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इंदिरा गांधी अंतर्राष्ट्रीय हवाईअड्डा, दिल्ली (डीईएल) 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
INDIRA GANDHI INTERNATIONAL AIRPORT, DELHI (DEL)
FOR THE FOURTH CONTROL PERIOD
(01.04.2024 – 31.03.2029)

भा.वि.आ.वि.प्रा.

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LIST OF ABBREVIATIONS

Abbreviation	Expansion
AAI	Airports Authority of India
ACI	Airports Council International
AEP	Airport Entry Permit
AERA	Airports Economic Regulatory Authority of India
AERAAT	Airports Economic Regulatory Authority Appellate Tribunal
AGL	Air Ground Lighting
ALOP	Advance Loss of Profit
AMC	Annual Maintenance Contract
AOC	Airline Operators Committee
AOCC	Airport Operation Control Centre
APAO	Association of Private Airport Operators
APM	Automated People Mover
ARFF	Aircraft Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASC	Airport Service Charge
ASD	Automatic Switching Device
ASK	Available Seat Kilometer
ASQ	Air Service Quality
ATM	Air Traffic Movement
ATR	Automatic Tag Reader
ATRS	Automatic Tray Retrieval System
AUCC	Airport Users Consultative Committee
BAC	Base Airport Charges
BCAS	Bureau of Civil Aviation Security
BME	Bridge Mounted Equipment
BOQ	Bill of Quantity
BSF	Border Security Force
BSSDPL	Bharat Stars Services (Delhi) Private Limited
CAGR	Compounded Annual Growth Rate
CAM	Common Area Management
CAPEX	Capital Expenditure
CCR	Constant Current Regulator
CDO	Chief Development Officer
CFT	Crash Fire Tenders
CPI	Consumer Price Index
CPWD	Central Public Works Department
Cr	Crore
CSR	Corporate Social Responsibility
CTCP	Country Terrorist Contingency Plan
CWIP	Capital Work in Progress
DAFFPL	Delhi Aviation Fuel Facility Private Ltd
DCB	Delhi Cantonment Board
DFMD	Door Frame Metal Detector

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Abbreviation	Expansion
DG	Diesel Generator
DGCA	Directorate General for Civil Aviation
D-I	Domestic to International
DIAL	Delhi International Airport Limited
DMRC	Delhi Metro Rail Corporation
DOT	Department of Telecommunication
DSR	Delhi Schedule Rates
ECT	Eastern Cross Taxiway
EPC	Engineering Procurement and Construction
EPCA	Environment Pollution Control Authority
FAR	Fixed Assets Register
FBS	Full Body Scanner
FIA	Federation of Indian Airlines
FMC	Force Majeure Clause
FMS	Facility Management Services
FY	Financial Year
GA	General Aviation
GAL	GMR Airports Limited
GDP	Gross Domestic Product
GFA	Gross Fixed Assets Ratio
GHIAL	GMR Hyderabad International Airport Limited
GoI	Government of India
GRAP	Graded Response Action Plan
GST	Goods and Services Tax
HMP	Hot Mix Plant
HOS	Head of Stand
HRAB	Hypothetical Regulatory Asset Base
IAR	Industrial All Risk
IATA	International Air Transport Association
ICB	International Competitive Bidding
ICF	ICF International Inc.,
I-D	International to Domestic
IDC	Interest During Construction
IFK	In Flight Kitchen
IGIA	Indira Gandhi International Airport
ILS	Instrument Landing System
IOSDPL	Indian Oil Skytanking Delhi Private Limited
IT	Information Technology
ITC	Input Tax Credit
ITP	In-to Plane
JVC	Joint Venture Company
km	Kilometer
KPI	Key Performance Indicators
L&B	Landrum & Brown
L&T	Larson & Toubro

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Abbreviation	Expansion
LoA	Letter of Award
LoI	Letter of Intent
MCA	Ministry of Civil Aviation
MCLR	Marginal Cost of Fund Based Lending Rate
MIAL	Mumbai International Airports Limited
MLCP	Multi Level Car Parking
MLD	Million Litres per Day
MMT	Million Metric Tonne
Mn	Million
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MRO	Maintenance Repair and Overhaul
MT	Metric Tonne
MU	Million Units
MWp	Mega Watt
MYTP	Multi Year Tariff Proposal
NCD	Non Convertible Debentures
NH	National Highway
NHAI	National Highway Authority of India
NIA	Noida International Airport
NUB	New Udaan Bhawan
O&M	Operation & Maintenance
OEM	Original Equipment Manufacturers
OLS	Obstacle Limitation Surfaces
OMDA	Operation, Management and Development Agreement
P&E	Project & Engineering
PAX	Passenger
PBB	Passenger Boarding Bridge
PIDS	Perimeter Intrusion Detection System
PLF	Passenger Load Factor
PNGRD	Petroleum and Natural Gas Regulatory Board
PPP	Public Private Partnership
RAB	Regulatory Asset Base
RB	Regulatory Base
RBI	Reserve Bank of India
RPK	Revenue Passenger Kilometer
Rs.	Rupee
RSD	Refundable Security Deposit
RWY	Runway
SAR	Southern Access Road
SBD	Self Baggage Drop
SBICAPS	SBI Capital Markets Limited
SDMC	South Delhi Municipal Corporation
SEBI	Securities and Exchange Board of India
Sq.m	Square meter

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Abbreviation	Expansion
SSA	State Support Agreement
TAMP	Tariff Authority for Major Ports
TCV	Threat Containment Vessel
TDSAT	Telecom Dispute Settlement and Appellate Tribunal
TMRS	Trunk Mobile Radio Service
TR	Target Revenue
TWY	Taxiway
USD	United States Dollar
VGDS	Visual Guidance Docking System
VRS	Voluntary Retirement Scheme
WACC	Weighted Average Cost of Capital
WAISL	Wipro Airport IT Services Limited
WPI	Wholesale Price Index
Y-o-Y	Year on Year

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1. BACKGROUND

1.1 Introduction

1.1.1 Delhi International Airport Private Limited (DIAL), was incorporated on 1st March 2006 with Airports Authority of India (AAI) retaining 26% equity stake and balance 74% of equity stake held by members of the GMR Group led Private consortium. The GMR Group led Private consortium currently comprises of GMR Airports Limited (GAL) holding 64% stake and Fraport AG Frankfurt Airport Services Worldwide (Fraport) holding 10% stake. DIAL has informed that, Fraport has proposed to sell its entire 10% shareholding in DIAL to GAL subject to approval from AAI under Clause 2.5(c) of OMDA. As per DIAL, GAL and Fraport have approached AAI for granting its approval under Clause 2.5 (c) of OMDA for sale of Fraport's 10% shareholding in DIAL to GAL and the same is under process.

1.1.2 On 4th April 2006, DIAL signed the Operation, Management and Development Agreement (OMDA) with AAI and took over the operations of the Indira Gandhi International Airport (IGIA) on 3rd May 2006.

1.1.3 The OMDA has a term of 30 years, with DIAL having a right to extend the agreement for a further period of 30 years, subject to its satisfactory performance under the various provisions governing the arrangement between DIAL and AAI. In addition to OMDA, DIAL also entered into the State Support Agreement (SSA) with GoI on 26th April 2006 which outlined the support from GoI and has also outlined the principles of tariff determination to be adhered to by the economic regulatory body for airports. Besides OMDA and SSA, the airport operator has also entered into other agreements with the state government and other agencies in order to complete the project and provide various services at the airport.

1.1.4 As per OMDA, AAI granted DIAL the exclusive right and authority, during the term of agreement, to undertake some of the functions of AAI, namely the functions of operations, maintenance, development, design, construction, up-gradation, modernizing, finance and management of the IGI Airport and to perform services and activities constituting aeronautical and non-aeronautical services at the airport.

1.2 Profile of Indira Gandhi International Airport (IGIA)

1.2.1 The Terminal Building and Technical details of IGIA submitted by DIAL are provided in the table below:

Table 1: Terminal Building and Technical Details of IGIA

Terminal Building Details				
Particulars	**Terminal 1**	**Terminal 2**	**Terminal 3**	**Total**
Terminal Building Area (Sq. m.)	2,06,950	54,729	5,53,193	**8,14,872**
Designed Passenger Handling Capacity (MPPA)	40	15	45	**100**
Peak Hour Passenger Handling Capacity (No.)	5,000	2,340	6,926	**14,266**
Key Concessionaires/ Operators				
Fuel Farm Facility	Delhi Aviation Fuel Facility Private Ltd (DAFFPL) – Storage Capacity of 49,000 kL			
In-to Plane (ITP) Services	Indian Oil Skytanking Delhi Private Limited (IOSDPL) Bharat Stars Services (Delhi) Private Limited (BSSDPL)			

Technical Details	
Particulars	**Details**
Total land area	~4,800 acres
No. of Passenger Terminals	3 (T1, T2 and T3)
No. of Runways	4
Runway Orientation and Length	Runway 1: 09/27; 2,816 m x 45 m Runway 2: 10/28; 3,813 m x 45 m Runway 3: 11L/29R; 4,400 m x 45 m Runway 4: 11R/29L; 4,430 m x 60 m
No. of Cargo Terminals	2 (Total capacity of 1.8 MMT)
No. of Parking Bays	202 (including 12 cargo stands)
No. of Taxi Tracks	128
Key Milestones in FY 2024	
Particulars	**Details**
Total Terminal Capacity	100 MPPA (T1- 40 MPPA, T2- 15 MPPA, T3- 45 MPPA)
Passenger Traffic	73.7 MPPA
Air Traffic Movements (ATM)	0.44 Mn
Average ATM per day	~1,209
Highest ATM in an hour	81
Cargo Volume Handled	1 MMT
No. of Destinations	148

1.3 Tariff Setting Principles

1.3.1 The Authority is required to discharge its functions specified under Section 13 of the Airports Economic Regulatory Authority of India Act, 2008 ("**AERA Act**"). The Authority shall determine the Tariff for the Aeronautical services taking into consideration the following:

i. the capital expenditure incurred and timely investment in improvement of airport facilities.
ii. the services provided, its quality and other relevant factors.
iii. the cost of improving efficiency.
iv. economic and viable operation of major airports.
v. revenue received from services other than the Aeronautical services.
vi. the concession offered by Central Government in any agreement or memorandum of understanding or otherwise.
vii. Any other factor which may be relevant for the purposes of this Act.

1.3.2 While, in terms of Section 13(1)(a), the Authority is required to take into account the concessions offered by the Central Government, such concessions are not the only factors which are required to be taken into account by the Authority while determining Tariff. The AERA Act mandates the Authority to ensure 'economic' and 'viable' operation of the major airports. The Hon'ble Supreme Court, while interpreting similar provisions in other sectors has held that the Authority is required to determine tariff in a manner that protects the interest of the developers as well as the users of the facility.

1.3.3 The tariff determination mechanism towards aeronautical charges for IGIA shall be as per the principles set out under Schedule 1 of State Support Agreement (SSA) as stated below:

*1) **Incentives Based**: The Joint Venture Company (JVC) will be provided with appropriate incentives to operate in an efficient manner, optimizing operating cost, maximizing revenue and undertaking*

investment in an efficient, effective and timely manner and to this end will utilize a price cap methodology as per this Agreement.

2) ***Commercial:*** *In setting the price cap, AERA will have regard to the need for the JVC to generate sufficient revenue to cover efficient operating costs, obtain the return of capital over its economic life and achieve a reasonable return on investment commensurate with the risk involved.*
3) ***Transparency****: The approach to economic regulation will be fully documented and available to all stakeholders, with the Airports and key stakeholders able to make submissions to AERA and with all decisions fully documented and explained.*
4) ***Consistency****: Pricing decisions in each regulatory review period will be undertaken according to a consistent approach in terms of underlying principles.*
5) ***Economic Efficiency****: Price regulation should only occur in areas where monopoly power is exercised and not where a competitive or contestable market operates and so should apply only to Aeronautical Services. Further in respect to regulation of Aeronautical Services, the approach to pricing regulation should encourage economic efficiency and only allow efficient costs to be recovered through pricing, subject to acceptance of imposed constraints such as the arrangements in the first three years for operations support from AAI.*
6) ***Independence:*** *The AERA will operate in an independent and autonomous manner subject to policy directives of the GOI on areas identified by GOI.*
7) ***Service Quality****: In undertaking its role AERA will monitor pre-set performance in respect to service quality performance as defined in the Operations Management Development Agreement (OMDA) and revised from time to time.*
8) ***Master Plan and Major Development Plans****: AERA will accept the Master Plan and Major Development Plans 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.*
9) ***Consultation:*** *The Joint Venture Company will be required to consult and have reasonable regard to the views of relevant major airport users with respect to planned major airport development.*
10) ***Pricing responsibility:*** *Within the overall price cap the JVC will be able to impose charges subject to those charges being consistent with these pricing principles and IATA pricing principles as revised from time to time including the following:*
    - *(i) Cost reflectivity: Any charges made by the JVC must be allocated across users in a manner that is fully cost reflective and relates to facilities and services that are used by Airport users;*
    - *(ii) Non-discriminatory: Charges imposed by the JVC are to be non-discriminatory as within the same class of users;*
    - *(iii) Safety: Charges should not be imposed in a way as to discourage the use of facilities and services necessary for safety;*
    - (iv) *Usage: In general, aircraft operators, passengers and other users should not be charged for facilities and services they do not use.*

The specific formula for calculating the Target Revenue which the airport operator is eligible for recovery is as below:

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

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 the JVC, 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 working capital shall not be included as part of regulatory base. It is further clarified that penalties and Liquidated Damages, if any, levied as per the provisions of the 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.

***WACC = 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 the OMDA would not be allowed as part of the operation and maintenance cost.*

***D = depreciation calculated in the manner as prescribed in Schedule XIV of the Indian Companies Act, 1956.** 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 value 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 by the JVC from Revenue Share Assets**. The costs in relation to such revenue shall not be included while calculating Aeronautical Charges.*

1.3.4 For the purpose of clarity and convenience, OM as defined above is referred as Aeronautical O&M and T (corporate taxes on earnings pertaining to Aeronautical Services) as defined above has been referred as Aeronautical Taxes, hereinafter in this Tariff Order.

1.3.5 For the purpose of the tariff determination exercise, the depreciation rates as per the Authority's Order no. 35/2017-18 dated 12th January 2018 along with its Amendment to Order no. 35/2017-18 dated 9th April 2018 have been considered. The useful life of these assets as determined by the Authority also forms the basis for the deprecation of assets as determined by the statutory auditor of DIAL who has mentioned under the schedules in the annual report of DIAL for FY 2024 that the depreciation rates are aligned with the above-mentioned orders of the Authority.

1.3.6 As per the definition provided in the SSA:

"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 Fee).

1.3.7 As per the definition provided in the OMDA:

"Non-Aeronautical Assets" shall mean:

1. all assets required or necessary for the performance of Non-Aeronautical Services at the Airport as listed in Part I of Schedule 6 and any other services mutually agreed to be added to the Schedule 6 hereof as located at the Airport (irrespective of whether they are owned by the JVC or any third Entity); and

2. all assets required or necessary for the performance of Non-Aeronautical Services at the Airport as listed in Part II of Schedule 6 hereof as located at the Airport (irrespective of whether they are owned by the JVC or any third Entity), to the extent such assets (a) are located within or form part of any terminal building; (b) are conjoined to any other Aeronautical Assets, asset included in paragraph (i) above and such assets are incapable of independent access and independent existence; or (c) are predominantly servicing/ catering any terminal complex/cargo complex

and shall specifically include all additional land (other than the Demised Premises), property and structures thereon acquired or leased during the Term, in relation to such Non-Aeronautical Assets.

1.4 Base Airport Charges (BAC)

1.4.1 As part of the tariff setting principles which is provided under the SSA, it specifically mentions that the airport operator is eligible to levy at the minimum Base Airport Charges plus 10% from the third year since the Effective Date as aeronautical tariff. The same is as per the Schedule 6 of the SSA. The relevant extract is as shown below:

"1.The existing AAI airport charges ("Base Airport Charges") will continue for a period of two (2) years from the Effective Date and in the event the JVC duly completes and commissions the Mandatory Capital Projects required to be completed during the first two (2) years from the Effective Date, a nominal increase of ten (10) percent over the Base Airport Charges shall be allowed for the purposes of calculating Aeronautical Charges for the duration of the third (3rd) Year after the Effective Date ("Incentive"). It is hereby expressly clarified that in the event JVC does not complete and commission, by the end of the second (2nd) year from the Effective Date, the Mandatory Capital Projects required to be completed and commissioned, the Incentive shall not be available to the JVC for purposes of calculating Aeronautical Charges for the third (3rd) year after the Effective Date.

2. From the commencement of the fourth (4th) year after the Effective Date and for every year thereafter for the remainder of the Term, Economic Regulatory Authority / GOI (as the case may be) will set the Aeronautical Charges in accordance with Clause 3.1.1 read with Schedule 1 appended to this Agreement, subject always to the condition that, at the least, a permitted nominal increase of ten (10) percent of the Base Airport Charges will be available to the JVC for the purposes of calculating Aeronautical Charges in any year after the commencement of the fourth year and for the remainder of the Term."

1.4.2 The Base Airport Charges plus 10% hence shall be applicable if the aeronautical tariff that the airport operator is eligible to recover based on the tariff determination exercise as per Schedule 1 of the SSA, is lesser than the aeronautical tariff as per Base Airport Charges plus 10%.

1.5 Sequence of Past Material events in the Tariff determination exercise

1.5.1 Based on the tariff determination principles and taking into consideration the tariff filings of DIAL and its analysis with regards to each of the building blocks, the Authority issued the Tariff Order for the First Control Period on 24th April 2012. The Authority determined a one-time increase of 345.92% on the aeronautical tariff with effect from 15th May 2012 which was implemented by DIAL.

1.5.2 DIAL also filed an appeal on 23rd May 2012 before the Hon'ble Tribunal (AERAAT) challenging the Tariff Order issued by the Authority for the First Control Period on various grounds.

1.5.3 The Hon`ble High Court of Delhi vide its judgement dated 22nd January 2015 passed in Letters Patent Appeal (LPA) No. 670/2014 filed by DIAL vs Union of India and the Authority, allowed DIAL to continue the tariff determined by the Authority for the First Control Period vide Tariff Order dated 24th

April 2012 till the disposal of the appeals pending against the said Tariff Order, by the Hon'ble AERAAT.

1.5.4 Based on the tariff determination principles and taking into consideration the tariff filings of DIAL and its analysis with regards to each of the building blocks, the Authority issued the Tariff Order for the Second Control Period on 10th December 2015, wherein a one-time decrease in tariff of 89.40% was determined. The Authority had also granted, as part of the Tariff Order, an additional ARR of Rs. 691.50 Cr to help DIAL meet its cash deficit on account of reduction in tariff. The Tariff Structure and the rate card arrived at by the Authority regarding tariff determination for the Second Control Period were to be applicable from 01st January 2016.

1.5.5 However, the Tariff Order for the Second Control Period could not be implemented from its intended date on account of Hon`ble High Court of Delhi's judgement dated 22nd January 2015 as mentioned under 1.5.3.

1.5.6 DIAL subsequently filed an appeal on 11th January 2016 before the Hon'ble AERAAT (i.e. TDSAT) challenging the Tariff Order issued by the Authority for the Second Control Period.

1.5.7 The Hon'ble Supreme Court vide its Order Dated 3rd July 2017 vacated the stay on implementation of the Tariff Order for the Second Control Period and directed Hon'ble TDSAT to complete its adjudication on the issues raised.

1.5.8 DIAL implemented the Tariff order for the Second Control Period dated 10th December 2015 with effect from 8th July 2017.

1.5.9 Post implementation of the Tariff Order for the Second Control Period, DIAL approached the Authority with the contention that the aeronautical tariff determined by the Authority have fallen below the Base Airport Charges stipulated in the SSA. DIAL requested the Authority to allow them to levy Base Airport Charges from 8th July 2017, the date when tariff order for the Second Control Period was given effect as per the orders of the Hon'ble Supreme Court.

1.5.10 The Authority vide order dated 19th November 2018, allowed DIAL to levy aeronautical tariff at the rate of BAC + 10% of BAC, with effect from 1st December 2018.

1.5.11 In the meanwhile, Hon'ble TDSAT, vide its order dated 23rd April 2018, decided the AERA Appeal filed by DIAL against the Tariff Order issued by the Authority for the First Control Period. Further, Hon'ble TDSAT, vide its order dated 15th November 2018, decided the AERA Appeal filed by MIAL against the Tariff Order issued by the Authority for the First Control Period.

1.5.12 Based on the tariff determination principles and taking into consideration the MYTP of DIAL for the Third Control Period and its analysis with regards to each of the building blocks, and taking into consideration the Hon'ble TDSAT directions dated 23rd April 2018, 15th November 2018 and 20th March 2020, the Authority issued the Tariff Order for the Third Control Period on 30th December 2020, wherein it was decided to continue with the then prevalent BAC plus 10% as per the terms of Schedule 6 of SSA. The Authority as part of the tariff determination for the Third Control Period decided to consider the aspect of projected over recovery pending to be trued up (determined as Rs. 1,267 Cr as on 01st April 2019 based on projected regulatory building blocks for the Third Control Period) along with carrying cost at the time of tariff determination for the Fourth Control Period, during which the actual over recovery pending to be trued up for the Third Control Period shall have to be re-assessed based on actuals.

1.5.13 The Authority had also decided to consider compensatory tariff to compensate DIAL towards discontinuance of Fuel Throughput Charges by MoCA vide letter F.No. AV-13030/216/2016-ER dated 08th January 2020 and to recover the same from every embarking passenger. Such compensatory tariff

shall also be considered as part of aeronautical revenue and shall be trued up based on actuals at the time of tariff determination for the Fourth Control Period.

1.6 Hon'ble Supreme Court Order in respect to the decisions taken by the Authority for the First Control Period

1.6.1 DIAL filed Civil Appeal in the Hon'ble Supreme Court against the Hon'ble TDSAT judgements dated 23rd April 2018 in the matter of the Tariff Order for the First Control Period issued on 24th April 2012. The Hon'ble Supreme Court pronounced its judgement in this matter on 11th July 2022 post issuance of Tariff Order for the Third Control Period by the Authority.

1.6.2 The Hon'ble Supreme Court vide its judgement dated 11th July 2022, has dismissed the Civil Appeal filed by DIAL against the Hon'ble TDSAT judgement dated 23rd April 2018 except on the issue relating to corporate tax on earnings pertaining to aeronautical services.

1.6.3 As per the decision of the Hon'ble Supreme Court, the corporate taxes on earnings pertaining to Aeronautical services has to be computed based 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 DIAL shall not be treated as an expense while calculating the corporate taxes on earnings pertaining to Aeronautical services.

1.7 Hon'ble TDSAT Order in respect to the decisions taken by the Authority for the Second and Third Control Period

1.7.1 DIAL has filed the Appeals No. 1/2016 and 1/2021, against the Tariff Orders issued by the Authority for the Second and Third Control Period, respectively. The Hon'ble TDSAT vide its judgement dated 21st July 2023 has disposed these Appeals. Additionally, the Hon'ble TDSAT also vide its order dated 06th October 2023 has disposed the Appeals filed by MIAL against the Tariff Orders issued by the Authority for the Second and Third Control Periods. Further, the Hon'ble TDSAT vide its order dated 14th February 2024 has disposed 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 favour of the Airport Operators and certain issues have been decided in favour of the Authority. The decisions of the Hon'ble TDSAT decided in favour of the Airport Operators (DIAL, MIAL and GHIAL) have been factored by DIAL in the Multi Year Tariff Proposal (MYTP) submission for the Fourth Control Period.

