6.3.34)
A2-3	Construction of TWY W (North-West side, parallel to RWY 14-32)	Table 180	161.65	113.78	47.87	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL reduced to 10%, demolition of building not considered.
A3	*Apron Improvement Works*					
A3-1	Construction of Additional Aircraft Parking Stands (V1+V2)	Table 181	113.26	98.40	14.86	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of diversion of utilities reduced, compound wall cost not considered, and demolition of building not considered.

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Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
A3-2	Reconstruction of Apron C (Tier1) and Taxiway W6	Table 182	53.16	39.25	13.91	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL reduced to 10%, cost of miscellaneous works and diversion of utilities not considered.
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	Table 183	53.12	41.95	11.17	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL reduced to 10%, cost of demolition of buildings not considered.
A4	Reconstruction of Perimeter Road	Table 184	202.50	75.03	127.47	Estimate of extra cost over approved rates for working in operational area reduced to 5%. Provision of only 40% of length of road considered. (Refer Para 6.3.71)
A5	Construction of Airside Tunnel		894.23	-	894.23	Will be considered on an actual incurrence basis, subject to due approvals (Refer Para 6.3.79)
A6	Reconstruction of Airside Drain	Table 185	498.80	93.84	404.96	Only 20% of drains considered for reconstruction in this control period based after site inspection by the Independent Consultant (Refer Para 6.3.82).
A7	Aircraft Maintenance Hangar	Table 186	92.76	66.68	26.08	Revision of costs for working in operational areas from 10% to 5%, demolition of structures not considered, reduction in quantity of structural steel from 170kg/sqm to 100kg/sqm, Diversion of existing utilities & infrastructure not considered, and demolition of structures not considered.
A8	Parking Stands at NEC Hangar		120.00	-	120.00	Not considered currently. Will be considered on actual

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Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
						incurrence basis, subject to agreement/MoU with AIESL. (Refer Para 6.3.96)
A9	Airside improvement works less than Rs. 50 Crores	Table 187 Table 188 Table 189	716.02	530.41	185.61	As per tables referred.
B	**Passenger Terminal Improvement & Associated Works**		**3,496.11**	**2,556.18**	**939.93**	
B1	Reconstruction of T1	Table **195**	3,129.23	2,422.75	706.48	Terminal Building of area 1.89 lakh sqm inflation adjusted normative cost, rationalized for envelope, interior finishes and passenger processing / security equipment only for 10 MPPA considered, against area of 2.01 lakhs sqm for processing 20 MPPA proposed by MIAL.
B2	Terminal 2 Expansion Project	Table **196**	141.88	133.43	8.44	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of dismantling & diversion of utilities not considered.
B3	GA Terminal Expansion		225.00	-	225.00	As per OMDA GA Terminal is considered a Non-Aero asset. (Refer Para 6.3.141)
C	**Kerbside Improvement Projects**		**280.21**	**149.98**	**130.23**	
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement		27.80	27.80	-	Estimate considered reasonable based on CPWD DSR and MoRTH rates.
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)		102.48	102.21	0.27	Revision of costs for working in operational areas from 10% to 5%.
C2	At-Grade Road development over existing nallah in front of T2 MLCP		81.80	-	81.80	To be considered on an incurrence basis, subject to due approvals. (Refer Para 6.3.152)

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Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	Table **200**	49.00	6.00	43.00	Estimate cost of hard scaping like Granite, Vitrified tile flooring and paver block etc., not considered, 50% of soft scaping proposed in this control period. (Refer Para 6.3.156)
C3-2	At-Grade Road widening for International Airport Road	Table **201**	19.13	13.97	5.16	Estimate cost of dismantling of pavements is not considered.
D	**External Connectivity Improvement Project**		**58.87**	-	**58.87**	Will be considered on an actual incurrence basis, subject to due approvals (Refer para 6.3.167)
E	**Ancillary Building Development Works**		**2,152.06**	**1,025.97**	**1,126.10**	
E1	Construction of Airport Management Corporate Office Building	Table 207	1,229.36	468.19	761.17	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of diversion of utilities rationalized, cost of superior finishes adjusted to reflect market rates and demolition of building not considered. Proposed area restricted to G+2 floors with entire basement.
E2	Construction of NAD Colony		282.65	282.65	-	Estimate considered reasonable based on awarded cost.
E3	Mumbai Metro Line 3: Construction of 3 Metro Stations at CSMIA		216.00	216.00	-	Only 50% of the cost of basements proposed to be considered as Aero (Refer Para 6.3.194)
E4	Sewage Treatment Plant and associated works		16.41	16.41	-	Estimate considered reasonable based on quotation / market rates.
E5	Development of T2 Forecourt		124.80	-	124.80	Will be considered on actual incurrence basis. (Refer Para 6.3.200)
E6	Crew Terminal	Table **197**	98.70	42.72	55.98	Cost considered based on inflation adjusted normative cost of Passenger Terminal Building.
E7	Relocation of ATC Technical Block		184.14	-	184.14	To be considered on an actual incurrence basis,

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Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
						subject to due approvals. (Refer Para 6.3.203)
	TOTAL (Project Capex A to E)		**9,176.04**	**4,791.48**	**4,384.57**	
2	**Operational Capex Proposal**		**3,109.48**	**1,631.16**	**1,478.32**	
2A	CT Handbag X-ray	Table **219**	320.00	120.00	200.00	Cost adjusted based on quotation and proposed phasing of quantities
2B	Full Body Scanner	Table **219**	69.00	22.00	47.00	Cost adjusted based on quotation and proposed phasing of quantities
2C	Crash Fire Tender	Table **219**	50.00	34.20	15.80	Considered based on conventional CFTs over EV CFTs proposed by MIAL.
2D	Refurbishment of Washrooms at T2	Table 209	189.00	64.54	124.46	Cost adjusted for contingency and proposed phasing of washrooms based on site inspection.
2E	Transfer Hub Initiatives at Baggage Handling Systems at T2	Table **219**	190.00	190.00	-	Estimate considered reasonable based on quotations / market rates.
2F	Follow the Green	Table **219**	200.00	-	200.00	To be considered on an incurrence basis.
2G	Self-Bag Drop at T2	Table **219**	222.00	55.00	167.00	Cost adjusted based on quotation and proposed phasing of quantities
2H	CT EDS	Table **219**	78.00	64.00	14.00	Based on the spending in FY 24 for similar item.
2I	Operational Capex Projects less than 50 Crores	Table **219**	1,791.48	1,081.42	710.06	Considering the number and cost involved in projects, a portion of cost submitted by MIAL is considered based on review of need.
3	**Indexation, Technical consultancies, Cost and Interest During Construction**		**5,153.85**	**1,409.74**	**3,744.10**	
3A	Indexation		1,703.07	366.90	1,336.17	Refer Para 6.3.280
3B	Technical consultancies		2,238.17	543.16	1,695.01	Refer Para 6.3.286
3C	Interest During Construction		1,212.61	499.68	712.92	Refer Para 6.3.288
TOTAL (SUM(1: 3))			**17,439.38**	**7,832.38**	**9,607.00**	

6.3.290 For all the above projects, the Authority, through its Independent Consultant / Aviation Expert had checked the BOQ / cost estimate and found that estimate considered is as per normative cost, wherever applicable

or as per the CPWD DSR / PAR / MoRTH / Market rates (as applicable), considering it to be appropriate and reasonable.

6.3.291 Based on the above discussions, the Authority proposed the following capital additions on an incurrence basis, subject to evaluation of reasonableness and efficiency at the time of determination of tariff for the next Control Period:

Table 223: Capital Expenditure proposed by the Authority on an incurrence basis, subject to cost efficiency and reasonableness, for the Fourth Control Period at the Consultation Stage

(Rs. in Crores)

S. No	Project /Item Name	Project Category	Cost Proposed by MIAL
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	Airside Improvement Works	73.59
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	Airside Improvement Works	60.99
A5	Construction of Airside Tunnel	Airside Improvement Works	894.23
C2	At-Grade Road development over existing nallah in front of T2 MLCP	Kerbside Improvements	81.80
D-1	Construction of Overpass including roadway ramps	External Connectivity Improvements	17.39
D-2	Construction of Underpass below WEH at T2 elevated road	External Connectivity Improvements	41.48
E-5	Development of T2 forecourt (Metro Station)	Ancillary Building Development Works	124.80
E-7	Relocation of ATC Technical block	Ancillary Building Development Works	184.14
A8	Parking Stands at NEC Hangar (AIESL)	Airside Improvement Works	120.00
2F	Conversion of conventional lamps to LEDs - follow the green	Sustaining / Minor Capex Works	200.00
2I-50	Installation of Digital Bollards at Airside & Landside for enhancement of Safety	Sustaining / Minor Capex Works	10.00
	Total		**1,808.42**

Note: Further, 19 CTiX for Hand baggage's (Refer Project 2A) and 11 Full Body Scanners (Refer Project 2B) are proposed to be allowed on an incurrence basis.

6.3.292 The Authority observed that in the past, the Airport Operator got the CAPEX approved but not executed within the timelines. Thereby, the Authority proposed to reduce (adjust) 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of the MIAL or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The re-adjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by the AO and is also encouragement for the AO to commission/ capitalize the proposed assets as per the approved CAPEX plan/ schedule.

6.3.293 The Authority noted that MIAL would be eligible to claim GST Input Tax Credits ("ITC") on procurement of certain movable items. Accordingly, the Authority had requested MIAL to submit details of the eligible GST ITC included in the proposed CAPEX for the Fourth Control Period.

6.3.294 In response, MIAL submitted the following:

"...Section 17(5)(d) of The Central Goods and Service Tax, 2017 states that input tax credit shall not be available in respect of goods or services, or both received by taxable person for construction of "immovable property".

Most of the Project Capex proposed by MIAL in Fourth Control Period for various categories Airside Development, Passenger Terminal Building, Ancillary Building and External Connectivity Project would fall under the definition of "immovable property". However, there are certain works under the above projects that would not fall under the category of immovable property and hence eligible for ITC claim .

In our assessment contracts like Airport Systems like PBB, VHT, BHS, Security Screening equipment etc. for Terminal Building and Finishes for Corporate Office Building with total contract value of ~Rs 750 Cr are eligible for ITC of Rs ~115 Cr. Computed ITC is ~2.6% of projects worth Rs. 4,300 Crs i.e. (Project Cost of Terminal Building Rs 3,100 Cr and Corporate Office (Rs 1,200 Cr).

Please note that above numbers will change in case of adjustment in the cost of the Projects (if any) is done by the Authority as part of ongoing tariff determination exercise..."

6.3.295 Upon review, the Authority noted that MIAL's submission did not account for certain eligible items, such as furniture and fixtures, HVAC systems, and electrical fittings, where ITC can be availed. Consequently, the Authority had recalculated the eligible Input Tax Credit from the CAPEX proposed by it for the Fourth Control Period, as detailed in the table below:

Table 224: GST Input Tax Credit proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in Crores)

S. No	Project /Item Name	Project Categorization	Base cost proposed by the Authority	GST Input Tax Credit computed by the Authority
B1	New Construction of Terminal T1	Passenger Terminal & Associated works	2,422.75	125.44
E-1	Construction of Airport Management Corporate Office Building	Ancillary Building Development Works	468.19	20.67
Total				**146.11**

6.3.296 The Authority proposed adjusting this from the CAPEX from the figures reflected in Table **222**. After this, the CAPEX proposed by the Authority is as follows:

Table 225: Capital Expenditure proposed by the Authority for the Fourth Control Period after adjusting GST Input Tax Credit at the Consultation Stage

(Rs. in Crores)

Particulars	Ref	Cost
CAPEX proposed by the Authority before adjusting Input Tax Credit - as per Table **222**	A	7,832.38
Less: Input Tax Credit as per Table 224	B	146.11
Less: Consequential adjustment in Indexation, Technical consultancies, Cost and Interest During Construction	C	34.63
Final CAPEX proposed by the Authority	D = A - (B+C)	7,651.63

6.3.297 The Authority would consider the statutory payments relating to GST amount on Capex (including CWIP) for the Fourth Control Period, on an actual incurrence basis against these indicative estimates, at the time of the true up of the Fourth Control Period, while determining the tariff for the Fifth Control Period.

6.3.298 Further, the Authority expects that MIAL would properly account for such credits in its submissions in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 at the time of the true up of the RAB. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the Fifth Control Period.

6.3.299 The asset category wise CAPEX proposed by the Authority for the Fourth Control Period is as per the table below post allocation of the indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and IDC to each project on a straight proportional basis:

Table 226: Asset category-wise total Capital Expenditure Cash Flow Phasing proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs in Crores)

Asset Category	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway, Taxiway and Apron	150.01	106.70	224.94	330.08	20.83	832.56
Terminal Building	290.19	626.88	955.81	879.56	335.22	3,087.65
Other Buildings	646.50	586.41	360.39	34.83	55.22	1,683.35
Boundary Wall	5.37	11.11	17.98	19.56	6.37	60.39
Access Road	20.50	40.27	93.69	111.70	32.26	298.43
Plant and Machinery	363.07	316.10	137.59	63.32	26.92	907.00
Electrical Installation and Equipment's	122.61	39.57	44.36	53.97	31.62	292.12
IT equipment	169.15	54.44	25.65	16.47	15.15	280.85
Furniture & fixtures	39.63	25.76	27.57	9.97	10.82	113.74
Vehicles	1.41	2.36	3.08	6.42	6.70	19.97
Computers - Servers & Networks	60.08	10.75	2.77	0.96	1.01	75.57
Total	**1,868.50**	**1,820.35**	**1,893.81**	**1,526.84**	**542.13**	**7,651.63**

6.3.300 The Authority proposed considering the CAPEX of MIAL for the Fourth Control Period as Rs. 7,651.63 Crores as per Table 226.

6.3.301 The Authority, based on its examination of the MYTP and review of the supporting documents relating to Capital Expenditure submitted by the MIAL from time to time, had rationalized the Capital Expenditure as detailed above. In this regard, the Authority expected quality input from all the Stakeholders on the proposals regarding CAPEX laid down in this Tariff Order.

6.4 Asset Allocation of CAPEX for the Fourth Control Period

MIAL's Submission

6.4.1 In its MYTP submission, MIAL has considered the asset allocation ratio for the assets proposed for the Fourth Control Period as per the table below:

Table 227: Broad basis for Asset Allocation ratios considered by MIAL for the Fourth Control Period

Asset Category	Allocation Ratio	Remarks
Aeronautical Assets like Airside Works, Access Roads, BHS, etc.	100%	
Common Assets like Terminal, Office Building (New)	90%	Generally accepted Ratio of 90% Aero as used by the Authority in the recent orders of various Airports is applied for projection

Asset Category	Allocation Ratio	Remarks
		perspective. The ratio based on actual usage area is subject to true-up at the time of determination of tariff for next control period.
Common Assets like Terminal, Office Building (Old)	T1 - 86.84% T2 - 89.93% Overall – 87.43%	Based on IRCLASS Report
Common Assets like GA Business Centre	95.30%	As per aeronautical area allocation of existing GA terminal
Non-Aeronautical Assets like Aircraft Maintenance Hangar	0%	

Authority's Examination of Allocation of Asset between Aeronautical and Non-Aeronautical at the Consultation Stage

6.4.2 In reviewing the allocation of assets, Authority had taken into consideration multiple factors including nature of asset, intended location and use, revenues derived etc.

6.4.3 The Authority noted that the asset allocation submitted by MIAL for the CAPEX proposed in the Fourth Control Period is based on the methodology adopted in the asset allocation study report conducted in the Third Control Period Order. Assets are allocated based on their proposed functional use, proportional to the space and services they support.

6.4.4 The Authority had reviewed the asset allocation ratio submitted by MIAL and found it largely consistent with the asset allocation study report. However, the Authority noted the following deviations in the asset allocation used by MIAL:

Table 228: Changes to asset allocation proposed by the Authority at the Consultation Stage

S. No	Project /Item Name	Allocation Ratio		Remarks
		MIAL	Authority	
B3	GA Terminal Expansion	95.30%	0.00%	As per Part 1 of Schedule 6 of OMDA, General Aviation services (other than those used for commercial air transport services ferrying passengers or cargo or a combination of both) are non-aeronautical.
A7	Aircraft Maintenance Hangar	0.00%	100.00%	MIAL submitted, vide email dated 23-Sep-2024, that: *"...Aircraft Maintenance Hangar allocation of 0% is typo error in financial model. Same needs to be corrected to 100%. Hangar to be considered aeronautical asset as same will be used for long term parking of aircrafts..."* The same had been corrected by the Authority.
B1	New Construction of Terminal T1	90.00%	89.93%	It was observed that MIAL has considered the aeronautical terminal building ratio in both the reconstructed T1 and the planned expansions to T2 in the ratio of 90:10. The Authority noted that the Terminal Building Area is planned in an
B2-1	New Terminal 2 NW Pier	90.00%	86.84%	
B2-2	New Terminal 2 NW Pier BUS BOARDING GATE (V3)	90.00%	86.84%	

S. No	Project /Item Name	Allocation Ratio		Remarks
		MIAL	Authority	
B2-3	TERMINAL T-2 EXTENSION	90.00%	86.84%	airport considering the facilities to be provided for Aeronautical activities and provision of space for certain Non-Aeronautical activities such as Food & Beverage, Duty Free etc. In the case of PPP airports, the focus on Non-Aeronautical activities is expected to be more as these would generate revenues and a part of the same would also cross subsidize the Aeronautical charges. The Authority also noted that in other PPP airports such as DIAL, BIAL etc. and in MIAL's existing T1 and T2, the area allocated for Non-Aeronautical activities are over 10%. IMG norms inter alia provides for Non-Aeronautical area to be between 8% and 12%, with the range being up to 20% in bigger airports. Based on these considerations, the Authority proposed to adopt the same terminal building ratio currently applicable to the existing T1 and T2, for the reconstructed T1 and expansions to T2, respectively. This allocation will be trued up in the next control period based on actual utilization. Given the additional space available in the reconstructed T1 compared to the existing T1, the Authority encouraged MIAL to allocate a higher proportion of space for non-aeronautical initiatives.
E-1	Construction of Airport Management Corporate Office Building	90.00%	87.43%	As per the Asset Allocation Study Report, the administrative office is to be allocated based on the Proportion of the Weighted Average Terminal Space.
E-3-1	Cost of 3 levels of basements for 2 metro stations	100.00%	50.00%	As explained in Para 6.3.194, since the planned usage of "E-3-1 - Cost of 3 levels of basements for 2 metro stations" has not yet been confirmed and since it is likely that this basement space will be used for non-aeronautical activities in the future, the Authority proposed to consider 50% of the basement cost as a non-aeronautical asset.

6.4.5 Considering the above ratios and principles for classification of assets, the aeronautical capital expenditure proposed by the Authority for the Fourth Control Period, after allocating the Indexation, Technical consultancies, and Interest During Construction to the project cost, is given in the table below:

Table 229: Aeronautical capital expenditure proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
Airside Improvement Works									
A1-1	Recarpeting of RWY 9-27	-	100.00%	-	-	-	-	-	-
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	-	100.00%	-	-	-	-	-	-
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	-	100.00%	-	-	-	-	-	-
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	130.97	100.00%	-	-	-	130.97	-	130.97
A3-2	Reconstruction of Apron C (Tier1) & Taxiway W6	45.08	100.00%	45.08	-	-	-	-	45.08
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.58	100.00%	-	-	53.58	-	-	53.58
A4	Reconstruction of Perimeter Road	92.47	100.00%	16.94	17.68	18.46	19.27	20.12	92.47
A5	Construction of Airside Tunnel	-	100.00%	-	-	-	-	-	-
A6	Reconstruction of Airside drain	116.6	100.00%	10.59	22.11	34.63	24.1	25.16	116.6
A7	Aircraft Maintenance Hangar	84.85	100.00%	-	-	84.85	-	-	84.85
A8	Parking Stands at NEC Hangar (AIESL)	-	100.00%	-	-	-	-	-	-
A9-1	Taxiway M Extension West Side	19.83	100.00%	19.83	-	-	-	-	19.83
A9-2	Taxiway M	48.79	100.00%	-	-	48.79	-	-	48.79
A9-3	Taxiway N1	26.97	100.00%	26.97	-	-	-	-	26.97
A9-4	Taxiway N7	21.96	100.00%	21.96	-	-	-	-	21.96
A9-5	Re-Construction of Taxiway U	22.07	100.00%	-	22.07	-	-	-	22.07
A9-6	Taxiway W1 Parallel Taxiway to RWY14-32 West	51.18	100.00%	-	-	-	51.18	-	51.18
A2-3	Taxiway West to RWY 14-32	151.74	100.00%	-	-	-	151.74	-	151.74
A9-7	Construction of RET E6	38.32	100.00%	-	-	-	38.32	-	38.32
A9-8	Construction of RET W3	34.86	100.00%	-	-	-	34.86	-	34.86
A9-9	Construction of Taxiway S	48.17	100.00%	-	48.17	-	-	-	48.17
A9-10	Recarpeting of balance portion of RWY 14-32	-	100.00%	-	-	-	-	-	-
A9-11	CBR for RWY 09-27	58.13	100.00%	-	-	-	-	58.13	58.13
A9-12	Replacement of ILS RWY 14	5.49	100.00%	5.49	-	-	-	-	5.49
A9-13	Runway intersection overlay works	-	100.00%	-	-	-	-	-	-
A9-14	Construction of New Fire Station	44.86	100.00%	-	44.86	-	-	-	44.86
A9-15	Construction of New Fire Sub Station	14.39	100.00%	-	14.39	-	-	-	14.39

AERA

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
A9-16	Airport Boundary Wall (New Construction) including demolition of existing wall	24.47	100.00%	4.48	4.68	4.88	5.1	5.32	24.47
A9-17	CISF Staff Quarters	35.68	100.00%	-	35.68	-	-	-	35.68
A9-18	New Retaining Wall including demolition of existing retaining wall	31.09	100.00%	-	-	-	31.09	-	31.09
A9-19	Airside CISF Watch Tower (14 Nos.) & Goomties (30 Nos.)	3.46	100.00%	3.46	-	-	-	-	3.46
A9-20	Refurbishment of Gate 8	4.21	100.00%	-	4.21	-	-	-	4.21
A9-21	Additional Aircraft Parking stand adjacent to Apron J	26.76	100.00%	-	-	-	26.76	-	26.76
A9-22	Reconstruction of drain along TWY K1	29.69	100.00%	29.69	-	-	-	-	29.69
A9-23	Relocation of existing Airside Fire Tank	8.89	100.00%	-	8.89	-	-	-	8.89
A9-24	Construction of Emergency Service Road	13.68	100.00%	-	-	13.68	-	-	13.68
A9-25	Perimeter Intrusion Detection System (PIDS)	4.83	100.00%	0.88	0.92	0.96	1.01	1.05	4.83
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	31.56	100.00%	-	-	-	31.56	-	31.56
Passenger Terminal & Associated works									
B1	New Construction of Terminal T1	2,820.67	89.93%	-	-	-	-	2,536.63	2,536.63
B2-1	New Terminal 2 NW Pier	27.63	86.84%	-	-	23.99	-	-	23.99
B2-2	New Terminal 2 NW Pier Bus Boarding Gate (V3)	5.32	86.84%	-	4.62	-	-	-	4.62
B2-3	TERMINAL T-2 EXTENSION	137.91	86.84%	-	-	119.76	-	-	119.76
B3	GA Terminal Expansion	-	-	-	-	-	-	-	-
Kerbside Improvements									
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	34.81	100.00%	-	-	34.81	-	-	34.81
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	136.31	100.00%	-	-	-	136.31	-	136.31
C2	At-Grade Road development over existing nallah in front of T2 MLCP	-	100.00%	-	-	-	-	-	-
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	7.39	90.00%	1.22	1.27	1.33	1.39	1.45	6.65

AERA

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
C3-2	At-Grade Road widening for International Airport Road	19.44	100.00%	-	-	-	-	19.44	19.44
External Connectivity Improvements									
D-1	Construction of Overpass including roadway ramps	-	100.00%	-	-	-	-	-	-
D-2	Construction of Underpass below WEH at T2 elevated road	-	100.00%	-	-	-	-	-	-
Ancillary Building Development Works									
E-1	Construction of Airport Management Corporate Office Building	578.57	87.43%	-	-	505.85	-	-	505.85
E-2	Construction of NAD Colony	326.95	100.00%	158.05	168.90	-	-	-	326.95
E-3-1	Cost of 3 levels of basements for 2 metro stations	152.28	50.00%	76.14	-	-	-	-	76.14
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	81	100.00%	81.00	-	-	-	-	81.00
E-4-1	Sewage Treatment Plant for new Terminal T2	16.61	100.00%	-	-	-	-	16.61	16.61
E-4-2	Hazardous Waste Storage	1.56	100.00%	-	-	-	-	1.56	1.56
E-4-3	Distribution network for Utilities	4.54	100.00%	-	-	-	-	4.54	4.54
E-5	Development of T2 forecourt (Metro Station)	-	100.00%	-	-	-	-	-	-
E-6	Crew Terminal	52.76	100.00%	-	-	52.76	-	-	52.76
E-7	Relocation of ATC Technical block	-	100.00%	-	-	-	-	-	-
Operational Capex Works									
2A	CTiX for Hand baggage's (40 nos.)	140.68	100.00%	33.86	88.37	18.45	-	-	140.68
2B	Full Body Scanner (23 no's)	26.44	100.00%	6.48	6.76	7.06	6.14	-	26.44
2C	Procurement of Crash Fire Tender - 04 Nos.	39.45	100.00%	19.3	20.15	-	-	-	39.45
2D	Refurbishment of Washrooms at T2	76.09	86.84%	21.08	22.01	22.98	-	-	66.08
2.E-01	Transfer hub initiatives e.g. I-D Auto sortation for inbound bags	115.09	100.00%	62.07	53.02	-	-	-	115.09
2.E-02	Early Bag Store capacity & process enhancement	106.88	100.00%	28.22	29.46	49.2	-	-	106.88
2F	Conversion of conventional lamps to LEDs - follow the green	-	100.00%	-	-	-	-	-	-
2G	Provision of Self Bag Drops at T2	67.7	100.00%	-	21.6	22.55	23.54	-	67.70
2H	CT-EDS	72.23	100.00%	72.23	-	-	-	-	72.23
2I*	Operational Capex Projects less than Rs. 50 Crores	1,278.69	96.72%*	580.68	267.87	154.78	133.64	99.84	1,236.81
Total		**7,651.63**		**1,325.70**	**907.69**	**1,273.36**	**846.98**	**2,789.87**	**7,143.61**

**These projects contain multiple assets which had been allocated based on the ratios defined in the above paragraphs. The Aero % shown is the average aeronautical percentage of all the assets in the respective projects.*

6.4.6 Accordingly, the Authority proposed to allow Aeronautical CAPEX of Rs. 7,143.61 Crores against Rs. 16,509.93 Crores proposed by MIAL.

6.4.7 The Authority directed MIAL to submit the current status of the works/capex proposed to be capitalized in FY 2025, i.e., 1st tariff year of the Fourth Control Period as a part of Stakeholder Consultation Process. The Authority proposed that capitalization schedule as per Table 229 may undergo changes based on updated status of works/capex to be submitted by MIAL at the time of issuance of the tariff order for the Fourth Control Period.

6.5 Depreciation for the Fourth Control Period

MIAL Submission regarding Depreciation for the Fourth Control Period

6.5.1 MIAL, in the MYTP, has taken cognizance of the rates of depreciation approved by the Authority in Order No. 35 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'. Accordingly, the rates of depreciation approved by the Authority had been applied by MIAL from FY 2018-19 onwards. Depreciation has been computed separately on opening block of assets and on the proposed additions.

6.5.2 The depreciation amount proposed for the Fourth Control Period has been given in the table below:

Table 230: Depreciation submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aero Allocation Ratio for Depreciation	**83.40%**	**83.40%**	**83.40%**	**83.40%**	**83.40%**	
Terminal Building	156.48	161.63	167.14	171.32	245.06	**901.63**
Runway, Taxiway and Apron	117.71	105.63	108.23	125.55	129.59	**586.71**
Cargo Building	-	-	-	-	-	-
Cargo Equipment	-	-	-	-	-	-
Boundary Wall	1.13	3.44	5.86	12.01	18.28	**40.71**
IT equipment	64.77	126.71	139.93	126.52	26.53	**484.46**
Security equipment	-	-	-	-	-	-
Plant and Machinery	73.73	112.56	140.84	154.51	161.57	**643.21**
Other Buildings	25.11	47.23	97.54	139.82	167.99	**477.68**
Access Road	35.81	39.55	52.71	80.08	90.14	**298.28**
Fuel	-	-	-	-	-	-
Electrical Installation and Equipment's	35.03	42.74	44.99	56.28	63.83	**242.87**
Bridges	11.42	11.42	11.42	11.42	11.42	**57.08**
Computers - Servers & Networks	22.31	30.61	32.48	32.76	30.94	**149.10**
Office equipment	1.83	1.72	1.64	1.11	0.32	**6.62**
Furniture & fixtures	7.07	12.56	16.35	18.70	20.61	**75.29**
Vehicles	3.20	3.54	4.02	5.10	6.62	**22.49**
Total	**555.59**	**699.35**	**823.13**	**935.17**	**972.87**	**3,986.11**
Aeronautical Depreciation as per FAR	443.99	410.70	385.40	372.95	338.29	**1,951.32**
Add: Aeronautical Depreciation on New Additions	111.60	288.65	437.74	562.23	634.58	**2,034.79**
Total	**555.59**	**699.35**	**823.13**	**935.17**	**972.87**	**3,986.11**
Less: Runway recarpeting amortize separately as O&M	29.52	6.54	6.54	6.54	6.54	**55.69**
Less: Depreciation on disallowed projects	3.74	4.24	4.06	4.16	3.28	**19.48**

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Depreciation on RAB (a)	522.34	688.56	812.53	924.47	963.05	3,910.94
Depreciation on HRAB (b)	39.44	44.80	42.88	43.93	34.59	205.63
Total Depreciation (a+b)	561.77	733.36	855.41	968.40	997.64	4,116.57

Treatment of assets identified in the Self-Contained Note of AIA:

6.5.3 In compliance to para 12 of SCN dated 30.08.2023 referred at para 3.1.6, the Authority, through its Independent Consultant, had computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Return on RAB and Depreciation as reflected in Table 353.

Authority's Examination of Depreciation for the Fourth Control Period at the Consultation Stage

6.5.4 The Authority reviewed the depreciation rates submitted by MIAL for the Fourth Control Period and compared them with the rates prescribed in Order 35. It was observed that MIAL calculated depreciation on capital expenditure proposed for the Fourth Control Period based on the useful life of assets as per the mentioned order. However, for the assets capitalized up to the Third Control Period, MIAL has computed depreciation based on useful life as assessed by technical experts.

6.5.5 For additions made in the Third Control Period, the Authority had compared useful life considered by MIAL vis-à-vis the useful life as per Order 35 and asset category wise comparison is given in the below table.

Table 231: Comparison of technical useful life assessment by the valuer vis-a-vis that as per Order 35/2017-18

(Rs. in crores)

Category	Depreciation Rate as per MIAL (years)	Category as per Order 35/2017-18	Depreciation Rate as per Order 35/2017-18 (years)
Terminal Building	10	Terminal Building (Including VIP Terminal, Bus Terminal, Hajj Terminal)	30/60
Runway, Taxiway and Apron	3/7/20	Runway, Taxiway, Apron	5/30
Cargo Building	10	Building In Operational Area	30/60
Boundary Wall	5	Main Access Roads, Roads in Operational Area, Boundary wall, Security fencing	5/10
IT equipment	3	Computers - End User Devices	3
Security equipment	7.5	X-Ray Machine, RT Set, DEMD, HHMD, Security Equipment	15
Plant and Machinery	7.5	Plant & Machinery	15
Other Buildings	10	Building In Operational Area	30/60
Electrical Installation and Equipment's	5	Electrical Installation and Equipment's - Electrical fittings, including Runway lighting system Gen-Set / Power Equipment	10
Computers - Servers & Networks	6	Computers - Servers and Networks	6
Office equipment	2	Office Equipment	5
Furniture & fixtures	3/5	Furniture & Fixtures - Other than trolleys	7

6.5.6 The Authority had identified discrepancies in 614-line items where higher depreciation is considered by MIAL. The Authority proposed to adjust the depreciation based on useful life determined in Order 35.

6.5.7 The Authority, through its Independent Consultant, is complying with the directions of the Authorized Investigation Agency as explained in para 6.5.3.

6.5.8 The Authority, through its Independent Consultant had computed the depreciation assets specified in the SCN as mentioned in para 6.5.3 as below:

Table 232: Aeronautical Depreciation as computed by the Authority for the Fourth Control Period on the assets identified in the SCN

(Rs. in crores)

Particulars	Second Control Period - Depreciation					Total Depreciation
	FY 25	FY 26	FY 27	FY 28	FY 29	
Aeronautical Depreciation	7.12	7.07	7.01	7.01	7.01	35.22

6.5.9 Based on the changes in the asset allocation of opening gross block of assets, proposed capital expenditure, and reallocation of cost incurred on runway recarpeting of runway 9/27 and 14/32 submitted as Capital Expenditure by MIAL to Operating and Maintenance Expenditure, the Authority proposed the following Depreciation for the Fourth Control Period:

Table 233: Depreciation proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aero Allocation Ratio for Depreciation	**83.38%**	**83.38%**	**83.38%**	**83.38%**	**83.38%**	
Terminal Building	155.51	159.08	162.47	165.37	208.16	850.60
Runway, Taxiway and Apron	114.48	98.51	99.24	108.54	101.78	522.56
Cargo Building	-	-	-	-	-	-
Cargo Equipment	-	-	-	-	-	-
Boundary Wall	0.54	1.63	2.78	7.08	11.44	23.47
IT equipment	40.26	72.98	79.03	53.77	23.71	269.75
Security equipment	-	-	-	-	-	-
Plant and Machinery	65.56	84.27	94.82	98.37	99.84	442.86
Other Buildings	21.07	30.95	47.93	59.81	57.21	216.97
Access Road	34.18	34.59	35.80	45.91	46.44	196.92
Fuel	-	-	-	-	-	-
Electrical Installation and Equipment's	30.41	29.65	23.93	26.40	28.16	138.55
Bridges	11.41	11.41	11.41	11.41	11.41	57.06
Computers - Servers & Networks	20.23	25.69	26.70	26.84	24.94	124.39
Office equipment	1.83	1.72	1.64	1.11	0.32	6.62
Furniture & fixtures	5.96	9.96	12.91	14.55	15.83	59.21
Vehicles	3.10	3.32	3.59	4.05	4.71	18.78
Total	**504.55**	**563.79**	**602.26**	**623.23**	**633.96**	**2,927.79**
Aeronautical Depreciation as per FAR	443.69	410.44	385.14	372.69	338.09	1,950.05
Add: Aeronautical Depreciation on New Additions	60.86	153.35	217.12	250.54	295.87	977.74
Total	**504.55**	**563.79**	**602.26**	**623.23**	**633.96**	**2,927.79**
Less: Runway recarpeting amortize separately as O&M	56.57	30.37	34.01	33.88	32.98	187.81

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Less: Depreciation on disallowed projects	3.19	3.57	3.46	3.41	2.93	16.57
Less: Higher depreciation in books as compared to the Authority (614-line items)	17.69	17.53	17.51	13.81	13.34	79.88
Less: Aeronautical Depreciation on the assets as per SCN	7.12	7.07	7.01	7.01	7.01	35.22
Aeronautical Depreciation on RAB (a)	**419.98**	**505.25**	**540.26**	**565.13**	**577.70**	**2,608.31**
Average Depreciation Rate	3.59%	4.01%	3.89%	3.83%	3.29%	
Aeronautical Depreciation on HRAB (b) – Refer Table 237	**25.76**	**28.76**	**27.93**	**27.49**	**19.74**	**129.68**
Total Aeronautical Depreciation (a+b)	**445.73**	**534.01**	**568.19**	**592.62**	**597.44**	**2,737.99**

6.6 HRAB for the Fourth Control Period

Background

6.6.1 MIAL commenced operations in CSMIA as a brownfield airport. However, assets of AAI pertaining to Mumbai airport while were put in custody of the AO but were not transferred to MIAL's books of accounts at the time of commencement of operations.

6.6.2 Schedule I of SSA defined the computation of regulatory base for the first year of the First Control Period as follows:

"RB for the first regulatory period would be sum of

(i) the Book Value of the Aeronautical Assets in the books of the JVC and

(ii) the hypothetical regulatory base computed using the then prevailing tariff and the revenues, operation and maintenance cost, corporate tax pertaining to Aeronautical Services at the Airport, during the financial year preceding the date of such computation."

6.6.3 Hence, the Hypothetical Regulatory Asset Base (HRAB) was required to be determined and added to the Regulatory Asset Base and return has to be provided to the AO on the Regulatory Asset Base computed for TR calculation.

MIAL's Submission regarding HRAB for the Fourth Control Period

6.6.4 The Authority while determining tariff for the Third Control Period decided to remove value attributable to old T2 that was demolished from HRAB and computed impact of Rs. 258.83 crores as on 1st April 2019 on TR (refer table 232 of the Third Control Period Order).

6.6.5 Hon'ble TDSAT vide judgement dated 6th October 2023 has ruled that the decision of the Authority to reduce HRAB on account of demolition of old T-2 is not correct. Hence, MIAL has not considered the one-time impact of Rs. 258.83 crores computed by the Authority (Refer para 4.6.1) on account of reduction in HRAB for the purpose of calculation of true-up of the Third Control Period.

6.6.6 Based on the true-up values submitted by MIAL for the Third Control Period (Refer Table 84) MIAL has computed the HRAB for the Fourth Control Period as given in the table below:

Table 234: HRAB for the Fourth Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening HRAB	258.08	218.64	173.84	130.97	87.04	
Depreciation for the year	39.44	44.80	42.88	43.93	34.59	**205.63**
Closing HRAB	**218.64**	**173.84**	**130.97**	**87.04**	**52.45**	
Average HRAB	**238.36**	**196.24**	**152.41**	**109.00**	**69.74**	

Authority's Examination regarding HRAB for the Fourth Control Period at Consultation Stage

6.6.7 The Authority in its Third Control Period order had noted that HRAB of Rs. 966.03 crores determined in the First Control Period pertains to the value of assets that would have been in AAI's books at the time of transfer of assets to MIAL, post privatization. The HRAB value so determined, thus included a portion of assets, attributable to the old T2 building. In place of this old T2, a new T2 building was constructed in 2013-14.

6.6.8 In the opinion of the Authority, since the above-mentioned buildings and its related assets have already been demolished/proposed to be demolished, the operator ought not to get a return on these assets nor claim Depreciation reimbursement on the same. If both return on assets and Depreciation is continued to be allowed, then the operator gets a double benefit both on the non-existent assets and the new assets which are rebuilt. In order to ensure fairness, the Authority proposed that the cost which is attributable to old T2 which is included in the HRAB ought to be removed from the HRAB.

6.6.9 With regards to the Hon'ble TDSAT judgement on HRAB, the Authority based on the analysis provided in para's from 1.9.2 to 1.9.5, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

6.6.10 The Authority noted that the SSA does not specifically even allow for depreciation on HRAB. This is being allowed more as a practice during the period when the asset was in use. At the cost of repetition, the Authority wished to reiterate that when the asset is demolished, it is logical and prescribed accounting practice and was also justified to remove such assets from the carrying value.

6.6.11 In the opinion of the Authority, since the above-mentioned buildings (Terminal-1) and its related assets were being allowed to demolish, the operator ought not to get a return on these assets nor claim Depreciation reimbursement on the same. Like mentioned in the Third Control Period Order in para 4.4.10,

"If both return on assets and Depreciation is continued to be allowed, then the operator gets a double benefit – both on the non-existent assets and the new assets which are rebuilt. In order to ensure fairness, the Authority proposes that the cost which is attributable to old T2 and T1B which is included in the HRAB ought to be removed from HRAB."

6.6.12 The Authority noted that for Terminal-1 being demolished in this control period, it necessitated a corresponding reduction in the HRAB value from the time the Terminal-1 re-starts functioning.

6.6.13 From the composition of assets of MIAL in 2012-13, i.e., before the capitalization of new T2 and when the entire assets of HRAB was existent, it was observed that 'runways, taxiways and apron' constituted about 49% of the total asset cost. 'Upfront Fees' constitute about 1% of the total asset block. Hence, the balance of 50% of the remaining asset block pertained to terminal related assets. The area occupied by old T2 and T1 prior to demolishing old T2 was as follows:

Table 235: Terminal area and Airside proportion in HRAB pre-demolition of T2

Terminal Area	Ref	Proportion (% of Total)
Terminal 1	A	24.44%

Terminal Area	Ref	Proportion (% of Total)
Terminal 2	B	25.74%
GA Terminal	C	0.22%
Total Terminal Area	**D = A+B+C**	**50.41%**
Upfront Fees	E	4.32%
Intangible Assets	F	0.84%
Taxiways and Aprons	G	29.26%
Runways	H	15.17%
Total Airside and Other Assets	**I = E+F+G+H**	**49.59%**
Total HRAB Assets	**J = D+I**	**100.00%**

6.6.14 The necessary reduction in HRAB, on account of the demolition and re-construction of Terminal 1 has been detailed below:

Table 236: Computation of Closing HRAB as proposed by the Authority on account of the Terminal 1 demolition at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Amount
Opening HRAB as on 1st April 2009	A	966.03
Percentage attributable to Terminal Area 1	B1	24.44%
Percentage attributable to Terminal Area 2	B2	25.74%
HRAB pertaining to T1	C1 = B1*A	236.14
HRAB pertaining to T2	C2 = B2*A	248.66
Opening HRAB of T1 as on 1st April 2009	D = C1	236.14
Depreciation rates from FY 2010 to FY 2028 based on applicable depreciation rates for each year	E	87.02%
Accumulated Depreciation as of 31st Mar 2028	F = D*E	205.50
Closing HRAB of T1 as on 31st March 2028	G = D-F	30.64
Depreciation rate for FY 2029 [Refer Table 233]	H	3.29%
Depreciation for FY 2029	I = H*D	7.78
Depreciation for the first 6 months in FY 2029	J = I / 2	3.89
Closing HRAB of T1 as on 30th September 2028	**K = G - J**	**26.75**
Opening HRAB as on 1st April 2028 (Refer Closing HRAB of FY 28 in Table 237)	**L**	**93.09**
Depreciation on total HRAB for the first 6 months	M = (A-C2) * H / 2	11.82
Total HRAB as on 30th September 2028	**N = L - M**	**81.27**
Total HRAB as on 30th September 2028 after adjusting T1	O = N - K	54.52
Depreciation on the total HRAB for the balance 6 months	P = H * (A-C2-D) / 2	7.93
Total Depreciation on HRAB for FY 2029	**Q = M+P**	**19.74**
Closing HRAB as on 31st March 2029	**R = O - P**	**46.60**

6.6.15 Thus, the necessary reduction has been applied to HRAB from mid-FY 2028-29 onwards as per the re-construction completion date of Terminal 1. The Authority has done the HRAB computation along with the removal of Terminal 1 in the table below:

Table 237: HRAB as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening HRAB	203.03	177.27	148.51	120.58	93.09	
Depreciation for the year	25.76	28.76	27.93	27.49	19.74	**129.68**
Closing HRAB	177.27	148.51	120.58	93.09	46.60	
Average HRAB	**190.15**	**162.89**	**134.55**	**106.83**	**69.84**	

6.7 Regulatory Asset Base (RAB) for the Fourth Control Period

MIAL Submission regarding RAB for the Fourth Control Period

6.7.1 MIAL's submission on RAB for the Fourth Control Period for CSMIA is given in the table below:

Table 238: RAB submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,587.37*	7,017.23	8,381.34	11,027.60	12,126.64	
Add: Proportionate Capitalization during the year	2,414.14	2,052.67	3,458.78	2,023.51	6,563.45	**16,512.55**
Add: Brought Forward Balance (Refer Table 61)	538.05**	-	-	-	-	**538.05**
Less: Depreciation	522.33	688.56	812.53	924.47	963.05	**3,910.94**
Closing RAB	**7,017.23**	**8,381.34**	**11,027.60**	**12,126.64**	**17,727.04**	
Average RAB	**5,802.30**	**7,699.29**	**9,704.47**	**11,577.12**	**14,926.84**	

**Refer Table 61 for opening RAB of FY 25*
***Brought Forward Balance from FY 24*

Authority's Examination regarding RAB for the Fourth Control Period at the Consultation Stage

6.7.2 The Authority proposed to adopt the capitalization of Aeronautical Expenditure in accordance with Table 229 and the depreciation amounts in accordance with Table 233.

6.7.3 Based on the above, the RAB proposed to be considered by the Authority for determination of Aeronautical tariff for the Fourth Control Period is given in the table below:

Table 239: RAB proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,436.41*	5,856.49	6,258.93	6,992.03	7,273.88	
Add: Capitalization during the year (Refer Table 229)	1,325.70	907.69	1,273.36	846.98	2,789.87	**7,143.61**
Add: Brought Forward Balance (Refer Table 80)	514.35**	-	-	-	-	**514.35**
Less: Aeronautical Depreciation (Refer Table 233)	419.98	505.25	540.26	565.13	577.70	**2,608.31**
Closing RAB	**5,856.49**	**6,258.93**	**6,992.03**	**7,273.88**	**9,486.05**	
Average RAB	**5,146.45**	**6,057.71**	**6,625.48**	**7,132.95**	**8,379.97**	

**Refer Table 79 for opening RAB of FY 25*

***Brought Forward Balance from FY 24*

Table 240: RAB and HRAB proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Average RAB (Refer Table 239)	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97
Average HRAB (Refer Table 237)	190.15	162.89	134.55	106.83	69.84
Total	**5,336.60**	**6,220.60**	**6,760.02**	**7,239.79**	**8,449.81**

6.8 Stakeholders' Comments On CAPEX, Depreciation and Regulatory Base (RAB) for the Fourth Control Period

6.8.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, AAI, IATA, AOC, BAOA and BAR in response to the proposals of the Authority with regard to the Capex, Depreciation and RAB for the Fourth Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to Capex, Depreciation and RAB for the Fourth Control Period

6.8.2 MIAL's comments with regards to NATS study, Master Plan and Requirement on T1 demolition and reconstruction is as follows:

"MIAL, through "CSMIA Master Plan-2024", has planned augmentation of both terminal capacity and airside capacity. The said Master Plan has been submitted to MoCA and AAI in September 2024 and subsequently, after incorporating all observations/suggestions, was subsequently finalized in January 2025 as per the provisions of SSA. The finalized Master Plan proposes various projects in order to augment both airside and terminal capacity. Various airside infrastructure which will facilitate to increase the airside capacity from 46 to 52+ ATMs have been ratified/validated by NATS. Detailed evaluations of NATS have been captured in the report which has been submitted to both AAI and AERA.

MIAL will augment the terminal capacity approx. 55 MPPA to approx. 65 MPPA (T1: approx. 20 MPPA from current approx. 15 MPPA and T2: approx. 45 MPPA from current approx. 40 MPPA through modifications and expansion of Northwest Pier), to accommodate growing passenger traffic, enhance service quality, and improve convenience and facilities for passengers. It may be noted that CSMIA has recorded 52.8 million passengers in FY 2023-24 and similar passenger number is also expected to be recorded in FY24-25 too.

As regards demolition and reconstruction of Terminal 1, it may be noted that MIAL has also submitted a structural study report recently conducted by IIT Mumbai, which indicates that Terminal T1A (approximately 30 years old) and T1B (more than 60 years old) show signs of distress and require structural and non-structural measures to improve serviceability. In terms of T1C, which currently houses the Security Hold Area (SHA), the current spatial arrangement of the building leads to mix of departure and arrival passengers, which is in violation of security regulations. Segregation of departure and arrival passengers will call for addition of floors, which will necessitate major alteration of the existing structure. In view of these issues in T1A, T1B and T1C, which cannot be rectified/retrofitted to achieve higher capacity coupled with safe passenger handling, MIAL has proposed demolition of the entire T1 complex (comprising T1A, T1B, and T1C) and reconstruct a new Terminal 1 building that will offer passenger convenience at par with Terminal 2.

During demolition and reconstruction of Terminal 1, associated aircraft parking stands will be closed, and peak early morning operations will be carefully planned and managed from Terminal 2 and its associated stands, including the newly proposed parking stands on the Southern side of RWY 09-27. MIAL has indicated that this period is ideal for reconstructing Terminal 1, as it will minimize operational difficulties and passenger inconvenience."

6.8.3 MIAL's comment with regards to consideration of General Aviation (GA) Terminal as non-aeronautical asset is as follows:

*"**Need for new GA terminal***

General Aviation (GA) Terminal of CSMIA handles non-scheduled flights and is located at Kalina. Current GA terminal is very small single level facility (~750 sq.m.) handling both domestic and international passengers from the same terminal. There is mixing of domestic and international passengers in the processing area and also since levels are not segregated, there is mixing of arriving and departing passengers resulting in violation of BCAS guidelines. Hence, there is need for bigger GA terminal which has separate processing areas for domestic and international passengers and segregated levels for arriving and departing passengers. In addition to GA flights, there is an increasing trend for using bigger Charter flights (Code C equivalent, with 180 average seating capacity) by the corporates, which are currently being operated from T2. With commissioning of new GA terminal, these bigger charter flights can be operated from new terminal. It will also have dedicated areas for customs, security, and immigration for the quick and efficient movement of passengers. Accordingly, MIAL proposes to expand the existing GA Terminal by constructing another approx. 9,893 Sqm of Gross Floor Area.

GA terminal is akin to any other Terminal Building

GA Terminal Building is akin to passenger terminal building (PTB) and offers similar facilities to passengers like check in, security, customs, immigration and some area is reserved for non-aeronautical activities like F&B, Lounges etc. Hence GA terminal building should be considered as common asset like passenger terminal building. Users of GA Terminal building pay various charges like UDF (for int pax only), Landing, Parking, Unauthorized Stay charges as per the rate card approved by the Authority and same is classified as aeronautical in financial statements and hence charges to be recovered from the passengers travelling on scheduled flights and passing through PTB are reduced to that extent. In addition to Aero revenues, GA passenger pays for using the F&B, Lounge facilities in the GA Terminal, which are classified as Non-Aero revenues and used for cross-subsidization of aeronautical revenues.

Treatment of GA Terminal in TCP Order

The Authority has considered GA terminal as common asset in computation of weighted average terminal space ratio while determining tariff for Third Control Period.

3.4.43 This ratio was computed based on the report of IRCLASS Systems and Solutions Private Limited (IRCLASS), appointed by MIAL [hereinafter referred to as "IRCLASS report"] which has also been verified by the independent consultant appointed by the Authority. In this report, the areas occupied by non-aeronautical services were measured and the aeronautical to non-aeronautical space in each of the terminals (T1, T2 and General Aviation (GA)) was computed. Based on the ratios of each of the terminals, the combined weighted average terminal space ratio was computed.

Costs related to refurbishment of GA terminal has been approved as aeronautical capex in TCP tariff order.

30	GA Terminal (Refurbishment/Expansion)	Individual projects below Rs. 10 crore	Buildings/Improvements	2.12
102	Refurbishment of GA Terminal - External	Individual projects below Rs. 10 crore	Buildings/Improvements	0.50

It is clarified that project related to GA Terminal Refurbishment, being approved project of TCP, has been classified as non-aeronautical while doing up true-up of RAB of TCP. By doing so, the Authority has challenged its own decision taken in TCP Order.

TDSAT vide judgement dated 6.10.2023 (shared as part of FoCP MYTP) has ruled that GA terminal is common asset.

MIAL therefore requests the Authority to allow construction of new GA Terminal as a common asset."

6.8.4 MIAL's comment with regard to consideration of on Eastern Taxiway (E5-E7) and ATC Technical Block on actual incurrence basis, is as follows:

*"**Eastern Taxiway (E5-E7) and ATC Technical Block allowed on actual incurrence basis should be included in RAB***

The construction of the Eastern Taxiway is contingent upon two projects: the relocation of the ATC Technical Block and the relocation of cargo sheds. The relocation of the ATS Technical Block is necessary to accommodate Code F aircraft movement, which requires a 51-meter object clearance from the taxiway centerline as per ICAO requirements. MIAL is in advanced discussions with AAI regarding the relocation of the existing ATC Technical Block. In the interim, MIAL has decided to construct a parallel taxiway (geometric and pavement design) in compliance with Code F standards but will operate only Code C aircraft (Maximum movement for Code C only), which requires only 26-meter object clearance from the taxiway centerline, which avoids any conflict with the ATS Technical Block building. Hence Code C aircraft operations can be done from Eastern Taxiway without relocating the existing ATC technical block.



As far as relocation of cargo sheds is concerned, MIAL has already instructed the cargo concessionaire to move the cargo shed from its current location (letter sent to Cargo Concessionaire attached for reference as Annexure D). The relocation of the cargo infrastructure is scheduled to be completed before October 2027, with the parallel taxiway construction work commencing from October 2027 to May 2028.

Therefore, MIAL request the Authority to consider these two projects as part of the RAB rather than on an incurrence basis."

6.8.5 MIAL's comment with regard to allowance of cost related to basement of metro station as part of RAB is as follows:

"MIAL has provided various letters received from MMRC as part of on-going tariff determination exercise where it is clearly mentioned that the basements are required for various operational and safety purposes. (letter attached as Annexure E)

Basements were not required to be constructed, and MIAL would not have incurred this cost if same had not been for safety purposes.

Since the decision to invest in the project is based on safety considerations only and not from the expected future use of it, MIAL request the Authority to consider the same as 100% aeronautical.

Although use of the basements has not been finalized, the same is expected to be used for predominantly for aeronautical purposes like Utility services, storage facility, etc.

Therefore, MIAL request the Authority to consider this as a 100% aeronautical capex."

6.8.6 MIAL's comment with regard to consideration of T2 Forecourt on actual incurrence basis is as follows:

"Development of T2 Forecourt allowed on actual incurrence basis should be included in RAB

The Authority has concurred with MIAL submission on the need for the development of check-in and baggage drop facilities in T2 forecourt as same will ease the flow of passengers within the terminal and enhance the overall passenger experience.

Project has already transitioned from concept and design stage to construction stage. Currently, the construction works on the project are underway and the project will be completed in the current control period. Refer below pictures of the construction:





It is to be noted that metro station on which T2 forecourt is proposed is already operational.

MIAL therefore requests the Authority to allow this project as part of RAB and not on actual incurrence basis."

6.8.7 MIAL's comment with regard to refurbishment of washrooms at Terminal 2 is as follows:

"Need of the Project

The infrastructure of Terminal- 2, CSMIA is nearly 10 years old and since 2014 no major renovation has been carried out in washrooms. Due to heavy usage there has been a degradation of fittings & fixtures.

Further it is also proposed to install new technology and upgraded fittings and fixtures in washrooms. In view of above it is proposed to undertake Refurbishment of all Washrooms at Terminal-2.

Technological interventions available today enable smart washrooms which mean touchless systems, smart mirrors etc. Also, we have concealed leakages in most of the washrooms due to wear and tear of plumbing lines which makes the maintenance of the washrooms very cumbersome causing unpleasant passenger experience.

Current progress

MIAL has already placed the Purchase Order (PO) for refurbishment of 41 sets of passenger washrooms with value of Rs. 159 Crs (excluding taxes).

We request the Authority to allow the cost of the washroom based on PO. (PO copy attached as Annexure F)."

6.8.8 MIAL's comment with regard to the 5G implementation is as follows:

"***5G Implementation considered as non-aeronautical asset.***

MIAL does not envisage any revenue generation opportunity from implementation of 5G project and we request the Authority to consider the same as common asset."

6.8.9 MIAL's comment with regard to the additional Parking Stand adjacent to Apron J is as follows:

"Additional Aircraft Parking stand adjacent to Apron J: Awarded Cost should be allowed

This project is an awarded contract and cost submitted by MIAL is based on Purchase Order of Rs. 47.20 Crs.

The Authority has considered the cost based on block level estimates.

MIAL request the Authority to consider actual cost as per the contract price awarded based on the snapshot attached."

BOQ For 00060. Parking stand adjacent Apron J.
Plant : 1771

Serial No.	Service Code/Description	UOM	Quantity	Unit Rate	Total Amount
10	120021702	LUMP SUM	1.000	401238000.00	401238000.00
	CGST-ND%: 9.00%				
	CGST-ND Amount:				36111420.00
	SGST-ND%: 9.00%				
	SGST-ND Amount:				36111420.00
	SAC Code: 995429				
	PROJECT CONSTRUCTION WORK ENGINEERING, PROCUREMENT AND CONSTRUCTION OF THE MAIN WORKS, INCLUDES PASSENGER TERMINAL DEVELOPMENT, AIRFIELD DEVELOPMENT, LANDSIDE DEVELOPMENT, SUPPORT AND UTILITY BUILDINGS, PROVISIONAL SUM WORKS ETC				
	Line text:Parking stand adjacent Apron J				

No. of Items : 1 **Subtotal : 473,460,840.00**

6.8.10 MIAL's comment with regard to Adjustment on account of demolition of T1 in HRAB in FY29 is as follows:

"*At the outset it is stated that Terminal 1B building is more than 60 years old and Terminal 1A is more than 30 years old. The Structural Audit Report of T1 prepared by IIT Bombay has summarized that:*

"The T1A and T1B buildings has several structural and non-structural distresses related to corrosion and leakage and seepage. These have resulted in the formation of longitudinal cracks and spalling of concrete at several places on the building."

Delhi Airport and few other AAI Airports experienced unfortunate events in FY24-25 highlighting the concerns surrounding the stability of the old terminal building structures. It is imperative that reconstruction of old terminal buildings which have outlived their useful life should be taken by airport operators on priority basis in order to avoid such incidents in future. Hence demolition and reconstruction of Terminal-1 is critical project from safety perspective and essential for the passenger convenience and for expansion of the airport to enhance the functionality at the airport.

Cost associated with old T1 is enabling cost for new T1

Construction of the New T1 can be done only once old T1 is demolished. Hence, whatever cost or value that was attributable to the old T1 by the Authority as per its assumptions would be considered as enabling cost for the construction of the new T1, as a result of which, there would be a deduction as well as addition of similar amounts to RAB.

Provisions of SSA

The SSA does not restrict to actual existence of assets for the purposes of computation of HRAB which is also evident from the language employed in the SSA of using the word 'Hypothetical Asset Base while arriving to Regulatory Base'.

It is to be noted that opening HRAB as on 01.04.2009 has to be determined based on the specific formula provided under the SSA. Once opening HRAB is determined that figure is sacrosanct, and it cannot be changed, as it is only determined for the first year of the First Control Period. The whole purpose of HRAB is to provide the hypothetical base for the first year.

When HRAB was computed by the Authority, no reference was ascribed to any asset. Computation of HRAB was based on revenue and expenses for FY08-09, hence discarding any asset does not trigger reduction of HRAB, if any attempt is made to do so it would be against the provisions of SSA since there are no provisions regarding such reduction from HRAB in either SSA or OMDA.

The Authority has computed value of Old T1 assuming that HRAB contained value of then existing Terminals and Airside and proceeded to derive the value of aero assets and Terminal assets based on composition of assets in 2012-13, which is a flawed contention. The computation of value attributable to Old T1 based on composition of assets in 2012-13 is altogether wrong and unjustified. As mentioned in CP itself T1 structures are over 60 or 30 years old and as per the Authority useful life, it has already outlived its life and hence it carries Zero Written Down Value in the regulatory books.

Non-Adherence of accounting norms

As per Accounting Standard, if any asset is scrapped, the same is reduced from the asset base and any loss or profit arising from its sale is charged to Profit and Loss account. The Authority has failed to comply with the Accounting Standards in its entirety and further, failed to consider the fact that the residual amount (difference between Written down value and value realized on scrapping of asset) will go to the Profit and Loss Account if the asset being scrapped is reduced from the asset base. The Authority has provided for loss on scrapping of other assets amounting to Rs. 244.59 Crs in FY15 and similar principle

should be applied in this case as well. This is the principle that the Authority adopts in case of assets written off.

Inconsistent Approach for airports operating on similar Concession Agreements

DIAL/IGIA as part of the phase 3A expansion has demolished old T1A and made new Terminal 1 with enhanced capacity of 40 mn in 2024. However, no reduction in HRAB has been proposed by the Authority on account of demolition of old T1 in the recently issued tariff order of Fourth Control Period. Authority is requested to adopt a similar and consistent approach for tariff determination of Delhi and Mumbai airports as both airports are governed under similar concession agreements (OMDA and SSA).

Therefore, we request that no adjustment to be made in the HRAB on account of demolition of T1. "

6.8.11 MIAL's comment with regard to additional CAPEX under security head is as follows:

*"**Additional opex capex under security head: Installation of Radiological Detection Equipment (RDE) as per BCAS directions.***

Need of the project

As per BCAS Circular no. 08/2024 dated 28th October 2024 (attached as Annexure G), BCAS has directed to all the "Hypersensitive & Sensitive "category Airports having passenger footfall more than 3MPPA to install Radiological Detection Equipment (RDE) within 18 months from the date of issue of order.

RDE is used to detect any radiological material present in baggage, vehicle or passenger for security at the entry/ exit points of Airport. If the initial check shows the radiation level above the permissible limit it will raise an alarm and automatically capture the image of the person or the vehicle.

As the alarm is raised, security personnel will check the baggage or the vehicle with the portable survey meter and if the survey meter shows the radiation level above the limits, then the security staff will ask for the valid certificate for carrying the radio-isotope.

Baggage will be confiscated if no valid documents are shown and Department of Atomic Energy will be informed, as per Standard Operating Procedure (SOP) issued by BCAS vide AVSEC Circular 01/2020 dated 07.02.2020.

Types of equipment to be installed

1. *Radiation Portal Monitor for Pedestrian for the purpose of Gamma & Neutron detection on Person (94)*
2. *Radiation Portal Monitor for Vehicles for the purpose of Gamma & Neutron Detection on vehicles (36)*
3. *Radiation Portal Monitor for baggage for the purpose of Gamma & Neutron Detection on baggage (9)*
4. *Control Room Infrastructure*

Current Status

MIAL, BCAS and CISF conducted a joint survey on 7th March 2025 regarding proposed and existing locations where RDEs are to be installed. A total of 89 locations have been identified to install RDE as per attached (as Annexure H) MoM of the survey.

Currently, this project is in advanced stage, specifications for the project have been finalized and MIAL is negotiating with various vendors (vendor quote attached as Annexure I). Project is proposed to be completed by March 2026.

MIAL request the Authority to approve this project (cost of Rs. 194.60 Crs) while determining tariff for the fourth control period."

6.8.12 MIAL's comments with regard to consideration of soft cost, indexation and IDC pertaining to runway recarpeting expenses is as follows:

*"**Soft Cost, Indexation and IDC cost not considered while computing cost of Runway Recarpeting projects***

Runway recarpeting additions proposed in FoCP have been reclassified from capital to operational expenditure by the Authority.

Runway Recarpeting expenses with hard cost of Rs. 21.89 Crs for Runway 14/32 is proposed to be capitalized in March 2026 and of Rs. 105.99 for Runway 09/27 proposed to be capitalized in May 2028.

It is to be noted that although these projects are considered as Opex by Authority. However, the same are capital expenditure projects in nature (similar treatment as per financial accounting standards) and will be subject to other costs like soft cost, Indexation and IDC over and above the hard costs.

We request the Authority to allow the soft cost, indexation and IDC on the two Runway Recarpeting projects proposed to be executed in Fourth Control Period."