1.8 Issuance of Consultation Paper and receipt of Stakeholders' comments for the Tariff Determination for the Fourth Control Period

1.8.1 DIAL, on 29th May 2024, filed the Multi Year Tariff Proposal (MYTP) for the Fourth Control Period (FY 2025- FY 2029) after factoring 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 True up for the First, Second and Third Control Periods along with treatment of the Regulatory Building Blocks for the Fourth Control Period.

1.8.2 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 DIAL and MIAL 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.

1.8.3 The Hon'ble Supreme Court vide its judgement dated 18th October 2024 has rejected the contentions of DIAL and MIAL 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 Hon'ble Supreme Court for final settlement and thus are sub-judice.

1.8.4 The Authority has carefully examined the issue of implementation of 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 DIAL'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 DIAL 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 increase in tariff. Thus, there will be substantial over recovery by the Airport Operator and there is a possibility that if on account of over recovery future tariff gets reduced then again the Airport Operator may claim that over recovery can't be clawed back on account of levy of minimum charges i.e. BAC + 10%. Due to all these factors, DIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering DIAL submissions of giving effects to the 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 decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

1.8.5 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 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.

1.8.6 The Authority, as mentioned under para 1.6.3 of this Tariff Order, proposed to implement based on the legal opinion, 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.

1.8.7 The Authority as part of the tariff determination exercise for the Fourth Control Period has appointed M/s SBI Capital Markets Limited (SBICAPS), as an independent consultant to assess the MYTP submitted by DIAL for the Fourth Control Period. The independent consultant assisted the Authority in verifying the data from various supporting documents submitted by DIAL 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.

1.8.8 The Authority through the independent consultant has requested DIAL to submit the necessary documents for the data with regards to past Control Periods currently submitted as part of True up

Exercise and has also requested for the justifications with regards to assumptions considered for the projections with regards to regulatory building blocks for the Fourth Control Period.

1.8.9 The timelines of various submissions made by DIAL with regards to the MYTP for the Fourth Control Period is as below:

Table 2: Timeline of various submissions made by DIAL

No	Activity	Date
1	MYTP Submission	29th May 2024
2	Initial Requirement List sent to DIAL	10th June 2024
3	Revised Submissions of Aeronautical O&M Expenses for the Third Control Period from DIAL	25th June 2024
4	Revised Submissions of Cost Estimates for Expansion Capex for the Fourth Control Period from DIAL	23rd July 2024
5	Initial Site Visit by Aviation Expert	12th August 2024
6	Discussion of queries along with site visit	July to September 2024
7	Site Visit by the Authority	19th September 2024
8	Additional Information/ Clarifications on Capex for the Third and Fourth Control Period from DIAL	15th & 18th October 2024
9	Additional Information/ Clarifications on Opex for the Third Control Period and Fourth Control Period from DIAL	12th November 2024
10	Additional Information/ Clarifications on Revenue from Revenue Share Assets for the Third and Fourth Control Period from DIAL	20th November 2024
11	Additional Information/ Clarifications on Quality of Service of IGIA, Master Plan approval, Billable ATMs and Opex for H1 FY 2025	31st December 2024
12	Additional Information/ Clarifications on Opex items viz. Rent Expenses and Bank Charges	3rd January 2025
13	Additional Information/ Clarifications on Airport Operator Fee	15th January 2025
14	Additional Information/ Clarifications on Related Party Transactions	20th January 2025

1.8.10 After examination of the various submissions made by DIAL along with the MYTP, the Authority had issued the Consultation Paper No. 07/2024-25 dated 31st January 2025.

1.8.11 Subsequent to the release of Consultation Paper, DIAL 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 DIAL's Counter comments were scheduled for submission by 03rd March 2025 and 13th March 2025 respectively. Following the release of the Consultation Paper, the Authority convened a meeting with Stakeholders on 17th February 2025. The Minutes of the Meeting is available on AERA's website.

1.8.12 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.

1.8.13 As part of the Stakeholders' Consultation process, the following stakeholders submitted comments on the Consultation Paper No. 07/2024-25 dated 31st January 2025 till the last date of submission of Stakeholders' comments i.e. 3rd March 2025 and these comments are available on AERA's website.

1. Delhi International Airport Limited (DIAL)
2. Airports Authority of India (AAI)
3. Bangalore International Airport Limited (BIAL)
4. Mumbai International Airport Limited (MIAL)
5. Federation of Indian Airlines (FIA)
6. Air India
7. Indigo
8. International Air Transport Association (IATA)
9. DACAAI
10. Business Aircraft Operators Association (BAOA)
11. Air Travellers Association (ATA)
12. Association of Private Airport Operators (APAO)
13. Airlines Operators Committee (AOC)
14. Consumer Unity and Trust Society (CUTS)
15. Mr. Manish Agarwal

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

Table 3: 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
DIAL, MIAL, AOC and APAO	Hon'ble TDSAT orders
DIAL	True up for the First Control Period
IATA	True up of WACC for the First Control Period
IATA	True up of Revenue from Revenue Share Assets for the First Control Period
DIAL	True up for the Second Control Period
AOC	True up of Aeronautical O&M for the Second Control Period
IATA	True up of Revenue from Revenue Share Assets for the Second Control Period
DIAL, APAO, IATA and AOC	True up of Regulatory Asset Base for the Third Control Period
DIAL and APAO	True up of WACC for the Third Control Period
DIAL, APAO and AOC	True up of Aeronautical O&M for the Third Control Period
DIAL and AAI	True up of Revenue from Revenue Share Assets for the Third Control Period
IATA	Traffic for the Fourth Control Period
DIAL, IATA and AOC	Capex, Depreciation and RAB for the Fourth Control Period
DIAL, BIAL, MIAL, IATA and Indigo	WACC for the Fourth Control Period
IATA	Inflation for the Fourth Control Period
DIAL, MIAL, APAO and IATA	Aeronautical O&M for the Fourth Control Period

Name of Stakeholders who commented/ submitted views on Regulatory building blocks/ tariff determination process	Component impacting tariff determination for the Fourth Control Period
DIAL, IATA, APAO, AOC and Indigo	Revenue from Revenue Share Assets for the Fourth Control Period
IATA	Aeronautical Taxes for the Fourth Control Period
IATA	Quality of Service for the Fourth Control Period
DIAL, AOC and IATA	Target Revenue for the Fourth Control Period
IATA, BIAL, APAO, ATA, Air India, BAOA, CUTS	Annual Tariff Proposal
Air India, ATA, CUTS, AOC	UDF/ Landing/ Parking charges
BAOA	Transparent and Efficient Slot Allocation
DACAAI	Cargo
FIA and Mr. Manish Agarwal	Others

1.8.15 The counter comments from DIAL on the comments from other stakeholders were received on 13th March 2025. Thus, the Stakeholders consultation process concluded on receipt of counter comments from DIAL.

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

1.9 Related Party Transactions

1.9.1 The Authority, through its Independent Consultant, obtained details regarding the related parties to/from whom DIAL has been rendering/availing services and the list of such related parties and the nature of services during the 5 years in the Third Control Period is detailed below:

Table 4: Related Party Transactions of DIAL in the Third Control Period

S. No	Nature of Services	Name of Related Party	Description of Relationship
1	Car Park Concession/ Rental Income	Delhi Airport Parking Services Private Limited	DIAL holds 49.9% stake in the Company
2	Cargo Concession/ Rental Income	Celebi Delhi Cargo Terminal Management India Private Limited	DIAL holds 26% stake in the Company
3	Duty Free Concession/ Rental Income	Delhi Duty Free Services Private Limited	DIAL holds 49.9% stake in the Company
4	Advertisement Concession/ Rental Income	TIM Delhi Airport Advertising Private Limited	DIAL holds 49.9% stake in the Company
5	Fuel Farm Service Concession/ Rental Income	Delhi Aviation Fuel Facility Private Limited	DIAL holds 26% stake in the Company
6	F&B Concession/ Rental Income	Travel Food Services (Delhi Terminal 3) Private Limited	DIAL holds 40% stake in the Company
7	Power Purchase Agreement	GMR Bajoli Holi Hydropower Private Limited	DIAL holds 20.14% stake in the Company
8	Digi Yatra Services	DIGI Yatra Foundation	DIAL holds 14.80% stake in DIGI Yatra

S. No	Nature of Services	Name of Related Party	Description of Relationship
9	Corporate Cost Allocation/ Rental Income	GMR Airports Infrastructure Limited	Intermediate holding Company
10	Corporate Cost Allocation/ Rental Income	GMR Airports Limited	Holding company (Holds 64% stake in DIAL)
11	Expenses - Manpower & O&M Contract and PMC Services Revenue - BME Services, Rental Income	GMR Airport Developers Limited	Fellow subsidiary (subsidiary of Parent/Holding Company)
12	Rental Income/ Aeronautical Charges	GMR Aviation Private Limited	Fellow subsidiary
13	Security Services Agreement/ Rental Income	Raxa Security Services Limited	Fellow subsidiary
14	Rental Income	GMR Pochanpalli Expressways Limited	Fellow subsidiary
15	Rental Income	GMR Highways Limited	Fellow subsidiary
16	Rental Income	GMR Energy Trading Limited	Fellow subsidiary
17	Rental Income	GMR Tambaram Tindivanam Expressways Limited	Fellow subsidiary
18	Maintenance, Repair and Overhaul (Ground Handling Services) and Rental Income	GMR Air Cargo and Aerospace Engineering	Fellow subsidiary
19	Rental Income	GMR Green Energy Limited	Fellow subsidiary
20	Rental Income	GMR Power and Urban Infra Limited	Fellow subsidiary
21	Rental Income	GMR Kamalanga Energy Limited	Fellow subsidiary
22	Rental Income	GMR Warora Energy Limited	Fellow subsidiary
23	Rental Income	GMR Tenaga Operations and Maintenance Private Limited	Associate/ Joint Venture of Fellow Subsidiary Companies
24	Rental Income/ BME Service	Delhi Aviation Services Private Limited	DIAL holds 50% stake in the Company
25	Rental Income/ IT Concession	WAISL Limited	DIAL holds 26% stake in the Company
26	Annual Fee/Rental Expense/ Other misc. expenses/ revenue	Airports Authority of India	Holds 26% stake in DIAL
27	Airport Operator Services	Fraport AG Frankfurt Airport Services Worldwide	Holds 10% stake in DIAL
28	CSR Expenditure	GMR Varalakshmi Foundation	CSR activities of DIAL is carried out through this foundation.

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1.9.2 The Authority noted that DIAL 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 DIAL 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 DIAL 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.

1.9.3 The Authority also noted the relevant provision under OMDA related to Related Party Transactions:

Clause 8.5.7 Contracts, Leases and Licenses

(i) Sub-Contracting, Sub-leasing and Licensing

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

(aa) comply with Applicable Laws including without limitation (where applicable) the procedures for competitive bidding in the field of public works concessions and in any case for every contract whose value exceeds Rs. 50,00,00,000/- (Rupees Fifty Crores Only) the JVC shall ensure that the selection of the counter party is by way of a competitive bidding procedure; and

(bb) inform AAI of the counter-party or parties to every contract, sub-lessee or licensee (as the case may be) and their shareholding pattern.

***(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 sublease or license arrangement) entered into by the JVC shall contain an express provision recognising 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/ sublessees, as the case may be and relatable to any Transfer Asset and/ or the Non-Transfer Asset shall also recognise 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.*

(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 favourable 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.*

Schedule 12 Contracting Procedures

"...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...".

1.9.4 The Authority noted that as per the provisions of the OMDA mentioned above,

i. In relation to any contract entered into by DIAL with a Group Entity, 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.

ii. Any contract with a Group Entity or any of its shareholders (other than AAI) shall only be entered into after the Board of DIAL duly approves such contract itself. The Board shall approve any such contract only if it is satisfied that the terms thereof are on arms-length commercial basis.

iii. DIAL shall ensure that the transactions with Related Parties are on an arms-length pricing basis and comply with the contracting procedures set forth in Schedule 12 of OMDA.

1.9.5 The Authority, through its independent consultant, has also sought and reviewed few probity audit reports for Related Party Transactions during the Third Control Period.

1.9.6 The Authority also noted that the Board of Directors of DIAL comprise nominee directors from AAI and MoCA.

1.9.7 Further, the Authority observed that as per the Audited Financial Statements of DIAL for FY 2024, the Statutory Auditor has confirmed the following:

"All contracts/ arrangements/ transactions entered by the Company (DIAL) during the financial year 2023-2024 with related parties were in the ordinary course of business and on arm's length basis.

However, the approval of the Board of Directors were obtained for all the contracts/ arrangements entered into with the Group Entities during the financial year, pursuant to the requirements of the OMDA executed by the Company with AAI"

1.9.8 Based on the above, the Authority expects the Board of Directors of DIAL 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.

1.10 Construct of this Tariff Order

1.10.1 This Tariff Order has been developed/ constructed in the order of events as explained below. Chapter wise details have been summarised as follows:

1.10.2 Chapter 1 presents background on DIAL, Sequence of past events, Hon'ble Supreme Court and Hon'ble TDSAT Orders and the timelines with regard to determination of tariff for the Fourth Control Period.

1.10.3 Chapter 2 lists DIAL's submissions as part of the current MYTP pertaining to various issues regarding true up for the First Control Period. Against each of the issues raised by DIAL, the Authority's earlier analysis and decisions regarding true up for the First Control Period as per the Tariff Order for the Third Control Period is provided. This is followed by the Authority's examination of the same as set out in the Consultation Paper No. 07/2024-25 dated 31st January 2025. Thereafter the comments of DIAL and other stakeholders, response of DIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

1.10.4 Chapter 3 presents DIAL's submissions as part of the current MYTP pertaining to various issues regarding true up for the Second Control Period. Against each of the issues raised by DIAL, the Authority's earlier analysis and decisions regarding true up for the Second Control Period as per the Tariff Order for the Third Control Period is provided. This is followed by the Authority's examination of the same as set out in the Consultation Paper No. 07/ 2024-25 dated 31st January 2025. Thereafter the comments of DIAL and other stakeholders, response of DIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

1.10.5 Chapter 4 lists DIAL's submissions as part of the current MYTP pertaining to various issues regarding true up for the Third Control Period. Against each of the issues raised by DIAL, the Authority's analysis and decisions regarding true up for the Third Control Period as per the Tariff Order for the Third Control Period is provided. This is followed by the Authority's examination of the same as set out in the Consultation Paper No. 07/2024-25 dated 31st January 2025. Thereafter the comments of DIAL and other Stakeholders, response of DIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

1.10.6 Chapter 5 to 12 includes submissions of DIAL regarding various building blocks pertaining to the Fourth Control Period including Traffic, Capex, Depreciation, Regulatory Asset Base, WACC, Operation and Maintenance Expense, Non Aeronautical Revenue, Aeronautical Taxation and Quality of Service along with Authority's examination and proposals on each matter as set out in Consultation Paper 07/2024-25 dated 31st January 2025. Thereafter Comments of DIAL and other Stakeholders, response of DIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

1.10.7 Chapter 13 presents the Target Revenue as determined by the Authority, based on the various proposals and adjustments considered by the Authority for the Fourth Control Period at the Consultation Stage. Thereafter the comments of DIAL and other Stakeholders, responses of DIAL on other Stakeholders' comments, Authority's analysis and final decisions are set out.

1.10.8 Chapter 14 summarizes the Authority's decision on all matters related to Tariff computation and Chapter 15 is the Tariff Order issued by the Authority for Indira Gandhi International Airport (IGIA), Delhi for the Fourth Control Period.

1.10.9 Chapter 16 contains Tariff Rate Card approved by the Authority for Indira Gandhi International Airport (IGIA), Delhi for the Fourth Control Period.

1.11 Stakeholders' comments with regard to the Hon'ble TDSAT orders for Tariff Determination for IGIA, Delhi for the Fourth Control Period

During Stakeholders' Consultation process, the Authority has received comments/ views from DIAL, MIAL, AOC and APAO in response to the proposals of the Authority with regard to the TDSAT order in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Comments of stakeholders are presented below:

DIAL's comments with regard to the Hon'ble TDSAT order

1.11.1 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.

In this regard, it is imperative to note that as per Order 41 Rule 5 of the CPC, 1908 unless the appeal is listed and there is an interim order and mere pendency of the appeal before the Supreme Court will not amount the stay on the operation of the order passed by the Court/Tribunal below.

Following Supreme Court Judgements support the implementation of TDSAT Judgement in the absence of stay order by the Honourable Supreme Court :

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 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 was duty bound to implement the TDSAT 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 of DIAL and not keep it pending until the commencement of tariff determination process for fifth control period (2029-34)."

Other Stakeholders' comments with regard to the Hon'ble TDSAT order

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

" 1.8.4 .... 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 DIAL'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 DIAL 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 increase in tariff. Thus, there will be substantial over recovery by the Airport Operator and there is a possibility that if on account of over recovery future tariff gets reduced then again the Airport Operator may claim that over recovery can't be clawed back on account of levy of minimum charges i.e. BAC + 10%. Due to all these factors, DIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering DIAL submissions of giving effects to the 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 decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

1.8.5 Considering the above and in public interest, the Authority proposes 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.

AERA has not considered the impact of above TDSAT judgement with the view that matter is sub judice. However, in the absence of stay order from Supreme Court on the judgement, Authority should have implemented the judgement.

As per the AERA act one of the key functions of the AERA is to ensure the economic and viable operation of major airports. Failure to consider the above judgement will render the operations of the airport unviable considering DIAL has recently completed the Phase 3A expansion project incurring huge capex in excess of Rs. 12,500 Crs, considerable portion of which is from borrowings.

We request AERA to incorporate the impact of above TDSAT judgements in the TR of Fourth Control Period."

1.11.3 AOC's comment with regard to the Hon'ble TDSAT order is as follows:

" AOC rhymes totally with clause 1.8.5, the fact that AERA has decided to continue MYTP exercise for the 4th Control Period, maintaining consistency with its order for Third Control Period while bearing in mind the finality of the matter which is sub-judice and currently under proceedings with Hon'ble SC. This will be an invaluable safeguard for the User against any inconsistent over recovery and AERA's inability to be able to Claw Back or rationally True Up due the OMDA/SSA Clause of a minimum applicability of 10% over BAC, in the MYT determination of the 5th Control Period. The option of True up of the projections done now versus the actual revenue realized is now a well-established principle. As against the SSA Safeguard provision available to DIAL, unfortunately same is not available to the Users."

1.11.4 APAO's comment with regard to the Hon'ble TDSAT order is as follows:

"The Authority has considered for non-implementation of the Hon'ble TDSAT Order, solely based on the assumption that it would be in public interest as the increase in the tariffs may impact the public adversely. It is pertinent to note that the majority of these issues were proposed by DIAL in 2nd & 3rd Control period which were not considered by the Authority for implementation on various grounds. From July 08, 2017, the biggest airport by capacity & passengers handled in India i.e., IGI Airport has charged average aeronautical revenue per passenger of less than ~ INR 150 per passenger. This is by far the lowest tariff when compared to any other airport globally irrespective of the scale & size. DIAL has got into this situation, merely due to the non-consideration of the concession agreement entered into between DIAL & the Government of India by the Authority in its previous tariff orders

We humbly submit it is the responsibility of the Authority to ensure economic viability of the airport operators, which is actually in public interest and also in the interest for all the other stakeholders operating at the airport. However, the Authority has seldom given due weightage on the Economic viability of airport operators.

This has resulted into a situation, where the average aeronautical revenue per passenger of INR 450 also seems like an increase of 200% whereas the actual fact is that the base itself is nominal compared to other airports in India and globally.

In addition to the above, we humbly submit that considering the legal grounds, it is the responsibility of the Authority to implement the Hon'ble TDSAT Judgement (being a Appellate Tribunal) unless there is a stay ordered on the judgement by Hon'ble Supreme Court. In the current scenario, there is neither a stay nor an injunction by the Hon'ble Supreme Court, and hence the Authority cannot consider it 100% towards the public interest. It is earnestly requested to the Authority to fund DIAL at least to the extent of the loan repayment obligations of DIAL for the current control period and the rest can be provided once the finality of the order is made by Hon'ble Supreme Court."

1.11.5 IATA's comment on Treatment of Annual Fee under Revenue from Revenue Share Assets is as follows:

"On the matter of the argument by the airport operator that the annual fee payable to AAI should be excluded/subtracted for calculating the revenue share, IATA fully supports the unbiased approach by AERA. It must be recognized that with the application of the 'S' factor as a result of adopting the hybrid till policy, the 30% is calculated based on the recognized gross revenue, and not after deducting other items. The remaining 70% of the revenue accrued to the airport operator is meant to cover all the other costs incurred by the airport operator, including its unregulated and uncapped profits for these

assets/activities. If the airport operator is free to deduct whatever it deems appropriate from the revenue from revenue share assets before the calculation of the 30%, we would be much better off scrapping the hybrid till policy altogether and reverting to the single till framework previously applied by AERA before the issuance of the hybrid till policy by the Government of India.

Another perspective to bring things into context is by understanding how revenues and costs are treated if they were under a dual till environment Each till will be assessed in isolation – both revenues and costs. The hybrid till is a compromise between the single till and dual till regimes, with the notion that non-aeronautical activities rely on aeronautical activities and hence there should be some form of contribution to offset aeronautical costs. IATA maintains their position that Single Till is the best arrangement to deliver the most optimal outcomes, balancing the need to ensure affordability, mimic the behaviour that would be obtained had the airport been in a truly competitive environment and fairly rewarding the airport operator for their investments and risks.

To see this from the right lens, we must also revisit the intent and process of the airport privatization exercise. Potential bidders would have done the necessary calculations, projecting future earnings and profitability before deciding on the revenue share percentage. It was and should never be the intent of the Government of India to allow airport operators to pass through the annual fee as a cost/expense, as seen in the last round of airport privatizations to the Adani Airports, where for the removal of any doubt it is explicitly mentioned that the per passenger fee to the Government must not be passed through to users. Otherwise, if the annual fee were meant to be treated as a cost/expense that can be fully passed through to airport users, such private airport operators would inflate their bids/offers to any astronomical level – and pass that cost through to the users."

1.12 DIAL's response to Stakeholders' comments with regard to the Hon'ble TDSAT orders for Tariff Determination for the Fourth Control Period

1.12.1 DIAL acknowledged the comments of MIAL and APAO with regard to the Hon'ble TDSAT order.

1.12.2 With respect to comments from AOC, DIAL submitted that,

"We humbly request the Authority to implement the decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard."

1.12.3 With respect to comments from IATA, DIAL submitted that,

"The OMDA and other agreements given to DIAL by Central Government which includes State Support Agreement dated April 26, 2006 ("SSA") outlined the support from Government of India and also laid down the principles of tariff fixation. Clause 3.1 read with Schedule 6, 1 and 8 in SSA inter-alia lay down the methodology and the principles for the Regulatory Authority ("AERA"/"Authority") for fixation of the charges for Aeronautical Services.

Hon'ble TDSAT has pronounced that the Annual Fee is not a cost for generating revenue from Revenue Share Assets and adjudicated this matter in favour of DIAL that Annual Fee shall be reduced from calculation of revenue from Revenue Share Assets and the matter has pronounced in favour of DIAL vide judgement dated 21.07.2023."

1.13 Authority's analysis on Stakeholders' comments with respect to the Hon'ble TDSAT orders for Tariff Determination for the Fourth Control Period

1.13.1 The Authority notes the comments of DIAL with respect to the Hon'ble TDSAT orders and refers to the Authority's views and justifications under para 1.8.2 to 1.8.5 of this Tariff Order.

The Authority further notes that the matter is sub-judice before the Hon'ble Supreme Court 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 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.

1.13.2 The Authority notes the comments of MIAL with regard to the Hon'ble TDSAT judgements for tariff determination for the Fourth Control Period and in this regard, the views of the Authority are mentioned under para 1.13.1 of this Tariff Order.