6.8.13 MIAL's comment with regards to computation of Depreciation is as follows:

*"**Calculation error in computation of Depreciation of FoCP on account of Runway Recarpeting additions***

Runway recarpeting additions proposed in FoCP have been reclassified from capex to operational expenditure by the Authority

Runway Recarpeting expenses of Rs. 21.89 Crs for Runway 14/32 proposed to be capitalized in March 2026 and of Rs. 105.99 for Runway 09/27 proposed to be capitalized in May 2028 have been reclassified from capex to O&M expenses to be amortized in 5 years.

As per the amortization schedule worked out by the Authority, runway recarpeting expenses of ~Rs. 13 Crs for Runway 14/32 and ~Rs. 21 Crs for Runway 09/27 has been allowed as operational expenditure in FoCP. This approach is in line with approach followed by the Authority in tariff determination of other airports. However, the Authority inadvertently has reduced the amortization of Rs. 34 Crs from total depreciation while computing the aeronautical depreciation.

We request the Authority to not reduce runway recarpeting amortization expenses from total depreciation as these projects are not included in Aeronautical Capex."

6.8.14 MIAL's comment with regards to 1% penalty on capex is as follows:

*"**1% penalty on capex not incurred***

The principles of tariff fixation as per SSA stipulate for incentives for undertaking investments in a timely manner. The imposition of penalty for delays is neither provided nor contemplated under the said principles. If the intention was to impose a penalty for delay, the SSA would have mentioned it explicitly while it stated about incentive.

There is no such provision in the AERA Act and hence this order of the Authority amounts to the Authority acting in excess of its jurisdiction.

The Authority has proposed to disincentivize the AO by reducing 1% of the project cost in case of delay in implementation of the project. Such a proposal puts MIAL in double jeopardy because any delay in completion of project implies denial of return and depreciation and further any excess revenue generated is clawed back with carrying costs. It is abundantly clear that it is in the interest of MIAL to complete the project as per schedule, however there could be delays due to various uncertainties.

In light of the above reasons, MIAL request the Authority not to include this proposal in the final Order."

6.8.15 MIAL's comment with regard to consideration of soft cost at 8% instead of 16% is as follows:

*"**Soft cost as 8% instead of 16% proposed by MIAL***

Indian and International Standards/benchmarks for soft costs

As per recent released CPWD SOP 2022 dated 13.07.2022 https://cpwd.gov.in/Publication/sop2022.pdf, the Project Estimation should take of the following requirements: -

10. Preliminary estimate (PE) is to be prepared on the basis of Plinth Area Rates or length of road etc. worked out on the rate per unit area/length/number, or such other method adopted for ready and rough calculation, so as to give an idea of the approximate cost involved in the proposal.

11. Prevailing Cost Index over the plinth area rates, effect of ESI & EPF leviable (rates as given in Annexure -14, Contingencies and Departmental Charges (if applicable) are to be added in the PE.

As per CPWD norms the various costs to be considered while preparing the preliminary estimates and should include the following components: -

- *Planning Consultancy 4% and Project Management Consultancy 5% (refer below PART 1 as the relevant extract from CPWD SOP2022)*
- *Other Technical Services like Preliminary Sketches, Detailed Drawings, Preliminary Estimates, Structural Design, Execution, Audit & Account etc. is ranging between 7% to 24% depending upon size of the project (refer below PART 2 as the relevant extract from CPWD SOP2022)*
- *Contingency cost is 3% (refer below PART 3 as the relevant extract from CPWD SOP2022)*
- *ESI & EPF ranging between 0.85% to 4.2%, say average of 2% (refer below PART 4 as the relevant extract from CPWD SOP2022)*

The overall Soft Costs including Consultancy, Technical Services, Contingency based on CPWD norms will be in the range of 15-20%.

Transport Research Board (under FAA)

As per "Airport Capital Improvements: A Business Planning and Decision-Making Approach" study conducted by Airport Cooperative Research Program (ACRP), Transport Research Board (sponsored by US Government's Federal Aviation Administration). The soft costs range between 10% to 30%. The extract from Page 48 the report is as follows: -

"Soft costs typically range from 10% to 30% of total project costs. These include design fees, permitting fees, utilities, costs associated with inspections and land acquisition, costs associated with the bidding and procurement process, and project administration and management costs"

PART 1

SOP No. 8/7: Levy of Fees by CPWD for Consultancy Services (Para 8.20)

CPWD handles consultancy works of planning and designing (with or without construction) of various projects including high-rise buildings, housing complexes etc. of Public Sector Undertakings and other organizations to undertake construction on turnkey basis, or for Mission's buildings abroad, etc. at negotiated rates. Fee for the Consultancy Services is charged by CPWD as given below.

FEES FOR CONSULTANCY SERVICES

(a) Planning 4%

(b) Construction Management 5%

(c) Visits of CPWD Officers from India 1%

For planning and designing work, the following charges is levied:

(i) Development of Master Plan Rs.10000/- per hectare

(ii) Architectural plans and drawings 3 % for original work ½ % for repetition

(iii) Structural designs and drawings 1% for original work ½ % for repetition

PART 2

ANNEXURE- 5

(Reference Para 3.1.1.4 (1))

RATES OF DEPARTMENTAL CHARGES

Objectives of works	All maintenance works, and minor works costing upto Rs. one lakh	Construction works costing upto Rs. Two Crores	Construction works costing between Rs. Two and five Crores	Construction works costing more than Rs. five crores
1	2	3	4	5
(A) Establishment Charges				
1. Preparation of preliminary sketches	½%	¼%	¼%	¼%
2. Preparation of detailed working drawings	1%	¾%	½%	½%
3. Preparation of preliminary estimates	¼%	¼%	¼%	¼%
4. Preparation of detailed estimates	½%	¾%	½%	¼%
5. Preparation of structural designs	1%	1%	¾%	¾%
6. Execution	19-¼%	7-¾%	4-¾%	4-¼%
Total Establishment charges	22-½%	10-¾%	7%	6%
(B) T&P (Machinery Equipment)	¾%	¾%	½%	½%
(C) Audit & Account	¼%	¼%	¼%	¼%
(D) Pensionary	¼%	¼%	¼%	¼%
	23-¼%	12%	8%	7%

PART 3

SOP No. ¾: Provision for Contingencies and its Utilization (Refer Para 3.1.1.3 (3))

1. In addition to the provision for all expenditure which can be foreseen for a work, a provision of contingency is kept as follows: (i) Estimated cost up to Rs. 1 Crore ..... 5% (ii) Estimated cost more than Rs. 1 Crore ... 3%, subject to minimum of Rs. 5 Lakh

PART 4

ANNEXURE- 14

(Refer SOP No. 3/2)

STATEMENT SHOWING THE RATES OF EPF and ESI CHARGES TO BE INCLUDIED IN PRELIMINARY ESTIMATE

Category of work	Component of Labour	EPF @12.5 % of labour Component	ESI @ 4.5 %of labour Component	Total of EPF & ESI
Buildings	25%	3.125%	1.125 %	4.25%
Road Works & pavements in airfields	5%	0.625%	0.225%	0.85%
External sewerage	10%	1.25 %	0.45%	1.70%
External water supply	5%	0.625%	0.225%	0.85%
Bridge/Flyover works	25%	3.125%	1.225%	4.25%
Maintenance works engaging only labour component	100%	12.50 %.	4.50%	17.00 %
Other Maintenance work	70%	8.75%	3.15%	11.9%

MoPA Goa Tariff Order

Further, in Tariff Order No. 27/2023-24 dated 07th December 2023 issued for Mopa Goa Airport, the Authority has approved soft cost (design consultancy, PMC expenses, pre-operative expenses and contingencies) at 13%-16%.

Table 73: CAPEX proposed by the Authority for the First Control Period at Consultation Stage

(Rs. in crores)

S.No	Description	Amount
1	Runway, Taxiways and Apron - (Phase-I, II & III)	526.17*
2	Passenger Terminal Building including Fit Outs (for 7.7 MPPA) (Phase-I, II & III)	1,283.98
3	Airside buildings, Airside roads & Drainage System (Phase-I & III)	346.65
4	Site Preparation/ Earthwork	628.43
5	Administrative building & Site office	50.37
6	ATC Technical Block and Tower	87.43
7	Main Access Road, Spine Road and Car park	104.71
8	Additional Works (Phase-I & III)	63.59
9	Permanent Water & Electricity	20.00
10	ASDC	7.66
11	General Capex	50.00
A	Sub Total (1 to 11)	3,168.99
12	Design Consultancy & PMC Expenses	120.52
13	Independent Engineer Services	15.07
14	Pre-operative Expenses (Phase-I, II & III)	251.36
15	Contingencies (Phase-I & III)	18.38
B	Sub Total (12 to15)	405.33
16	Financing Allowance	321.88
17	DSRA	-
C	Sub Total (16 & 17)	321.88
	Grand Total (A+B+C)	3,896.20
18	Phase-I	3,225.79
19	Phase-II	179.28
20	Phase-III	441.14
21	General Capex	50.00

Soft Cost Rs. 405 Crs over the Project Cost of Rs. 3,169 Crs (approx. 13%). If the Site Preparation/ Earthwork of Rs. 628 Crs is removed from the project cost as it is not applicable for MIAL, then the like-to-like soft cost will be approx. 16%.

Based on information from reputed agencies from India and Overseas and recent tariff orders, it is evident that soft costs requested by MIAL is based on rational estimates and within the acceptable reasonable range. We therefore request the Authority to allow the soft cost which is based on best practices subject to true-up on actual incurrence basis."

Other stakeholders' comment with regards to Capex, Depreciation and RAB for the Fourth Control Period

6.8.16 AAI's comment with regards to NATS study (Master Plan) is as follows:

*"**Para 6.2. 18 & 6.2.19 of consultation Paper in respect of NATS Study (Master plan) for MIAL:***

In order to achieve 50 to 55 Air Traffic Movements (ATMs) (including non-scheduled) in a phased manner, the following factors will need to be met:

- *A comprehensive study regarding the requirements for Ground infrastructure like Taxiways, proper positioning of Rapid Exit Taxiways (RFTs), etc.*
- *Terminal location and capacity including cityside infrastructure.*
- *Monitoring and adherence to slots by the Airport Operator (curtailing early arrivals, late arrivals and late departures)*
- *Proper enforcement of Runway Occupancy Times (ROTs).*
- *Proper fleet mix (less number of low performance aircraft).*
- *Slot allotments shall be done considering the seasonal disruptions particularly during the monsoon season.*
- *Technological requirements:*
  - *Decision Support Tools*
  - *AMAN, DMAN*
- *Procedure Review*
- *Controllers' Training*
- *Airspace Review especially in the light of operationalization of Navi Mumbai International Airport*
- *Fast time simulation modelling."*

6.8.17 AAI's comment with regards to Terminal 1 (Demolition/ Reconstruction) is as follows:

*"**Para (6.2.19.6.2.20. 6.3.105 to 6.3.133 of consultation Paper) in respect of Terminal 1 (Demolition/ Reconstruction)***

1. *Points 6.2.19 — 6.2.20 : It is observed that MIAL has provided a three-year timeline for reconstruction of T-I. Demolition and reconstruction of T-1 has been coincided with the opening of Navi Mumbai.*
2. *Points 6.3.105 — 6.3.133 : It is observed that MIAL has intimated its need for demolition of the existing terminal buildings and reconstruction of Terminal T-1.*
3. *Further as per the Data received from MIAL vide letter dated 28.03.2025 (copy enclosed), following are the comments.*
   a. *As per MIAL, the present peak hour Runway capacity in terms of passengers is approx. 8500 pax which may be increased to 9200 pax after upgradation of the facilities and procedures. Inter alia broadly speaking, it means that in peak hour the runway can handle 4250 to 4600 departure passengers in peak hour. Refer Point (ii)*

b. *As per the data made available by MIAL, The TI complex consists of TIA+TIB+TIC out of which TIA is not in use, and the balance infrastructure i.e. TIB+TIC combined has a total (A+D) peak hour capacity of 900 pax per hour (8500-7600). Refer Point (iv)*

c. *As per data made available by MIAL, the T-2 has a Domestic Departure peak hour capacity Of 3400 pax per hour which is expected to be increased to 4000 pax per hour. Refer Point (v)*

d. *From point (a) to (c) , it is imperative to get to your notice that there is a difference of approx. 850 — 600 departure peak hour passengers and MIAL plans to develop a new Terminal for more than 7000 peak hour pax i.e., approx. 3500 departure pax in peak hour which means that after the construction of T-1, the total peak departure passengers will be approx. 7500 departure peak (T2-4000+ New Tl — 3500 pax) pax as against the Runway capacity of approx. 4600 pax departure peak which seems to be on the higher side. Refer Points (v) and (vi).*

e. *The above calculations have been made assuming that in the peak hour, there will be only domestic scheduled traffic movements*

4. *AAI accepts the reasoning for demolition of TI infrastructures and its reconstruction. However, it can be done in a phased manner.*

5. *It is felt that the MIAL proposal can be redesigned to take up the project of reconstruction of Domestic Terminal complex in a phased manner by initially demolishing Terminal T-IA first of all."*

6.8.18 IATA's comment with regard to the projects undertaken for the control period and computation of RAB is as follows:

- *"IATA greatly appreciates the Authority's efforts and detailed assessments resulting in capital efficiencies reflected in benchmarked rates as a reasonable baseline, taking into account normative costs, operational impact uplift, and removing unjustifiable depreciation and demolitions for assets not in use. We wholeheartedly support AERA's efforts to assess capex plans in detail, including site visits to validate its views. This level of scrutiny is essential and required to ensure users' and consumers' requirements are delivered with the best value outcomes in line with competitive market rates, to the cost, quality and program agreed. To achieve this and support an effective assessment, more regular and transparent AUCC consultation as per the Consultation protocol is required, and more discipline and transparency to consult in detail during the key stages of a project are needed for airports to comply.*

- *Having reviewed all the various details, IATA agrees with the authority's overall assessment regarding capital costs for the Fourth Control Period. We would like to take the opportunity to make some specific points in support of this position, given the substantial impact capex has on airlines' passenger experience, operations and aeronautical charges.*

- *IATA had attended the AUCC meeting on 13th March 2024 in Mumbai to review MIAL's capex plans that were under development and made multiple observations with requests for further information following coordinating with the Airline Operators Committee. We appreciate the Authority's assessments to hold the airport to account, which are broadly in line with IATA's feedback regarding the capital efficiency and scope of various projects.*

- *We appreciate AERA's efforts to encourage MIAL (and all regulated airports) to deliver capital investment outcomes and their benefits on time, to the cost and quality required, as has been committed*

to. The penalty for non-delivery of capex is a helpful regulatory tool in this respect, however, we respectfully propose an increase from 1% to 3% in order to address the still considerable non-delivery of projects that is a constant trend, notwithstanding pandemic impacts.

- *Moving forward, IATA suggests enhancements to the regulatory process, such as the introduction of an independent fund surveyor to review the capital efficiency of major projects at key development stages, to complement the existing AUCC consultation process, which would provide even greater assurance on an individual project basis and very likely lead to greater efficiencies. An important part of this mechanism is a review of project costs in advance of them being incurred (in addition to an end-of-period review), avoiding the need for a retrospective review once costs have been incurred.*

Some specific observations regarding individual projects of particular interest and values are below:

Increase in ACM through planned projects

- *Claims of increasing aircraft movements from 46 to 50+ ACMs per hour, as stated in the overall CAPEX proposal, must be substantiated with thorough research rather than making a few references to NATS UK in the document. More comprehensive and specific research is needed to support these claims.*
- *This aspect has not been addressed adequately in the response to our queries at the AUCC, nor is it explicitly clear from the NATS review of airside changes, and feedback on the same has also been sought by AERA from AAI.*

A - Airside Improvement Work

We support the Authority's assessment regarding the overall capex threshold of investments reflected in Table 201, noting:

- *A1-1: Recarpeting of runways should be part of operation and maintenance expenses and not capitalized.*
- *A3-1: Construction of Additional Aircraft Parking Stand (V1+V2) – We would like to understand the business case where the recently constructed stands (V3L+V3R) have been converted into GSE parking. This raises questions of planning inefficiency.*
- *A4: Reconstruction of perimeter road – We note in particular the provision of 40% of the length of the road, and the estimate of extra costs is entirely appropriate. We support this.*
- *A5: Construction of Airside Tunnel – The business case for investment and return on investment in financial terms for users/payback years needs to be thoroughly reviewed and considered. It needs to be assessed in detail how many airlines use it for their regular flights v/s its usage for business aviation.*
- *A7 & A8: Aircraft Maintenance Hangar & Parking Stands at NEC – We would need assurance these facilities will be used by scheduled carriers and are not being developed for the purpose of business & generation.*

B – Passenger Terminal

- *B1: Reconstruction of Terminal 1 – Capacity of 10MAP to meet the required demand, we believe this is sufficient for the Fourth Control Period and a well-thought-through phasing strategy based on an*

incremental, modular expansion plan is feasible with the appropriate effort applied, while maintaining passenger experience and operational efficiency. IATA made this same point at the 2024 AUCC and would like to reiterate it in the context of feedback sought by AERA in para 6.3.118 of the Consultation Paper.

Normative cost assessments help to reflect the economies of scale the airport is able to apply, to leverage cost efficiency benefits.

- *A number of important questions do however remain unanswered regarding T1 redevelopment and phasing strategy that should be answered in full in advance of T1 redevelopment proceeding, given impacts on capex and traffic, including:*
  - *Phasing strategy to retain existing traffic levels – the airport has not consulted with the airline community or shared sufficient details regarding efforts to phase T1 redevelopment to minimize service level and capacity impacts. This is essential to try and provide the airline community with a less disruptive solution.*
    - *To what extent can existing traffic be re-provided in T2 with some temporary works and planning?*
    - *Are there existing parts of T1 that could be retained?*
  - *The airport operator has been unwilling to provide details regarding infrastructure capacity and demand dependencies between the existing Mumbai and Navi Mumbai airport. It could be viewed that T1 closure is a tactic to force airlines to relocate to the new airport with substantial, potentially unnecessary costs for airlines e.g. costs of switching, cost of increased charges resulting from capex combined with lower traffic in CP4.*
- *Given that T1 will remain unavailable for an extended period of time, we would like to urge the airport operator to:*
  - *Develop solutions that avoid schedule reductions and safeguard historic rights. Any reduction in capacity should be delayed until at least the start of the Northern Winter 25/26 season (i.e., 26 October 2025). This could ensure that the reduction does not take place after Initial Submission (15 May 2025 for the Northern Winter 25/26 season) and thereby better comply with the MoCA Guidelines for Slot Allocation.*
  - *Implement protocols for transparent communication, including publishing temporary capacity parameters, supporting analysis, and compliance details on the airport or coordinator website in advance of 15 May 2025.*
  - *Take adequate measures to mitigate operational disruptions, and provide formal assurance to airlines that historic rights will be protected for use in subsequent seasons.*

As mentioned by IATA in the stakeholder consultation meeting in March 2025, it should be ensured that the dominant market position of Adani Airports as the operator of the '2-airport system' in Mumbai, is not used to force airlines to shift operations to NMI on the pretext of demolition of the T1 at BOM. Any shifting of airline operations should be purely on a voluntary basis, after having consulted with the airline community.

B3: GA Terminal Expansion - We fully support AERA for recognizing this project as a non-aero service. These facilities and the associated infrastructure should be funded by those specific users, and not recovered through aeronautical charges via scheduled traffic.

C – Kerbside Improvements

C3-1: External Landscape & Horticulture – We support AERA for not allowing the hardscape costs proposed by the airport operator.

E – Ancillary Building Development Work

- *E1: Construction of Airport Management Corporate Office Building – It should be noted that the airport has been managed without the need for such an expensive Rs. 1,200 Cr office complex to be built at premium real estate, which should ideally be only used for providing facilities to airport users. Reconstruction of Terminal 1 proposed by the airport operator, could have provided an alternate centralized office space for the airport operator. We would request AERA to review the overall rationale behind such an expenditure. This project is vastly over-specified, and appropriate reduction and rightsizing should be imposed by AERA, including utilities provision, with appropriate functional finishes.*
- *E2: Construction of NAD Colony – Our understanding is that this primarily houses the CISF/security personnel, with the arrangement having come into being before the introduction of new Aviation Security Fee (ASF), which has had several and significant increases since then. As per MoCA Letter 634903/2020 dated 15th December 2020, the leased accommodation expenses including the official and residential premises for CISF personnel, are a permissible item to be recovered from ASF. It is therefore recommended that, going forward, the cost recovery of this major expenditure is done by the Airport Operator via leasing agreement with CISF.*
- *E3: Cost of 3 levels of basements for 2 metro stations and Additional Cost of T-1 Metro Station payable to MMRC – Investments for the metro infrastructure should be fully funded by the metro operator on a cost recovery basis through fees imposed on metro users and not all airport users.*
- *E5: Development of T2 Forecourt considered based on actual incurrence subject to approvals, is reasonable.*
- *E7: Relocation of ATC Technical Block – We would request that this project be taken up by Airport Operator promptly, as it poses existing safety risks. Also, we would like to ascertain the location of the new ATC Technical Block is the same as was allocated to AAI previously.*

Allocation of Assets

Referring table 201, 207 and 208, we appreciate the detailed scrutiny by AERA to review the project basis cost allocation approach. However, D-1, D-2, E-5, 2I-50 should also be subjected to and reviewed for the cost allocation approach (between Aeronautical and Non-Aero).

Depreciation

We appreciate AERA for identifying discrepancies in 614-line items where higher depreciation is considered by the airport operator, and rightfully adjusting it based on the useful life determined.

HRAB

We agree with AERA's approach that since T1 and its related assets are being allowed to be demolished, the airport operator ought not to get a return on these assets nor claim Depreciation reimbursement on the same. Therefore, we support AERA's proposal to make a corresponding reduction in the HRAB value. However, we consider that the reduction of the HRAB should happen at the time the existing terminal is closed and not at the time when the new Terminal opens. Otherwise, there would be a depreciation and cost of capital for an asset that is not in use and will cease to exist once it gets demolished.

We would therefore like to propose AERA to reduce the HRAB at the time the existing T1 closes (i.e. 2025/26)."

6.8.19 Airline Operators Committee Of Mumbai (AOC)'s comment with regards to airside projects undertaken in the control period is as follows:

"We urge AERA to undertake a comprehensive, transparent, and stringent review of the following concerns before arriving at any final determination, ensuring that passenger interest and the sanctity of UDF utilization are fully protected:

Airside Projects from Second & Third Control Periods

AERA must demand complete transparency from MIAL regarding the status of all Airside projects planned under the Second and Third Control Periods. The lack of updates and incomplete implementation raise serious concerns about efficiency and accountability. It is imperative that AERA obtains detailed status reports, including reasons for delays, from MIAL."

6.8.20 AOC's comment with regards to timelines and penalty is as follows:

"Revised Timelines and Penalty Mechanism

Given that nearly a year has elapsed in the Fourth Control Period, MIAL must be held accountable to furnish revised start and completion timelines for all Airside projects. AERA must introduce a robust penalty mechanism for non-compliance and delays to deter systemic inefficiencies and safeguard stakeholder interests."

6.8.21 AOC's comment with regards to Infrastructure projects is as follows:

"Applicability to Major Infrastructure Projects

This accountability framework must also extend to all major infrastructure as mentioned in the MASTER PLAN submitted by MIAL , undertakings including the new Terminal 1, NW Pier at Terminal 2, the Crew Terminal, and other future developments. No project should be allowed to proceed unchecked or without a clear roadmap and consequence for delay."

6.8.22 AOC's comment with regards to Colony project is as follows:

"Review of NAD Colony Project

The recurring inclusion of the NAD colony project since the First Control Period without tangible progress calls for an immediate and strict re-evaluation. AERA must question its continued relevance and scrutinize expenditure, if any."

6.8.23 AOC's comment with regards to Expenses on Bay and Hangars on the Southern Side of RWY 09/27 is as follows:

"Expenditure on Bays and Hangars – RWY 09/27 (Southern Side)

These facilities, primarily serving General Aviation, should not be funded through passenger-related aeronautical charges unless GA operations are definitively shifted to Navi Mumbai. AERA must ensure segregation of costs and enforce this strictly."

6.8.24 AOC's comment with regards to proposed Airport Management Corporate Office is as follows:

"Proposed Airport Management Corporate Office – Misuse of UDF

The plan to construct a corporate office at the T1-A site is deeply concerning. This prime airport location must be reserved for public-serving Airport infrastructure such as the new Terminal 1 or expanded Domestic cargo operations. We strongly object to any approval of UDF funds for such internal MIAL administrative projects. AERA is urged to review the proposal and not to be funded through passenger-related aeronautical charges.

Additionally, considering its proximity to RWY 09 approach, AERA must consult DGCA, ICAO, and IATA to verify whether the building infringes on Obstacle Limitation Surfaces (OLS). Air safety must be non-negotiable."

6.8.25 AOC's comment with regards to stand utilization is as follows:

"Inconsistency in Stand Utilization (V1, V2, V3L/V3R)

While new parking stands (V1 & V2) are being proposed, the closure of recently constructed stands (V3L/V3R) and their conversion into GSE parking raises questions of planning inefficiency. AERA must obtain a detailed explanation from MIAL and hold it accountable for any misuse of funds or mismanagement of resources."

6.8.26 AOC's comment with regards to construction costs of Metro Station is as follows:

"Metro Station Construction Costs – UDF Misuse

The continued carry-forward of metro-related construction costs into this control period is unjustified, especially as the metro line does not serve as a dedicated Airport line. MIAL is also expected to commercially benefit from the surroundings of the metro stations. Public money, especially collected under UDF, must not be used to subsidize commercial ventures. We urge AERA to categorically disallow such costs from being passed on to passengers.

In closing, we reiterate our expectation that AERA will uphold the principles of financial prudence, public accountability, and operational transparency in all deliberations. We request your review and detailed attention to our comments."

6.8.27 BAOA's comment with regard to the General Aviation Terminal is as follows:

*"**Proposal to Build a General Aviation (GA) Terminal at CSMIA***

On behalf of the Business Aircraft Operators Association (BAOA), we reiterate our strong objection to the proposed General Aviation (GA) Terminal at CSMIA as a non-aeronautical asset, which is legally untenable and fundamentally flawed. The most critical concern for General Aviation (GA) and Business Aviation (BA) operators at CSMIA has been the acute shortage of parking stands—a longstanding issue that remains unaddressed. Despite this persistent challenge, no AUCC meeting has been convened to discuss additional GA parking, nor have any new GA parking stands been developed over the last 13 years. It is wholly unjustifiable that MIAL is now pursuing a GA Terminal instead of prioritizing the expansion of GA parking infrastructure, which directly impacts safety and operational efficiency.

Moreover, penal parking charges, introduced by AERA in 2012 as a temporary deterrent due to safety concerns, were imposed without explicit approval from the safety regulator (DGCA). Instead of serving their intended purpose, these charges have been converted into a revenue-generating mechanism for MIAL. BAOA's appeal against these charges remains pending before the Hon'ble Supreme Court, yet the charges continue unabated. It is imperative to highlight that the revenue accrued from these penalties should have been systematically reinvested in additional parking slots, rather than being diverted towards a, not so urgent, GA Terminal.

Additionally, the classification of the GA Terminal as a non-aeronautical asset is legally untenable and contradicts established regulatory principles. Unlike scheduled airlines, non-scheduled operators are not allowed self-ground handling due to security regulations, making this categorization fundamentally flawed. AERA must reject this misclassification to ensure regulatory compliance in asset categorization.

We are also copying these comments to DGCA, urging that penal parking charges must not become a permanent revenue model at a public airport. The continued imposition of these charges for over 12 years—without any initiative to resolve the underlying safety concern of inadequate parking—sets a dangerous precedent.

In the interest of operational fairness, regulatory compliance, and safety, BAOA strongly urges AERA to reject the GA Terminal proposal in its current form and mandate the development of additional GA parking capacity as the immediate priority at CSMIA.

Relocation of Parking Arrangements for Mumbai-Based Operators

The proposed redevelopment at CSMIA includes the relocation of existing GA/BA operators who use Mumbai as their home base. While infrastructure development is necessary, it must not come at the cost of displacing operators without viable alternatives or imposing undue financial burdens on them.

We emphasize that:

- *Any temporary or permanent relocation of GA/BA operators must be accompanied by a viable, operationally efficient alternative, provided at no additional cost to the operators.*
- *The cost of relocation must be borne by the airport operator as part of the redevelopment plan, rather than being unfairly transferred to GA/BA operators.*
- *Longstanding CSMIA-based operators must not face operational disruption or financial penalties due to airport redevelopment.*

With Navi Mumbai International Airport (NMIAL) planning dedicated parking bays for Mumbai-based GA/BA operators, AERA must ensure that CSMIA's redevelopment plan aligns with NMIAL's infrastructure development. The transition for affected operators must be seamless, cost-neutral, and operationally efficient.

Any attempt to impose additional costs on GA/BA operators under the pretext of relocation would be legally indefensible and could invite regulatory and judicial scrutiny. We urge AERA to explicitly prohibit any cost burden on operators resulting from redevelopment activities at CSMIA.

6.8.28 BAOA's comment with regard to the NCAP, Stakeholder consultation and Master plan is as follows:

National Civil Aviation Policy 2016 (NCAP)

The NCAP aims to create a conducive ecosystem for the harmonized growth of all aviation sub-sectors, including General Aviation. The Ministry of Civil Aviation (MoCA) has outlined its intent to support GA growth with a regulatory regime aligned with the nature of operations and international best practices.

OMDA Provisions

As per Clause 8.3 of the OMDA, the Master Plan must be periodically updated and submitted to AAI for information and to MoCA for review. Clause 8.5 outlines MIAL's responsibility to provide all aeronautical and non-aeronautical services at CSMIA. Clause 8.5.7 requires that MIAL adopt fair, reasonable, and non discriminatory practices in granting sub-contracts and in pricing policies. Schedule I of OMDA also mandates that terminal design and development must allow incremental expansion with minimal disruption to ongoing operations.

Stakeholder Consultation

According to Appendix 1 of AERA's Tariff Guidelines, 2011, and CAR Section 4 Series B Part I, airport operators are required to consult stakeholders from the need-identification stage onward. BAOA has not been provided with information on the options under consideration, nor was it invited to any Airport Users Consultative Committee (AUCC) meeting referenced in the Consultation Paper.

Master Plan 2024

We note from the Consultation Paper that MIAL submitted a revised Master Plan to AAI and MoCA in September 2024, proposing significant capacity expansion. However, this Master Plan has not been shared with BAOA, despite its status as a key stakeholder representing GA operators. The views of MoCA on this plan also remain unknown to AERA, as noted in the Consultation Paper. Some of the proposed projects include:

- *Additional parking stands on the southern side of RWY 09-27.*
- *Additional parking adjacent to Apron J*
- *Construction of taxiways parallel to RWY 14-32 and TWY W1 A review of the Consultation Paper and the CSMIA Grid Map indicates that these taxiways are located far from the GA parking stands and do not impact existing GA hangars. Moreover, MIAL's stated rationale for cancelling GA parking—based on these projects—is not supported by any reference to such works in the Consultation Paper or the Master Plan.*

Additionally, the recarpeting of RWY 09-27, as per the Master Plan, is scheduled only for May 2028. Para 6.3.59 of the Consultation Paper mentions that MIAL has initiated steps to shift GA hangars to NMIAL. We wish to draw attention to AAI's letter dated 30.01.2025 to AERA, which clearly states that no development not envisaged in the approved Master Plan may be undertaken, as per Article 8.3.7 of OMDA."

6.8.29 BAR's comment with regards to capital expenditure is as follows:

*"**Summary and Airline Representation***

- *Significant capital expenditure (CAPEX) plans totaling ₹7,651 Cr (Page 260) include extensive terminal works, airside projects, and tunnels. However, many projects seem overbuilt for current international traffic demand.*

- *Input Tax Credit (ITC) adjustments are proposed for only certain categories (Page 260), which could further inflate the effective cost base that airlines indirectly bear.*
- *Parking infrastructure upgrades, including the acquisition of the NEC hangar (Page 182), should be transparently linked to additional stands, actually being delivered for Code C aircraft – critical for widebody international operations.*

Key Question from Airlines Perspective

1. *Is the cost-benefit of the proposed Airside Tunnel (₹894 Cr) adequately validated against alternatives? (Page 182) (The proposed Airside Tunnel project, valued at ₹894 Cr, is discussed on Page 182 under CapEx proposals. This tunnel is intended to improve airside connectivity between the terminals and stands.)*
2. *Are the new Code C parking stands resulting from NEC hangar acquisition (₹120 Cr) sufficient to meet projected international traffic growth? (Page 182) (MIAL has proposed acquiring the NEC hangar at ₹120 Cr (Page 182) to create new Code C aircraft parking stands. The impact on capacity and efficiency should be validated.)*

Airline Suggestion to AERA

- *Phase CAPEX based on traffic triggers and detailed feasibility studies for major projects (e.g., tunnels, T1 reconstruction).*
- *Encourage MIAL to ensure inter-terminal connectivity (tunnels, apron access) is future-proofed and cost-efficient.*
- *Establish joint airline-airport infrastructure working groups for better forecasting, project planning, and CAPEX alignment."*

6.9 MIAL's response to Stakeholder Comments on CAPEX, Depreciation and RAB for the Fourth Control Period

6.9.1 MIAL's response to AAI's comment on NATS Study is as follows:

"MIAL is in the process of upgrading and modernizing the infrastructure as per final Master Plan 2024, along with implementation of recommendations of NATS study and AAI's recommendations in the letter referred above. MIAL would seek support from AAI in runway capacity enhancement at CSMIA."

6.9.2 MIAL's response to AAI's comment on Terminal 1 (Demolition/ Reconstruction) is as follows:

***"Point 1& 2:** AAI has acknowledged MIAL's proposal for re-construction of Terminal-1 that coincides with the opening of a new airport at Navi Mumbai. MIAL submits that in light of safety concerns and need to address the traffic demands of the Mumbai Metropolitan Region, it is the opportune time to undertake this project.*

***Point 3a:** Current peak hour departure passenger number of 4,250 derived by AAI needs to be reviewed as the peak hour departures and peak hour arrivals are spread out over different time periods. Further, mix and type of Aircraft operating in the respective peak hours will also influence the one-way runway capacity (Departure or Arrival)*

As per the current flight schedule approved for CSMIA, there are 23 domestic departures and 5 international departures translating to the total 28 departures in the peak hour (0700/0600 hours). Based

on the different types of aircraft operating in this hour, the total available departure seats number corresponding to 28 departures is approx. ~5,400.

Point 3b: *AAI while computing peak hour capacity of current T1 has assumed that peak hours of both the terminals (T1 and T2) are same. Please refer to the actual departure schedule enclosed as Annexure A. Terminal-1 currently handles departure of 10 ATMs in the peak hour (0700 hours). Based on the type of aircraft operating at this hour, the total available departure seats number corresponding to these 10 departures is approx. ~2,000. We request that the assumption used by AAI that the peak hours of both the terminals coincide needs to be reviewed to arrive at more optimized results.*

Point 3c: *No comments*

Point 3d: *It is reiterated that the assumption of AAI that peak hour arrivals and peak hour departures will coincide is to be reviewed by the Authority. As per the Design Day Flight Schedule (DDFS) study done by MIAL, domestic departure peak hour ATMs are expected to be 36. Assuming, 180 seats per ATM on a conservative basis (seats for Code C domestic ATM vary from 180 to 189 and seats in International ATM are much higher depending on Code of the aircraft), total peak hour domestic departure passengers translate to approx. ~6,500. MIAL has stated that the domestic departure peak hour capacity of T-2 will enhance from 3,400 to 4,000. Balance demand of ~2,500 domestic departure peak hour passengers (6,500-4,000) need to be handled from new T1. We request the Authority to consider following factors while assessing the design and sizing of the terminal building.*

1. *Different peak hours for departures and arrivals,*
2. *Different peak hours for different terminals (T1 and T2)*
3. *Aircraft mix operating at the respective peak hours*

Point 3e: *As evident from the above details, the domestic scheduled traffic movements need to be reviewed by the Authority considering the factual data enclosed herewith.*

Point 4 & 5: *AAI has recognized the need for new Terminal-1 but has suggested reconstruction in phases. As highlighted in the above responses, demand projections and safety concern, necessitate construction of a new terminal.*

Further it is reiterated that T1 A, B and C are not complete/full-scale terminals independently.

This demand is managed between T1B SHA2, T1 C and T1B SHA1. The complexity of fragmented operations between these terminals leads to inefficiency of operations and constraints optimization of assets.

T1 A is isolated as passengers from T1B or T1C cannot use T1A landside due to various constraints like lack of depth of drop off ramp and lack of parking facilities due to vicinity of metro station. Further equipment at T1 A like check-in counters and X-ray machines are beyond repair and have outlived their useful life. Due to these reasons T1A cannot be used for operations.

T1C only has security hold area and other processes happen in T1B. Further due to the specific spatial constraints and the shape of the available land parcel, it is very difficult to reconstruct T1 in a phased manner.

However, MIAL has noted the comments from the Authority and AAI. It will evaluate all possible options during the detailed design, subject to construction efficiency, cost benefit analysis, optimization of land parcel and stakeholders' safety."

6.9.3 MIAL's response to IATA's comment on projects undertaken and computation of RAB is as follows:

*"**With regards to IATA comment on penalty for non-delivery of capex,** it is clarified that there is inbuilt mechanism of true down with carrying cost in the current regulatory framework which results in penalty for non-compliance and delay in project execution.*

As an illustration, if Rs. 100 Crores capex is allowed by the Authority, same will increase the Target Revenue by Rs 83 Crores (Return on RAB and Depreciation). However, if Rs. 100 Crores capex is not executed, the Authority will claw back Rs 121 Crores at the beginning of next control period through true down mechanism (i.e., Rs 83 Crores+ Rs 38 Crores.).

Therefore, IATA's proposal of increasing/levying the penalty is already taken into consideration as part of true-up process.

***With regards to IATA's suggestion of the introduction of an independent fund surveyor,** it is submitted that the scope of independent engineer, appointed by AAI, as per Schedule 21 of OMDA covers the requirements proposed by IATA. Hence there are in-built safeguards in Concession Agreements/OMDA to ensure that projects are delivered with capital efficiency.*

***NATS Study** has demonstrated that CSMIA can achieve 52+ ATMs in next few years if improvements as proposed in the Master Plan by MIAL and change in the airspace procedures by AAI are done in complementary manner. This is supported by the fact that Gatwick has been able to achieve 55 ATMs. Therefore, IATA's claim that thorough research is required is not substantiated and undermines the studies conducted by subject matter experts in those field.*

***Use of Apron V3 for GSE Parking:** It is to be noted that use of V3 stand for parking GSE equipments is purely due to temporary operational constraints as current GSE area is being used for temporary main fire station. Construction of a permanent main fire station is under progress and GSE vehicles will be shifted to their original location once the construction is complete. It is emphasized that these trivial operational issues are not relevant for the purpose of tariff determination.*

***Airside Tunnel project -** The Tunnel connection will enable multi-terminal operations in both terminals in domestic (D) and international (I) sectors and allow maximum flexibility for the airline allocations between terminals. Connection via tunnel can have substantial saving in terms of fuel expense and equipment for the aviation ecosystem at CSMIA, approximately 2,174k Kms distance less travelled and ~99k hours saved annually, for the stakeholders. Also, the tunnel is expected to reduce carbon emission by 1,928T of CO2 per year and reduction in the fuel consumption by ~725k Liters per year. Airside tunnel will be used for commuting of passengers and baggage delivery of scheduled aircraft only. The tunnel will also develop connectivity to the southern part of the airport (additional parking stands) towards the 09/27 runway.*

***A7 & A8:** Aircraft Maintenance Hangar & Parking Stands at NEC: It is confirmed that these facilities will be used to enhance the capacity of airport in terms of additional parking stands for scheduled aircrafts and to ensure safe airside operations as submitted by MIAL to the Authority as part of tariff determination process of FoCP.*

T1 Terminal:

It is incorrect to claim that the demolition of Terminal 1 at CSMIA is unplanned and is not consulted with airlines. The redevelopment project has been carefully planned and involves extensive consultations with various stakeholders, including airlines.

MIAL in AUCC meeting held on 10th March 2024 (also attended by IATA Official) had proposed this project. Hence it is not correct to say that IATA has not been consulted by MIAL. Further all the projects proposed in FoCP are part of the final Master Plan 2024. All the airlines operating from CSMIA are important stakeholders for MIAL and the transition plan was proactively communicated by MIAL through AUCC in March 2024 and various other airport level forums so as to ensure reasonable timeframe is available for smooth transition.

5 mn out of total traffic of 15 mn handled by T1 will be shifted to T2 with various capacity expansion and technological enhancements. This clearly proves that MIAL is making all efforts to ensure disruption in existing traffic levels is minimized.

Although certain parts of the terminal like T1C can be retained. However, it is to be noted that T1C only has security hold area, all the processors like check in, baggage claim, security are in T1B. Hence demolition has to be done in one go. However, MIAL has noted the comments from the Authority and AAI. It will evaluate all possible options during the detailed design, subject to construction efficiency, cost benefit analysis, optimization of land parcel and stakeholders' safety.

IATA's allegation regarding MIAL's unwillingness to share details of infrastructure capacity, demand dependencies, and forcing airlines to move to Navi Mumbai is incorrect. We urge IATA to review the fine details of the Consultation Paper to understand MIAL's comprehensive submissions on its infrastructure capacity and the demand it can handle. MIAL has not forced any airline to relocate to Navi Mumbai. It is IATA's own imagination without any evidence backed written information.

IATA's concerns regarding slot management and the safeguarding of historic rights fall outside the scope of the tariff determination exercise. This forum is not the appropriate venue for addressing operational matters related to airlines. Slot management and historic rights are governed by specific guidelines and regulations which are designed to ensure fair and efficient use of airport capacity.

GA terminal: *It should be treated as common asset like terminal building. Further, kindly refer para 6.8.3 of MIAL's comments to CP.*

Airport Management Corporate Office Building: *Currently, MIAL office is situated in Terminal-1B building.T1B building has several structural and nonstructural distresses related to corrosion, leakage and seepage, which have resulted in the formation of longitudinal cracks and spalling of concrete at several places on the building. Hence it is not safe to operate from this building. Accordingly, it is submitted that reconstruction of new terminal and construction of new office is required for the safety of passengers and employees.*

The Airport Operator utilizes office spaces to house both aeronautical and non-aeronautical employees. These offices serve as hubs for carrying out activities related to both categories, making them integral to the seamless functioning of airport operations. Accordingly, the Authority has considered Corporate Office as a common asset. We agree with this approach of the Authority.

AAI vide letter dated 29/11/2024 has already issued No objection certificate for Height clearance up to 39 M for the Office site.

***NAD Colony:** It is clarified that NAD Colony is for AAI staff, not for CISF personnel.*

***Cost of 3 levels of basements for 2 metro stations:** Metro station basement costs have been incurred by MIAL as per MOU signed with MMRCL. These basements are being made purely from the safety perspective. It is very difficult to implement a mechanism to collect fees from the metro users as the aviation stakeholders using these metro stations are major sub-set of total metro users.*

***HRAB:** MIAL submits that no adjustment should be made in the HRAB on account of demolition of T1. Further, kindly refer para 6.8.10 of MIAL's comments to CP.*

The Authority proposal of removing T1 from HRAB is based on the contention that MIAL should not get double return on existing T1 which is part of HRAB and new reconstructed T1 which will be part of RAB. Since new T1 gets commissioned and becomes part of RAB in FY 28-29, hence rightful adjustment, if any, (subject to the final outcome of the Supreme Court order on the similar matter for T2), is to be made in FY28-29 only. This is in line with stand taken by the Authority in the previous control periods. The comment of IATA is against the principle already adopted by the Authority and is another example of limited understanding of the consultation paper."

6.9.4 MIAL's response to AOC's comment on airside projects undertaken is as follows:

"Consultation Paper captures the status of various projects approved by the Authority in the Third Control Period. Reasons for delay or deferment in execution of project have been detailed in the Consultation Paper."

6.9.5 MIAL's response to AOC's comment with regards to timelines and penalty is as follows:

"Status of various ongoing airside projects proposed by the Authority in Consultation Paper like Taxiway M, Perimeter Road, Main Fire Station, ILS Runway 14 and various landside projects like NAD Colony, Approach Roads was shown by MIAL in stakeholder consultation meeting on 25th March 2025.

Further there is in-built mechanism of true down with carrying cost in the current regulatory framework which results in penalty for non-compliance and delay in project execution.

As an illustration, if Rs. 100 Crores capex is allowed by the Authority, same will increase the Target Revenue by Rs 83 Crores (Return on RAB and Depreciation). However, if Rs. 100 Crores capex is not executed, the Authority will claw back Rs 121 Crores at the beginning of next control period through true down mechanism (i.e., Rs 83 Crores allowed as part of TR + Rs 38 Crores of over recovery)."

6.9.6 MIAL's response to AOC's comment with regards to Infrastructure projects is as follows:

"The timelines and roadmap of each project is part of Consultation Paper issued on 10th March 2025. Master Plan gives the clear roadmap of projects to be undertaken.

Consultation Paper captures the status of various projects approved by the Authority in the Third Control Period. Reasons for delay or deferment in execution of project have been detailed in the Consultation Paper."

6.9.7 MIAL's response to AOC's comment with regards to NAD Colony project is as follows:

"There has been tangible progress in the construction of NAD Colony. Total of Seven (7) towers have to be constructed as part of this project. One tower is completed, five towers are at advance stage of construction and construction of one tower will start shortly."

6.9.8 MIAL's response to AOC's comment with regards to Expenses on Bay and Hangars is as follows:

"MIAL contends that GA terminal is common asset like other Terminal Building. However, this is sub-judiced matter in Supreme Court, we request the Authority to take a considered view on this matter once the same achieves finality after the Supreme Court Judgment.

Also, refer para 6.8.3 of MIAL's comment submitted on 16th April 2025."

6.9.9 MIAL's response to AOC's comment with regards to proposed Airport Management Corporate Office is as follows:

"Currently, MIAL office is situated in Terminal-1B building and various other sites within the airport premises. MIAL proposes consolidating its employees into one centralized Corporate Office to streamline airport operations and improve staff efficiency. The office building is also planned to address the growing operational and administrative needs of the airport and of MIAL.

T1B building have several structural and non-structural distresses related to corrosion, leakage and seepage, which have resulted in the formation of longitudinal cracks and spalling of concrete at several places on the building. Hence it is not safe to operate from this building. Accordingly, it is submitted that reconstruction of new terminal and construction of new office is required for the safety of passengers and employees.

The Airport Operator utilizes office spaces to house both aeronautical and non-aeronautical employees. These offices serve as hubs for carrying out activities related to both categories, making them integral to the seamless functioning of airport operations. Accordingly, the Authority has considered Corporate Office as common asset. We agree with this approach of the Authority.

AAI vide letter dated 29/11/2024 has already issued No objection certificate for Height clearance up to 39 M for the Office site."

6.9.10 MIAL's response to AOC's comment with regards to stand utilization is as follows:

"It is to be noted that use of V3 stand for parking GSE equipments is purely due to temporary operational constraints as current GSE area is being used for temporary main fire station. Construction of a permanent main fire station is under progress and GSE vehicles will be shifted to their original location once the construction is complete. It is emphasized that these trivial operational issues are not relevant for the purpose of tariff determination."

6.9.11 MIAL's response to AOC's comment with regards to construction costs of Metro Station is as follows:

"It is clarified that the costs proposed by MIAL will be exclusively used for the purpose of the construction of basements of metro stations which will enhance the safety of metro operations. Construction of basements of metro stations is within scope of MIAL as per MOU signed with MMRCL. MIAL has provided various letters received from MMRC to the Authority as part of on-going tariff determination exercise where it is clearly mentioned that the basements are required for various operational and safety purposes. Basements were not required to be constructed, and MIAL would not have incurred this cost if same had not been for safety purposes. Use of the basements are expected to be predominantly for aeronautical purposes like utility services, storage facility, etc."

6.9.12 MIAL's response to BOAO's comment on General Aviation Terminal is as follows:

"Additional Parking stands are proposed on the southern side of Runway 09-27 (refer project titled: Proposed additional Aircraft Parking Stands in the Southern side of RWY 09-27 in the Consultation Paper). Project was discussed in AUCC meeting dated 13th March 2024 and has been allowed by AERA in the Consultation Paper.

It is imperative to note that landing and parking charges collected from GA/private aircraft operators are considered aeronautical. Total aeronautical revenues from various aeronautical charges are allowed only to the extent of Target Revenue computed by the Authority as per the provisions of SSA. Earned aeronautical revenues are used for development of the entire airport.

Classification of GA Terminal

We agree with the comments of BOAO with respect to classification of GA terminal. The Authority may kindly allow GA Terminal as Common Asset as contended by MIAL time and again.

Parking stands

It is reiterated that parking stands proposed on the southern side of Runway 09-27 will be used for parking both scheduled and non-scheduled aircrafts. Hence development of GA parking is already part of Master Plan of MIAL

With respect to need of new GA terminal, it is highlighted that current GA terminal is very small single level facility handling both domestic and international passengers from the same terminal. There is mixing of domestic and international passengers in the processing area and also since levels are not segregated, there is mixing of arriving and departing passengers resulting in violation of BCAS guidelines. Hence, there is need for a bigger GA terminal which has separate processing areas for domestic and international passengers and segregated levels for arriving and departing passengers. In addition to GA flights, there is an increasing trend for using bigger Charter flights (Code C equivalent, with 180 average seating capacity) by the corporates, which are currently being operated from T2. With commissioning of the new GA terminal, these bigger charter flights can be operated from new terminal. It will also have dedicated areas for customs, security, and immigration for the quick and efficient movement of passengers. Accordingly, MIAL proposes to expand the existing GA Terminal.

Also, refer MIAL comments as per para 6.8.3 dated 16th April 2025.

Relocation of Parking Arrangements for Mumbai-Based Operators

Demolition of GA hangars allotted to various parties is essential to facilitate airside enhancements and capacity augmentation at CSMIA, including the construction of a parallel taxiway south of Runway 09/27 and additional parking stands for scheduled aircraft. Further the current location of GA hangars are obstacle limitation surfaces (OLS) to runway transitional surfaces and is non-compliant as per DGCA observations. Hence to address the compliance issues and to augment airside capacity, relocation of GA hangars is imperative.

MIAL's decision is driven by critical infrastructure enhancements, essential for mitigating delays, augmenting runway capacity, and improving overall experience of common passengers and users at CSMIA.

Refer DGCA observations (Annexure B)

Both MIAL & NMIAL are separate entities hence MIAL cannot comment on parking bays which will be allotted by NMIAL."

6.9.13 MIAL's response to BAOA's comment on Stakeholder consultation and Master plan is as follows:

"Stakeholder Consultation

AUCC invite was shared with BAOA vide email dated on 23rd February 2024. AUCC meeting was also attended by BAOA (Refer Annexure 1 of Consultation Paper for list of participants who attended AUCC on 13 March 2024) therefore BAOA 's allegation that it was not invited to AUCC meeting is incorrect.

Master Plan

*MIAL is required to share the Master plan only with MoCA and AAI as per the provisions of OMDA. The proposed location for taxiway overlaps with the existing location of GA hangars, which is supported by the details mentioned in master plan. Please note that GA hangars are non-compliant airside assets as per DGCA observations (Refer **Annexure B**)."*

6.9.14 MIAL's response to BAR's comment on capital expenditure is as follows:

"Answers for questions from Airline Perspective

1. *Airside Tunnel is part of the final Master Plan 2024. Cost benefit analysis in terms of time saving for passengers for commuting between the terminals, lower fuel consumption of airside vehicles and enhanced safety of airside operations justify the need of terminal.*
2. *The new NEC hangar will increase the availability of the parking stands and help MIAL to meet the long standing demand of airlines for having additional night parking stands."*

6.10 Authority's Analysis on Stakeholders' Comments on CAPEX, Depreciation and RAB for the Fourth Control Period

6.10.1 The Authority notes the comments of MIAL (Refer Para 6.8.2), AAI (Refer Para 6.8.16 and 6.8.17), other stakeholders and the counter response of MIAL (Refer Para's 6.9.1 and 6.9.2) regarding the Master Plan and on the demolition and reconstruction of Terminal 1 at CSMIA and on the airside capacity assessment. At the Consultation Stage, the Authority assessed the need for the reconstruction of T1 based on the following:

- Structural Safety Concerns - The existing terminals were constructed in different time periods: T1B between 1957–64, T1A in 1992, and T1C in 2010. T1A is currently non-operational due to landside access constraints and outdated equipment. T1B and T1C are used for domestic operations, but operate in a fragmented manner, leading to passenger inconvenience and sub-optimal use of terminal infrastructure. Based on the structural audit conducted by IIT Mumbai and the site inspection carried out by the Independent Consultant, significant structural distress—including corrosion, cracks, seepage, and concrete spalling—has been observed in Terminals T1A and T1B. The Authority, through its Independent Consultant, also conducted a site inspection and observed widespread signs of deterioration in T1A and T1B.
- Operational Inefficiencies - The Authority notes that the fragmented layout of Terminals T1A/B/C, including the absence of check-in at T1C and mixing of arrival and departure flows, violates BCAS norms, requiring reconfiguration for operational efficiency and compliance.

- It has been highlighted by MIAL that due to spatial constraints arising out of the geographical shape of the available land parcel at site, the Terminal T1 is not possible to be built on a modular basis. Aviation expert of the Consultant has also endorsed this view based on the site visits undertaken by him along with other members of the Consultant Team.

Based on the above factual position, the Authority at the Consultation Stage had considered the detailed submissions made by MIAL and had proposed to consider the reconstruction of Terminal 1 to fully cater to 10 MPPA capacity by allowing a complete terminal with all utilities and finishes commensurate to 10 MPPA capacity but since the spatial alignment of the land does not allow modular construction, hence the Authority while accommodating in totality the 20 MPPA capacity allowed only a core shell without equipments for the balance 10 MPPA capacity. The Authority had indicated that it would take a final decision on this matter at tariff order stage based on comments / views received from the stakeholders (including AAI and MoCA) during the consultation process.

6.10.2 In this regard, the Authority, through its Independent Consultant / Aviation Expert, has carefully evaluated the comments and responses in the background of the necessity, timing, and scale of the proposed reconstruction of T1, and also in the context of passenger traffic, operational requirements, and safety considerations. The Authority's views on the subject matter are as under:

(i) As per Clause 3.5.2 of the SSA: "...Within thirty (30) days of the JVC submitting to GOI the Master Plan in accordance with Clause 3.5.1 hereinabove, GOI shall provide (in writing) to the JVC any comments or suggested changes that GOI may have vis-à-vis the Master Plan, to the extent GOI feels that such Master Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.5.1 hereinabove are not satisfied. In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the Master Plan in accordance with the provisions of this Clause 3.5.2, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to the Master Plan and the Master Plan submitted by the JVC in accordance with Clause 3.5.1 shall be deemed to be the final Master Plan, which shall be binding on the JVC and shall regulate the operation, management and development of the Airport in accordance with the OMDA.

MIAL has submitted the Master Plan to MoCA in September 2024.

Further, the Authority notes that MoCA, vide letter no. AV-24032/41/2015-AD dated 11th February 2025 sought the timelines from MIAL for the demolition and reconstruction of T1 and the traffic that will be handled by T1, T2 and the likely impact of upcoming greenfield airport at Navi Mumbai. MIAL has responded to this vide letter no. MIAL/CEO/2024-25/91 dated 28th February 2025 providing the requisite details and the same can be referred in Para 6.2.196.3.19 of this Tariff Order.

MoCA, vide OM No. AV-24011/9/2019-AD dated 07.02.2025 on the Master Plan of CSMIA has written to different Ministry/agencies/departments to bring to the notice of MoCA by 28.02.2025 any deviation/violation of OMDA and SSA provisions. The final view of MoCA as on date is not known to the Authority. The Authority had brought out these issues in detail at the Consultation Stage and sought the specific comments of MoCA, AAI and other stakeholders.

The Authority specifically sought the comments from MoCA on the Master Plan and the demolition and reconstruction of Terminal 1 as mentioned in the Consultation Paper. Further, the Authority also, vide its letter no. AERA/20010/MYTP/MIAL-Mumbai/CP-4/2023-24/22618 dated 11th March 2025, to MoCA sought their views / comments for these specific issues (like the reconstruction / demolition of Terminal 1 as well as other concerned issues). Neither any representative from MoCA attended the stakeholder

consultation meeting held on 25th March 2025, nor was any response received in writing from MoCA within the timelines prescribed.

Further, MIAL, vide email dated 30.04.2025, informed that no comments have been received from MOCA till 30.04.2025.

(ii) As part of the Stakeholder Consultation process, AAI had presented their views and mentioned that the phase wise reconstruction of the Terminal 1 can be undertaken by initially demolishing T-1A.

The Authority notes that AAI has acknowledged the need for the reconstruction of T1, while suggesting that the reconstruction could be undertaken in a phased manner. With regard to the phased/ modular reconstruction of T1, the Authority has deliberated the matter as detailed in Para 6.3.117 of this Tariff Order, and has also referred to MIAL's counter comments where it has mentioned that the phased reconstruction of T1 may not be feasible due to the spatial constraints (the geographical shape of the available land parcel) at site.

With regard to AAI's proposal of constructing T-1A initially, the Authority, through its Independent Consultant / Aviation Expert, notes that as per the Master Plan 2024, T-1A space is proposed to be utilized for the construction of Airport Management corporate office. Further, MIAL in its counter comments has stated that T-1A landside cannot be used due to various constraints like lack of depth of drop-off ramp, lack of parking facilities and due to the vicinity of the upcoming metro station. Based on the above, the Authority notes that it may not be appropriate to consider AAI's proposal of reconstructing T-1A initially.

In relation to the peak-hour capacity observations raised by AAI, MIAL, as part of their counter comments, clarified that the assumptions considered by AAI was not appropriate, and that various factors (like different peak hours for departures and arrivals, different peak hours for different terminals and aircraft mix operating at the respective peak hours) would have to be considered while assessing the design and sizing of the terminal buildings.

Further, the Authority also observes that in FY 2024–25, the actual Aircraft Traffic Movements stood at 329,000 as against the projected ATM of 331,000 while the actual passenger traffic increased to 54 million as against the projected traffic of 52.72 million. This trend shows an increase in average passengers per ATM, indicating a shift towards higher aircraft occupancy and/or deployment of larger aircraft. It implies that 65 MPPA traffic (combined capacity of T1 & T2 after full reconstruction of T1), can be handled with around 50 aircrafts during the peak hour.

However, the Authority notes AAI's comment that in order to achieve 50 to 55 Air Traffic Movements (including non-scheduled) in a phased manner, the following factors would need to be met:

- A comprehensive study regarding the requirements for Ground infrastructure like Taxiways, proper positioning of Rapid Exit Taxiways (RFTs), etc.
- Terminal location and capacity including cityside infrastructure.
- Monitoring and adherence to slots by the Airport Operator (curtailing early arrivals, late arrivals and late departures)
- Proper enforcement of Runway Occupancy Times (ROTs).
- Proper fleet mix (less number of low performance aircraft).

- Slot allotments shall be done considering the seasonal disruptions particularly during the monsoon season.
- Technological requirements:
    - Decision Support Tools
    - AMAN, DMAN
- Procedure Review
- Controllers' Training
- Airspace Review especially in the light of operationalization of Navi Mumbai International Airport
- Fast time simulation modelling.

The Authority observes that some of above mentioned activities are to be done by MIAL and some by AAI as being ANS Service Provider.

Based on the discussions above, the Authority notes that while expansion of landside infrastructure is necessary, it is not sufficient on its own. MIAL is required to achieve and sustain 50–55 aircraft movements during the peak hour in order to fully utilize the planned terminal capacity of 65 MPPA. Accordingly, the Authority expects MIAL to undertake the operational and infrastructure interventions outlined by AAI in close coordination with the CNS/ATM service provider. These measures are essential to ensure integrated and efficient airport operations in line with projected traffic growth.

On planning the landside infrastructure, it is noted that IATA has mentioned that a capacity of 10 MPPA is sufficient to meet the required demand. IATA has also recommended a well-thought-through phasing strategy based on an incremental, modular expansion plan.

In this context, the Authority further observes that MIAL in its counter comments on the aforesaid comments of AAI as illustrated above has agreed to evaluate the options of phased reconstruction, the extract of which is given below:

"...T1C only has security hold area and other processes happen in T1B. Further due to the specific spatial constraints and the shape of the available land parcel, it is very difficult to reconstruct T1 in a phased manner.

However, MIAL has noted the comments from the Authority and AAI. It will evaluate all possible options during the detailed design, subject to construction efficiency, cost benefit analysis, optimization of land parcel and stakeholders' safety...."

Based on the structural and operational constraints observed in the existing T1 complex, and after considering the views of MIAL, and other stakeholders like AAI and IATA, the Authority decides to consider a phased redevelopment approach. Accordingly, a 10 MPPA capacity terminal, fully furnished and equipped with requisite utilities, shall be considered as part of the Regulatory Asset Base for the Fourth Control Period and the terminal building for balance 10 MPPA capacity with only the core and shell shall be considered on an actual incurrence basis in the true up of fourth control period provided if MIAL, after evaluating construction efficiency, cost-benefit, land optimization, and safety during detailed design, concludes that a modular or phased approach is not feasible.

(iii) While the Authority has taken the view on reconstruction of Terminal Building T1 as per detailed explanation at Para (ii) above, however this has to be considered along with the final comments of MOCA on the Master Plan since as per the illustration at Para (i) above the Master Plan of CSMIA as submitted by MIAL in September 2024 is still undergoing the process of inter-ministerial / inter-departmental comments. Further as regards the reconstruction of T1, the most critical issue to be first decided is the timing of the demolition of Terminal T1. As all are well aware, a demolition of an operational terminal building of a running airport will create lot of disruptions in the overall functioning and operations of the Airport entailing huge inconveniences to passengers as well as disruption in flight schedule. Hence, keeping in view the overall sensitivity of the matter, the Authority categorically recommends that the timing of demolition and starting of reconstruction of Terminal Building T1 may be reviewed by the Airport Operator MIAL in consultation with MoCA and only after getting its consent, the Airport Operator MIAL may initiate action on demolition and reconstruction of Terminal Building T1.

(iv) Based on para (ii) above and subject to para (iii) above, the revised cost relating to T1 to be considered as part of RAB for the Fourth Control Period is as follows:

Table 241: Cost decided by the Authority for Project B1 - New Construction of Terminal T1

(Rs. in crores)

Description of Item	Reference	Proposed at Consultation Stage			Decided by Authority		
		Rate	Quantities in Sqm	Amount in Crs	Rate	Quantities in Sqm	Amount in Crs
Demolition Works	A	-	-	-			-
New Constructio n- Structure							
Passenger Terminal Building T1 including Forecourt	B	1,55,196.14	1,89,383.00	2,939.15	1,55,195.29	94,691.50	1,469.57
Terminal Building extension	C	-	-	-			-
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities etc	D	-	-	5.00			2.50
Less: Cost of equipments,	E			(521.40)			-

Description of Item	Reference	Proposed at Consultation Stage			Decided by Authority		
		Rate	Quantities in Sqm	Amount in Crs	Rate	Quantities in Sqm	Amount in Crs
glazing, interiors, furniture for 10 MPPA							
Total Cost (Rs.)	**F = SUM(A:E)**			**2,422.75**			**1,472.07**
Less GST ITC	G			125.44			91.61
Base Cost to be considered	**H = F - G**			**2,297.31**			**1,380.46**
Add: Soft Cost @ 8%	I			183.79			110.44
Add: IDC	J			339.57			204.05
Cost to be considered after soft cost, IDC	**K = H+I+J**			**2,820.67**			**1,694.94**
Aeronautical Allocation	L			**89.93%**			**89.93%**
Aeronautical CAPEX relating to T1	**M = L * K**			**2,536.63**			**1,524.26**
Incremental Aero CAPEX over CP stage							**1012.37**

In this context, the Authority emphasizes that any expansion on the landside, including terminal capacity enhancement, must be commensurate with realizable airside capacity. As highlighted by AAI and in the NATS Study, airside improvements require a coordinated effort involving taxiway optimization, slot enforcement, and airspace redesign. Therefore, the Authority directs MIAL to ensure that the timing and scale of terminal infrastructure development are aligned with demonstrable enhancements in airside capacity and joint planning with AAI.