1.13.3 The Authority acknowledges the comments of AOC supporting AERA's decision with regard to the Hon'ble TDSAT judgements for tariff determination for the Fourth Control Period and counter-comment of DIAL in this regard.

The Authority agrees with the essence of the comment of AOC and 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. Such increase in Aeronautical Tariff will have to be borne by the Airport Users and there is no mechanism for refunding the same back to Users in case the Civil Appeals filed by the Authority are upheld and decided in favour of the Authority and resultantly there will be over-recovery for the Airport Operator. However, there is a possibility that clawing back of such over recovery may be opposed by the Airport Operator claiming that, in the SSA, it is stipulated that the Airport Operator shall have the right to levy of minimum charges i.e. BAC + 10% and consequently, there may be unjust enrichment for the Airport Operator.

Considering the above and 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.

1.13.4 The Authority notes the comment from APAO with regard to the Hon'ble TDSAT judgements leading to the levy of Base Airport Charges (BAC) plus 10% and ensuing impact on the economic viability of the airport.

In this regard, the Authority would like to specify that DIAL's prevalent low tariffs (protected by the levy of BAC plus 10%) was on account of over recovery in the previous years prior to implementation of the BAC regime and can't be attributed to the issue of implementation of Hon'ble TDSAT judgements as explained below.

The Authority issued the Tariff Order for the Second Control Period on 10th December 2015, wherein a one-time decrease in tariff of 89.40% was determined due to the over recovery in the prior period to be applicable from 1st January 2016. The Authority had also granted, as part of the Tariff Order, an additional ARR of Rs. 691.50 Cr to help DIAL meet its cash deficit on account of reduction in tariff

which would be recovered along with carrying cost from the Airport Operator in the subsequent control periods. However, DIAL implemented the Tariff Order for the Second Control Period with effect from 8th July 2017 i.e. after a delay of 1.5 years from the intended date. In the intervening period, DIAL continued to charge Aeronautical Tariff as per the Tariff Order for the First Control Period which led to over recovery in the Second Control Period.

The Hon'ble TDSAT decided the appeal filed by DIAL against the Tariff Order for the First Control Period vide its order dated 23rd April 2018. The Hon'ble Supreme Court pronounced its judgement on the Civil Appeal filed by DIAL on the Hon'ble TDSAT order dated 23rd April 2018 on 11th July 2022. The Hon'ble Supreme Court has dismissed the Civil Appeal filed by DIAL except on the issue relating to Aeronautical Taxes which has duly been implemented by the Authority in the tariff determination exercise for the Fourth Control Period.

The Hon'ble TDSAT decided the appeal by DIAL on the Tariff Orders for the Second and Third Control Period vide its order dated 21st July 2023 and the Authority has challenged the decisions of the Hon'ble TDSAT before the Hon'ble Supreme Court and the matter is sub judice. Accordingly, 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 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. Based on the above, it is very clear that the BAC regime which is currently appliable to DIAL was due to over-recovery in the prior periods and also due to delay in implementation of the Second Control Period tariff order and not due to any other attributable reasons.

Further, the Authority's views with regard to the Hon'ble TDSAT judgements are presented under para 1.13.1 of this Tariff Order.

1.13.5 The Authority acknowledges IATA's comment supporting AERA's treatment regarding non-exclusion of Annual Fee paid/ payable to AAI from Revenue from Revenue share Assets as the right approach and DIAL's counter comments in this regard.

The Authority would like to submit that the subject matter is already pending before the Hon'ble Supreme Court. 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.

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2. TRUE UP FOR THE FIRST CONTROL PERIOD

2.1 Issues raised by DIAL towards True-up for the First Control Period

2.1.1 DIAL in their MYTP for the Fourth Control Period has raised the following issues pertaining to true up of the First Control Period:

- Weighted Average Cost of Capital,
- Revenue from Revenue Share Assets,
- Aeronautical Taxes.

2.1.2 The issues were raised by DIAL after factoring 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.

2.1.3 In view of the Authority's analysis provided in para 1.8.2 to 1.8.5 of this Tariff Order, with regard 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.

2.1.4 Further, the Authority at the Consultation Stage proposed to implement the Hon'ble Supreme Court judgment 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.

2.2 True up of Weighted Average Cost of Capital (WACC) for the First Control Period

DIAL's Submission regarding True up of WACC for the First Control Period as per MYTP for the Fourth Control Period

2.2.1 DIAL as part of MYTP for the Fourth Control Period has submitted that the Return on Refundable Security Deposits (RSD) should be considered at 16.00% which is equivalent to Return on Equity thereby resulting in a WACC at 12.54%. The relevant excerpts from the Hon'ble TDSAT order dated 06th October 2023 in the case of MIAL, which has been quoted in DIAL's submission are as below:

"Other infrastructure sector regulators such as Petroleum and Natural Gas Regulatory Board (PNGRB) and Tariff Authority for Major Ports (TAMP) where the tariff is regulated have allowed return on capital employed. These regulators do not provide return on the basis of source and associated cost of funds. Hence, we are of considered opinion that once RSD has been utilised for meeting capital expenditure, it should be treated as a part of Equity Share Capital invested by the appellant in the business and therefore this appellant is entitled to reasonable rate of return treating RSD as equity.

Moreover, RSD raised by the appellant has been deployed for meeting the project cost of the Chhatrapati Shivaji Maharaj International Airport, Mumbai. If this fund is not available with this appellant, they would have been compelled to infuse same amount of equity for the project of Chhatrapati Shivaji Maharaj International Airport, Mumbai."

2.2.2 DIAL in their MYTP has submitted that Hon'ble TDSAT directed that the funds raised in the form of RSD are in the nature of equity and should have similar cost in the case of MIAL. MIAL has utilized these funds from RSD for development of the project. Similarly, DIAL has also utilized RSD amount for development of the project and hence proposed to consider return on RSD equivalent to return on

Equity for the purpose of calculation of WACC. Therefore, DIAL has considered return on RSD as 16% for the purpose of true up for the First Control Period.

2.2.3 Based on the above consideration, DIAL has submitted the revised calculation of WACC for true up of the First Control Period which is mentioned below:

Table 5: WACC submitted by DIAL for True up of the First Control Period as per MYTP for the Fourth Control Period

Particular	Cost of Funds	Gearing	Effective rate
Equity	16.00%	27.50%	4.40%
Refundable security deposits (RSD)	16.00%	14.82%	2.37%
Debt	10.00%	57.69%	5.77%
WACC for the First Control Period			**12.54%**

Decisions taken by the Authority regarding True up of WACC for the First Control Period as per Tariff Order for the Third Control Period

2.2.4 The Authority vide decision No. 2.8.1 of the Tariff Order for the Third Control Period decided to true up WACC based on the cost of equity of 16%, cost of debt of 10% and cost of RSD at the cost of debt (i.e.) 10% based on the recommendation of the independent study. The recalculated WACC for the First Control Period is 11.65%.

Authority's Examination and Proposals regarding issues pertaining to WACC for True up of the First Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

2.2.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period, at the Consultation Stage, proposed to consider cost of equity and cost of debt of 16% and 10% respectively for the purpose of true up of WACC for the First Control Period.

2.2.6 The Authority noted the submission of DIAL regarding the return on RSD component utilized to fund the Project.

2.2.7 As mentioned in para 2.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period i.e. consider cost of RSD at the cost of debt of 10%.

2.2.8 By considering Return on RSD as 10%, WACC for the First Control Period will be the same as that approved by the Authority in the Tariff Order for the Third Control Period. WACC proposed to be considered by the Authority for True up of the First Control Period is shown in the table below:

Table 6: WACC proposed to be considered by the Authority for True up of the First Control Period at the Consultation Stage

FY ending March 31	2010	2011	2012	2013	2014
Cost of Equity	16.00%	16.00%	16.00%	16.00%	16.00%
Cost of RSD	10.00%	10.00%	10.00%	10.00%	10.00%
Cost of Debt	10.00%	10.00%	10.00%	10.00%	10.00%
Equity Proportion	27.50%	27.50%	27.50%	27.50%	27.50%
RSD Proportion	14.82%	14.82%	14.82%	14.82%	14.82%
Debt Proportion	57.69%	57.69%	57.69%	57.69%	57.69%
WACC for the First Control Period					**11.65%**

Stakeholders' comments on True up of WACC for the First Control Period

2.2.9 During the Stakeholder's Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to true up of WACC for the First Control Period.

2.2.10 IATA's comments on the Authority's proposal to consider Return on RSD equal to Cost of Debt is as follows:

"IATA supports the decision by AERA to consider the cost of Refundable Security Deposits (RSD) to reflect the cost of debt (10%) rather than treating this as the same as the cost of equity (16%)."

DIAL's response to Stakeholders' comments on True up of WACC for the First Control Period

2.2.11 With respect to comments made by IATA, DIAL submitted that,

"The Hon'ble TDSAT vide its Judgement dated 06.10.2023 had directed the Authority to consider the RSD as equity.

The Hon'ble TDSAT has already adjudicated this matter in the case of MIAL 3rd Control Period tariff order. It is the responsibility of the Authority under Section 13 of the AERA Act, 2008 to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard."

Authority's analysis on Stakeholders' comments on True up of WACC for the First Control Period

2.2.12 The Authority acknowledges IATA's support of the Authority's stand regarding treating Return on RSD equal to Cost of Debt rather than Cost of Equity. As regards DIAL's comment with regard to the Hon'ble TDSAT order, the Authority notes that the matter is sub-judice before Hon'ble Supreme Court 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 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.

2.3 True up of Revenue from Revenue Share Assets for the First Control Period

DIAL's Submissions regarding True up of Revenue from Revenue Share Assets for the First Control Period as per MYTP for the Fourth Control Period

2.3.1 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 fee, etc.)"

2.3.2 DIAL in their MYTP for the Fourth Control Period has excluded Other Income, revenue from Existing Assets and Annual fee payable to AAI from the calculation of S Factor. DIAL has 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 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 DIAL. 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.

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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 means such services as 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."

2.3.3 Based on the above submissions, DIAL has considered revenue from Revenue Share Assets for cross subsidization taking into consideration the following:

- Exclusion of revenue from Existing Assets/ Demised Assets
- Exclusion of Other Income
- Reduction of annual fee payable to AAI pertaining to revenue from Revenue Share Assets.

2.3.4 Based on the above considerations, the Revenue from Revenue Share Assets submitted by DIAL for True up for the First Control Period can be seen in the table below:

Table 7: Revenue from Revenue Share Assets submitted by DIAL for True up for the First Control Period as per MYTP for the Fourth Control Period

Year Ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Revenue from Revenue Share Assets as considered by the Authority (A)	608.22	598.71	798.99	905.02	1,050.53	**3,961.47**
Less: Other Income (B)	8.46	5.48	0.89	0.87	27.22	**42.92**
Less: Revenue from Demised Premises/ Existing Premises (C)	524.49	293.55	232.37	221.43	223.45	**1,495.29**
Sub-total (D = A-B-C)	**75.28**	**299.68**	**565.73**	**682.72**	**799.86**	**2,423.26**
Less: Annual Fee (E = D*45.99%)	34.62	137.82	260.18	313.98	367.85	**1,114.46**
Revenue from Revenue Share Assets (F = D-E)	**40.66**	**161.86**	**305.55**	**368.74**	**432.00**	**1,308.81**
S = 30% of gross revenue from Revenue Share Assets (G = 30% * F)	**12.20**	**48.56**	**91.66**	**110.62**	**129.60**	**392.64**

Decisions taken by the Authority regarding True up of Revenue from Revenue Share Assets for the First Control Period as per Tariff Order for the Third Control Period

2.3.5 The Authority vide decision No. 2.8.10 of the Tariff Order for the Third Control Period decided not to consider any adjustment in Revenue from Revenue Share Assets towards revenue from Existing Assets and Annual Fee payment to AAI.

2.3.6 In the case of Other Income, the Authority had considered the revenues arising out of sale of Other materials/Scrap- Others, Profit on sale of depreciable assets, management fees, miscellaneous income,

Others and Tender Cost recovery as part of revenue for cross subsidization. The interest income received by DIAL (on bank deposits, other deposits and on account of delayed payments) and profit on sale of investments along with Dividend Income have not been considered as part of revenue for cross subsidization.

2.3.7 The detailed rationale for these decisions has been enumerated under the relevant sections in the Tariff Order for the Third Control Period.

2.3.8 The Revenue from Revenue Share Assets considered by the Authority for true up of the First Control Period as per the Tariff Order for the Third Control Period can be seen in the table below:

Table 8: Revenue from Revenue Share Assets considered by the Authority for true up for the First Control Period as per Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Revenue from Revenue Share asset considered by the Authority for True up for the First Control Period in the Tariff Order for the Third Control Period	608.23	598.70	799.00	904.97	1050.53	**3,961.43**
Adjustment proposed by the Authority towards Revenue from Revenue Share Assets	-	-	-	-	-	-
Revised Revenue from Revenue Share asset	608.23	598.70	799.00	904.97	1050.53	**3,961.43**
30% of Revenue from Revenue Share Assets considered for cross subsidization not excluding Annual Fee paid to AAI	**182.47**	**179.61**	**239.70**	**271.49**	**315.16**	**1,188.43**

Authority's Examination and Proposals regarding issues pertaining to Revenue from Revenue Share Assets for True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

2.3.9 The Authority has noted that DIAL's submission pertaining to true-up of Revenue from Revenue Share Assets for the First Control Period is based on the Hon'ble TDSAT order for the Second Control Period and Third Control Period in the case of DIAL dated 21st July 2023.

2.3.10 As mentioned in para 2.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period.

2.3.11 Accordingly, the Authority proposed to consider the Revenue from Revenue Share Assets as considered by the Authority in the Tariff Order for the Third Control Period (as per Table 8) for True Up for the First Control Period as part of the tariff determination for the Fourth Control Period.

Stakeholders' comments on True up of Revenue from Revenue Share Assets for the First Control Period

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

Authority's analysis on Stakeholders' comments on True up of Revenue from Revenue Share Assets for the First Control Period

2.3.13 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 consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Revenue from Revenue Share Assets proposed to be considered by the Authority for true up for the First Control Period (as per Table 8 of this Tariff Order) at the Consultation Stage stand unchanged.

2.4 True up of Aeronautical Taxes for the First Control Period

DIAL's Submissions regarding True up of Aeronautical Taxes for the First Control Period as per MYTP for the Fourth Control Period

2.4.1 DIAL in the MYTP for the Fourth Control Period has computed Aeronautical Taxes for true up for the First Control Period on the basis of the following:

i. Based on the Hon'ble Supreme Court Order dated 11th July 2022, DIAL has excluded Annual Fee in the calculation of Aeronautical Taxes, as Annual Fee payable is not a cost and same shall not be considered while calculating taxes pertaining to Aeronautical services.

ii. Based on the Hon'ble TDSAT order dated 21st July 2023, DIAL has considered S factor as an inherent part of Aeronautical Revenue and considered the same for the calculation of Aeronautical Taxes.

2.4.2 The recalculated Aeronautical Taxes as submitted by DIAL for true up for the First Control Period is as shown in the table below:

Table 9: Aeronautical Taxes submitted by DIAL for True Up for the First Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Aero Revenue (A)	507.13	570.87	611.07	2,247.93	2,806.35	**6,743.45**
S Factor (B)	12.20	48.56	91.66	110.62	129.60	**392.64**
Total Aero Revenue (C = A+B)	519.32	619.43	702.73	2,358.55	2,935.95	**7,135.99**
Aero Expense (D)	367.01	511.17	934.25	564.55	669.97	**3,046.95**
EBIDTA (E = C – D)	152.32	108.26	(231.52)	1,794.00	2,265.98	**4,089.04**
Interest (F)	143.05	300.44	476.14	438.15	420.50	**1,778.27**
Depreciation (G)	110.60	220.99	369.63	331.27	366.51	**1,399.01**
Aero PBT (H = E – F – G)	**(101.33)**	**(413.17)**	**(1,077.29)**	**1,024.58**	**1,478.98**	**911.77**
Opening Accumulated losses (I)	-	101.33	514.50	1,591.80	567.22	**2,774.85**
Current losses (J)	101.33	413.17	1,077.29	-	-	**1,591.80**
Current year set off (K)	-	-	-	(1,024.58)	(567.22)	**(1,591.80)**
Closing Accumulated losses (L = I+J–K)	101.33	514.50	1,591.80	567.22	-	**2,774.85**
Earnings pertaining to Aeronautical services (M = Max(H+K,0))	-	-	-	-	**911.76**	**911.76**
Tax rate (N)	33.99%	33.22%	32.45%	32.45%	33.99%	-
Aeronautical Taxes (O = M * N)	-	-	-	-	**309.91**	**309.91**

Decisions taken by the Authority regarding True up of Aeronautical Taxes for the First Control Period as per Tariff Order for the Third Control Period

2.4.3 The Authority vide decision No. 2.8.8 of the Tariff Order for the Third Control Period decided to not consider S factor as part of aeronautical revenue base while determining Aeronautical Taxes for the First Control Period which has been computed as Nil for the First Control Period. The calculation of Aeronautical Taxes is as shown in the table below:

Table 10: Aeronautical Taxes considered for the First Control Period as per Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Aero Revenue (A)	507.13	570.87	611.07	2,247.93	2,806.35	**6,743.35**
Annual Fee (B = 45.99% * A)	233.23	262.54	281.03	1,033.82	1,290.64	**3,101.27**
Aeronautical O&M (C)	367.01	511.09	934.42	564.53	669.97	**3,047.02**
Interest (D)	143.06	300.45	476.16	438.17	420.52	**1,778.35**
Depreciation (E)	89.71	200.79	348.39	309.71	340.79	**1,289.39**
Aero PBT (F = A-B-C-D-E)	**(325.88)**	**(704.01)**	**(1,428.93)**	**(98.30)**	**84.43**	**(2,472.68)**
Effective Tax Rate (G)	0%	0%	0%	0%	0%	-
Aeronautical Taxes (H = F * G)	-	-	-	-	-	-

Authority's Examination and Proposals regarding issues pertaining to Aeronautical Taxes for the First Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

2.4.4 The Authority examined the submissions made by DIAL for true up of Aeronautical Taxes for the First Control Period on the basis of the following:

i. DIAL has considered S Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023)

ii. DIAL has not considered Annual Fee as an expense for the purpose of determination of Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

2.4.5 As mentioned in para 2.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period with regards to treatment of S Factor for computation of Aeronautical Taxes.

2.4.6 As mentioned in para 2.1.4 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgment 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.

2.4.7 The Authority, as part of the Tariff Order No. 40/2015-16 for the Second Control Period, decided to determine corporate tax pertaining to aeronautical earnings by considering depreciation pertaining to only aeronautical services. The relevant extract from the Tariff Order is mentioned below:

"...the Authority has decided to determine such corporate tax pertaining to aeronautical earnings based on the consideration of actual/projected aeronautical revenue, operating expenses pertaining to aeronautical services, depreciation pertaining to aeronautical assets and interest expense and had considered the applicable tax rate.

The Authority further clarifies that the depreciation, to be considered for such tax calculation, should be the depreciation on account of aeronautical assets only. The Authority is of the view that as Hypothetical Regulatory Base, to be determined in line with SSA, is of hypothetical nature and does not correspond to physical assets in the books of accounts of DIAL, depreciation on such assets should not be considered towards calculation of tax pertaining to aeronautical services."

Accordingly, the Authority proposed to exclude depreciation pertaining to HRAB while considering depreciation pertaining to aeronautical services for computing Aeronautical Taxes for the First Control Period.

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

Table 11: Aeronautical Taxes proposed to be considered by the Authority for True Up for the First Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Aero Revenue (A)	507.13	570.87	611.07	2,247.93	2,806.35	**6,743.35**
Aeronautical O&M (B)	367.01	511.09	934.42	564.53	669.97	**3,047.02**
Interest (C)	143.06	300.45	476.16	438.17	420.52	**1,778.35**
Depreciation (D)	89.71	200.79	348.39	309.71	340.79	**1,289.39**
Aero PBT (E = A – B – C – D)	**(92.65)**	**(441.46)**	**(1,147.90)**	**935.52**	**1,375.08**	**628.58**
Opening Accumulated losses (F)	-	92.65	534.11	1,682.01	746.49	
Current losses (G)	92.65	441.46	1,147.90	-	-	**1,682.01**
Current year set off (H)	-	-	-	(935.52)	(746.49)	**(1,682.01)**
Closing Accumulated losses (I = F + G – H)	**92.65**	**534.11**	**1,682.01**	**746.49**	-	
Earnings pertaining to Aero services [J=Max(E+H,0)]	-	-	-	-	**628.58**	**628.58**
Corporate Tax rate (K)	33.99%	33.22%	32.45%	32.45%	33.99%	-
Aeronautical Taxes (L = J * K)	-	-	-	-	**213.66**	**213.66**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 10 has not been treated as an expense (Refer para 2.4.6 of this Tariff Order).

2.4.9 In view of the above, the Authority proposed to consider the Aeronautical Taxes amounting to Rs. 213.66 Cr towards True Up for the First Control Period.

Stakeholders' comments on True up of Aeronautical Taxation for the First Control Period

2.4.10 No specific comments have been received from stakeholders on true up of Aeronautical Taxes for the First Control Period.

Authority's analysis on Stakeholders' comments on True up of Aeronautical Taxes for the First Control Period

2.4.11 The Authority notes that no specific comments were received from the Stakeholders on the true up of Aeronautical Taxes for the First Control Period. Hence, the Authority decides to consider the Aeronautical Taxes consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Aeronautical Taxes proposed to be considered by the Authority for true up for the First Control Period (as per Table 11 of this Tariff Order) at the Consultation Stage stand unchanged.

2.5 Revised True Up for the First Control Period

DIAL's Submissions regarding True up for the First Control Period as per MYTP for the Fourth Control Period

2.5.1 The revised true up for the First Control Period submitted by DIAL in the MYTP for the Fourth Control Period is as shown in the table below:

Table 12: Revised True up submitted by DIAL for the First Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Return on RAB (A)	310.95	653.06	1,034.98	952.39	914.02	**3,865.40**
O&M Expense (B)	367.01	511.17	934.25	564.55	669.97	**3,046.95**
Depreciation (C)	110.60	220.99	369.63	331.27	366.51	**1,399.01**
Taxes (D)	-	-	-	-	309.91	**309.91**
Gross Target Revenue (E = A + B + C + D)	**788.55**	**1,385.22**	**2,338.86**	**1,848.22**	**2,260.41**	**8,621.26**
Less: S Factor (F)	12.20	48.56	91.66	110.62	129.60	**392.64**
Net Target Revenue (G = E – F)	**776.36**	**1,336.66**	**2,247.20**	**1,737.60**	**2,130.81**	**8,228.62**
Actual Aero Revenue (H)	**507.13**	**570.87**	**611.07**	**2,247.93**	**2,806.35**	**6,743.35**
Under recovery/ (Over recovery) (I = G – H)	269.23	765.79	1,636.13	(510.33)	(675.54)	**1,485.27**
WACC (J)	12.54%					-
Future Value Factor (K)	1.60	1.43	1.27	1.13	1.00	-
Under recovery/ (Over recovery) as on 1st April 2014 (L = I * K)	431.85	1,091.49	2,072.16	(574.32)	(675.54)	**2,345.63**
True up for the First Control Period						**2,345.63**

Authority's Estimate of True up for the First Control Period as per Tariff Order for the Third Control Period

2.5.2 The Authority estimated the True up for the First Control Period as per the tariff order for the Third Control Period as shown in the table below:

Table 13: True up considered by the Authority for the First Control Period as per the Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Regulatory Asset Base (A)	2,479.85	5,208.26	8,254.12	7,595.47	7,289.51	
WACC (B)	11.65%	11.65%	11.65%	11.65%	11.65%	
Return on RAB (C = A x B)	288.91	606.78	961.63	884.90	849.25	**3,591.47**
O&M Expense (D)	367.01	511.09	934.42	564.53	669.97	**3,047.02**
Depreciation (E)	110.60	220.99	369.63	331.27	366.51	**1,399.01**
Taxes (F)	-	-	-	-	-	-
Gross Target Revenue (G=C+D+E+F)	**766.52**	**1,338.86**	**2,265.68**	**1,780.70**	**1,885.73**	**8,037.49**
Less: S Factor (H)	182.47	179.61	239.70	271.49	315.16	**1,188.43**
Net Target Revenue (I = G - H)	**584.05**	**1,159.25**	**2,025.98**	**1,509.21**	**1,570.57**	**6,849.06**
Actual Aero Revenue (J)	**507.13**	**570.87**	**611.07**	**2,247.93**	**2,806.35**	**6,743.35**
Under recovery/ (Over recovery) (K = I - J)	**76.92**	**588.38**	**1,414.91**	**(738.72)**	**(1,235.78)**	**105.71**
Future Value Factor (L)	1.55	1.39	1.25	1.12	1.00	
Under recovery/ (Over recovery) as on 1st April 2014 (M = K *L)	119.54	818.91	1,763.80	(824.78)	(1,235.78)	**641.68**

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
True up for the First Control Period [Under recovery/ (Over recovery)]						**641.68**

2.5.3 The true up for the First Control Period arrived at as Rs. 641.68 Cr by the Authority at the time of tariff determination for the Third Control Period.

Authority's Examination and Proposals regarding True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

2.5.4 The revised true up for the First Control Period proposed to be considered by the Authority based on the revision in Aeronautical Taxes for the First Control Period as per Table 11 is shown in the table below:

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

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
Regulatory Asset Base (A)	2,479.85	5,208.26	8,254.12	7,595.47	7,289.51	
WACC (B)	11.65%	11.65%	11.65%	11.65%	11.65%	
Return on RAB (C = A x B)	288.91	606.78	961.63	884.90	849.25	**3,591.47**
O&M Expense (D)	367.01	511.09	934.42	564.53	669.97	**3,047.02**
Depreciation (E)	110.60	220.99	369.63	331.27	366.51	**1,399.01**
Taxes (F)	-	-	-	-	213.66	**213.66**
Gross Target Revenue (G=C+D+E+F)	**766.52**	**1,338.86**	**2,265.68**	**1,780.70**	**2,099.38**	**8,251.15**
Less: S Factor (H)	182.47	179.61	239.70	271.49	315.16	**1,188.43**
Net Target Revenue (I = G - H)	**584.05**	**1,159.25**	**2,025.98**	**1,509.21**	**1,784.22**	**7,062.72**
Actual Aero Revenue (J)	**507.13**	**570.87**	**611.07**	**2,247.93**	**2,806.35**	**6,743.35**
Under recovery/ (Over recovery) (K = I - J)	**76.92**	**588.38**	**1,414.91**	**(738.72)**	**(1,022.13)**	**319.37**
Future Value Factor (L)	1.55	1.39	1.25	1.12	1.00	
Under recovery/ (Over recovery) as on 1st April 2014 (M = K *L)	119.53	818.90	1,763.79	(824.78)	(1,022.13)	**855.32**
True up for the First Control Period as on 1st April 2014 [Under recovery/ (Over recovery)]						**855.32**

2.5.5 Based on the above, the Authority proposed to consider true up for the First Control Period as Rs. 855.32 Cr as per Table 14.

2.5.6 The under-recovery of Rs. 855.32 Cr for the First Control Period has been proposed to be considered for true up in the subsequent Control Period as part of tariff determination exercise for the Fourth Control Period.

Stakeholders' comments on True up for the First Control Period

During the Stakeholders Consultation Process, the Authority has received comments/ views from DIAL in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to true up for the First Control Period.

2.5.7 DIAL's comment pertaining to True up for the First Control period has been presented in para 1.11.1 of this Tariff Order.

Authority's analysis on Stakeholders' comments on True up for the First Control Period

2.5.8 The Authority has noted DIAL's comment 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 views with regard to the Hon'ble TDSAT order are provided in para 1.13.1 of this Tariff Order.

Further, the Authority notes that as per the provisions of Section 13(2) of 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 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 analysis, the Authority decides the following with respect to true up for the First Control Period:

2.6.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and consider Aeronautical Taxes as per Table 11 consistent with the Hon'ble SC judgement.

2.6.2 To consider True Up for the First Control Period as per Table 14.

2.6.3 To consider under recovery of Rs. 855.32 Cr 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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3. TRUE UP FOR THE SECOND CONTROL PERIOD

3.1 Issues raised by DIAL towards True-up for the Second Control Period

3.1.1 DIAL in their MYTP for the Fourth Control Period has raised the following issues pertaining to true up of the Second Control Period.

- Weighted Average Cost of Capital,
- Aeronautical Operation and Maintenance expenses,
- Revenue from Revenue Share Assets,
- Aeronautical Taxes.

3.1.2 The issues were raised by DIAL after factoring 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.

3.1.3 In view of the Authority's analysis provided in para 1.8.2 to 1.8.5 of this Tariff Order, with regard 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.

3.1.4 Further, the Authority proposed to implement the Hon'ble Supreme Court judgment 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.

3.2 True up of Weighted Average Cost of Capital (WACC) for the Second Control Period

DIAL's Submission regarding true up of WACC for the Second Control Period as per MYTP for the Fourth Control Period

3.2.1 DIAL as part of MYTP for the Fourth Control Period submitted that the Return on Refundable Security Deposits (RSD) should be considered equal to Return on Equity (i.e.) 16.00% based on the order of Hon'ble TDSAT in the case of MIAL dated 6th October 2023. The relevant excerpts from Hon'ble TDSAT order based on which DIAL has made the submissions are discussed in true up of Weighted Average Cost of Capital for the First Control Period in para 2.2.1.

3.2.2 Based on the above consideration, DIAL has submitted the revised calculation of WACC for the Second Control Period as per MYTP for the Fourth Control Period which is mentioned below:

Table 15: WACC submitted by DIAL for True up for the Second Control Period as per MYTP for the Fourth Control Period

Particulars	Cost of Funds	Gearing	Effective rate
Equity	16.00%	27.16%	4.34%
Refundable security deposits (RSD)	16.00%	16.32%	2.61%
Debt	9.28%	56.52%	5.25%
WACC			**12.20%**

Decisions taken by the Authority regarding True up of WACC for the Second Control Period as per the Tariff Order for the Third Control Period

3.2.3 The Authority vide decision No. 3.11.4 of the Tariff Order for the Third Control Period decided to true up WACC based on the cost of debt of 9.28%, cost of RSD at the cost of debt (i.e.) 9.28% and cost of equity of 16%. The recalculated WACC for the Second Control Period is 11.10%.

Authority's Examination and Proposals regarding True up of WACC for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

3.2.4 The Authority consistent with the decision taken during the Tariff determination for the Third Control Period proposed to consider cost of equity and cost of debt of 16% and 9.28% respectively for the purpose of true up of WACC for the Second Control Period.

3.2.5 The Authority noted the submission of DIAL regarding the return on RSD component utilized to fund the Project.

3.2.6 As mentioned in para 3.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period i.e. consider cost of RSD at the cost of debt of 9.28%.

3.2.7 By considering cost of RSD as 9.28%, WACC for the Second Control Period will be the same as approved by the Authority in the Tariff Order for the Third Control Period. WACC proposed to be considered by the Authority for True up of the Second Control Period is shown in the table below:

Table 16: WACC Proposed to be considered by the Authority for True Up for the Second Control Period at the Consultation Stage

Particulars	Value
Cost of Equity	16.00%
Cost of RSD	9.28%
Cost of Debt	9.28%
Equity Proportion	27.16%
RSD Proportion	16.32%
Debt Proportion	56.52%
WACC for the Second Control Period	**11.10%**

Stakeholders' comments on True up of WACC for the Second Control Period

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

Authority's analysis on Stakeholders' comments on True up of WACC for the Second Control Period

3.2.9 The Authority notes that no specific comments were received from the Stakeholders on the true up of WACC for the Second Control Period. The Authority decides to consider the WACC consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The WACC proposed to be considered by the Authority for true up for the Second Control Period (as per Table 16 of this Tariff Order) at the Consultation Stage stand unchanged.

3.3 True up of Aeronautical Operation and Maintenance Expenses for the Second Control Period

DIAL's Submission regarding True up of Aeronautical Operation and Maintenance Expenses for the Second Control Period as per MYTP for the Fourth Control Period

3.3.1 DIAL in the MYTP submitted for the Fourth Control Period considered expenses pertaining to CSR as part of Operation & Maintenance Costs. The submission from DIAL is based on Hon'ble TDSAT order dated 21st July 2023 in the case of DIAL for the Second and Third Control Period.

3.3.2 The Aeronautical Operation and Maintenance expenses submitted by DIAL for the Second Control Period considering the above mentioned submission is shown in the table below:

Table 17: Aeronautical Operation and Maintenance Expenses submitted by DIAL for True up for the Second Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Manpower cost	117.48	111.45	116.11	146.26	166.53	**657.83**
Admin & General expenses	253.27	143.21	234.30	203.63	210.77	**1,045.18**
Operating expenses	248.15	250.77	261.42	313.76	332.68	**1,406.79**
Utility costs	112.32	121.66	106.54	113.20	103.35	**557.07**
Payment to AAI for VRS	16.65	16.24	15.66	15.18	14.70	**78.43**
Forex Losses	242.51	6.38	37.56	(0.21)	10.12	**296.36**
Airport Operator Fee	84.19	88.53	102.23	117.95	51.16	**444.06**
Property tax	20.09	5.18	28.36	6.35	6.93	**66.91**
CSR Expenditure	-	4.21	7.51	11.14	9.92	**32.78**
Total	**1,094.66**	**747.64**	**909.69**	**927.25**	**906.16**	**4,585.40**

Decisions taken by the Authority regarding Aeronautical Operation and Maintenance Expenses for the Second Control Period as per Tariff Order for the Third Control Period

3.3.3 The Authority at the time of tariff determination for the Third Control Period vide decision No. 3.11.9 of the Tariff Order for the Third Control Period had decided not to include CSR as part of Aeronautical Operation and Maintenance expenses.

Authority's Examination and Proposal regarding issues pertaining to Aeronautical Operation and Maintenance Expenses for the Second Control Period as per the tariff determination exercise for the Fourth Control Period at the Consultation Stage

3.3.4 The Authority analysed the submission made by DIAL in the MYTP for the Fourth Control Period and noted that DIAL has considered CSR expenditure as part of the Aeronautical Operation and Maintenance expenses in the true up for the Second Control Period based on the Hon'ble TDSAT order dated 21st July 2023.

3.3.5 As mentioned in para 3.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period.

3.3.6 Accordingly, the Authority proposed not to consider CSR expenses as part of Aeronautical Operation and Maintenance Expenses for true up for the Second Control Period as part of tariff determination for the Fourth Control Period which is consistent with the decisions taken at the time of tariff determination for the Third Control Period.

Stakeholders' comments on True up of Aeronautical Operation & Maintenance for the Second Control Period

During the Stakeholders Consultation Process, the Authority has received comments/ views from AOC in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to true up of Aeronautical O&M expenses for the Second Control Period.

3.3.7 AOC's comments pertaining to CSR expenditure is as follows:

"AOC is of the same opinion cited in Clause 3.3.3 & 4.6.100, that Corporate Social Responsibility (CSR) expenses (Although not in line with Hon'ble TDSAT's order date 21st Jul 2023, challenged by AERA, and currently Sub-Judice in Hon'ble SC and pending decision) should not be considered as an expense while determining the Target Revenue for the 4th Control Period. Furthermore, the expectation of DIAL towards this expense to be recovered from users negates the very sanctity and obligation on the corporate for spending a fixed percentile of its profits on CSR."

DIAL's response to Stakeholder comments regarding true up of Aeronautical Operation & Maintenance Expenses for the Second Control Period

3.3.8 DIAL's response to AOC's comment is as follows:

"The expenditure pertaining to the Corporate Social Responsibility is allowed by the Authority to the Bangalore International Airport Limited for the third control period. Similarly in the case of GMR Hyderabad International Airport, the Authority has allowed the CSR expenditure for the RGI Airport as well.

However, in the case of DIAL, the Authority has completely taken a different stand in not allowing the CSR expenditure despite having set a differential precedence in the other airports.

DIAL requests the Authority to be consistent in its approach and therefore consider the CSR expenditure as requested by the DIAL. The Hon'ble TDSAT has further reiterated in its Judgement for DIAL 3rd Control Period that the decision of the TDSAT in the matter of CSR vide appeal no. 08/2018 are binding on the Authority (Para 168).

Thus, we humbly request the Authority to consider the CSR expenditure as part of the regulatory building blocks."

Authority's analysis on Stakeholders' comments regarding true up of Aeronautical Operation and Maintenance Expenses for the Second Control Period

3.3.9 The Authority acknowledges the support of AOC on the Authority's decision to not consider CSR expenses as part of Aeronautical Operation & Maintenance expense.

As regards DIAL's counter-comment regarding Hon'ble TDSAT order, the Authority refers to para 4.6.97 to 4.6.99 of this Tariff Order for the reasoning behind non-consideration of CSR expenses as part of Aeronautical O&M expenses.

Further, the matter regarding CSR expenses is sub-judice before Hon'ble Supreme Court and final decision with regards to the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality as iterated under para 1.8.2 to 1.8.5 of this Tariff Order.

3.4 True up of Revenue from Revenue Share Assets for the Second Control Period

DIAL's Submission regarding Revenue from Revenue Share Assets for the Second Control Period as per MYTP for the Fourth Control Period

3.4.1 DIAL in the MYTP has excluded Other Income, revenue from Existing Assets and Annual fee payable to AAI from the calculation of S Factor. DIAL has followed Hon'ble TDSAT order dated 21st July 2023 for the Second Control Period and Third Control Period for DIAL while computing S factor. The relevant TDSAT excerpts have been discussed in detail under para 2.3.2 of this Tariff Order.

3.4.2 Accordingly, DIAL proposes the following calculation for true up of Revenue from Revenue Share Assets for the Second Control Period:

Table 18: Revenue from Revenue Share Assets submitted by DIAL for True up of the Second Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Non-Aero Revenues (A)	1,211.46	1,478.77	1,641.17	1,963.14	2,563.06	**8,857.60**
Less: Adjustment towards Other Income (B)	*65.11*	*118.83*	*150.46*	*216.89*	*530.36*	***1,081.64***
Less: Revenue from Existing Assets (C)	*242.71*	*281.83*	*324.10*	*374.22*	*431.13*	***1,653.99***
Non-Aero revenue prior to adjustment for revenue share (D = A – B – C)	903.65	1,078.11	1,166.61	1,372.03	1,601.57	**6,121.97**
Less: Adjustment for revenue share payable to AAI (E)	*415.59*	*495.82*	*536.52*	*631.00*	*736.56*	***2,815.49***
Non-Aero revenue on which 30% cross subsidization has been applied (F = D – E)	488.06	582.29	630.09	741.03	865.01	**3,306.47**
30% towards cross subsidisation considered in the tariff submission of DIAL (G = 30% * F)	**146.42**	**174.69**	**189.03**	**222.31**	**259.50**	**991.94**

Decisions taken by the Authority regarding Revenue from Revenue Share Assets as per Tariff Order for the Third Control Period

3.4.3 The Authority vide decision No. 3.11.12 of the Tariff Order for the Third Control Period decided not to consider any adjustment in revenue from Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI.

i. The Authority held the view that as long as non-aeronautical revenues accrue to the Concessionaire from Existing Assets, the same had to be considered for cross subsidization. The Authority also found no merit in excluding such revenue from Existing Assets in the Second Control Period.

ii. The Authority noted that the proposal of DIAL to exclude revenue share of 45.99% pertaining to the Revenue from Revenue Share Assets tantamount to allowing pass-through of the Annual Fee paid with regards to Revenue Share Assets which was against the tariff setting principles enshrined in the OMDA and the SSA. Therefore, the Authority decided not to exclude the Annual Fee from the Revenue from Revenue Share Assets while arriving at the S Factor for the Second Control Period.

3.4.4 The Authority vide decision No. 3.11.13 of the Tariff Order for the Third Control Period decided to consider Other Income, apart from Dividend Income, as part of Revenue from Revenue Share Assets for the Second Control Period.

3.4.5 Based on the above, the revenue from Revenue Share Assets as considered by the Authority for cross subsidization for the Second Control Period in the Tariff Order for the Third Control Period is shown in the table below:

Table 19: Revenue from Revenue Share Assets considered by the Authority as per Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Revenue from Revenue Share Assets on which 30% cross subsidization has been applied	1,211.46	1,478.77	1,641.17	1,963.14	2,563.06	**8,857.60**
S Factor (30% of Revenue from Revenue Share Assets)	**363.44**	**443.63**	**492.35**	**588.94**	**768.92**	**2657.28**

Authority's Examination and Proposals regarding issues pertaining to Revenue from Revenue Share Assets for the Second Control Period as part of the Tariff Determination Exercise for the Fourth Control Period at the Consultation Stage

3.4.6 The Authority noted that DIAL's submission pertaining to true-up of Revenue from Revenue Share Assets for the Second Control Period in the MYTP for the Fourth Control Period is based on Hon'ble TDSAT order dated 21st July 2023.

3.4.7 As mentioned in para 3.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period.

3.4.8 The Authority consistent with the decisions taken in the Tariff Order for the Third Control Period proposed the following:

- To consider Other Income (by only excluding Dividend Income) as part of Revenue from Revenue Share Assets to be considered for the cross-subsidization purpose.
- To not exclude revenue from Existing Assets under Revenue from Revenue Share Assets.
- To not to exclude the Annual Fee from the Revenue from Revenue Share Assets while arriving at the S Factor for the Second Control Period.

3.4.9 Accordingly, the Authority proposed to consider the Revenue from Revenue Share Assets as considered by the Authority in the Tariff Order for the Third Control Period (as per Table 19) for True Up for the Second Control Period as part of the tariff determination for the Fourth Control Period.

Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Second Control Period

During the Stakeholders Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to true up of Revenue from Revenue Share Assets for the Second Control Period.

3.4.10 IATA's comment pertaining to Revenue from Revenue Share Assets is as follows:

"IATA supports AERA for the treatment in calculating the S-Factor and to not consider any adjustment in revenue from the Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI. AERA has made very valid observations regarding the tariff-setting principles enshrined in the OMDA and the SSA.

As with the treatment of costs associated with non-aero services, the tax component should not be borne by aeronautical users. The principle of the hybrid till is for only the revenue to be recognized to partially offset aeronautical costs, and not for the non-aeronautical costs to be passed on to aeronautical users."

DIAL's response to Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Second Control Period

3.4.11 DIAL's response to IATA's comment is as follows:

"The matters referred by the IATA i.e., calculating the S-Factor and to not consider any adjustment in revenue from the Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI are already dealt by the Hon'ble TDSAT in the case of DIAL & MIAL 3rd Control Period tariff orders. It is the responsibility of the Authority to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard."

Authority's analysis on Stakeholders' comments on true up of Aeronautical Operation and Maintenance Expenses for the Second Control Period

3.4.12 The Authority acknowledges the support of IATA on the Authority's decision to not consider any adjustments to Revenue from Revenue Share Assets.

The Authority also notes DIAL's counter-comment on the issue with regards to the Hon'ble TDSAT order. The Authority notes that the matter is sub-judice before Hon'ble Supreme Court and final decision with regards to the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality as iterated under para 1.8.2 to 1.8.5 of this Tariff Order.

3.5 True up of Aeronautical Taxes for the Second Control Period

DIAL's Submission regarding True up of Aeronautical Taxes for the Second Control Period as per MYTP for the Fourth Control Period

3.5.1 DIAL in the MYTP for the Fourth Control Period has computed Aeronautical Taxes for true up for the Second Control Period on the basis of the following:

i. Based on the Hon'ble Supreme Court Order dated 11th July 2022, DIAL has excluded Annual Fee in the calculation of Aeronautical Taxes, as Annual Fee payable is not a cost and same shall not be considered while calculating taxes pertaining to Aeronautical services.

ii. Based on the Hon'ble TDSAT order dated 21st July 2023, DIAL has considered S factor as an inherent part of Aeronautical Revenue and considered the same for the calculation of Aeronautical Taxes.

3.5.2 The revised Aeronautical Taxes as submitted by DIAL for true up for the Second Control Period is shown in the table below:

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Table 20: Aeronautical Taxes submitted by DIAL for the Second Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Aero Revenue (A)	2,950.92	3,407.58	3,931.53	1,705.47	987.79	**12,983.29**
S Factor (B)	146.42	174.69	189.03	222.31	259.50	**991.95**
Total Aero Revenue (C = A+B)	**3,097.34**	**3,582.27**	**4,120.56**	**1,927.78**	**1,247.29**	**13,975.24**
Aero Expenses (D)	1,094.66	747.64	909.69	927.25	906.16	**4,585.40**
EBIDTA (E = C – D)	2,002.68	2,834.63	3,210.87	1,000.53	341.13	**9,389.84**
Interest (F)	354.96	329.47	306.78	282.77	262.48	**1536.46**
Depreciation (G)	532.22	533.26	541.20	546.73	553.93	**2707.34**
Aero PBT (H = E – F – G)	**1,115.50**	**1,971.90**	**2,362.89**	**171.04**	**(475.28)**	**5,146.05**
Opening accumulated losses (I)	-	-	-	-	-	-
Current losses (J)	-	-	-	-	475.28	**475.28**
Current year set off (K)	-	-	-	-	-	-
Closing Accumulated losses (L = I – J – K)	-	-	-	-	475.28	**475.28**
Earnings pertaining to Aeronautical services (L = Max(H+K,0))	**1,115.50**	**1,971.90**	**2,362.89**	**171.04**	-	**5,621.33**
Tax rate (M)	33.99%	34.61%	34.61%	34.61%	34.94%	
Aeronautical Taxes (N = L * M)	**379.16**	**682.47**	**817.80**	**59.20**	-	**1938.63**

Decisions taken by the Authority regarding Aeronautical Taxes as per Tariff Order for the Third Control Period

3.5.3 The Authority vide decision No. 3.11.11 of the Tariff Order for the Third Control Period decided not to consider S Factor as part of aeronautical revenue base while determining Aeronautical Taxes for the Second Control Period.

3.5.4 The Aeronautical Taxes considered by the Authority towards true up for the Second Control Period is shown in the table below:

Table 21: Aeronautical Taxes considered by the Authority as per Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Aero Revenue (A)	2,950.92	3,407.58	3,931.53	1,705.47	987.79	**12,983.30**
Annual Fee (B = 45.99%*A)	1,357.13	1,567.15	1,808.11	784.35	454.28	**5,971.02**
Aeronautical O&M (C)	1,094.67	743.41	902.16	916.11	896.24	**4,552.59**
EBIDTA – Aero (D =A-B-C)	499.13	1,097.02	1,221.26	5.02	(362.74)	**2,459.70**
Interest – Aero (E)	354.81	329.34	306.65	282.65	262.37	**1,535.81**
Depreciation – Aero (F)	504.38	505.55	513.37	518.82	526.68	**2,568.79**
Aero PBT (G=D-E-F)	**(360.06)**	**262.14**	**401.25**	**(796.45)**	**(1,151.78)**	**(1,644.90)**
Effective Tax rate as per projected financials (H)	-	19.32%	24.18%	-	-	
Aeronautical Tax (Max of 0 or G x H) (I=G*H)	-	**50.64**	**97.01**	-	-	**147.65**

Authority's Examination and Proposals regarding true-up of Aeronautical Taxes for the Second Control Period as per the tariff determination exercise for the Fourth Control Period at the Consultation Stage

3.5.5 The Authority examined the submissions made by DIAL for true up of Aeronautical Taxes on the basis of the following:

i. DIAL has considered S Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023)

ii. DIAL has not considered Annual Fee as an expense for the purpose of determination of Aeronautical taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

3.5.6 As mentioned in para 3.1.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period with regards to treatment of S Factor for computation of Aeronautical Taxes.