The Authority expects MIAL to ensure that the T1 redevelopment is undertaken in a manner that avoids unnecessary disruption to airline schedules, provides clarity on phasing plans, and safeguards historic slot rights. MIAL is advised to proactively engage with the airline community and other stakeholders to share detailed plans, assess temporary capacity reallocation options (including the extent of possible adjustments at Terminal 2), and implement transparent communication protocols well in advance of key scheduling milestones such as the Northern Winter 2025–26 season. Further, the Authority expects MIAL to ensure that any relocation of airline operations, including considerations relating to Navi Mumbai International Airport, is based on transparent airline participation, and does not result in undue operational or financial burden on the airline community.

The Authority emphasizes that demolition of Terminal -1 must be executed only after coordination with all relevant agencies and ensuring preparedness for:

- Airline relocations,
- Slot management,
- Terminal closure coordination,
- Passenger information management,
- Alternate infrastructure arrangements during the transition.

Further to the above, the Authority reiterates that the inclusion of this project as part of the Regulatory Asset Base does not imply unconditional approval for demolition and reconstruction of the entire T1 complex. In addition to what has been categorically stated at para (iii) above by the Authority, MIAL shall coordinate with MoCA, the Concessioning Authority (AAI), other Authorities and stakeholders, as may be required, before undertaking the demolition and reconstruction activity to ensure operational continuity, regulatory compliance, and minimization of passenger inconvenience.

6.10.3 The Authority notes MIAL's request (Refer Para 6.8.3) to consider GA Terminal as a common asset. As mentioned in the Consultation Paper, as per Part 1 of Schedule 6 of the OMDA, "General Aviation" is considered as a non-aeronautical service.

The same view has been taken by the Authority during the true-up of the Third Control Period also.

Accordingly, the Authority finds no reason to change the stand taken at the Consultation Stage.

With regard to MIAL's comment on the Hon'ble TDSAT judgement, the Authority notes that the matter is in appeal before the Hon'ble Supreme Court, and the matter is sub-judice.

6.10.4 The Authority notes MIAL's request (Refer Para 6.8.4) to consider Eastern Taxiway (E5-E7) and ATC Technical Block as part of RAB, instead of considering it on actual incurrence basis.

The construction of the Eastern Taxiway (E5–E7) is contingent not only on the relocation of cargo sheds, but also other airside infrastructure like cargo buildings, pump house, and water tank. MIAL has stated these are scheduled to be relocated only in FY 2027–28.

Also, as per MIAL's own submission, the Eastern Taxiway (E5-E7) will initially be used only for Code C aircraft operations, which does not require relocation of the ATC Technical Block.

Given that these enabling works are planned to be completed only in the later half of the control period, it is unlikely that the projects will be commissioned to their full functionality within this control period.

The Authority, referring to the discussions in the Consultation Paper, retains the stand taken at the Consultation Stage to consider the Eastern Taxiway (E5-E7) and the ATC Technical Block on an actual incurrence basis, subject to reasonableness and efficiency of costs.

6.10.5 The Authority notes MIAL's submission (Refer Para 6.8.5) with regard to aeronautical allocation of basements of metro station, and the correspondence with MMRC indicating that the basements were required for operational and safety considerations. This was already examined and deliberated in the Para 6.3.194 of this Tariff Order. The Authority observes that MIAL has not provided definitive plans for the usage of the basement areas. Given the scale and location of the proposed basements - spanning three levels near a major airport terminal - it is unlikely that such a large area would be used exclusively for

aeronautical purposes without any non-aeronautical facilities. In similar urban airport contexts, basement spaces are often utilized for retail outlets, lounges, or commercial services. In the absence of clarity on exclusive aeronautical use, and considering the potential for non-aeronautical utilization in future, the Authority, in line with the proposal at the Consultation Stage, decides to consider 50% of the basement cost as non-aeronautical.

The Authority will re-examine the aeronautical allocation ratio at the time of true up of the Fourth Control Period based on actual usage.

6.10.6 The Authority notes MIAL's submission (Refer Para 6.8.6) that the T2 Forecourt project has progressed to the construction stage and the request for considering it as part of RAB. However, as stated in Para 6.3.200 of this Tariff Order, while a summary of the project cost was submitted, a detailed cost breakup has not been provided by MIAL, and accordingly, the Authority had considered it on actual incurrence basis subject to evaluation of reasonableness and efficiency. Since the Authority is yet to assess the efficiency and reasonableness of the expenditure at this stage, and given the absence of additional supporting documentation, the Authority finds no reason to change the stand taken at the Consultation Stage and decides to consider this project on an actual incurrence basis subject to reasonableness and efficiency.

6.10.7 The Authority notes MIAL's comments (Refer Para 6.8.7) on the Refurbishment of Washrooms at Terminal 2.

The Authority notes that as part of MYTP submission, MIAL had submitted the Bill of Quantities for the proposed refurbishment of washrooms at Terminal-2 considering the cost of Rs. 2.54 Crore per set (inclusive of 10% contingency). Based on the material and scope of work provided, the Authority had reviewed the proposal, conducted site visit, assessed the level of refurbishment required and recommended a cost at Rs. 1.15 Crore per set at the Consultation Stage.

Subsequently during the Stakeholder Consultation process, MIAL has submitted a revised cost of Rs. 4.56 Crore per set based on a draft Purchase Order, for a total of 41 sets, amounting to Rs 187.01 Crores. The Authority, vide email dated 30th April 2025, directed MIAL to submit a justification for the substantial increase in cost. In response, MIAL submitted the following:

"...The BOQ shared earlier as part of tariff determination was a preliminary estimate based on the specifications of the existing washrooms. Later at a conceptualization/design stage, when the requirement was assessed based on feedback from various stakeholders the specifications were reworked and accordingly the RFP was issued based on these specifications. Some of the changes were as follows:

1. Complete change in the exhaust ducting. Current exhaust system is not very effective, leading to pax grievance

2. Higher number of washroom accessories required like urinals/washbasins to address requirement of additional passengers on account of increase in T2 capacity

3. Tech integration of washrooms to enhance user experience with real time data to analyze any pax grievance

Various bidders participated in the competitive bidding process and lowest bidder was given the contract..."

The Authority observes that MIAL has not provided adequate cost-based justification or supporting BoQ to justify the increase in cost. The PO furnished as part of Stakeholder Consultation process is a draft version which does not have a date stamp.

In view of the above, the Authority does not find the revised cost fully justified at this stage. Accordingly, the Authority decides to consider only 50% of the cost indicated in the draft PO for tariff determination of the Fourth Control Period. The matter shall be re-evaluated at the time of true-up, subject to the submission of complete supporting documents, and the Authority's evaluation of reasonableness and efficiency.

Accordingly, the cost decided by the Authority towards Project 2D (Refurbishment of Washrooms at T2) is given below:

Table 242 : Cost decided by the Authority for 2D (Refurbishment of Washrooms at T2)

(Rs. in crores)

Category	At Consultation Stage			Decided by Authority		
	Cost / unit	No. of Units	Total Cost	Cost / unit	No. of Units	Total Cost
Public Washroom	0.81	14	11.37	0.81	14	11.37
Staff Washroom	0.82	36	29.69	0.82	36	29.69
Passenger Washroom	1.15	14	16.17	2.28	41	93.51
BBA/BMA Washroom	0.41	18	7.31	0.41	18	7.31
Total Base Cost			**64.54**			**141.88**
Indexation			5.92			15.18
Soft Cost @ 8% (on indexed cost)			5.64			12.56
Total Cost			**76.09**			**169.63**
Aeronautical Allocation			86.84%			86.84%
Total Aeronautical Cost			66.08			147.30
Incremental aeronautical cost considered over Consultation Stage						**81.22**

6.10.8 The Authority notes MIAL's submission (Refer Para 6.8.8) that the 5G implementation is not expected to generate revenue and to treat this as a common asset. The Authority fully supports the adoption of technological advancements proposed by MIAL. However, MIAL is directed to explore the revenue generating potential of this project. Presently, the project is not being treated as common asset due to absence of data. The allocation will be re-evaluated on the actual execution, and the outcome of exploration of revenue generation capacity during the true-up of the Fourth Control Period at the time of tariff determination of the Fifth Control Period.

6.10.9 The Authority notes that MIAL's comment (Refer Para 6.8.9) regarding additional parking stand adjacent to Apron J. MIAL has now submitted a Purchase Order of Rs. 47.35 Crores for the development of Additional Aircraft Parking Stand adjacent to Apron J as against the cost of Rs 20.05 Crores proposed to be considered by the Authority at the Consultation Stage. The Authority sought further details from MIAL, and it was noted that the cost proposed by the Authority in the Consultation Paper was based on the area of 15,168 sqm, while the PO submitted by MIAL is for an area of 59,358 sqm.

The Authority, through its Independent Consultant / Aviation Expert, examined the PO and drawings submitted by MIAL as part of Stakeholder Consultation process, and found the cost and revised area to be reasonable.

Accordingly, the Authority decided to consider the cost of Rs 47.35 Crores against the cost of Rs 20.05 Crores proposed in the Consultation Paper.

Table 243 : Cost decided by the Authority for A9-21 (Additional Aircraft Parking stand adjacent to Apron J)

(Rs. in crores)

Description of Item	Proposed at Consultation Stage	Decided by Authority
Total Base Cost	20.05	47.35
Indexation	3.29	7.77
Soft Cost @ 8% on indexed cost	1.87	4.41
IDC	1.55	3.66
Total Cost	26.76	63.19
Aeronautical Allocation	100%	100%
Total Aeronautical Cost	**26.76**	**63.19**
Incremental cost considered over Consultation Stage		**36.42**

6.10.10 The Authority notes the comments of MIAL (Refer Para 6.8.10) regarding the adjustment made in the HRAB with respect to the demolition T1 during the Fourth Control Period.

As stated in the Consultation Paper, since the above-mentioned buildings and related assets have already been demolished or are proposed to be demolished, the operator ought not to receive a return on these assets or claim depreciation reimbursement. Allowing such recovery would result in a double benefit to the operator—both on the non-existent asset and on the newly constructed asset replacing it.

The value attributable to the old T1 was derived using methodologies explained in Table 235 and Table 236 of the Tariff Order, and the removal of assets no longer in use aligns with the regulatory principle of recognizing only those assets that are functional and contribute to aeronautical services.

Further, the Authority wishes to point out that for any cost to become enabling cost, such cost have to be actually incurred to enable construction. In this instance, MIAL has not incurred / expects to incur any enabling expenditure, and therefore the question of enabling cost does not arise.

The Authority finds that the SSA provides for a mechanism for computation of HRAB at the start. The Authority also finds that the mechanism provided in SSA is to compensate the Airport Operator for management of the assets handed over to MIAL by AAI. On a reading of the SSA, the Authority also notes that there is no merit in the argument that there is no provision in SSA for reduction in value of HRAB except through Depreciation. In fact, the Authority finds that the SSA does not specifically even allow for depreciation on HRAB. This is being allowed more as a practice during the period when the asset was in use. At the cost of repetition, the Authority wishes to reiterate that when the asset is demolished, it is logical, a prescribed accounting practice and is justified to remove such assets from the carrying value.

With regards to allowance of loss on scrapping of asset, the Authority notes that this matter is before the Hon'ble Supreme Court. Being sub-judice, no adjustment is considered necessary in this Control Period.

Accordingly, in order to ensure fairness and consistency, and in line with the decision taken for T2 in the Second Control Period, the Authority decides to adjust the value attributable to T1 from the HRAB in the Fourth Control Period.

6.10.11 The Authority notes MIAL's submission (Refer Para 6.8.11) on the additional requirement for Installation of Radiological Detection Equipment (RDE) as per BCAS directions. Considering this is a recent development, the Authority decided to consider this project on incurrence basis, subject to evaluation of reasonableness and efficiency of costs.

6.10.12 The Authority notes MIAL's request (Refer Para 6.8.12) to allow soft cost, indexation, and IDC on the runway recarpeting projects proposed during the Fourth Control Period. The Authority observes that runway recarpeting works proposed involve only surface overlay works without any increase in PCN value. With respect to soft cost being sought by the Airport Operator, the Authority is of the considered view that overlay/recarpeting on runways, taxi tracks, does not require specialized inputs on detailed design of pavements, and detailed engineering, or planning inputs entailing additional costs. Therefore, soft costs such as design consultancy / technical services are not considered necessary for such works.

Further, the execution period for the runway recarpeting work is expected to be around 6 months, and is not financed over a long-term cycle, and accordingly, there would be no requirement for considering any IDC on this project.

The Authority is inclined to accept MIAL's submission for Indexation on the hard cost based on the Inflation given in Table 263.

Considering the above, the revised cost for runway recarpeting works is as below:

- 09-27 RWY Recarpeting – Rs. 131.58 Crores (based on inflation given in Table 263) vs. Rs. 105.99 crores considered in the Consultation Stage.
- 14-32 RWY Recarpeting – Rs. 23.88 Crores (based on inflation given in Table 263) vs. Rs. 21.89 crores considered in the Consultation Stage.

The Authority has suitably considered this adjustment as part of O&M expenses (Refer Table 320)

6.10.13 The Authority notes MIAL's submission (Refer Para 6.8.13) regarding the treatment of runway recarpeting expenses in the Fourth Control Period. It is noted that the proposed capital expenditure of Rs. 21.89 Crores (Runway 14/32) and Rs. 105.99 Crores (Runway 09/27) have been reclassified to operational expenditure, to be amortized over 5 years.

The Authority further notes MIAL's observation regarding the inadvertent reduction of amortization expenses of Rs 34 Crores from the depreciation. Upon re-examination, the Authority finds that book depreciation of Rs. 30.79 Crores relating to runway recarpeting was incorrectly adjusted twice from the total aeronautical depreciation.

Accordingly, the Authority has recomputed the depreciation for the Fourth Control Period without reducing Rs 30.79 Crores mentioned above (Refer Table 249).

6.10.14 The Authority has carefully examined the comments made by MIAL (Refer Para 6.8.14) regarding re-adjustment of 1% on project cost at the time of tariff determination of Fourth Control Period if the proposed project is not completed and made available to passengers before the dates so committed. The Authority has drawn inference from other PPP airports, regarding a trend amongst airport operators, where capital projects are proposed in one Control Period and the same is postponed to the next Control Period. The Authority is of the view that such a practice is not in the interest of airport users as they start paying higher tariffs in anticipation of enhanced services against the proposed capital expenditure, which is eventually postponed to the next Control Period by MIAL.

6.10.15 The Authority notes MIAL's comment regarding 1% penalty on CAPEX not incurred. The Authority observes that MIAL has done due diligence while proposing the capitalization schedule upon which tariffs are determined in the Fourth Control Period. Thus, the contention of the AO to not readjust ARR if projects are not completed is not justified. Accordingly, the Authority decides to readjust (reduce) 1% of the uncapitalized project cost from ARR/target revenue during the true-up exercise of the Fifth Control Period if any particular project is not capitalized as per the capex schedule approved in the tariff order. Airports in India are a public utility. The Authority has to consider and balance the interests of all the stakeholders and not only that of the Airport Operator.

As already stated in the Consultation Paper, the Authority clarifies that in case there is a delay in completion of the project beyond the approved timeline given in the Tariff Order due to any reason beyond the control of the AO or its contracting agencies and is justified, the same would be considered by the Authority at the time of tariff determination of the Fifth Control Period.

In this regard, Authority would further like to state that the airport users pay a considerable price to avail services at the airport and any delay beyond its intended date of completion would result in the Airport Operator getting an undue advantage at the expense of the airport user as the Airport Operator would be able to recover the cost of investments without the investments happening in the first place or investment not culminating in asset capitalization, and the public i.e. airport passengers would start to pay for the assets which are not created. This would be a direct violation of cost relatedness and transparency as per ICAO principles.

In this regard, the Authority has decided to consider the provision for an adjustment to the extent of 1% of the project cost while determining RAB in the case of delay in capitalization of the project beyond the stipulated dates. The Authority considers that such a provision would ensure that efficiency standards are maintained by the Airport Operator and would dis-incentivize MIAL from allowing the project getting delayed beyond the prescribed timelines for implementation of the project thereby ensuring efficiency in the cost incurrence. The same is a balancing exercise which ensures that the Airport Operator meets the commitment to complete the Project as per the schedule submitted.

The Authority also notes that stakeholders like IATA have supported this view, as can be seen from their comment as given below.

"...We appreciate AERA's efforts to encourage MIAL (and all regulated airports) to deliver capital investment outcomes and their benefits on time, to the cost and quality required, as has been committed to. The penalty for non-delivery of capex is a helpful regulatory tool in this respect, however, we respectfully propose an increase from 1% to 3% in order to address the still considerable non-delivery of projects that is a constant trend, notwithstanding pandemic impacts...."

Accordingly, the Authority finds no reason to change the stand taken at the Consultation Stage in this matter.

6.10.16 The Authority has reviewed MIAL's request (Refer Para 6.8.15) for the consideration of soft cost at 16%.

The Authority has taken note of MIAL's submission and, in line with the approach outlined in the Consultation Paper (Refer Para 6.3.286), has assessed the applicability of soft costs across the range of proposed capital expenditure. Soft cost on any CAPEX depends upon the type of work proposed to be executed by the Airport Operator. MIAL, in its proposal, has simply added 16% soft cost over all the proposed capital projects proposed to be executed in this control period. A significant portion of the

CAPEX decided to be considered in this control period are bought out items like crash fire tenders, SBDs, CT Xray machines etc, wherein quotations are obtained / orders are placed on Supply, installation, Testing & Commissioning (SITC) basis. Hence, soft costs such as PMC, Design etc. are not required to be incurred on such items. Additionally, for airside works such as aprons and taxiways, design and supervision charges are typically limited to 1% to 3%.

Considering the nature of projects and absence of separate contingent activities, the Authority has decided to allow soft costs at a uniform rate of 8% of total capital expenditure, as also considered in other airports.

The Authority also notes that soft cost at CSMIA is not comparable to MOPA Goa. MOPA Goa is a greenfield airport, where soft costs tend to be higher. Secondly, there was an NGT (National Green Tribunal) ban in the case of MOPA Goa. Further, in MOPA Goa, soft cost is not 16% as claimed by MIAL.

6.10.17 The Authority notes the comments of AAI (Refer Para 6.8.16 and 6.8.17) and the counter comments of MIAL (Refer Para's 6.9.1 and 6.9.2) on the NATS Study (Master Plan).

The Authority notes that achieving the targeted increase in ATMs to 52–55 movements per hour would require careful attention to the operational, infrastructure, and technological measures identified by AAI, including improvements to ground infrastructure, slot management, airspace reviews, and deployment of advanced decision support systems.

Accordingly, the Authority expects MIAL to address the requirements outlined by AAI in a time bound manner to achieve the envisaged ATMs.

6.10.18 The Authority analyzed the comment on IATA (Refer Para 6.8.18) on the increase in aircraft movements and has already provided the views in para 6.10.17 above.

6.10.19 The Authority notes IATA's comments (Refer Para 6.8.18) and MIAL's counter comments (Refer Para 6.9.3) regarding penalty for non-delivery of Capex for the Fourth Control Period. The Authority takes note of IATA's suggestion for a 3% penalty for non-delivery of capex but considers 1% appropriate at this stage. The Authority also notes IATA's proposal for appointing an independent fund surveyor, MIAL's counter comments in this regard, and finds that adequate safeguards are already inbuilt within the OMDA to ensure oversight.

6.10.20 The Authority, based on the comments raised by IATA (Refer Para 6.8.18) on various CAPEX projects and MIAL's counter comments in this regard, has given its analysis below:

A - Airside Improvement Work

Project A1-1 - Recarpeting of runways

The Authority acknowledges IATA's support in considering the runway recarpeting expenses as part of O&M expenses.

Project A3-1 - Construction of Additional Aircraft Parking Stand (V1+V2)

The Authority notes the comment of IATA regarding the usage of Apron V3 for GSE parking, and MIAL's counter comments in this regard. The Authority notes MIAL's clarification that the current arrangement of using Parking Stand V3 as GSE equipment parking is temporary in nature. As per the Master Plan, Apron V3 is to be used only as a Parking Stand, and the Authority expects MIAL to adhere to the Master Plan.

Project A4 - Reconstruction of perimeter road

The Authority acknowledges IATA's comments in support of the rationalization of this project cost.

Project A5 - Construction of Airside Tunnel

The Authority takes note of IATA's comments and MIAL's counter comments regarding the airside tunnel. The Authority has examined this matter in detail, has reviewed the Concept Study prepared by M/s Jacobs, and notes the potential benefit to passengers. As mentioned in Para 6.3.79 of this Tariff Order, the Authority decided to consider this project on incurrence basis, subject to evaluation of efficiency and reasonableness of cost estimates. The Authority considering the comment from BAR,

"Is the cost-benefit of the proposed Airside Tunnel (₹894 Cr) adequately validated against alternatives? (CP Page 182) (The proposed Airside Tunnel project, valued at ₹894 Cr, is discussed on Page 182 under CapEx proposals. This tunnel is intended to improve airside connectivity between the terminals and stands.)"

notes that MIAL had included this project in the detailed AUCC conducted. However considering BAR's valid concern the Authority directs MIAL, that in case the cost estimates, cost benefit change from those specified in the AUCC, MIAL shall conduct a fresh user consultation before commencing the project.

Project A7 - Aircraft Maintenance Hangar

The Authority notes IATA's comment and MIAL's counter comment with regard to the Aircraft Maintenance Hangar. As detailed in Para 6.3.87 of the Tariff Order, MIAL has submitted that the aircraft maintenance hangar is proposed be used exclusively for aeronautical activities and all revenues collected in this regard will be aeronautical. MIAL has further reconfirmed this as part of their counter comments.

Project - A8 Parking Stands at NEC

The Authority notes IATA's comment and MIAL's counter comment with regard to the Parking Stands at NEC.

The Authority has reviewed MIAL's submission regarding the acquisition of the NEC hangar from AIESL to address the shortage of aircraft parking stands at CSMIA, and MIAL's clarification that this will be used as additional parking stands for scheduled aircrafts.

As detailed in Paras 6.3.93 to 6.3.96 of the Tariff Order, this project has been considered on incurrence basis, subject to evaluation of reasonableness and efficiency of costs, and efficient usage.

B – Passenger Terminal

Project B1 – T1 Reconstruction

The Authority notes the comments of IATA and the counter comments of MIAL regarding Reconstruction of T1. The Authority's detailed views, incorporating IATA's suggestions, are presented in Para 6.10.1 and 6.10.2 above.

Project B3 - GA Terminal Expansion

The Authority acknowledges IATA's support for recognizing this project as a non-aeronautical asset. The Authority also notes MIAL's counter comment in this regard and the view of the Authority is given above in Para 6.10.3.

C – Kerbside Improvements

The Authority acknowledges the support of IATA with regard to the disallowance of hardscape costs proposed by MIAL with respect to project C3-1.

E – Ancillary Building Development Work

The Authority notes the comments of IATA on the capex proposed for Ancillary Building Works and MIAL's counter comments regarding the same. The views of the Authority are as follows:

- E1: Construction of Airport Management Corporate Office Building – The Authority notes IATA's concerns regarding the construction of the Airport Management Corporate Office Building and MIAL's counter comments in this regard. As detailed in the Consultation Stage (Refer Para 6.3.169to 6.3.180 of this Tariff Order), the Authority has examined the necessity and specifications of the proposed Airport Management Corporate Office Building and has rationalized both the area and cost of the building. MIAL needs to consolidate its operations in a centralized corporate office, particularly in light of the planned demolition of the T1-B building. Employees involved in operations need to be located close to the airport terminal to ensure efficient functioning. Additionally, T1 is constructed in two levels with arrival and departure segregation, and the reconstruction is being undertaken only in the T1B and T1C areas, while T1A is proposed to be used for the Airport Management Corporate Office Building. It is also mentioned that as against the cost of Rs. 1,576.18 Crores submitted by MIAL, the Authority has considered only Rs. 506.04 Crores for this project. The Authority will re-examine the aeronautical allocation ratio at the time of true-up of fourth control period at the time of tariff determination of the Fifth Control Period, based on the actual usage.
- E2: Construction of NAD Colony – The Authority notes IATA's suggestion to recover the cost of NAD Colony through ASF, and MIAL's counter comments in this aspect. It is clarified that the NAD Colony, currently occupied by AAI staff, is planned to be densified so that the land area cleared up can be used for aeronautical uses like Airport Maintenance Compound, P & T Sorting Office etc,. Since the NAD Colony is not intended to house CISF personnel, recovery of its cost through ASF is not applicable.
- E3: Cost of 3 levels of basements for 2 metro stations and Additional Cost of T-1 Metro Station payable to MMRC – The Authority notes IATA's views that investments related to metro infrastructure should be funded by the metro operator and recovered from metro users, and MIAL's counter comments in this regard. The Authority notes that the metro stations are integral to enhancing passenger connectivity to the airport and are essential for facilitating seamless multimodal transportation. These are primarily serving airport users and hence the costs are to be appropriated to the beneficiaries of the infrastructure. The Authority finds no reason to change the stand taken at the Consultation Stage.
- E5: Development of T2 Forecourt – The Authority acknowledges the comments of IATA supporting the consideration of this project on actual incurrence, subject to approvals.
- E7: Relocation of ATC Technical Block – The Authority notes the comment of IATA and clarifies that the location is yet to be confirmed by AAI.

Allocation of Assets

The Authority notes IATA's comments on the allocation of assets. It is noted that projects D1 (Construction of Overpass including roadway ramps) and D2 (Construction of Underpass below WEH at T2 elevated

road) are proposed to be allowed on incurrence, and the aero allocation ratio will be determined at the time of capitalization of the assets.

MIAL's proposal for the development of Project E-5 (Development of T2 forecourt (Metro Station)) includes check-in and baggage drop facilities for passengers alighting from Metro Lines 3 and 7A. The project cost comprises of baggage-related works and civil works. As per the guidelines and principles established in previous tariff orders, and based on asset allocation studies, the Authority finds that since these assets are directly involved in passenger processing, this project is to be considered fully aeronautical in nature. It is clarified that the proposed facilities at the T2 Forecourt, as submitted by MIAL as part of this project, do not factor any costs for commercial or non-aeronautical activities.

Since MIAL's proposal for Project 2I-50 (Installation of Digital Bollards at Airside & Landside for enhancement of Safety) is for ensuring the safe and secure operation of the Airport, the Authority considers this project as fully aeronautical in nature.

Depreciation

The Authority acknowledges IATA's appreciation of the detailed review conducted on depreciation calculations.

HRAB

The Authority notes IATA's comments on the HRAB and also notes the proposal to reduce the HRAB at the time of T1 closure (FY 2025–26). However, consistent with the approach adopted in the previous Control Periods, the Authority decided that HRAB adjustments should align with the commissioning of new assets.

The Authority also notes MIAL's counter comments in this regard and the views of the Authority are presented in Para 6.10.10.

6.10.21 The Authority has noted AOCs comments (Refer Para 6.8.19) regarding the status of airside projects from second and third control periods and MIAL's counter comments (Refer Para 6.9.4) in this regard. As mentioned in Para 4.4.6 and 4.4.7 of the Tariff Order, the Authority has sought detailed submissions from MIAL on the actual Capex incurred, along with supporting documentation and reconciliation of these figures with the Fixed Asset Register. As mentioned in Para 4.4.9, the Authority, through its Independent Consultant / Aviation Expert analyzed the variance between the approved Capex in the Third Control Period and the actual expenditure incurred by MIAL, and the same has been presented in Table 63 of this Tariff Order along with reason for variance.

6.10.22 The Authority notes AOC's comments (Refer Para 6.8.20) on the revised timelines and penalty mechanism, the counter comments by MIAL (Refer Para 6.9.5) in this regard, and the views of the Authority are mentioned above.

6.10.23 The Authority notes AOC's comments (Refer Para 6.8.21) regarding the applicability to major infrastructure projects as mentioned in the Master Plan submitted by MIAL, and the counter comments by MIAL (Refer Para 6.9.6) in this regard. The Authority has carefully reviewed the submissions on the project roadmaps submitted by MIAL. As mentioned in Para 6.4.7 of this Tariff Order (and as mentioned in the Consultation Paper), the Authority directed MIAL to submit the current status of the works/capex proposed to be capitalized in FY 2025, i.e., 1st tariff year of the Fourth Control Period as a part of Stakeholder Consultation Process. However, MIAL has not submitted the same. Consequently, the

Authority has reviewed the list of projects proposed to be capitalized in FY 2025 and identified those projects with a cost exceeding Rs. 50 crore where the completion timelines are not clearly established as on date. Accordingly, the Authority has deferred the capitalization of the following projects from FY 2024-25 to FY 2025-26:

Table 244: List of projects deferred to FY 2025-26

(Rs. in crores)

S. No	Project /Item Name	Base Cost shifted to FY 26
A3-2	Re-construction of Taxiway W6 & Apron C (Tier 1)	39.25
A4	Airside Perimeter Road including streetlights	15.01
A6	Reconstruction of Airside drain	9.38
C3-2	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	1.20
2A	CTiX for Hand baggage's (40 nos.)	30.00
2D	Refurbishment of Washrooms at T2	47.29
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00
2E-1	Transfer hub initiatives e.g. I-D Auto sortation for inbound bags	55.00
2E-2	Early Bag Store capacity & process enhancement	25.00
2H	CT-EDS	64.00
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00
2B	Full Body Scanner (23 no's)	5.74
2C	Procurement of Crash Fire Tender - 04 Nos.	17.10

6.10.24 Consequent to the above adjustment, the Authority has computed an additional indexation impact of Rs. 12.21 Crores arising from the deferment of capitalization of these projects by 1 year. The impact of the resulting reduction in return on RAB is computed in Chapter 13 on Target Revenue.

6.10.25 The Authority notes the comment of AOC (Refer Para 6.8.22) regarding the progress of NAD Colony, and MIAL's counter comments of MIAL (Refer Para 6.9.7) in this regard. As informed by MIAL, there has been tangible progress in the construction of NAD Colony with one tower completed and five towers are at advance stage of construction. Accordingly, the Authority finds no reason to change the stand taken at the Consultation Stage.

6.10.26 The Authority notes AOC's comments (Refer Para 6.8.23) that facilities primarily serving General Aviation should not be funded through passenger-related aeronautical charges. The Authority reiterates that parking stands proposed on the southern side of Runway 09-27 will be used for parking both scheduled and non-scheduled aircrafts, and the revenues collected will be considered only as aeronautical revenues.

6.10.27 The Authority notes the comments of AOC (Refer Para 6.8.24) on the plan to construct the Airport Management Corporate Office Building at the T1-A site, and MIAL's counter comments (Refer Para 6.9.9) in this regard. The Authority observes that this project is included as part of the Master Plan 2024, and as informed by MIAL, required height clearance has been obtained. The Authority has undertaken a detailed analysis regarding the need and cost of the project, and has significantly rationalized the cost as mentioned in para 6.10.20. The Authority further notes that as per standard procedure, MIAL would be required to obtain a clearance from DGCA prior to commissioning of works.

6.10.28 The Authority notes the comments of AOC (Refer Para 6.8.25) regarding the inconsistency in stand utilization (V1, V2, V3L/V3R) and the matter regarding usage of UDF for Metro Station Construction (Refer Para 6.8.26), along the counter comments by MIAL (Refer Para 6.9.10) in this regard. The view of the Authority is already mentioned in para 6.10.20 above.

6.10.29 The Authority takes note of the comments of BAOA (Refer Para 6.8.27) regarding MIAL's proposal to build a General Aviation Terminal at CSMIA, the matter of the relocation of parking arrangements for Mumbai-based operators, along with the counter comments of MIAL (Refer Para 6.9.12) in this regard.

The Authority notes that the construction of GA Terminal is approved as part of the Master Plan 2024. As mentioned in Para 6.3.141 of the Tariff Order, the GA Terminal is considered as a non-aeronautical asset as per the provisions of OMDA, and thereby does not form as part of RAB.

AERA, as part of tariff determination, has examined the CAPEX proposals submitted by the Airport Operator. In the present case, MIAL has not proposed any additional GA parking stands in this area, and accordingly, the Authority has no comments on BAOA's request for additional GA parking infrastructure.

The Authority notes that penal parking charges have been levied since 2013 on account of security and safety considerations. It is further noted that MIAL has not proposed any revision to these charges during the Fourth Control Period.

6.10.30 The Authority acknowledges the comments submitted by BAOA (Refer Para 6.8.28) regarding the NCAP and the OMDA provisions. The Authority further notes BAOA's comments that it was not invited to stakeholder consultation meeting, and MIAL's counter comments (Refer Para 6.9.13) in this regard. The Authority notes that BAOA has participated in the AUCC meeting held on 13th March 2024 based on the AUCC minutes and based on the counter comments submitted by MIAL.

6.10.31 The Authority notes BAOA's comments that the CSMIA Grid Map indicates that proposed taxiways are located far from the GA parking stands and do not impact existing GA hangars, and on the matter of relocation of parking arrangements for Mumbai-based operators, and MIAL's counter comments in this regard. The Authority draws reference to Para 6.3.58 and Figure 13 of the Tariff Order, where it is mentioned that aircraft parked in the GA apron infringe the OLS and the GA hangars adjacent to the GA Apron also infringe the OLS. The Authority also refers to MIAL's counter comment which provides reference to this non-compliance as noted by DGCA in this respect.

6.10.32 The Authority further notes MIAL's submission that the demolition of GA Hangars allotted to various parties is essential to facilitate airside enhancements and capacity augmentation at CSMIA, including the construction of a parallel taxiway south of Runway 09/27 and additional parking stands for scheduled aircraft.

6.10.33 The Authority notes BAOA's submission that the removal of GA parking by MIAL is not supported by the Master Plan, and MIAL's counter comments in this matter. The Authority observes that this matter has been discussed in Para 6.3.57 to 6.3.64 of this Tariff Order, and that this has also been detailed in the Master Plan, the relevant extracts of which are given below:

"...General aviation apron is located south of main Runway 09-27 and parks approximately 20 general aviation, non-scheduled aircrafts along with 7 GA hangars. Each hangar is accompanied by aircraft parking areas in front of hangars. The GA apron requires relocation to allow construction of parallel taxiway south of Runway 09/27..."

"...The existing GA stands, and the hangar facilities also are a safety concerns as most of them are infringe the runway 09/27 OLS surface and is being proposed to be redevelopment within the extend made available from the existing AAI land which is expected to be turned to MIAL for enabling airside expansions. Minimum of 16 code B stand, or 4 code C and 10 Code B stand along with 1 Hangar are being proposed as part of redevelopment. But the same would not be sufficient but with NEW AIRPORT AT NAVIMUMBAI L expected commissioning by 2025 it is expected that future demand will be move to NEW AIRPORT AT NAVIMUMBAI L while only the pickup & drop, transient traffic would be majorly catered at CSMIA. So, GA forecast assumption is based on the fact that access to CSMIA by business aircraft is expected to have a gradual decrease through pricing and slot controls due to limited airport capacity and the overwhelming demand for commercial air services for passenger and cargo flights at CSMIA with major demand moving to NEW AIRPORT AT NAVIMUMBAI L. As such, although General Aviation traffic will grow in line with commercial movements in the initial years of forecast period, the share will gradually decrease but expect more Code C, GA operation to develop further..."

6.10.34 The Authority notes the comments raised by BAR (Refer Para 6.8.29) on various topics, MIAL's counter comments (Refer Para 6.9.14) in this regard and the Authority's views are given below:

The Authority reiterates that CAPEX enhancements, especially terminal and airside works, are reviewed in the context of both domestic and international traffic demand and benchmarked to capacity norms issued by IATA.

On the matter regarding Input Tax Credit adjustment, the Authority notes that detailed analysis relating to the eligible GST ITC claims on CAPEX have been presented in Paras 6.3.293 to 6.3.295 of this Tariff Order.

The matters regarding the proposed Airside Tunnel and the NEC hangar have already been examined in earlier sections of this Tariff Order.

The Authority has taken note of the valuable suggestions given by BAR. AERA ensures that capital expenditure projects are planned and implemented efficiently, linked to traffic demand and capacity benchmarks, including those set out under IMG / IATA norms. The Authority ensures that the need, reasonableness, and efficiency of CAPEX projects are evaluated, and that they are in line with the Master Plan and the long-term infrastructure requirements.

As a regulatory requirement, the Airport Operator is required to conduct an AUCC meeting and must take all the relevant inputs / suggestions of all the concerned stakeholders including airlines before submitting the MYTP to AERA. In this regard, it is informed that MIAL had conducted the AUCC meeting and the minutes were attached as part of the Consultation Paper. This protocol is being followed uniformly, not only for MIAL, but across all major airports. The Authority notes that the AUCC meetings addresses BAR's suggestion by serving as a platform for joint airline-airport engagement.

6.10.35 Further, based on the revised Inflation as per Table 263, the Authority has recomputed the indexation and notes that there is an additional impact to CAPEX of Rs 1.52 Crores.

6.10.36 Based on the Stakeholders' comments and the Authority's analysis, the Final CAPEX decided to be considered by the Authority for Fourth Control Period is as mentioned in the table below:

Table 245: Reconciliation of CAPEX decided by the Authority for the Fourth Control Period with the CAPEX proposed at Consultation Stage

(Rs. in crores)

S. No	Particulars	Amount in INR Crores
A	Aero Capex proposed at the Consultation Paper (Refer Table 229)	**7,143.61**
B	Additional adjustment to Project A9-21 Additional Aircraft Parking stand adjacent to Apron J (Refer Table 243)	36.42
C	Additional adjustment to Project 2D Refurbishment of Washrooms at T2 (Refer Table 242)	81.23
D	Additional indexation due to change in date of capitalization for certain assets (Refer Para 6.10.24)	12.21
E	Additional indexation due to change in inflation (Refer Para 6.10.35)	1.52
F	Adjustment of Project B1 - New Construction of Terminal T1 (Refer Table 241)	(1,012.37)
G = SUM(A:F)	Aero Capex decided by the Authority for the Fourth Control Period	**6,262.71**

6.10.37 The revised Project wise CAPEX decided to be considered by the Authority for Fourth Control Period is as mentioned in the table below:

Table 246: Project wise CAPEX decided by the Authority for the Fourth Control Period

(Rs. in crores)

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY 25	FY 26	FY 27	FY 28	FY 29	Total
Airside Improvement Works				**112.96**	**298.75**	**259.84**	**582.38**	**109.79**	**1,363.72**
A3-1	Construction of Aircraft Parking Stand (V1+V2)	130.97	100.00%	-	-	-	130.97	-	130.97
A3-2	Re-construction of Taxiway W6 & Apron C (Tier 1)	46.25	100.00%	-	46.25	-	-	-	46.25
A3-3	Reconstructio n of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.58	100.00%	-	-	53.58	-	-	53.58
A4	Airside Perimeter Road including street lights	93.22	100.00%	-	35.36	18.46	19.27	20.12	93.22
A6	Reconstructio n of Airside drain	117.07	100.00%	-	33.17	34.63	24.10	25.16	117.07
A7	Aircraft Maintenance Hangar	84.85	100.00%	-	-	84.85	-	-	84.85
A9-1	Taxiway M Extension West Side	19.87	100.00%	19.87	-	-	-	-	19.87
A9-2	Taxiway M	48.79	100.00%	-	-	48.79	-	-	48.79

A9-3	Taxiway N1	27.02	100.00%	27.02	-	-	-	-	27.02
A9-4	Taxiway N7	22.00	100.00%	22.00	-	-	-	-	22.00
A9-5	Re-Construction of Taxiway U	22.07	100.00%	-	22.07	-	-	-	22.07
A9-6	Taxiway W1 Parallel Taxiway toRWY14-32 West	51.18	100.00%	-	-	-	51.18	-	51.18
A2-3	Taxiway West toRWY 14-32	151.74	100.00%	-	-	-	151.74	-	151.74
A9-7	Construction of RET E6	38.32	100.00%	-	-	-	38.32	-	38.32
A9-8	Construction of RET W3	34.86	100.00%	-	-	-	34.86	-	34.86
A9-9	Construction of Taxiway S	48.17	100.00%	-	48.17	-	-	-	48.17
A9-11	CBR for RWY 09-27	58.13	100.00%	-	-	-	-	58.13	58.13
A9-12	Replacement of ILS RWY 14	5.49	100.00%	5.49	-	-	-	-	5.49
A9-14	Construction of New Fire Station	44.91	100.00%	-	44.91	-	-	-	44.91
A9-15	Construction of New Fire Sub Station	14.40	100.00%	-	14.40	-	-	-	14.40
A9-16	Airport Boundary Wall (New Construction) including demolition of existing wall	24.47	100.00%	4.49	4.68	4.88	5.10	5.32	24.47
A9-17	CISF Staff Quarters	35.70	100.00%	-	35.70	-	-	-	35.70
A9-18	New Retaining Wall including demolition of existing retaining wall	31.09	100.00%	-	-	-	31.09	-	31.09
A9-19	Airside CISF Watch Tower (14 Nos.) & Goomties (30 Nos.)	3.46	100.00%	3.46	-	-	-	-	3.46
A9-20	Refurbishment of Gate 8	4.21	100.00%	-	4.21	-	-	-	4.21
A9-21	Additional Aircraft Parking stand adjacent to Apron J	63.19	100.00%	-	-	-	63.19	-	63.19
A9-22	Reconstructio n of drain along TWY K1	29.75	100.00%	29.75	-	-	-	-	29.75

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A9-23	Relocation of existing Airside Fire Tank	8.90	100.00%	-	8.90	-	-	-	8.90
A9-24	Construction of Emergency Service Road	13.68	100.00%	-	-	13.68	-	-	13.68
A9-25	Perimeter Intrusion Detection System (PIDS)	4.83	100.00%	0.89	0.92	0.96	1.01	1.05	4.83
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West toRWY 14-32	31.56	100.00%	-	-	-	31.56	-	31.56
Passenger Terminal & Associated works				**-**	**4.63**	**143.75**	**-**	**1,524.26**	**1,672.64**
B1	New Construction of Terminal T1	1,694.94	89.93%	-	-	-	-	1,524.26	1,524.26
B2-1	New Terminal 2 NW Pier	27.63	86.84%	-	-	23.99	-	-	23.99
B2-2	New Terminal 2 NW Pier BUS BOARDING GATE (V3)	5.33	86.84%	-	4.63	-	-	-	4.63
B2-3	TERMINAL T-2 EXTENSION	137.91	86.84%	-	-	119.76	-	-	119.76
Kerbside Improvements				**-**	**2.55**	**36.14**	**137.70**	**20.89**	**197.27**
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	34.81	100.00%	-	-	34.81	-	-	34.81
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	136.31	100.00%	-	-	-	136.31	-	136.31
C3-1	At-Grade Road widening for International Airport Road	19.44	100.00%	-	-	-	-	19.44	19.44
C3-2	External Landscape & Horticulture with Irrigation	7.45	90.00%	-	2.55	1.33	1.39	1.45	6.71

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	system including new trees, transplantation of trees and removal of trees								
External Connectivity Improvements				**-**	**-**	**-**	**-**	**-**	**-**
Ancillary Building Development Works				**158.05**	**326.04**	**558.80**	**-**	**22.72**	**1,065.61**
E-1	Construction of Airport Management Corporate Office Building Building	578.80	87.43%	-	-	506.04	-	-	506.04
E-2	Construction of NAD Colony	326.95	100.00%	158.05	168.90	-	-	-	326.95
E-3-1	Cost of 3 levels of basements for 2 metro stations	152.28	50.00%	-	76.14	-	-	-	76.14
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	81.00	100.00%	-	81.00	-	-	-	81.00
E-4-1	Sewage Treatment Plant for new Terminal T2	16.61	100.00%	-	-	-	-	16.61	16.61
E-4-2	Hazardous Waste Storage	1.56	100.00%	-	-	-	-	1.56	1.56
E-4-3	Distribution network for Utilities	4.54	100.00%	-	-	-	-	4.54	4.54
E-6	Crew Terminal	52.76	100.00%	-	-	52.76	-	-	52.76
Operational Capex Works				**581.79**	**815.94**	**302.57**	**163.32**	**99.84**	**1,963.46**
2A	CTiX for Hand baggage's (40 nos.)	142.17	100.00%	-	123.72	18.45	-	-	142.17
2B	Full Body Scanner (23 no's)	26.73	100.00%	-	13.52	7.06	6.14	-	26.73
2C	Procurement of Crash Fire Tender - 04 Nos.	40.30	100.00%	-	40.30	-	-	-	40.30
2D	Refurbishment of Washrooms at T2	169.63	86.84%	-	96.78	50.52	-	-	147.30
2E-1	Transfer hub initiatives e.g. I-D Autosortation for inbound bags	117.83	100.00%	-	117.83	-	-	-	117.83

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2E-2	Early Bag Store capacity & process enhancement	108.12	100.00%	-	58.91	49.20	-	-	108.12
2G	Provision of Self Bag Drops at T2	67.70	100.00%	-	21.60	22.55	23.54	-	67.70
2H	CT-EDS	75.41	100.00%	-	75.41	-	-	-	75.41
2I*	Operational Capex Projects less than Rs. 50 Crores	1,279.83	96.72%	581.79	267.87	154.78	133.64	99.84	1,237.92
Total		**6,669.75**		**852.81**	**1,447.90**	**1,301.10**	**883.40**	**1,777.51**	**6,262.71**

6.10.38 The revised asset category-wise aeronautical additions decided to be considered by the Authority for Fourth Control Period is as mentioned in the table below:

Table 247: Asset category-wise Aeronautical Additions decided by the Authority for the Fourth Control Period

(Rs. in crores)

Asset Category	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway, Taxiway and Apron	78.54	119.21	104.68	505.90	60.64	868.98
Terminal Building	6.17	105.66	197.05	2.90	1,527.29	1,839.06
Other Buildings	242.61	508.88	691.60	33.98	54.74	1,531.80
Boundary Wall	5.38	5.60	5.85	37.20	6.37	60.40
Access Road	0.99	35.88	66.95	155.58	39.56	298.96
Plant and Machinery	219.68	465.46	137.22	62.94	26.51	911.80
Electrical Installation and Equipments	43.58	121.53	44.13	53.73	31.38	294.35
IT equipment	157.32	49.48	23.35	15.15	13.88	259.18
Furniture & fixtures	37.15	23.09	24.82	9.45	10.26	104.77
Vehicles	1.41	2.36	2.69	5.61	5.86	17.93
Computers - Servers & Networks	59.98	10.75	2.77	0.96	1.01	75.47
Total	**852.81**	**1,447.90**	**1,301.10**	**883.40**	**1,777.51**	**6,262.71**

6.10.39 The comparison between the asset category-wise aeronautical additions proposed at the consultation paper and decided to be considered by the Authority for Fourth Control Period is as mentioned in the table below:

Table 248: Comparison of Asset Category wise Aeronautical Additions decided by the Authority for the Fourth Control Period

(Rs. in crores)

Asset Category	As submitted by MIAL	As proposed by the Authority at Consultation Stage	As decided by the Authority
Runway, Taxiway and Apron	1,778.70	831.26	868.98
Terminal Building	4,803.41	2,770.18	1,839.06
Other Buildings	5,617.53	1,530.82	1,531.80
Boundary Wall	98.23	60.39	60.40
Access Road	760.08	298.21	298.96
Plant and Machinery	1,849.38	905.07	911.80

Asset Category	As submitted by MIAL	As proposed by the Authority at Consultation Stage	As decided by the Authority
Electrical Installation and Equipment	842.42	290.81	294.35
IT equipment	471.17	258.88	259.18
Furniture & fixtures	140.70	104.70	104.77
Vehicles	36.74	17.93	17.93
Computers - Servers & Networks	111.57	75.36	75.47
Total	**16,509.93**	**7,143.60**	**6,262.71**

6.10.40 The Authority based on the stakeholder comments and counter comments above has revised the depreciation based on the revised CAPEX, and the same is given in the table below:

Table 249: Depreciation decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aero Allocation Ratio for Depreciation	**83.38%**	**83.38%**	**83.38%**	**83.38%**	**83.38%**	
Terminal Building	155.16	159.63	164.71	168.08	194.00	841.58
Runway, Taxiway and Apron	113.73	97.78	99.29	109.19	103.04	523.03
Cargo Building	-	-	-	-	-	-
Cargo Equipment	-	-	-	-	-	-
Boundary Wall	0.54	1.64	2.78	7.08	11.44	23.48
IT equipment	40.31	73.08	79.13	53.82	23.71	270.05
Security equipment	-	-	-	-	-	-
Plant and Machinery	60.79	79.73	95.26	98.82	100.29	434.90
Other Buildings	18.26	28.15	47.96	59.84	57.24	211.45
Access Road	33.33	33.78	35.88	45.98	46.51	195.49
Fuel	-	-	-	-	-	-
Electrical Installation and Equipment's	27.79	27.15	24.16	26.64	28.40	134.14
Bridges	11.41	11.41	11.41	11.41	11.41	57.06
Computers - Servers & Networks	20.24	25.71	26.72	26.86	24.95	124.47
Office equipment	1.83	1.72	1.64	1.11	0.32	6.62
Furniture & fixtures	5.97	9.97	12.92	14.56	15.84	59.26
Vehicles	3.10	3.32	3.59	4.05	4.71	18.78
Total	**492.47**	**553.08**	**605.47**	**627.46**	**621.88**	**2,900.37**
Aeronautical Depreciation as per FAR	443.69	410.44	385.14	372.69	338.09	1,950.05
Add: Aeronautical Depreciation on New Additions	48.78	142.65	220.33	254.77	283.79	950.31
Total	**492.47**	**553.08**	**605.47**	**627.46**	**621.88**	**2,900.37**
Less: Runway recarpeting amortize separately as O&M	56.57	30.37	29.64	29.50	10.08	156.15
Less: Depreciation on disallowed projects	3.22	3.46	3.48	3.42	3.13	16.72
Less: Higher depreciation in books as compared to the Authority (614-line items)	17.69	17.53	17.51	13.81	13.34	79.88

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Less: Aeronautical Depreciation on the assets as per SCN	7.12	7.07	7.01	7.01	7.01	35.22
Less: 50% of Depreciation on ROU	1.41	1.41	1.41	1.41	1.41	7.03
Depreciation on RAB (a)	**406.46**	**493.24**	**546.43**	**572.32**	**586.91**	**2,605.36**
Average Depreciation Rate	3.62%	3.89%	3.91%	3.85%	3.52%	
Depreciation on HRAB (b)	**25.98**	**27.92**	**28.05**	**27.59**	**21.11**	**130.65**
Total Depreciation (a+b)	**432.43**	**521.16**	**574.48**	**599.91**	**608.02**	**2,736.01**

6.10.41 Considering the discussions the above, the revised RAB and HRAB decided to be considered by the Authority for tariff determination for the Fourth Control Period are as follows:

Table 250 : HRAB decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars (Rs. in crores)	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening HRAB	202.91	176.94	149.02	120.97	93.38	
Depreciation for the year	25.98	27.92	28.05	27.59	21.11	**130.65**
Closing HRAB	176.94	149.02	120.97	93.38	45.69	
Average HRAB	**189.93**	**162.98**	**134.99**	**107.17**	**69.54**	

Table 251 : RAB decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,466.39	5,427.09	6,381.75	7,136.41	7,447.50	
Add: Capitalization during the year (Refer Table 247)	852.81	1,447.90	1,301.10	883.40	1,777.51	**6,262.71**
Add: Brought Forward Balance (Refer *Refer *Table 27 for Opening RAB of FY 20.* Table 83)	514.35	-	-	-	-	**514.35**
Less: Depreciation (Refer Table 249)	406.46	493.24	546.43	572.32	586.91	**2,605.36**
Closing RAB	**5,427.09**	**6,381.75**	**7,136.41**	**7,447.50**	**8,638.09**	
Average RAB	**4,946.74**	**5,904.42**	**6,759.08**	**7,291.96**	**8,042.79**	

Table 252 : RAB and HRAB as decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Average HRAB	189.93	162.98	134.99	107.17	69.54
Average RAB	4,946.74	5,904.42	6,759.08	7,291.96	8,042.79
Total	**5,136.67**	**6,067.40**	**6,894.07**	**7,399.13**	**8,112.33**

6.11 Authority's Decisions regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following with regards to CAPEX, Depreciation and RAB for the Fourth Control Period

6.11.1 To consider average RAB and average HRAB as per Table 252 for the Fourth Control Period.

6.11.2 To consider Depreciation as per Table 249 for the Fourth Control Period.

6.11.3 To reduce (adjust) 1% of the uncapitalized project cost from the TR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule, as mentioned in Table 247. The same will be examined at the time of Tariff Determination for the Fifth Control Period.

6.11.4 To examine the accounting of input tax credit in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of tariff determination for the Fifth Control Period.

6.11.5 To consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period and to true-up the Aeronautical Capital expenditure, Depreciation and RAB based on actual additions to RAB on a pro-rata basis at the time of tariff determination for Fifth Control Period subject to the same being reasonable, efficient and justified.

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7. FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

7.1 MIAL's Submissions regarding Fair Rate of Return for the Fourth Control Period

MIAL's Submission for Cost of Equity

7.1.1 MIAL has submitted its Cost of Equity based on factors outlined in the Cost of Equity study conducted by PwC for Adani Group's Ahmedabad Airport in March 2021. This PwC report is based on a study conducted by IIM-Bangalore on the Determinants of Cost of Capital in December 2019, for the Third Control Period for MIAL.

7.1.2 MIAL has also incorporated an additional 1% premium of risk factor due to limited traffic growth in recent past as compared to all India growth or other PPP Airports growth (10%-16%). MIAL's market share as compared to all India traffic has been on declining trend (reduced from 21% to 13%) since last 10 years whereas for other Airports the trend is either increasing or remains stable. The same is attributable to the fact that Mumbai is an airside constrained airport. MIAL is of the view that this risk factor needs to be duly provided for while evaluating the cost of equity.

This "Additional Risk Premium" due to lower growth and capacity saturation is estimated as 1% based on below calculations: -

Table 253: Risk Factor as computed by MIAL

Particulars	Percentage
MIAL Market Share in 2009-10 (A)	21%
MIAL Market Share in 2014-15 (B)	19%
MIAL Market Share in 2019-20 (C)	13%
Annual % market share lost in 10 years (A — C) / 10	0.72%
Annual % market share lost in 5 years (B — C) / 5	1.16%
Risk factor considered for calculation purposes	**1%**

7.1.3 After considering the study and additional risk premium and incorporating Capital Asset Pricing Model (CAPM) equation, MIAL submitted the following table summarizing the sensitivity of the gearing ratio.

Table 254: Cost of Equity for different gearing ratios as determined by MIAL

Gearing Ratio	CoE
48:52	18.11% - 18.28%
60:40	20.55% - 20.76%
65:35	22.06% - 22.29%
70:30	24.07% - 24.34%

7.1.4 Accordingly, in view of the above, and given that the Authority has been considering gearing ratio of 48:52, MIAL submits that CoE should be allowed at 18.30%.

MIAL's Submission for Cost of Debt

7.1.5 As of date, MIAL has two outstanding loans and the same is also reflected in the Financial Statements.

7.1.6 **External Commercial Borrowing-** In April 2022, MIAL raised USD 750 million (~Rs 5,500 crores) through 7.25-year USD Notes/Bonds through US Private Placement (USPP). Funds raised through Private placement along with additional borrowings from Adani Airport Holdings Limited (AAHL) have been used for refinancing of existing short term bridge loan of Rs. 7,250 crores as of 31 March 2022. It is to be noted that only ~75% of existing debt was refinanced from USD notes and balance was refinanced by inter-company loan from AAHL. USD Notes are repayable in 7.25 years on the last day of Tenor (Bullet

Repayment on last date of Tenor). As per the existing loan agreements, the effective interest rate is ~11.5% (7.25% effective coupon rate + 3.8% hedging cost + 6% TDS on coupon payments)

Table 255: External Commercial Borrowing and cost of its debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	6,339	6,339	6,339	6,339	6,339
Closing Debt Outstanding	6,339	6,339	6,339	6,339	6,339
Cost of Debt	11.50%	11.50%	11.50%	11.50%	11.50%

7.1.7 The intercompany loan from Adani Airport Holdings Limited is unsecured and subordinated to the senior debt. It carries an interest of 12.5% per annum.

Table 256: Intercompany loan and cost of its debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	2,584	2,928	3,318	3,760	4,260
Closing Debt Outstanding	2,928	3,318	3,760	4,260	4,827
Cost of Debt	12.50%	12.50%	12.50%	12.50%	12.50%

7.1.8 MIAL has estimated the average cost of debt to be 11.93% per annum for the Fourth Control Period as below:

Table 257: MIAL's Calculation of Weighted Average Cost of Debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	8,743	12,622	15,415	18,760	21,741
Closing Debt Outstanding	12,622	15,415	18,760	21,741	23,374
Average Debt	10,683	14,018	17,088	20,251	22,557
Interest Cost	1,274	1,666	2,036	2,418	2,697
Cost of Debt	11.93%	11.88%	11.91%	11.94%	11.96%
Weighted Avg. Cost of Debt	**11.93%**				

7.1.9 MIAL, for availing a higher cost of debt has stated that the interest rates surged sharply post December 2020. Thus, continuing with the existing debt facility would have increased the interest rate by 1.25% for FY 2022-23 and 2.50% for FY 2023-24 and have provided the following computation to support this position:

Table 258: Computation of weighted average cost of debt by MIAL if it had continued with existing debt facility throughout the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Debt (a)	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Debt (b)	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt (c = (a+b)/2)	6,206.00	6,107.02	6,629.32	7,648.52	8,428.57
Cost of Debt (%) (d)	10.30%	10.30%	10.30%	11.55%	12.80%
Weighted Average Cost of Debt	**11.17%**				

7.1.10 As per MIAL, the weighted average cost of debt would have touched 11.17% if the same debt facility had continued throughout the Third Control Period.

MIAL's Submission for Gearing Ratio

7.1.11 For calculating the Fair Rate of Return (FRoR), MIAL has assumed the same debt-equity ratio of 48%:52% as the Third Control Period, which is consistent with debt-equity ratio considered by the Authority in various recent tariff orders.

MIAL's Submission for Fair Rate of Return

7.1.12 Based on the above parameters, the table below summarizes the FRoR for the Fourth Control Period as submitted by MIAL:

Table 259: FRoR as submitted by MIAL

Particulars	FY25	FY26	FY27	FY28	FY29
Cost of Debt	11.93%	11.88%	11.91%	11.94%	11.96%
Cost of Equity	18.30%	18.30%	18.30%	18.30%	18.30%
D/E Ratio	0.48:0.52	0.48:0.52	0.48:0.52	0.48:0.52	0.48:0.52
FRoR	**15.24%**				

7.2 Authority's Examination regarding to Fair Rate of Return for the Fourth Control Period at the Consultation Stage

Authority's Examination of Cost of Equity

7.2.1 The Authority noted that MIAL has proposed 18.30% as cost of equity in MYTP based on the study conducted by PwC for Adani Group's Ahmedabad Airport.

7.2.2 The Authority in the Third Control Period had commissioned an independent study by IIM Bangalore on the determinants of Cost of Capital pertaining to Mumbai Airport. Vide this study, the Cost of Equity was determined to be 15.13% for MIAL, using the CAPM methodology.

7.2.3 The Authority proposed to consider the same cost of equity as decided in the Third Control Period i.e., 15.13% for the Fourth Control Period as against the cost of equity submitted by MIAL.

7.2.4 The Authority found that the traffic has already reached pre-Covid levels at CSMIA and also noted that all the potential and constraints of CSMIA was known to MIAL since the beginning of the concession. No new developments or anticipated events have arisen that would result in additional risk beyond the levels that have existed since the beginning, and which MIAL has taken into account while accepting the concession. Further the COE has been determined on an objective basis through an expert study (IIM Bangalore) which has taken into account all risks both favorable and unfavorable that MIAL faces. Therefore, the Authority is not inclined to accept MIAL's claim for a 1% upward risk adjustment in COE.

Authority's Examination of Cost of Debt

7.2.5 The Authority noted that MIAL had estimated the weighted average cost of debt at 11.93% for the Fourth Control Period based on the two outstanding loans in its financial statements, which includes ECB loan @11.50% and Inter Company Loan from Adani Airport Holdings Limited @ 12.50%.

7.2.6 The Authority had re-worked the Cost of Debt that would have prevailed if MIAL had continued with the existing loan arrangement as at the start of the Third Control Period.

(i) The old loan arrangement with SBI was based on an RBI mandated MCLR (8.50%) + Spread Rate (1.80%). Thus, continuing the same would have resulted in a lower interest rate for MIAL from March 2019 to May 2022, in which period the MCLR fell from 8.50% to 7.00%.

(ii) From May 2022, there was a gradual increase in the MCLR, which touched 8.65% by March 2024.

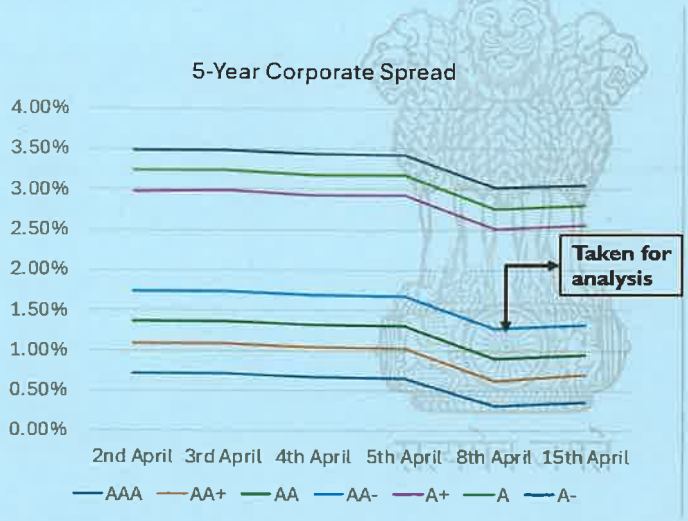
7.2.7 Recomputing the CoD based on the para above, the Authority noted that the rate would have been lower had MIAL continued with the original loan arrangement.

7.2.8 Therefore, the Authority had 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%.

7.2.9 The Authority had 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 as shown in Figure 41.

7.2.10 Considering a spread of 150 basis points as per Para 7.2.9 and the MCLR as per Para 7.2.8, the total Cost of Debt for the Fourth Control Period is recalculated as follows: 8.65% (MCLR) + 1.50% (Spread for AA-) = 10.15%.

Figure 41: 5-year Corporate Bond Spread – Data Source: FIMMDA



7.2.11 Accordingly, the Authority proposed to consider the Cost of Debt at 10.15% for the Fourth Control Period. However, the Cost of Debt shall be trued up based on actual (or) SBI average 1-year MCLR plus 150 bps (whichever is lower) at the time of determination of tariff for the 5th Control Period.

Authority's Examination regarding the Gearing Ratio

7.2.12 The Authority had considered to accept MIAL's submission of the debt-to-equity ratio as considered in the Third Control Period Order i.e., 48%:52%, which is in line with gearing ratio considered in the independent study of IIM Bangalore. As gearing of 48:52 (Debt:Equity) is efficient gearing, it would not be trued up.

Fair Rate of Return

7.2.13 Based on the revised CoD and CoE, the Authority proposed to consider the following FRoR for the Fourth Control Period.