3.5.7 As mentioned in para 3.1.4 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgment 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 Hon'ble Supreme Court.

3.5.8 The Authority as already explained under para 2.4.7 of this Tariff Order proposed to exclude depreciation pertaining to HRAB while considering depreciation pertaining to aeronautical services for computing Aeronautical Taxes for the Second Control Period.

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

Table 22: Aeronautical Taxes proposed to be considered by the Authority for True Up for the Second Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Aero Revenue (A)	2,950.92	3,407.58	3,931.53	1,705.47	987.79	**12,983.30**
Aeronautical O&M (B)	1,094.67	743.41	902.16	916.11	896.24	**4,552.59**
Interest (C)	354.81	329.34	306.65	282.65	262.37	**1,535.81**
Depreciation (D)	504.38	505.55	513.37	518.82	526.68	**2,568.79**
Aero PBT (E = A – B – C – D)	**997.07**	**1,829.29**	**2,209.36**	**(12.10)**	**(697.50)**	**4,326.12**
Opening Accumulated losses (F)	-	-	-	-	12.10	
Current losses (G)	-	-	-	12.10	697.50	**709.60**
Current year set off (H)	-	-	-	-	-	-
Closing Accumulated losses (I=F+G–H)	-	-	-	**12.10**	**709.60**	
Earnings pertaining to Aeronautical services[J=Max(E+H,0)]	**997.07**	**1,829.29**	**2,209.36**	-	-	**5,035.71**
Corporate Tax rate (K)	33.99%	34.61%	34.61%	34.61%	34.94%	-
Aeronautical Taxes (J * K)	**338.90**	**633.12**	**764.66**	-	-	**1,736.68**

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 21 has not been treated as an expense (Refer para 3.5.7 of this Tariff Order).

3.5.10 In view of the above, the Authority proposed to consider the Aeronautical Taxes amounting to Rs. 1,736.68 Cr towards True Up for the Second Control Period.

Stakeholders' comments on True up of Aeronautical Taxes for the Second Control Period

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

Authority's analysis on Stakeholders' comments on True up of Aeronautical Taxes for the Second Control Period

3.5.12 The Authority notes that no specific comments were received from the Stakeholders on the true up of Aeronautical Taxes for the Second Control Period. Accordingly, the Authority decides to consider the Aeronautical Taxes consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Aeronautical Taxes proposed to be considered by the Authority for true up for the Second Control Period (as per Table 22 of this Tariff Order) at the Consultation Stage stand unchanged.

3.6 Revised True up for the Second Control Period

DIAL's Submission regarding True up for the Second Control Period as per MYTP for the Fourth Control Period

3.6.1 The revised true up as submitted by DIAL for the Second Control Period as per MYTP for the Fourth Control Period is as shown in the table below:

Table 23: True up submitted by DIAL for the Second Control Period as per MYTP for the Fourth Control Period

Year ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Regulatory Asset Base (A)	6,767.53	6,281.63	5,848.87	5,391.11	5,004.30	
WACC (B)	12.20%	12.20%	12.20%	12.20%	12.20%	
Return on RAB (C = A * B)	825.77	766.48	713.67	657.82	610.62	**3,574.35**
O&M Expense (D)	1,094.66	747.64	909.69	927.25	906.16	**4,585.40**
Depreciation (E)	532.22	533.26	541.20	546.73	553.93	**2,707.34**
Taxes (F)	379.16	682.47	817.80	59.20	-	**1,938.63**
Target Revenue (G = C + D + E + F)	**2,831.81**	**2,729.85**	**2,982.36**	**2,190.99**	**2,070.71**	**12,805.71**
Less: S Factor (H)	146.42	174.69	189.03	222.31	259.50	**991.94**
Net Target Revenue (I = G – H)	**2,685.39**	**2,555.16**	**2,793.33**	**1,968.68**	**1,811.21**	**11,813.77**
Actual Aero Revenue (J)	**2,950.92**	**3,407.58**	**3,931.53**	**1,705.47**	**987.79**	**12,983.30**
Under recovery/ (Over recovery) (K = I – J)	**(265.54)**	**(852.42)**	**(1,138.20)**	**263.21**	**823.42**	**(1,169.53)**
True up for the First Control Period (L)	**2,345.63**					**2,345.63**
Future Value Factor (M)	1.58	1.41	1.26	1.12	1.00	
Under recovery/ (Over recovery) as on 1st April 2019 [N = (K+L)*M]	**3,296.73**	**(1,204.08)**	**(1,432.91)**	**295.33**	**823.42**	**1,778.48**
True up for the Second Control Period						**1,778.48**

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Authority's Estimate of True Up for the Second Control Period as per Tariff Order for the Third Control Period

3.6.2 The true up considered by the Authority for the Second Control Period as per the Tariff Order for the Third Control Period is shown in the table below:

Table 24: True Up considered by the Authority for the Second Control Period as per Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Regulatory Asset Base (A)	6,767.53	6,281.63	5,848.87	5,391.11	5,004.30	
WACC (B)	11.10%	11.10%	11.10%	11.10%	11.10%	
Return on RAB (C = A X B)	751.33	697.39	649.34	598.52	555.58	**3,252.17**
O&M Expenses (D)	1,094.67	743.41	902.16	916.11	896.24	**4,552.59**
Depreciation (E)	532.22	533.26	541.20	546.73	553.93	**2,707.32**
Taxes (F)	-	50.64	97.01	-	-	**147.65**
Gross Target Revenue (G=C+D+E+F)	**2,378.22**	**2,024.70**	**2,189.71**	**2,061.35**	**2,005.75**	**10,659.73**
Less: S Factor (H)	363.44	443.63	492.35	588.94	768.92	**2,657.28**
Net Target Revenue (I = G - H)	**2,014.78**	**1,581.07**	**1,697.36**	**1,472.41**	**1,236.83**	**8,002.45**
Actual Aero Revenue (J)	**2,950.92**	**3,407.58**	**3,931.53**	**1,705.47**	**987.79**	**12,983.30**
Under recovery/ (Over recovery) (K = I – J)	(936.14)	(1,826.52)	(2,234.17)	(233.06)	249.04	**(4,980.85)**
True-up of the First Control Period (L)	641.68					**641.68**
Future Value Factor (M)	1.52	1.37	1.23	1.11	1.00	
Under recovery/ (Over recovery) as on 1st April 2019 [N = (K+L)*M]	**(448.66)**	**(2,504.90)**	**(2,757.79)**	**(258.93)**	**249.04**	**(5,721.23)**
True up for the Second Control Period						**(5,721.23)**

3.6.3 The Authority vide decision No. 3.11.15 of the Tariff Order for the Third Control Period decided to true up Rs. 5,721.23 Cr (based on over recovery by DIAL till the Second Control Period) which was to be recovered from the airport operator in the Third Control Period subject to the applicability of Schedule 6 of the SSA with regards to Base Airport Charges.

Authority's Examination and Proposals regarding True Up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

3.6.4 The revised true up for the Second Control Period proposed to be considered by the Authority based on the revised true up for the First Control Period as per Table 14 and revision in Aeronautical Taxes for the Second Control Period as per Table 22 is shown in the table below:

Table 25: True up proposed to be considered by the Authority for the Second Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2015	2016	2017	2018	2019	Total
Regulatory Asset Base (A)	6,767.53	6,281.63	5,848.87	5,391.11	5,004.30	
WACC (B)	11.10%	11.10%	11.10%	11.10%	11.10%	
Return on RAB (C = A X B)	751.33	697.39	649.34	598.52	555.58	**3,252.17**
O&M Expense (D)	1,094.67	743.41	902.16	916.11	896.24	**4,552.59**
Depreciation (E)	532.22	533.26	541.20	546.73	553.93	**2,707.32**
Taxes (F)	338.90	633.12	764.66	-	-	**1,736.68**
Gross Target Revenue (G=C+D+E+F)	**2,717.12**	**2,607.17**	**2,857.36**	**2,061.35**	**2,005.75**	**12,248.76**
Less: S Factor (H)	363.44	443.63	492.35	588.94	768.92	**2,657.28**
Net Target Revenue (I = G - H)	**2,353.68**	**2,163.54**	**2,365.01**	**1,472.41**	**1,236.83**	**9,591.48**
Actual Aero Revenue (J)	**2,950.92**	**3,407.58**	**3,931.53**	**1,705.47**	**987.79**	**12,983.30**
Under recovery/ (Over recovery) (K = I – J)	(597.24)	(1,244.04)	(1,566.53)	(233.06)	249.04	**(3,391.82)**
True-up for the First Control Period (L)	855.32					**855.32**
Future Value Factor (M)	1.52	1.37	1.23	1.11	1.00	
Under recovery/ (Over recovery) as on 1st April 2019 [N = (K+L)*M]	**393.27**	**(1,706.22)**	**(1,933.77)**	**(258.94)**	**249.04**	**(3,256.61)**
True up for the Second Control Period as on 1st April 2019 [Under recovery/ (Over recovery)]						**(3,256.61)**

3.6.5 Based on the above, the Authority proposed to consider true up for the Second Control Period as negative Rs. 3,256.61 Cr as per Table 25.

3.6.6 The over recovery of Rs. 3,256.61 Cr till the Second Control Period is proposed to be clawed back from the Airport Operator as part of tariff determination exercise for the Fourth Control Period.

Stakeholders' comments on True up for the Second Control Period

During the Stakeholders Consultation Process, the Authority has received comments/ views from DIAL in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to true up for the Second Control Period.

3.6.7 DIAL's comment regarding true up for the Second Control Period has been presented in para 1.11.1 of this Tariff Order.

Authority's analysis on Stakeholders' comments on True up for the Second Control Period

3.6.8 The Authority has noted the DIAL's comment on the issue with regards to the Hon'ble TDSAT order and conduct of mid-term review of tariff after the appeals are disposed by the Hon'ble Supreme Court rather than revisiting at the time of Tariff Determination for the Fifth Control Period.

The Authority's views with regard to the Hon'ble TDSAT order are provided in para 1.13.1 of this Tariff Order.

Further, the Authority notes that as per the provisions of Section 13(2) of 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.

3.7 Authority's 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 analysis, the Authority decides the following regarding true up for the Second Control Period:

3.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and consider Aeronautical Taxes as per Table 22 consistent with the Hon'ble SC judgement.

3.7.2 To consider True up for the Second Control Period as per Table 25.

3.7.3 To claw back over recovery of Rs. 3,256.61 Cr during the True Up for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period.

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4. TRUE UP FOR THE THIRD CONTROL PERIOD

4.1 Background

4.1.1 The Authority determined the tariff for the Third Control Period as per Order No 57/ 2020-21 dated 30th December 2020 in which the regulatory building blocks were estimated based on the Authority's analysis and examination as part of the tariff determination exercise. After the end of the Third Control Period, DIAL has submitted True up workings for the period from April 1, 2019 up to March 31, 2024 as part of the MYTP for the Fourth Control Period.

4.1.2 The true up workings submitted by DIAL cover the following building blocks:

i. Traffic
ii. Capital Expenditure
iii. Aeronautical Depreciation
iv. Regulatory Asset Base (RAB)
v. Weighted Average Cost of Capital
vi. Aeronautical Operation and Maintenance Expenses
vii. Revenue from Revenue Share Assets
viii. Aeronautical Taxes
ix. True Up for the Third Control Period including revised over recovery/ under recovery from the prior Control Periods.

4.1.3 The Authority has examined DIAL's submission towards true up for the Third Control Period in detail. The examination by the Authority has been organized as follows:

i. Recorded DIAL's submissions for true up under different Regulatory building blocks.
ii. Recapping of the decisions taken by the Authority in the Tariff Order for the Third Control Period (Order No. 57/ 2020-21 dated 30th December 2020).
iii. The Authority's examination through its Independent Consultant on each regulatory building blocks followed by the Proposals for the True Up for the Third Control Period.

4.1.4 The Authority has considered the following documents for determining true up for the Third Control Period:

i. Tariff Order for the Third Control Period (Order No. 57/ 2020-21) dated 30th December 2020.
ii. Multi Year Tariff Proposal (MYTP) submitted by DIAL.
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.

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4.2 Issues raised by DIAL towards True-up for the Third Control Period

4.2.1 DIAL in the MYTP for the Fourth Control Period has raised the following issues for true up for the Third Control Period.

- Additions to Regulatory Asset Base (RAB) and Aeronautical Depreciation,
- Weighted Average Cost of Capital,
- Aeronautical Operation and Maintenance expenses,
- Revenue from Revenue Share Assets and
- Aeronautical Taxes.

4.2.2 Some of the issues were raised by DIAL after factoring 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.

4.2.3 In view of the Authority's analysis provided in para 1.8.2 to 1.8.5 of this Tariff Order, with regard 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.

4.2.4 Further, the Authority proposed to implement the Hon'ble Supreme Court judgment 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.

4.3 True up of Traffic for the Third Control Period

DIAL's Submissions regarding True up of Traffic for the Third Control Period as per MYTP for the Fourth Control Period

4.3.1 DIAL as per the MYTP for the Fourth Control Period has submitted the actual Traffic achieved by IGI Airport during the Third Control Period from FY 2020 till FY 2024. The same is as per the table below:

Table 26: Traffic Submission by DIAL for True Up for the Third Control Period based on actuals

FY ending March 31	2020	2021	2022	2023	2024	Total
Passenger Traffic (Mn)						
Domestic	49.47	19.38	32.82	49.68	54.20	**205.54**
International	17.83	3.21	6.52	15.65	19.47	**62.68**
Total	**67.30**	**22.58**	**39.34**	**65.33**	**73.67**	**268.22**
Air Traffic Movement – Billable ('000s)						
Domestic	173.24	87.38	129.73	165.64	167.18	**723.16**
International	49.76	19.12	28.78	46.62	54.61	**198.88**
Total	**222.99**	**106.50**	**158.51**	**212.26**	**221.79**	**922.04**
Cargo Traffic (in '000 MT)						
Domestic	352.69	272.54	321.21	345.44	356.67	**1,648.55**
International	603.16	464.89	603.14	550.48	646.64	**2,868.31**
Total	**955.86**	**737.43**	**924.34**	**895.92**	**1,003.31**	**4,516.86**

Authority's Decisions regarding Traffic for the Third Control Period as per Tariff Order for the Third Control Period

4.3.2 The Authority vide decision no 9.6.1 and 9.6.2 of the Tariff Order for the Third Control Period decided to consider the Passenger Traffic, Air Traffic Movement and Cargo Traffic based on its analysis at the time of tariff determination for the Third Control Period as shown in the table below:

Table 27: Traffic considered by the Authority at the time of Tariff Determination for the Third Control Period

FY ending March 31	2020	2021	2022	2023	2024	Total
Passenger Traffic (Mn)						
Domestic	49.47	15.09	30.31	49.47	52.84	**197.18**
International	17.83	3.29	11.23	17.83	19.75	**69.93**
Total	**67.30**	**18.39**	**41.54**	**67.30**	**72.59**	**267.12**
ATM – Billable ('000s)						
Domestic	181.58	67.23	111.22	181.58	182.85	**724.46**
International	49.76	15.34	31.11	49.76	58.22	**204.19**
Total	**231.34**	**82.57**	**142.33**	**231.34**	**241.07**	**928.65**
Cargo Traffic (in '000 MT)						
Domestic	352.69	214.20	296.64	339.02	403.60	**1,606.15**
International	603.16	401.14	526.61	601.84	716.48	**2,849.23**
Total	**955.86**	**615.34**	**823.25**	**940.86**	**1,120.07**	**4,455.37**

4.3.3 The Authority vide decision no. 9.6.3 of the Tariff Order for the Third Control Period decided to true up the traffic for the Third Control Period based on actuals during next Control Period.

Authority's Examination and proposal regarding True Up of Traffic for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

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

a) The trend of actual recovery of Passenger traffic in the Third Control Period has been broadly mirroring the traffic projections made by the Authority at the time of tariff determination for the Third Control Period.

b) 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 actuals as submitted by DIAL is as shown in the table below:

Table 28: Pax Traffic Variation between the Authority's Projections and Actuals for the Third Control Period

FY ending March 31 (MPPA)	2020	2021	2022	2023	2024	Total
Total Pax Traffic Projected by the Authority	67.30	18.39	41.54	67.30	72.59	**267.12**
Total Pax Traffic as per actuals	67.30	22.58	39.34	65.33	73.67	**268.22**
Variation (%) – Increase/(Decrease)	-	23%	-5%	-3%	1%	

c) As can be seen in the table above, except for a considerable variation in FY 2021 on account of Covid-19, the variation in the balance years has been less than 5%.

d) The Traffic has also been independently verified from data available from AAI website and the CA certificate submitted by DIAL with regards to Traffic for the Third Control Period.

e) In the case of Cargo Traffic, the variation between the Authority's Projections at the time of tariff determination for the Third Control Period viz-a-viz the actuals are shown below:

Table 29: Cargo Traffic Variation between the Authority's Projections and Actuals for the Third Control Period

FY ending March 31, ('000 MT)	2020	2021	2022	2023	2024	Total
Cargo Traffic Projected by the Authority	955.86	615.34	823.25	940.86	1,120.07	**4,455.37**
Cargo Traffic as per actuals	955.86	737.43	924.34	895.92	1,003.31	**4,516.86**
Variation (%)-Increase/(Decrease)	-	20%	12%	-5%	-10%	

f) The Cargo Traffic has decreased in FY 2023 and as clarified by DIAL, the same is on account of various reasons including suspension of air traffic to China/ Hong Kong, zero-covid strategy of China resulting in considerable drop in imports, high inflation rate in US/EU resulting in lower transfer of goods carried under air freight etc. Though the actual Cargo Traffic grew ~12% in FY 2024 (896 MMT in FY 2023 to 1,003 MMT in FY 2024), the same was lower (10%) than the Cargo Traffic projected by the Authority at the time of tariff determination for the Third Control Period.

4.3.5 Based on the above submissions along with the justifications, the Authority proposed to consider the Actual Traffic submitted by DIAL as per Table 26 towards True Up for the Third Control Period.

Stakeholders' comments on true up of Traffic for the Third Control Period

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

Authority's analysis on Stakeholders' comments on true up of Traffic for the Third Control Period

4.3.7 The Authority notes that no comments were received from the Stakeholders on the true up of Traffic for the Third Control Period. Accordingly, the Authority decides to consider the Traffic consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Traffic proposed to be considered by the Authority for true up for the Third Control Period (as per Table 26 of this Tariff Order) at the Consultation Stage stand unchanged.

4.4 True up of Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Third Control Period

DIAL's Submissions regarding True up of CAPEX, Depreciation and RAB for the Third Control Period as per MYTP for the Fourth Control Period

4.4.1 DIAL as part of the True Up of Capital Expenditure for the Third Control Period has submitted the Capex incurred as part of:

A. Phase 3A Expansion capex along with reasons for the escalation in cost
B. General Capex for the Third Control Period

4.4.2 Further, DIAL has also submitted the Asset Allocation amongst aeronautical and non-aeronautical as part of the incurred capex along with the corresponding depreciation and the final addition to RAB.

A. Phase 3A Expansion in the Third Control Period

4.4.3 DIAL awarded the EPC contract for the construction of Phase 3A Project to M/s Larson & Toubro (L&T), the successful bidder, through the International Competitive Bidding (ICB) process.

EPC Contract

The EPC contract was divided into 5 packages and the details of the packages are as follows:

i. Package 1: Expansion of Terminal 1 and associated facilities

4.4.4 Expansion of departure/arrival buildings with a new architectural façade on the city side. Integration with existing Terminal buildings, demolition of some of the existing facilities to facilitate expansion of the terminal footprint and airside asset to meet passenger requirement as per the master plan forecast. The above expansion will increase the terminal area of Terminal 1 from the current 64,140 sq.m. to 2,06,950 sq.m. and passenger handling capacity from 17 MPPA to 40 MPPA. The features available at the expanded terminal are as follows:

- 13 Entry Gates (26 CISF Positions)
- 5 Check-in islands
- 108 CUSS
- 36 Self baggage drop facilities
- 20 Hand baggage X-Ray machines with a facility to expand up to 25 with a capacity of processing 250-300 Bags/hour and having Automated Tray Retrieval System (ATRS)
- Check in baggage screening capacity is at 5,000-6,000 Bags/hour
- 22 Contact stands
- 13 Bussing Gates
- 9 Baggage Carousels
- 10 Arrival Baggage Belts 70 meters each

ii. Package 2: Airfield works including development of 4th Runway

4.4.5 Construction of 4th runway & associated rapid exit taxiways – parallel to RWY 11/29, of the size 4,430 m x 60 m plus 7.5 m wide shoulders, suitable for operation of A-380 /other equivalent Code F aircraft, in compliance with ICAO Standards & recommend practices / DGCA Civil aviation requirements, pavement designs based on LEDFAA design program and existing soil characteristics, runway geometry / RET and other taxi links as per Aircraft Mix as defined in the Master Plan of IGI Airport.

The runway is designed with CAT 3B AGL & navigational aids at both ends. The runway strip is graded as per ICAO standards. Its drainage designs are developed so as to integrate with the overall drainage system of the airport, leading to the eventual out-fall of the airport. This new runway is supported by an additional ARFF Station suitable for CAT 10 requirements as per ICAO standards as per Master Plan.

iii. Package 3: Landside/Connectivity works

4.4.6 DIAL carried out major upgrades to all the roads leading to the Airport and exit points from the Airport. The major landside works are as follows:

- Extension of the central spine road to 12 lanes (6 lanes each side)
- Widening the northern access road towards NH-8 to 10 lanes (5 each side)
- Road works connecting inter terminals for smooth shifting of passengers across three terminals along with a flyover
- Underpass from the entry from NH-8
- Enhanced connectivity (signal free) to various exit points from Airport to various parts of NCR.

iv. Package 4: Eastern Parallel Cross Taxiways

4.4.7 This package includes the New Eastern Parallel Cross Taxiways (a 2.4 km code F taxiway, which at certain locations is above the airport approach roads with vehicular traffic underneath) and the New Taxiway in-between taxiway Y and taxiway Z7 isolation bay. DIAL developed rapid exit taxiways on runway 11L-29R and other taxiways associated with runway 11L-29R.

v. Package 5: Modifications to Terminal 3 and associated facilities

4.4.8 The modifications were carried out to have improved facilities for transfer passengers and improved levels of services for International and Domestic passengers, construction of additional transfer area for I-I (international to international) in Terminal 3. The floor plate at the arrival of Pier A & B junction area has been increased for I-I transfer to the tune of 3,000 sq.m. area. Installation of the 7th check in island along with its baggage handling & screening systems, additional arrival baggage carousels (2 Nos), increase in the number of emigration and immigration counters and other related IT & MEP works, installation of baggage carousals at the arrival with necessary IT & MEP works, creation of swing corridors to handle I-D & D-I passengers along with its related equipment & IT /MEP Systems.