Table 260: Authority's proposal for FRoR for the Fourth Control Period at the Consultation Stage

Particulars	Authority's Proposal for Fourth Control Period
Efficient Cost of Debt	10.15%
Cost of Equity	15.13%
D/E Ratio	48:52
FRoR	12.74%

7.3 Stakeholders' Comments on Fair Rate of Return for the Fourth Control Period

7.3.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, DIAL, BIAL, IATA and BAR in response to the proposals of the Authority with regard to the Fair Rate of Return for the Fourth Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to FRoR for the Fourth Control Period

7.3.2 MIAL's comments with regards to Cost of Equity at 15.13% is as follows:

"MIAL has considered Cost of Equity based on PWC study carried out for Ahmedabad Airport. Ahmedabad Airport engaged the services of Price Waterhouse Coopers Services LLP (PwC) to carry out a study on evaluating the applicable Cost of Equity (CoE). Based on this study carried out in March 2021, MIAL considered the base CoE as 17.30%. An additional 1% risk premium for Mumbai Airport has been considered due to lesser growth in the past and capacity saturation in the near future resulting in CoE of 18.3%. The methodology used to compute the CoE is the Capital Asset Pricing Model (CAPM).

Primary reason for difference in CoE as per the Authority and as per MIAL is predominantly on account of computation of unlevered beta which in turn is based on beta of other airports considered in the study.

IIM B study considered 12 airports, out of which only two airports belong to developing countries. Airports in developing markets are exposed to each of these risks differently when compared to developed markets which are listed as follows

- *Demand Risk – Apart from the economic conditions which affect demand, demand for air travel is also highly elastic with respect to air fare in India and other developing economies. Any increase or decrease in air fare due to fuel prices or other input costs results in relatively higher traffic volatility.*
- *Counterparty Risk – Airports in developing countries typically derive a major part of their revenue from aeronautical services, as against the developed markers where non-aeronautical revenue is higher.*
- *Regulatory Risk – Regulations in developing countries are still evolving and are not stable.*

Asset beta of airports in developing countries is consistently higher than the asset beta of airports in developed economies. This can be demonstrated by the data provided in the IIM B study in which the asset beta for Sydney airport is 0.40 whereas the asset beta for Airport of Thailand is 0.86. This shows the quantum of variation in risk perception between developed and developing countries.

Study done by PwC includes balanced mix of developed economies like France, Spain and Switzerland and developing economies like Mexico, Malaysia, Thailand. Following are the asset betas of various airports as per PWC study:

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S No	Airport Operator	5-year asset beta on 5 year average DER	5 year asset beta on latest DER
1.	Sydney Airport Holdings Private Limited	0.697	0.719
2.	Auckland International Airport Limited	1.030	1.052
3.	Flughafen Zurich	0.865	0.838
4	Groupe Aeroports De Paris	0.922	0.922
5.	Aena	0.102	0.121
6.	Asur (Aeropone Del Sureste)	1.336	1.340
7	Københavns Lufthavne	0.423	0.416
8.	Grupo Aeroportuario Del Centro Norte S.A.B. De C.V. Adr	0.960	1.020
9.	Grupo Aeroportuario Del Pacifico, S.A.B. De C.V	1.430	1.428
10.	Aeroporto Guglielmo Marconi Di Bologna S.P.A	0.642	0.649
11.	Fraport Ag	0.586	0.669
12	Airport Of Thailand Public Limited Company	0.984	1.002
13.	Malaysia Airport Holdings Bernad	0.846	0.853
14.	Flughafen Wien Ag	0.527	0.610
15.	Gruppo Toscana Aeroporti	0.457	0.455

It is evident from table above, asset betas of airports in developing economies like Mexico (Grupo Aeroportuario Del Centro Norte, Grupo Aeroportuario Del Pacifico) and Thailand (Airports of Thailand) have asset betas of more than 1.

We hereby request the Authority to accept the CoE of 18.3% based on correct asset beta as submitted by MIAL in the MYTP"

7.3.3 MIAL's comment with regards to Cost of Debt capped at 10.15% are as follows:

"MIAL requests the Authority to consider the actual cost of debt incurred by MIAL, since these debts are issued at market discovered price which in turn are based on financial performance and many external factors like global interest rates, inflation etc.

MIAL debt has been financed by External Commercial Borrowings (ECB) and Intercompany Deposit (ICD) from holding company AAHL.

In April 2022, MIAL raised USD 750 million (~Rs. 5,500 Crs) through 7.25-year USD Notes/Bonds through US Private Placement (USPP). USD Notes are repayable in 7.25 years on the last day of Tenor (Bullet Repayment on last date of Tenor). As per the existing loan agreements, the effective interest rate is ~11.5% (7.25% effective coupon rate + 3.8% hedging cost+6% TDS on coupon payments). Since debt tenor will be over after 7.25 years in 2029 (end of current control period), the Authority is requested to considered actual cost of ECB rather than notional cost of debt arrived by using MCLR and spread.

The interest rate on ICD from AAHL is 12.5%. It is to be noted that AAHL has raised ECB from a consortium of banks and all in borrowing cost of this facility is 12.69%.

In case the Authority is not inclined to consider cost of debt of ICD, it is requested that at least cost of debt equivalent to market discovered interest rate on ECB i.e. 11.5% is allowed.

Variable nature of MCLR and Credit Spread

MIAL would like to reiterate the highly dynamic nature of MCLR and Credit Spread. Both these factors are beyond the control of the company. It is to note that the current one-year MCLR is already at 9% whereas the Authority has considered MCLR of 8.65% as was prevalent at the start of Control Period.

Tenor-wise MCLR effective from 15th March, 2025 is as under:

Tenor	Existing MCLR (In %)	Revised MCLR (In %)*
Over night	8.20	8.20
One Month	8.20	8.20
Three Month	8.55	8.55
Six Month	8.90	8.90
One Year	9.00	9.00
Two Years	9.05	9.05
Three Years	9.10	9.10

*No Change

Further spread of 1.5% is based on rating of AA-. It is to noted that there is significant capital expenditure of Rs. 10,000 Crs planned in the Fourth Control Period. Aeronautical Revenues of MIAL are limited to the extent of tariff approved by the Authority. Non-aero revenues will also take a hit on account of reduction in passengers. Hence MIAL is highly susceptible to change in credit rating on account of the above factors. We request the Authority to consider these factors and allow actual cost of debt in true up of Fourth Control Period rather than capping the same at 10.15%.

We also request the Authority to consider the practice followed by other sectoral regulators while allowing actual cost of debt as explained above.

Thus, it is requested that the actual cost of debt, should be used for computation of WACC at the time of true up of Fourth Control Period.

Other stakeholders' comments

7.3.4 DIAL's comment with regards to cost of debt is as follows:

"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."

7.3.5 BIAL's comment with regard to Cost of Debt is as follows:

"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."

7.3.6 IATA's comment with regards to computation of Cost of Equity and Debt is as follows:

"Additional risk adjustment:

- *We fully support AERA for rejecting the additional 1% upward risk adjustment, which is being sought by the airport operator based on lower growth in traffic at BOM. Level of constraints and saturation, as rightly pointed out by AERA, were well known at the time when the bids were submitted & the concession for the airport was awarded. Similarly, this should have been taken into account when Adani Airports bought out the airport from the erstwhile airport operator. Besides, the FRoR is meant to establish the level of reward for the level of risk being borne by the regulated company. The alleged limited traffic growth in itself has no impact on the WACC in the context of true ups, as explained below.*

Asset Beta:

- *On the matter of "risk-reward", we believe that AERA's assumed 15.13% for cost of equity is too generous. For instance, we note that the 15.13% assumes an asset beta of 0.57. As previously explained, the lower the amount of risk allocated to the regulated company, the lower the reward. AERA's regulatory practice of truing up revenues and costs significantly reduces the risks (since deviations are passed on to consumers). However, the asset beta (0.57) applied for BOM was obtained from airports that do not have such risk. Therefore, there is an overestimation of the return on equity allowed to the company.*
- *In this regard, back in 2024 we requested the consultancy company Swiss Economics (SE) to calculate a level of asset beta commensurate with the risks borne by DEL and BOM (attached to the submission). In order to take into account the different levels of risk between DEL/BOM vs listed, as a consequence of the true-up approach, SE also considered asset betas of utility companies (which tend to be less volatile and therefore less risky). This approach led SE to conclude that an asset beta of 0.4 better reflects the risks borne by BOM.*
- *It should also be mentioned that when the UK CAA introduced a traffic risk sharing element on the LHR determination (so-called "H7"), it also made an adjustment to the asset beta to reflect the lower risks borne by LHR1.*

Risk Free rate:

- *The calculation of the 15.13% return on equity also assumed a risk-free rate of 7.56% based on the 10-year Indian government bond. However, nowadays the same bond yield is around 6.5%, which*

would suggest that using the previous figure would imply an overestimation of the risk-free rate. There is therefore merit in reviewing such rate and we request AERA to consider this before its final decision.

Cost of Debt

- *We appreciate AERA for correcting the cost of debt based on rates that would have prevailed if MIAL had continued with the existing loan arrangement as at the start of the TCP. We support AERA's view of seeking to allow what it considers to be an efficient cost of debt.*

If AERA pursues a true up approach, then we support the proposal to true up on the basis of actual or SBI 1- year +150bps (whichever is lowest)."

7.3.7 BAR's comment with regards to Return on Equity consideration is as follows:

"Key Question from Airlines Perspective

How does AERA justify an RoE of ~16.2% when global comparable are 11–12%? (Pages 119–120) (AERA discusses Return on Equity (RoE) on Pages 119–120. MIAL proposed ~16.2% RoE using a higher cost of equity benchmark, whereas international comparable often use 11–12%.)

Airline Suggestion to AERA

Cap RoE assumptions at levels consistent with global benchmarks to ensure fair burden-sharing."

Summary and Airline Representation

The cost recovery structure includes Return on Equity (RoE) assumptions that appear inflated at ~16.2% while international benchmarks are closer to 11–12% (Page 119–120).

7.4 MIAL's response to Stakeholders' Comments on FRoR for the Fourth Control Period

7.4.1 MIAL acknowledged the comments of DIAL and BIAL on considering the actual Cost of Debt and submitted its response as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

7.4.2 MIAL's response to IATA's comment on with regards to computation of Cost of Equity and Debt is as follows:

"Asset Beta for Cost of Equity: *Study done by Swiss Economics consider airports either from developed economies or from China to compute the average asset beta. This approach is not only fallacious but also highlights the bias in the selection of comparative airports to be used for computation of asset beta.*

Independent study conducted by PWC considers a well-balanced approach and includes mix of airports from developed economies like France, Spain and Switzerland and developing economies like Mexico, Malaysia, Thailand. The following are the asset betas of various airports as per PWC study:

S.No	Airport Operator	5-year asset beta on 5 year average DER	5-year asset beta on latest DER
1.	Sydney Airport Holdings Private Limited	0.692	0.719
2.	Auckland International Airport Limited	1.030	1.052
3.	Flughafen Zurich	0.865	0.838
4	Groupe Aeroports De Paris	0.922	0.922
5.	Aena	0.102	0.121
6.	Asur (Aeroporte Del Sureste)	1.338	1.340
7.	Københavns Lufthavne	0.423	0.416
8.	Grupo Aeroportuario Del Centro Norte S.A.B. De C.V. Adr	0.960	1.020
9.	Grupo Aeroportuario Del Pacifico, S.A.B. De C.V	1.430	1.428
10.	Aeroporto Guglielmo Marconi Di Bologna S.P.A	0.642	0.649
11.	Fraport Ag	0.686	0.669
12	Airport Of Thailand Public Limited Company	0.984	1.002
13.	Malaysia Airport Holdings Berhad	0.848	0.893
14.	Flughafen Wien Ag	0.527	0.610
15.	Gruppo Toscana Aeroporti	0.457	0.455

Based on above independent study carried out in March 2021, MIAL considered the asset beta of 0.8 in base CoE as 17.30%. An additional 1% risk premium for Mumbai Airport has been considered due to lesser growth in the past and capacity saturation in the near future resulting in CoE of 18.3%.

Below are some key factors that IATA/Swiss Economics has not considered correctly in the analysis:-

Removing Flughafen Wien (asset beta of 0.1) from the analysis increases the average asset beta of airports from 0.54 to 0.58, aligning it with the Asset Beta proposed by IIM B to the Authority.

The Authority conducted separate studies for BOM and DEL, resulting in individual asset betas for each airport. In contrast, the IATA study does not differentiate between the two airports and fails to consider adjustments for capital expenditure, passenger capacity, funding mechanisms, and regulatory regimes for BOM airport.

The Authority study correctly used only airports as comparators, while the IATA study's inclusion of electricity network operators and diversified power companies, which belong to different sectors, is incorrect and seems intended to lower the average asset beta.

Based on the above submission, consideration of the power sector itself is completely incorrect on the part of IATA Submission for calculating the Asset Beta of DEL & BOM.

Also refer para 7.3.2 of MIAL comments submitted on 16th April 2025

Cost of Debt: *We would like to reiterate the highly dynamic nature of MCLR and Credit Spread. Both these factors are beyond the control of the company. Hence, we request the Authority to consider actual costs of debt in true up exercise of Fourth Control Period. TDSAT Judgement dated 6th October 2023 has ruled that Cost of Debt should be allowed on actual basis. Also refer para 7.3.3 of MIAL comments submitted on 16th April 2025."*

7.4.3 MIAL's response to BAR's comment on Fair Rate of Return is as follows:

"MIAL has proposed 18.30% cost of equity against which the Authority has approved only 15.13% based on independent study by IIM Bangalore."

7.5 Authority's Analysis on Stakeholders' Comments on FRoR for the Fourth Control Period

7.5.1 The Authority notes MIAL's submission (Refer Para 7.3.2) on adopting CoE of 18.3% based on the PwC study for Ahmedabad Airport.

However, the Authority has determined the CoE at 15.13%, consistent with the independent study conducted by IIM Bangalore, which was specifically commissioned by the Authority during the tariff determination of the Third Control Period for MIAL, and remains applicable for the Fourth Control Period as well.

This study used the Capital Asset Pricing Model (CAPM) and considered both favourable and unfavourable risks specific to MIAL's operations. The methodology adopted was objective, based on empirical data, and aligned with Indian market conditions.

While MIAL argues for a higher CoE due to developing market risks, the Authority observes that no new risk factors have emerged beyond what was already present and accounted for in the IIM Bangalore study. As no material change in risk profile has occurred since the previous determination, the Authority finds no justification to revise the CoE upward.

Therefore, to ensure regulatory consistency and fairness across airports, the Authority proposes to retain the CoE at 15.13%, as detailed in the Consultation Paper.

7.5.2 The Authority notes MIAL's submission (Refer Para 7.3.3) requesting consideration of the actual cost of debt, particularly for borrowings through ECB and Intercompany Deposits.

For the Fourth Control Period, the Authority has adopted a transparent approach to determine the Cost of Debt by referencing the prevailing SBI 1-year MCLR (8.65%) as of March 2024, along with a spread of 150 basis points applicable to MIAL's credit rating (AA-) as per FIMMDA data. This results in a normative Cost of Debt of 10.15%, which is proposed to be applied uniformly across the control period.

While MIAL has requested for higher actual borrowing costs due to external market factors (including coupon rate, hedging cost), the Authority observes that such rates, especially the 12.5% ICD from AAHL, a related party, are significantly higher than rates available in the domestic market. The Authority finds that funding was accessible at lower costs and many other Airport Operators Debt Rate fall in the range of 9-10%.

The Authority further noted that the increase in Aeronautical Tariff in the Fourth Control Period will improve the financial position as well as external credit rating of MIAL which in turn would help MIAL in fetching better interest rates in the market. The Authority also brings attention to the fact that the benchmark/ policy rates of RBI after touching peak levels is now on decreasing trend which would also lower the interest rates in the domestic market.

The Authority has decided that the Cost of Debt for the Fourth Control Period will be trued up at the time of tariff determination of the Fifth Control Period, subject to a cap: the lower of actual CoD or SBI 1-year average MCLR plus 150 bps.

7.5.3 The Authority notes the comment of DIAL (Refer Para 7.3.4), BIAL (Refer Para 7.3.5) on Cost of debt and the counter-comments by MIAL (Refer Para 7.4.1) in this regard. The Authority has given its view in para 7.5.2.

7.5.4 The Authority acknowledges IATA's comment (Refer Para 7.3.6) on Fair Rate of Return.

Cost of Equity:

The Authority acknowledges the support of IATA regarding the rejection of the additional 1% risk premium proposed by the airport operator and the counter comment by MIAL in this regard. The Authority's views are given in para 7.5.1.

The Authority has noted the comments from IATA regarding reassessing WACC taking into account the asset beta as per the independent study commissioned by them, and MIAL's counter comments (Refer Para 7.4.2) regarding the same. The Authority, as presented earlier, has adopted the recommendations of the expert study commissioned by it, and find no reason to change this approach.

Risk free return

The Authority notes IATA's comment regarding the 10 year bond rate and clarifies that 18-Year Daily Avg. for the 10-Year GOI Bonds yield was used to determine the Rf of 7.65%, and finds no reason to change the stand.

Cost of Debt

The Authority notes IATA's support for the approach of allowing an efficient Cost of Debt and the counter comment by MIAL in this regard.

The Authority reiterates its commitment to promoting efficient capital structuring and maintaining consistency across regulatory periods. The adopted rate of 10.15%, based on SBI 1-year MCLR of 8.65% plus a 150-bps spread, reflects prevailing market conditions and an efficient financing benchmark.

Further, the Authority confirms that the Cost of Debt will be trued up at the time of Tariff determination of the Fifth Control Period, and will be limited to the lower of the actual cost or SBI 1-year MCLR + 150 bps, in line with IATA's suggestion and the Authority's decisions in this Tariff Order.

7.5.5 The Authority acknowledges BAR's comment (Refer Para 7.3.7) on Fair Rate of Return and notes MIAL's counter comments (Refer Para 7.4.3) regarding the same.

Key Question from Airlines Perspective & Summary and Airline Representation

-The Authority's views are given above in para 7.5.1.

Airline Suggestion to AERA

-The Authority has taken note of the suggestions given by BAR.

7.5.6 Accordingly, the Authority decides that the CoE, CoD and FRoR for the First Control Period considered at the Consultation Stage remains unchanged as per Table 260.

7.6 Authority's Decisions regarding to Fair Rate of Return for the Fourth Control Period

Based on the materials before it and its analysis, the Authority decides the following with respect to FRoR for the Fourth Control Period.

7.6.1 To consider Cost of Equity, efficient Cost of Debt, Notional Debt Equity Ratio and FRoR for the Fourth Control Period as per Table 260.

7.6.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 150 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

8. INFLATION FOR THE FOURTH CONTROL PERIOD

8.1 Background

8.1.1 The Authority adopted CPI "mean" inflation indices while determining tariffs for all the three previous control periods. This was based on the Operation, Management and Development Agreement (OMDA) entered in between Airports Authority of India and Mumbai International Private Limited for Mumbai Airport on 4th April 2006.

8.1.2 The CPI indices used for the First, Second and Third Control Periods are given in the below table:

Table 261: CPI index used for Control Periods

Period	Basis	CPI Index
First Control Period	Average of quarterly median of CPI-IW for FY13	9.40%
First Control Period	Average of quarterly median of CPI-IW for FY14	7.80%
Second Control Period	Mean of annual average % change over next five years	5.00%
Third Control Period	Mean of annual average % change for FY25	4.50%

8.2 MIAL's Submissions regarding Inflation for the Fourth Control Period

8.2.1 MIAL has submitted the following on CPI (as per OMDA) inflation rates for the Third Control Period:

Referring to the "Results of the survey of professional forecasters on macroeconomic indicators – Round 87", MIAL has considered median CPI inflation of 4.60 % p.a. (Rounding it off to 5.00%) for Q4 of FY 2023-24 in financial projections for the Third Control Period.

8.3 Authority's Examination regarding Inflation for the Fourth Control Period at the Consultation Stage

8.3.1 The Authority reviewed MIAL's submission regarding the CPI (as per OMDA) inflation. The Authority noted that CPI has been used by MIAL in forecasting revenue / cost where relevant.

8.3.2 The Authority proposed to consider the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 90th released on 9th Oct 2024 published by the Reserve Bank of India (RBI). Considering this, the Authority proposes to consider the Mean of CPI inflation forecasts (All Commodities) for FY 2024-25 till FY 2028-29.

Table 262: Inflation rates proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

Particular	FY25	FY26	FY27	FY28	FY29
Inflation	4.50%	4.40%	4.40%	4.40%	4.40%

8.4 Stakeholders' Comments on Inflation for the Fourth Control Period

8.4.1 During the Stakeholder Consultation Process, the Authority has received comments/views from IATA in response to the proposals of the Authority in the Consultation Paper No. 08/2024-25 dated 10th March 2025 with respect to inflation for the Fourth Control Period. The Comments of the Stakeholders are presented below:

Other stakeholders' comments:

8.4.2 IATA's comment with regards to Inflation for the Fourth Control Period is as follows:

"No major comments on the rate of inflation used."

8.5 Authority's Analysis on Stakeholders' Comments on Inflation for the Fourth Control Period

8.5.1 The Authority notes that no specific comments were received from the Stakeholders on Inflation for the Fourth Control Period. The Authority decides to consider the Inflation consistent with the proposal made in the Consultation Paper No. 08/2024-25 dated 10th March 2025.

8.5.2 The Authority also based on the updated economic situation decides to consider mean of the forecast for Inflation based on CPI Combined: Headline for FY 2025, FY 2026 and FY 2027 i.e. 4.7%, 4.2% and 4.4% respectively as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 93" released on 9th April 2025 by the RBI. The Authority decides to consider the inflation for FY 2027 for the balance years in the Control Period.

8.5.3 Accordingly, the following table shows the inflation rates decided to be considered by the Authority for the Fourth Control Period.

Table 263: Inflation rates decided to be considered by the Authority for the Fourth Control Period

Particular	FY25	FY26	FY27	FY28	FY29
CPI Inflation	4.70%	4.20%	4.40%	4.40%	4.40%

8.6 Authority's Decisions regarding Inflation for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Inflation for the Fourth Control Period:

8.6.1 To consider the Inflation rates for the Fourth Control Period as per the Table 263.

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9. OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

9.1 MIAL's Submission regarding Operating and Maintenance Expenses for the Fourth Control Period

9.1.1 MIAL has projected operating expenses for the Fourth Control Period based on the following assumptions in their MYTP.

(i) **Renovation of Terminal 1:** MIAL is planning to demolish Terminal 1 in FY 2025-26 for reconstruction, and the new T1 is expected to be completed by Sep 2028. This re-construction will increase the total Terminal area from 5,51,563 sqm to 6,49,506 sqm.

Table 264: Terminal Area Details

Terminal's	Existing (FY24)	FY26	FY29
T1	1,03,131	-	2,01,074
T2	4,48,432	4,48,432	4,48,432
Total	**5,51,563**	**4,48,432**	**6,49,506**

(ii) MIAL has accounted for the impact in change (%) in the terminal area due to T1 demolition while forecasting operating expenses for the Fourth Control Period.

Table 265: Area to be used for Cost Computation

Terminal Area	Ref	FY 24 (Actual)	FY 25	FY 26	FY 27	FY 28	FY 29
T1 (SQM)	A	1,03,131	1,03,131	1,03,131	-	-	2,01,074
No. of months usage	B	12	12	6	-	-	6
T1 (SQM) – Area proportionated for the period of usage	C = A*(B/12)	1,03,131	1,03,131	51,566	-	-	1,00,537
T2 (SQM)	D	4,48,432	4,48,432	4,48,432	4,48,432	4,48,432	4,48,432
Total (SQM)	E = C+D	5,51,563	5,51,563	4,99,998	4,48,432	4,48,432	5,48,969
Change in Terminal Area (%)	F = (1- (Current year's 'E'/ Previous year's 'E')) * 100		0.00%	(9.35%)	(10.31%)	0.00%	22.42%

(iii) **Base Year:** FY 2023-24 has been considered as the base year for all the expense heads, and the relevant growth percentages were applied to this base.

(iv) **Inflationary increase:** MIAL has considered inflation as per the 87th round of RBI Forecasters Survey (4.60%) dated 5th April 2024 and rounded it off to 5% for all the expenses.

(v) **Additional Increase:** Besides the inflationary increase, MIAL has also factored in an increase of an additional 5% for certain expense heads.

(vi) **Adjustment to O&M due to Terminal Area reduction** – As per Table 265.

9.1.2 Total Operating Expense submitted by MIAL in MYTP for the Fourth Control Period is as follows:

Table 266: Total Operating and Maintenance (O&M) expenditure submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Sl. No.	Particulars	FY25	FY26	FY27	FY28	FY29	Total
1	Employee Costs	190.38	209.42	230.36	253.39	325.19	**1,208.74**

Sl. No.	Particulars	FY25	FY26	FY27	FY28	FY29	Total
2	Utilities Expenses (net)	164.07	171.89	178.22	205.58	289.12	**1,008.87**
3	Repair & Maintenance Expenses	198.93	206.49	229.18	254.22	281.85	**1,170.68**
4	Rents, Rates & Taxes	72.04	73.28	74.65	78.20	79.86	**378.04**
5	Advertisement Expense	3.94	4.33	4.76	5.24	5.77	**24.04**
6	Administrative Expenses	65.8	72.38	79.61	87.58	96.33	**401.70**
7	Insurance Expenses	20.46	23.27	27.45	29.69	37.45	**138.33**
8	Consumable Stores	19.22	21.14	23.25	25.58	28.14	**117.32**
9	Operating Costs	214.13	222.11	228.59	256.7	340.11	**1,261.65**
10	Working Capital Interest	54.03	133.8	152.99	151.32	168	**660.14**
11	Financing Charges	70.91	58.15	67.22	62.41	42.75	**301.44**
12	Collection Charges over DF	5.76	-	-	-	-	**5.76**
13	Runway Re-carpeting	0.09	0.09	-	-	-	**0.19**
14	Carrying Cost on Runway Re-carpeting	0.02	0.01	-	-	-	**0.03**
15	Digitalization Cost	138.00	119.00	128.00	135.00	139.00	**659.00**
16	Corporate Cost Allocation	94.00	103.40	113.74	125.11	137.63	**573.88**
	Total	**1,311.78**	**1,418.76**	**1,538.04**	**1,670.03**	**1,971.19**	**7,909.79**

9.1.3 The summary of MIAL's estimation, rationale year on year growth factored and resultant CAGR for the control period is as follows:

Table 267: MIAL's estimation, rationale and growth on Operating Expenses for the Fourth Control Period

Cost Head	Estimation	Rationale	Y-o-Y Growth	Resultant CAGR
Employee Cost	Rate increase	MIAL has observed high attrition due to new upcoming airports and expansion works in other big airports in the country. MIAL has considered an increase of 10% YoY in average cost per employee.	10.00%	15.33%
	Headcount increase	95 new employees in the first FY of 2024-25 & hiring 200 new employees in the last FY of 28-29 once the new Terminal 1 start's functioning.	• 2024-25 --->+95 • 2028-29 --->+200	
Utilities Expenses - Power	Rate increase	Electricity cost per unit is based on FY25 tariffs fixed as per the order of MERC & thereafter projected to increase by 10% YoY based on increase in rates for last 3 years.	10.00%	16.18%
	Consumption increase	MIAL is expecting that gross consumption of units will increase by 5% per annum during the Fourth Control Period.	5.00%	
Utilities Expenses - Water	Rate increase	Based on historical trend	7.00%	24.18%
	Consumption increase	Based on historical trend	5.00%	
Repairs & Maintenance Expense	5-Year CAGR (FY15–FY20)	Repairs and Maintenance cost for MIAL have increased at CAGR of 10.34% for 5 years (from FY15 to FY20) and trend is expected to remain the same in the future.	10.34%	9.35%
Rents, rates & taxes	Based on rental agreements entered and tax in force		10.00%	6.88%
Advertisement expenses	Rate increase	Advertisement costs are expected to increase by 10%, i.e., CPI+5% YoY	10.00%	10.00%
Administrative expenses	Rate increase	Administrative costs are expected to increase by 10%, i.e., CPI+5% YoY	10.00%	10.00%

Cost Head	Estimation	Rationale	Y-o-Y Growth	Resultant CAGR
Insurance Expenses	Rate increase	Insurance expenses are projected as % of Gross Block Assets	Varies each year	16.00%
Consumable Stores	Rate increase	Consumable Stores Expenses are expected to increase by 10% i.e. CPI+5% YoY	10.00%	10.00%
Operating Cost	Rate increase	CAGR of total Operating cost from FY15 to FY20	12.30%	14.25%
Corporate Cost	Rate increase	Corporate Cost Allocation are expected to increase by 10%, i.e., CPI+5% Y-o-Y	10.00%	12.61%
Digitalization Cost	Fixed + Onboarding + Loyalty Costs	• Fixed Cost to Digital Service Provider • Onboarding Cost of Passengers • Loyalty Program Cost	-	0.18%
Financing Charges	• Upfront fee of 1.5% to be paid on future debts • Bank Processing Fees		-	9.01%

9.1.4 MIAL has stated that it has segregated Operating Expenses in accordance with the earlier methodology adopted by the Authority, between aeronautical and non-aeronautical services in the following manner:

(i) Identification of directly attributable cost to aeronautical services, non-aeronautical services and common cost for each cost head

(ii) Segregation of directly attributable cost based on its incurrence; and

(iii) Allocation of common cost based on a specific methodology for each cost head.

9.1.5 Expenses allocation ratio and the resultant aeronautical expense on application of these ratios to the total estimated expenses as submitted by MIAL in MYTP as follows:

Table 268: Aeronautical O&M expenses submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Aero%	FY25	FY26	FY27	FY28	FY29	Total
Employee Costs	93.00%	177.05	194.76	214.23	235.66	302.34	**1,124.04**
Utilities Expenses	98.70%	161.94	169.66	175.91	202.92	285.37	**995.80**
Repair & Maintenance Expenses	94.93%	188.84	196.02	217.56	241.33	267.56	**1,111.32**
Rents, Rates & Taxes	88.33%	63.63	64.73	65.94	69.08	70.54	**333.91**
Advertisement Expenses	89.78%	3.54	3.89	4.28	4.71	5.18	**21.58**
Administrative Expenses	80.61%	53.04	58.35	64.18	70.6	77.66	**323.82**
Insurance Expenses	83.40%	17.06	19.41	22.9	24.76	31.24	**115.36**
Consumable Stores	91.38%	17.56	19.32	21.25	23.37	25.71	**107.21**
Operating Costs	89.43%	191.5	198.64	204.43	229.56	304.16	**1,128.28**
Working Capital Interest	83.40%	45.06	111.59	127.59	126.2	140.11	**550.56**
Financing Charges	83.40%	59.14	48.5	56.06	52.05	35.66	**251.41**
Runway Recarpeting	100.00%	0.09	0.09	-	-	-	**0.19**
Carrying Cost on Runway Recarpeting	100.00%	0.02	0.01	-	-	-	**0.03**
Digitalization Costs	90.00%	124.2	107.1	115.2	121.5	125.1	**593.1**
Corporate Cost Allocation	93.00%	87.42	96.16	105.78	116.36	127.99	**533.71**
Total		**1,190.10**	**1,288.21**	**1,395.31**	**1,518.09**	**1,798.69**	**7,190.41**

9.2 Authority's Examination regarding Operating and Maintenance Expenses for the Fourth Control Period at the Consultation Stage

9.2.1 The Authority had carefully examined MIAL's submissions on Operation and Maintenance (O&M) Expenses for the Fourth Control Period taking into account the tariff setting principles to ensure that only the efficient, justified and reasonable expenses are allowed on projection basis.

9.2.2 The Authority had reviewed the O&M Expenses and proposed to adopt the following broad methodology for determining the O&M expenses for the Fourth Control Period.:

(i) **Base Year:** In order to form a basis of forecasting expense for the Fourth Control Period, the Authority had considered the O&M expense of FY 2024 as base year and applied growth percentage over it.

(ii) Adjustment to O&M due to **Terminal Area reduction** (Refer para 6.3.120).

(iii) **Inflationary increase:** MIAL had considered an inflationary increase towards expenses. The CPI (as per OMDA) inflation rate is considered based on the results of the 93rd round of RBI Professional Forecasters Survey as mentioned in Section 8.3, except in the case of:

a) Employee costs and corporate costs, where inflation of 6% has been considered.

b) Repair and Maintenance cost, which is forecasted at a CAR rate and,

c) Digitalization Cost is considered at the cost submitted by MIAL.

(iv) **Re-allocation of the expenses** into aeronautical, non-aeronautical and common as explained in Section 10.3. Where there are variations to the methodology referred in Section 10.3, (in case of certain operating expenditure heads viz., Employee Costs, Corporate Cost, Digitalization Cost, Working Capital Interest and Financing Charges), the rationale for allocation is explained under the analysis of respective operating expenditure in the subsequent paragraphs of that Section.

(v) **Gross Fixed Asset Ratio:** The FY 24 gross fixed asset ratio of 83.38% (Refer Table 77) was taken as a base and used for projections for the Fourth Control Period wherever applicable.

9.2.3 To understand the trend of the O&M expenses and estimation accuracy, the Authority had:

(i) Reviewed the trend lines for the last 15 years on growth of O&M expense and,

(ii) Reviewed MIAL's efficiency in estimation of the Third Control Period with actuals.

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Figure 42: Trendline depicting growth in major cost heads in the last 15 years

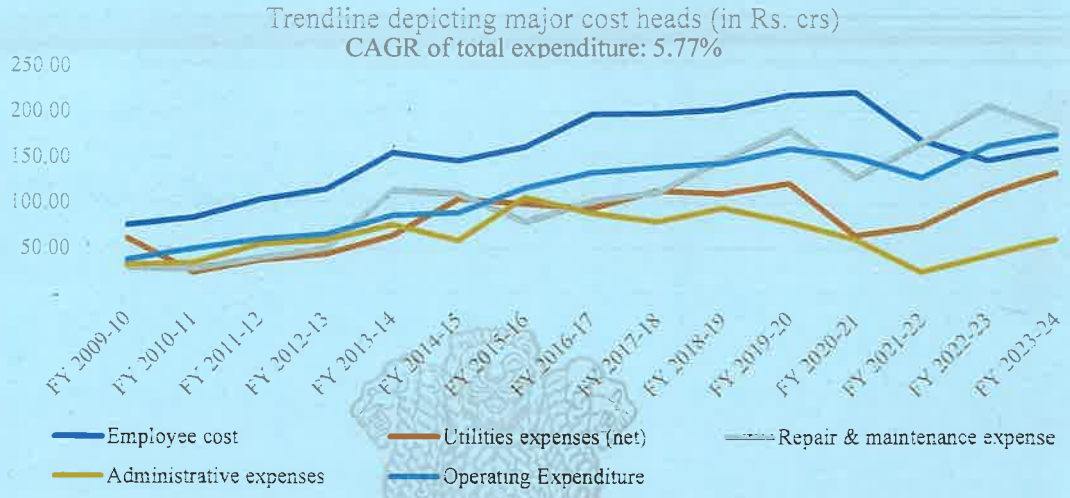
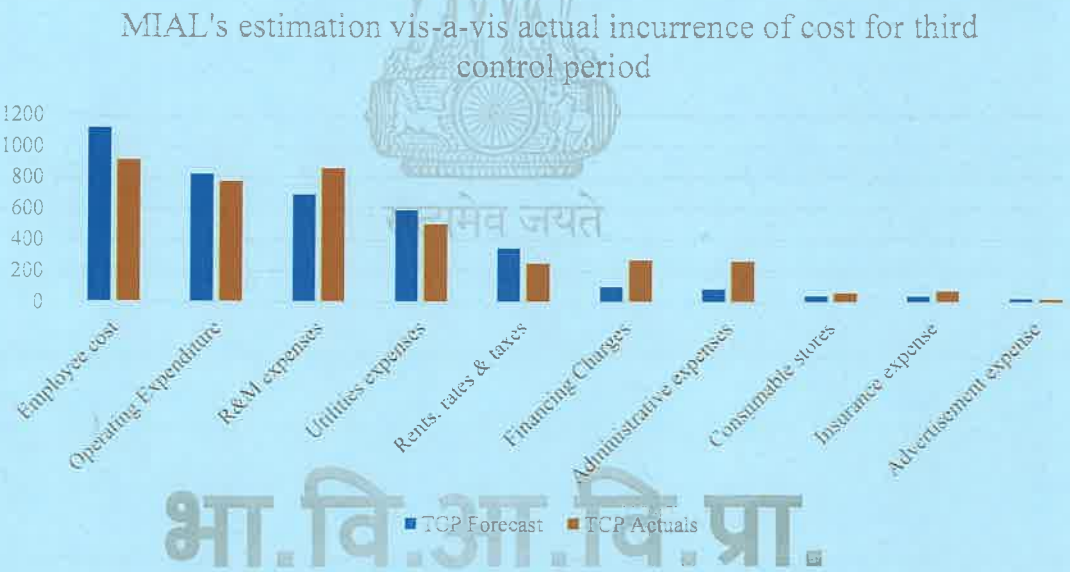


Figure 43: MIAL's estimation vis-à-vis actual incurrence of cost for the Third Control Period



9.2.4 The Authority observed from the above analysis that MIAL's estimation had been aggressive for employee costs, utilities expenses & other operating costs.

9.2.5 The Authority had compared the actual growth rate of expenditure in the Second and the Third Control Periods with the estimated growth rate submitted by MIAL for the Fourth Control Period in the table below:

Table 269: Comparison of Actual CAGR for the Second & the Third Control Periods vis-à-vis estimated CAGR for the Fourth Control Period

Cost Head	Actual CAGR for the Second Control Period	Actual CAGR for the Third Control Period	Estimated CAGR for the Fourth Control Period
Employee Costs	8.50%	(7.50%)	14.32%

Cost Head	Actual CAGR for the Second Control Period	Actual CAGR for the Third Control Period	Estimated CAGR for the Fourth Control Period
Utilities Expenses (Net)	1.37%	2.35%	15.22%
Repair & Maintenance Expenses	7.62%	0.11%	9.10%
Administrative Expenses	12.53%	(6.66%)	10.00%
Operating Expenditure	12.54%	2.34%	12.26%
Rents, Rates & Taxes	33.12%	5.64%	2.61%
Advertisement Expenses	9.97%	(8.78%)	2.61%
AOA Fees	4.62%	-	-
Insurance Expenses	(0.99%)	18.15%	16.32%
Consumable Stores	10.42%	19.28%	10.00%
Financing Charges	44.87%	2.93%	(11.88%)
Digitalization Costs	-	-	0.18%
Corporate Costs	-	-	10.00%

9.2.6 The Authority noted that the CAGR for O&M expenses in the Third Control Period is not directly comparable due to the impact of the COVID-19 pandemic on operations and traffic.

9.2.7 The Authority had analyzed MIAL's submission regarding Total Operating Expenses for the Fourth Control Period and had presented its examination in the subsequent paragraphs:

Employee Costs:

9.2.8 MIAL has projected an increase of 90 employees in FY 25, bringing the total headcount from 1,105 employees in FY 2024 to 1,195 in FY 2025. MIAL has submitted that this increase is on account of the ongoing reconstruction of the T1 terminal. MIAL has indicated that the hiring is being undertaken proactively to facilitate employee training and enhance operational efficiency. Furthermore, upon the completion of the T1 reconstruction in Sep 2028 which will result in an additional 1 lakh sqm of operational area, MIAL estimates a further increase of 200 employees.

9.2.9 The Authority had examined MIAL' submission and has also obtained a department wise headcount as per the table below:

Table 270: Employee Count for the Fourth Control Period as submitted by MIAL

Department Name	Classification	FY 24	FY25	FY26	FY27	FY28	FY29
Land Management and Slum Rehabilitation	Common	4	5	5	5	5	6
CSD	Non-Aeronautical	16	16	16	16	16	18
Project Operations	Aeronautical	35	88	88	88	88	101
CEO Office	Common	6	6	6	6	6	7
Operations Procurement	Aeronautical	15	16	16	16	16	18
Finance and Accounts	Common	34	38	38	38	38	44
Information Technology	Common	12	16	16	16	16	18
Terminal Operations	Aeronautical	65	67	67	67	67	87
Administration	Common	6	6	6	6	6	7
Guest Relations	Common	16	16	16	16	16	18
Jaya He	Aeronautical	2	2	2	2	2	2
Security	Aeronautical	96	96	96	96	96	110
Landside Operations	Aeronautical	9	9	9	9	9	10
Commercial	Non-Aeronautical	27	27	27	27	27	31
Legal	Common	7	9	9	9	9	10
Human Resources	Common	13	14	14	14	14	16
Aero Commercial	Aeronautical	3	3	3	3	3	3
Horticulture	Aeronautical	6	6	6	6	6	7

Department Name	Classification	FY 24	FY25	FY26	FY27	FY28	FY29
Aerodrome Rescue & Fire Fighting	Aeronautical	176	178	178	178	178	205
Airport Operations Services	Aeronautical	35	38	38	38	38	44
Airside & Ground Maintenance	Aeronautical	10	10	10	10	10	12
Airside Operations	Aeronautical	3	5	5	5	5	6
Airside Safety	Aeronautical	45	45	45	45	45	52
Baggage Operations	Aeronautical	26	26	26	26	26	30
Engg & Maint	Aeronautical	77	80	80	80	80	104
Environment	Aeronautical	3	3	3	3	3	3
Facilities	Common	19	19	19	19	19	22
Health &Safety	Aeronautical	5	7	7	7	7	8
Joint Control Centre	Aeronautical	5	7	7	7	7	8
Quality and Customer Care	Aeronautical	44	46	46	46	46	53
Medical Services	Aeronautical	3	3	3	3	3	3
Corporate Communication	Common	4	4	4	4	4	5
Corporate Relations	Common	1	1	1	1	1	1
Operations – ILHBS	Aeronautical	260	266	266	266	266	306
Corporate Aviation Terminal	Aeronautical	10	10	10	10	10	12
Cargo	Non-Aeronautical	7	7	7	7	7	8
Total		**1,105**	**1,195**	**1,195**	**1,195**	**1,195**	**1,395**

9.2.10 The Authority had examined the major increases in headcount and noted that an increase of 53 employees in the Project Operations Department would be required in view of the proposal to reconstruct Terminal 1. Additionally, the increase of 20 employees in Terminal Operations in FY 2029 would be necessary to support operations when the reconstructed T1 becomes operational. Accordingly, the Authority proposed to consider the employee count as estimated by MIAL for the Fourth Control Period.

9.2.11 MIAL had projected Employee Salary cost at a y-o-y growth rate of 10% as stated in para 9.1.1.

Table 271: Employee Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Cost	190.38	209.42	230.36	253.39	325.19	1,208.74

9.2.12 The Authority analyzed this Employee salary cost growth submitted by MIAL as quite steep and instead proposed to rationalize the growth rate.

9.2.13 The Authority assessed the past CAGR of Employee expenses and found that the expenses grew at a CAGR of 8.50% during the Second Control Period. The Third Control Period's CAGR was not considered due to a negative value as a result of the inclusion of the Corporate Costs.

9.2.14 The Authority, after analysis of the submissions as well as past trend and in line with the recent tariff orders, proposed to consider a growth rate of 6% Y-o-Y over the base year of FY 24.

9.2.15 Based on the above, the employee cost recalculated by the Authority for the Fourth Control Period is as follows:

Table 272: Employee Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening No of employees (A)	1,105	1,195	1,195	1,195	1,195	
Additional employees required (B)	90	-	-	-	200	
Closing employee count (C = A+B)	1,195	1,195	1,195	1,195	1,395	
Average Salary Cost -increased by 6% Y-O-Y (D)	0.15	0.16	0.17	0.18	0.19	
Employee Cost (E = C*D)	**182.69**	**193.65**	**205.27**	**217.59**	**269.25**	**1,068.45**

Utilities Expenses

MIAL's submission of electricity cost

9.2.16 The Authority noted that for the Fourth Control Period, MIAL has projected units of consumption and recoveries based on actual consumption of FY 2024, adjustment for O&M based on terminal area reduction along with a growth rate of 5% Y-o-Y.

9.2.17 It is observed that Maharashtra Electricity Regulatory Commission (MERC), which fixes the electricity cost per unit, had already determined the rate for FY 25 at Rs. 12.65/unit. MIAL has considered this as the base, above with a 10% y-o-y increase has been factored.

9.2.18 The table below sets out the electricity expenses estimated by MIAL:

Table 273: Electricity expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (kwH in crores)	A	5.00%	17.25	18.11	19.02	19.97	20.97	95.33
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(1.61)	(3.40)	(3.57)	(0.07)	(8.64)
Adjusted Gross Consumption (kwH in crores)	C=A-B		17.25	16.50	15.62	16.41	20.90	86.69
Recoveries (kwH units in crores)	D	5.00%	5.69	5.98	6.27	6.59	6.92	31.45
Less: Impact due to T1 demolition (Refer Table 265)	E		-	(0.53)	(1.12)	(1.18)	(0.02)	(2.85)
Adjusted Recoveries (kwH units in crores)	F=D-E		5.69	5.44	5.15	5.41	6.90	28.60
Net Consumption	G=C-F		11.56	11.06	10.47	10.99	14.01	58.09
Rate per KwH	H	10.00%	12.65	13.92	15.31	16.84	18.52	
Net Amount	**I=G*H**		**146.24**	**153.87**	**160.26**	**185.10**	**259.44**	**904.92**

Authority's examination regarding MIAL's submission for electricity cost

9.2.19 Considering the electricity consumption pattern in the previous control periods, the Authority proposed to cap the consumption (net of recoveries) as that of FY 24, in line with the decision taken in the order for the Third Control Period, while providing inflationary increase on the rate as per Para 9.2.2.

9.2.20 The Authority noted that MIAL is procuring electricity from Adani Electricity Supply Company (AESL), a Related Party Transaction, being one of the Electricity distribution companies in Mumbai, the other being Tata Power Ltd. The Authority had compared the per unit rate of both these providers as below:

Table 274: Comparison of per unit electricity rate between Adani Electricity and Tata Power

Electricity Charges	UOM	Adani – FY 24	Tata Power – FY 24
Energy Charge	Rs. / KWH	7.74	8.60
Wheeling Charge	Rs. / KWH	1.14	1.40

Electricity Charges	UOM	Adani – FY 24	Tata Power – FY 24
Green Tariff	Rs. / KWH	0.66	0.66
Total	Rs. / KWH	**9.54**	**10.66**
Fixed Charge	Rs. / KVA	400	400

9.2.21 Based on the above comparison done by the Independent Consultant, noting that the unit rate is regulatorily determined following the due process by the concerned sector Regulator, the Authority proposed to use the unit rates adopted by MIAL based on its existing arrangement with AESL.

9.2.22 The Authority had also factored the impact of the demolition of Terminal 1 and proposed the following cost for electricity for the Fourth Control Period:

Table 275: Electricity Cost as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (kwH in crores)	A		16.43	16.43	16.43	16.43	16.43	82.15
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(1.54)	(3.07)	(3.07)	(0.25)	(7.93)
Adjusted Gross Consumption (kwH in crores)	C=A-B		16.43	14.89	13.36	13.36	16.18	74.22
Recoveries (kwH units in crores)	D		5.42	5.42	5.42	5.42	5.42	27.10
Less: Impact due to T1 demolition (Refer Table 265)	E		-	(0.51)	(1.01)	(1.01)	(0.03)	(2.56)
Adjusted Recoveries (kwH units in crores)	F=D-E		5.42	4.91	4.41	4.41	5.39	24.54
Net Consumption	G=C-F		11.01	9.98	8.95	8.95	10.84	49.73
Rate per KwH	H	4.40%	12.65	13.21	13.79	14.39	15.03	
Net Amount	**I=G*H**		**139.28**	**131.81**	**123.42**	**128.85**	**162.92**	**686.28**

MIAL's submission for cost of water

9.2.23 The Authority noted that MIAL has submitted a 5% increase in the number of units consumed and an escalation of 7% in rates, while recoveries have been maintained at the same level as FY 2024.

9.2.24 MIAL has also accounted for the reduction in terminal area due to the demolition of Terminal 1.

9.2.25 The Authority noted the water consumption proposed by MIAL for the Fourth Control Period is as follows:

Table 276: Water expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (KL units in Crores)	A	5.00%	0.18	0.19	0.20	0.21	0.22	0.98
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(0.02)	(0.03)	(0.04)	(0.01)	(0.09)
Adjusted Gross Consumption (KL units in Crores)	C=A-B		0.18	0.17	0.16	0.17	0.21	0.89
Recoveries (KL units in Crores)	D		0.04	0.04	0.04	0.04	0.04	
Net Consumption	E=C-D		0.14	0.13	0.12	0.13	0.18	0.70
Rate per KL	F	7.00%	128.23	137.21	146.81	157.09	168.08	

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Net Amount	**G=E*F**		**17.83**	**18.02**	**17.96**	**20.47**	**29.67**	**103.95**

Authority's examination regarding MIAL's submission for Cost of Water

9.2.26 Considering the water consumption pattern in the previous control periods, the Authority proposed to cap the consumption (net of recoveries) as that of FY 24, in line with the decision taken in the order for the Third Control Period, while providing inflationary increase on the rate as per Para 9.2.2.

9.2.27 The Authority had also accounted for the impact of the demolition of Terminal 1 and accordingly proposed the Water Charges for the Fourth Control Period as per the table below:

Table 277: Water Charges proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (KL units in Crores)	A		0.18	0.18	0.18	0.18	0.18	**0.89**
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(0.02)	(0.03)	(0.03)	(0.00)	**(0.09)**
Adjusted Gross Consumption (KL units in Crores)	C=A-B		0.18	0.16	0.14	0.14	0.17	**0.80**
Recoveries (KL units in Crores)	D		0.04	0.04	0.04	0.04	0.04	
Net Consumption	**E=C-D**		0.14	0.12	0.11	0.11	0.14	**0.61**
Rate per KL	F	4.40%	128.23	133.87	139.76	145.91	152.33	
Net Amount	**G=E*F**		**17.83**	**16.39**	**14.80**	**15.45**	**20.76**	**85.24**

Repairs and Maintenance Expenses

MIAL's submission for Repair and Maintenance Expenses

9.2.28 The Authority noted that MIAL has estimated the R&M expenses for the Fourth Control Period by applying a Y-o-Y increase of 10.34% (pre-covid 5-year CAGR).

9.2.29 Additionally, MIAL has estimated the R&M pertaining to T1 at Rs. 13 Crores and has reduced this from the R&M expense for each year of the Fourth Control Period.

Table 278: Repairs & Maintenance Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particular	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Repairs and Maintenance @ CAGR – 10.34%	198.93	219.49	242.18	267.22	294.85	1,222.67
Less: Due to demolition of T1	0.00	13.00	13.00	13.00	13.00	52.00
Total R&M Expense	**198.93**	**206.49**	**229.18**	**254.22**	**281.85**	**1,170.68**

Authority's examination regarding MIAL's submission for Repair and Maintenance Expenses:

9.2.30 The Authority observed that Repair and Maintenance Costs were projected in the Third Control Period at 1.10% of the gross fixed assets for each year. The Authority noted that this rate would require a downward revision as most of the assets in the Airport are relatively new. Adopting the same rate would result in significantly higher costs.

9.2.31 Accordingly, the Authority proposed to consider the CAGR of 10.34% as submitted by MIAL, noting that this getting applied on the FY24 base year which was well within the estimate made in the Third Control Period Order.

9.2.32 The Authority noted that while the gross R&M expenses have been increased at a CAGR of 10.34%, the cost reduction due to the demolition of T1 has been considered at a constant rate, and therefore proposed to apply the same CAGR uniformly to the reduction in costs.

9.2.33 The expenditure proposed by the Authority for the Fourth Control Period is set out in the table below:

Table 279: Repairs & Maintenance Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,436.41	5,856.49	6,258.93	6,992.03	7,273.88	
6% of Opening RAB (Refer para 9.2.34)	266.18	351.39	375.54	419.52	436.43	1,849.06
Repairs and Maintenance @ CAGR – 10.34%	198.93	219.49	242.18	267.22	294.85	1,222.67
Less: Due to demolition of T1 (increased @ 10.34%)	0	13.00	14.34	15.83	17.46	60.63
Total R&M Expense	**198.93**	**206.49**	**227.84**	**251.39**	**277.39**	**1,162.04**

9.2.34 The Authority also compared the computed R&M expenses with the standard estimation method, which assumed R&M expenses at 6% of Opening RAB. The comparison, as shown in the table below, revealed that the total projected R&M expenses were lower than this benchmark.

Table 280: Repairs & Maintenance Expenses comparison with the standard method vs proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB (A)	4,436.41	5,856.49	6,258.93	6,992.03	7,273.88	
6% of Opening RAB (Refer para 9.2.34) (B)	266.18	351.39	375.54	419.52	436.43	**1,849.06**
R&M Expenses (From Table 279) (C)	198.93	206.49	227.84	251.39	277.39	**1,162.04**
Difference (D = C-B)	**(67.25)**	**(144.90)**	**(147.70)**	**(168.13)**	**(159.04)**	**(687.02)**

9.2.35 Therefore, based on the above, the Authority proposed to consider the R&M expenses of Rs. 1,162.04 Crores as per Table 279 for the Fourth Control Period.

Rents, Rates & Taxes

MIAL's submission for Rents, Rates and Taxes

9.2.36 The Authority noted that MIAL has estimated the Rent expenses for the Fourth Control Period by applying a Y-o-Y increase of 10% (based on actual rental agreements ranging from 6% - 27%) in its submission.

9.2.37 MIAL has submitted that it has received an additional land parcel of 31,000 sqm situated at Village Sahar and Marol Andheri east near Terminal 2, consequent a legal dispute that got resolved. Of this land parcel, 7,070 sqm had already been utilized for public purposes i.e., exclusive connectivity for Terminal 2 for the benefit of Airport users at large, leaving the balance of 23,930 sqm to be used by MIAL in accordance with the provisions of OMDA. The Authority had gathered from the letter from AAI on proposal for demise

of land admeasuring 31,000 sqm dated May 22, 2024, the offer terms of the demise of land in favor of MIAL as below:

(i) *"That MIAL to pay annual lease rent at the rate of 06% of Ready Reckoner rate of year 2024 for land measuring 23,930 sqm (31,000 sqm – 7,070 sqm used for elevated road) i.e. an amount of Rs.13,66,02,012/- per annum (Rupees Thirteen crores, Sixty-Six lacs, Two thousand and Twelve only) plus applicable GST/ taxes. The said amount shall be escalated @ 15% after every 03 years for the balance Term of OMDA w.e.f. FY 2024-25 onwards OR the revenue share of 38.70% generated from the said land, whichever is higher.*

(ii) *That usage and other terms & conditions as applicable for the aforesaid land shall be as per the provisions of OMDA and this condition will, inter-alia, form the part of Supplementary Lease Deed.*

(iii) *That MIAL to keep separate books of accounts for the revenue accrued from 23,930 sqm and is also required to share these with AAI for working out the payable amount to AAI for the respective Financial year(s).*

(iv) *That it be recorded in Supplementary Lease Deed that the area being demised now is 31,000 sqm and also indicating therein that the 7,070 sqm has already been utilized for public purposes i.e. exclusive connectivity for Terminal-2, for benefit of Airport users at large at Mumbai Airport."*

9.2.38 The Authority had also observed that MIAL has also assumed the Property Tax & Non-Agricultural Tax at the same level of FY 24, due to uncertainty about the timing and quantum of these revisions.

Table 281: Rents, Rates & Taxes as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Rent – Others	10% YOY	12.43	13.67	15.04	16.54	18.20	**75.88**
Rent - AAI land at Sahar Road and Marol as per letter received from AAI	15% after every 3 years	13.66	13.66	13.66	15.71	15.71	**72.40**
Property Tax		25.78	25.78	25.78	25.78	25.78	**128.90**
Rates and Taxes - Others		-	-	-	-	-	-
Non-Agricultural Tax		20.17	20.17	20.17	20.17	20.17	**100.85**
Total Rents, Rates & Taxes		**72.04**	**73.28**	**74.65**	**78.20**	**79.86**	**378.04**

Authority's examination regarding MIAL's submission for Rents, Rates and Taxes:

9.2.39 The Authority noted that since rents are a component of cost-of-living index, the most applicable inflation factor would be the CPI (as per OMDA) rate. Accordingly, the Authority proposed to consider the inflation rate as per para 8.3.2.

9.2.40 The Authority further noted that AAI has given 23,930 sqm land to MIAL on lease rent of Rs. 13.66 Crores plus applicable taxes. The said amount shall be escalated at the rate of 15% after every three years. AAI had not intimated the purpose for which this land can be used. MIAL has stated that the supplementary lease deed is yet to be executed. As per MIAL, land will be used for common purpose, and they had applied a ratio of 88.33% as aeronautical. However, AAI letter on this piece of land as reproduced at para 9.2.37 is not very clear on the actual usage or purpose allowed for this land, i.e., whether Aeronautical or not. The Authority would require further clarity on this issue from AAI and MIAL during the stakeholder consultation process. Hence, in the interim, the Authority tentatively proposed to apply an Aeronautical ratio of 50%, pending feedback from AAI and MIAL on the usage of the land. Accordingly, the Authority noted that a final view on the issue would be taken at tariff order stage based on comments / views received from the stakeholders during the consultation process.

9.2.41 The Authority found MIAL's submission for the estimation for the cost of Property Tax and Non-Agricultural Tax reasonable and are as per actual payments in the previous years and proposed to use MIAL's submission without any adjustment.

9.2.42 Based on the above analysis, the revised cost of Rent, Rates & Taxes is set out below:

Table 282: Rents, Rates & Taxes proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Rent - Others	CPI Inflation Rate	11.81	12.33	12.87	13.44	14.03	**64.48**
Rent - AAI land at Sahar Road and Marol as per letter received from AAI*	15% after every three years	13.66	13.66	13.66	15.71	15.71	**72.40**
Property Tax		25.78	25.78	25.78	25.78	25.78	**128.90**
Rates and Taxes - Others		-	-	-	-	-	-
Non-Agricultural Tax		20.17	20.17	20.17	20.17	20.17	**100.85**
Total Rents, Rates & Taxes		**71.42**	**71.94**	**72.48**	**75.10**	**75.69**	**366.62**

**As mentioned in para 9.2.40, only 50% had been applied as Aero portion on the rent pertaining to the said AAI land as the rest gets removed in the Aeronautical Allocation computation for TR.*

Operating Contracts:

MIAL's submission for Operating Contracts:

9.2.43 The Authority noted that MIAL has estimated the Operating Contracts at a 5-year pre-covid CAGR of 12.30% (FY15 - FY20).

9.2.44 The Authority also noted that the major Airport Operators have been directed by the Ministry of Civil Aviation (MoCA) to bear the Cost of Deployment of CISF personnel deployed at GA Terminal, Cargo & MRO. The said costs will be collected by the NASFT from the respective airport operators. The annual cost of Rs 17.94 Crores has been determined and conveyed to the airport operators for FY 2025.

9.2.45 MIAL has considered this expense as a part of the Operating Contracts Expenditure and is projecting a Y-o-Y increase at the same rate (12.30%) as that of the other contracts.

Table 283: Operating Contract Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gardening Contract & Expenses	A	12.30% CAGR (FY 15 - FY 20)	7.41	8.32	9.34	10.49	11.78	47.35
Cleaning Contract	B		78.85	88.54	99.43	111.65	125.38	503.84
Trolley Contract	C		15.50	17.40	19.54	21.95	24.65	99.04
Other Operating Contracts	D		94.44	106.05	119.09	133.73	150.17	603.46
Total Operating Contracts	E = sum (A:D)		196.19	220.31	247.40	277.82	311.89	1,253.69
Total Operating Contracts after the impact of T1 demolition (Refer Table 265)	F		196.19	201.97	205.97	231.30	311.59	1,147.02
Cost of deployment of CISF as per MoCA letter dated 27th March 2024	G	12.30% CAGR	17.94	20.14	22.62	25.40	28.52	114.63
Total Operating Contracts	**H = F+G**		**214.13**	**222.12**	**228.60**	**256.70**	**340.11**	**1,261.65**

Authority's examination regarding MIAL's submission for Operating Contracts:

9.2.46 The Authority noted that all these costs under the operating contracts are labor related and therefore proposed to consider an increase based on the CPI (as per OMDA) Inflation Rate as per para 8.3.2 instead of the CAGR rate considered by MIAL.

9.2.47 On the cost of deployment of CISF personnel, the Authority noted that the letter the Ministry of Civil Aviation clearly states the following:

"*In the above meeting, it was decided that expenditure towards Cost of Deployment of CISF personnel deployed at GA Terminal, Cargo and MRO to be borne by the Airport operator, and not to be charged to the ASF collected from embarking passengers under scheduled operation.*"

9.2.48 The Authority noted that this additional cost is a Non-Aero expense and therefore will not form part of Aeronautical Operating Cost. The Authority had included this cost in the table below for the sake of completeness and to be consistent with other heads under which total cost is considered. The Authority therefore proposed to apply the Aeronautical % on the row 'F' of the Table 284 (below) which is the total operating contracts cost excluding the cost of deployment of CISF personnel.

Table 284: Operating Contract Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gardening Contract & Expenses	A	CPI Inflation Rate	6.90	7.20	7.52	7.85	8.19	37.65
Cleaning Contract	B		73.37	76.60	79.97	83.49	87.17	400.61
Trolley Contract	C		14.42	15.06	15.72	16.41	17.13	78.75
Other Operating Contracts	D		87.88	91.75	95.79	100.00	104.40	479.82
Total Operating Contracts	E = sum (A:D)		182.57	190.61	199.00	207.75	216.98	996.83
Total Operating Contracts after the impact of T1 demolition (Refer Table 265) – Considered for Aeronautical Cost Allocation	**F**		**182.57**	**173.54**	**163.28**	**170.46**	**213.96**	**903.81**
Cost of deployment of CISF as per MoCA letter dated 27th March 2024*	G	6%	17.94	19.01	20.16	21.36	22.65	101.12
Total Operating Contracts (given only for consistency and completeness – not considered in Aeronautical costs)	H = F+G		200.51	192.55	183.43	191.83	236.60	1,004.93

** Cost of Deployment of CISF gets removed in the Aeronautical Allocation computation for TR since it is completely related to Non-Aero activities such as GA Terminal, Cargo.*

Administrative Expenses

MIAL's submission for Administrative Expenses:

9.2.49 The Authority noted that MIAL has estimated the Administrative Expenses considering an inflation rate of 10%.

Table 285: Administrative Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Miscellaneous Expenses	7.85	8.64	9.50	10.45	11.50	47.93
Travelling and Conveyance	1.87	2.06	2.26	2.49	2.74	11.42
Communication Expenses	0.87	0.96	1.05	1.16	1.27	5.31
Director's Sitting Fees	0.39	0.43	0.48	0.52	0.58	2.40
Professional Charges	26.07	28.68	31.54	34.70	38.17	159.16
Remuneration to Auditors	1.31	1.44	1.58	1.74	1.92	7.99
Legal Expenses	27.43	30.18	33.20	36.51	40.17	167.49
Total Administrative Expenses	**65.80**	**72.38**	**79.61**	**87.58**	**96.33**	**401.70**

Authority's examination regarding MIAL's submission for Administrative Expenses:

9.2.50 The Authority observed that in the Third Control Period, MIAL had actually incurred only Rs. 263.60 Crores (Refer Table 116) as administrative expenses against the projected cost of Rs. 389.53 Crores (Refer Table 116). But, as mentioned in para 4.9.57, MIAL submits this reduction is on account of covid and hence it is not comparable. Therefore, the Authority proposed to estimate the administrative expenses based on the standard inflation rate for the Fourth Control Period.

9.2.51 The Authority also observed that Legal expenses incurred are not predominantly related to the Airport Operations. Further, there are legal officers who are on rolls of MIAL for handling operational matters, and their costs are being allowed under Employee costs. The Authority also found that in the recent concession agreements entered by AAI, legal costs are not to be included as a part of the pass-through costs of Airport Operations. Therefore, the Authority proposed not to consider legal costs as part of the Operating Expenses.

9.2.52 The Authority noted that an amount of Rs. 8.69 Crores of Legal charges had been inadvertently included in Professional Charges in FY 2024. Therefore, the Authority had adjusted the base cost of Professional Charges for FY 24 by this sum and proposed to only consider Rs. 15.01 Crores (Rs. 23.70 Crores – Refer Table 116 less Rs. 8.69 Crs) as the base for estimating the Professional Charges for the Fourth Control Period. The Administrative expenditure proposed by the Authority, as recomputed after aforesaid adjustments as below:

Table 286: Administrative Expenses as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Miscellaneous Expenses	7.46	7.79	8.13	8.49	8.86	40.73
Travelling and Conveyance	1.78	1.85	1.94	2.02	2.11	9.70
Communication Expenses	0.83	0.86	0.90	0.94	0.98	4.51
Director's Sitting Fees	0.37	0.39	0.41	0.43	0.44	2.04
Professional Charges	15.69	16.38	17.10	17.85	18.63	85.64
Remuneration to Auditors	1.24	1.30	1.36	1.42	1.48	6.80
Total Administrative Expenses	**27.36**	**28.57**	**29.83**	**31.14**	**32.51**	**149.40**

Advertisement Expenses

MIAL's submission for Advertisement Expenses

9.2.53 MIAL has estimated the Advertisement Expenses at the inflation rate of 10% on the base cost of FY24.

Table 287: Advertisement Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Advertisement Expenses	3.94	4.33	4.76	5.24	5.77	**24.04**

Authority's examination regarding MIAL's submission for Advertisement Expenses:

9.2.54 The Authority proposed to consider the Advertisement Expenses at the standard inflation rate as explained in para 8.3.2, thus ensuring it grows proportionally with overall economic conditions, avoiding overly aggressive or conservative estimations.

9.2.55 The Advertisement costs proposed by the Authority for the Fourth Control Period is as follows:

Table 288: Advertisement Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Advertisement Expenses	3.74	3.91	4.08	4.26	4.44	**20.43**

9.2.56 The Authority additionally also takes into cognizance of the decision taken in the Third Control Period Order (Refer 6.8.8),

"The Authority decides to cap the advertisement cost at Rs. 5 crores per annum and consider advertisement cost only upto this ceiling limit subject to True up only if sufficiently justified."

9.2.57 Thus, the Authority proposed to follow the above principle, by capping the Advertisement Expenses at a ceiling cost of Rs. 5 Crores/year for the Fourth Control Period.

Consumable Store Expenses

MIAL's submission for Consumable Store Expenses:

9.2.58 The Authority noted that the Consumable Store expenses estimated by MIAL for the Fourth Control Period is increased by the inflation rate of 5% (rounded off) plus another 5% additional increase, totaling 10%.

Table 289: Consumable Stores Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Consumable Stores Expenses	19.22	21.14	23.25	25.58	28.14	**117.32**

Authority's examination regarding MIAL's submission for Consumable Store Expenses:

9.2.59 The Authority noted that Consumable Stores Expenses include purchase and consumption of facility stores including engineering stores, cleaning chemicals, petrol and lubes and other consumables.

9.2.60 The Authority noted that this is a regular day-to-day expense, therefore proposed to apply a CPI (as per OMDA) inflationary increase as explained in para 8.3.2. and recomputed this expenditure as set out below:

Table 290: Consumable Stores Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Consumable Stores Expenses	18.26	17.35	16.33	17.04	21.39	**90.37**

Insurance Expenses:

MIAL's submission for Insurance Expenses

9.2.61 The Insurance Cost is based on the sum insured under various policies like All Risk Policy, Terrorism and Sabotage Risk Policy, Cyber Security Insurance and Airport Operator's Liability Policy.

9.2.62 MIAL has projected Insurance Expenses as 0.11% of the Gross Block of Assets, in line with the actual trend noted in FY 2024.

Table 291: Insurance Expenses submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Fixed Assets	A	19,060.50	21,153.23	24,958.06	26,990.27	34,048.76	
Insurance Expense as a % of Gross Fixed Assets	B	0.11%					
Insurance Expenses	A*B	20.46	23.27	27.45	29.69	37.46	**138.33**

Authority's examination regarding MIAL's submission for Insurance Expenses

9.2.63 The Authority noted that the Insurance Expenses in FY 21, 22 & 23 are all approximately around 0.10% of the gross block and insurance rates are on the increase due to geopolitical tensions around the world and other market-related factors. The Authority proposed to use the rate proposed by MIAL and to adopt the Gross Fixed Assets from the Fixed Assets Register for computing the Insurance cost estimate.

9.2.64 As stated above, the Authority had recomputed the Insurance expense for the Fourth Control Period as per the table below:

Table 292: Insurance Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Fixed Assets	A	17,935.39	18,843.08	20,116.44	20,963.42	23,753.29	
Insurance Expense as a % of Gross Fixed Assets	B	0.11%					
Insurance Expenses	A*B	19.73	20.73	22.13	23.06	26.13	**111.77**

Working Capital Interest

MIAL's submission for Working Capital Interest Expense

9.2.65 The Authority noted that MIAL has projected an Interest Expense on the general Working Capital required which pertains to the funds required to manage day-to-day operations. This is claimed by MIAL at an interest rate of 12% per annum on the average balance of working capital required.

9.2.66 Additionally, MIAL is also claiming a Working Capital Interest on the concession fees it is obligated to pay to the AAI every year at the same rate of 12%.

Table 293: Total Working Capital Interest as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Working Capital (WC) Interest	A	45.62	111.61	126.56	124.62	136.71	**545.12**
WC Interest on Concession Fees	B	8.42	22.18	26.43	26.70	31.29	**115.02**
Total WC Interest	**C = (A+B)**	**54.03**	**133.80**	**152.99**	**151.32**	**168.00**	**660.14**

Authority's examination regarding MIAL's submission for Working Capital Interest Expense:

9.2.67 The Authority noted that MIAL has considered Total Revenue, i.e., on both Aero & Non-Aero. However, this approach is not inappropriate, as it would result in passengers having to bear the costs of non-aeronautical activities of the operator as well. Therefore, the Authority proposed to compute working capital interest only to the extent required for aeronautical operations i.e., using only aeronautical revenues and expenses.

9.2.68 The Authority found MIAL computation of working capital interest on concession fees as a separate line item not appropriate, in view of the approach adopted by the Authority to reassess working capital requirement based on only aeronautical activities which is a comprehensive assessment of working capital. Therefore, the working capital interest claimed by MIAL on concession fees as a separate line item is excluded from the computation.

9.2.69 The Authority proposed to consider only the aeronautical income and expenditure to calculate the Working Capital requirement based on currently prevailing arrangements for collection of revenues from the Airline and payment to Trade Payables. The Authority's computation of working capital is as shown below:

Table 294: Working Capital Interest proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Trade Receivables	**Ref**	**FY 25**	**FY 26**	**FY 27**	**FY 28**	**FY 29**	**Total**
No of Receivable Turnover Days	A	45	45	45	45	45	
No of Days in a Period	B	365	365	365	366	365	
Total Aeronautical Revenue	C	1,610.90	1,369.03	1,280.59	1,359.83	1,533.97	7,174.31
Trade Receivables	**D = (C*A/B)**	**198.60**	**168.78**	**157.88**	**167.19**	**191.59**	**884.05**
Trade Payables	**Ref**	**FY 25**	**FY 26**	**FY 27**	**FY 28**	**FY 29**	**Total**
No of Payable Turnover Days	E	100	100	100	100	100	
No of Days in a Period	F	365	365	365	366	365	
Opex considered for financials	G	734.50	732.19	741.10	787.58	905.86	3,901.23
Trade Payables	**H = (G*E/F)**	**201.23**	**200.60**	**203.04**	**215.18**	**248.18**	**1,068.24**
Working Capital Requirement	**Ref**	**FY 25**	**FY 26**	**FY 27**	**FY 28**	**FY 29**	**Total**
Trade Receivables	I	198.60	168.78	157.88	167.19	191.59	884.05
Trade Payables	J	201.23	200.60	203.04	215.18	248.18	1,068.24
Working Capital Requirement	K = I-J	**(2.63)**	**(31.82)**	**(45.16)**	**(47.99)**	**(56.60)**	**(184.19)**
Change in Working Capital	L	**(2.63)**	**(29.19)**	**(13.35)**	**(2.83)**	**(8.60)**	**(56.60)**
Working Capital Loan Balance	**Ref**	**FY 25**	**FY 26**	**FY 27**	**FY 28**	**FY 29**	**Total**
Opening Balance	M	-	(2.63)	(31.82)	(45.16)	(47.99)	
Debt Drawdown	N=L	(2.63)	(29.19)	(13.35)	(2.83)	(8.60)	
Debt Repayments	O	-	-	-	-	-	
Closing Balance	P=M+N+O	(2.63)	(31.82)	(45.16)	(47.99)	(56.60)	
Average Working Capital Requirement	Q=Avg(M,P)	(1.31)	(17.22)	(38.49)	(46.58)	(52.29)	-
Interest on Working Capital	R=Q*10.15% [Refer para 7.2.11]	-	-	-	-	-	-

9.2.70 The working capital computed in the above Table 294, indicates that the working capital requirement is negative, clearly indicating that there is no necessity for a working capital loan for the whole control period. Consequently, the Authority proposed not to include any working capital interest expenses as part of the operating expenditure in the computation of TR for the Fourth Control Period. However, working capital interest, if any paid by the MIAL on aeronautical working capital shall be evaluated during the True up of

the Fourth Control Period, subject to MIAL providing adequate justifications and demonstrating reasonableness.

Financing Charges:

MIAL's submission for Financing Charges:

9.2.71 The Authority noted that MIAL estimated Financing Charges include:

(i) amortization of existing loan processing fees paid to bankers, arranger's fee and other upfront fees (Rs. 107.52 Crores) as per accounting standards,

(ii) upfront fee of 1.5% to be paid on debt drawdown for Capex during the Fourth Control Period,

(iii) performance bank guarantee given to AAI as mandated under OMDA of Rs. 300 crores at 1.50% annual fees.

Table 295: Financing Charges as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Amortization of existing ECB loan	13.47	14.64	15.81	16.98	18.13	**79.04**
Commission on bank guarantee	4.50	4.73	4.96	5.21	5.47	**24.87**
Other finance charges	2.61	2.74	2.88	3.02	3.17	**14.43**
Upfront fee of 1.50% on future debts	50.32	36.04	43.56	37.20	15.98	**183.11**
Financing Charges	**70.91**	**58.16**	**67.23**	**62.42**	**42.76**	**301.48**

Authority's examination regarding MIAL's submission for Financing Charges:

9.2.72 The Authority reviewed MIAL's submission regarding expenses related to the amortization of the existing ECB loan and associated finance charges, which are in line with the existing arrangements, and therefore the Authority proposed to include these charges as a part of the allowable costs.

9.2.73 With regards to the commission on bank guarantee fees, the Authority noted from Page No. 116, Schedule 8 of the OMDA,

"The AOA should contain an express provision requiring the AO to submit an unconditional and irrevocable performance bank guarantee from a scheduled commercial bank enforceable and encashable at New Delhi of Rs. 3,000,000,000 (Rupees Three Hundred Crore) in favour of the JVC (but encashable by AAI) valid for the duration of the AOA."

9.2.74 From the para above, it can be clearly understood that the bank guarantee fees is only applicable till the duration of the AOA (Airport Operator Agreement) and thereafter the agreement had been discontinued (Refer para 4.9.61).

9.2.75 At the same time of reviewing and understanding the above-mentioned provision as per OMDA, the Authority also observed MIAL's response to this matter, where the Authority had been informed that AAI had not yet released the performance bank guarantee and MIAL is protesting against the same. The extract of the letter from GVK to the Airports Authority of India (AAI) dated 31st May, 2021 is given below:

"We write to you pursuant to MIAL letter no. MIAL/CEO/024 dated 28th May, 2021.

We would like to reiterate and reaffirm our view that MIAL is not required to submit a Performance Bank Guarantee, due to the reasons given by MIAL, from time to time, and in the MIAL letter no. MIAL/CEO/009 dated 3rd May, 2021. However, in view of the stand taken by AAI that it will not release the Performance Bank Guarantee of ACSA, which is no more an Airport Operator, in spite of

Performance Bank Guarantee submitted by ACSA expiring on 31st May, 2021, MIAL is hereby submitting the Performance Bank Guarantee, without prejudice and under protest.

Please find enclosed the Performance Bank Guarantee No ... dated 31st May, 2021 of Es. 300 crores from Yes Bank Ltd. with AAI as a beneficiary.

Kindly release the Performance Bank Guarantee of ACSA at the earliest, as ACSA is a foreign company, and any such delay may create negative impression about doing business in India."

9.2.76 In view of the above response of MIAL, the Authority proposed to allow the performance bank guarantee fees as submitted by MIAL.

9.2.77 The Authority had reviewed the computation of interest on finance charges and noted that MIAL has considered finance charges at the rate of 1.50% of the debt drawdown during the Fourth Control Period. The Authority proposed to consider the recomputed Finance charges set out in the table below for the Fourth Control Period as Operating Expenses.

Table 296: ECB Loan Details

Particulars	Details
Loan Amount (in USD Mn)	750.00
Transaction Cost (in USD Mn)	14.07
Transaction Cost %	1.88%
Effective Interest Rate (EIR)	7.59%
Interest Cost	6.60% to 8.60%
USD to INR rate	76.44

Table 297: Amortization Schedule for transaction Cost of USD of 14.06 Mn (Rs. 107.52 Crs) based on EIR method

(Rs. in crores)

Particulars	Ref	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total
Interest Cost (in USD Mn)	A	54.48	54.85	55.24	55.60	55.70	55.54	55.08	13.64	**400.13**
Interest Cost incl. Transaction Cost (in USD Mn)	B	55.96	56.46	57.00	57.51	57.77	57.76	57.46	14.26	**414.19**
Amortized Transaction Cost (in USD Mn)	C = B-A	1.49	1.62	1.76	1.92	2.07	2.22	2.37	0.62	**14.07**
Amortized Transaction Cost (in INR Crores)	D = C*76.44	11.36	12.37	13.47	14.64	15.81	16.98	18.13	4.75	**107.52**
Amortized Transaction Cost for the Fourth Control Period (in INR Crores)	**E**	N/A	N/A	**13.47**	**14.64**	**15.81**	**16.98**	**18.13**	N/A	**79.04**

AERA

Table 298: Upfront Fees of 1.50% on Future Debts (Drawdown for Capex Projected)

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Total Debt Drawdown	A	1,580.37	1,020.67	1,310.94	964.53	137.21	
Upfront Fees on Future Debt Drawdown	B = A*1.50%	4.50	4.73	4.96	5.21	5.47	**24.87**

Table 299: Financing Charges as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Amortization of existing ECB loan (From Table 297)	13.47	14.64	15.81	16.98	18.13	**79.04**
Performance Bank Guarantee Fees	4.50	4.73	4.96	5.21	5.47	**24.87**
Other finance charges	2.61	2.74	2.89	3.02	3.17	**14.43**
Upfront fee of 1.50% on future debts	23.71	15.31	19.66	14.47	2.06	**75.21**
Financing Charges	**44.29**	**37.42**	**43.32**	**39.68**	**28.83**	**193.54**

Runway Recarpeting Expenses

MIAL's submission for Runway Recarpeting Expenses

9.2.78 The Runway Recarpeting cost includes balance unamortized portion for runway 09/27 as per MIAL.

Table 300: Runway Recarpeting Cost as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting Cost – Runway 9/27 re-carpeting – Civil Works	0.09	0.09	-	-	-	0.19

Authority's examination regarding MIAL's submission for Runway Recarpeting Expenses

9.2.79 MIAL had proposed recarpeting of 09/27 during the Fourth Control Period under Capex which the Authority had proposed to be taken as Operating Expenditure since MIAL has not demonstrated any PCN value increase. [Refer **Table** 70 as part of Capex].

9.2.80 The Authority noted that the following runway recarpeting expenses have been carried forwarded from the previous control periods:

(i) Runway 9/27: Rs. 1.53 crores incurred during FY 2022, Rs. 0.28 crores incurred during FY 2024.

(ii) Runway 14/32: Current period amortization of Rs. 0.12 crores incurred during FY 2021, Current period amortization of Rs. 91.74 crores incurred during FY 2024.

9.2.81 Similarly, the Authority noted that the following runway recarpeting expenses are proposed to be incurred by MIAL starting from the Fourth Control Period:

(i) Runway 9/27: Current period amortization of Rs. 21.20 to be incurred from FY 2029.

(ii) Runway 14/32: Current period amortization of Rs. 13.13 to be incurred from FY 2027.

Table 301: Runway Recarpeting Cost proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting – 09/27	0.83	0.83	0.07	0.07	-	1.80
Runway Recarpeting – 14/32	23.05	22.94	22.94	22.94	-	91.86
Runway Recarpeting – 09/27	-	-	-	-	21.20*	21.20
Runway Recarpeting – 14/32	-	-	4.38	4.38	4.38**	13.13
Total Runway Recarpeting Cost	**23.89**	**23.77**	**27.38**	**27.38**	**25.58**	**127.99**

**Rs. 106 Crores pertaining to RWY 09/27 is amortized over 5 years as Rs. 21.20 Crores starting from FY 29 till FY 33.*
*** Rs. 21.89 Crores pertaining to RWY 14/32 is amortized over 5 years as Rs. 4.38 Crores starting from FY 27 till FY 31.*

Carrying Cost on Runway Recarpeting Expenses

MIAL's submission for Carrying Cost on Runway Recarpeting Expenses

9.2.82 MIAL has claimed the Carrying Cost on the Runway Recarpeting Expenses based on their claimed Runway Recarpeting expenses as follows:

Table 302: Carrying Cost on Runway Recarpeting as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Carrying Cost on Runway Recarpeting	0.02	0.01	-	-	-	0.03

Authority's examination regarding MIAL's submission for Carrying Cost on Runway Recarpeting Expenses

9.2.83 The Authority had calculated the Carrying Cost based on their revised Runway Recarpeting expenses.

Table 303: Carrying Cost on Runway Recarpeting proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening unamortized amount	93.66*	69.78	46.01	40.52	13.13	
Add: Addition	-	-	21.89	-	105.99	
Less: Amortized During the year (Runway Recarpeting Cost)	23.89	23.77	27.38	27.38	25.58	
Closing unamortized amount	69.78	46.01	40.52	13.13	93.55	
Average unamortized amount (a)	81.72	57.89	43.26	26.82	53.34	
FRoR (b)	12.74%	12.74%	12.74%	12.74%	12.74%	
Carrying Cost on Runway Recarpeting (a*b)	**10.41**	**7.38**	**5.51**	**3.42**	**6.80**	**33.51**

** Refer Table 130's closing unamortized amount.*

Corporate Cost Allocation

MIAL's submission for Corporate Cost Expense

9.2.84 The Authority noted that MIAL has projected corporate costs (Refer para's 4.9.102 and 4.9.103 for detailed explanation of the corporate services availed) for the Fourth Control Period. MIAL has assumed Rs. 94 crores as the value for FY 25 against the Rs. 76 crores proposed in FY 24. Consequently, MIAL has estimated the Corporate Cost Allocation for the Fourth Control Period using the same (FY 25's value) as the base for future years in the Fourth Control Period applying a 10% increase y-o-y (5% rounded-off Inflation and 5% Additional Increase).

Table 304: Corporate Cost as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Corporate Cost	94.00	103.40	113.74	125.11	137.63	**573.88**

Authority's examination regarding MIAL's submission for Corporate Cost Expense:

9.2.85 The Authority had proposed taking FY 24 as the base value (Rs. 74 crores – Refer Table 134) for Corporate Cost and apply 6% Y-o-Y increase, in line with the Employee salary costs growth.

Table 305: Corporate Cost proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Corporate Cost	78.44	83.15	88.14	93.42	99.03	**442.17**

Digitalization Cost

MIAL's submission for Digitalization Cost

9.2.86 The Authority noted that MIAL believes that the next phase of growth will be dependent on digital transformation / technological intervention, where they can provide end-to-end services to customers on a single platform which will result in an enhanced consumer experience and more satisfaction.

9.2.87 Additionally, MIAL asserts that the customer expectations in terms of service quality have increased multi-fold, and MIAL believes that the Digitization of airport will be key enabler for achieving the same. The AO needs to focus on enhancing passenger handling capacity, augmenting airport infrastructure, and improving overall service quality.

9.2.88 While focusing on this, MIAL submits that it does not have the bandwidth nor expertise to undertake digitalization of airport experience. It will have to be done with the help of industry experts in the Digital Field. Building specific manpower for this field will have challenges and considering pace at which digitization is required to be adopted, timelines are also not conducive. Hence MIAL, by virtue of a competitive bidding process has awarded the contract to Adani Digital Labs Ltd, which can help MIAL to embark on this journey of Digital Transformation.

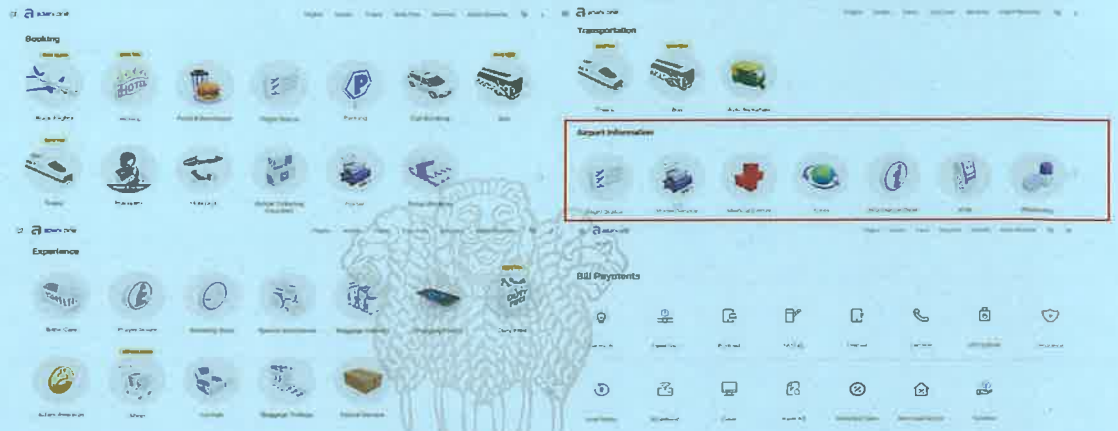
9.2.89 MIAL has entered into a Digital platform agreement on 1st April 2024 to use a Software platform that is developed and hosted in a private cloud by ADL. The agreement defines Digital platform as below:

*"The Company has proposed to design, develop and implement based on its existing intellectual property and back end infrastructure (collectively and hereinafter referred to as "**Existing IP**") a customized platform which will be accessible through applications, sites and other modes (collectively and hereinafter referred to as the "**Platform**"), and to own, operate and otherwise deliver the Platform as a service, so as to provide inter alia, the following functionalities:*

(i) to enhance Airport User experience at CSMIA;
(ii) to update real time information about flights and various amenities and facilities at CSMIA;
(iii) to facilitate a state-of-the-art digital point of sale and inventory management system (as may be applicable) for CSMIA;
(iv) to develop solutions which enable Sellers (defined in Clause 2.3 hereinafter) to create and operate an online storefront enabling booking, purchase, and delivery of goods and services, which will be available to Airport Users;
(v) to provide loyalty benefits and drive user engagement as set out in Clause 2.6;
(vi) any other similar additional digital services as MIAL may decide to facilitate."

9.2.90 One of the key components of the Digital platform is the Adani One app (Related Party Transaction) which the users are expected to download onto their mobile phones to get a seamless digital experience while using the Airport. Several services are proposed to be added to the App in a phased manner as depicted in the picture. Adani One App's overview is provided in the below figure:

Figure 44: Digitalization App – Overview of the Services Offered



9.2.91 MIAL has entered into a Digital platform agreement on 1st April 2024 to use a Software platform that is developed and hosted in a private cloud by ADL. The agreement defines Digital platform as below:

*"The Company has proposed to design, develop and implement based on its existing intellectual property and back end infrastructure (collectively and hereinafter referred to as "**Existing IP**") a customized platform which will be accessible through applications, sites and other modes (collectively and hereinafter referred to as the "**Platform**"), and to own, operate and otherwise deliver the Platform as a service, so as to provide inter alia, the following functionalities:*

(i) to enhance Airport User experience at CSMIA;
(ii) to update real time information about flights and various amenities and facilities at CSMIA;
(iii) to facilitate a state-of-the-art digital point of sale and inventory management system (as may be applicable) for CSMIA;
(iv) to develop solutions which enable Sellers (defined in Clause 2.3 hereinafter) to create and operate an online storefront enabling booking, purchase, and delivery of goods and services, which will be available to Airport Users;
(v) to provide loyalty benefits and drive user engagement as set out in Clause 2.6;
(vi) any other similar additional digital services as MIAL may decide to facilitate."

9.2.92 The App functionality covers both aeronautical and non-aeronautical services. The app extensively provides services that fall under non aeronautical activities which generates revenue by charging the passenger directly. The Authority also found that the ADL could generate revenue from business partners who provide their services through the Adani One App. MIAL has estimated Digitization costs under three-line items as set out below:

Table 306: Digitalization Costs submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider as per the agreement	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Onboarding Costs	Rs. 60 / Pax	B	33.00	8.00	11.00	11.00	12.00	75.00
Loyalty Program Costs		C	15.00	16.00	18.00	20.00	18.00	87.00
Total Digitalization Cost submitted by MIAL		**A+B+C**	**138.00**	**119.00**	**128.00**	**135.00**	**139.00**	**659.00**

Authority's examination regarding MIAL's submission for Digitalization Expense:

9.2.93 The Authority reviewed the Board Minutes which approved the competitive bidding process and noted that:

(i) The Independent Probity Auditors (IPA) were involved in every stage of the competitive bidding process.

(ii) In addition, the technical commercial weightage and the Proof of Concept (POC) scoring has been reviewed and confirmed by two independent professional firms namely, BDO Digital Services and R. Subramanian and Company LLP, appointed to meet the additional requirement of the Audit Committee of MIAL.

(iii) It was observed that Adani Digital Labs Pvt Ltd (ADL) remains the bidder with the highest score as per MIAL RFP criteria and as per evaluation by both BDO and R Subramanian & Co.

9.2.94 The Authority also noted that since ADL is a Group Entity, MIAL sought the approval of the Audit Committee and the Board as per the article 8.5.7 (i) (f) of the OMDA. Based on the Board approval, MIAL has entered into an agreement with Adani Digital Labs limited with the following terms:

(i) Term: 10 years, extendable up to 2nd May 2036

(ii) Rates: As per bids: Rs. 7.50 Crs / month escalated every year on 1st April at the rate of Consumer Price Index increase for industrial workers as published by GoI and the Loyalty Handling Charges of 5% on value of Loyalty points redeemed.

(iii) Rates: As per bids: Rs. 7.5 Crore per year

(iv) Other terms: IPR related to the platform shall be owned by ADL

9.2.95 In addition to the above, the Authorities also observed that:

(i) The bid for digitization was awarded to ADL which is a new entity. ADL's selection is ahead of Tech Mahindra Ltd which is an established Software services company with several years of experience.

(ii) The Authority also noted that there is no restriction on usage of user data by ADL for any of its commercial benefit and ADL can use the platform data subject to data privacy requirements as per the law.

9.2.96 The Authority examination covered the break-up of digitalization cost submitted by MIAL is as follows:

A. Fixed Cost to Digital Service Provider: Rs. 497 Crores

The Authority found that (a) digitization enables better passenger service and has become an essential ingredient for an acceptable level of customer service. Many airports across the world are investing in digitization of its services (b) ADL was selected following due process of price discovery through competitive bidding as required under the OMDA and therefore was considered, being acceptable by the Audit Committee of MIAL. Based on these findings, the Authority proposed to consider these costs as a

part of the Operating Expenditure. The Authority had further analyzed this cost for allocation between aeronautical and non-aeronautical expenditure, in Para 9.3.14.

B. Onboarding Costs: Rs. 75 Crores

The Authority found that (a) MIAL had estimated user onboarding costs required to get passengers onboarded into the Adani One App assuming 12% and 10% of unique passengers utilizing the Airport during FY25 and for the rest of the control period respectively, would get onboarded, incurring a one-time cost estimated at Rs. 60 per passenger. (b) The costs are for promotional activities and more likely to be incurred by ADL but could also be incurred by MIAL directly. If ADL incurs the cost MIAL may have to reimburse such expenditure. (c) this component, if payable to ADL was not covered in the bids evaluated in the competitive bidding for selecting the Digital services platform.

Based on the findings as above, further considering that revenue generation through digitization is only from non-aeronautical activities and by ADL through monetizing the platform data, the Authority, proposed to classify this component as non-aeronautical in nature.

C. Loyalty Program Costs: Rs. 87 Crores

The Authority noted that (a) Loyalty Program costs are estimated at 1.5% of sales accrued through the Loyalty program estimating that 30% of non-aeronautical sale shall be through the loyalty program and 100% of the loyalty points earned shall be redeemed (b) Loyalty Program costs does not include separately Loyalty handling charges payable to ADL. Presumably this is included in the Loyalty Program costs (c) Loyalty program is for incentivizing the passengers on their non-aero purchase through the Adani One app. Based on these findings, the Authority did not find any reason for including any part of the costs as aeronautical in nature and therefore must be classified as fully non-aeronautical in nature.

9.2.97 The Authority had recomputed the Digitization costs after treating onboarding costs and Loyalty Program costs as non-aeronautical costs as below:

Table 307: Digitalization Costs as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Onboarding Costs		B	-	-	-	-	-	-
Loyalty Program Costs		C	-	-	-	-	-	-
Total Digitalization Cost		**A+B+C**	**90.00**	**95.00**	**99.00**	**104.00**	**109.00**	**497.00**

9.2.98 For the purposes of Aeronautical Allocation of the Digitalization Cost, the Authority proposed to implement a **Multi-Criteria Decision Analysis (MCDA)** approach to allocate the Costs between Aeronautical and Non-Aeronautical which has been explained in detail in the para's from 9.3.13 to 9.3.21.

Other Miscellaneous Expenses

MIAL's submission for Other Miscellaneous Expenses

9.2.99 The Authority noted that MIAL has only projected Collection Charges over DF for FY 25 but has treated it as a non-aeronautical expense. MIAL, in its MYTP submission, has stated that other miscellaneous charges like Bad Debts written off, Exchange Gain/Loss, CWIP written off, Loss on Sale of Asset, etc., if any, shall be claimed on an actual incurrence basis during the Tariff determination for the next control period.

Authority's examination regarding MIAL's submission for Miscellaneous Expenses

9.2.100 The Authority proposed not to consider Collection Charges over DF as a part of pass-through operations cost.

9.2.101 Additionally, CMC and Digi Yatra Contribution (Refer Table **211**) which was submitted under Capex by MIAL, the Authority proposed to include as a part of operating expenditure for the Fourth Control Period as per the table below:

Table 308: Other Expenses proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Full Body Scanner – CMC Cost	-	-	-	0.93	0.97	**1.90**
Digi Yatra Contribution	3.15	3.15	3.15	3.15	3.15	**15.75**
Total Other Expenses	**3.15**	**3.15**	**3.15**	**4.08**	**4.12**	**17.65**

9.2.102 Considering the changes above, the Authority had recalculated the Operating and Maintenance Expenditure as follows:

Table 309: Operating and Maintenance Expenditure computed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	182.69	193.65	205.27	217.59	269.25	**1,068.45**
R&M Expenses	198.93	206.49	227.84	251.39	277.38	**1,162.04**
Operating Contract's	200.51	192.55	183.43	191.83	236.60	**1,004.93**
Utilities Expenses	157.10	148.20	138.22	144.30	183.69	**771.52**
Administrative Expenses	27.36	28.57	29.83	31.14	32.51	**149.40**
Rents, Rates & Taxes	71.42	71.94	72.48	75.10	75.69	**366.62**
Insurance Expense	19.73	20.73	22.13	23.06	26.13	**111.77**
Advertisement Expense	3.74	3.91	4.08	4.26	4.44	**20.43**
Consumable Stores	18.26	17.35	16.33	17.04	21.39	**90.37**
Corporate Cost	78.44	83.15	88.14	93.42	99.03	**442.17**
Runway Recarpeting	23.89	23.77	27.38	27.38	25.58	**127.99**
Carrying Cost on Runway Recarpeting	10.41	7.38	5.51	3.42	6.80	**33.51**
Digitalization Cost	138.00	119.00	128.00	135.00	139.00	**659.00**
Other Expenses	3.15	3.15	3.15	4.08	4.12	**17.65**
Working Capital Interest	-	-	-	-	-	-
Financing Charges	44.29	37.42	43.33	39.69	28.84	**193.57**
Total Operating Expenditure	**1,177.92**	**1,157.26**	**1,195.11**	**1,258.70**	**1,430.45**	**6,219.44**

9.3 Authority's Examination regarding the Aeronautical portion of Operating and Maintenance Expenses for the Fourth Control Period at the Consultation Stage

Costs that are allocated by a common method are listed below with their allocation methodology explained in detail:

9.3.1 For computation of the aero portion in the Fourth Control Period, the Authority had reviewed and adopted the allocation methodology followed as per the R. Subramaniam study report which is detailed as follows:

9.3.2 The majority of the cost heads are allocated at the ratio:

(i) Total Aeronautical Expenses in the Third Control Period over the Total Expenses in the same period is computed and the same is used as the allocation percentage in the Fourth Control Period as shown below:

Example:

$$\textit{Aeronautical Allocation of Administrative Expenses for 4th CP}\ (\%)$$

$$= \frac{\textit{Aeronautical Administrative Expenses of 3rd CP}}{\textit{Total Administrative Expenes of 3rd CP}} * 100$$

9.3.3 The cost heads that are segregated using the method explained in the above para 9.3.2 are as listed below:

(i) Repair and Maintenance Expenses,
(ii) Operating Contracts
(iii) Utilities Expenses,
(iv) Administrative Expenses,
(v) Rents, Rates and Taxes,
(vi) Insurance Expenses
(vii) Advertisement Expenses,
(viii) Consumable Stores Expenses,

Items that are not allocated by the above-mentioned method are listed below with their respective allocation methodologies:

9.3.4 **Employee Cost** – Allocated over the Total Employee Count. Aero and Non-Aero Employees are segregated respectively, while Common Employees are segregated over the Gross Fixed Assets Allocation Ratio of FY 23-24 as clearly shown below:

Table 310: Employee Cost - Aeronautical Allocation as proposed by the Authority at the Consultation Stage

Particulars	Total Employees	Allocation % Adopted	Aero Employees	Final Allocation %
Aero	933	100%	933	
Non-Aero	50	0%	0	
Common	122	83.38%	102	
Total	1105		1035	93.64%

9.3.5 The Authority noted that MIAL had adopted this same methodology at the Common Ratio of 83.40% (Refer **Table 74**) for Common Employees. This small difference in Gross Fixed Assets ratio of FY 23-24 is not bringing in any change to the finally arrived Allocation (93.64%) up to 2 decimals. Thus, the Authority had also used the rounded-down allocation percentage of 93.00% as done by MIAL.

9.3.6 **Working Capital Interest** – MIAL had allocated it at the Gross Fixed Assets Ratio. Since the Authority had calculated the Working Capital Interest only on the Aeronautical Revenue part (Refer **9.2.67**), the Authority proposed to apply 100% for the allocation.

9.3.7 **Financing Charges** – MIAL had allocated Financing Charges at the Gross Fixed Assets Ratio. The Authority also found this approach right since Financing Charges are generally procured for long-term and therefore proposed to adopt the same ratio.

9.3.8 **Runway Recarpeting Expenses and its Carrying Cost –** MIAL had allocated these expenses as 100% Aero. The Authority noted that these that these expenses are directly related to the core operations of MIAL

and are integral to the delivery of aeronautical services. Hence the Authority proposed to consider it as per MIAL's submission.

9.3.9 **Corporate Cost –** The Authority noted that MIAL has allocated the Corporate Cost at the same rate of 93.00% as used for Employee Expenses since the nature of these expenses are similar to each other. The Authority found this reasoning valid and accepted the same ratio.

9.3.10 **Digitalization Cost –** The Authority had proposed to allow the Digitalization Expense (Refer para's from 9.2.86 to 9.2.98).

Table 311: Digitalization Costs submitted by MIAL

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	**497.00**
Onboarding Costs	Rs. 60 / Pax	B	33.00	8.00	11.00	11.00	12.00	**75.00**
Loyalty Program Costs		C	15.00	16.00	18.00	20.00	18.00	**87.00**
Total Digitalization Cost submitted by MIAL		**D = A+B+C**	**138.00**	**119.00**	**128.00**	**135.00**	**139.00**	**659.00**

9.3.11 The Authority noted that a lot of the services being provided in the Digitalization App (Adani One) are related to Non-Aeronautical Services along with the two of three costs heads being entirely Non-Aeronautical, namely the onboarding costs and Loyalty Program Costs.

9.3.12 Therefore, the Authority proposed to apply the allocation ratio % only on the Fixed Cost and completely not including the Onboarding & Loyalty Program Costs for Aeronautical Allocation for the purposes of TR computation.

Allocation of Digitalization Cost:

9.3.13 The Authority observed that it is a challenging task to clearly differentiate the costs between Aeronautical and Non-Aeronautical services. The Authority noted that MIAL, in its MYTP submission, had allocated the costs based on the average aeronautical percentage (at 90.00%) of all the major Opex costs in the Third Control Period. Later as a part of the clarification submitted to the Authority, it had revised the cost allocation based on the Manpower cost ratios to Aeronautical services (82.00%), provided through the Adani One App. However, MIAL could not provide adequate data point to support such allocation.

9.3.14 The Authority reached a conclusion that the allocation of the costs must be based on the utility of the service coverage through the App, the nature of revenues generated through the platform and the passenger feedback rather than employing cost drivers alone. After evaluating a couple of options, the Authority tentatively considered a **Multi-Criteria Decision Analysis (MCDA)** approach to allocate the Costs between Aeronautical and Non-Aeronautical.

9.3.15 This MCDA approach employs a list of variables to segregate the costs. Each variable has been assigned a score between 1 to 5, where 1 being the lowest and 5 being the highest. The Aeronautical and Non-Aeronautical Services offered in the App had been grouped into different categories based on the nature / similarity of their functions. Following which, each of the categorizations is assigned a score under each variable based on their function. Each variable and its categorization is detailed below:

(i) Different variables had been assigned and segregated into Aeronautical and Non-Aeronautical Services availed at the Airport using the Digitalization App:

a) Necessity (*Is it a Necessary Service for an Airport Passenger?*)

b) Channel Usefulness (*Is it an Exclusively Provided Service / Information for an Airport Passenger? And how useful is it for them ?*)

c) Revenue Generating Capacity (*Is it a Revenue Generating Service or Not?*)

9.3.16 Each variable had been given a judgmental score between '1' to '5' ('1' being the lowest and '5' being the highest).

9.3.17 The Aeronautical services and the Non-Aeronautical services offered had been classified into different categories based on the kind/variety of services they offer and ranked for each of the variable mentioned above.

Table 312: Digitalization Cost Allocation – Multi Criteria Decision Analysis Approach – Score card based on functionalities available in Adani One App

Particulars	Necessity	Channel Usefulness	Revenue Generating Capability	Total Score
Aeronautical Services:				
Flight Tracking Information	5	2	-	7
Baggage Belt Information	5	2	-	7
Other Aeronautical Services	5	2	-	7
Total Aero Score				**21**
Non-Aeronautical Services:				
Concessionaires	5	5	5	15
Porter Services & Baggage Wrapping	5	5	5	15
Bills Payments & Banking Related Services	-	-	1	1
Other Bookings	4	3	5	12
Other Non-Aeronautical Services	1	1	4	6
Total Non-Aero Score				**49**

9.3.18 The Authority had used the rationale, as set out in the table below for the judgmental scoring done in the table above:

Table 313: Digitalization Cost Allocation – Reasoning for the Scores provided under the Multi Criteria Decision Analysis Approach

Services Offered	Necessity	Channel Usefulness	Revenue Generating Capability
Aeronautical Services			
Flight Tracking Information	Absolutely necessary information for all passengers, so given a score of '5'.	Since the information provided is not an exclusive information, score for channel usefulness is considered lower at '2'.	Does not generate any revenue, so given a score of '0'.
Baggage Belt Information	Absolutely necessary information for all passengers, so given a score of '5'.	Since the information provided is not an exclusive information, score for channel usefulness is considered lower at '2'.	Does not generate any revenue, so given a score of '0'.
Other Aeronautical Services (Baby Stroller, Baby Care Room, Cloak Room, Lost & Found, Prayer Room, Special Assistance, Airline	Most of these services are used as per the passenger's needs at a specific point of time and not regularly used, but all the services are necessities, so given a score of '5'.	Since not availed / used by everyone, channel usefulness is considered lower at '2'.	Does not generate any revenue, so given a score of '0'.

Services Offered	Necessity	Channel Usefulness	Revenue Generating Capability
Ticketing Counter, etc)			
Non-Aeronautical Services			
Concessionaires	Concessionaire services are an integral part of the Airport and provide a range of services, so given a score of '5'.	Pre-booking and collecting the items / products on the go at the Airport makes it a highly user-friendly experience and it is an exclusive service provided on the App, so given a score of '5'.	Major Revenue Generating service on the App, so given a score of '5'.
Porter Services and Baggage Wrapping	Highly necessary service for the passengers within the Airport, so given a score of '5'.	Exclusive service - information provided only on this App, so given a score of '5'.	Generates Revenue through both Porter Services and Baggage Wrapping Facilities, so given a score of '5'.
Bill Payments and Banking Related Services	Not a necessary or critical service at all, so given a score of '0'.	Not a exclusively provided service for the passengers, so given a score of '0'.	Would be generating revenue on a commission basis, so given a score of '1'.
Other Bookings (Includes Bookings for Hotel, Cabs, Flights, Trains & Other Transportation Services)	An extremely necessary service for all the passengers, so given a score of '4'.	Not an exclusive service at all, but a very useful one for the passengers nevertheless, so given a score of '3'.	Services like transportations and other bookings would be generating revenue directly when booked through the App, so given a score of '5'.
Other Non-Aeronautical Services (Museum Tour, Play Zone Services, Postal Services, Car Parking, FASTag & DTH Recharge, Pranaam Services, Adani Rewards, Adani One ICICI Bank Credit Cards, etc)	Not a necessary or critical service at all but some of the services provided are related specifically to the Airport, so given a score of '1'.	Some of the services like Museum Tour & Play Zone Services are exclusive services, but most of them are not, so given a score of '1'.	Services like Museum Tour, Postal Services, Car Parking, etc would be having a direct revenue generating model. ***Note:*** *Car Parking is a Non-Aeronautical Revenue earned by MIAL.*

9.3.19 Using these scores of Aeronautical and Non-Aeronautical, the allocation percentage is identified as below:

Table 314: Digitalization Cost Aeronautical Allocation as proposed by the Authority at the Consultation Stage

Total Score's	
Total Aeronautical Score (a)	21
Total Non-Aeronautical Score (b)	49
Total (c)	70
Aeronautical Allocation (%) (d = a/c)	**30.00%**

9.3.20 Therefore, as seen from the preceding table, the Digitalization Cost could be allocated at 30.00% and the Authority sought stakeholder response before concluding on this aspect.

9.3.21 Thus, applying this 30.00% only on the Platform usage fees payable to the Digital Service Provider (as detailed above in Table 314) the cost allocable to Aeronautical services is as below:

Table 315: Allocation of Digitalization Costs as computed by the Authority

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Aeronautical Allocation		**B=(A*30.00%)**	**27.00**	**28.50**	**29.70**	**31.20**	**32.70**	**149.10**

9.3.22 The Authority proposed to follow the below summarized approach for allocating the operating expenditure between aeronautical and non-aeronautical as below

Table 316: Rationale behind Aeronautical % of Operating Expenses

Cost Head	Aeronautical % as submitted by MIAL	Aeronautical % as per Authority Analysis	Rationale behind MIAL's Decision	Rationale behind Authority's Decision
Employee Costs	93.00%	93.00%	Based on the Employee Head Count, Aero and Non-Aero employees have been segregated respectively, while common employees have been segregated using gross fixed asset ratio. (Refer Table 310)	Same as MIAL
R&M Expenses	94.93%	95.48%	MIAL has taken average of aero % of every year of the Third Control Period to arrive at the aero % for the Fourth Control Period.	The ratio of the Total Aeronautical Cost for the five years of the Third Control Period was divided by the Total Cost of the Third Control Period.
Operating Contract's	89.43%	91.27%		
Utilities Expenses	98.70%	98.77%		
Administrative Expenses	80.61%	80.43%		
Rents, Rates & Taxes	88.33%	91.23%		
Insurance Expense	83.40%	83.00%		
Advertisement Expense	89.78%	87.97%		
Consumable Stores	91.38%	87.55%		
Corporate Cost	93.00%	93.00%	Same as Employee Cost	Same as MIAL
Runway Recarpeting	100.00%	100.00%	Fully considered as Aero	Same as MIAL
Carrying Cost on Runway Recarpeting	100.00%	100.00%	Fully considered as Aero	Same as MIAL
Digitalization Cost	82.00%	30.00%	Based on Manpower Assigned (Refer para 9.3.13)	Based on the Multi-Criteria Decision Analysis Approach (Refer para 9.3.15)
DF Collection Charges	0.00%	0.00%	Fully considered as non-Aero	Fully Disallowed
Other Expenses	0.00%	100.00%	NA	Authority had reallocated some costs from CAPEX to Operating Expenses which has been considered as 100% Aero.
Working Capital Interest	83.40%	100.00%	Considered fully as Corporate Overheads.	As the working capital interest had

Cost Head	Aeronautical % as submitted by MIAL	Aeronautical % as per Authority Analysis	Rationale behind MIAL's Decision	Rationale behind Authority's Decision
				been calculated only on Aero Revenue, it was considered as 100% Aero.
Financing Charges	83.40%	83.38% (Refer 9.2.2(v))		Considered fully as Corporate Overheads.

9.3.23 Based on the above, the Authority had proposed the following Aeronautical Portion of Operating Expenses for each Cost Head.

Table 317: Aeronautical Portion of Total Operating and Maintenance Expenditure proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	169.90	180.10	190.90	202.36	250.40	**993.66**
R&M Expenses	189.94	197.16	217.55	240.04	264.85	**1,109.54**
Operating Contract's	166.63	158.38	149.02	155.57	195.27	**824.87**
Utilities Expenses	155.17	146.38	136.51	142.52	181.42	**762.00**
Administrative Expenses	22.01	22.98	23.99	25.04	26.14	**120.16**
Rents, Rates & Taxes	59.53	60.00	60.49	62.04	62.57	**304.63**
Insurance Expense	16.38	17.20	18.37	19.14	21.69	**92.77**
Advertisement Expense	3.29	3.44	3.59	3.75	3.91	**17.97**
Consumable Stores	15.98	15.19	14.29	14.92	18.73	**79.12**
Corporate Cost	72.95	77.33	81.97	86.88	92.10	**411.22**
Runway Recarpeting	23.89	23.77	27.38	27.38	25.58	**127.99**
Carrying Cost on Runway Recarpeting	10.41	7.38	5.51	3.42	6.80	**33.51**
Digitalization Cost	27.00	28.50	29.70	31.20	32.70	**149.10**
Other Expenses	3.15	3.15	3.15	4.08	4.12	**17.65**
Working Capital Interest	-	-	-	-	-	-
Financing Charges	36.93	31.20	36.12	33.09	24.04	**161.38**
Total Aero Operating Expenditure	**973.15**	**972.15**	**998.54**	**1,051.42**	**1,210.32**	**5,205.57**

9.3.24 Based on the above, the Authority proposed Aeronautical Operating and Maintenance Expenditure of Rs. 5,205.57 Crores for the Fourth Control Period as against MIAL's submission of Rs. 7,190.41 Crores. The reasons for these variances are as under:

(i) The expenses are estimated at the CPI inflation rate in line with the provisions of OMDA, while MIAL had estimated the same at a rounded-off inflationary increase plus an additional increase of 5% over that.

(ii) Employee Costs and Corporate Cost Allocation have been estimated at 6% YoY against MIAL's submission of 10% YoY.

(iii) Digitalization Cost expenses had been considered as aeronautical expenditure tentatively based on a method which considers aeronautical and non-aeronautical usage of the application and on which the Authority decided to take a final decision based on stakeholder feedback during public consultations.

(iv) Legal Expenses had been excluded in line with the recent concession agreements entered by AAI, where legal costs are not to be included as a part of the pass-through costs of Airport Operations.

(v) The working capital interest had been reworked based on a comprehensive assessment of Working Capital and Financing Charges reworked based on debt draw down on revised capex.

9.4 Stakeholders' Comments on Operating and Maintenance Expenses for the Fourth Control Period

9.4.1 During the Stakeholder's Consultation Process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 08/2024-25 dated 10th March 2025 with respect to O&M Expenses and the Aeronautical Allocation for the Fourth Control Period. The comments from Stakeholders are presented below:

MIAL's comments with regards to O&M expenses for the Fourth Control Period

9.4.2 MIAL's comments with regards to Digitalization Cost is as follows:

"Aeronautical allocation of Digitalization Cost computed using Multi Criteria Decision Analysis without using objective and scientific approach

In light of extensive capex planned in next few years, MIAL needs to focus on augmenting airport infrastructure and enhancing passenger handling capacity along with improving overall service quality. MIAL does not have bandwidth nor expertise to achieve digitalization of airport experience. It will have to be done with the help of respective subject matter experts from the respective field.

MIAL rationale for computing aeronautical allocation based on manpower

Based on agreement with third party service provider who will provide digital transformation services, MIAL will incur annual expense for maintenance and development of the Digital platform. This platform will provide wide array of services, both aeronautical and non-aeronautical to passengers. MIAL has proposed aeronautical allocation of 82% which is based on activity wise manpower allocation of each type of service which in turn is based on complexity of service being offered.

Most of the intangible services like software development, professional and consultancy services, Data Processing etc. are human resource intensive activities and cost of these services is directly proportional to manpower deployed to develop them. Therefore, we request the Authority to use the aeronautical allocation based on deployment of manpower to calculate aeronautical expense.

While determining aeronautical ratio for other expenses like R&M, Operating Contracts, etc. allocation is done based on actual expense incurred for aeronautical and non-aeronautical activities which in turn is dependent on Goods (like consumables, spares etc.) and Servies (like manpower) deployed to perform these activities. Allocation of these expenses is neither based on usage nor necessity nor revenue generating capacity of these activities. Hence, we request the Authority to reconsider the logic of applying allocation cost based on parameters like necessity, usefulness and revenue generating capability.

Shortcomings in the approach MCDA approach followed by the Authority

The Authority has followed Multi-Criteria Decision Analysis approach to allocate the costs between Aeronautical and Non-Aeronautical. Various services being offered on digital platform have been grouped under aeronautical and non-aeronautical activities. MCDA approach employs a list of variables like Necessity, Channel Usefulness, Revenue Generating Capacity to segregate the costs for each of this service/activity. Each variable has been assigned a score between 1 to 5, where 1 being the lowest and 5 being the highest.

Many essential Aeronautical services, such as maps, lost and found, and Wi-Fi, which are crucial for ensuring a seamless passenger experience, have been consolidated under the category 'Other Aeronautical Services. This in-turn has effectively resulted in various aeronautical activities being grouped under three heads only whereas non-aeronautical activities have been grouped under five different heads. This approach is subjective and highlights potential bias towards minimizing the allocation for aeronautical services.

Additionally, no basis is provided for assigning judgmental scores ranging from 1 to 5 to each variable. For example, the 'channel usefulness' variable has been subjectively assigned low scores for aeronautical activities and high scores for non-aeronautical activities, without any justification for these discrepancies.

One of the variables used is "Revenue Generating Capability". MIAL is not allowed to earn any revenue other than what is approved by the Authority for providing aeronautical services. Therefore, score against this variable will always be "0" for aeronautical activities. Further the scoring for Concessioniare is "5" which is also distorted as concessionaire revenue generation has multiple channels and digital is only one of them which is too at nascent stage. Currently most of the revenues generated by concessionaire are dependent on actual billing at the physical counter. This approach has serious cascading impact in widening the gap in the weightage scores being calculated for aeronautical and non-aeronautical activities.

Modified Approach addressing anomalies

MIAL proposes an alternative approach as demonstrated in the table below which will address various biases and anomalies highlighted above and make the computation of aeronautical allocation more objective and scientific. In this alternate approach, two important activities which are "Maps" and "Lost and Found" have been considered as separate activity altogether rather than bundling it with all other aeronautical activities. Further it is proposed that "Passenger convenience" is considered as variable in place of "Revenue generating capability" as ultimate objective of all activities done by Airport Operator is Passenger Convenience.

Particulars	Necessity	Channel Usefulness	Passenger Convenience	Total Score
Aeronautical Services:				
Flight Tracking Information	5	2	4	11
Baggage Belt Information	5	2	4	11
Maps	5	5	4	14
Lost and Found	5	5	4	14
Other Aeronautical Services	5	2	3	10
Total Aero Score				**60**
Non-Aeronautical Services:				
Concessionaires	5	5	3	13
Porter Services & Baggage Wrapping	5	5	2	12
Bills Payments & Banking Related Services			2	2
Other Bookings	4	3	2	9
Other Non-Aeronautical Services			2	4
Total Non-Aero Score				**40**

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Total Score	
Total Aeronautical Score (a)	60
Total Non-Aeronautical Score (b)	40
Total (c)	100
Aeronautical Allocation (%) (d = a/c)	**60%**

Since the use case and efficacy of the platform will evolve over the period, we request the Authority to kindly conduct detailed independent study on digitalization expense through relevant subject matter expert during the tariff determination of Fifth control period and allow true-up of aeronautical allocation on Digital transformation expenses of Fourth Control Period based on the recommendation of the study. Therefore, in the interim, we request the Authority to consider aeronautical allocation of 60% (based on above analysis) while estimating Digitalization expenses of Fourth Control Period subject to true-up based on the outcome of the independent study."

9.4.3 MIAL's comment with regards to disallowance of legal expenses is as follows:

*"**Legal Expenses are part and parcel of Airport Operations***

The legal expenses incurred by MIAL are part and parcel of operation & maintenance expenditure and claimed on an actual incurrence basis. Legal expenses are incurred mainly to defend the litigation cases filed against MIAL and to initiate litigation to defend & protect interest, commercials, reputation and brand MIAL, which will have direct bearing on the credit worthiness of MIAL. There cannot be any doubt that these are essential expenses and not discretionary or wasteful expenses.

From First Control Period (2009-14) onwards, legal expenses are never disallowed by the Authority. This is the first time the Authority has taken a view that the same will not be allowed since the Authority finds that in the recent concession agreements entered by AAI, legal costs are not to be included as a part of the pass-through costs for Airport operations.

Provisions of AERA Act and Bar Council of India Rules

AERA Act provides for appeal against orders passed by AERA before the Appellate Tribunal. Airport Operator aggrieved by AERA Order/direction can prefer an appeal to this Appellate Tribunal. By disallowing the legal expenses, AERA has gone beyond its jurisdiction and taken away rights of the Airport Operator given to it under this Act.

Further, the Airport Operator will never initiate unwarranted litigation. As legal expenses is inevitable business expenditure, MIAL cannot be asked to bear the legal cost from its Profit & Loss Account. This is neither contemplated under the AERA Act nor OMDA, SSA, etc. Engagement of advocates / counsels is done basis their expertise and no one advocate / lawyer can handle all type of litigation before all forums.

Even AERA is engaging advocates / counsels in Court(s) to represent AERA such expenses are borne by AERA and money spent by AERA for such purposes is allotted by the Central Government as grant which is also nothing but the public money.

Therefore, it is unimaginable to ask MIAL to handle its court cases through its in-house legal team. This is more so because having opted for employment with MIAL, its in-house legal team cannot practice in Court(s), as the same is prohibited by the Bar Council of India. The relevant provision in this regard is appended below:

Section 49 in Bar Council Of India Rules

49. An Advocate shall not be a full-time salaried employee of any person,Government, firm, corporation or concern, so long as he continues to practise,and shall, on taking up any employment, intimate the fact to the Bar Council on whose roll his name appears, and shall thereupon cease to practise as an Advocate so long as he continues in such employment.

In light of the above, it is clear that MIAL employees cannot argue or defend MIAL in legal matters in various courts. Disallowing these costs will make the company vulnerable to adverse actions of Courts in these legal matters.

Provisions of the Concession Agreements viz. OMDA, State Support Agreement

Schedule 1 to the State Support Agreement dated 26.4.2006 for MIAL does not exclude the legal expenses from operation & maintenance expenditure and legal expenses are very much part of the same & available as the pass-through costs for Airport operations. In absence of any carve out in the SSA, the Authority is bound to include the legal expenses as part of operation & maintenance expenditure. This is not left to the discretion or wisdom of any party, and everyone is bound by the SSA.

Further, Section 13(1) (a)(vi) of the AERA Act provides that the Authority, while determining the tariff for the aeronautical services, shall take into consideration the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise. In view of this, we respectfully submit that the Authority cannot exclude the legal expenses from the operation & maintenance expenditure and the same should be allowed.

Bearing of Concession Agreement of six Airports privatized in February 2020

Legal cost was allowed in tariff orders of various airports like DIAL, MIAL, BIAL, HIAL, MoPA issued in the year 2021 to 2023 after the six AAI Airports were privatized, and concession agreement were in place and effective was (signed in February 2020). Hence the reason provided by the Authority that legal service expense is not allowed as pass-through expense in the recently signed concession agreement is not applicable.

We submit that the Authority cannot look into other concession agreements entered by AAI to decide whether legal costs are to be included as a part of the pass-through costs for Airport operations or not, for a simple reason that the Authority, MIAL and all other stakeholders are bound by OMDA and SSA in respect to the tariff determination process of MIAL. No other agreement can be looked into and/or relied upon in this regard.

MIAL is merely seeking pass-through its legal expenses which is admittedly not profiteering. Again, out of Rs. 100 received by MIAL, Rs. 38.7 will go to the Airports Authority of India as revenue share / annual fee. Additionally, depriving MIAL of such pass-through of legal expenses will have a direct impact on the Profit & Loss Account of MIAL. The Airports Authority of India is also a shareholder of MIAL. Thus, depriving legitimate pass-through of legal expenses to MIAL will directly amount to causing loss to the exchequer.

In light of above, we request the Authority to kindly allow legal expenses based on expenses incurred by MIAL in TCP and true-up the same based on actual incurrence at time of tariff determination of fifth control period."

9.4.4 MIAL's comment with regard to allocation of financing charges is as follows:

"Allocation of Financing Charges (upfront fees) on Aero Capex

The Authority has computed financing charges for future debts of proposed capital expenditure based on upfront fee of 1.5% on contracted debt corresponding to Aeronautical capex only (assuming gearing of 70%). It has further applied an aeronautical ratio of 83.38% on the above computed aeronautical upfront fees which translates to further allocating the already allocated aeronautical portion of expense.

We request the Authority to apply an aeronautical ratio of 100% on upfront fees computed in the first step based on 1.5% upfront fees on aeronautical capex."

9.4.5 MIAL's comment with regard to increase in operating contracts is as follows:

*"**Increase in Operating contracts restricted to inflation rather than based on CAGR***

Operating contracts which relate to housekeeping, horticulture, security, trolley management contracts, etc. are long-term contracts and labour intensive. The airport cannot function without these services being a necessity for passengers.

Since the COVID-19 pandemic coincided with large part of Third Control Period, resulting in under-utilization of various assets, CAGR of TCP will not exhibit the correct picture. Hence, MIAL has provided projections with an annual increase at a CAGR of 12.3% based on second control period expenses.

Also, in Cochin Airport, the Authority has allowed CAGR basis for operating contracts, and therefore, we request the Authority to follow same approach as Cochin airport and allow the increase based on CAGR of 12.3%.

Snapshot from Cochin Airport TCP Order where AERA allowed 10% for various operating expenses:

9.2.14 The projections made by the Airport Operator regarding the consumption of power, water and fuel seemed reasonable. The Authority proposed to revise the escalation of power costs of KSEB as discussed above and consider "Power, water and fuel charges" for the Third Control Period as given in the table below, and true up the same based on actuals at the time of tariff determination for the Fourth Control Period.

Table 164: Utility expenses proposed by the Authority for the Third Control Period as part of the Consultation Paper

Particulars (in INR crores)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Power, water and fuel charges	27.47	32.05	34.83	36.41	38.70	169.46

Other operational expenses

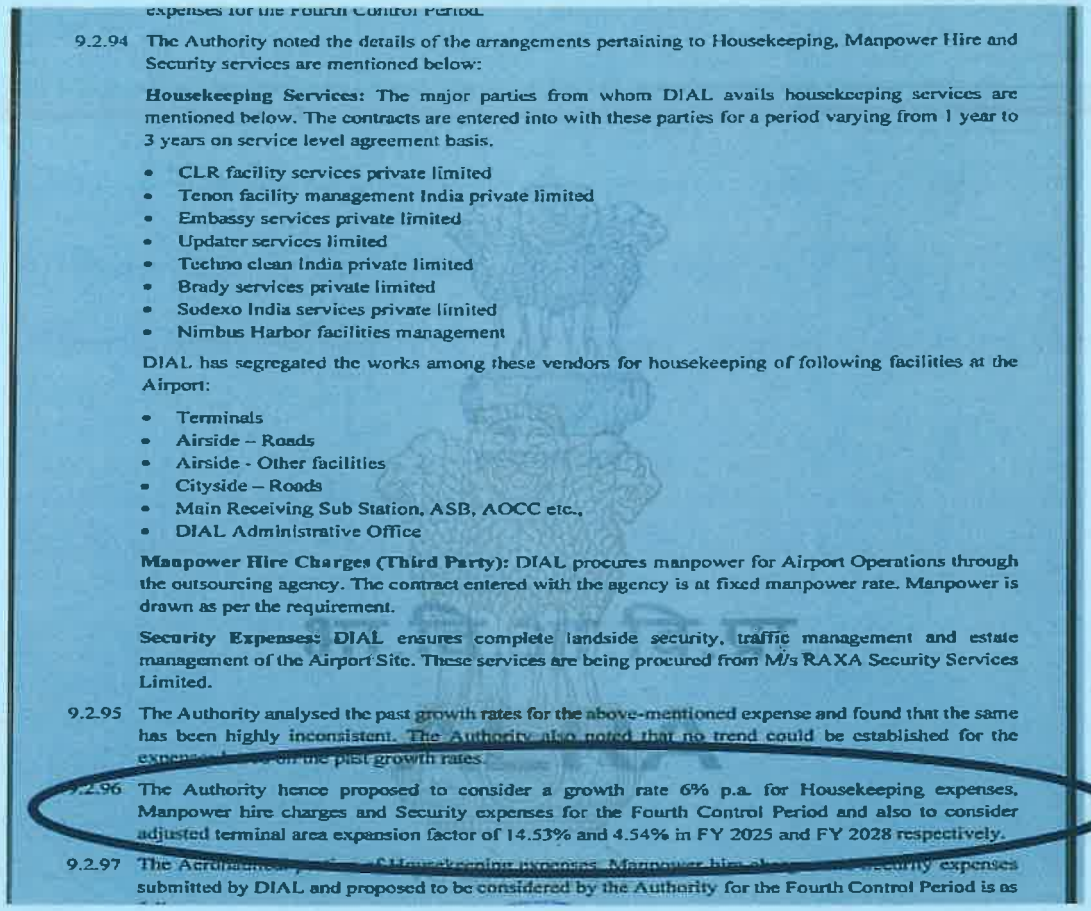
9.2.15 The Authority had compared the growth rates used by CIAL for projecting operational expenses against the actual growth in the last 5 years. The details are given below.