Original and Revised Project Cost

4.4.9 DIAL in its MYTP for the Third Control Period submitted that the project cost of Phase 3A expansion was Rs. 11,284 Cr including financing allowance of Rs. 1,490 Cr. The break-up of the project cost submitted by DIAL in MYTP for the Third Control Period is given in the table below:

Table 30: Break-up of Project Cost for Phase 3A submitted by DIAL in the MYTP for the Third Control Period

S. No	Particulars	Amount (Rs. crore)
	EPC Contract Cost (excluding GST) (A)	8,323
	Add: GST @ 18% of Contract Value (B)	1,498
	Less: Estimated GST Input Tax Credit (ITC) (C)	450
1	**EPC Contract Cost net of GST ITC (D=A+B-C)**	**9,371**
2	Enabling Costs and Soft Costs* (E)	423
3	Financing Allowance (F)	1,490
	Total Project Cost (D+E+F)	**11,284**

**Design, PMC, preliminary & pre-operative expenses and insurance*

4.4.10 The project cost estimated by DIAL had undergone changes due to delay in the execution of the project attributed to Covid-19 and further impacted by the worldwide supply disruption due to disruptions in Suez Canal and conflict between various Europe/Asian countries, farmers protest in NCR and resultant roadblocks, construction ban by Environment Pollution Control Authority (EPCA) in 2019 to avoid dust pollution, etc. The revised project cost for Phase 3A expansion as submitted by DIAL in the MYTP for the Fourth Control Period is provided in the table below:

Table 31: Comparison of Project Cost for Phase 3A – DIAL's Submission in MYTP for the Third and Fourth Control Period

S. No	Particulars (Rs. Cr)	DIAL's Submission in the MYTP for 3rd CP	DIAL's Submission in the MYTP for 4th CP	Variation (+/-)
	EPC Contract Cost (excluding GST) (A)	8,323	8,323	-
	Add: GST @ 18% (B)	1,498	1,498	-
	Less: ITC on account of GST (C)	450	295	(155)
1	**EPC Contract Cost net of GST ITC (D=A+B-C)**	**9,371**	**9,525**	**155**
2	Enabling Costs and Soft Costs (E)	423	553	130
3	Financing Allowance/ IDC (F)	1,490	2,122	632
4	Relocation of BSF Hangars (G)	-	92	92
5	Claims from EPC Contractor (H)	-	621	621

S. No	Particulars (Rs. Cr)	DIAL's Submission in the MYTP for 3rd CP	DIAL's Submission in the MYTP for 4th CP	Variation (+/-)
	Total Project Cost (D+E+F+G+H)	**11,284**	**12,913**	**1,630**

4.4.11 Major items contributing to the change in the project cost are as follows:

i. Reduction of GST Input Tax Credit based on actual incurrence

4.4.12 During the initial project cost estimation, based on the components of equipment on which GST input tax credit could have been availed at the prevailing rates, an amount of Rs. 450 Cr was estimated as GST input credit which was duly recorded and shown by DIAL while submitting MYTP for the Third Control Period and the same was adjusted while arriving at the project cost of Rs. 9,794 Cr (i.e. cost of EPC contract net of GST ITC of Rs. 9,371 Cr and cost of enabling works of Rs. 423 Cr). This was based on an estimate that around 30% of the total project cost (Rs. 2,500 Cr) would be plant & equipment that could have been eligible for GST input tax credit.

4.4.13 However, the changes in tax rates, actual cost distribution of the EPC contract to various components i.e. civil and plant & equipment based on actuals resulted in a decrease in the eligible GST input tax credit. Currently, GST input tax credit of Rs. 295 Cr is available as against the earlier estimate of Rs. 450 Cr and the same resulted in additional project cost of Rs. 155 Cr.

ii. Increase in Enabling Costs and Soft Costs

4.4.14 Certain additional requirements which were originally not anticipated as part of Phase 3A project cost or wherein additional scope has occurred had to be executed as part of the Project, which includes PIDS for Eastern Cross Taxiway, Self-Baggage Drop (SBD), additional enabling works related to relocation and miscellaneous finishing works in the existing terminal and PMC/other soft costs, which were not in the scope of EPC contractor. The total impact on account of this has been estimated as Rs. 130 Cr.

iii. Interest During Construction period

4.4.15 DIAL initially estimated the IDC for Phase 3A expansion as Rs. 650 Cr, after considering the estimated completion of June 2022. However, actual IDC has increased due to the below-mentioned factors:

- Delay in the execution of the project from June 2022 to March 2024 (around 21 months) on account of Covid-19.
- Increase in hard costs of the project.
- Decrease in utilization of internal accruals from Rs. 3,800 Cr to Rs. 2,866 Cr.
- Increase in external debt on account of reduction in internal accruals as well as increase in hard costs of the project.

4.4.16 The above resulted in an increase in IDC to Rs. 2,122 Cr as per the submission of DIAL. The interest income earned by DIAL (on surplus debt drawn but unutilized) amounting to Rs. 399 Cr has not been adjusted/ netted-off against IDC based on the Hon'ble TDSAT judgement dated 14th February 2024 in the case of GHIAL.

iv. Relocation of BSF Hangars for execution of Eastern Cross Taxiway works and others

4.4.17 During execution of Phase 3A expansion, it was needed to relocate the BSF Hangars from their existing location for construction of the Eastern Cross Taxiways. It was finally agreed by BSF to relocate the

BSF Hangars provided the construction cost of these hangars had to be undertaken by DIAL at their own cost and up to the satisfactory requirements of the BSF.

4.4.18 The total cost on account of the above is Rs. 92 Cr, which has contributed to an increase in cost vis a vis the original submission.

v. Claims from EPC Contractor

4.4.19 The EPC contract was originally to be completed by June 2022. Various waves of Covid and other issues including Russia-Ukraine conflict, farmers protest, EPCA construction bans from time to time (particularly the first one in end October 2019 to around mid December 2019), delays in approval by BCAS, delays in issuance of Airport Entry Pass (AEP) for airside works, G-20 event in September, floods in 2023, etc. necessitated the extension of schedule to March 2024.

4.4.20 Due to the delay in the execution of the project, the EPC contractor raised claims worth Rs. 1,221 Cr (including GST). The breakup of this original claims submitted by the EPC Contractor are as shown in the table below:

Table 32: Break up of the original EPC Claims submitted by the EPC Contractor

Particulars (in Rs. Cr)	Claims Raised by EPC Contractor
Cost Impact due to extended timelines (A)	327.00
Cost Impact due to Price escalation (B)	708.00
Total Cost (Excluding GST) (C= A +B)	**1,035.00**
Add: GST (@18%) (D)	186.30
Total Cost including GST (E= C+D)	**1,221.30**

4.4.21 The EPC contractor attributed these claims to additional expenses incurred by them due to Covid-19 protocols, increase in overhead costs during the execution of the project and unprecedented increase in the prices of commodities.

4.4.22 DIAL formed an internal committee to evaluate the additional costs required to be paid to the EPC Contractor considering the impact due to Covid, unprecedented increase in rates of commodities, challenges in logistics and delays that cannot be entirely blamed on the Contractor.

4.4.23 The evaluation by DIAL was considered under the following heads:

i. *Costs arising due to extended duration of the Contract (supervision, overheads and other time related costs)*

The internal committee of DIAL deliberated on the overall additional timeline of around 21 months (i.e. July 2022 to March 2024) considering the major issues as under:

- At the time of stoppage of works due to Covid-19 on 25th March 2020, the works were delayed by about 2 months from the original programme primarily due to EPCA restrictions in 2019 which is considered as compliance with applicable laws for which only time extension can be provided.
- The overall Covid-19 extension was granted for 12 months initially and extended to 15 months. It is highly unjust and inequitable to expect the contractor to bear the cost for the entire 15 months. A Force Majeure period of 4 months due to various waves of Covid between March 20 and May 21 and the delay of 2 months as said above cannot be compensated for additional costs.
- Out of the balance 9 months, the committee deliberated on a just and equitable distribution of the period that could be compensated. Considering that the Govt. of India (GOI) had recommended that a period of 6 months could be provided to contractors as extension to

complete the works without compensation or levy of damages (including 4 months above) and the fact that in a contract of this nature the contractor would have already built-in some inherent delays, the committee took a view that 50% (i.e. 4.5 months) period be considered for extension with cost and balance 50% taken as Force Majeure wherein only time extension could be provided without additional costs.

- BCAS approval delays and stoppage during G-20 contributed to 6 months. These cannot be attributed to the contractor and hence the entire period of 6 months be considered with costs.

Hence, out of overall extended timelines of approx. 21 months, around 10.5 months were considered as just and equitable compensation for evaluation of the costs.

Under the EPC contract, the price schedule has two components, the first component being Preliminaries and General Requirements and the second component being Works. The Preliminaries consider the Contractor's general obligations and have one-time costs and costs that are time related like supervision, guarantees, running costs, etc.

The Preliminary Schedule is examined and the monthly impact of the recurring costs has been evaluated and the same is set out in the table below. The monthly impact has been evaluated at about Rs. 23 Cr.

The internal committee of DIAL considered it reasonable to recommend a cost of Rs. 20 Cr per month towards the costs that could be related to extension of time. The break-up of the monthly cost recommended by the internal committee of DIAL is provided below:

Table 33: Monthly Cost Impact due to Extended Timelines as assessed by Internal Committee of DIAL

Impact due to Extended Timelines (Rs Cr)	Cost as per BOQ (39 months)	Impacted	Cost/ Month
Financial charges such as all permits and clearance, insurance, performance BG, etc.	76.10	Y	1.95
Clearance and Approval	28.82	Y	0.74
Contractor's Supervision cost	466.14	Y	11.95
Initial Mobilisation of site team	27.84	Y	0.71
Contractor's site including support facility running, maintenance and other contractual obligations	77.65	Y	1.99
Provision of photographs/ video of progress of site works	0.52	Y	0.01
All other "Preliminaries and General Requirements" necessary to complete the works which are not itemized elsewhere	55.91	Y	1.43
Safety related to labour, staff and other facilities	21.37	Y	0.55
Sum for Enabling works for (a) Airside-Landside barricading (b) temporary/permanent roads/pavement in airside/landside/temporary perimeter road/expedient pavements incl. retaining walls / demolition of pavements incl. maintenance (c) Civil works for relocation/diversion of various utility/drains (d) relocation of AGL works (e) road/traffic diversion facility (f) maintenance of all roads within airport – used by contractor/sign board (g) AEP for labor staff, vehicle, construction equipment/airside enabling staff like security supervisor / IR / Escort Steward, Guards, Escort Vehicle	130.73	Y	3.35
Barricading	2.69	Y	0.07
Identification and removal of obstructions	10.76	Y	0.28
Total	**898.52**		**23.04**
Roundoff			**20.00**

Hence, the overall impact due to the above is estimated at Rs. 210 Cr (i.e. Rs. 20 Cr x 10.5 months).

ii. Impact due to increase in prices

The internal committee of DIAL examined the impact of the increase in price of commodities post Covid-19 and subsequently due to supply disruptions on account of Russia-Ukraine conflict, etc.

As is the methodology followed in major contracts where price escalation is available, the committee evaluated the increase based on WPI. WPI is used as the base when calculating the payment towards escalations in various Govt. contracts and also when unit rates are revised in the Schedule of rates and hence the committee considered that the same could be considered as fair and equitable method of evaluation.

Further, only the balance works at the end of the original contract period i.e. June 2022 was considered and the impact of the WPI increase is applied on the same. The computation adopted by the internal committee of DIAL on the impact due to increase in prices is provided below:

Table 34: Impact of Price Increase as assessed by the Internal Committee of DIAL

Particulars (Rs. Cr)	**Value**
Balance Works as of June 2022 (A)	2,809
75% of the Balance works considered for escalation (B)	2,107
WPI for FY 21-22 (C)	139.40
WPI for FY 22-23 (D)	152.50
Escalation Y-o-Y (E=D/C-1)	9.40%
Escalation Factor for period till Mar 2024 (i.e. 21 months/12 months) (F)	1.75
Impact of Price Increase (B*((1+E)^F-1)	**358.60**

As can be seen from the table above, the impact works out to about Rs. 359 Cr. Further, there was a reduction in scope amounting to Rs. 50 Cr and other minor variations amounting to an increase of Rs. 7 Cr.

Considering all the above, the internal committee of DIAL recommended an amount of Rs. 621 Cr (including GST) as final cost increase of Phase 3A expansion as against the claims amounting to Rs. 1,221 Cr (including GST) submitted by L&T.

Table 35: Provision for EPC claims approved by DIAL as per the Board Meeting dated 31st January 2024

Particulars	**Amount (Rs. crore)**
Cost impact due to extended timelines (A)	210.00
Cost impact due to price escalation (B)	358.60
Less: Reduction in Scope (C)	50.00
Other Variations (D)	7.00
Sub Total (E=A+B-C+D)	**525.60**
Add: GST @ 18% (F)	94.60
Total including GST (E+F)	**620.20**

The total impact of the above, including GST, is estimated as Rs. 621 Cr.

B. General Capex submitted by DIAL towards True up for the Third Control Period

4.4.24 The general capex incurred and capitalized by DIAL in the Third Control Period as per the MYTP for the Fourth Control Period is provided in the table below:

Table 36: General capex incurred and capitalized by DIAL in the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening CWIP	200.35	185.04	133.92	194.14	319.66	
Capex Incurred/ Spent	207.10	135.10	223.15	269.15	424.12	**1,258.62**
Capex Capitalized	**222.41**	**186.22**	**162.93**	**143.63**	**216.67**	**931.86**
Closing CWIP	185.04	133.92	194.14	319.66	527.11	

4.4.25 The key works submitted by DIAL as part of General Capex relate to Civil Works, Electrical, Mechanical, Airport Systems, Airside and Security related expenses.

Asset Allocation Methodology followed by DIAL

4.4.26 DIAL for the purpose of allocation of assets between Aeronautical and Non-Aeronautical Assets for the Third Control Period followed the methodology adopted by the Authority in the Tariff Order for the Third Control Period which was based on the Independent Study commissioned by the Authority on Allocation of Assets at the time of tariff determination for the Third Control Period.

Depreciation

4.4.27 DIAL has computed depreciation for the assets based on the useful life of the assets as per the Companies Act or the concession period whichever is lower. DIAL had also submitted that the same is consistent with the Authority's Order No. 35/2017-18 on 12th January 2018, which was further amended on 09th April 2018, in the matter of Determination of Useful life of Airport Assets, which was effective from 01st April 2018. The depreciation submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is as follows:

Table 37: Depreciation submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Depreciation on Aero RAB	501.31	465.92	465.62	545.54	676.62	**2,655.00**
Depreciation on HRAB	25.68	23.42	22.12	23.80	19.70	**114.72**
Total (including Hypo RAB)	**526.99**	**489.34**	**487.74**	**569.33**	**696.32**	**2,769.73**

Asset Additions submitted by DIAL towards True Up for the Third Control Period

4.4.28 The asset additions (i.e. assets capitalized on account of Phase 3A Expansion as well as general capex) submitted by DIAL towards true up for the Third Control Period in the MYTP is as follows:

Table 38: Asset Additions submitted by DIAL towards True Up for the Third Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Asset Additions						
Phase 3A Expansion Capex*	7.51	6.55	821.86	878.41	10,183.31	**11,897.64**
General Capex	222.41	186.22	162.93	143.63	216.67	**931.86**
Total	**229.92**	**192.77**	**984.79**	**1,022.04**	**10,399.98**	**12,829.50**
Allocation of Assets						
Aeronautical Assets*	220.18	163.05	925.80	993.89	9,833.07	**12,135.99**
Non-Aeronautical Assets	9.74	29.72	58.99	28.15	566.91	**693.51**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total	229.92	192.77	984.79	1,022.04	10,399.98	12,829.50

Doesn't include assets of Rs. 437 Cr funded out of lease finance, interest income of Rs. 399 Cr (on surplus debt drawn but unutilized), assets of Rs. 201 Cr proposed to be capitalized in FY 2025 and assets already capitalized in FY 2019 out of the total capex of Rs. 12,913 Cr submitted by DIAL for Phase 3A Expansion.

Regulatory Asset Base (RAB) submitted by DIAL towards True Up for the Third Control Period

4.4.29 Considering the above, the Regulatory Asset Base for the Third Control Period as submitted by DIAL in the MYTP for the Fourth Control Period is as shown in the table below:

Table 39: Aeronautical Depreciation and RAB submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening Aero RAB (A)	4,772.01	4,524.60	4,267.78	4,045.97	4,698.32	
Addition considered on Pro-Rata basis (B)*	101.65	90.85	171.77	428.20	4,302.78	**5,095.25**
Adjustments from Previous Year on Pro-Rata basis (C)	399.92	118.53	72.20	776.17	580.73	**1,947.55**
Deletions (D)	15.62	0.29	0.16	6.48	46.14	**68.69**
DF Adjustment (E)	232.05	-	-	-	-	**232.05**
Depreciation (F)	501.31	465.92	465.62	545.54	676.62	**2,655.00**
Pro Rata Aero RAB (based on Pro Rata Additions) (G=A+B+C-D-E-F)	**4,524.60**	**4,267.78**	**4,045.97**	**4,698.32**	**8,859.08**	
Opening HRAB (H)	218.62	192.93	169.51	147.39	123.59	
Depreciation (I)	25.68	23.42	22.12	23.80	19.70	**114.72**
Closing HRAB (J=H-I)	**192.93**	**169.51**	**147.39**	**123.59**	**103.89**	
Average HRAB (K=(H+J)/2)	**205.77**	**181.22**	**158.45**	**135.49**	**113.74**	
Average RAB for FRoR (G+K)	**4,730.38**	**4,449.00**	**4,204.42**	**4,833.82**	**8,972.82**	

**include Aeronautical portion of interest income (on surplus debt drawn but unutilized) of Rs. 379.90 Cr (out of Rs. 399.11 Cr) which has not been shown in Asset Additions under* Table 38. *Pro-rata adjustment in additions in each year had been considered by DIAL with the balance carried forward to subsequent year.*

Note: Regulatory Asset Base considered for the purpose of estimating return was based on actual date of capitalization for a year and was arrived at by incorporating addition/deletions/adjustments to the aeronautical asset base of DIAL on a pro rata basis on the opening balance of RAB in that year.

Authority's Decisions regarding Regulatory Asset Base for the Third Control Period as per Tariff Order for the Third Control Period

Phase 3A Expansion in the Third Control Period

4.4.30 The Authority vide decision No. 4.6.1 of the Tariff Order for the Third Control Period decided to consider the cost for Phase 3A expansion as Rs. 9,126 Cr. based on the independent study commissioned at the time of tariff determination for the Third Control Period.

4.4.31 The break-up of the project cost approved by the Authority in the Tariff Order for the Third Control Period is given in the table below:

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Table 40: Break-up of Project Cost for Phase 3A approved by the Authority in the Tariff Order for the Third Control Period

Particulars	As per Independent Study based on Master Plan	DIAL Submission in MYTP for 3rd CP based on tender cost	Approved by the Authority in Tariff Order for 3rd CP based on estimate of KITCO
Package 1	3,465	4,149	3,968
Package 2	2,791	3,299	3,197
Package 3	401	818	459
Package 4	1,129	1,364	1,293
Package 5	183	151	209
Sub Total	**7,969**	**9,782***	**9,126#**
Financing Allowance/ IDC	-	1,490	427
Total	**7,969**	**11,272***	**9,554**

**After deducting assets already capitalized in FY 2019.*

#After considering impact on account of inflation and GST amounting to Rs. 502 Cr and Rs. 655 Cr respectively.

4.4.32 The Authority arrived at the cost of Rs. 9,126 Cr by considering the inflationary impact due to shift in start date of construction vis a vis the dates considered in the Independent Study (estimated as 6.31% leading to an increase of Rs. 502 Cr) along with impact of GST post net off from GST credit which had been estimated as Rs. 655 Cr on the KITCO approved cost of Rs. 7,969 Cr. The Authority also estimated IDC of Rs. 427 Cr based on efficient means of finance to arrive at the approved cost of Rs. 9,554 Cr.

4.4.33 The Authority also decided that it should consider any further escalation if submitted by DIAL with justifiable reasons at the time of tariff determination for the Fourth Control Period. Accordingly, the capex phasing had been revised by the Authority on account of Covid-19 pandemic with the project proposed to be completed by 31st March 2024.

4.4.34 The Authority vide decision No. 4.6.2 of the Tariff Order for the Third Control Period decided to consider only IDC incurred on account of financing the expansion capex during the Third Control Period based on prudent means of finance for funding the capex i.e. Rs. 427 Cr. The same shall be trued up based on actuals subject to justifications provided at the time of tariff determination for the Fourth Control Period.

4.4.35 The Authority vide decision No. 4.6.7 of the Tariff Order for the Third Control Period decided to consider a provision for adjustment towards RAB to the extent of 1% of the Phase 3A Project Cost at the time of tariff determination for the Fourth Control Period if the proposed Phase 3A Project has not been completed and made available for the passengers before March 31, 2024. The Authority shall also consider IDC incurred by the airport operator only till March 31, 2024 with additional IDC beyond March 31, 2024 considered only based on justification for the delay in completion of the Project beyond March 31, 2024.

General Capex in the Third Control Period

4.4.36 The Authority vide decision No. 4.6.4 of the Tariff Orde for the Third Control Period decided to consider General Capex as per Table 41 which includes the capex of Rs. 19 Cr towards procurement of aircraft recovery kit, Capex pertaining to Body Scanners mandated by BCAS which was estimated as Rs. 154 Cr and the cost of Rs. 150 Cr (being DIAL's share of 50% of the total cost of Rs. 300 Cr) pertaining to the underpass at Shiv Murthy NH 8 as an enabling cost for Phase 3A Expansion.

4.4.37 The general capex approved by the Authority for the Third Control Period in the Tariff Order for the Third Control Period along with the aeronautical portion of general capex is provided in the table below:

Table 41: General Capex for the Third Control Period approved by the Authority in the Tariff Order for the Third Control Period

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
General Capex approved by the Authority in the Tariff Order for the Third Control Period	229.92	292.12	526.49	103.16	299.98	**1,451.68**
Approved by Authority in tariff order for the Third Control Period - Aero Portion	220.18	260.46	488.20	91.97	267.43	**1,328.24**

Regulatory Asset Base (RAB) and Depreciation for the Third Control Period

4.4.38 The Authority vide decision No. 4.6.6 of the Tariff Order for the Third Control Period decided to true up depreciation based on actuals at the time of tariff determination for the Fourth Control Period.

4.4.39 The Aeronautical RAB considered by the Authority for tariff determination for the Third Control Period vide decision No. 4.6.8 of the Tariff Order for the Third Control Period is provided below:

Table 42: Aeronautical RAB considered by the Authority for the Third Control Period in the Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening RAB (A)	4,771.83	4,640.92	4,452.16	5,907.96	9,485.38	
Addition Considered (B)	613.50*	260.46	1,898.76	4,141.76	3,982.98	**10,897.45**
Deletions (C)	15.62	-	-	-	-	**15.62**
DF adjustment (D)	232.05	-	-	-	-	**232.05**
Depreciation (E)	496.74	449.22	442.96	564.33	728.88	**2,682.14**
Closing RAB (F=A+B-C-D-E)	4,640.92	4,452.16	5,907.96	9,485.38	12,739.48	
Average RAB (G= (A+F)/2)	**4,706.37**	**4,546.54**	**5,180.06**	**7,696.67**	**11,112.43**	
Opening HRAB (H)	218.84	194.27	172.56	153.31	134.16	
Depreciation HRAB (I)	24.57	21.71	19.25	19.15	19.09	**103.77**
Closing HRAB (J=H-I)	194.27	172.56	153.31	134.16	115.07	
Average HRAB (K=(H+J)/2)	**206.56**	**183.42**	**162.94**	**143.74**	**124.62**	
Average RAB for FRoR (G+K)	**4,912.93**	**4,729.96**	**5,342.99**	**7,840.41**	**11,237.05**	

**The figure of Rs. 613.50 Cr in FY 2020 has been arrived at by considering the pro-rata balance of Rs. 393.32 Cr from FY 2019 and the general capex additions of Rs. 220.18 Cr in FY 2020. Deducting the Rs. 393.32 Cr from Rs. 10,897.45 Cr would lead to Rs. 10,504.13 Cr which is the asset addition pertaining to Phase 3A Capex and General Capex.*

Authority's Examination regarding True up of Capital Expenditure, Depreciation and Regulatory Asset Base for the Third Control Period at the Consultation Stage

Background:

4.4.40 The Authority through its independent consultant has proceeded to examine and true up the Capital Expenditure incurred by DIAL in the Third Control Period. The Authority as part of the process has,

a) Examined the Phase 3A expansion activity carried out by DIAL with regards to compliance with Master Plan and other statutory requirement.

b) Examined the Cost incurred for Phase 3A expansion including the reasons for the escalation over the original submission and the cost considered by the Authority in the Tariff Order for the Third Control Period.

c) Examined the general capex incurred by DIAL for the Third Control Period against the general capex considered by the Authority at the time of tariff determination for the Third Control Period along with reasons for addition, delay or non-implementation of the major items listed under the general capex.

d) Based on the above, arrived at the Capex that could be considered for True Up for the Third Control Period and the same has been categorized into aeronautical and non-aeronautical additions for True up of RAB for the Third Control Period.