Table 165: Analysis of growth of operational expenses as part of the Consultation Paper

Expense item	Growth rate considered by CIAL	5-year CAGR (FY 2015-2020)
Safety & Security	10.00%	24.31%
Housekeeping	10.00%	17.18%
[illegible]	[illegible]	6.61%
Miscellaneous	4.09%	4.09%

9.2.16 The Authority noted that CIAL had used 5-year CAGR for forecasting "Consumables" and "Miscellaneous" expenses. Further, the Airport Operator had used an annual growth rate of 10% in the case of "Safety and Security" and "Housekeeping" expenses despite their actual growth rate in the past being higher than 10%. Therefore, the Authority proposed to consider these expenses as submitted by CIAL for the Third Control Period and true up the same based on actuals at the time of tariff determination for the next control period.

Alternatively, it is proposed that the annual growth rate of at least 6% is allowed by the Authority (in line with the growth rate of employee expenses since most of the operating contracts are also labor intensive). It is worth mentioning that in the recently issued tariff order no. 20/2024-45 for DIAL, the Authority has applied 6% growth factor for these categories of expenses. Given below relevant extract from the order:



expenses for the Fourth Control Period.

9.2.94 The Authority noted the details of the arrangements pertaining to Housekeeping, Manpower Hire and Security services are mentioned below:

Housekeeping Services: The major parties from whom DIAL avails housekeeping services are mentioned below. The contracts are entered into with these parties for a period varying from 1 year to 3 years on service level agreement basis.

- CLR facility services private limited
- Tenon facility management India private limited
- Embassy services private limited
- Updater services limited
- Techno clean India private limited
- Brady services private limited
- Sodexo India services private limited
- Nimbus Harbor facilities management

DIAL has segregated the works among these vendors for housekeeping of following facilities at the Airport:

- Terminals
- Airside – Roads
- Airside - Other facilities
- Cityside – Roads
- Main Receiving Sub Station, ASB, AOCC etc.,
- DIAL Administrative Office

Manpower Hire Charges (Third Party): DIAL procures manpower for Airport Operations through the outsourcing agency. The contract entered with the agency is at fixed manpower rate. Manpower is drawn as per the requirement.

Security Expenses: DIAL ensures complete landside security, traffic management and estate management of the Airport Site. These services are being procured from M/s RAXA Security Services Limited.

9.2.95 The Authority analysed the past growth rates for the above-mentioned expense and found that the same has been highly inconsistent. The Authority also noted that no trend could be established for the expenses [illegible] on the past growth rates.

9.2.96 The Authority hence proposed to consider a growth rate 6% p.a. for Housekeeping expenses, Manpower hire charges and Security expenses for the Fourth Control Period and also to consider adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

9.2.97 The Authority [illegible] of Housekeeping expenses, Manpower hire charges and Security expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as

9.4.6 MIAL's comment with regard to allowance of cost of deployment of CISF for GA, Cargo and MRA is as follows:

"Cost of deployment of CISF for GA, Cargo and MRA should be allowed

As per MOCA letter dated 27th March 2024, the cost of deployment of CISF at GA terminal, Cargo and MRO is to be borne by airport operator. Earlier it was borne by NASFT and collected in the form of ASF from embarking passengers under scheduled operations. So, it was collected as Aeronautical charge (ASF) from the users.

It is to be noted that the security expense related to deployment of CISF is a statutory requirement, it is aeronautical in nature and cannot be considered non-aeronautical. It can be correlated with an example as follows; Airport operator provides landing services to Airlines wherein landing services are aeronautical services availed by non-regulated Airlines. This is similar situation in the instant case whereby CISF services, which are aeronautical services rendered to Cargo non-aeronautical service receiver.

As per schedule 5, Aeronautical Services of OMDA, "ensuring the safe and secure operation of the Airport, excluding national security interest." is aeronautical services. It includes safety and secure operations of the entire airport and is not specific to any area.

Therefore, we request the Authority to allow the cost of deployment of CISF as an aeronautical expense."

9.4.7 MIAL's comment with regards to treatment of rentals related to land lease is as follows:

*"**Rentals related to additional land leased from AAI at Sahar Road and Marol allowed at 50% rather than considering the same as common expense.***

As per letter dated 22nd May 2024 from AAI, MIAL is required to pay annual lease rent of Rs. 13.66 Crs p.a. with an escalation clause of 15% increase every 3 years.

This land, which was under legal dispute for many years, has been used to create various aeronautical assets. AAI has acknowledged that the certain portion of the land has already been utilized for public purposes in the above letter. Excerpt is as below

"7,070 sqm has already been utilized for public purposes i.e. exclusive connectivity for Terminal-2, for benefit of Airport users at large at Mumbai Airport."

Accordingly, MIAL has considered it as a common expense with an aeronautical allocation of 87.43%. This approach is similar to what the Authority has followed while approving the aeronautical opex of common activities outside the terminal building.

It is to be noted that MIAL is not allowed to earn any revenue other than what is approved by the Authority for providing aeronautical services. Hence no additional aeronautical revenue will accrue to MIAL other than this cost (once approved by the Authority). It is requested that the treatment proposed by MIAL is to be accepted."

9.4.8 MIAL's comment with regard to allowance of working capital interest is as follows:

*"**Working capital to be allowed for FoCP same as TCP***

At the start of TCP, MIAL had cash credit/working capital limits of up to Rs. 330 Crs which it used for working capital purposes. The average utilization of these facilities varied with time depending on business requirements and average utilization was in the range of Rs. 180 to Rs. 200 Crs. MIAL has paid interest on working capital of Rs. 17.56 Crs and Rs 17.76 Crs in FY20 and FY21 respectively.

In July-2021, MIAL, with the support from AAHL and AEL, refinanced its existing debts (including outstanding working capital debt of approx. Rs. 180 Crs) with short term bridge to bond facility which was mix of 11% Non-Convertible Debentures redeemable at the end of one year and Term Loans with interest rate of MCLR plus spread of 4.65% (effective interest rate of 11%) repayable at end of one year. As part of this refinancing and restructuring, working capital facility got extinguished and merged with the main facility.

Considering the fact that MIAL used the working capital facility in the past and has been paying interest on the same of approx. Rs. 17.5 Crs with average utilization of facility of Rs. 180 Crs, MIAL had proposed amount of interest on working capital of Rs. 17.5 Crs for FY22, FY23 and FY24 and same has been approved by the Authority in CP.

It is submitted that existing debts (which included working capital portion) will remain outstanding during the fourth control period and airport operators inherently require working capital.

Based on computation of working capital done by the Authority for years FY22 to FY24, it is evidently clear that average working capital requirement will be Rs 150 Cr and same is expected to continue in FoCP as well.

MIAL requests the Authority to continue to provide interest on working capital of Rs. 17.5 Crs p.a. for each year of the fourth control period as well."

9.4.9 MIAL's comment with regard to annual escalation in employee cost is as follows:

*"**Annual escalation in employee cost based on inflation rather than CAGR***

The Authority has considered 6% Year on Year increase on employee cost compared to 10% increase of MIAL's submission.

It is to be noted that Mumbai, known as the financial capital of India, has significantly higher cost of living compared to other cities.

Based on below article it is to be note that India will see average salary increase of 9.4% this year,

https://economictimes.indiatimes.com/jobs/hr-policies-trends/india-inc-to-see-average-salary-increase-of-9-4-this-year-ecommerce-to-lead-the-way-ey-report/articleshow/118597806.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Further we have analyzed the employee cost incurred by AAI from FY09 to FY24 and it is found that it has increased by CAGR of 9%.

	FY09	FY13	FY24
No of Employees	19573	18573	16078
Cost (Rs Cr)			
Total Cost	1425	2000	4403
Avg Cost per employee	728044	1076832	2738525
CAGR 11 years	9%		
CAGR 15 years	9%		

We request the Authority to allow 10% increase in case of employee cost."

Other stakeholders' comment on O&M Expenses for the Fourth Control Period

9.4.10 DIAL's comment with regards to the legal expenses is as follows:

"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."

9.4.11 BIAL's comment with regards to the legal expenses is as follows:

"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 though 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."

9.4.12 AAI's comment with regards to usage of land is as follows:

"Para 9.2.40 of consultation Paper regarding usage of land 23930 sq. mtrs

It may be noted that supplementary Lease deed in respect of 23930 sq. mtrs land has been executed on 27/06/2024. As per supplementary Lease deed, the usage of land shall be governed by the terms of OMDA and lease deed dated 26.04.2006. Accordingly, MIAL can use the land for Aeronautical and Non-aeronautical purposes. However, Land Area utilized for provision of Non-Transfer Assets shall not exceed ten percent (or such different percentage as set forth in the master plan norms of the competent local authority of Mumbai, as the same may change from time to time) of the total land area constituting the Demised premises as per clause 2.2.4 of OMDA."

9.4.13 IATA's comment with regards to O&M expenses for the Fourth Control Period is as follows:

- *"Regarding the proposed 4.4-4.5% inflation forecast, while the OMDA allows for the consideration of CPI inflation rate, IATA opines that this has no basis to start with, at the outset. While we understand that eventually they will be trued up based on actuals in the following CPs, there is a potential that allowing inflationary increases will de-emphasize the airport's focus on the delivery of efficiency improvements.*
- *We are also missing an analysis of the level of efficiency of operating costs. In previous periods, AERA carried out some operating cost benchmarking to inform its decisions. While we consider that such studies were not detailed enough, the solution is not dropping the studies altogether, but to increase the level of analysis in the comparison. A bottom-up external analysis would also have been extremely useful to AERA. As previously mentioned, automatic inflation adjustments can lead to inefficient outcomes. A proper efficiency analysis is necessary.*
- *Despite the requirement stated in the OMDA, AERA can work towards enhancing its regulatory approach going forward. For this particular determination, we request AERA to set expectations/targets on lowering the unit cost per pax, per ATM, etc., which would be a better measure to counter any inflationary pressure on costs. It would be useful for AERA to analyse the unit cost over CP1 to CP3, and how the proposed unit cost in the CP4 fares against these.*

<u>*Employee cost*</u>

- *With the demolition of T1 for the period 2025-2028 and the forecasted reduction in traffic, we expect the employee count to be rationalized (considering MIAL mentions that 200 additional staff would be needed at time the new T1 is completed, it would make sense the assume a reduction in staff at the time the existing T1 closes).*
- *There is no explanation on why a 6% increase in salaries and corporate costs is assumed. If at all, it should be limited by the level of inflation.*

- *Also, any project-related staffing for the reconstruction of T1 should be capitalized by the project cost and depreciated over the life of the asset. A CAGR of 15.33% increase requested by MIAL is unconceivable.*

Utilities Expenses

- *The utilities expenses should reflect the reality of the negative growth/lower traffic as a result of T1 demolition, for example, usage of water, electricity, repair and maintenance, rather than continuing to see year-on-year growth. We commend AERA for making the necessary adjustments to reflect this aspect. What we would like to see is more in-depth analysis and consideration of efficient operations to drive these costs down, i.e. on a per passenger basis.*
- *IATA noted the current approach to the treatment of utility expenses. While the concessionaires are being charged directly for their consumption, which reduces the gross consumption charges attributed to Aeronautical, we believe that the Utility Expenses (after subtracting the above) should also be subject to the cost allocation treatment. The rationale for this being that the concessionaires must pay their fair share of the utilities to support the shared facilities, i.e. common terminal area (which facilitates the access of the customers to their shops, etc.)*

Repairs and Maintenance

- *We see that AERA is allowing MIAL's assumption of Repairs and Maintenance increases CAGR of 10.34%, which still appears to be excessive. We consider that further analysis is required to understand the need to increase the level of maintenance and how such expenses will improve the reliability of the assets. The latter could be measured through appropriate KPIs.*

Rents and Taxes

- *With regards to the leased land, this should be allocated 100% non-aeronautical as there is no identified aeronautical use. Users should not be charged for any expense that is not linked to any aeronautical service.*

CISF deployment costs

- *We appreciate AERA review with respect to MoCA's directive that expenditure towards the Cost of Deployment of CISF personnel deployed at GA Terminal, Cargo, and MRO to be borne by the Airport operator, and not to be charged to the ASF collected from embarking passengers under scheduled operation.*

Legal Costs

- *IATA has made comments in the past that legal expenses should not be included in the O&M expenses and considered as a pass-through. We strongly support AERA's decision to exclude these legal expenses from its tariff determinations. Airport operators should not be allowed to recover legal expenses from users that are, by their very nature, paid towards the airport operators' legal cases with other aviation stakeholders. This decision is aligned with the specific provisions in recent concession agreements awarded by the government of India.*

Corporate Costs

- *As expressed in our comments for the Third control period, we are concerned about the inclusion of such opaque costs. While we note that AERA has adjusted MIAL's proposals, we do not see why such costs need to increase by 6% annually. At most, AERA should consider applying the level of inflation.*

Digitalization Cost Allocation

- *IATA is generally in alignment with AERA in the approach of allocating operating expenses to aeronautical users, particularly the structured MCDA model that is applied in determining the split for Digitalization cost allocation.*
- *Whilst recognizing that AERA has done a commendable job, IATA believes that the allocation to the aeronautical side is still on the high side and does not fairly reflect the resources attributed to non-aeronautical activities.*
- *MIAL should provide a quantitative description of the targeted improvements and the projected increase in NAR specifically triggered through such digitalisation and use of the app. MIAL has only made broad and indicative statements such as 'enhance airport user experience', 'make real-time information available to passengers', 'facilitate state-of-the-art digital point of sales', etc.*
- *As per the description provided by MIAL, most features of the app to be developed overlap with existing initiatives for biometric facilitation – leading to a duplication of efforts and resources. Features such as flight tracking and baggage belt information are basic utilities already provided by airline apps and global aggregators.*
- *No technological innovation or public value has been demonstrated to justify the Rs. 659 crore expenditure via a related party, which is significantly higher than global benchmarks, for similar platforms. Leading international airports (e.g., Changi, Heathrow, Schiphol) have implemented real-time flight tracking, baggage monitoring, and digital wayfinding for a fraction of this cost.*
- *Despite an increase in the adoption of travel-related mobile apps, airport-specific apps haven't been popular with passengers due to their limited use case. As a consequence, more and more airports have stopped offering mobile apps. During the pandemic, this trend accelerated as the majority of airports focused on cost reduction and re-prioritization of investments.*

We implore AERA to set the expectation of a gradual decrease in the allocation to aeronautical users to better reflect the sizeable growth of non-aeronautical activities. Where the ratio allocated to aeronautical by MIAL is lower than AERA's, it is best to utilize MIAL's ratio for e.g. R&M expenses, operating contracts, and rents, rates & taxes.

Advertising Expenses

- *Despite the existence of the cap for advertisement expenses, IATA would question the value of advertisement expenses by MIAL, i.e. in attracting traffic, given the capacity constraint and its dominant market position. If it is to increase MIAL's brand value, this has no direct linkage to service provision, and hence it should not be passed on to users. More appropriately, it should be funded from MIAL's profits if it so chooses, similar to the approach by AERA on rejecting CSR-related expenses*
- *Continuing on our comment concerning the Advertisement Expenses, if and when MIAL justifies the necessity of specific expenses that benefit/add value to the aeronautical activity, the link should be made clear with the expected results/benefits stated. This is also keeping in view of the plan to shift a significant portion of operations to the airport which could pose any competition, i.e NMI – though owned by the same airport operator.*

In the absence of such justifications, the proposed allocation for Advertisement Expenses should be fully attributed to non-aeronautical, or at the least set at a lower aeronautical share e.g. 30% (opposite of the hybrid till allocation).

Working capital interest

- *We note AERA's calculation of the working capital requirement. Since the resultant is a negative working capital, AERA then concludes that there should be no interest (actually, AERA may need to consider an interest income).*

What we are unclear about is that in Chapter 4 of the consultation document, AERA allows for a positive working capital and a consequent interest expense. If AERA considers that an efficient working capital is a negative one, then it should not be truing up the working capital interest for the third control period."

9.4.14 APAO's comment with regards to the legal charges is as follows:

"Legal Expenses are necessary for the public infrastructure organization due to the involvement of vast number of the stakeholders, and there are several litigations where MIAL would be mandatorily a party even though it is not having a direct relationship with the stakeholder. Furthermore, there are many inconsistencies in the regulatory philosophies of the AERA for each control period which were appealed by the MIAL to the Appellate Tribunals & the Hon'ble Supreme Court, to protect its integrity & economic viability.

Thus, the costs are very much required for MIAL in order to efficiently operate the Airport, ensure its economic viability, and the concession provided by the Government of India viz. SSA to MIAL doesn't have any restrictions towards legal expenses unlike the concessions of the recently privatized airports referred by the Authority. The actions of the Authority would mean to re-write the concession provided by the Government of India on its own without any sound reasoning.

We humbly request the Authority, to verify the exact reasons on legal expenses incurred by MIAL in the 4th Control Period and true-up these amounts."

9.4.15 Board of Airline Representatives in India (BAR)'s comment with regards to allocation of expenses is as follows:

*"**Key Question from Airlines Perspective***

- *How are aeronautical and non-aeronautical costs being split transparently across IT, Security, and Digital CapEx? (Page 250) (Allocation of CapEx (aero vs. non-aero) and digitalization costs is covered under Pages 250–260. There is concern over transparency and justification for classifying digital assets.)"*

9.5 MIAL's response to Stakeholders' Comments on Operating and Maintenance Expenses for the Fourth Control Period

9.5.1 MIAL acknowledged the comments of DIAL, BIAL and APAO on considering legal expenses and submitted its response as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

9.5.2 MIAL's response on AAI's comment on usage of land is as follows:

"As per AAI, additional land demised to MIAL can be used for both aeronautical and non-aeronautical purposes.

AAI has also acknowledged that certain portion of the land has already been utilized for public purposes. As per AAI letter to MIAL dated 22nd May 2024:

"7,070 sqm has already been utilized for public purposes i.e. exclusive connectivity for Terminal-2, for benefit of Airport users at large at Mumbai Airport."

In future, land will be used for aeronautical purposes like building Check in and Baggage Handling facilities.

Accordingly, MIAL has considered it as a common expense with an aeronautical allocation of 87.43%. This approach is similar to what the Authority has followed while approving the aeronautical opex of common activities outside the terminal building."

9.5.3 MIAL's response to IATA's comment on O&M expenses for the Fourth Control Period is as follows:

*"**Employee Cost:** It is to be noted that Mumbai, known as the financial capital of India, has significantly higher cost of living compared to other cities. Therefore, the increase based on inflation of 4-5% is not sustainable. The increase in no. of employees has been justified to the Authority as part of the process.*

***Utilities Expenses:** MIAL has already taken the impact of T1 demolition on consumption of electricity and water. MIAL has proposed aeronautical allocation of utility expenses in proportion to their consumption in respective activity.*

***Repairs and maintenance:** AERA allows 6% of Opening RAB as R&M expenses. In case of MIAL, R&M expenses allowed by AERA are less than the above threshold. For example, in the case of tariff determination of Ahmedabad, Lucknow, various AAI airports IATA agreed with the Authority approach to O&M expenses which include Repair and Maintenance as 6% of Opening RAB.*

It seems like IATA is unsure about its approach as general reference to KPIs based approach is given without specifically mentioning about the KPIs to be used.

***Rent & taxes:** The leased land is being used for aeronautical activities like Customs, AAI staff etc. and therefore it is part of an operating expenditure proposed for the Fourth Control Period.*

***CISF deployment costs:** It is to be noted that the security expense related to deployment of CISF is a statutory requirement, it is aeronautical in nature and cannot be considered non-aeronautical.*

***Legal Costs:** The legal expenses incurred by MIAL are part and parcel of operation & maintenance expenditure and claimed on an actual incurrence basis. Legal expenses are incurred mainly to defend the litigation cases filed against MIAL and to initiate litigation to defend & protect interest, commercials, reputation and brand MIAL, which will have direct bearing on the credit worthiness of MIAL. There cannot be any doubt that these are essential expenses and not discretionary or wasteful expenses.*

MIAL and all other stakeholders are bound by OMDA and SSA in respect to the tariff determination process of MIAL. No other agreement can be looked into and/or relied upon in this regard. Further, kindly refer para 9.4.3 of MIAL`s comments to CP.

***Corporate Costs:** Since Corporate Allocation expenses are mostly related to employee benefit expenses, it is appropriate to use the same driver for allocation of these expenses. The Authority has been using this consistently in various tariff orders.*

Digitalization Cost Allocation: *MIAL has given detailed reasons for the cost and allocation methodology of the Digitalization cost.*

Based on agreement with third party service provider who will provide digital transformation services, MIAL will incur annual expense for maintenance and development of the Digital platform. This platform will provide wide array of services, both aeronautical and non-aeronautical to passengers. MIAL has proposed aeronautical allocation of 82% which is based on activity wise manpower allocation of each type of service which in turn is based on complexity of service being offered.

Most of the intangible services like software development, professional and consultancy services, Data Processing etc. are human resource intensive activities and cost of these services is directly proportional to manpower deployed to develop them.

Even if the approach adopted by the Authority is followed, aeronautical allocation of Digitization expenses should be 60% instead of 30% if certain shortcomings in the Authority's approach are corrected.

Refer detailed comments in para 6.8.8 of MIAL`s response to Consultation Paper submitted on 16th April 2025.

Advertising Expenses: *Advertisement expense includes expense incurred for bidding process and ASQ passenger surveys and should be included as part of O&M expenses to the extent incurred on aeronautical activities.*

Working capital interest: *Airport Operator inherently requires working capital to run operations. Refer para 4.9.119 above and detailed comment in para 9.4.8 of MIAL`s response to Consultation Paper submitted on 16th April 2025."*

9.5.4 MIAL's response to BAR's comment on allocation of expense is as follows:

"With respect to capex related to IT, security, and Digital MIAL has shared detailed list of projects justifying the need of the project and also shared backup of the proposed costing. These details were reviewed in detail by the Authority while classifying the assets."

9.6 Authority's Analysis of Stakeholders' Comments regarding Operating and Maintenance Expenses for the Fourth Control Period

9.6.1 The Authority noted the comments of MIAL (Refer Para 9.4.2) and IATA (Refer Para 9.4.13) on the digitization cost. In this regard, the Authority notes that IATA has supported the Multi Criteria Decision Approach adopted by the Authority while rationalizing and apportioning the digitalization cost for MIAL (as detailed in Para 9.2.93 to Para 9.2.98 of the Tariff Order). The Authority further notes that this project is at its nascent stage, and the cost / benefits analysis cannot be done at this stage. The Authority will examine this issue at the time of tariff determination for the Fifth Control Period and necessary true-up will be provided if found justified and necessary.

9.6.2 Therefore, the Authority as explained above in para's from 9.3.13 to 9.3.21 finds no reason to change the allocation percentage for the digitalization cost in the Fourth Control Period.

9.6.3 The Authority notes the submission of MIAL (Refer Para 9.4.3) in respect of legal expenses. However, as stated in the Consultation Paper, the Authority had observed that the legal expenses incurred are predominantly not related to airport operations.

The Authority is of the view that the legal expenses can only be taken up for consideration on a case-to-case basis, if it could be established that the incurrence of legal costs has any positive impact on the smooth operations of the airport and its efficient running. Hence, the same cannot be examined at this stage.

9.6.4 The Authority notes the comment by MIAL (Refer Para 9.4.4) regarding the financing charges - upfront fee on Aero capex.

The Authority observes that the upfront fee of 1.5% on the debt was related to Aeronautical Capex only, on which further aeronautical allocation of 83.38% was inadvertently applied at the Consultation Stage.

Considering the above, the Authority decides to recompute the aeronautical portion of the Financing Charges by considering upfront fees as 100% aeronautical. Accordingly, the total Upfront Fees have been revised in line with both the change in Aeronautical Allocation (as mentioned above) and based on the changes made to Aeronautical CAPEX in Chapter 6 as well.

Thus, based on the above, the Authority decides to consider the total Upfront Fee on Future Debts of Rs. 76.41 crores as 100% aeronautical cost under the Financing Charges as shown in the table below:

Table 318: Financing Charges as decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Amortization of existing ECB loan (From Table 297)	A	13.47	14.64	15.81	16.98	18.13	**79.04**
Performance Bank Guarantee Fees	B	4.50	4.73	4.96	5.21	5.47	**24.87**
Other finance charges	C	2.61	2.74	2.89	3.02	3.17	**14.43**
Upfront fee of 1.50% on future debts	D	15.23	22.75	13.39	11.65	2.73	**65.76**
Total Financing Charges	**E = SUM (A:D)**	**35.82**	**44.86**	**37.05**	**36.86**	**29.50**	**184.09**
Aeronautical Allocation (%)	**F**	83.38%	83.38%	83.38%	83.38%	83.38%	
Aeronautical Financing Charges	**G = (SUM (A:C)*F) + D**	**32.40**	**41.19**	**33.12**	**32.67**	**25.06**	**164.43**

9.6.5 The Authority notes MIAL's request (Refer Para 9.4.5) for an increase in operating contracts based on the 12.3% CAGR (as observed during the Second Control Period) or alternatively a 6% increase in line with growth in employee expenses.

The Authority has re-examined this matter, and notes that the operating contracts are labor-intensive. Accordingly, the Authority decides to consider the increase in line with increase in employee costs, i.e, at 6%. The Authority also observes that the Operating Contracts expenses also vary based on the Terminal space, thus, since the Terminal 1 re-construction is only considered at half the space (Refer Table 241) of what was proposed at the Consultation Stage (while the rest being considered on an incurrence basis), the same also impacts the variance in cost projected for the FY29. Thus, based on the above, the Operating Contracts Expenses decided by the Authority is shown in the table below:

Table 319: Operating Contract Expenses decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gardening Contract & Expenses	A	6.00%	6.99	6.76	6.47	6.86	7.99	**35.07**

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Cleaning Contract	B		74.43	71.93	68.83	72.96	85.04	**373.20**
Trolley Contract	C		14.63	14.14	13.53	14.34	16.72	**73.36**
Other Operating Contracts	D		89.14	86.16	82.44	87.39	101.86	**446.99**
Total Operating Contracts after impact of T1 demolition (Refer Table 265) – Considered for Aeronautical Cost Allocation	E = sum (A:D)		**185.20**	**178.99**	**171.27**	**181.55**	**211.61**	**928.62**
Cost of deployment of CISF as per MoCA letter dated 27th March 2024*	G	6%	17.94	19.01	20.16	21.36	22.65	**101.12**
Total Operating Contracts (given only for consistency and completeness – not considered in Aeronautical costs)	H = F+G		203.13	198.01	191.43	202.91	234.26	**1,029.74**

** Cost of Deployment of CISF gets removed in the Aeronautical Allocation computation for TR since it is completely related to Non-Aero activities such as GA Terminal, Cargo.*

9.6.6 The Authority notes MIAL's submission (Refer Para 9.4.6) regarding the cost of CISF deployment at the General Aviation terminal, Cargo, and MRO facilities. While the Authority acknowledges that these deployments are statutory requirements, it is emphasized that these areas primarily serve non-aeronautical initiatives. Accordingly, the Authority considers the associated security expenses as non-aeronautical and decides to not consider them in the aeronautical cost base for tariff determination.

9.6.7 The Authority notes the submission of MIAL (Refer Para 9.4.8) regarding the request to allow Working Capital for the Fourth Control Period, similar to the treatment in the Third Control Period.

As detailed in the Tariff Order (refer to Paras 9.2.67 and 9.2.70), the Authority's analysis indicates that there is no requirement for working capital during the Fourth Control Period. Accordingly, the Authority decided not to consider any Working Capital Interest expense as part of the operating expenses for the Fourth Control Period.

However, any Working Capital Interest actually incurred by MIAL towards aeronautical activities shall be evaluated at the time of the True-Up for the Fourth Control Period, subject to MIAL providing adequate justifications and demonstrating the reasonableness of such expenditure.

9.6.8 The Authority notes MIAL's request (Refer Para 9.4.9) for a 10% year- on -year increase in the employee cost.

The Authority observed that CSMIA, an established airport with the second highest passenger traffic among all the major airports in India, must have taken sufficient measures to bring in efficiency in its overall functioning. The Authority also noted that MIAL has made significant investments in technology and automation, and these advancements are expected to bring in operational efficiencies, including in manpower utilization.

Also, the Authority has considered approximately the same growth rate of 6% in the past, across other similar AAI and PPP Airports such as BIAL, Mopa Goa, Kannur, Mangalore, Ahmedabad, Lucknow, etc and MIAL cannot be treated any differently.

Accordingly, the Authority expects the employee costs to grow at a rate marginally higher than the inflation rates.

The Authority, after analysis of the submission as well as past trend, and in line with the position taken in the Tariff Order (Para 9.2.12 and 9.2.15) decides to consider a growth rate of 6% p.a. for employee costs.

9.6.9 The Authority notes the submission made by DIAL (Refer Para 9.4.10), BIAL (Refer Para 9.4.11) and APAO (Refer Para 9.4.14) and the counter comments by MIAL (Refer Para 9.5.1) regarding the Legal Charges. The Authority has presented its view in para 9.6.3.

9.6.10 The Authority notes the comment of AAI (Refer Para 9.4.12) on the Leased Land at Sahar Road and Marol, and MIAL's counter comments (Refer Para 9.5.2) in this regard.

As per the submissions, out of the total land area of 31,000 sqm, 7,070 sqm has already been utilized for external connectivity for Terminal-2 such as constructing the elevated road etc.

The Authority notes that the supplementary lease deed is entered with AAI, the relevant extract of which is given below:

"...That the Lessee shall pay an annual lease rent at the rate of 6% (six percent) of the applicable 'ready reckoner rate' for the year 2024 for a portion of the Schedule Demised Premises admeasuring 23,930 (Twenty-Three Thousand, Nine Hundred and Thirty) square metres, which is exclusive of 7,070 (Seven Thousand and Seventy) square metres (already utilised for purposes of constructing the elevated road connecting the Terminal 2 [for the benefit of the Airport users at large]), which shall be an amount of INR 13,66,02,012/- (Rupees Thirteen Crores, Sixty-Six Lakhs, Two Thousand and Twelve only) together with the applicable taxes thereon; with an escalation at the rate of 15% (fifteen percent) after every 3 (three) years for the remainder of the term of the OMDA with effect from FY 2024–25 onwards

OR

The revenue share of 38.70% (thirty-eight-point-seven percent) generated from the Scheduled Demised Premises;

Whichever is higher..."

The Authority notes the submissions of AAI and MIAL regarding the parcel of land in question, which is intended for both aeronautical and non-aeronautical use. However, as per the assessment of the Authority's independent consultant/aviation expert, MIAL has not provided specific details on the proposed utilization of the land. Of the total 31,000 sq.m., only 7,070 sq.m. has been used for constructing the elevated road connecting the Terminal 2.

Given that the land was previously designated for a convention center which is a non-aeronautical activity. Hence, the actual usage of land cannot be identified at this stage. Therefore, to maintain a balanced approach in the absence of definitive information. The Authority, at the Consultation stage, allocated 50% of the lease rentals as aeronautical for tariff purposes. No new justification has been provided by MIAL or AAI for change in the allocation ratio. Hence, the Authority decides to continue allocation % of 50:50 (aero and non-aero). The Authority will revisit this allocation during the true-up, based on actual usage data. MIAL is expected to comply with OMDA provisions, ensuring that Non-Transfer Assets do not exceed 10% of the demised premises. Thus, based on the above, the Authority decides to consider the Rents, Rates and Taxes of Rs. 304.63 crores as the aeronautical portion for the Fourth Control Period as proposed in the Consultation Stage.

9.6.11 The Authority has reviewed the comments of IATA (Refer Para 9.4.13) and the counter comments of MIAL (Refer Para 9.5.3), and had provided its views below:

The Authority has reviewed the comments of IATA on inflation and is of the view that the O&M expenses for the Fourth Control Period are projected after analyzing the past trends of each of the expense head. Inflationary increase is provided only for those expense items wherever a clear trend could not be established or could not be linked to a particular growth driver. However, under many expense heads, the Authority through its independent consultant has rationalized the O&M expenses based on the efficiency.

The Authority is of the view that the practice of considering inflationary increase in O&M expenses (wherever applicable) is uniformly followed by AERA across all the airports. Accordingly, the Authority finds no reason to change the approach.

The Authority also based on the updated economic situation decides to consider mean of the forecast for Inflation based on CPI Combined: Headline for FY 2025, FY 2026 and FY 2027 i.e. 4.7%, 4.2% and 4.4% respectively as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 93" released on 9th April 2025 by the RBI. The Authority decides to consider the inflation for FY 2027 for the balance years in the Control Period. The same has been illustrated in Table 263.

Employee cost

The Authority notes IATA's comments on the employee headcount and the counter comments by MIAL in this regard. The Authority has given its views on the same at Para 9.2.10 of the Tariff Order and finds no reason to change its stand from the Consultation Stage.

The Authority has reviewed the suggestion from IATA to capitalize project-related staffing costs for the reconstruction of T1. However, it is observed that the proposed staffing increase of 53 employees in the Project Operations Department is intended for ongoing operational oversight and coordination during the construction phase. These roles are not directly attributable to specific capital assets and do not meet the criteria for capitalization. Therefore, the Authority considers these costs as O&M expenses.

Utilities Expenses

The Authority notes the comments of IATA and the counter comments by MIAL on Utility Expenses and clarifies that the projections have been adjusted for the anticipated lower usage during the period due to the closure of Terminal 1 (T1) for redevelopment, as detailed in Table 275 and Table 277 of the Tariff Order.

Similarly, Repairs and Maintenance (R&M) expenses have also been revised to reflect the reduced operational activity resulting from the closure of T1 (Refer Table 279 of the Tariff Order).

With regard to allocation, the Authority has ensured that utility expenses directly attributable to concessionaires are excluded from aeronautical cost calculations. The remaining expenses have been appropriately allocated between aeronautical and non-aeronautical services using standard ratios based on shared facility usage (Refer Table 316 of the Tariff Order).

The Authority remains committed to monitoring cost efficiency and may consider the use of enhanced benchmarking in future reviews to further promote prudent and transparent cost management.

Repairs and Maintenance

The Authority notes the comment made by IATA regarding the CAGR applied to Repairs and Maintenance (R&M) expenses and the counter comments by MIAL in this regard.

As already detailed in para 9.2.30 to para 9.2.35 of the Tariff Order, the Authority has evaluated the projections by considering both historical trends and planned infrastructure requirements and also

compared the projected R&M expenses against a standard estimation method, which assumes R&M costs at 6% of Opening RAB based on which the Authority found MIAL's submission to be reasonable and approved the same.

Rents and Taxes

The Authority notes the comment by IATA to consider rent expense on the leased land as 100% non-aeronautical and the counter comment by MIAL in this regard. The Authority has presented its view regarding the additional lease secured through execution of supplementary lease deed dated 27th June 2024 with AAI in para 9.6.10. On the other rental expenses, applicable aeronautical ratio has been applied (refer Table 316 of Tariff Order).

CISF deployment costs

The Authority acknowledges IATA's comment regarding the cost related to CISF deployment considered as Non-Aeronautical by the Authority and the counter comment by MIAL in this regard. The Authority has already presented its views.

Legal Costs

The Authority acknowledges the comment made by IATA on the exclusion of Legal Cost and the counter comment by MIAL in this regard. The Authority has presented its view regarding the same at para 9.6.3.

Corporate Costs

The Authority notes the comment of IATA regarding the Corporate Cost and the counter comment by MIAL.

The Authority notes IATA's comment on consideration of 6% increase in Corporate Costs. It is observed that the services provided by group entities and included under Corporate Costs primarily associated with manpower related functions. Accordingly, the Authority decided to consider growth rate of 6% p.a. for projecting Corporate Costs, as mentioned in Para 9.2.85 of the Tariff Order.

Digitalization Cost Allocation

The Authority notes the comment made by IATA and the counter comments by MIAL on the Digitalization Cost. The Authority has presented its views regarding the same at para 9.6.1.

Advertising Expenses

The Authority notes the comment by IATA and the counter comment by MIAL on Advertising Expenses.

The Authority observes that the advertising expenses pertain to promotions related to passenger experience, facilities, service quality, and ratings of CSMIA, aimed at enhancing the airport's brand value. Accordingly, the Authority has allowed the advertising costs within the existing cap and has allocated them based on the findings of the independent study report.

Working capital interest

The Authority notes the comments made by IATA on the Working Capital Interest into advisement. The Authority also clarifies that the income earned out of surplus funds invested by MIAL, is considered as part of Non-Aeronautical Revenues.

9.6.12 The Authority notes the comments of BAR (Refer Para 9.4.15) and the counter comments of Mail (Refer Para 9.5.4) on aeronautical allocation of IT, Security, and Digital CAPEX. These assets have been allocated based on the allocation methodology specified at Para 6.4.1 of this Tariff Order.

9.6.13 The Authority further notes MIAL's request (Refer Para 6.8.12) to allow soft cost, indexation and IDC on the runway recarpeting projects proposed as part for the Fourth Control Period. The Authority has provided its analysis in the Capex Chapter in para 6.10.12. Based on this, the Authority decided to consider the Indexation on the hard cost based on Inflation (Refer Table 263).

9.6.14 Accordingly, the Authority decides that the following runway recarpeting expenses are to be incurred by MIAL starting from the Fourth Control Period:

(i) Runway 9/27: Current period amortization of Rs. 26.32 to be incurred from FY 2029.

(ii) Runway 14/32: Current period amortization of Rs. 14.33 to be incurred from FY 2027.

Table 320: Runway Recarpeting Cost decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting – 09/27	0.83	0.83	0.07	0.07	-	1.80
Runway Recarpeting – 14/32	23.05	22.94	22.94	22.94	-	91.86
Runway Recarpeting – 09/27	-	-	-	-	26.32*	26.32
Runway Recarpeting – 14/32	-	-	4.78	4.78	4.78**	14.33
Total Runway Recarpeting Cost	**23.89**	**23.77**	**27.78**	**27.78**	**31.09**	**134.31**

**Rs. 131.58 Crores pertaining to RWY 09/27 is amortized over 5 years as Rs. 26.32 Crores starting from FY 29 till FY 33.*
*** Rs. 23.88 Crores pertaining to RWY 14/32 is amortized over 5 years as Rs. 4.78 Crores starting from FY 27 till FY 31.*

9.6.15 The carrying cost of runway recarpeting expenses also varies as a result of the change in the runway recarpeting expense as shown in the table above. The computation for the same is presented by the Authority in the table below:

Table 321: Carrying Cost on Runway Recarpeting decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening unamortized amount	93.66*	69.78	46.01	42.11	14.33	
Add: Addition	-	-	23.88	-	131.58	
Less: Amortized During the year (Runway Recarpeting Cost)	23.89	23.77	27.78	27.78	31.09	
Closing unamortized amount	69.78	46.01	42.11	14.33	114.82	
Average unamortized amount (a)	81.72	57.89	44.06	28.22	64.57	
FRoR (b)	12.74%	12.74%	12.74%	12.74%	12.74%	
Carrying Cost on Runway Recarpeting (a*b)	**10.41**	**7.38**	**5.61**	**3.59**	**8.23**	**35.22**

** Refer Table 130's closing unamortized amount.*

9.6.16 The Authority also further notes that, as mentioned in Para 9.6.5, since the Terminal space considered by the Authority has changed (Refer Table **241**) from what was proposed at the Consultation Stage, it impacts the Utilities Expenses and Consumable Store Expenses as well for the FY29. Thus, based on this, the expenses decided to be considered by the Authority is set out below:

Table 322: Electricity Cost decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (kwH in crores)	A		16.43	16.43	16.43	16.43	16.43	82.15
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(1.54)	(3.07)	(3.07)	(1.66)	(9.34)
Adjusted Gross Consumption (kwH in crores)	C=A-B		16.43	14.89	13.36	13.36	14.77	72.81
Recoveries (kwH units in crores)	D		5.42	5.42	5.42	5.42	5.42	27.10
Less: Impact due to T1 demolition (Refer Table 265)	E		-	(0.51)	(1.01)	(1.01)	(0.55)	(3.08)
Adjusted Recoveries (kwH units in crores)	F=D-E		5.42	4.91	4.41	4.41	4.87	24.02
Net Consumption	G=C-F		11.01	9.98	8.95	8.95	9.90	48.79
Rate per KwH	H	4.40%	12.65	13.18	13.76	14.37	15.00	
Net Amount	**I=G*H**		**139.28**	**131.56**	**123.18**	**128.60**	**148.44**	**671.05**

Table 323: Water Charges decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (KL units in Crores)	A		0.18	0.18	0.18	0.18	0.16	**0.88**
Less: Impact due to T1 demolition (Refer Table 265)	B		-	(0.02)	(0.03)	(0.03)	(0.02)	**(0.09)**
Adjusted Gross Consumption (KL units in Crores)	C=A-B		0.18	0.16	0.14	0.14	0.17	**0.79**
Recoveries (KL units in Crores)	D		0.04	0.04	0.04	0.04	0.04	
Net Consumption	**E=C-D**		0.14	0.12	0.11	0.11	0.12	**0.59**
Rate per KL	F	4.40%	128.23	133.61	139.49	145.63	152.04	
Net Amount	**G=E*F**		**17.83**	**16.36**	**14.77**	**15.42**	**18.41**	**82.80**

Table 324: Consumable Stores Expenses decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Consumable Stores Expenses	18.29	17.35	16.32	17.04	19.59	**88.60**

9.6.17 Thus, based on the changes mentioned above as part of the Authority's Analysis of the Stakeholders' Comments, the final revised O&M Expenses decided by the Authority for the Fourth Control Period is shown in the table below:

Table 325: Total Operating and Maintenance Expenditure decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	182.69	193.65	205.27	217.59	269.25	**1,068.45**
R&M Expenses	198.93	206.49	227.84	251.39	277.38	**1,162.04**
Operating Contract's	203.13	198.01	191.43	202.91	234.26	**1,029.74**
Utilities Expenses	157.10	147.92	137.95	144.02	166.85	**753.85**
Administrative Expenses	27.42	28.57	29.82	31.14	32.51	**149.45**
Rents, Rates & Taxes	71.44	71.94	72.48	75.10	75.69	**366.64**
Insurance Expense	19.21	20.80	22.23	23.20	25.16	**110.61**
Advertisement Expense	3.75	3.91	4.08	4.26	4.44	**20.43**
Consumable Stores	18.29	17.35	16.32	17.04	19.59	**88.60**
Corporate Cost	78.44	83.15	88.14	93.42	99.03	**442.17**

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting	23.89	23.77	27.78	27.78	31.09	**134.31**
Carrying Cost on Runway Recarpeting	10.41	7.38	5.61	3.59	8.23	**35.22**
Digitalization Cost	138.00	119.00	128.00	135.00	139.00	**659.00**
Other Expenses	3.15	3.15	3.15	4.08	4.12	**17.65**
Working Capital Interest	-	-	-	-	-	-
Financing Charges	35.82	44.86	37.05	36.86	29.50	**184.09**
Total Aero Operating Expenditure	**1,171.67**	**1,169.94**	**1,197.16**	**1,267.39**	**1,416.10**	**6,222.26**

9.6.18 The variance between what was proposed at the Consultation Stage and what has been decided by the Authority for the O&M for the Fourth Control Period is tabulated below:

Table 326: Comparison of the Total O&M Expenses proposed at the Consultation Stage and decided in this Tariff Order by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Proposed in CP (A)	Decided in Tariff Order (B)	Variance (C = B-A)	Reason for Variance
Employee Costs	1,068.45	1,068.45	-	
R&M Expenses	1,162.04	1,162.04	-	
Operating Contract's	1,004.93	1,029.74	24.81	6% Growth Rate applied instead of CPI Inflation (%) (Refer Para 9.6.5)
Utilities Expenses	771.52	753.85	(17.67)	Change in Inflation (%) and Due to reduction in Terminal space considered (Refer Para 9.6.16)
Administrative Expenses	149.40	149.45	0.05	Change in Inflation (%)
Rents, Rates & Taxes	366.62	366.64	0.02	Change in Inflation (%)
Insurance Expense	111.77	110.61	(1.16)	Due to the change in CAPEX
Advertisement Expense	20.43	20.43	-	-
Consumable Stores	90.37	88.60	(1.77)	Change in Inflation (%) and Due to reduction in Terminal space considered (Refer Para 9.6.16)
Corporate Cost	442.17	442.17	-	
Runway Recarpeting	127.99	134.31	6.32	Reclassification of the runway overlay intersection works
Carrying Cost on Runway Recarpeting	33.51	35.22	1.71	

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Particulars	Proposed in CP (A)	Decided in Tariff Order (B)	Variance (C = B-A)	Reason for Variance
				(Refer Para 9.6.14)
Digitalization Cost	659.00	659.00	-	-
Other Expenses	17.65	17.65	-	-
Working Capital Interest	-	-	-	-
Financing Charges	193.57	184.09	(9.48)	Due to the change in Capex
Total O&M Expenses	**6,219.44**	**6,222.26**	**2.82**	

9.6.19 Thus, based on the changes mentioned above and after Aeronautical Allocation (Refer Table 316) as proposed in Consultation Stage, the final revised Aeronautical Operation and Maintenance Expenses decided by the Authority for the Fourth Control Period is shown in the table below:

Table 327: Aeronautical Portion of Total Operating and Maintenance Expenditure decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	169.90	180.10	190.90	202.36	250.40	**993.66**
R&M Expenses	189.94	197.16	217.55	240.04	264.85	**1,109.54**
Operating Contract's	169.02	163.36	156.31	165.69	193.13	**847.51**
Utilities Expenses	155.17	146.10	136.25	142.25	164.79	**744.55**
Administrative Expenses	22.05	22.98	23.99	25.04	26.14	**120.20**
Rents, Rates & Taxes	59.53	60.00	60.49	62.04	62.57	**304.63**
Insurance Expense	15.94	17.27	18.45	19.26	20.88	**91.81**
Advertisement Expense	3.30	3.44	3.59	3.75	3.91	**17.98**
Consumable Stores	16.01	15.19	14.29	14.92	17.15	**77.56**
Corporate Cost	72.95	77.33	81.97	86.88	92.10	**411.22**
Runway Recarpeting	23.89	23.77	27.78	27.78	31.09	**134.31**
Carrying Cost on Runway Recarpeting	10.41	7.38	5.61	3.59	8.23	**35.22**
Digitalization Cost	27.00	28.50	29.70	31.20	32.70	**149.10**
Other Expenses	3.15	3.15	3.15	4.08	4.12	**17.65**
Working Capital Interest	-	-	-	-	-	**-**
Financing Charges	32.40	41.19	33.11	32.66	25.07	**164.43**
Total Aero Operating Expenditure	**970.67**	**986.89**	**1,003.15**	**1,061.54**	**1,197.14**	**5,219.38**

9.6.20 Therefore, based on the above, the Authority decides to consider the Aeronautical Operating Expenses of Rs. 5,219.38 Crores for the Fourth Control Period projections as against the Aeronautical Operating Expenses of Rs. 5,205.57 Crores proposed at the Consultation Stage. The reasons for this variance are:

(i) Inflation rate of 4.70% for FY25, 4.20% for FY26 and 4.40% for the rest of the years in the Control Period (Refer Table 263).

(ii) Terminal space has reduced on account of considering only half of the Terminal space (Refer Para's 6.10.1 and 6.10.2) that MIAL had submitted in their MYTP.

(iii) The aeronautical portion of the upfront fees of future debts considered at 100%.

(iv) Operating Contracts' y-o-y growth rate considered in line with increase in employee costs, i.e, at 6%.

(v) Indexation considered on the runway recarpeting expenses based on Inflation (refer para 6.10.12).

9.7 Authority's Decisions regarding Aeronautical O&M Expenses for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period:

9.7.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per the Table 327.

9.7.2 To true up Aeronautical O&M Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period subject to the reasonability and efficiency.

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10. NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

10.1 MIAL Submission regarding Non-Aeronautical Revenue for the Fourth Control Period

10.1.1 MIAL has projected Non-Aeronautical Revenue for the Fourth Control Period based on the following assumptions in their MYTP.

(i) **Renovation of Terminal 1:** MIAL is planning to demolish Terminal 1 in FY 2025-26 and re-construct it, which is expected to start functioning by FY 2028-29. This re-construction will increase the total Terminal area from 5,51,563 sqm to 6,49,506 sqm.

Table 328: Terminal Area Details

Terminal's	Existing (FY24)	FY26	FY29
T1	1,03,131	-	2,01,074
T2	4,48,432	4,48,432	4,48,432
Total	**5,51,563**	**4,48,432**	**6,49,506**

(ii) **Base Year:** FY 2023-24 was considered as the base year for all the revenue and the relevant growth percentages were applied for the same.

(iii) **Passenger Traffic:** MIAL has based the growth in revenue on the increase/decrease in passenger traffic.

10.1.2 Passenger Traffic projected by MIAL for the Fourth Control Period:

Table 329: Passenger Traffic Projected for the Fourth Control Period

Total Passengers (in Millions)	Forecasted (ConsideringT1 demolition)					
	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Embarking	26.71	22.58	20.75	21.46	24.40	**115.88**
Disembarking	25.98	22.02	20.27	20.98	23.93	**113.18**
Transit	0.03	0.02	0.02	0.02	0.02	**0.11**
Total Passengers	**52.72**	**44.62**	**41.04**	**42.46**	**48.34**	**229.17**

Passengers Growth	Forecasted (Considering T1 demolition)				
	FY 25	FY 26	FY 27	FY 28	FY 29
Embarking Domestic Passenger	(0.60%)	(12.93%)	(6.30%)	4.23%	17.67%
Disembarking Domestic Passenger	1.14%	(12.93%)	(6.30%)	4.23%	17.67%
Total Domestic Passengers	**0.26%**	**(12.93%)**	**(6.30%)**	**4.23%**	**17.67%**
Embarking International Passenger	0.39%	(22.01%)	(13.31%)	0.92%	0.91%
Disembarking International Passenger	(3.80%)	(22.01%)	(13.31%)	0.92%	0.91%
Total International Passengers (excluding transit)	**(1.43%)**	**(22.01%)**	**(13.31%)**	**0.92%**	**0.91%**
Domestic ATM's	3.69%	(14.51%)	(6.68%)	3.79%	17.13%
International ATM's	(2.37%)	(22.37%)	(14.11%)	0.00%	0.00%
Total ATM's	**2.14%**	**(16.43%)**	**(8.37%)**	**2.98%**	**13.58%**

10.1.3 The basis of projection adopted by MIAL for each of the revenue streams under each broad head are as follows:

Table 330: Retail licenses revenue -Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Retail Licenses Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
F&B	Revenue from F&B Concessions have been considered basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1%

Retail Licenses Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
	growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG (Minimum Monthly Guarantee), whichever is higher and (2) common area maintenance charges as per company policy.
Flight Kitchen	Revenue from Flight Catering concessions is considered basis projected passenger traffic, and 5% growth based on actual revenue of FY24.
Retail concession	Revenue from Retail Concessions have been projected basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.
Foreign exchange, Banks & ATM	The revenue from Forex is based on fixed MMG contract. Revenue from ATM concessions is assumed to increase at 5% on likely actual revenue of FY24.
IT & Communication	The revenue from IT and communication is assumed to increase by 5% YoY.
Car Rental & Hotel Reservation	Revenue from Car rental and Hotel reservation concessions is projected basis projected passenger traffic, and 5% growth based on likely actual revenue of FY24.
Duty Free Shops	Revenue from Duty Free Concessions have been projected basis projected international passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.
Advertising Income	Revenue from Advertising concession is expected to grow at 5% in line with expected business growth.
Car Parking / Ground Transport	Revenue from Car Parking concessions is projected based on fixed MMG contract (10% annual increase)
Ground Handling	As per contract with various Ground Handling agencies, revenue from Ground Handling concessions is higher of MMG and revenue share. Total Ground Handling revenue is expected to grow in line with traffic growth
Others	Revenue from other retail licenses revenue is projected based on growth in passenger traffic.

Table 331: Rent & Services Revenue - Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Rent & Services Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
Land Rent & Lease	Land Lease Rent, Hanger Rent, Terminal Building rent, Cargo and Other building Rents are expected to increase at a rate of 7.5% p.a. considering FY24 likely numbers as base numbers.
Hanger Rent	
Terminal Building Rent	
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Cute Counter Charges are assumed to increase as per ATM growth based on likely actual revenue of FY24.
Lounges	Revenue from F&B Concessions have been projected basis projected departing passenger traffic, Average Transaction Value (ATV) per pax and penetration of FY24 and considering growth in ATV by 2% and penetration by 1% respectively for each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG whichever is higher and (2) common area maintenance charges as per company policy.

Table 332: Retail licenses revenue - Cargo – Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Cargo Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
Domestic Cargo	Domestic Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on domestic ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.
International Cargo Revenue	International and Perishable Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.
Perishable Cargo	
Courier Revenue	Courier Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL are revenue share as per Concession Agreement.
Cargo Handling Revenue	Cargo handling revenues are projected to increase by 5%

10.1.4 Based on the above basis, MIAL has projected revenue from non-aeronautical services for Chhatrapati Shivaji Maharaj Airport as follows:

Table 333: Non-Aeronautical Revenue/ Revenue Share Assets projections submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Retail Licenses Revenue							
F&B		151.45	155.04	163.80	176.99	201.97	849.25
Flight Kitchen		57.65	51.17	49.38	53.63	64.02	275.85
Retail concession		149.65	142.58	139.90	150.29	173.52	755.94
Foreign Exchange, Banks & ATM		94.16	78.46	71.68	76.08	81.30	401.68
IT & Communication		146.35	130.06	125.60	136.44	163.13	701.58
Car Rental & Hotel Reservation		26.73	23.76	22.94	24.92	29.80	128.15
Duty Free Shops		348.01	286.05	260.41	272.32	284.84	1,451.63
Advertising Income		230.23	204.75	197.84	214.93	256.88	1,104.63
Car Parking / Ground Transport		61.89	57.62	58.30	66.35	83.10	327.26
Ground Handling		144.84	121.04	110.91	114.22	129.74	620.75
Others		27.17	22.99	21.15	21.88	24.91	118.10
Total Retail Licences Revenue	**A**	**1,438.13**	**1,273.54**	**1,221.92**	**1,308.06**	**1,493.23**	**6,734.88**
Rent & Services Revenue							
Land Rent & Lease		199.24	214.18	230.25	247.52	266.08	1,157.27
Hanger Rent		35.49	19.07	-	-	-	54.56
Terminal Building Rent		116.93	113.95	109.86	118.10	155.42	614.26
Cute Counter Charges		14.28	11.93	10.93	11.26	12.79	61.19
Lounges		79.80	77.67	79.55	85.91	98.02	420.95
Cargo Building Rent & Other Building Rent		37.71	40.54	43.58	46.85	50.36	219.04
Total Rent & Services Revenue	**B**	**483.44**	**477.34**	**474.17**	**509.64**	**582.67**	**2,527.26**
Cargo Revenue							
Domestic Cargo		33.26	32.78	33.80	36.55	41.79	178.18
Perishable Cargo		35.83	30.49	28.43	30.00	31.65	156.40
Courier Revenue		19.51	10.33	9.31	9.78	10.27	59.20
International Cargo Revenue		323.52	295.87	289.88	307.96	327.20	1,544.43

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Cargo Handling Revenue		32.93	34.57	36.30	38.12	40.02	181.94
Total Cargo Revenue	**C**	**445.05**	**404.04**	**397.73**	**422.40**	**450.93**	**2,120.14**
Total Non-Aeronautical Revenue	**D = A+B+C**	**2,366.61**	**2,154.93**	**2,093.83**	**2,240.10**	**2,526.82**	**11,382.29**

Table 334: 'S'-Factor projections submitted by MIAL for the Fourth Control Period

(Rs. in crores)

S-Factor Calculation	FY25	FY26	FY27	FY28	FY29	Total
Retail License Revenue (A)	1,438.13	1,273.54	1,221.92	1,308.06	1,493.23	**6,734.88**
Rent & Service Revenue (B)	483.44	477.34	474.17	509.64	582.67	**2,527.26**
Cargo Revenue (C)	445.05	404.04	397.73	422.40	450.93	**2,120.14**
Total Revenue Share Assets (A+B+C)	**2,366.61**	**2,154.93**	**2,093.83**	**2,240.10**	**2,526.82**	**11,382.29**
Less: Revenue from Other than Revenue Share Assets (i.e. Non-Transfer Assets)	16.66	17.50	18.37	19.29	20.25	92.07
Less: Revenue from Existing Assets	592.61	442.07	291.53	291.53	291.53	1,909.27
Net Revenue Share Assets	**1,757.35**	**1,695.35**	**1,783.91**	**1,929.29**	**2,215.05**	**9,380.95**
Less: Annual Fees @38.7%	680.09	656.10	690.37	746.64	857.22	3,630.43
Revenue Share Assets to be used for Target Revenues	**1,077.26**	**1,039.25**	**1,093.54**	**1,182.65**	**1,357.83**	**5,750.52**
Cross subsidy (S factor @ 30%) from Revenue Share Assets	**323.18**	**311.77**	**328.06**	**354.80**	**407.35**	**1,725.16**

10.1.5 The growth rates assumed by MIAL have been presented in the table below:

Table 335: Growth rates assumed by MIAL for Non-Aeronautical Revenue

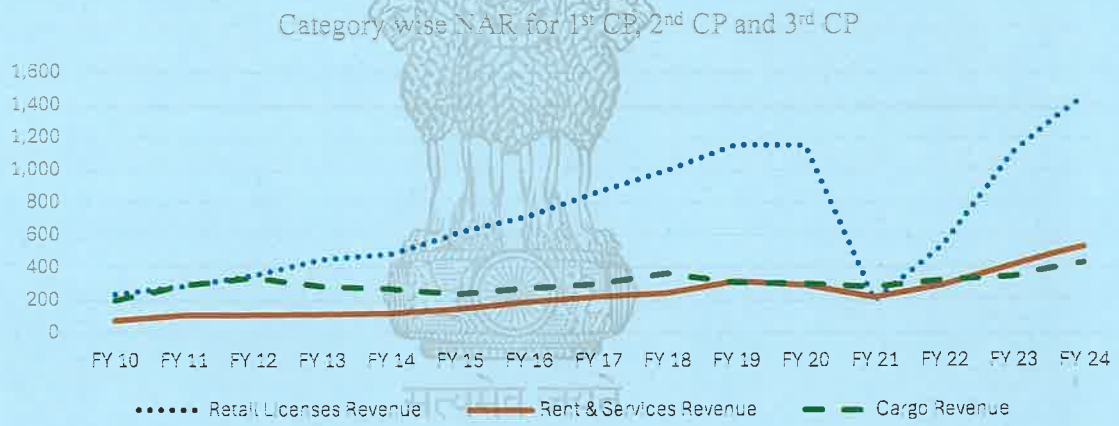
Revenue Head	Growth Rate
Retail Licenses Revenue	
F&B	Based on Projected Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Flight Kitchen	Based on Projected Embarking Passenger Traffic and 5% Y-o-Y growth.
Retail Concession	Based on Projected Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Foreign Exchange, Banks & ATM	Foreign Exchange- Projected Passenger Traffic and 5% Y-o-Y growth. Bank and ATM- Projected International Passenger Traffic and 5% Y-o-Y growth.
IT & Communication	5% Y-o-Y growth.
Car Rental & Hotel Reservation	
Duty Free Shops	Based on Projected International Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Advertising Income	5% Y-o-Y growth.
Car Parking / Ground Transport	10% Y-o-Y growth
Ground Handling	Based on ATM growth rate
Others	Based on projected passenger traffic
Rent & Services Revenue	
Land Rent & Lease	7.5% Y-o-Y growth
Hanger Rent	
Terminal Building Rent	
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Based on ATM growth rate
Lounges	Based on Projected Departing Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.

Revenue Head	Growth Rate
Cargo Revenue	
Domestic Cargo	5% Y-o-Y growth, 7.5% for Blue Dart Cargo
International Cargo Revenue	5% Y-o-Y growth, 7.5% for license fees
Perishable Cargo	
Courier Revenue	5% Y-o-Y growth
Cargo Handling Revenue	

10.2 Authority's Examination regarding Non-Aeronautical Revenue for the Fourth Control Period at the Consultation Stage

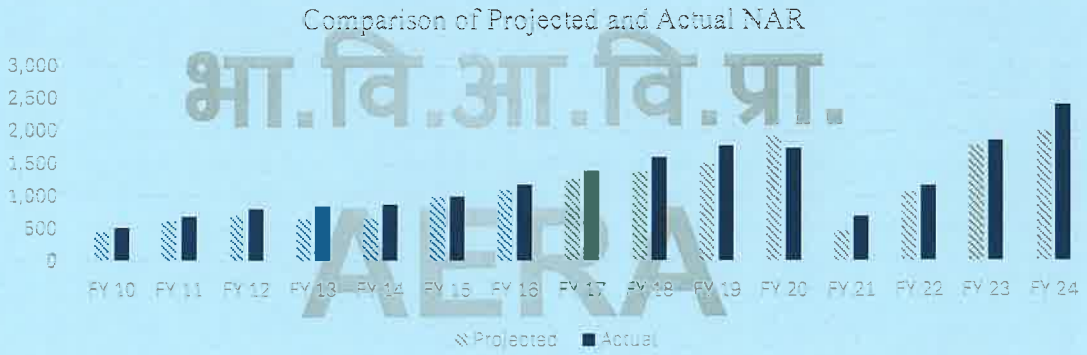
10.2.1 The Authority analyzed the trend of the non-aeronautical revenues over the past three Control Periods which is given below:

Figure 45: Category wise NAR for the 1st CP, 2nd CP and 3rd CP



10.2.2 The Authority also compared the actual revenues vis-a-vis revenues budgeted by MIAL at the time of tariff determination for the past Three Control Periods which is given below:

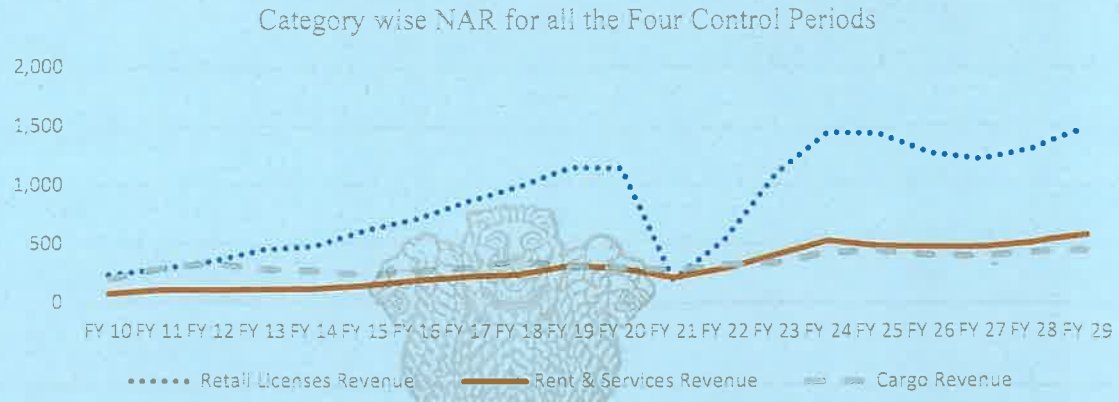
Figure 46: Comparison of Projected and Actual Non-Aeronautical Revenue



10.2.3 The Authority observed a consistent upward trend in all categories of Non-Aeronautical Revenue. It also noted that the variances between actual and budgeted figures were comparable, except when influenced by external factors such as the impact of COVID-19. Additionally, during the Third Control Period (3rd CP), non-aeronautical revenues consistently surpassed the budgeted revenue outlined in the Multi-Year

Tariff Proposal (MYTP) except in FY 20. If all other factors remained unchanged, the differences between budgeted and actual revenues were not significant. This was then compared to the revenue trends projected by MIAL for the Fourth Control Period, as detailed below:

Figure 47: Category wise Non-Aeronautical Revenue for the Fourth Control Period



10.2.4 While optically, the trend of the amounts projected for the Fourth Control Period were in line with the trends in 1st CP, 2nd CP and 3rd CP, the Authority further delved into detailed analysis using measures of CAGR for each of the three Control Periods. CAGR computed for the 1st CP, 2nd CP, 3rd CP and 4th CP (under consideration) is provided below:

Table 336: CAGR for all the Four Control Periods as submitted by MIAL in the MYTP of the Fourth Control Period

Particulars	CAGR for 1st CP	CAGR for 2nd CP	CAGR for 3rd CP	CAGR for 4th CP (under consideration)
Retail Licenses Revenue	15.75%	18.91%	4.68%	0.61%
Rent & Services Revenue	7.92%	21.35%	10.86%	2.00%
Cargo Revenue	8.38%	2.69%	6.67%	1.06%

10.2.5 Since the CAGR for the Fourth Control Period was much lower than the CAGR for 1st CP, 2nd CP and 3rd CP, the Authority further analyzed the head wise break up of these broad categories. A summary of the head wise proposals of the Authority in comparison with the basis of projection as adopted by MIAL was as provided below:

Table 337: Retail Licenses Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period at the Consultation Stage

Retail Licenses Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
F&B	Revenue from F&B Concessions have been considered basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	The Authority proposed to consider MIAL's projection for F&B, Retail Concession and Duty-Free Shops with only change in ATV growth rate. Authority had considered

Retail Licenses Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Retail Concession	Revenue from Retail Concessions have been projected basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	4.5% growth in ATV instead of 2% by MIAL. Penetration had been considered the same as MIAL i.e., 1%.
Duty Free Shops	Revenue from Duty Free Concessions have been projected basis projected international passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	
Flight Kitchen	Revenue from Flight Catering concessions is considered basis projected passenger traffic, and 5% growth based on actual revenue of FY24.	The Authority had considered 7% growth which is in line with CAGR instead of 5% considered by MIAL.
Foreign exchange, Banks & ATM	The revenue from Forex is based on fixed MMG contract. Revenue from ATM concessions is assumed to increase at 5% on likely actual revenue of FY24.	Considered to be rational by the Independent Consultant.
IT & Communication	The revenue from IT and communication is assumed to increase by 5% YoY.	
Car Rental & Hotel Reservation	Revenue from Car rental and Hotel reservation concessions is considered projected basis projected passenger traffic, and 5% growth based on likely actual revenue of FY24.	
Advertising Income	Revenue from Advertising concession is expected to grow at 5% in line with expected business growth.	
Car Parking / Ground Transport	Revenue from Car Parking concessions is projected based on fixed MMG contract (10% annual increase)	
Ground Handling	As per contract with various Ground Handling agencies, revenue from Ground Handling concessions is higher of MMG and revenue share. Total Ground Handling revenue is expected to grow in line with traffic growth	
Others	Revenue from other retail licenses revenue is projected based on growth in passenger traffic.	