Authority's Examination of Phase 3A Expansion Capex for the Third Control Period

Compliance with Master Plan

4.4.41 The Authority noted the relevant provisions under OMDA regarding review of Master plan/ Major Development Plan as follows:

8.3.5 *"..**the JVC hereby undertakes to submit the initial Master Plan to the AAI for its information, and to the Ministry of Civil Aviation ("MCA") 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**.."*

8.4.1 *"The JVC shall develop the Airport in accordance with the Master Plan. The JVC must prepare a Major Development Plan for each major development or any development, which is expected to have a capital cost in excess of Rupees 100,00,00,000/- (Rupees One Hundred Crores Only) and shall ensure that each such major development is undertaken by contractors selected pursuant to a competitive bidding process.."*

8.4.2 *"**The JVC hereby agree to submit each Major Development Plan to AAI for its information and Ministry of Civil Aviation (MCA) for its review and comments**. The Major Development Plan must be submitted to the MCA for its review and comments as soon as it is prepared."*

The Authority noted that DIAL post consultation with stakeholders and comments from MoCA submitted the final Master Plan 2016 with MoCA on 3rd May 2016 along with amendments and responses. Subsequently, DIAL received inputs/comments from MoCA on 19th May 2016 which were addressed and responded to by DIAL on 27th May 2016.

The Authority also noted the relevant provisions under SSA regarding Master Plan/ Major Development Plan as follows:

3.8.4 *"Within fifteen (15) days of the JVC re-submitting the Major Development Plan in accordance with Clause 3.8.3 hereinabove, GOI shall provide any comments and/or suggested changes that GOI may have vis-à-vis the revised Major Development Plan, to the extent GOI feels that such Major Development Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.8.1 hereinabove are not satisfied. **In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the revised Major Development Plan in accordance with the provisions of this Clause 3.8.4, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to that revised Major Development Plan and the revised Major Development Plan submitted by the JVC in accordance with Clause 3.8.3 shall be deemed to be the final Major Development Plan**, which shall be binding on the JVC and shall regulate the development,*

operation and management of that particular development (for which the Major Development Plan was prepared) in accordance with the OMDA."

3.8.5 *"In the event GOI provides any comments and/or suggestions to the revised Major Development Plan pursuant to Clause 3.8.4 hereinabove, the JVC shall, within fifteen (15) days of receiving any such comments or suggested changes, submit to GOI the final Major Development Plan, incorporating such comments and/or changes suggested by GOI, that the JVC, in its sole discretion, deems appropriate. The Parties hereby acknowledge and agree that the final Major Development Plan submitted by the JVC shall be binding on the JVC and shall govern the development of that particular development (for which the Major Development Plan was prepared) in accordance with the OMDA."*

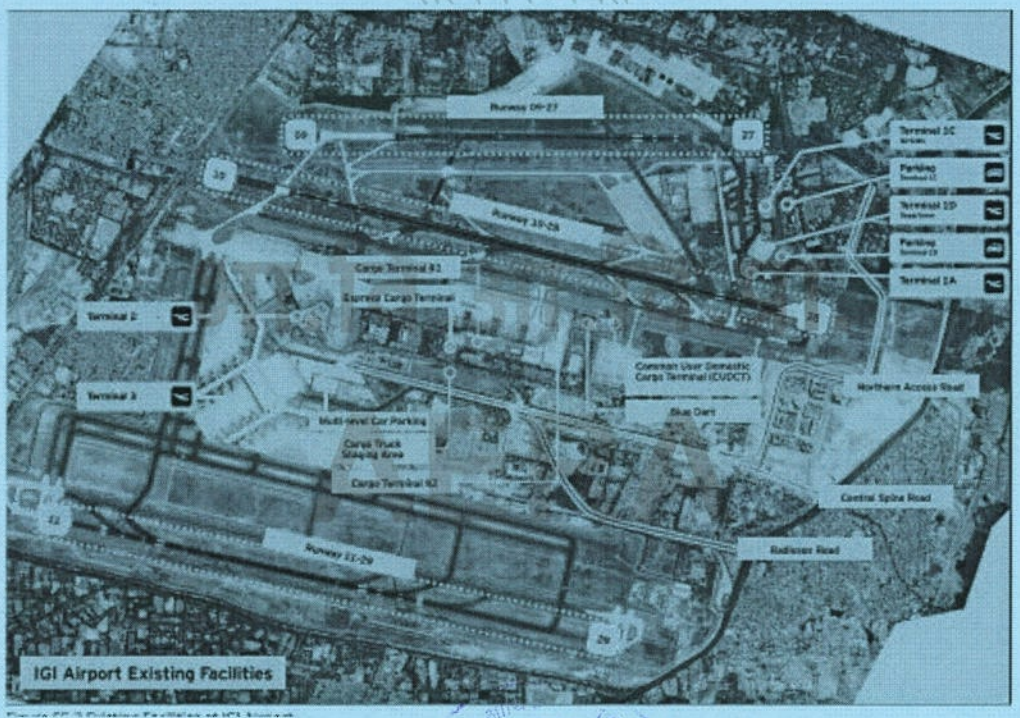
As per the above clause of SSA, in case, the GoI, for whatsoever reason does not submit any comments and/ or suggest changes to revised Master Plan/ Major Development Plan submitted by JVC within the prescribed time limit, the revised Master Plan/ Major Development Plan shall be deemed to be final.

The Authority noted that since DIAL had not received any further comments from MoCA on the Master Plan after 27th May 2016, the Master Plan submitted to MoCA on 27th May 2016 has been considered as final by DIAL in accordance with relevant clauses of OMDA and SSA.

4.4.42 The Authority noted the submissions made by DIAL and has, through the Independent Consultant (Aviation Expert), examined whether the expansion activities carried out by DIAL is consistent with the submissions made at the time of the Third Control Period and with the Master Plan of IGIA.

4.4.43 The below figure shows the Google Earth image of the layout of the airport and the major facilities before the expansion was undertaken for Phase 3A.

Figure 1: Image of Airport Facilities Pre-implementation of Phase 3A Expansion Project

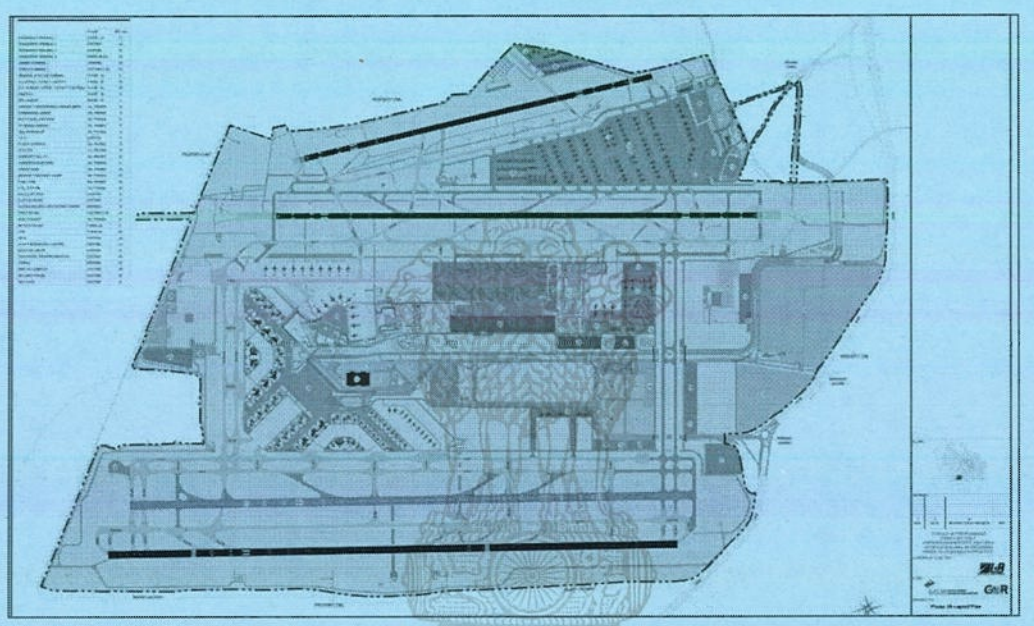


4.4.44 The OMDA & SSA required DIAL to develop an initial Master Plan (completed in September 2006) and provides an obligation to revise the Master Plan every ten years or at shorter intervals if traffic

forecast or other reasons require an earlier assessment. The initial Master Plan was prepared in 2006 by Mott MacDonald. Landrum & Brown (L&B) carried out a review of the Master Plan in 2016.

4.4.45 The facilities proposed in the Master Plan post revision including Redeveloped T1, Eastern Cross Taxiway and Land Side Connectivity improvements are depicted in the Master Plan as per the figure below:

Figure 2: Facilities Proposed in the Master Plan Post Revision



4.4.46 The extract of Phasing Plan for development of Phase 3A (2016-2020) as per the master plan reviewed by L&B is provided below:

Table 43: Extract of Development Phasing Plan for Phase 3A

No	Particulars	Functional Area
1	Eastern Parallel Cross Taxiways	Airside
2	Taxiway Connecting T/W "P" and T/W "S" Parallel to T/W "N"	Airside
3	North GA apron/taxiway/Helipad	Airside
4	Eastern Extension of north Parallel taxiway	Airside
5	Entry to 28 from P	Airside
6	Extension of east Cross field Taxiway to T/W/B	Airside
7	North Parallel Taxiway to Runway 10/28 and related RETs	Airside
8	Taxiway Link between T/W K & T/W E3	Airside
9	New Taxiway in between TWY Y and TWY Z7	Airside
10	Isolation Pad	Airside
11	Connecting Taxiway between T/W N & T/W S	Airside
12	Taxiway connecting T/W "P" and RWY 10 Threshold	Airside
13	Taxiway connecting T/W "P" and RWY 10/28	Airside
14	T1 Apron	Airside
15	West GA Apron	Airside
16	RET from RWY 28	Airside
17	New Runway 11L-29R & RETs	Airside
18	Expansion of T1D – Departure	Terminal
19	10 Passenger Boarding Bridge Pier	Terminal

AFRA

No	Particulars	Functional Area
20	Extension of T1 C Arrival	Terminal
21	Extension T3 – infill	Terminal
22	New 5 lane tunnel	Landside
23	T1 employee parking	Landside
24	Widen Northern Access road to 5+5 Lanes	Landside
25	T1 Multi Level Car Parking	Landside
26	Automated people Mover	Landside
27	New Cargo road connecting to NH-8	Landside
28	Central spine road widening to 6+6 lanes	Landside
29	4+4 lanes tunnel under the eastern parallel cross taxiways	Landside
30	New Fire Station - ARFF 5	Support
31	T1 Catering	Support
32	MRO	Support
33	Cargo Apron	Support

4.4.47 Based on the above table, it has been observed that certain schemes like Automated People Mover (S. No 26) and Extension T3 – Infill (S. No 21), are yet to be taken up, of which Extension T3 – infill is proposed to be taken up as part of the expansion capex for the Fourth Control Period.

4.4.48 Overall, with regard to the expansion capex in the Third Control Period, the Authority noted that DIAL proceeded with development activities as per Phase 3A of the Master Plan. The Authority also noted that the scope of EPC contract of Phase 3A Expansion is in conformity with the Master Plan reviewed by L&B.

Passenger Handling Capacity Addition post implementation of Phase 3A Project

4.4.49 The increase in the passenger handling capacity after implementation of Phase 3A expansion across the three operational terminals of the Airport is provided in the table below:

Table 44: Terminal capacity after implementation of Phase 3A Project

Terminal	Capacity before Phase 3A (MPPA)	Addition (MPPA)	Capacity after Phase 3A (MPPA)
Terminal 1	17	23	40
Terminal 2	15	-	15
Terminal 3	34	11	45
Total	**66**	**34**	**100**
Increase %		*51%*	

4.4.50 The increase in the terminal area after implementation of Phase 3A expansion across the three operational terminals of the Airport is provided in the table below:

Table 45: Terminal area after implementation of Phase 3A Project

Terminal	Area before Phase 3A (sq.m.)	Addition (sq.m.)	Area after Phase 3A (sq.m.)
Terminal 1	64,140	1,42,810	2,06,950
Terminal 2	54,729	-	54,729
Terminal 3	5,50,193	3,000	5,53,193
Total	**6,69,062**	**1,45,810**	**8,14,872**
Increase %		*22%*	

4.4.51 The Authority noted that post implementation of Phase 3A project, the terminal area has increased by 1,45,810 sq m, an increase of 22% over the pre-existing area while the terminal capacity has increased by 34 MPPA, an increase of over 51% over the pre-existing handling capacity of 66 MPPA. The increase in Pax handling capacity has been necessitated to cater to the fast-growing traffic of IGIA which is the only International Airport currently catering to the capital city of the country. It may be noted that DIAL catered to the traffic of around 74 Mn Pax in FY 2024 which was higher than the earlier capacity of 66 MPPA, justifying the Phase 3A Expansion project.

Bidding Procedure adopted by DIAL

4.4.52 The Authority, based on the information made available by DIAL along with necessary documents, noted that DIAL has awarded the contract for construction of Phase 3A to M/s L&T, the successful bidder through international competitive bidding. It may be noted that the Phase 3A project cost was arrived at based on price discovery through an international tendering process where reputed international contractors with experience in similar projects were shortlisted for tendering.

4.4.53 The project was awarded after following detailed tendering process which involved the following steps:

- For pre-qualification of vendor, advertisements were placed in International and National Newspapers mentioned below on 02nd April 2018.
    - Economic Times (India All editions)
    - Times of India (India All editions)
    - Financial Times (United Kingdom)
    - Engineering News-Record (Global)
- Based on technical and financial requirements listed in the Expression of Interest (EoI), response was received from the following 5 parties:
    - Larsen and Toubro, India
    - Limak Holding, Turkey
    - ICTAS Insaat, Turkey
    - China Construction First Group, China
    - TAV Construction, Turkey/Dubai
- Except China Construction First Group, all other parties were qualified. Accordingly, the RFP was shared with the qualifying parties.
- Bids from the three parties were received on 06th December 2018, with one party (Limak) withdrawing from the tender.
- Technical and commercial evaluation committee was formed by DIAL for carrying out detailed evaluation of the bids.
- L&T emerged as the lowest bidder (L1) by submitting a bid of Rs. 10,510 Cr (including GST) which was further negotiated by DIAL to Rs. 9,821 Cr (including GST).
- The process of tendering, evaluation and negotiations by DIAL resulted in the discovery of price lower than the initially tendered EPC cost for Phase 3A works. The final price was arrived at after negotiations with the lowest bidder, L&T, which quoted 6% lower than its initial bid (i.e. *Rs. 9,821 Cr against the original quote of Rs. 10,510 Cr).*

- The final price provided by L2 bidder was around 2.3% higher than L&T's bid and that provided by L3 bidder was around 11.3% higher than L&T's bid.

4.4.54 From the above submissions by DIAL, the Authority is of the view that the procedure adopted for the award of contract to L&T appears to be transparent and efficient.

Comparison of Project Cost

4.4.55 A comparison of revised project cost submitted by DIAL for Phase 3A Expansion Capex in the MYTP for the Fourth Control Period towards true up for the Third Control Period viz-a-viz the cost approved by the Authority at the time of tariff determination for the Third Control Period along with initial submission of DIAL at the time of the Third Control Period tariff determination and the cost assessed by the Independent Study is provided in the table below:

Table 46: Comparison of Project Cost for Phase 3A Expansion

Particulars (in Rs. Cr)	Assessed by Independent Study based on Master Plan	DIAL Submission in MYTP for 3rd CP	Approved by the Authority in Tariff Order for 3rd CP	Revised Cost as per MYTP for 4th CP
Package 1	3,465	4,149	3,968	4,078
Package 2	2,791	3,299	3,197	2,577
Package 3	401	818	459	1,202
Package 4	1,129	1,364	1,293	2,063
Package 5	183	151	209	159
Sub Total	**7,969**	**9,782^**	**9,126***	**10,078**
Add: Relocation of BSF Hangars				92
Add: EPC Claims				621
Add: IDC		1,490#	427	2,122
Grand Total	**7,969**	**11,272^**	**9,554**	**12,913**

**After considering inflation and GST impact of Rs. 503 Cr and Rs. 655 Cr respectively over the cost assessed by KITCO.*
#Financing Allowance ^After deducting assets already capitalized in FY 2019.

4.4.56 It may be noted that the Authority in the Tariff Order for the Third Control Period approved project hard cost of Rs. 9,126 Cr (after considering inflation and GST impact of Rs. 503 Cr and Rs. 655 Cr respectively over the cost assessed by KITCO i.e. Rs. 7,969 Cr which was based on independent study by KITCO and not based on tender award cost as submitted by DIAL). The Authority at the time of tariff determination for the Third Control Period carried out an independent study through KITCO on the capex proposed for the Third Control Period much before the award of the tender by DIAL. The study on the capex was completed well before the award of tender by DIAL. As there was a time gap, the Authority relied on estimated cost by adding the inflation cost and GST to arrive at the cost considered for tariff determination for the Third Control Period.

4.4.57 The Authority has also indicated that they shall consider any further escalation if submitted with reasons deemed justifiable at the time of tariff determination for the Fourth Control Period.

4.4.58 At the time of independent study conducted by KITCO, the values for various packages were worked out based on Master Plan/preliminary design & block cost estimates. DIAL got the Major Development Plan formulated through AECOM & NACO (2017) based on the revised Master Plan carried out by L&B (2016). The Major Development Plan was made available to the prospective EPC bidders at the time of inviting tenders. The prospective EPC bidders were supplied with development plan which

enabled them to arrive at their estimates for the value of works covered under various packages after carrying out front end engineering design before quoting for the contract.

4.4.59 There are variances in the cost estimate assessed as per the Independent Study and the estimated cost prepared by DIAL and the final negotiated bid amount of the EPC Contractor. DIAL submitted that certain unique and specific factors of IGIA, though intimated to KITCO by way of verbal/written submissions, have not been deliberated by KITCO to the extent required and hence not factored in their cost estimation. Some of the factors affecting the cost, are a result of unique conditions associated with IGIA which is the busiest airport in the country with high intensity operations of approx. 1,300 ATMs per day, unlike airports like Hyderabad or Kolkata which experience less than half the traffic of IGIA. Due to these high intensity operations coupled with low visibility periods, VVIP visits, compliance with NGT instructions, vehicular movement of construction material in airside, etc., the EPC contractor has to account for multiple operational challenges as well as time factor while undertaking the works.

Cost Variations between the Packages

4.4.60 The Authority noted that there are significant variations in the completed cost of Packages 3 and 4 and reviewed the reasons for the variation in general and with respect to Packages 3 and 4 in particular to ascertain the contributing factors for such variations.

4.4.61 The cost break-up submitted by DIAL in MYTP for the Third Control Period was tentative based on final EPC bid value wherein the allocation among various packages was based on preliminary estimation. However, it was informed by DIAL that as the work progressed, EPC Contractor came out with various changes among packages keeping the total EPC value same. A major re-distribution took place in Package 3 & 4 on account of overlapping works. Further, it was pointed out by DIAL that the allocation among various packages was more of a payment mechanism used by EPC Contractor to reflect various milestones in the project for raising invoices. Hence, DIAL clarified that it may not be appropriate to consider the same as final cost towards development of a particular asset, as EPC Contractor would have relied on its economies of scale in some of the cases, while for others it would have used specialized contractors for executing the work based on their ability to negotiate. Therefore, DIAL submitted that it would not be prudent to consider favorable costing for one asset under the package while ignoring higher rates in the case of other packages. As per DIAL, the inter-se package arrangements were prerogative of EPC contractor whereas the final EPC cost had no significant variance.

4.4.62 DIAL informed that there have been some reallocations of work components and general requirements, within the packages, especially so, in Package 2 where certain elements have been moved from Package 2 to Package 3 & 4 resulting in an increase in completion costs of Package 3 & 4 with a reduction in completion cost of Package 2. Thus, revision of costs under different packages can be mainly attributed to the following factors which were not envisaged at the time of submission of MYTP for the Third Control Period:

- *Adjustment between Package 2 and Package 4:* Cost of taxiways to the north and south and contiguous with Eastern Cross Taxiway (ECT) which were originally considered under the overall airside costs in the MYTP for the Third Control Period have been transferred under ECT (Package 4). Further, the drainage work required for the ECT (which was also considered under the Airside Package 2 in the submission) has been moved to Package 4. This explains the increase in the overall value of Package 4.
- *Adjustment in value of Apron works:* The Head of Stand (HOS) road of about 50,000 sq.m. considered under Aprons in the submission has been shifted to Landside (Package 3) which substantiates the reduction in the cost under the head 'Aprons'.

- *Adjustment in value of landside works:* The cost of landside works considering the ground conditions, utility diversions, working in public areas, etc. has increased and the EPC contractor has made minor adjustments amongst the packages to account for this increase. Further, HOS road costs have been included under this head.

4.4.63 Considering the above, the Authority finds it appropriate to make a comparison of the total cost of all the packages together, rather than comparing them on a 'package to package' basis. This is because the package-wise cost does not truly represent the actual cost of the facilities covered under each of the packages. Package-wise cost was bifurcated for the purpose of deciding the milestone payments with reference to which payments are to be released to the EPC contractor.

4.4.64 Accordingly, the Authority through its Independent Consultant/Aviation Expert proposed to consider the overall cost of the EPC Contract for assessment of reasonableness of the capex instead of cost of each of the packages under the EPC Contract as there has not been any major variation in the overall cost.

Cost Escalation and Other Variations

4.4.65 The cost of Phase 3A Expansion (EPC costs and Other Enabling costs) submitted in the MYTP for the Fourth Control Period vis a vis the submission for the Third Control Period has a variation of ~Rs. 285 Cr (i.e. ~3% of the total cost). As per DIAL, the difference of Rs. 285 Cr is attributable to certain un-controllable factors related to reduction in GST ITC by Rs. 155 Cr and increase in enabling costs by ~Rs. 130 Cr. In addition to this, there has been additional costs pertaining to Relocation of BSF Hangars and EPC claims. The break-up of the final project cost submitted by DIAL is provided in the table below:

Table 47: Break-up of Final Project Cost for Phase 3A submitted by DIAL

Particulars (Rs Cr)	DIAL's Submission in MYTP for 3rd CP	DIAL's Submission in MYTP for 4th CP	Variation (+/-)
EPC Cost (A)	8,323.00	8,323.00	-
GST @ 18% (B)	1,498.00	1,498.00	-
GST Input Tax Credit (ITC) (C)	450.00	295.00	(155.00)
EPC Contract Cost (D=A+B-C)	**9,371.00**	**9,526.00**	**155.00**
Other Enabling Costs (PMC, insurance etc.) (E)	423.00	552.50	129.50
Relocation of BSF Hangars (F)	-	91.50	91.50
EPC Claims (G)	-	621.00	621.00
Total Hard Cost (H=D+E+F+G)	**9,794.00**	**10,791.00**	**997.00**
Financing Allowance/ IDC (as applicable) (I)	1,490.00	2,121.54	631.54
Total Project Cost (H+I)	**11,284.00**	**12,912.54**	**1,628.54**

4.4.66 Based on the above submission, the Authority through its independent consultant / Aviation Expert examined DIAL's submissions regarding project cost of Phase 3A Expansion Capex and the observations of the Authority are as follows:

i. Cost of EPC Contract

4.4.67 The Authority is of the view that the procedure adopted for award of contract to L&T appears to be transparent and efficient on account of the following:

- Scope of the EPC contract is in conformity with the Master Plan reviewed by L&B.
- The contractor was selected based on the International Competitive Bidding (ICB).