Table 338: Rent & Services Revenue -Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period at the Consultation Stage

Rent & Services Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Land Rent & Lease	Land Lease Rent is expected to increase at a rate of 7.5% p.a. considering FY24 as base.	Considered to be rational by the Independent Consultant.
Hanger Rent	Hanger Rent is forecasted at a growth rate of 7.5% p.a. It is projected only till first half of FY 26, since the Hangars are being moved to Navi Mumbai International Airport.	
Terminal Building Rent	Terminal Building rent is expected to increase at a rate of 7.5% p.a. considering FY24 numbers as base. Impact in terminal area due to T1 demolition is also accounted	

Rent & Services Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Cargo Building Rent & Other Building Rent	Cargo & Other Building Rent is expected to increase at a rate of 7.5% p.a. considering FY24 as base.	
Cute Counter Charges	Cute Counter Charges are assumed to increase as per ATM growth based on likely actual revenue of FY24.	
Lounges	Revenue from Lounges have been projected basis projected departing passenger traffic, Average Transaction Value (ATV) per pax and penetration of FY24 and considering growth in ATV by 2% and penetration by 1% respectively for each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG whichever is higher and (2) common area maintenance charges as per company policy. MIAL has assumed FY 25 value for future forecast which is considerably lower than FY 24 value stating that- "MIAL has appointed new concessionaire for lounge business in FY25. Since new concessionaire has to incur substantial capex to refurbish the entire lounge facility. Revenue share payable to MIAL has reduced."	The Authority noted that MIAL had reduced the base year revenue (FY24) by Rs. 71.84 Crs (a reduction of 47.38%). MIAL did not respond to Authority's request and subsequent reminders to substantiate the reduction by providing copy of agreement / computations and other documents in support of the lower base revenue. Further, the Authority had learnt that Adani Group had acquired stake in the concessionaire after the concession was awarded in the year FY25. Therefore, the Authority could not consider the reduced base for estimation instead has used the higher base of Rs. 151.64 Crs for estimation noting, that the revenue was earned from a contract, that has undergone the probity audit review. Further the Authority had considered 4.5% ATV growth instead of 2% taken by MIAL, retaining the penetration growth at 1% as considered by MIAL.

Table 339: Cargo Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period at the Consultation Stage

Cargo Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Domestic Cargo	Domestic Cargo revenue has been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on domestic ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.	Considered to be rational by the Independent Consultant.
International Cargo Revenue	International and Perishable Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.	The Authority followed MIAL's projection basis but identified a computation error by MIAL in FY21, where it incorrectly used the lower amount between Revenue Share and MMG for revenue calculation. The Authority corrected this and recalculated the revenue accordingly.
Perishable Cargo		
Courier Revenue	Courier Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on	Considered to be rational by the Independent Consultant.

Cargo Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
	international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL are revenue share as per Concession Agreement.	
Cargo Handling Revenue	Cargo handling revenues are projected to increase by 5%	

10.2.6 The Authority noted that MIAL has deducted Revenue from Other Revenue Share Assets from the Net Non-Aeronautical Revenue (NAR) (Refer Table 334). The Authority noted that MIAL generates revenue from Non-Transfer Assets. Since these assets are outside the Terminal, they do not form part of Non aeronautical assets as per OMDA, which has been adopted consistently in earlier control periods.

10.2.7 Upon reviewing the audited financial statements of MIAL, the Authority noted that this revenue is reported independently and is not included under other revenue categories. Therefore, a separate exclusion is unnecessary. Accordingly, the Authority proposed not to consider this revenue as a part of the Net NAR.

10.2.8 The Authority also noted that, as stated in Table 192, MIAL is incurring a total expenditure of Rs. 141.87 Crores, towards the expansion of the following facilities in Terminal 2:

(i) New Terminal 2 NW Pier – Rs. 23.10 Crores

(ii) New Terminal 2 NW Pier Bus Boarding Gate (V3) – Rs. 4.78 Crores

(iii) Terminal 2 Extension – Rs. 113.99

10.2.9 The Authority observed that the construction of New Terminal 2 NW Pier and the Bus Boarding Gate relate to the gates and Security Hold Area and therefore do not create additional non aeronautical areas for revenue generation.

10.2.10 The Authority noted that the Terminal 2 Extension at a cost of Rs. 113.99 Crores will increase the floor space of Terminal 2 by an additional 13,080 sqm which is an increase of 2.92% of the existing Terminal 2 area. The non-aeronautical income considers the additional traffic throughput that gets serviced through this expansion for estimating retail revenue generation. As this location is in the fag end of the terminal, the additional revenue generation potential is expected to be minimal and will get adjusted on true-up in the next control period.

10.2.11 The growth rates considered by the Authority have been presented in the table below:

Table 340: Growth rates considered by the Authority for the Non-Aeronautical Revenue

Revenue Head	Growth Rate considered by the Authority
Retail Licenses Revenue	
F&B	Based on Projected Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Flight Kitchen	Based on Projected Embarking Passenger Traffic and 7% Y-o-Y growth.
Retail concession	Based on Projected Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Foreign exchange, Banks & ATM	Foreign Exchange- Projected Passenger Traffic and 5% Y-o-Y growth. Bank and ATM- Projected International Passenger Traffic and 5% Y-o-Y growth.
IT & Communication	5% Y-o-Y growth.
Car Rental & Hotel Reservation	
Duty Free Shops	Based on Projected International Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.

Revenue Head	Growth Rate considered by the Authority
Advertising Income	5% Y-o-Y growth.
Car Parking / Ground Transport	10% Y-o-Y growth
Ground Handling	Based on ATM growth rate
Others	Based on projected passenger traffic
Rent & Services Revenue	
Land Rent & Lease	7.5% Y-o-Y growth
Hanger Rent	
Terminal Building Rent	
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Based on ATM growth rate
Lounges	Based on Projected Departing Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Cargo Revenue	
Domestic Cargo	5% Y-o-Y growth, 7.5% for Blue Dart Cargo
International Cargo Revenue	5% Y-o-Y growth, 7.5% for license fees
Perishable Cargo	
Courier Revenue	5% Y-o-Y growth
Cargo Handling Revenue	

10.2.12 The Authority noted that MIAL had submitted the projections for the Revenue Share Assets and 'S' Factor based on the Hon'ble TDSAT Order AERA Appeal No. 2 of 2021 dated 6th October 2023 for the Second Control Period. With regards to the Revenue Share Assets and the subsequently derived 'S' Factor, the Hon'ble TDSAT tribunal has given directions to exclude the revenue from existing assets and the annual fee paid to AAI from the 'S Factor computation as explained in para 1.8.1. The Authority, consistent with the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court from 1.9.2 to 1.9.5.

10.2.13 Hence, the Authority had not excluded the revenue from existing assets and the annual fee paid to AAI from the 'S' Factor Computation.

Treatment of Marketing Fund

10.2.14 The Authority noted that MIAL collects a marketing fund from concessionaires, calculated as a percentage of their revenues, to support marketing and promotional activities during festivals and similar events. The Airport Operator (AO) has full discretion over the quantum, timing, and type of expenditures from this fund. Since FY 2018-19, this fund has been recorded as a balance sheet item rather than as income, with yearly adjustments made for the money spent. Any unspent funds are carried forward to subsequent years, as there is no clause in the agreement for returning these funds to the concessionaires. Additionally, MIAL invoices and charges tax on the collection, acknowledging to the indirect tax authority that it provides a service in exchange for this consideration. **The closing balance of unutilized marketing fund at FY 24 is Rs. 50.24 crores.**

10.2.15 The Authority recognized that the marketing fund balances were being carried over year-to-year without being fully utilized or squared off.

10.2.16 MIAL clarified that it is collecting "Marketing Fund" at a specified percentage from various concessionaires as per the agreement with respective concessionaires and to be utilized towards sales promotional activities as defined in such agreements in accordance with the Marketing Fund policy adopted by the Company. In accordance with the policy, the fund is collected to carry out marketing & promotional events at CSMIA to enhance retail, F&B and service experience of the Airport users. The fund is only spent on promotions & advertisements to increase footfall for the concessionaires. It is also utilized for sensitizing Airport users about the facilities and services available at the Airport for concessionaires. Some of the major heads under which these funds are utilized are as follows:

(i) Marketing collaterals like flyers, brochures, banners, hoardings at the Airport.

(ii) Ambience creation during marketing and promotional events.

(iii) Marketing surveys / researches towards consumer preference of brands.

(iv) Appointment of consultants to focus on enhancing passenger spend through analytics, training, visual merchandising and experience.

10.2.17 The Authority, considering:

(i) the explanations by MIAL as above,

(ii) the treatment of the collection as a separate fund in the balance sheet of MIAL without considering it as revenue being accepted by MIAL's Independent Auditors and their Audit Committee and Board,

proposed to continue with the practice of treating the collections towards Marketing Fund as an earmarked fund and therefore not to consider it as a part of the Non-Aeronautical Revenue.

10.2.18 Based on the above, the revised non-aeronautical revenues as proposed by the Authority were as follows:

Table 341: Non-Aeronautical Revenues as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Retail Licenses Revenue							
F&B		154.23	159.84	170.66	186.81	216.52	**888.07**
Flight Kitchen		58.75	53.14	52.26	57.83	70.35	**292.33**
Retail Concession		152.77	147.99	147.61	161.35	189.89	**799.62**
Foreign Exchange, Banks & ATM		94.16	78.46	71.68	76.08	81.30	**401.68**
IT & Communication		146.35	130.06	125.60	136.44	163.13	**701.59**
Car Rental & Hotel Reservation		26.73	23.76	22.94	24.92	29.80	**128.15**
Duty Free Shops		356.01	298.80	277.57	296.31	316.32	**1,545.00**
Advertising Income		230.23	204.75	197.84	214.93	256.88	**1,104.64**
Car Parking / Ground Transport		61.89	57.62	58.30	66.35	83.10	**327.27**
Ground Handling		151.36	132.06	126.33	135.82	161.06	**706.63**
Others		56.93	50.60	48.86	53.08	63.46	**272.93**
Total Retail Licences Revenue	**A**	**1,489.41**	**1,337.07**	**1,299.66**	**1,409.93**	**1,631.83**	**7,167.90**
Rent & Services Revenue							
Land Rent & Lease*		190.01	204.26	219.58	236.04	253.75	**1,103.63**
Hanger Rent		35.49	19.07	-	-	-	**54.56**
Terminal Building Rent		116.93	113.95	109.86	118.10	153.76	**612.60**
Cute Counter Charges		14.28	11.93	10.93	11.26	12.79	**61.20**
Lounges		158.29	148.78	149.56	163.42	192.30	**812.34**

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Cargo Building Rent & Other Building Rent		37.71	40.54	43.58	46.85	50.36	**219.04**
Total Rent & Services Revenue	**B**	**552.70**	**538.53**	**533.51**	**575.67**	**662.96**	**2,863.36**
Cargo Revenue							
Domestic Cargo		33.26	32.78	33.80	36.55	41.79	178.17
Perishable Cargo		35.83	33.11	28.43	30.00	31.65	159.01
Courier Revenue		19.51	10.33	9.31	9.78	10.27	59.20
International Cargo Revenue		323.52	312.83	289.88	307.96	327.20	1,561.39
Cargo Handling Revenue		32.93	34.57	36.30	38.12	40.02	181.95
Total Cargo Revenue	**C**	**445.04**	**423.62**	**397.72**	**422.41**	**450.93**	**2,139.72**
Total Non-Aeronautical Revenue	**D = A+B+C**	**2,487.15**	**2,299.23**	**2,230.89**	**2,408.00**	**2,745.72**	**12,170.99**

**Land Rent & Lease value was different from MIAL's submission despite the basis of projection being the same because the base value of FY 24 varies (Refer Table 151).*

Table 342: 'S'-Factor as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

S-Factor Calculation	FY25	FY26	FY27	FY28	FY29	Total
Total Revenue Share Assets (Refer Previous Table 341)	2,487.15	2,299.23	2,230.89	2,408.00	2,745.72	**12,170.99**
Cross subsidy ('S' factor @ 30%) from Revenue Share Assets	**746.14**	**689.77**	**669.27**	**722.40**	**823.72**	**3,651.30**

10.2.19 Thus, based on the above, the Authority proposed a Non-Aeronautical Revenue of Rs. 12,170.99 Crores for the Fourth Control Period as against MIAL's submission of Rs. 5,750.52 Crores. The reasons for the variance are as under:

(i) Rental Revenue from Fuel Farm Facility had been reclassified as Aeronautical Revenue.

(ii) Increased Average Transaction Value (ATV) to 4.50% as against the 2% submitted by MIAL.

(iii) Enhanced the base revenue from Lounges to FY 2024 levels and thereafter increased as per adjusted factors explained under the respective section as against the reduction in base revenue from lounges submitted by MIAL.

(iv) As explained in para 10.2.12, the Authority, consistent with the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period and consequently had not excluded the revenue from existing assets, non-transfer assets and the annual fee paid to AAI.

10.3 Stakeholders' Comments on Non-Aeronautical Revenue for the Fourth Control Period

10.3.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from MIAL, DIAL, IATA and BAOA in response to the proposals of the Authority with regard to the Non-Aeronautical Revenue for the Fourth Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to Non-Aeronautical Revenue for the Fourth Control Period

10.3.2 MIAL's comments with regards to consideration of truing up of Non-Aeronautical Revenue is as follows:

*"**True-up of non-aeronautical revenues of FoCP only if the same are higher than that projected by the Authority***

The Authority has considered the true-up of non-aeronautical revenue only if the non-aeronautical revenue is more than projections made by the Authority.

There is no provision in OMDA & SSA for notional increase in the non-aeronautical revenues while determining tariffs. As per Schedule 1 of SSA, the target revenue is defined as follows

$TRi = RBi \times WACCi + OMi + Di + Ti - Si$

Further S = 30% of the gross revenue generated by the JVC from the Revenue Share Assets.

From the above it is clear that only the revenue generated from Revenue Share Assets has to be considered for the purpose of computing Target Revenue. There is no provision in SSA which sets the floor for the revenues from Revenue Share Assets. Hence proposal by the Authority to consider non-aeronautical revenues if the same is higher than that projected by the Authority tantamount to the Authority modifying the terms of the Concession agreement and same is beyond the jurisdiction of AERA.

As per clause 12.2 of the OMDA

"Subject to Applicable Law, the JVC shall be free to fix the charges for Non-Aeronautical Services, subject to the provisions of the existing contracts and other agreements."

The Authority while providing a minimum threshold for Non-Aeronautical Revenues is indirectly regulating the price of Non-Aeronautical Services, which is not the mandate of the Authority.

We request the Authority to true-up non-aeronautical revenues based on actuals consistent with the practice in previous control periods."

Other stakeholders' comments with regards to Non-Aeronautical Revenue for the Fourth Control Period

10.3.3 DIAL's comment with regards to truing up of Non-Aeronautical Revenue is as follows:

"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."

10.3.4 IATA's comment with regards to performing comparison with other regulated airports is as follows:

"Similar to our comments on the O&M section, we consider that AERA's ability to determine whether the proposed levels of non-aero revenues are adequate could be significantly enhanced by carrying out comparisons against other Indian regulated airports (and international ones). While AERA scrutinizes the % changes assumed annually, it does not really challenge whether the starting point is the best the airport

could deliver. A benchmark, supported by a bottom-up analysis, could help on this. We highly encourage AERA to consider carrying out such analysis.

Average Transaction Value

- *IATA holds a similar view as expressed by AERA, that the projected NAR by MIAL is on the conservative end. As a rule, if aeronautical costs are subject to inflationary increases (the 4.4-4.5% proposed by AERA), similarly, we would expect that the non-aeronautical costs would have incorporated this aspect in the NAR annual increases, i.e. to cover its costs plus returns, etc. At the moment, the proposed growth rates by MIAL (average 2%) don't seem to reflect this reality.*
- *Hence, we support the higher growth adjustments proposed by AERA (average 4.5%), recognizing that some growth rates could potentially be much higher (inflation + growth), referencing our point on the impact of inflationary increases on non-aeronautical costs and their effect on the NAR.*

NAR Projection for Lounges

- *On the matter of forecast NAR for Lounges, AERA has correctly highlighted the reduction in the base year revenue (reduction of 47.38%) as a matter of concern, which has not been addressed or justified by MIAL, despite multiple requests and reminders.*
- *It is worth noting that the ADANI Group acquired a stake in the lounge concessionaire after the concession was awarded in FY25. This is another example of a potential transfer pricing associated with related party transactions which IATA has raised earlier in this submission.*
- *IATA supports the treatment by AERA in assuming the higher base for estimation and calculation of future NAR from this line item*

Marketing Funds

- *The Airport operator has collected a marketing fund from concessionaires to support promotional activities and controls the expenditures made from it. Since FY 2018-19, the fund is recorded as a balance sheet item, with unspent funds balance amounting to Rs. 50.24 crores carried forward year-to-year without being fully utilized.*
- *The current arrangement leads to the reduction and artificial dilution of NAR, and other airport operators could easily expand this arrangement to result in the hiving off the NAR, leading to its overall reduction, justifying that the costs will be covered by earmarked funds. This is not in the best interest of users and is not in line with the regulatory treatment by AERA to preserve the NAR.*
- *IATA does not agree with the current treatment of the Marketing Fund by AERA and recommends that any fund collected by the airport operator should be treated as revenue. Without earmarking the fund for specific purposes, the airport operator should treat these activities as marketing costs funded from non-aeronautical revenue.*
- *IATA suggests that the entire NAR, including the marketing fund, should be considered for calculating the "S" Factor and requests AERA to reconsider the treatment of the marketing fund."*

10.3.5 BAOA's comment with regards to Legal Position on Categorization of Ground Handling (GH) and Cargo Charges is as follows:

"The ongoing legal dispute between MIAL/DIAL and AERA over the categorization of Ground Handling (GH) and Cargo Charges—whether aeronautical (as per the AERA Act) or nonaeronautical (as per OMDA)—raises fundamental regulatory concerns.

It is critical to note that:

- *The AERA Act, enacted by Parliament in 2009, is a binding statutory framework governing airport economic regulation.*
- *OMDA, merely an interim contractual arrangement, was approved by the Union Cabinet before the enactment of the AERA Act.*

MIAL and DIAL must align with the statutory provisions of the AERA Act, ensuring uniform regulatory compliance across all public airports developed under the PPP model. Contractual provisions under OMDA cannot override Parliamentary legislation, and continued reliance on outdated contract-based classifications is legally untenable.

At the same time, AERA must assure airport operators that its regulatory framework will:

- *Safeguard public interest, ensuring fair pricing and accessibility.*
- *Enhance operational efficiency, promoting sustainable industry growth.*
- *Protect the financial viability of PPP airport operators, maintaining investor confidence.*
- *Ensure the committed Fair Rate of Return (FROR) on investments, in line with established regulatory norms.*

A balanced regulatory approach will ensure that operators comply with legal requirements, while their long-term financial sustainability is maintained."

10.4 MIAL's response to Stakeholders' Comments on Non-Aeronautical Revenue for the Fourth Control Period

10.4.1 MIAL acknowledged the comments of DIAL on trueing up of non-aeronautical revenue and submitted its response as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

10.4.2 MIAL's response to IATA's comment on performing comparison with other regulated airports is as follows:

"It is in the interest of Airport Operator to maximize its non-aeronautical revenues. Further projections of Non-Aeronautical Revenue of FoCP are based on the actual revenues realized by the Airport Operator in FY23-24. Mumbai Airport has already reached maturity stage and increase in non-aeronautical revenues, if any, will be very benign in the future. Hence the analysis being referred to by IATA will be redundant exercise.

Transaction related to Lounge concessionaire has been done at arm's length. Kindly refer response provided above in respect to related party transactions and their compliances.

As far as issue of Marketing fund is concerned, it is submitted that MIAL is just acting as an agent where it is collecting money from the concessionaires (deposited in separate account) and spending on various Marketing events to enhance the non-aeronautical revenue which is already included in various lines of

businesses (retail, F&B etc.) Funds collected in the Marketing Fund are meant solely for promotional activities and no other revenue is generated from the funds collected, therefore it cannot be considered as non-aeronautical revenue."

10.4.3 MIAL's response to BAOA's comment on categorization of Ground Handling and Cargo charges isa s follows:

"This matter is sub judice and MIAL will refrain from giving additional comments on this matter."

10.5 Authority's Analysis on Stakeholders' Comments on Non-Aeronautical Revenue for the Fourth Control Period

10.5.1 The Authority notes MIAL's request (Refer Para 10.3.2) regarding the true-up of non-aeronautical revenues.

The Authority notes that one of the main objectives of public-private partnerships is to utilize non-aeronautical revenues to cross-subsidize aeronautical charges. As stated in the Consultation Paper, the Authority has decided to consider true-up of non-aeronautical revenues only where actuals exceed projections, to safeguard user interest and ensure balanced tariff determination.

10.5.2 The Authority notes the submission of DIAL (Refer Para 10.3.3) in respect of Non-Aeronautical Revenues and the counter comment by MIAL (Refer Para 10.4.1) in this regard. The Authority has given its view at para 10.5.1.

10.5.3 The Authority notes the comments made by IATA (Refer Para 10.3.4) in support of NAR benchmarking and forecast approach, and MIAL's counter comments (Refer Para 10.4.2) in this regard. For Marketing fund, the Authority's views are given at para 10.2.16 and 10.2.17 of this Tariff Order.

10.5.4 The Authority acknowledges the comments made by BAOA (Refer Para 10.3.5) on Categorization of Ground Handling and Cargo Charges in CSMIA and the counter comment by MIAL (Refer Para 10.4.3) in this regard.

The Authority further notes that the present proposal for determination of Aeronautical Tariff for CSMIA does not cover the tariff determination exercise pertaining to Cargo and Ground Handling services due to the fact that the matter regarding determination of tariff for Cargo and Ground Handling services is sub-judice, the Authority requests BAOA to raise these points at the appropriate forum for resolution of the issues raised.

10.5.5 The Authority further notes that as a result of reclassifying the Rental Revenue from Fuel Farm Facility as Non-Aeronautical Revenue in the Third Control Period (Refer Para's from 4.10.16 till 4.10.24), the consequential change also occurs in the Fourth Control Period.

10.5.6 The Authority also notes that at the Consultation Stage, it had not included Other Income comprising of interest income and miscellaneous income as a part of non-aeronautical revenues, since the same was not provided by MIAL. The Authority noted that the average Other Income earned by MIAL in the Third Control Period works out to Rs. 42.75 Cr (after excluding dividend income from Mumbai Aviation Fuel Farm Facility Private Limited which provides fuel farm services as the same is treated as Aeronautical Revenue). The Authority accordingly proposed to consider Other Income of Rs. 42.75 Cr for FY 2025 which shall be escalated at inflation rate of 4.2% p.a. for FY 2026 and by 4.4% p.a. thereafter till FY 2029.

10.5.7 The Authority also observes that on account of adopting the actual traffic for FY25 (Refer Para 5.5.2 and Table 174) as submitted by MIAL and also giving effect to only half of the Terminal Space for Terminal

I (Refer Table 241) from what was proposed at the Consultation Stage (the rest being considered on an incurrence basis), the projected Non-Aeronautical Revenue varies for the Fourth Control Period.

10.5.8 Therefore, based on the above, the Authority decides to consider the Non-Aeronautical for the Fourth Control Period as per the tables below:

Table 343: Non-Aeronautical Revenues as decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Retail Licenses Revenue							
F&B		157.05	159.84	170.66	186.81	216.52	**890.89**
Flight Kitchen		60.22	53.14	52.26	57.83	70.35	**293.80**
Retail Concession		155.95	147.99	147.61	161.35	189.89	**802.80**
Foreign Exchange, Banks & ATM		94.16	74.26	67.85	72.02	76.97	**385.25**
IT & Communication		146.35	126.97	122.61	133.20	159.25	**688.38**
Car Rental & Hotel Reservation		27.38	23.76	22.94	24.92	29.80	**128.80**
Duty Free Shops		377.00	298.80	277.57	296.31	316.32	**1,566.00**
Advertising Income		235.82	204.75	197.84	214.93	256.88	**1,110.23**
Car Parking / Ground Transport		63.40	57.62	58.30	66.35	83.10	**328.78**
Ground Handling		150.06	132.06	126.33	135.82	161.06	**705.33**
Others		58.32	50.60	48.86	53.08	63.46	**274.32**
Total Retail Licences Revenue	**A**	**1,525.71**	**1,329.77**	**1,292.84**	**1,402.62**	**1,623.63**	**7,174.57**
Rent & Services Revenue							
Land Rent & Lease		199.24	214.18	230.25	247.52	266.08	**1,157.27**
Hanger Rent		35.49	19.07	-	-	-	**54.56**
Terminal Building Rent		116.93	113.95	109.86	118.10	140.36	**599.19**
Cute Counter Charges		14.16	11.93	10.93	11.26	12.79	**61.07**
Lounges		161.65	148.78	149.56	163.42	192.30	**815.70**
Cargo Building Rent & Other Building Rent		37.71	40.54	43.58	46.85	50.36	**219.04**
Total Rent & Services Revenue	**B**	**565.17**	**548.46**	**544.18**	**587.14**	**661.89**	**2,906.83**
Cargo Revenue							
Domestic Cargo		32.46	32.78	33.80	36.55	41.79	177.38
Perishable Cargo		39.25	36.19	28.43	30.00	31.65	165.52
Courier Revenue		21.67	10.33	9.31	9.78	10.27	61.36
International Cargo Revenue		345.68	332.78	289.88	307.96	327.20	1,603.49
Cargo Handling Revenue		32.93	34.57	36.30	38.12	40.02	181.95
Total Cargo Revenue	**C**	**471.99**	**446.65**	**397.73**	**422.40**	**450.93**	**2,189.69**
Other Income	**D**	**42.75**	**44.55**	**46.51**	**48.55**	**50.69**	**233.05**
Total Non-Aeronautical Revenue	**E = A +B+C+D**	**2,605.62**	**2,369.42**	**2,281.25**	**2,460.72**	**2,787.13**	**12,504.15**

10.5.9 Based on the above, the 'S' factor decided by the Authority is as per the table below:

Table 344: Non-Aeronautical Revenue and 'S'-Factor as decided by the Authority for the Fourth Control Period

(Rs. in crores)

S-Factor Calculation	FY25	FY26	FY27	FY28	FY29	Total
Total Non-Aeronautical Revenue (A+B+C) (Refer Table 343)	2,605.62	2,369.42	2,281.25	2,460.72	2,787.13	**12,504.15**
Cross subsidy ('S' factor @ 30%) from Revenue Share Assets	**781.69**	**710.83**	**684.38**	**738.22**	**836.14**	**3,751.24**

10.5.10 Therefore, based on the above, the Authority decides to consider the Non-Aeronautical Revenue of Rs. 12,504.15 Crores and the derived 'S' Factor of Rs. 3,751.24 Crores for the Fourth Control Period as against the Non-Aeronautical Revenue and the derived 'S' Factor of Rs. 12,170.99 Crores and Rs. 3,651.30 Crores respectively proposed at the Consultation Stage. The reasons for the variance are:

(i) To consider the consequential effect of the Rental Revenue from Fuel Farm Facility reclassified from Aeronautical Revenue to Non-Aeronautical Revenue for the Fourth Control Period.

(ii) To consider Other Income in the projections for the Fourth Control Period.

(iii) To consider Actual Traffic for FY 2024-25.

10.6 Authority's Decisions regarding Non-Aeronautical Revenue for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority decides the following for Non-Aeronautical Revenue for the Fourth Control Period:

10.6.1 To consider Non-Aeronautical Revenue and 'S' Factor for the Fourth Control Period for CSMIA as per Table 344.

10.6.2 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 decided by the Authority in Table 344.

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11. TAXATION FOR THE FOURTH CONTROL PERIOD

11.1 MIAL's Submission regarding Taxation for the Fourth Control Period

11.1.1 MIAL, in their MYTP has calculated the Corporate Taxes on earnings pertaining to Aeronautical services in accordance with the Hon'ble Supreme Court and Hon'ble TDSAT judgements.

11.1.2 Accordingly, Aeronautical Tax proposed to be included as part of the Target Revenue for the Fourth Control Period, as submitted by MIAL is detailed below:

Table 345: Aeronautical Taxation as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Average RAB [Refer Table 238]	5,802.30	7,699.29	9,704.47	11,577.12	14,926.84
D/E ratio [Refer Table 259]	48.00%	48.00%	48.00%	48.00%	48.00%
Interest Rate [Refer Table 259]	11.93%	11.88%	11.91%	11.94%	11.96%
Interest Expense for Tax Purpose	**332.23**	**439.09**	**554.98**	**663.44**	**856.67**
Aeronautical Tax					
Aeronautical Revenue	6,014.20	9,027.78	8,510.66	9,116.26	10,483.97
30% of Non-Aeronautical Revenue and Other Income (Cross Subsidy) [Refer Table 334]	323.17	311.78	328.06	354.79	407.34
Total Income for Aero Tax Computation	**6,337.38**	**9,339.56**	**8,838.72**	**9,471.05**	**10,891.32**
Aeronautical Expenses [Refer Table 268]	1,190.11	1,288.22	1,395.32	1,518.10	1,798.70
Depreciation [Refer Table 230]	522.33	688.56	812.53	924.47	963.05
Interest Expenses	332.23	439.09	554.98	663.44	856.67
Profit before Tax	**4,292.71**	**6,923.69**	**6,075.89**	**6,365.04**	**7,272.90**
Tax Rate	25.17%	25.17%	25.17%	25.17%	25.17%
Aeronautical Tax	**1,080.39**	**1,742.55**	**1,529.18**	**1,601.95**	**1,830.44**

11.2 Authority's Examination regarding Taxation for the Fourth Control Period at the Consultation Stage

11.2.1 The Authority examined the submissions made by MIAL regarding the Aeronautical Taxes for the Fourth Control Period on the basis of the following:

(i) MIAL had considered 'S' Factor as part of the revenue base (Hon'ble TDSAT order dated 6th October 2023).

(ii) MIAL had not considered Annual Fees as an expense for the purpose of determination of Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

(iii) MIAL had considered Depreciation as per the Companies Act and not under the Income Tax Act.

(iv) MIAL had calculated the Interest expenses for the purposes of Income tax Computation using the formula RAB x 48% (Gearing) x Cost of Debt.

11.2.2 With regards to the submission made by MIAL, the Authority consistent with the decisions followed in the True up of the First, Second and Third Control Periods proposed to retain the same approach, as

mentioned in para 4.2.5 of this Tariff Order with regards to the treatment of the 'S' Factor for computation of Aeronautical Taxes.

11.2.3 Further, the Authority proposed implementing the Hon'ble Supreme Court judgement dated 11th July 2022 as detailed in para 1.7.3 and recomputed the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fees paid to AAI during the control period as an expense while computing the Aeronautical Taxes for the tariff determination of the Fourth Control Period.

11.2.4 Consequently, the Authority had re-computed the taxes as follows:

Table 346: Interest Expenses as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Average RAB [Refer Table 239]	A	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97	
D/E Ratio [Refer Table 260]	B	48.00%	48.00%	48.00%	48.00%	48.00%	
Interest Rate [Refer Table 260]	C	10.15%	10.15%	10.15%	10.15%	10.15%	
Interest Expense	**D = A*B*C**	**250.74**	**295.13**	**322.79**	**347.52**	**408.27**	**1,624.45**

Table 347: Aeronautical Taxation as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Aeronautical Revenue	A	1,604.31	1,363.41	1,275.32	1,354.22	1,547.55	**7,144.81**
30% of Non-Aeronautical Revenue and Other Income (Cross Subsidy)	B	-	-	-	-	-	-
Total Income for Aero Tax Computation	**C=A+B**	**1,604.31**	**1,363.41**	**1,275.32**	**1,354.22**	**1,547.55**	**7,144.81**
Aeronautical Expenses [Refer Table 317]	D	973.15	972.15	998.54	1,051.42	1,210.32	**5,205.57**
Annual Fees to AAI	E	-	-	-	-	-	-
Depreciation [Refer Table 233]	F	419.98	505.25	540.26	565.13	577.70	**2,608.31**
Interest Expenses [Refer Table 346]	G	250.74	295.13	322.79	347.52	408.27	**1,624.45**
Profit Before Tax	**H=C-D-E-F-G**	**(39.55)**	**(409.12)**	**(586.27)**	**(609.85)**	**(648.73)**	**(2,293.53)**
Opening Accumulated (Losses)	I	(1,489.97)	(1,529.52)	(1,938.64)	(2,524.91)	(3,134.76)	
Current (Losses)	J	(39.55)	(409.12)	(586.27)	(609.85)	(648.73)	
Current year Set Off	K	-	-	-	-	-	
Closing Accumulated (Losses)	L	(1,529.52)	(1,938.64)	(2,524.91)	(3,134.76)	(3,783.49)	
Profit for Taxation	M	-	-	-	-	-	-
Tax Rate	N	25.17%	25.17%	25.17%	25.17%	25.17%	

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Aeronautical Tax	O=M*N	-	-	-	-	-	

11.3 Stakeholders' Comments on Aeronautical Taxes for the Fourth Control Period

11.3.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority with regard to the Aeronautical Tax for the Fourth Control Period in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

Other stakeholders' comments with regards to Aeronautical Tax for the Fourth Control Period

11.3.2 IATA's comments with regards to Aeronautical Tax is as follows:

"IATA is in alignment with AERA on the proposed treatment for the calculation of aeronautical tax. The non-aeronautical costs incurred to deliver the NAR should not be passed on to aeronautical users."

11.4 Authority's Analysis on Stakeholders' Comments on Aeronautical Taxes for the Fourth Control Period

11.4.1 The Authority acknowledges the comment made by IATA (Refer Para 11.3.2) regarding the non-inclusion of non-aeronautical revenue in tax computation.

11.4.2 Based on the changes in the various regulatory building blocks in the Third and Fourth Control Period, the Aeronautical Taxes decided to be considered by the Authority for the Fourth Control Period is shown in the table below:

Table 348: Aeronautical Taxation as decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Aeronautical Revenue	A	1,544.00	1,397.57	1,329.04	1,411.72	1,613.37	**7,295.70**
30% of Non-Aeronautical Revenue and Other Income (Cross Subsidy)	B	-	-	-	-	-	-
Total Income for Aero Tax Computation	**C=A+B**	**1,544.00**	**1,397.57**	**1,329.04**	**1,411.72**	**1,613.37**	**7,295.70**
Aeronautical Expenses [Refer Table 317]	D	970.67	986.89	1,003.15	1,061.54	1,197.12	**5,219.38**
Annual Fees to AAI	E	-	-	-	-	-	-
Depreciation [Refer Table 233]	F	406.46	493.24	546.43	572.32	586.91	**2,605.36**
Interest Expenses [Refer Table 346]	G	241.01	287.66	329.30	355.26	391.84	**1,605.08**
Profit Before Tax	**H=C-D-E-F-G**	**(74.14)**	**(370.23)**	**(549.85)**	**(577.41)**	**(562.50)**	**(2,134.13)**
Opening Accumulated (Losses)	I	(1,632.18)	(1,706.32)	(2,076.55)	(2,626.40)	(3,203.81)	
Current (Losses)	J	(74.14)	(370.23)	(549.85)	(577.41)	(562.50)	
Current year Set Off	K	-	-	-	-	-	
Closing Accumulated (Losses)	L	(1,706.32)	(2,076.55)	(2,626.40)	(3,203.81)	(3,766.31)	

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Profit for Taxation	M	-	-	-	-	-	-
Tax Rate	N	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	O=M*N	-	-	-	-	-	

11.5 Authority's Decisions regarding Aeronautical Taxes for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Aeronautical Taxes for the Fourth Control Period:

11.5.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

11.5.2 To consider the Aeronautical Taxes for the Fourth Control Period for CSMIA as per Table 348 which will be trued up at the time of tariff determination for the next Control Period.

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12. QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

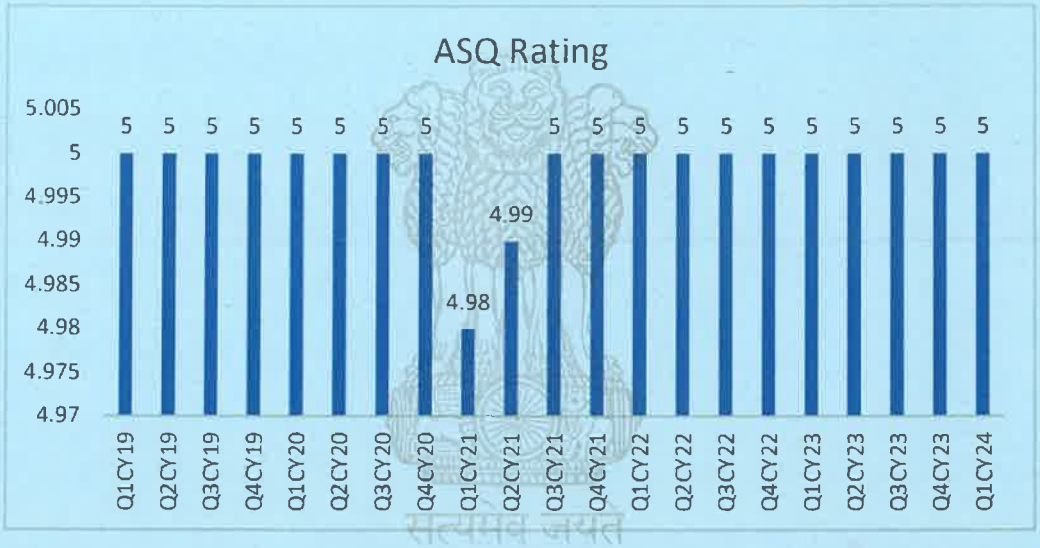
12.1 MIAL's Submission regarding Quality of Service for the Fourth Control Period

12.1.1 MIAL in its MYTP has stated that,

"With respect to the Airport Service Quality obligations of MIAL, OMDA provide the list of Objective and Subjective Service Quality Requirements in Schedule 3 and Schedule 4."

12.1.2 MIAL has submitted the ASQ rating achieved by the Airport in the last few years as below:

Figure 48: ASQ Rating achieved at CSMIA in the last few years as submitted by MIAL



12.2 Authority's Examination regarding Quality of Service for the Fourth Control Period at the Consultation Stage

12.2.1 The Authority noted that:

As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall "*monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.*"

As per section 13(1)(a)(ii) of the AERA Act, 2008, the Authority is required to determine the tariff for Aeronautical services taking into consideration "*the service provided, its quality and other relevant factors.*"

12.2.2 The Authority noted the methodology carried out by ACI for arriving at the ASQ ratings for Airport as follows:

(i) ACI ASQ is a quarterly benchmarking program measuring passenger's satisfaction and experience about an Airport with participation from around 350-400 airports across the world.

(ii) The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.

(iii) The passenger satisfaction is measured based on various service quality parameters as mentioned below:

a) Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities).
b) Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff).
c) Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff).
d) Border / Passport Control (Waiting time at Border/passport control and courtesy and helpfulness of staff).
e) Shopping / Dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff).
f) Gate Areas (Comfort of waiting and availability of seats at gate areas).
g) Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flights, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets).
h) Airport atmosphere (Health, safety, cleanliness and ambience).

(iv) Additional service quality parameters considered by ACI ASQ are ground transportation to/from the airport, availability of baggage cart/trolleys, efficiency of check-in staff and business/executive lounges.

(v) ACI ASQ also evaluates the service quality satisfaction level through three indexes namely Ease of traveling index, Waiting time index and staff index.

12.2.3 The Authority noted MIAL's submission (Refer Figure 48) with regard to the ASQ rating achieved by MIAL in the last few years as tabulated below:

Table 349: ASQ Rating achieved by MIAL from CY 2019-2024

Calendar Year / Quarter	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Q1	5.00	5.00	4.98	5.00	5.00	5.00
Q2	5.00	5.00	4.99	5.00	5.00	
Q3	5.00	5.00	5.00	5.00	5.00	
Q4	5.00	5.00	5.00	5.00	5.00	
Grand Total	**20.00**	**20.00**	**19.97**	**20.00**	**20.00**	**5.00**

12.2.4 The Authority also noted from ACI's website that MIAL has been awarded as the best airport handling over 40 million passengers (departure) for 2023 in Asia-Pacific region.

12.2.5 Further, based on the information available to it, the Authority found that the ASQ rating awarded to MIAL for FY 2019-20 to FY 2023-24 is in the range of 4.98 – 5.00.

12.2.6 Based on the above, the Authority did not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by CSMIA, as MIAL had been able to consistently maintain ASQ rating close to 5.00 which is better than the minimum benchmark of OMDA.

12.3 Stakeholders' Comments on Quality of Service for the Fourth Control Period

12.3.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority with regard to the Quality of Service for the Fourth Control Period

in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

Other stakeholders' comments with regards to Quality of Service for the Fourth Control Period

12.3.2 IATA's comments with regards to Quality of Service is as follows:

- *"Regarding the Authority's summary in 12.3.1 to not consider any adjustment in the Aggregate Revenue Requirement/Target Revenue on account of Quality of Service for the Fourth Control Period, we would highlight that a purely qualitative and perception-based approach, while overlooking quantitative, objective measurement of MIAL's actual performance is ineffective and not reflective of the true passenger experience or operational performance at the airport. Nor does it recognise the customer (airlines) – service provider (airport) relationship.*
- *The purpose of any airport service quality framework is to provide the Airport with a clear understanding of the levels of service and outcomes required to meet the expectations of users (airlines and passengers), in return for the airport charges that they pay. Despite this critical requirement, there is no accountability, cost relatedness or recognition of airline customers' requirements in an ASQ-based approach, resulting in a major failure of the Concession Agreement and the current approach.*
- *Further, performance can only be truly measured, and continuous improvement be supported with regular, structured reviews of airport performance conducted between the airline community and MIAL, which is largely lacking.*
- *In this context, we greatly appreciate and value the Authority's efforts to develop an enhanced service quality framework with appropriate metrics and measurement, to ensure the actual performance at regulated airports is recorded and airports are held to account in the consumers and users' interest. IATA would appreciate any insights the Authority may be able to share regarding the early application of its enhanced framework in the context of this review."*

12.4 MIAL's response to Stakeholders' Comments on Quality of Service for the Fourth Control Period

12.4.1 MIAL's response to IATA's comment on Quality of Service is as follows:

"As per the Service Quality Requirements stipulated by OMDA, MIAL has to achieve rating of 3.75 in the ASQ passenger survey. MIAL has consistently achieved service quality ratings of close to 5 throughout the third control period. As per OMDA, survey is done regularly on quarterly basis and airport facilities are rated on 7 parameters like navigation items, connectivity, service facilities, value for money, service delivery, environmental factors and airline factors which capture the experience and convenience of passengers on a holistic basis. IATA's assertion with respect to developments of enhanced service quality framework is beyond the scope of the Concession Agreement."

12.5 Authority's Analysis on Stakeholders' Comments on Quality of Service for the Fourth Control Period

12.5.1 The Authority notes the comments from IATA (Refer Para 12.3.2) on non-consideration of quantitative and objective measurement of MIAL's actual performance and the counter comment by MIAL (Refer para 12.4.1) in this regard.

The Authority, as already detailed in the Consultation Paper, reiterates that ACI ASQ is a quarterly benchmarking programme measuring passenger's satisfaction and experience based on numerous service quality parameters.

The Authority also mentions the relevant extract of the OMDA regarding Service Quality assessment.

9.1.3 Subjective Service Quality Requirements

(a) Requirement

(i) The JVC shall, commencing from the first anniversary of Effective Date, and thereafter every quarter, participate in the IATA/ACI AETRA passenger survey.

(ii) During the implementation of Stage 1 and Stage 2 of the Initial Development Plan, as subsequently reflected in the Master Plan, the JVC will seek to achieve steady improvements in performance over time. Where there is a decline in performance between any two consecutive surveys in this period, the JVC will provide a full explanation and an action plan to seek to reverse the decline and these initiatives shall be implemented immediately.

(iii) JVC shall ensure that, at the completion of the implementation of Stage 2 as referred to above, the JVC achieves ***a rating of 3.75 in the IATA/ACI AETRA passenger survey or greater and maintains the same throughout the Term****.*

MIAL has achieved ACI ASQ rating of 5.00 since CY 2022 as per Table 349 of this Tariff Order. Further, the Authority is broadly in agreement with the views put forward by MIAL with regards to Quality of Service and decides to not make any adjustments to the target Revenue in this regard.

Further, the Authority, on the behest of MOCA is in process of formulating fresh objective and subjective performance parameters relating to quality, continuity and reliability of services. A consultant has been appointed for the purpose and the work is in progress.

12.6 Authority's Decisions regarding Quality of Service for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following regarding the Quality of Service for the Fourth Control Period:

12.6.1 To not consider any adjustment in the Target Revenue on account of Quality of Service for the Fourth Control Period.

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13. TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

13.1 MIAL's Submission regarding Target Revenue for the Fourth Control Period

13.1.1 MIAL submitted their MYTP on the 6th of June 2024 that included TR & Yield Per Passenger (YPP) for the Fourth Control Period as per the regulatory building blocks detailed in the earlier chapters as follows:

Table 350: Target Revenue submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Average RAB [Refer Table 238]	A1	5,802.29	7,699.19	9,704.06	11,576.34	14,925.00	
Average HRAB [Refer Table 234]	A2	238.36	196.24	152.41	109.00	69.74	
Total	**A=A1+A2**	**6,040.66**	**7,895.53**	**9,856.88**	**11,686.12**	**14,996.58**	
FRoR [Refer Table 259]	B	15.24%	15.24%	15.24%	15.24%	15.24%	
Return on RAB	C=A*B	920.68	1,203.38	1,502.25	1,781.00	2,285.40	7,692.70
Aeronautical Depreciation [Refer Table 230]	D	561.77	733.36	855.40	968.40	997.64	4,116.57
Aeronautical O&M Expenses [Refer Table 268]	E	1,190.11	1,288.22	1,395.32	1,518.10	1,798.70	7,190.45
Aeronautical Taxes [Refer Table 345]	F	1,080.39	1,742.55	1,529.18	1,601.95	1,830.44	7,784.52
Gross Target Revenue	**G=C+D+E+F**	**3,752.94**	**4,967.52**	**5,282.22**	**5,869.57**	**6,912.46**	**26,784.72**
Less: S Factor (30% of Non-Aeronautical Revenue) [Refer Table 334]	H	323.18	311.77	328.06	354.80	407.35	**1,725.16**
Net Target Revenue	**I=G-H**	**3,429.77**	**4,655.74**	**4,954.16**	**5,514.78**	**6,505.12**	**25,058.85**
True up for the 3rd CP [Refer Table 165]	J	13,665.34					
Adjusted Net Target Revenue	**K=I+J**	**17,095.11**	**4,655.74**	**4,954.16**	**5,514.78**	**6,505.12**	**38,724.90**
Discount Factor	L	1.00	0.87	0.75	0.65	0.57	
PV of Adjusted Target Revenue as on 1st Oct 2024	**M=K*L**	17,095.11	4,039.99	3,730.38	3,603.32	3,688.27	32,156.61
X Factor Increase %		675.72%					

13.2 Authority's Examination regarding Target Revenue for the Fourth Control Period at the Consultation Stage

13.2.1 The Authority, based on its examination across the regulatory building blocks and the proposals including True up for the past control periods, had recalculated the Target Revenue for the Fourth Control Period.

13.2.2 The Authority noted that MIAL has proposed the demolition and reconstruction of T1 (Refer 6.3.105) as part of its Capex proposals, which would bring down the traffic from FY 24's numbers and would start growing gradually from Oct-28 when the new proposed Terminal 1 starts functioning.

13.2.3 As mentioned in para's from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise in line with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

13.2.4 Further, the Authority proposed to implement the Hon'ble Supreme Court judgement dated 11th July 2022 and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense while computing the Aeronautical Taxes as per the directions contained in the said judgement of the Hon'ble Supreme Court.

13.2.5 Based on the detailed examination of each building block of the Third Control Period, there is an over recovery of Rs. 937.84 Crores (Refer Table 168), which is being adjusted in the Fourth Control Period.

13.2.6 As a result, in spite of the considerable investment in aeronautical assets and the associated expansion in capacity, the expected increase in Target Revenue has been offset to an extent by this over recovery carried forward from the Third Control Period. Consequently, while MIAL had projected a considerable increase in tariff based on the Hon'ble TDSAT order and the Hon'ble Supreme Court order, the Authority after its thorough examination had proposed a measured and balanced increase taking into consideration the over recovery already earned by MIAL and the efficient cost that could be considered for the tariff determination exercise.

13.2.7 The observations and proposals of the Authority across the regulatory building blocks impact the computation of the TR. With respect to each element of the regulatory building blocks considered by MIAL in computation of the TR in the table above, the Authority proposed as follows:

(i) To consider the average RAB in accordance with Table 239.
(ii) To consider the average HRAB in accordance with Table 237.
(iii) To consider the FRoR in accordance with Table 260.
(iv) To consider the Depreciation as per Table 233.
(v) To consider the O&M expenses as per Table 317.
(vi) To consider the Aeronautical Tax as per Table 348.
(vii) To consider the Non-Aeronautical Revenue as per Table 343.
(viii) To consider the True up of the Third Control Period as per Table 169.
(ix) To consider the total traffic in accordance with Table 173.

Treatment of assets identified in the Self-Contained Note by AIA:

13.2.8 Apart from the above-mentioned calculations, the Authority had also computed the return on RAB on the assets specified in the SCN as per para 3.1.6 as below and adjusted it from the Target Revenue calculations:

Table 351: Change in Return on RAB for the Fourth Control Period as proposed by the Authority based on the SCN at the Consultation Stage

(Rs. in crores)

Particulars	Ref	Fourth Control Period - Return on RAB					Total
		FY 25	FY 26	FY 27	FY 28	FY 29	
Opening WDV	A	149.26	142.14	135.06	128.06	121.05	
Closing WDV	B	142.14	135.06	128.06	121.05	114.04	
Return on RAB Impact as per SCN	C = Average (A,B) * FRoR (12.74%)	18.56	17.66	16.76	15.87	14.97	83.82

13.2.9 The following table lists the summary of impact of the adjustments made in Return on RAB and Depreciation with respect to the directions given by the Authorized Investigation Agency on a case registered against MIAL as mentioned in para 3.1.6:

Table 352: Summary of Impact on Depreciation and Return on RAB based on the request of Authorized Investigation Agency

(Rs. in crores)

Particulars	Ref	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
Impact on Depreciation							
2nd Control Period [Refer Table 36]	A	5.98	7.23	8.50	10.14	10.66	**42.51**
3rd Control Period [Refer Table 92]	B	10.63	10.42	8.61	8.06	7.54	**45.26**
4th Control Period [Refer Table 232]	C	7.12	7.07	7.01	7.01	7.01	**35.22**
Impact on Return on RAB							
2nd Control Period [Refer Table 52]	D	12.14	14.06	17.69	21.65	23.58	**89.11**
3rd Control Period [Refer Table 167]	E	24.24	22.89	21.67	20.60	19.60	**109.00**
4th Control Period [Refer Table 351]	F	18.56	17.66	16.76	15.87	14.97	**83.82**
Total Impact							
2nd Control Period	G=A+D	18.12	21.28	26.19	31.79	34.24	**131.62**
3rd Control Period	H=B+E	34.86	33.31	30.28	28.66	27.15	**154.26**
4th Control Period	I=C+F	25.68	24.73	23.77	22.88	21.98	**119.04**
Total Impact of all Control Periods	**J=G+H+I**	**78.66**	**79.32**	**80.24**	**83.33**	**83.37**	**404.93***

*Note: *The above impact does not include carrying cost. However, the impact of carrying cost is factored in final calculation of Target Revenue.*

13.2.10 After considering the above, the Authority proposed the following Target Revenue as per the table below:

Table 353: Target Revenue as proposed by the Authority for the Fourth Control Period at the Consultation Stage

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Average RAB [Refer Table 239]	A1	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97	
Average HRAB [Refer Table 237]	A2	190.15	162.89	134.55	106.83	69.84	
Total	**A=A1+A2**	**5,336.60**	**6,220.60**	**6,760.02**	**7,239.79**	**8,449.81**	
FRoR [Refer Table 260]	B	12.74%	12.74%	12.74%	12.74%	12.74%	
Return on RAB	C=A*B	679.86	792.48	861.20	922.32	1,076.47	4,332.33
Impact on Return on RAB due to non-existent assets as per SCN	D (As per Table 351)	18.56	17.66	16.76	15.87	14.97	
Net Return on RAB	E=C-D	661.30	774.82	844.44	906.45	1,061.50	4,248.51

TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aeronautical Depreciation [Refer Table 233]	F	445.73	534.01	568.19	592.62	597.44	2,737.99
Aeronautical O&M Expenses [Refer Table 317]	G	973.15	972.15	998.54	1,051.42	1,210.32	5,205.57
Aeronautical Taxes [Refer Table 347]	H	-	-	-	-	-	-
Gross Target Revenue	**I=E+F+G+H**	**2,080.18**	**2,280.98**	**2,411.17**	**2,550.49**	**2,869.25**	**12,192.08**
Non-Aeronautical Revenue [Refer Table 341]	J	2,487.15	2,299.23	2,230.89	2,408.00	2,745.72	12,170.99
S Factor (30% of Non-Aeronautical Revenue) [Refer Table 342]	K	746.14	689.77	669.27	722.40	823.72	3,651.30
Target Revenue	**L=I-K**	**1,334.03**	**1,591.21**	**1,741.90**	**1,828.09**	**2,045.54**	**8,540.78**
True up for 3rd CP – Under Recovery / (Over Recovery) (Refer Table 168)	**M**	**(937.84)**					
Net Target Revenue	**N=L+M**	**396.20**	**1,591.21**	**1,741.90**	**1,828.09**	**2,045.54**	**7,602.94**
Projected Aeronautical Revenue	O	1,604.31	1,363.41	1,275.32	1,354.22	1,547.55	7,144.81
Discount Factor	P (at FRoR of 12.74%)	0.89	0.79	0.70	0.62	0.55	
PV of Net Target Revenue	**Q = N*P**	**351.43**	**1,251.92**	**1,215.61**	**1,131.60**	**1,123.12**	**5,073.67**
PV of Aeronautical Revenue	R = O*P	1,423.02	1,072.69	890.00	838.27	849.69	**5,073.67**
Sum of PV of Target Revenue	S = Sum(R)						**5,073.67**
Total Passenger Traffic (MPPA)	T [Refer Table 173]	52.72	44.62	41.04	42.46	48.34	**229.17**
Yield per Passenger on Total Traffic (Rs.)	U = S/T						**221.39**
Total Departing Passenger Traffic (MPPA)	V [Refer Table **329**]	26.71	22.58	20.75	21.46	24.40	**115.88**
Yield per Departing Passenger on (Rs.)	W = S/V						**437.84**
X-Factor Increase (Revised Tariff w.e.f 1st April 2025)	X						**18.18%**

AERA

13.2.11 The Authority had determined the Target Revenue of Rs. 7,602.94 Crores (NPV of Rs. 5,073.67 Crores) and an X-Factor of 18.18% (w.e.f 1st April 2025) as against Target Revenue claimed by the MIAL amounting to Rs. 38,724.90 Crores (NPV of Rs. 32,156.61 Crores) and X-Factor of 675.72% (1st Oct 2024). Some major reasons for the variance between Target Revenue proposed by the Authority and claimed by the MIAL are as under:

(i) Adjustments have been made to Depreciation (Refer Table 232) Return on RAB (Refer Table 351) with respect to the directions given by the Authorized Investigation Agency on a case registered against MIAL as summarized in para 13.2.9 and Table 352.

(ii) Impact of Hon'ble TDSAT directions (Refer para's 1.9.2 to 1.9.5) for the True Up of the First Control Period, the Second Control Period and the Third Control Period as the matter is sub-judice.

(iii) Rationalization in various CAPEX items claimed by MIAL such as Airside Tunnel (proposed to be considered on an incurrence basis), construction of Airport Management Corporate Office Building and construction of T1 (partly allowed in the Fourth Control Period and proposed in a phased manner) etc.

(iv) Various adjustments to Operating Expenditure based on the Authority's examination as explained under Chapter 9 including Legal Expenses for the Fourth Control Period.

(v) Re-classification of Revenue earned from Fuel Farm Facility from Non- Aeronautical Revenue to Aeronautical Revenue in the Third and Fourth Control Period.

13.2.12 The Authority noted that it is necessary to have the individual year wise tariff card laying down the different aeronautical charges and the workings for the aeronautical revenues, in order to have a constructive stakeholder discussion and hence MIAL was directed to submit the detailed Annual Tariff proposals in line with the Target Revenue and Yield arrived at by the Authority within 7 days of issuance of the Consultation Paper No. 08/2024-25 dated 10th March, 2025.

13.2.13 Accordingly, MIAL submitted the Annual Tariff Proposal (ATP) along with Tariff Rate Card for the Fourth Control Period on 17th March, 2025 and the same is available on AERA's website.

13.3 Stakeholders' Comments on Target Revenue for the Fourth Control Period

13.3.1 During Stakeholders' Consultation Process, the Authority has received comments/ views from various stakeholders in response to the proposals of the Authority in the Consultation Paper No. 08/2024-25 dated 10th March 2025. The Comments of the Stakeholders are presented below:

MIAL's comments with regards to Target Revenue for the Fourth Control Period

13.3.2 MIAL's comments with regards to adjustments in Target Revenue is as follows:

"Change in Return on RAB for the Fourth Control Period as proposed by the Authority based on the SCN

Going purely by portion of the SCN as reproduced in the Consultation Paper by the Authority, the Authority is required to adjust the amount of Rs. 305 Crs as part of the true up exercise. However, the Authority has adjusted the amount of Rs. 404.93 Crs (refer table 305 of the Consultation Paper). This amount with carrying costs will be much higher.

Although MIAL maintains its stand that no amounts should be adjusted until the conclusion of the matter in competent final appellate court. At the same time, it is requested that if adjustment, if any, it should not exceed the amount that is mandated by AIA.

Further we request that no adjustments should be made in TR of Fourth Control Period as directions of AIA are only limited to computation of true-up and does not direct the Authority to do adjustment for future periods."

Other stakeholders' comments with regards to Target Revenue for the Fourth Control Period

13.3.3 DIAL's comment with regards to the Tariff Card submitted by MIAL is as follows:

"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."

13.3.4 FIA's comments with regards to aspects considered in the computation of Target Revenue is as follows:

"The Federation of Indian Airlines (FIA), representing its member airlines – IndiGo, SpiceJet, and Air India – expresses sincere appreciation for AERA's continued commitment to stakeholder engagement, particularly through the consultation process and the recent meeting held on 25th March 2025.

As highlighted by the Investment Information and Credit Rating Agency of India (ICRA), the Indian aviation sector is projected to report net losses exceeding INR 3,000 crore in FY25. The industry remains under intense financial pressure due to geo-political tensions, persistent supply chain disruptions, volatile Aviation Turbine Fuel (ATF) prices, forex fluctuations, and minimal direct financial support from the government.

We commend AERA's considered approach in rationalizing the Regulatory Asset Base (RAB), O&M expenses, and Non-Aeronautical Revenue (NAR), as well as for revising the cost of debt to 9% from the originally proposed 10.15%, in alignment with comparable evaluations across Adani-operated airports such as Jaipur. This thoughtful reduction in the proposed aeronautical tariffs will bring much-needed relief to both airlines and passengers, helping to soften the financial strain on the sector.

Such decisions reaffirm AERA's commitment to balancing economic viability for airports while supporting the sustainability of airlines and promoting affordability for Indian air travellers.

However, in light of continuing macroeconomic challenges — particularly elevated ATF prices (denominated in USD), a weakening Indian Rupee, and the price-sensitive nature of air travel demand — FIA respectfully urges AERA to continue pursuing policy and regulatory frameworks that promote long-term viability, in line with the Hon'ble Prime Minister's vision of an aviation ecosystem that is "Affordable yet Sustainable."

We remain confident that AERA will give due consideration to these recommendations, aligning them with the objectives set forth in the National Civil Aviation Policy, 2016. FIA looks forward to AERA's continued support as we collectively strive to ensure the health and growth of India's civil aviation sector."

13.3.5 IATA's comment with regards to calculation of Target Revenue for the Fourth Control Period is as follows:

"IATA is supportive of the assessment by AERA in the calculation of the Target Revenue. We request AERA to consider our inputs and recommendations in the preceding sections that should lead to further adjustments that will result in a lower Target Revenue in the Fourth Control Period."

13.3.6 IATA's comment with regards to Annual Tariff Plan (ATP) is as follows:

*"**Annual Tariff Plan (ATP)***

- *We note that MIAL has proposed a differential in Landing Charges for international flight. We would urge the AERA to consider eliminating the difference in landing fees between international and domestic flights. This differentiation of charges is not in line with the ICAO-compliant model. Similarly, we see that landing charges are based on aircraft codes. As per ICAO policies, aircraft codes are not a valid criteria for setting landing charges.*
- *MIAL has proposed a hike in User Development Fees (UDF) and other aeronautical charges in the fourth control period. We request to confirm that this increase is not implemented retrospectively on the tickets sold before the date of the revised tariff being brought into effect, as airlines would have collected UDF at the prevailing (old) rate.*
- *We note that there is an incentive scheme included in the tariff scheme: the so-called variable tariff plan. It is unclear as to how such scheme is being funded. As per ICAO's policies, costs associated with rebates should not be allocated to those airline users who do not benefit from them. We request AERA to confirm that the costs of incentives schemes have been excluded from the calculation of the aeronautical tariffs.*
- *Additionally, IATA requests enhancements for AERA to consider for all future airport tariff determinations. It is requested that the tariff card filed by the airport operators must be accompanied by an impact/comparative analysis, clearly detailing the increases compared to current/prevailing tariffs. In its current form of filings of tariff cards, the airport operator tariff plan does not transparently reveal the headline increases sought by the Airport – and this diverges greatly from the otherwise extensive analysis undertaken by AERA in the consultation document."*

13.3.7 APAO's comment with regards to the tariff submission by MIAL is as follows:

"We support rebalancing in the tariff structure as proposed by MIAL and request the Authority to kindly approve the rate card as proposed by MIAL resulting in substantial reduction of landing and parking charges, and the complete withdrawal of Aerobridge Charges."

13.3.8 BAOA's comment with regards to the parking charges and transition is as follows:

*"**Parking Charges and Transition***

Given the historical congestion at CSMIA and the imminent start of NMIAL operations in June 2025—while dedicated GA infrastructure at CSMIA is only expected to commence construction by August 2025—we submit the following:

- *Interim Alignment of Charges: Parking charges at NMIAL during this transition period should be aligned with prevailing rates at CSMIA to ensure parity and operational continuity.*
- *Cost-Free Relocation: As represented by MIAL in the Consultation Paper, relocation of Mumbai-based GA operators to NMIAL should be undertaken at the airport operator's cost, not that of the operators. If parking is cancelled at CSMIA without suitable arrangements, GA operations will be severely disrupted.*

Maintaining aligned parking charges during this phase will minimize operational disruption for Mumbai based GA operators and support a seamless redistribution of aircraft operations between the two airports.

We further request that once final tariffs for NMIAL are notified by AERA, the revised charges be applied prospectively, allowing adequate time for operators to adapt without abrupt financial burden.

Such measures will ensure operational stability, commercial predictability, and fair access to infrastructure for GA operators during this critical transition.

We also urge the Authority to seek necessary clarifications from relevant stakeholders in view of the above submissions.

It is respectfully submitted that the maintenance and operations of GA aircraft—including movement, parking, control facilities, and hangarage—constitute Aeronautical Services in every practical sense."

13.3.9 BAR's comment with regards to landing and parking charges is as follows:

*"**Summary and Airline Representation***

- *The proposed increase in landing and parking charges (Page 138), which cumulatively amount to over ₹4,955 Cr in Landing Charges and ₹240 Cr in Parking Charges for the third control period, may adversely affect route viability for long-haul and connecting international flights.*
- *Projected traffic growth assumptions (Page 146) appear optimistic. For instance, international ATM projections show minimal growth until FY29, while charges are set to increase in advance.*

Additionally, from a passenger perspective, the proposed adjustments in User Development Fees (UDF) can significantly influence overall travel affordability, especially for price-sensitive international routes. MIAL's projected UDF revenue growth (Page 337) and plans to maintain or raise charges should be evaluated in the context of service enhancements and recovery-linked phasing. Win-win strategies such as dynamic UDF pricing or reduced fees for connecting passengers can support both user affordability and airport revenue stability. The document requires greater transparency in cost allocation, especially between aeronautical and non-aeronautical revenues.

Key Question from Airlines Perspective

- *What is the rationale for the increase in landing and parking charges (Page 138), especially when international ATMs are projected to remain relatively flat until FY29? (As per Table 144 on Page 138 of the Consultation Paper, MIAL earned ₹4,957.41 Cr from Landing Charges and ₹240.58 Cr from Parking & Housing Charges during FY20–FY24. These numbers are part of the true-up for the Third Control Period and form a significant share of aeronautical revenues.)*
- *How has MIAL justified the level of User Development Fees (UDF) proposed in this control period? (Page 337) (Page 337 provides the UDF revenue targets for the Fourth Control Period, showing MIAL's intent to maintain or slightly increase UDF.)*
- *Are UDF increases tied to measurable improvements in passenger experience (e.g., ASQ ratings)? (Page 330) (ASQ scores and service quality parameters are discussed on Page 330, where MIAL outlines quality improvements tied to tariff revisions.)*
- *Is there a plan to differentiate UDF based on terminal use (T1 vs. T2) or domestic vs. international flows?*
- *Will tariff hikes be phased to align with actual traffic growth rather than upfront increases? (Page 146) (Passenger and ATM traffic projections for the Fourth Control Period are analysed on Pages 145–149. Projections appear optimistic relative to historical growth.)*

Airline Suggestion to AERA

- *Adopt a traffic-linked tariff adjustment mechanism to prevent over-recovery in low-growth periods.*
- *Implement performance-linked rebates for efficient airline operations and punctuality.*
- *Ensure transparency of how UDF collections are reinvested into terminal, access, and service upgrades."*

13.3.10 BAR's comment with regards to the UDF computation is as follows:

*"**Treatment of Tickets Sold Prior to Rate Change***

A substantial volume of tickets for future travel has already been sold at the prevailing UDF rates. A retrospective application of the revised charges will place an unanticipated financial burden on airlines, who have collected and reported the UDF as per previous rates. We request AERA to allow tickets issued prior to the effective dates to be honored at the old UDF rates, in line with industry best practices.

Simplification of Reporting Format

The existing tax and UDF reporting formats, particularly after implementation of multiple rate slabs and dual charge systems (arrival/departure, class-wise), have become increasingly complex and operationally challenging. We request AERA to engage with stakeholders in developing a streamlined and transparent reporting format, aimed at improving compliance and reducing administrative workload.

Phased and Justified Implementation

We urge AERA to consider a phased approach for any significant increases, especially in a post-pandemic context where airlines and passengers are still sensitive to cost escalations. A detailed cost-benefit analysis and clear justification for the proposed hikes would be appreciated by all stakeholders."

13.3.11 Brihanmumbai Custom Brokers Association (BCBA)'s comment with regards to Cargo charges is as follows:

"Over the post several years, stakeholders have consistently raised concerns regarding the severe infrastructural inadequacies, operational in-efficiencies, and unjustified rate increases imposed on the trade community. Any tariff hike at this stage will add to logistics cost affecting the Ease Of Doing Business and key National initiatives like Make in India and Digital India.

- *The cost of handling EXIM Cargo has been rising every year. The Custodian has continuously imposed rate increases in various forms. This practise of annual tariff revision should be dis-continued. Automatic rate increase is completely unjustified. Such increases should be linked to verifiable service improvements and infrastructure development.*
- *Despite repeated request from the Trade Community, ACC Mumbai has seen little to no improvement in general import cargo, infrastructure over the last 20 years. The same outdated infrastructure is being used, leading to severe congestion and operational delays.*
- *Despite assurances, there has been no significant developments in facilities for handling general import cargo. Further, there is no visible road map or commitment towards enhancing capacity or modernising exiting facilities, despite the exponential growth in cargo volumes over the years.*
- *Infrastructure expansion has primarily. benefited specialised cargo such as perishable, temperate-sensitive goods and cold storage which generate higher revenue per kilogram. However, there is an urgent need for better infrastructure to handle general cargo efficiently.*
- *Due to outdated Infrastructure and poor traffic management, within the ACC premises, trucks taking 6 — 7 hrs just to enter the facility, causing massive delays and financial losses for trade.*
- *Over the past 3 years, MAIL has already benefited from significant increases due to*
    - *2015-16 - Increase in THC & Demurrage charges Vide Notification No 10/2015-16 dated 27.5.2015.*
    - *2016 - 17 - Reduction in demurrage free period from 72 hrs to 48 hrs w.e.f 14.2017.*
    - *2017— 18 - More than 100 % increase in cargo volumes being handled at ACC Mumbai since 1st July 2017 after abolition of Octroi.*
    - *2023 - 24 - Increase in THC & demurrage vide CSC Circular dt 25.02.2023*
    - *2023 - 24 - revision in tariff or Cold Chain handling vide CSC Circular dt 27.03.2023*

Despite this steady revenue growth, infrastructure development has not kept pace. Considering these pressing issues, we strongly urge the Airports Economic Regulatory Authority of India (AERA) to take immediate corrective measures. Specifically, we request:

- *A well-defined timeline must be established for upgrading facilities for import and export shed and modernizing the cargo handling infrastructure at ACC Mumbai.*
- *The focus should be on increasing the trade volume rather than imposing higher per kilogram charges.*
- *Immediate relocation of sheds and facilities should be undertaken to streamline traffic flow and reduce delays for decongesting the premises.*
- *Specific time frame should be set for each activity within ACC Mumbai through enhanced supervision and accountability to ensure efficiency and compliance i.e. for Import, all activities right from landing till delivery & vice-versa for Export.*
- *Any additional or hidden charges levied on trade should be eliminated, unless justified by transparent and service linked cost structure.*

Given the above challenges, we strongly urge that no further increase in Terminal Handling Charges (THC) or Demurrage fees be considered until significant improvements in infrastructure are made at ACC Mumbai. Further, any rate increase should be only with approval of AERA after necessary infra and performance improvements are carried out.

Increasing cost without upgrading facilities, contradicts the Govt. of India's goal of reducing logistics cost for importers and exporters."

13.4 MIAL's response to Stakeholders' Comments on Target Revenue for the Fourth Control Period

13.4.1 MIAL acknowledged the comments of DIAL and APAO on considering the and submitted its response as follows:

"MIAL requests the Authority to consider the well reasoned comments provided by MIAL which are duly supported by the aforementioned stakeholders."

13.4.2 MIAL's response to FIA's comment on computation of Target Revenue is as follows:

"The Authority has capped Cost of Debt to 10.15% against 11.93% of MIAL's Submission. We would like to reiterate the highly dynamic nature of MCLR and Credit Spread. Both these factors are beyond the control of the company. It is to note that the current one-year MCLR is already at 9% whereas the Authority has considered MCLR of 8.65% as was prevalent at the start of Control Period. Hence, we request the Authority to consider actual costs of debt.

Further, MIAL submitted detailed comments on costs of debt on 16th April 2025."

13.4.3 MIAL's response to IATA's comment on the Annual Tariff Plan is as follows:

"As per ICAO guidelines "The charges must be non-discriminatory both between foreign users and those having the nationality of the State in which the airport is located and engaged in similar international operations, and between two or more foreign users." Clearly ICAO guidelines do not place any restriction with respect to different landing charges for domestic and international aircraft.

ICAO guidelines also do not place any restrictions with respect to charging aircraft based on their codes. Further MIAL has been following this tariff structure since Second Control Period.

UDF will be implemented on a prospective basis after the revised tariff is brought into effect. Kindly refer point 3 in the rate card mentioned as "Revised UDF charges will be applicable on the tickets issued on or after June 1, 2025". This is clearly mentioned in the proposed tariff card, and it is also clearly mentioned on all the approved tariff cards by the Authority when the revised charges are to be implemented. It again reflects the narrow understanding of the tariff card and making unnecessary statements on all matters.

The variable tariff plan is available to all the airlines without discrimination between any airlines. The variable tariff plan aims to promote new routes at the CSMIA which will increase the passengers and non-aeronautical income. An increase in non-aeronautical revenue will benefit the airlines and passengers by bringing overall aeronautical charges lower.

Detailed excel workings of total aeronautical revenues based on existing and proposed rate card has been shared by MIAL with the Authority."

13.4.4 MIAL's response to BAOA's comment on parking charges and transition is as follows:

"Both MIAL & NMIAL are separate entities hence MIAL cannot comment on parking charges levied at NMIAL.

It is also important to note that MIAL is under no obligation to provide alternative relocation to private aircraft operators and they can make appropriate arrangements based on their business requirements."

13.4.5 MIAL's response to BAR's comment on landing & parking charges is as follows:

"Answers for questions from airline perspective

1. *There is no increase in landing & parking charges, it has been recovered based on ATMs in the third control period.*
2. *MIAL has proposed approx. 35% decrease in landing & parking charges and increase international UDF from 187 to Rs. 650. Also, UDF to be levied on domestic passenger of Rs. 325. The revised tariff structure is in line with other airports where UDF to landing & parking charges split is 50 to 55 % for UDF and balance for landing & parking charges.*
3. *All the aeronautical charges, including UDF recovered from the passengers and other airport users help the airport operator to make investments which result in enhanced passenger experience.*
4. *No, there is no plan to differentiate UDF based on terminal use (T1 or T2). However differential UDF is proposed for domestic and international passengers*
5. *Tariff hike is computed considering the overall Target Revenue and expected traffic for Fourth Control Period and therefore it is aligned with the traffic growth. Projections are higher than Third Control Period due to impact of COVID in Third Control Period."*

13.4.6 MIAL's response to BCBA's comment on Cargo revenue is as follows:

"As per OMDA, Cargo is a non-aeronautical service which is beyond the scope of this tariff determination exercise and hence MIAL will not comment on this matter."

13.5 Authority's Analysis on Stakeholders' Comments on Target Revenue for the Fourth Control Period

13.5.1 The Authority notes MIAL's comment (Refer Para 13.3.2) regarding the adjustment of Rs.404.93 Crores in the RAB for the Fourth Control Period. As detailed in this Tariff Order, this adjustment is to exclude the depreciation and Return on RAB on non-existent assets, with an objective of safeguarding user interests by preventing undue financial burden. Since adjustments have been made for the Second and Third Control Periods based on the SCN issued by the AIA, it is consistent and appropriate to extend similar treatment to the Fourth Control Period. The Authority maintains that it is making these adjustments at the request of AIA and it is subject to true up on the matter attaining finality in the appropriate forum.

13.5.2 The Authority takes note of the comments submitted by FIA (Refer Para 13.3.4) regarding the long-term sustainability of the Aviation sector and the counter comment by MIAL (Refer Para 13.4.2) in this regard.

Further, the Authority's views regarding the Cost of Debt are presented at para 7.5.4.

13.5.3 The Authority acknowledges the comments of all stakeholders and the counter comments of MIAL, and states that all the relevant input have been taken into consideration on merits to further rationalize the tariff determination within the overall guidelines of AERA while ensuring that the interest of all stakeholders are protected.

13.5.4 The Authority notes the comment of IATA (Refer Para 13.3.6) and counter comment on MIAL (Refer Para 13.4.3) on the matter of differential pricing proposed by MIAL in respect of Landing Charges for international and domestic flights.

The Authority notes that similar differential pricing is followed across other major airports in India. Accordingly, the Authority finds the differential pricing not in violation of ICAO norms. The Landing Charges are charged based on the weight of the aircraft i.e. MTOW.

In the matter of landing charges proposed to be levied based on aircraft codes, the Authority finds that the tariff card provided by MIAL at the consultation stage and decided by the Authority in this tariff order are simplified and are based on MTOW.

13.5.5 The Authority notes the comment of IATA (Refer Para 13.3.6) regarding the applicability of revised User Development Fee and MIAL's counter comment (Refer Para 13.4.3) in this regard states that all the charges including UDF are applicable for tickets issued on or 16th May 2025 and therefore have a prospective application.

13.5.6 The Authority notes the comment of IATA regarding VTP (Refer Para 13.3.6), MIAL's counter comment (Refer Para 13.4.3) in this regard, and finds that this proposal is non-discriminatory since it is uniformly available to all airlines, with the objective of promoting new routes.

The Authority has examined the Variable Tariff Plam (VTP) submitted by MIAL and notes that the purpose of VTP is to bring additional flights and generate additional revenue, which will help to reduce Aeronautical Charges in long term and also to encourage growth in international traffic.

The Authority also directs MIAL to keep a separate record of landing charges earned under VTP during the Fourth Control Period for the purpose of verification by the Authority at the time of true up and take considered decision during tariff determination for the next control period.

13.5.7 The Authority has taken note of the suggestion of IATA (Refer Para 13.3.6) regarding inclusion of comparative impact analysis with the tariff card.

13.5.8 The Authority notes APAO's comments (Refer Para 13.3.7) regarding the proposed rate card and the complete withdrawal of Aerobridge Charges, and states that in the Tariff Card decided by the Authority in this tariff order, aero bridge charges is Nil.

13.5.9 The Authority notes the comments of BAOA (Refer Para 13.3.8) and finds that matters concerning the development of GA infrastructure, including parking arrangements and associated charges, fall outside the purview of the Authority and should be addressed through appropriate forums.

13.5.10 The Authority notes BAR's comments (Refer Para 13.3.9) on proposed increase in landing / parking charges, MIAL's counter comment (Refer Para 13.4.5) in this regard. The Authority has taken all the

suggestions / views to the extent appropriate and has decided on the tariff card given in this Tariff Order. There is an average reduction of ~ 48% in rate of landing charges.

13.5.11 The Authority also refers to BAR's (Refer Para 13.3.10) and IATA's (Refer Para 13.3.6) comments on UDF, and MIAL's counter comments (Refer Para's 13.4.3 and 13.4.5) in this regard. The view of the Authority is given below:

User Development Fee

UDF is a fee collected from embarking/disembarking passengers for the provision of passenger amenities, services and facilities. This fee is used for the development, management, maintenance, operation and expansion of facilities at the Airport.

Further, as the amenities provided by the Airport Operator are primarily used by passengers, levying a charge on the passenger directly is a balanced way of ensuring contribution from the stakeholder utilizing the services. Therefore, given the importance of the passenger among all stakeholders in the airport ecosystem, it would be reasonable to levy certain charges in the form of UDF directly on them.

The economics of levying UDF (which is the direct economic contribution of the passenger) is to ensure that the passengers, along with the airlines (who directly pay landing and parking charges), contribute for the services availed by them at the airport. Therefore, levying the UDF directly on passengers is to segregate their contribution to the overall aeronautical revenues and correspondingly their importance to the airport operator in terms of stakeholder prioritization. Further, to create and maintain airport infrastructure including passenger services like convenience, cleanliness, Baggage Handling System (BHS), X-rays, Passenger Boarding Bridges (PBB) and Automatic Tray Retrieval System (ATRS), UDF is also levied to ensure that other aeronautical charges, viz., landing and parking, are not increased unreasonably.

The Authority refers to ICAO Document 9562 (Policies on Charges for Airports and Air Navigation Services), which provides the guiding principles for user charges.

"...the users ultimately bear their full and fair share of the cost of providing the airport;"

The Authority notes that the levy of Development Fee at CSMIA was discontinued in earlier tariff periods. Consequently, no passenger-linked levy is presently being recovered at the airport.

The Authority further observes that even at non-major airports, UDF of up to Rs. 745 per embarking passenger is applicable on Cluster 1 category. Considering the scale of operations, infrastructure usage, and investment requirements at CSMIA, which is a financial capital of the country, the Authority finds it reasonable and consistent to recover certain portion of ARR from the domestic UDF at CSMIA as well.

Based on these above, the Authority holds that passengers are direct users of airport infrastructure and services and may be charged a fee corresponding to the infrastructure used, in accordance with the user-pays principle.

13.5.12 The Authority notes BAR's request (Refer Para 13.3.10) to exempt tickets issued prior to the effective date of revised UDF rates from the new charges. The issue has been suitably addressed in the tariff card and rates in tariff card applies prospectively for issue of ticket on or after 16th May 2025.

Regarding the reporting format, the Authority acknowledges the concerns about complexity due to multiple rate slabs and dual charge systems. The Authority has taken note of this and has endeavored to simplify

the reporting and has taken note of BAR's suggestion for a stakeholder consultation, and will examine this in future.

On the matter of phased implementation of significant increases, the Authority considers various factors, including the post-pandemic context, in its determination of the tariff, and has given the Tariff Rate Card in Annexure 1 of this Tariff Order. The Authority determines tariff rates upfront for the Control Period based on traffic and cost projections; while rates remain fixed, higher traffic volumes naturally lead to increased revenues.

13.5.13 The Authority acknowledges the comments made by BCBA (Refer Para 13.3.11) on the Cargo / Ground Handling infrastructures and related tariffs at MIAL. Also the counter comment by MIAL (Refer Para 13.4.6) in this regard have been seen.

The Authority notes that the present proposal for determination of Aeronautical Tariff for CSMIA does not cover the tariff determination exercise pertaining to Cargo and Ground Handling operations due to the fact that Cargo and Ground Handling Services are classified under non- aeronautical revenues as per OMDA and in the matter is already sub-judice. In the interim BCBA may raise these points at the appropriate forum for resolution of the issues raised.

13.5.14 The Authority also notes that due to the change allowed in the FRoR in the True up for the Second Control Period (Refer Para's from 3.5.9 till 3.5.11), the impact on the Return on RAB for the True up of the Second Control Period based on the directions of the SCN (Refer Para 3.9.12) is also observed as shown in the Table 54. The summary of the entire impact of these non-existent assets as per the SCN of the AIA is listed down in the table below:

Table 354: Summary of Impact on Depreciation and Return on RAB as decided by the Authority based on the request of the Authorized Investigation Agency

(Rs. in crores)

Particulars	Ref	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
Impact on Depreciation							
2nd Control Period [Refer Table 36]	A	5.98	7.23	8.50	10.14	10.66	**42.51**
3rd Control Period [Refer Table 92]	B	10.63	10.42	8.61	8.06	7.54	**45.26**
4th Control Period [Refer Table 232]	C	7.12	7.07	7.01	7.01	7.01	**35.22**
Impact on Return on RAB							
2nd Control Period [Refer Table 54]	D	12.17	14.09	17.73	21.71	23.64	**89.34**
3rd Control Period [Refer Table 167]	E	24.24	22.89	21.67	20.60	19.60	**109.00**
4th Control Period [Refer Table 351]	F	18.56	17.66	16.76	15.87	14.97	**83.82**
Total Impact							
2nd Control Period	G=A+D	18.12	21.28	26.19	31.79	34.24	**131.85**
3rd Control Period	H=B+E	34.86	33.31	30.28	28.66	27.15	**154.26**
4th Control Period	I=C+F	25.68	24.73	23.77	22.88	21.98	**119.04**
Total Impact of all Control Periods	**J=G+H+I**	**78.66**	**79.32**	**80.24**	**83.33**	**83.37**	**405.16***

*Note: *The above impact does not include carrying cost. However, the impact of carrying cost is factored in final calculation of Target Revenue.*

13.5.15 Based on the Authority's detailed analysis of the Stakeholders' comments and the changes to the various regulatory building blocks forming part of the Target Revenue, the Authority decides the following Target Revenue and Yield Per Pax for the Fourth Control Period:

Table 355: Target Revenue as decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Average RAB [Refer Table **252**]	A1	4,946.74	5,904.42	6,759.08	7,291.96	8,042.79	
Average HRAB [Refer Table **252**]	A2	189.93	162.98	134.99	107.17	69.54	
Total	**A=A1+A2**	**5,136.67**	**6,067.40**	**6,894.07**	**7,399.13**	**8,112.33**	
FRoR [Refer Table 260]	B	12.74%	12.74%	12.74%	12.74%	12.74%	
Return on RAB	C=A*B	654.39	772.96	878.28	942.62	1,033.48	**4,281.73**
Impact on Return on RAB due to non-existent assets as per SCN	D (As per Table 351)	18.56	17.66	16.76	15.87	14.97	**83.82**
Net Return on RAB	E=C-D	635.83	755.30	861.52	926.75	1,018.50	**4,197.91**
Aeronautical Depreciation [Refer Table **249**]	F	432.43	521.16	574.48	599.91	608.02	**2,736.01**
Aeronautical O&M Expenses [Refer Table 327]	G	970.67	986.89	1,003.15	1,061.54	1,197.14	**5,219.38**
Aeronautical Taxes [Refer Table 348]	H	-	-	-	-	-	-
Gross Target Revenue	**I=E+F+G+H**	**2,038.94**	**2,263.36**	**2,439.15**	**2,588.20**	**2,823.66**	**12,153.30**
Non-Aeronautical Revenue [Refer Based on the above, the 'S' factor decided by the Authority is as per the table below: Table 344]	J	2,605.62	2,369.42	2,281.25	2,460.72	2,787.13	**12,504.15**
S Factor (30% of Non-Aeronautical Revenue) [Refer Based on the above, the 'S' factor decided by the Authority is as	K	781.69	710.83	684.38	738.22	836.14	**3,751.24**

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TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
per the table below: Table 344]							
Target Revenue	**L=I-K**	**1,257.25**	**1,552.53**	**1,754.78**	**1,849.99**	**1,987.51**	**8,402.06**
True up for 3rd CP – Under Recovery / (Over Recovery) [Refer Table 169]	**M**	**(723.11)**					
Net Target Revenue	**N=L+M**	**534.14**	**1,552.53**	**1,754.78**	**1,849.99**	**1,987.51**	**7,678.95**
Projected Aeronautical Revenue	O	**1,533.93**	**1,469.69**	**1,355.61**	**1,386.95**	**1,520.33**	**7,266.52**
Discount Factor	P (at FRoR of 12.74%)	0.89	0.79	0.70	0.62	0.55	
PV of Net Target Revenue	**Q = N*P**	**473.78**	**1,221.48**	**1,224.59**	**1,145.15**	**1,091.26**	**5,156.27**
PV of Aeronautical Revenue	R = O*P	1,360.59	1,156.30	946.02	858.02	834.52	**5,156.17**
Sum of PV of Target Revenue	S = Sum(Q)						**5,156.17**
Total Passenger Traffic (MPPA)	T [Refer Table 174]	54.00	44.62	41.04	42.46	48.34	**230.45**
Yield per Passenger on Total Traffic (Rs.)	U = S/T						**223.75**
Total Departing Passenger Traffic (MPPA)	V [Refer Table 175]	27.37	22.58	20.75	21.46	24.40	**116.55**
Yield per Departing Passenger on (Rs.)	W = S/V						**442.41**
X-Factor Increase (Revised Tariff w.e.f 16th May 2025)	X						**21.65%**

13.5.16 The Target Revenue decided to be considered by the Authority for the Fourth Control Period works out to Rs 7,678.95 Crores (NPV of Rs. 5,156.27 Crores) and an X-Factor of 21.65% (w.e.f 16th May 2025) as against Target Revenue of Rs. 7,602.94 Crores (NPV of Rs. 5,073.67 Crores) and X-Factor of 18.18% (w.e.f 1st April 2024) proposed at the Consultation Stage. The variance is on account of the Authority's decisions:

(i) Adjustments in cost relating to various CAPEX items considered at Consultation Stage, including rationalization of Project B1 - T1 New Construction of Terminal T1, consideration of incremental cost towards Project 2D - Refurbishment of Washrooms at T2.

(ii) Consideration of actual Traffic for FY 2024-25.

(iii) Consideration of the increase in certain O&M costs and associated aeronautical allocations such as Runway Recarpeting expenses, Operating Contracts, Financing Charges, Rents, Rates and Taxes.

(iv) Reclassification of the Rental Revenue on Fuel Farm Facility from Aeronautical Revenue to Non-Aeronautical Revenue.

13.5.17 The Authority, based on the revised Target Revenue and accordingly the Aeronautical Tariff decided by it, computed the Aeronautical Revenue for CSMIA for the Fourth Control Period as follows:

Table 356: Projected Aeronautical Revenues decided by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	2025	2026	2027	2028	2029	Total
Landing - Domestic	650.47	381.65	329.11	341.43	399.62	2,102.27
Landing - International	597.57	324.17	266.99	266.99	266.99	1,722.71
Parking Charges	73.38	56.52	52.81	54.39	61.78	298.88
UDF	115.01	675.16	683.80	701.29	766.81	2,942.05
Aerobridge charges	66.94	6.42	-	-	-	73.37
Unauthorized Overstay	27.53	23.15	20.50	20.39	22.33	113.90
ITP Revenue	3.02	2.62	2.41	2.48	2.81	13.34
Total	**1,533.93**	**1,469.69**	**1,355.61**	**1,386.95**	**1,520.33**	**7,266.52**

13.6 Authority's Decisions regarding Target Revenue for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to the Target Revenue for the Fourth Control Period:

13.6.1 To consider the Target Revenue and YPP for the Fourth Control Period for Chhatrapati Shivaji Maharaj International Airport as per the Table 355.

13.6.2 To consider Projected Aeronautical Revenue for MIAL for the Fourth Control Period as per Table 356.

13.6.3 To consider Tariff Rate Card for MIAL for the Fourth Control Period effective from May 16th, 2025 as per Annexure – 1

13.6.4 To consider Variable Tariff Plan effective from May 16, 2025, as per Annexure 1B - Variable Tariff Plan.

13.6.5 To direct MIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.6.6 To direct MIAL to keep a separate record of accounts for incentives granted, revenue generated, and the expenditure incurred in this regard during the Fourth Control Period for the information of all stakeholders and the Authority so as to take a considered view for determination of Aeronautical Tariff for subsequent Control Periods.

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14. SUMMARY OF AUTHORITY'S DECISIONS FOR THE FOURTH CONTROL PERIOD

CHAPTER 2: TRUE-UP OF THE FIRST CONTROL PERIOD

2.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

2.7.2 To consider True up of Aeronautical Taxes as per Table 21 consistent with the Hon'ble Supreme Court judgement.

2.7.3 To consider the True up for the First Control Period as per Table 24.

2.7.4 To consider the over-recovery of Rs. 291.78 crores during the True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period.

CHAPTER 3: TRUE-UP OF THE SECOND CONTROL PERIOD

3.10.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

3.10.2 To consider the Aeronautical Taxes as per Table 46 consistent with the Hon'ble Supreme Court judgement.

3.10.3 To consider the impact on depreciation as per Table 36 and Return on RAB as per Table 54 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).

3.10.4 To True up the Target Revenue for the Second Control Period as per the Table 55.

3.10.5 To consider the over-recovery of Rs. 1,267.15 crores during the True up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period

CHAPTER 4: TRUE-UP OF THE THIRD CONTROL PERIOD

4.14.1 To consider the Traffic for True up for the Third Control Period based on actuals as per Table 56.

4.14.2 To consider RAB as per Table 82 and HRAB as per Table 89 for the True up of the Third Control Period.

4.14.3 To consider Aeronautical Depreciation for RAB and HRAB for the True up of the Third Control Period as per Table 96 and Table 97 respectively.

4.14.4 To consider the FRoR for the True up for the Third Control Period as detailed in para 4.8.35, i.e., 12.81%.

4.14.5 To consider Aeronautical Operation and Maintenance Expenses for the True Up for the Third Control Period as per Table 143.

4.14.6 To consider Non-Aeronautical Revenue for the True up for the Third Control Period as per Table 153.

4.14.7 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and to consider Aeronautical Taxes for the True up of the Third Control Period as per Table 159.

4.14.8 To consider Aeronautical Revenues for the True up of the Third Control Period as per Table 164.

4.14.9 To consider the impact on depreciation as per Table 92 and Return on RAB as per Table 167 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).

4.14.10 To consider over-recovery of Rs. 723.11 crores (as per Table 169) for the tariff determination exercise for the Fourth Control Period.

CHAPTER 5: TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.6.1 To consider Traffic for the Fourth Control Period for CSMIA as per Table 174, which shall be trued up based on actuals at the time of tariff determination the tariff for the Fifth Control Period.

CHAPTER 6: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

6.11.1 To consider average RAB and average HRAB as per Table 252 for the Fourth Control Period.

6.11.2 To consider Depreciation as per Table 249 for the Fourth Control Period.

6.11.3 To reduce (adjust) 1% of the uncapitalized project cost from the TR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule, as mentioned in Table 247. The same will be examined at the time of Tariff Determination for the Fifth Control Period.

6.11.4 To examine the accounting of input tax credit in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of tariff determination for the Fifth Control Period.

6.11.5 To consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period and to true-up the Aeronautical Capital expenditure, Depreciation and RAB based on actual additions to RAB on a pro-rata basis at the time of tariff determination for Fifth Control Period subject to the same being reasonable, efficient and justified.

CHAPTER 7: FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

7.6.1 To consider Cost of Equity, efficient Cost of Debt, Notional Debt Equity Ratio and FRoR for the Fourth Control Period as per Table 260.

7.6.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 150 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

CHAPTER 8: INFLATION FOR THE FOURTH CONTROL PERIOD

8.6.1 To consider the Inflation rates for the Fourth Control Period as per the Table 263.

CHAPTER 9: OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

9.7.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per the Table 327.

9.7.2 To true up Aeronautical O&M Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period subject to the reasonability and efficiency

CHAPTER 10: NON-AERONAUTICAL REVENUES FOR THE FOURTH CONTROL PERIOD

10.6.1 To consider Non-Aeronautical Revenue and 'S' Factor for the Fourth Control Period for CSMIA as per Table 344.

10.6.2 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 decided by the Authority in Table 344.

CHAPTER 11: TAXATION FOR THE FOURTH CONTROL PERIOD

11.5.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.

11.5.2 To consider the Aeronautical Taxes for the Fourth Control Period for CSMIA as per Table 348 which will be trued up at the time of tariff determination for the next Control Period.

CHAPTER 12: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

12.6.1 To not consider any adjustment in the Target Revenue on account of Quality of Service for the Fourth Control Period.

CHAPTER 13: TARGET REVENUE (TR) FOR THE FOURTH CONTROL PERIOD

13.6.1 To consider the Target Revenue and YPP for the Fourth Control Period for Chhatrapati Shivaji Maharaj International Airport as per the Table 355.

13.6.2 To consider Projected Aeronautical Revenue for MIAL for the Fourth Control Period as per Table 356.

13.6.3 To consider Tariff Rate Card for MIAL for the Fourth Control Period effective from May 16th, 2025 as per Annexure – 1

13.6.4 To consider Variable Tariff Plan effective from May 16, 2025, as per Annexure 1B - Variable Tariff Plan.

13.6.5 To direct MIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.6.6 To direct MIAL to keep a separate record of accounts for incentives granted, revenue generated, and the expenditure incurred in this regard during the Fourth Control Period for the information of all stakeholders and the Authority so as to take a considered view for determination of Aeronautical Tariff for subsequent Control Periods.

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15. TARIFF ORDER

15.1.1 In exercise of power conferred by Section 13(1)(a) of the AERA Act, 2008, and based on the above decisions, the Authority hereby determines the Aeronautical Tariff to be levied at the CSMI Airport for the Fourth Control Period as placed in Annexure – 1 to the Order.

15.1.2 In exercise of power conferred by Section 13(1)(b) of the AERA Act, 2008, read with rule 89 of the Aircraft Rules, 1937 made under the Aircraft Act 1934, the Authority hereby determines the rate of UDF as indicated in the Rate Card, at Annexure – 1 to the Order.

15.1.3 The tariff determined herein are ceiling rates, exclusive of taxes, if any.

15.1.4 The Order shall be made effective from May 16th, 2025.

15.1.5 The Airport Operator shall submit its MYTP to the Authority for the Fifth Control Period in a timely manner as per the Authority's Guidelines.

By the Order and in the Name of the Authority

(Suyash Narain)
Secretary

To,
Mr. Vishnu Mohan Jha,
Chief Airport Officer,
Mumbai International Airport Limited,
Chhatrapati Shivaji Maharaj International Airport
Mumbai, Maharashtra 400099.

Copy To:

1. The Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003.
2. The Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003.
3. Directorate General of Civil Aviation: For Issuance of AIC.

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16. ANNEXURES

16.1 ANNEXURE - 1

16.1.1 Annexure 1A – Tariff Rate Card

Tariff Rate Card approved by the Authority for Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai for the Fourth Control Period – Applicable for the period from 16th May 2025 to 31st March 2029.

A. Landing Charges

(in Rs. per MT)

Type	Unit	May 16th, 2025 to March 31st, 2029
Domestic	Per MT	402
International	Per MT	603

Notes:

1. Weight of an aircraft means Maximum Take-Off Weight (MTOW) in MT (i.e., 1,000 kg) as indicated in the Certificate of Airworthiness (CoA) issued by competent authority.
2. Landing Charges shall be calculated based on next rounded off MT.
3. All domestic legs of international routes operated by Scheduled Indian Airline Operator to be treated as domestic flights as far as landing charges are concerned, irrespective of the flight numbers assigned to such flights.
4. No Landing Charges shall be payable in respect of:
   (i) Aircraft with a maximum certified passenger capacity of less than 80 seats, being operated by domestic scheduled operators at the CSMIA Airport.
   (ii) Helicopters of all types (not applicable to non-schedule operators).
   (iii) Training flights operated by DGCA, approved flying schools / flying training institutes.
   (iv) Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc.
5. Minimum Landing Charges are Rs. 8000/-

B. Parking Charges

(in Rs. per MT per Hour)

Type	Unit	May 16th, 2025 to March 31st, 2029
Remote Stands	Per MT	13.50
Contact Stands	Per MT	27.00

Notes:

1. The above tables specifies the Parking Charges for Remote Stands and Parking Charges for Contact Stands respectively and collectively referred to as Parking Charges.

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2. Weight of an aircraft means Maximum Take-Off Weight (MTOW) in MT (i.e., 1,000 kgs) as indicated in the Certificate of Airworthiness (CoA) issued by competent authority.
3. Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre (CC).
4. Parking Charges shall be calculated based on the next rounded off MT and for calculating chargeable parking time, part of an hour shall be rounded off to the next hour.
5. No Parking Charges are levied for the first 2 hours.

C. User Development Fee:

Domestic Passengers

(in Rs per Passenger)

Type of Passenger	May 16th, 2025 to March 31st, 2029
Embarking Passenger	175
Disembarking Passenger	75

International Passengers (Economy)

(in Rs per Passenger)

Type of Passenger	May 16th, 2025 to March 31st, 2029
Embarking Passenger	615
Disembarking Passenger	260

International Passengers (Business)

(in Rs per Passenger)

Type of Passenger	May 16th, 2025 to March 31st, 2029
Embarking Passenger	695
Disembarking Passenger	304

Notes:

1. **Classification of Economy Class and Business Class passengers:**
   i. Economy Class: Tickets issued by the scheduled airline operator in the category of Economy Class and Premium Economy Class.
   ii. Business Class and First Class: All the tickets issued by the scheduled airline operator other than the Economy Class referred to above at 1(i).

   International Passengers travelling through non-scheduled flights / general aviation shall be charged at the Business Class rates irrespective of the class referred to above.
2. **Collection Charges:**

   Collection Charges on UDF as per the agreement between MIAL and Airlines.
3. **Applicability of UDF Charges:**

   The revised UDF Charges shall be applicable for the tickets issued on or after May 16, 2025.

4. Exemptions in Payment of UDF Charges:

In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF:

i. Children (Under the age of 2 years).

ii. Holders of Diplomatic Passport.

iii. Airlines Crew on duty including sky marshals and airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel).

iv. Persons travelling on official duty on aircraft operated by Indian Armed Forces.

v. People travelling on official duty for United Nations Peace Keeping Missions.

vi. Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hours. "A passenger is treated in transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").

D. <u>Charges for Unauthorized Overstay in case of General Aviation:</u>

Charges for Unauthorized Overstay to be levied, for unauthorized stay beyond the parking slot time approved by MIAL before the aircraft departs from the previous station in case General Aviation Aircraft (including non-scheduled operators) do not have CSMIA as usual station.

(Charges for Unauthorized Overstay Per Hour in Rs.)

Aircraft Type	May 16th, 2025 to March 31st, 2029
Airbus 319 - 115	11,250
ERJ 190 - 100 EC Lineage 1000	9,750
Global Express XRS BD7000 -IA-IO	6,750
Global 5000 Model BD700 -IAII	6,750
Gulfstream G V	6,750
Falcon 900 EX	4,500
Challenger CL - 600 - 2B 16 (CL-604)	4,500
Challenger 605	4,500
HS7	4,500
Embraer 600	3,750
Falcon 2000 EX Easy	3,750
BD 100-1 A10 Challenger 300	3,750
Hawker Beechcraft 4000	3,750
Falcon 2000	3,750
Gulfstream -200	3,750
Hawker 800XP	3,750
Hawker 850XP	3,750
HS12570002500	3,750
Gulfstream G-100 (Astra SPX)	3,000
Learjet 60 XR	3,000
Cessna Citation 560 XL5	3,000
Beech 1900-0	3,000
Cessna Citation 550 Bravo	1,500

Hawker 400 XP- (400A)	1,500
Beechcraft Super King Air B300	1,500
Cessna 525A	1,500
Cessna Citation 556	1,500
King Air B 200	1,500
Premier I A 390	1,500
PIAGGIO P-180 Avanti II	1,500
Pilatus PC 12/45	1,500
Beechcraft King Air C-90B	1,500
King Air C-90 A	1,500
Beechcraft Super King Air 8200	1,500
PIAGGIO P-180 Avanti II	1,500

Notes:

1. The rates specified above are applicable to all the categories of aircraft excluding the aircraft having CSMIA as usual station.
2. Charges for unauthorized overstay are inclusive of parking charges for unauthorized stay beyond the slot time allotted in case of non-scheduled aircraft not having CSMIA as its usual station. Time provided by AOCC will be considered as final for billing purpose.
3. Cargo flights, non-scheduled flights operated by scheduled airlines shall be considered as scheduled flights for levying charges.
4. Charges for unauthorized overstay per hour shall be collected as follows:
   a) Slot time allotted - normal parking charges as per point B above,
   b) For initial 2 days (48 hours) of Unauthorized Overstay at rates proposed above,
   c) For next 5 days (120 hours) beyond initial Unauthorized Overstay of 2 days at 1.5 times of the rates proposed above,
   d) For period beyond 7 days (168 hours) of Unauthorized Overstay at 2 times or the rates proposed above.
5. Any Aircraft type not listed above will be subject to charges for Unauthorized Overstay as may be applicable to nearest equivalent MTOW of aircraft listed above.

General Condition

1. All the charges referred to above are collectively called as 'Aeronautical Charges'.
2. Flights operating under Regional Connectivity Scheme (RCS) will be completely exempted from aeronautical charges as per Order No. 20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by the GOI as amended from time to time.
3. Aeronautical Charges are excluding GST. GST at the applicable tax rates is payable in addition to the above charges.
4. For all the above aeronautical charges, the Airlines will be allowed a credit period in accordance with the agreement between MIAL and Aircraft Operators.

16.1.2 Annexure 1B – Variable Tariff Plan

The variable tariff plan with respect to Landing Charges mentioned above are proposed for scheduled international airline operators as follows:

Variable Tariff Plan for Scheduled Passenger Airlines

Particulars	May 16th 2025, to March 31st, 2029
Landing Charges for New International Destination as per the terms below.	Nil

Notes:

1. No discount over and above the Variable Tariff Plan is applicable.
2. Schedule airline operator shall operate a direct flight to the new international destination (schedule flights only) which was unserved at the CSMIA in the previous 2 IATA seasons i.e., Summer'24 and Winter'24-25. The list of destinations which were served by the CSMIA in the previous 2 IATA season would be provided to such airline operators upon request.
3. VTP should only be applicable for airlines operating on a new route for a minimum of 6 months. In case the airline withdraws the operations before the said period, the VTP will stand null and void.
4. The Variable International Landing Charges are applicable only for the first year from the date of the commencement scheduled flight on or after May 16, 2025 for the period up to March 31, 2029.
5. Payment Terms for this Variable Tariff Plan is as per the agreement between MIAL and the Airlines.

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16.2 ANNEXURE – 2 - Assets identified in the Self-Contained Note by the Authorized Investigation Agency

16.2.1 The following are the list of assets identified in the Self-Contained Note (SCN) by the Authorized Investigation Agency (AIA) in the Second Control Period:

Table 357: List of the Assets identified in the SCN in the Second Control Period

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
1	10138000680	Roads (West Side of Hotel Lalit) Civil	11,09,11,740	Non-Aero
2	10149904990	Roads (West Side of Hotel Lalit) Electrical	11,88,260	Non-Aero
3	10138000670	Road Network (Taxi and Bus staging)	16,92,69,230	Non-Aero
4	10149904950	Road Network (Taxi and Bus staging)	18,30,769	Non-Aero
5	10138000660	Road Network - T1B	14,90,87,832	Non-Aero
6	10133000550	Storm Water Drain	4,22,44,000	Non-Aero
7	10149904940	Road Network - T1B	1,32,80,167	Non-Aero
8	10131006830	Construction of Drain Realignment & Compound wall	3,88,09,853	Aero
9	10131006680	Site Development Cost	10,94,27,593	Non-Aero
10	10149905000	Internal Roads -MIAL Colony-Electrical	3,84,55,304	Non-Aero
11	10149905010	Roads-North Sahar Electrical	3,34,13,938	Non-Aero
12	10138000690	Internal Roads -MIAL Colony -Civil	23,47,14,692	Non-Aero
13	10138000700	Roads-North Sahar Civil	43,89,40,061	Non-Aero
14	10132001250	Cityside Road & Infra development works-RE/2K17-003	44,36,80,000	Non-Aero
15	10138000730	Roads- CSIA	39,76,59,999	Non-Aero
16	10131008980	Box Culvert	28,33,60,000	Non-Aero
17	10133000550	Storm Water Drain	23,31,62,437	Non-Aero
18	10131008410	Mithi river retaining & security compound wall-PH-2	19,27,37,588	Aero
19	10192001210	Upgradation & Strengthening of taxiways E5-P	25,02,91,863	Aero
20	10192001190	Upgradation & Strengthening of taxiways TWY S7&R	16,53,02,999	Aero
21	10192001200	Upgradation & Strengthening of taxiways K-1&Juncti	12,95,36,275	Aero
22	10131006980	Construction of Mithi River RCC Retaining Wall &	17,76,26,584	Aero
23	10131008730	Construction PH-III Mithi River RCC Retaining Wall	11,95,79,736	Aero
24	10133000530	Open Drain realignment (Sahar road culvert to T2)	48,08,49,997	Non-Aero
25	10133000540	Covered Drain realignment (Sahar road culverttoT2)	39,17,60,001	Non-Aero
26	1013100384	Gate 6 – Civil Works	1,00,864	Common
27	1013100564	Common User Terminal - PTB-Phase II - Core, Shell	75,13,62,098	Common
28	1013100750	Common User Terminal - PTB-Phase II - Wall Cladding	-2,88,87,574	Common
29	1013100751	Common User Terminal - PTB-Phase II- Dichroic Glass	-6,00,359	Common

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
30	1210000000	Common User Terminal - PTB-Phase II- CCTV Accesso	1,25,373	Aero
31	1017100630	Common User Terminal - PTB-Phase II-Electrical-HW	24,14,173	Common
32	1014990248	South West Pier- Level 1 (LM Office - Air India)-E	61,194	Aero
33	1014990249	South West Pier- Level 1 (ROFS)-Electrical Works	1,94,944	Aero
34	1014990250	South West Pier- Level 1 (LM Office - Indian Airlines	19,358	Aero
35	1014990348	Common User Terminal - PTB-Phase II-Glass Doors	1,63,918	Common
36	1016101132	Common User Terminal - PTB-Phase II-Signages	4,59,13,993	Aero
37	1015200073	Common User Terminal - PTB-Phase II- CCTV Accesso	13,39,609	Aero
38	1014100498	Common User Terminal - PTB-Phase II - Green Wall	1,38,972	Common
39	1014100499	Common User Terminal - PTB-Phase II - Water Features	8,09,107	Common
40	1014100500	Common User Terminal - PTB-Phase II-Building Main	27,30,176	Aero
41	1014100502	Common User Terminal - PTB-Phase II-Monorail	7,70,012	Common
42	1014100503	Common User Terminal - PTB-Phase II-PHE System	1,41,90,199	Aero
43	1014100504	Common User Terminal - PTB-Phase II-Piped Natural	11,34,790	Non-Aero
44	1014200074	Common User Terminal - PTB-Phase II-Fire Alarm Sy	13,04,315	Aero
45	1014200075	Common User Terminal - PTB-Phase II-Fire Protection	73,17,032	Aero
46	1014300010	Common User Terminal - PTB-Phase II-Inline BHS Sy	2,14,23,504	Aero
47	1014600090	Common User Terminal - PTB-Phase II-HVAC Works	4,21,83,688	Aero
48	1014600092	South West Pier - PTB - HVAC Works	51,06,401	Aero
49	1014800023	Common User Terminal - PTB-Phase II-VTHT System	1,48,63,924	Aero
50	1014950006	Common User Terminal - PTB-Phase II-Passenger Boa	4,36,608	Aero
51	1014950010	Common User Terminal - PTB-Phase II-Landscaping	-9,59,920	Common
52	1014950011	Common User Terminal - PTB-Phase II-Landscaping -	13,59,359	Common
53	1014950012	Common User Terminal - PTB-Phase II-Landscaping -	33,00,396	Common
54	1013800025	Common User Terminal - PTB-Phase II - HOS Road	46,13,476	Aero
55	1014990267	Common User Terminal - PTB-Phase II-Electrical W	4,82,05,635	Common
56	1013100720	Terminal 2 - PTB-Phase III-Core, Shell & Others	5,66,28,736	Common
57	1013100830	Terminal 2 - PTB-Phase III - Core, Shell & Others	79,04,751	Common
58	1013100832	Terminal 2 - PTB-Phase III-Building Maintenance U	7,01,849	Common

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
59	1013100857	Common User Terminal - PTB-Phase III-Core, Shell	18,576	Common
60	1014990342	Terminal 2 - PTB-Phase III-Electricals Works (Cab	71,28,460	Common
61	1016101376	Terminal 2 - PTB-Phase III-Airport Counters (Mill	8,93,791	Aero
62	1016101377	Terminal 2 (PTB-Phase III) - Furniture's	82,99,369	Common
63	1016101420	Common User Terminal - PTB-Phase III-Fittings	20,691	Aero
64	1014100700	Terminal 2 - PTB-Phase III - Green Wall (Mechanical)	10,728	Aero
65	1014100701	Terminal 2 - PTB-Phase III - VDGS	7,15,241	Aero
66	1014100702	Terminal 2 - PTB-Phase III - Water Features (Mech)	97,205	Common
67	1014100705	Terminal 2 - PTB-Phase III-PHE System	22,96,429	Aero
68	1014100706	Terminal 2 - PTB-Phase III-Piped Natural Gas System	10,14,146	Non-Aero
69	1014100736	Terminal 2 - PTB-Phase III-Manual Chain Pulleys	83,215	Aero
70	1014200095	Terminal 2 - PTB-Phase III-Fire Detection and Ala	27,31,107	Aero
71	1014600134	Terminal 2 - PTB-Phase III-HVAC Works	1,46,60,285	Aero
72	1014950008	Terminal 2 - PTB-Phase III-Passenger Boarding Bri	-17,44,152	Aero
73	1013800053	Terminal 2 - PTB-Phase III - HOS Road (Pit Cover)	7,33,039	Aero
74	1013100483	South West Pier- Level 1 (ALM Areas & Airside Safe	-77,84,822	Aero
75	1013100515	South West Pier- Level 1 (LM Office - Air India)-C	2,20,448	Common
76	1013100516	South West Pier- Level 1 (ROFS)-Civil Works	5,84,189	Aero
77	1013100734	South West Pier- Level 1 (ALM Areas & Airside Safe	2,33,05,553	Aero
78	1013100735	South West Pier- Level 1 (LM Office - Air India)-C	2,28,849	Aero
79	1013100746	South West Pier - PTB - External Façade	1,01,68,803	Common
80	1013100758	South West Pier- L1 (LM Office-Indian Airlines-Facade	30,537	Aero
81	1013100797	South West Pier- Level 1 (LM Office)-	1,24,367	Aero
82	1131100005	South West Pier - PTB - Core, Shell & Others	5,91,80,987	Common
83	1131200003	South West Pier- Level 1 - Toilet Accessories	8,16,859	Aero
84	1014990269	South West Pier - PTB - Electrical Works (Cables,	50,99,646	Common
85	1014990352	South West Pier- L1 Fire Detection & Alarm Sys	27,493	Aero
86	1016100924	South West Pier- Level 1 (ALM Areas & Airside Safe	2,78,936	Aero
87	1016101143	South West Pier - PTB - Hollow Metal Doors/Fire Ra	24,59,319	Aero
88	1016101325	South West Pier- Level 1 (ROFS)-Civil Works	99,356	Aero
89	1016101326	South West Pier- Level 1 (LM Office - Indian Airlines	4,160	Aero
90	1016101361	South West Pier- Level 1 (LM Office - Air India)-F	5,159	Aero
91	1015100734	South West Pier- Level 1 (ALM Areas & Airside Safe	34,366	Aero
92	1015100735	South West Pier- Level 1 (ROFS)-Furniture & Fixtures	3,681	Aero

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
93	1014100298	South West Pier- Level 1 (ALM Areas & Airside Safe	5,56,685	Aero
94	1014100299	S W P-Level 1(ALM Areas & Airside Safe) Monorail System	33,121	Aero
95	1014100359	South West Pier- Level 1 (LM Office - Indian Airlines	5,686	Aero
96	1014100362	South West Pier- Level 1 (LM Office - Air India)-P	16,281	Aero
97	1014100364	South West Pier- Level 1 (ROFS)-PHE Works	68,209	Aero
98	1014100506	South West Pier - PTB - PHE System (Mechanical)	12,14,477	Aero
99	1014100507	South West Pier - PTB - Piped Natural Gas System	13,21,335	Aero
100	1014200057	South West Pier- L1 ALM Fire Protection Sys	4,29,461	Aero
101	1014200061	South West Pier- Level 1 (LM Office - Air India)-F	-43,450	Aero
102	1014200062	South West Pier- Level 1 (LM Office - Air India)-F	2,175	Aero
103	1014200064	South West Pier- Level 1 (ROFS)-Fire Protection	1,13,896	Aero
104	1014200066	South West Pier- Level 1 (LM Office - Indian Airlines	12,334	Aero
105	1014200077	South West Pier - PTB - Fire Protection System	10,11,279	Aero
106	1014200100	South West Pier- L1 Fire Detection & Alarm Sys	1,589	Aero
107	1014200101	South West Pier- Level 1 (ROFS)-Fire Detection & A	2,050	Aero
108	1014200103	South West Pier- Level 1 (ROFS)-Fire Detection & A	629	Aero
109	1014200105	South West Pier- Level 1 (ROFS)-Fire Detection & A	155	Aero
110	1014200106	South West Pier- Level 1 (LM Office - Indian Airlines	214	Aero
111	1014200108	South West Pier- Level 1 (LM Office - Indian Airlines	66	Aero
112	1014200110	Southwest Pier- Level 1 (LM Office - Indian Airlines	16	Aero
113	1014200111	Southwest Pier - PTB - Fire Alarm System	2,26,476	Aero
114	1014600038	Southwest Pier- Level 1 (ROFS)-HVAC Works	2,96,386	Aero
115	1014800024	South West Pier - PTB - VTHT System	15,80,901	Aero
116	1014950007	South West Pier - PTB - Passenger Boarding Bridges	7,28,236	Aero
117	1013800026	South West Pier - PTB - HOS Road	19,74,606	Aero
118	1014990238	Southwest Pier- Level 1 (ALM Areas & Airside Safe	22,40,734	Aero
119	1013100780	Common User Terminal - PTB-Phase IV-Core, Shell	60,69,743	Common
120	1013700025	CommUserTerm- PTB-Phase IV-ExtFacad-Wall Cladding	99,54,220	Common
121	1013700026	CommonUserTerm-PTB-Phase IV-Flooring - PaverBlock	27,170	Aero
122	1014100718	Common User Terminal - PTB-Phase IV-Building Mai	1,24,511	Aero
123	1014100719	Common User Terminal - PTB-Phase IV-Transformer	1,18,502	Common

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
124	1014200097	Common User Terminal - PTB-Phase IV-Fire Detection	2,28,964	Aero
125	1014600136	Common User Terminal - PTB-Phase IV-HVAC Works	19,54,775	Aero
126	1014800047	Common User Terminal - PTB-Phase IV-VTHT System	1,80,834	Aero
127	1014950009	Common User Terminal - PTB-Phase IV-Passenger Bo	-8,10,838	Aero
128	1014990376	Common User Terminal - PTB-Phase IV-Electrical	30,50,679	Common
129	1014990406	Common User Terminal - PTB-Phase IV-CCTV	2,31,843	Aero
130	1016101343	Common User Terminal - PTB-Phase IV-Airport	1,32,397	Aero
131	1016101345	Common User Terminal - PTB-Phase IV-Carpets	2,28,630	Aero
132	1016101348	Common User Terminal - PTB-Phase IV-Hollow Metal	21,44,477	Aero
133	1016101351	Common User Terminal - PTB-Phase IV-Signages	4,36,658	Aero
134	1016101380	CommUserTermnl-PTB-Phase IV-Core Toilet Accessories	48,191	Aero
135	1016101381	Common User Terminal - PTB-Phase IV-Rolling Shutt	18,309	Common
136	1210000005	Common User Terminal- PTB-Phase IV-AccessContSys	13,36,156	Aero
137	1013100388	Terminal 1C - Civil Work	43,91,510	Common
138	1013100480	Domestic Sewage Treatment Plant - Civil Works	3,63,098	Aero
139	1014100217	Duct Bank (from DSS1 to T1C & CCR2) - Electrical	71,010	Aero
140	1014100296	Domestic Sewage Treatment Plant - Mechanical Works	5,53,829	Aero
141	1014200035	Terminal 1C - Fire Protection System	1,74,293	Aero
142	1014600058	Terminal 1C - HVAC	3,59,065	Aero
143	1014700014	Terminal 1C - Inline BHS	11,197	Aero
144	1014910016	Terminal 1C - PHE System	1,61,362	Aero
145	1014950004	Terminal 1C - Passenger Boarding Bridges	-7,14,916	Aero
146	1014990159	Terminal 1C - LT Electrical System	7,41,259	Common
147	1015100705	Terminal 1C - Public Address System	14,123	Aero
148	1016100701	Terminal 1C – Signages	5,350	Aero
149	1017100485	Terminal 1C - IT Cabling	23,337	Aero
150	1013100513	Parking Stands Y1,Y2,Y3 &Y4 (Remote) - Civil Works	6,98,100	Aero
151	1013800013	Connecting Road to New International Cargo	16,38,284	Non-Aero
152	1013800037	T2 Apron- Stand R5 to R8 works- Pavement Works	73,99,064	Aero
153	1014100260	Oil Water Separator No.3 (Apron J)-Mechanical Work	44,598	Aero
154	1014100397	Oil Water Separator No. 1 - Mechanical Works	12,177	Aero
155	1014100679	T2 Apron Phase 3 - Oil Water Separator No. 5 - Me	544	Aero
156	1014990193	TWY 'N4' - AGL	10,25,395	Aero
157	1014990240	Apron-'R' & Adjacent Area (Remote Parking Stands R	37,83,257	Aero

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
158	1014990323	T2 Apron Phase 3 - Electrical Works	2,36,339	Aero
159	1014990324	T2 Apron Phase 3 - High Mast Lighting System	13,97,162	Aero
160	1019200037	Parking Stand's G5 & G6 [Terminal 2 Apron]-Civil	60,11,150	Aero
161	1019200049	Parking Stands (J4-J8 including Mike Taxiway)-Civil	2,75,51,774	Aero
162	1019200060	Parking Stands V13, V14, V15 & Y1-Civil Work	1,45,73,484	Aero
163	1019200088	T2 Apron Phase 3 - Civil Works	11,80,41,336	Aero
164	1019200101	Parking Stands Y1, Y2,Y3 &Y4 (Remote) – Taxiways	45,432	Aero
165	1013100595	T2 MLCP - Civil Works	8,42,78,859	Non-Aero
166	1014100513	T2 MLCP - Monorail	1,89,456	Non-Aero
167	1014100727	T2 MLCP - PHE System	-2,48,418	Non-Aero
168	1014200078	T2 MLCP - Fire Alarm System	13,91,516	Aero
169	1014200081	T2 MLCP - Fire Protection & Detection System	25,55,539	Aero
170	1014600093	T2 MLCP - HVAC Works	24,41,790	Non-Aero
171	1014990272	T2 MLCP - Electrical Works	18,66,943	Non-Aero
172	1015100740	T2 MLCP - Toilet Accessories (Electric Hand Drier)	26,516	Non-Aero
173	1016101151	T2 MLCP - Hollow Metal Doors	15,93,318	Non-Aero
174	1017100627	T2 MLCP - CCTV - Hardware	9,52,873	Aero
175	1131200004	T2 MLCP - PHE System: Sanitary Fittings	62,905	Non-Aero
176	1210100010	T2 MLCP - CCTV	82,603	Aero
177	1013100810	T2 Forecourt Road - Elevated Road - Civil Works	2,05,14,129	Aero
178	1013200053	T2 Forecourt Road - At grade Road - Civil Works	4,64,09,193	Aero
179	1013200122	T2 Forecourt Road - At grade Road - Civil Works	9,20,022	Aero
180	1014990029	T2 Forecourt Road - Traffic Signal (Electro-Mechan)	3,17,689	Aero
181	1014990271	T2 Forecourt Road - Elevated Road - Light Fixtures	47,15,093	Aero
182	1014990270	T2 Forecourt Road - At grade Road - Light Fixtures	15,87,227	Aero
183	1014990389	T2 Forecourt Road - Elevated Road - Light Poles	20,30,144	Aero
184	1016101145	T2 Forecourt Road - At grade Road - Light Poles	14,54,345	Aero
185	1016101146	T2 Forecourt Road - Elevated Road - Light Poles	7,08,010	Aero
186	1016101148	T2 Forecourt Road - Signages	13,62,253	Aero
187	10138000720	Roads-WEH	15,58,59,201	Non-Aero
188	10138000640	Road and Sewage network at International Terminal at CSIA	36,59,91,755	Non-Aero
189	10149904920	Road and Sewage Network - Electrical works	1,81,93,240	Non-Aero
190	10138000650	Infrastructure Development - Civil works to Support operation of Domestic Terminal	12,99,60,774	Non-Aero
191	10149904930	Infrastructure Development - Electrical works	3,91,33,225	Non-Aero
		Total	**6,89,55,69,114***	

**Refer Table 28*

16.2.2 The following are the list of assets identified in the Self-Contained Note (SCN) by the Authorized Investigation Agency (AIA) in the Third Control Period:

Table 358: List of the Assets identified in the SCN in the Third Control Period

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
1	10138000770	Development of Roads - Cargo	23,63,19,999	Non-Aero
2	10138000790	Access Road - Andheri Kurla to International Terminal	21,95,20,001	Non-Aero
3	10138000780	Road Connecting Project Office and International	18,14,40,000	Non-Aero
4	11313000010	Covered Drain at Landside	40,26,43,999	Non-Aero
5	10133000570	Utility Corridor for Landside Development-Civil	43,88,04,551	Non-Aero
6	10149905320	Utility Corridor Landside Dev-Electrical Work	4,20,45,449	Non-Aero
7	10131009110	Infra and Utility Corridor Development-CSMIA	9,96,80,001	Non-Aero
8	10138000800	Approach Road - Sahar and WEH	12,29,34,910	Non-Aero
		Total	**1,74,33,88,910***	

**Refer Table 72*

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