- The final price was arrived at after negotiations with the lowest bidder, L&T. The price quoted by L2 and L3 bidder were around 2.3% and 11.3% higher than L&T's bid respectively.
- The decision to award the EPC contract to L&T was also approved by the Board of DIAL in 2019.

4.4.68 Considering the above, the Authority proposed to consider the value of the EPC contract (excluding GST) i.e. Rs. 8,323 Cr as the same was approved by the Board of DIAL which constituted members from AAI and MOCA as well.

ii. GST (Pre and Post Tender)

4.4.69 The Authority noted that the GST on the EPC contract worked out to Rs. 1,498 Cr at an applicable rate of 18%. DIAL at the time of submission of MYTP for the Third Control Period estimated GST Input Tax Credit (ITC) of Rs. 450 Cr which was estimated as an approximation by applying 18% GST on value of Plant & Equipment (P&E) under the EPC contract. It may be noted that the value of P&E under the EPC contract was estimated as 30% of the EPC contract value of Rs. 8,323 Cr i.e. Rs. 2,500 Cr. Accordingly, 18% of the value of P&E of Rs. 2,500 Cr worked out to Rs. 450 Cr.

4.4.70 Considering the GST ITC of Rs. 450 Cr, the EPC cost including GST (net of ITC) was estimated as Rs. 9,371 Cr (i.e. Rs. 8,323 Cr plus applicable GST of Rs. 1,498 Cr less GST ITC of Rs. 450 Cr) as per DIAL's original submission at the time of tariff determination for the Third Control Period.

4.4.71 However, variations in actual distribution of the value of EPC contract to various components viz. civil and P&E based on actuals resulted in lower GST ITC than estimated at the time of MYTP for the Third Control Period.

4.4.72 DIAL in the MYTP for the Fourth Control Period submitted that as against an initial estimate of P&E of Rs. 2,500 Cr, actual P&E pertaining to Phase 3A Expansion Capex that was eligible for GST ITC worked out to Rs. 1,620 Cr. Correspondingly, actual GST ITC is estimated to be around Rs. 295 Cr viz-a-viz Rs. 450 Cr estimated earlier.

4.4.73 DIAL has submitted CA certificate towards eligible GST ITC for the bills raised by Contractor till 31st March 2024, which amounts to Rs. 201.87 Cr and the same has been verified by the Authority through its independent consultant.

4.4.74 Further, Equipment availed on Lease Finance is proposed to be excluded from the Project Cost capitalized and hence the corresponding GST of Rs. 72 Cr (i.e. 18% on cost of equipment of Rs. 400 Cr) is also proposed to be excluded from the Project Cost capitalized. The cost incurred on account of Lease Finance has been allowed as an Aeronautical operation and maintenance expense subject to the same being the efficient cost.

4.4.75 Of balance bills of Rs. 525 Cr pending as on 31st March 2024, DIAL estimates that bills amounting to Rs. 93.06 Cr would be eligible for availing GST ITC while the balance bills would not be eligible for availing GST ITC. The said workings are summarized below for reference:

Table 48: GST Split Up for the EPC Cost of Phase 3A works

Particulars (Rs. Cr)	EPC Cost	GST	GST ITC
Bills pertaining to Civil Works (A)	6,271.14	1,128.81	-
Bills pertaining to Plant & Machinery (B)	1,526.94	273.87	273.87
Bills raised on DIAL	*1,126.94*	*201.87*	*201.87**
Equipment through lease finance	*400.00*	*72.00*	*72.00*
Sub Total (C=A+B)	**7,798.08**	**1,402.68**	**273.87**
Balance bills on which ITC is eligible (D)	93.06	20.48	20.48

Particulars (Rs. Cr)	EPC Cost	GST	GST ITC
Balance bills on which ITC is not eligible (E)	431.86	74.98	-
Grand Total (C+D+E)	**8,323.00**	**1,498.14**	**294.35**

**CA certificate has been submitted by DIAL*

4.4.76 The Authority, through its independent consultant, after examining the submissions of DIAL including the CA certificates, proposed to consider GST ITC of Rs. 295 Cr for adjustment against the applicable GST on the Project Cost as submitted to the Authority.

4.4.77 The Authority also proposed to true up the GST ITC based on actuals after considering any additional ITC eligibility that could accrue based on revised regulatory and legal directions with regards to GST ITC claiming guidelines of GOI.

4.4.78 Considering the above, the cost of EPC contract of Phase 3A Expansion Capex after adjusting GST ITC proposed to be considered by the Authority is Rs. 9,526 Cr as detailed below:

Table 49: EPC Cost proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

Particulars (Rs. Cr)	DIAL's Submission in MYTP for 4th CP	Proposed to be considered by the Authority
EPC Cost	8,323.00	8,323.00
Add: GST @ 18%	1,498.00	1,498.00
Less: GST Input Tax Credit (ITC)	(295.00)	(295.00)
EPC Contract Cost	**9,526.00**	**9,526.00**

iii. Other Enabling Costs

4.4.79 DIAL in the MYTP for the Third Control Period submitted cost of Rs. 423 Cr towards miscellaneous and enabling works forming part of Phase 3A Expansion Capex which include preliminary works, design, development and supervision works, consultancy charges and other soft costs. DIAL in the MYTP for the Fourth Control Period submitted that the actual cost incurred towards miscellaneous and enabling works increased from the originally estimated Rs. 423 Cr to Rs. 552.50 Cr.

4.4.80 The Authority noted that DIAL had not provided the break-up of Rs. 423 Cr of miscellaneous and enabling works at the time of tariff determination for the Third Control Period. The Authority approved the capex for Phase 3A Expansion based on the study by KITCO independent of the capex submitted by DIAL including for enabling works.

4.4.81 KITCO estimated project cost of Rs. 7,970 Cr which was based on Master Plan, comprising of hard cost of Rs. 7,284 Cr and enabling works/contingencies/ preliminaries of Rs. 686 Cr. The Authority approved the capex for Phase 3A Expansion after considering addition of Rs. 1,158 Cr (impact due to inflation and GST) on the cost estimated by KITCO. Accordingly, the Authority allowed capex of Rs. 9,126 Cr (excluding IDC of Rs. 427 Cr) based on the recommendation of the independent consultant.

4.4.82 The Authority as part of the current tariff determination exercise sought item-wise break-up of originally estimated cost of Rs. 423 Cr (since break-up was not provided at the time of tariff determination for the Third Control Period) along with mapping of the same with the actually incurred cost. The break-up of cost towards miscellaneous and enabling works along with mapping as provided by DIAL is tabulated below:

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Table 50: Break-up of cost towards Miscellaneous work and Enabling works

Particulars (Rs. Cr)	Cost Break-up towards Enabling Costs submitted at the time of 3rd CP tariff determination provided by DIAL as part of submission for 4th CP (A)	DIAL's Submission in MYTP for 4th CP (B)	Variation (A - B)
Enabling Costs			
Environment (Horticulture, Air Quality Monitoring System)	10.40	13.57	3.17
T2 Visitors lounge	13.27	12.98	-0.29
Airlines offices & Warehouses	7.00	8.94	1.94
Relocation of 5 MWp Solar Plant	10.00	8.47	-1.53
Nursery relocation	6.60	6.90	0.30
DGCA office in G+5, T1	3.68	3.05	-0.63
Demolition of T1A, OUB, ATC & DGCA	1.70	2.56	0.86
CISF Training Centre	2.35	2.12	-0.23
T1D offices	2.00	1.62	-0.38
TMRS distribution Antenna System	-	1.00	1.00
Other Miscellaneous Works	25.00	96.91	71.91
Contingencies	26.00	-	-26.00
Sub Total (A)	***108.00***	***158.13***	***50.13***
Design and PMC Costs			
PMC (Turner)	125.00	133.35	8.35
AECOM	42.63	41.43	-1.20
Lender's Independent Engineer	10.00	10.27	0.27
Master Plan by L&B	8.12	8.12	-
ECT Design by NACO	7.25	7.31	0.06
Sub Total (B)	***193.00***	***200.47***	***7.47***
Consultancy and Soft Costs			
Soft Costs including insurance	107.00	171.26	64.26
Other miscellaneous consultancy	15.00	22.64	7.64
Sub Total (C)	***122.00***	***193.91***	***71.91***
Grand Total (A+B+C)	**423.00**	**552.50**	**129.50**

4.4.83 The Authority noted that the cost towards miscellaneous and enabling works increased from Rs. 423 Cr to Rs. 552.50 Cr i.e. an increase of Rs. 129.50 Cr from the original submission of DIAL.

4.4.84 DIAL stated that certain additional requirements which were not anticipated originally as part of total project cost or where additional scope had to be executed as part of the project such as Perimeter Intrusion Detection System (PIDS) for Eastern cross taxiway, Self-Baggage Drop (SBD), additional enabling works relating to relocation and miscellaneous finishing works in the existing terminal and linked soft costs. These items form part of Other Miscellaneous Works and Soft Costs in the table above.

4.4.85 The major reasons for increase in Enabling and Miscellaneous costs as submitted by DIAL are tabulated below:

Table 51: Reasons for increase in Enabling and Miscellaneous Costs as submitted by DIAL

Particulars	Escalation (Rs. Cr)	Reasons for Increase as submitted by the Airport Operator
Salary and manpower hire cost (~Rs. 2 crore per month for 21 months + Specialized manpower Hire cost)	53	The project was planned to be completed by June 2022. However, DIAL completed the project in March 2024 with a delay of 21 months. Against this, DIAL incurred additional manpower cost of Rs. 53 Cr.
Self-Baggage Drop (SBD)	25	SBDs have been installed to improve the passenger experience which was not included in the EPC contract.
Relocation of religious facilities	13	Religious structures on the footprint of ECT was relocated.
PIDS for Eastern Cross Taxiway (ECT)	9	BCAS mandated PIDS requirement for ECT which was not envisaged earlier as part of EPC contract. Hence, PIDS was installed subsequently.
Change order for PMC works	8	A change order was issued to PMC on account of the delay in the project. Original contract signed with M/s Turner Project Management for Rs. 125 Cr ended in July 2023 (i.e. 52 months from the initial mobilization in April 2019 including 12 months of DLP). To extend the PMC services up to June 2024, additional costs of Rs. 8.35 Cr was approved by DIAL.
Others	20.50	Towards incremental admin, travel related expenses, housekeeping, project office maintenance, IT cost, etc. on account of delay in the project completion. The break-up of some of the major items is as follows: • Travelling Exp – Rs. 3.76 crore • Project consumables – Rs. 2.57 crore • Single-lane narrow e-gate -Rs. 2.29 crore • Repair and Maintenance – Rs. 2.19 crore • Insurance – Rs. 1.84 crore • Security Charges – Rs. 1.47 crore • Legal Expenses – Rs. 0.89 crore • Miscellaneous Exp – Rs. 0.78 crore • Housekeeping – Rs. 0.62 crore • Staff Welfare – Rs. 0.51 crore • Internal Audit - Rs. 0.40 crore • Printing and Stationery – Rs. 0.03 crore • Communication Exp – Rs. 0.01 crore • Bank Charges – Rs. 0.01 crore
Total	**129.50**	

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4.4.86 The Authority's analysis of DIAL's submissions on costs towards miscellaneous and enabling costs along with the amount proposed to be considered by the Authority is provided below:

Table 52: Authority's analysis of Miscellaneous and enabling costs

Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
Enabling Costs			
Environment (Horticulture, Air Quality Monitoring System)	13.57	6.06	• Horticulture: Supply & plantation of Cassia Fistula (400 nos.), Schleichera Oleosa (300 nos.) & Lagerstroemia flosreginae (300 nos.) – proposed to be considered by the Authority at actuals i.e. Rs. 1.25 Cr • Supply, Installation, Testing & Commissioning (SITC) of 1 Continuous Online Ambient Air Quality Monitoring System along with Comprehensive Annual Maintenance Contract for 5 years – proposed to be considered by the Authority based on actuals i.e. Rs. 1.02 Cr • The Authority proposed not to allow Rs. 7.51 Cr of works which are yet to be awarded by DIAL. Cost pertaining to the same is proposed to be allowed based on actuals subject to reasonability and efficiency.
T2 Visitors lounge	12.98	12.98	Lounge created prior to handover of IGIA to DIAL. Offices of T1 were shifted here since T1 was demolished. Being used by CISF and multiple Airlines. Work pertains to upgradation for shifting offices of T1.
Airlines offices & Warehouses	8.94	8.94	Mandatory Requirement. Indigo & SpiceJet offices and Hangars were relocated where the new Apron for T1 was to come up. Expenditure required to make space for T1 and its Apron.
Relocation of 5 MWp Solar Plant	8.47	8.47	Mandatory for Obstacle Limitation Surfaces (OLS) clearances for 4th runway and realignment of boundary wall for the tunnel from Shiv Murthy.

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Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
Nursery relocation	6.90	6.90	• Net House and Poly House development work for new nursery. • Civil works for development of new nursery. • Earthwork, site grading and leveling of nursery near Aero city.
DGCA office in G+5, T1	3.05	3.05	Dismantling and shifting, civil & interiors, furniture and PHE works for refurbishment of DGCA Office at G+5 building T1.
Demolition of T1A, OUB, ATC & DGCA	2.56	2.56	Mandatory expenditure which includes demolition of old ATC Tower building to construct a new ATC complex and technical buildings.
CISF Training Centre	2.12	2.12	Construction of CISF Training Center – considered mandatory.
T1D offices	1.62	1.62	Modifications and refurbishments which are operational necessity.
TMRS distribution Antenna System	1.00	1.00	Mandatory requirement. Deployment of a digital, scalable and reliable communication network for multiple stakeholders.
Other Miscellaneous Works	96.91	96.91	Major Portion of Other Miscellaneous works include: • SBD (Rs. 25.10 Cr) • PIDS (Rs. 9.40 Cr) • Cost incurred for shifting of offices functioning out of ATS/RED Building to facilitate construction of ATC complex (Rs. 17.30 Cr) • Relocation of Religious structures (Rs. 13.00 Cr) • Boundary near Peer Baba (Rs. 4.60 Cr) • E-Gates (Rs. 2.30 Cr) • False ceiling work T1D (Rs. 6.10 Cr) Proposed to be approved as the above works are necessary to be carried out

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Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
			towards implementation of Phase 3A project.
Sub Total (A)	***158.13***	***150.62***	
Design, Supervision and PMC Costs			
PMC (M/s Turner)	133.35	133.35	Cost incurred for monitoring and construction supervision. Operational requirement for a project of this nature. The Authority proposed to consider the same.
AECOM	41.43	41.43	Cost submitted is found to be reasonable as confirmed by Aviation Expert. The Authority proposed to consider the same.
Lender's Independent Engineer	10.27	10.27	Existing lenders have appointed Engineers India Limited as LIE for monitoring. Since this is a mandatory requirement as per Lender's Financing Agreements, the Authority proposed to consider the same.
Master Plan by L&B	8.12	8.12	Review of Master Plan through a consultant. The Authority proposed to consider the same.
ECT Design by NACO	7.31	7.31	Required for detailed design of ECT. The Authority proposed to consider the same as the cost is found to be reasonable.
Sub Total (B)	***200.47***	***200.47***	
Consultancy and Soft Costs			
Soft Costs including insurance	171.26	165.81	This majorly comprise of • Salary expenses of Rs. 82.69 Cr, • Manpower deputation charges of Rs. 53.52 Cr from GMR Airport Developers Ltd. towards deployment of manpower for supervision and other consultancy, • Rs. 3.11 Cr for preparation of 3D physical model, • Rs. 2.59 Cr to Raxa Security Services (a related party) for deployment of manpower at project office, • Rs. 2.18 Cr for housekeeping services at T1 project office,

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Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
			• Consultancy remuneration of Rs. 3.31 Cr, • Rs. 1.20 Cr to Oracle for supply, installation, configuration, training and handing over of Cloud based EDMS software with 50 Licences and • Rs. 1.14 Cr to WAISL for IT services at project office. The Authority proposed to allow the soft costs except to the extent of Rs. 5.45 Cr of works which are yet to be awarded by DIAL. Cost pertaining to the same will be allowed based on actuals subject to reasonability and efficiency.
Other miscellaneous consultancy	22.64	22.64	This majorly comprise of Rs. 14.41 Cr towards charges paid to NATS Services for consultancy work related to enhancement of capacity at IGIA, Rs. 2.14 Cr to Ejet International for tender design for development of Aviation Fuel Hydrant System and Rs. 1.92 Cr to PwC for drafting & assessing Stage and balance Gate review for different project stages as an independent auditor for Phase 3A project.
Sub Total (C)	***193.91***	***188.46***	
Grand Total (A+B+C)	**552.50**	**539.54**	

4.4.87 As seen from the table above, the Authority proposed to consider enabling costs to the extent of Rs. 539.54 Cr as against DIAL's submission of Rs. 552.50 Cr.

iv. Relocation of BSF Hangar

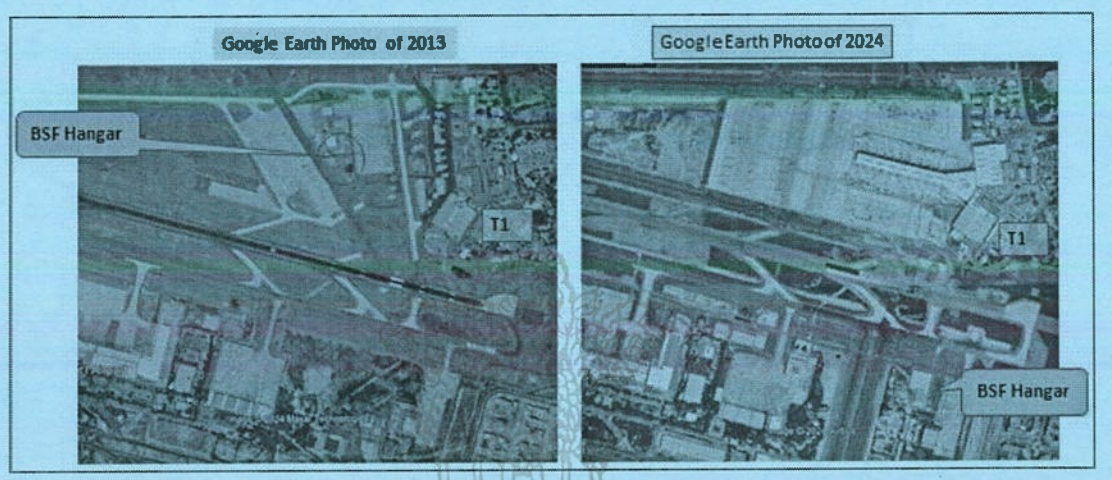
4.4.88 Relocation of BSF Hangar became necessary for making way for construction of Apron for T1 and Eastern Cross Taxiway as part of the Development Plan and the Master Plan. The Authority reviewed the procedure adopted for awarding this work.

4.4.89 DIAL explained that tenders were not called to award this work since this area is contiguous to the area where L&T is already carrying out its expansion works. Therefore, it became imperative to continue with the same construction agency to avoid coordination problems which might have arisen if the work was awarded to a different contractor. DIAL confirmed that rates of items under this work were negotiated based on the rates in the EPC contract under execution with L&T.

4.4.90 DIAL explained the Authority during the site visit that the work awarded was unavoidable as these were located on the expanded Apron of T1 and had to be relocated to avoid any obstruction to the Eastern Cross Taxiway as well.

4.4.91 The Google Earth image showing relocation of BSF Hangar is given below:

Figure 3 : Relocation of BSF Hangar



4.4.92 The Authority also examined the cost of Rs. 91.50 Cr towards relocation of BSF Hangar as submitted by DIAL comprising of Rs. 83 Cr pertaining to EPC contract awarded to L&T, cost of Rs. 5.13 Cr pertaining to contract awarded for earthwork, site grading and levelling works and other enabling costs of Rs. 3.37 Cr primarily comprising of salaries and other consultancy charges. The Authority, through its independent consultant, noted that the cost incurred is found to be reasonable and the same is net of salvage value of the existing assets.

4.4.93 After examination of the costs submitted by DIAL, the Authority, based on input from Independent Consultant/ Aviation Expert, proposed to consider the cost of Rs. 91.50 Cr pertaining to relocation of BSF Hangar.

v. Claims from EPC Contractor

4.4.94 The Authority has already taken into cognizance the delay in completion of the Phase 3A Expansion Capex and revised the capex phasing and extended completion timeline of 31st March 2024 at the time of tariff determination for the Third Control Period.

4.4.95 The Authority noted that the EPC contractor raised claims worth Rs. 1,221 Cr including GST of Rs. 186 Cr. The items under which this claim was made are provided in Table 32. The EPC contractor attributed these claims to additional expenses incurred by them due to Covid-19 protocols, increase in overhead costs during the execution of the project and unprecedented increase in the prices of commodities.

4.4.96 The Authority noted that the internal committee formed by DIAL for evaluation of claims was represented by members of all teams involved in/ related to Phase 3A Expansion Capex i.e. Project (including PMC), Procurement, Contracts and estimations team. The designations of the members of the internal committee are as follows:

- Chief Development Officer (CDO)
- Head – Planning
- Head – Estimation
- GM – Contracts (Phase 3A)
- Head – Project Procurement

- Head – Project Finance & Accounts
- PMC representative

Additional Costs due to extended duration on account of Covid-19 and other delays

4.4.97 The Authority noted that the total claims raised by the EPC Contractor on account of the extended duration of the contract was Rs. 327 Cr excluding GST.

4.4.98 The Authority through its independent consultant/ aviation expert examined the submissions of DIAL with respect to the computation of costs arising due to extended duration of the EPC contract.

4.4.99 The Authority refers to the directions from Government of India regarding enforceability of contractual provisions during Covid-19 vide Office Memorandum from Department of Expenditure, Ministry of Finance dated 19th February 2020 and 13th May 2020.

As per the Office Memorandum dated 19th February 2020, it was clarified that disruptions of supply chains due to spread of Covid-19 will be covered under Force Majeure Clause (FMC) which could be invoked wherever considered appropriate following the due procedure as stated in para 9.7.7 of the Manual on Procurement of Goods.

Subsequently, as per the Office Memorandum dated 13th May 2020, the parties to the contract are allowed flexibility to invoke FMC following prescribed due procedure. It recognizes that it may not be possible for the parties to the contract to fulfil contractual obligations in respect of PPP concession contracts. Therefore, after fulfilling due procedure and wherever applicable, parties to the contract may invoke FMC for all construction contracts and in such event, date for completion of contractual obligations which had to be completed on or after February 20, 2020 shall stand extended for a period not less than 3 months and not more than 6 months without imposition of any cost or penalty on the contractor.

As mentioned above, Government of India directed that the parties may invoke FMC clause of the construction contract and allowed time extension for not more than 6 months without imposition of any cost/penalty on the contractor.

4.4.100 The Authority after examination of the submission of DIAL, through its independent consultant/ Aviation Expert proposed to consider time extension of 6 months as directed in the Office Memorandum issued by the Government of India with costs.

4.4.101 With regard to delays in receipt of approvals from BCAS and other security agencies as claimed by DIAL, the Authority sought detailed clarifications on the timelines pertaining to the delay. Towards this, the responses of DIAL are as follows:

4.4.101.1 DIAL considered time period of 6 months towards costs related to time extension on account of delays due to NGT ban on construction activities and receipt of approvals from BCAS & other security agencies.

Table 53: Delay in receipt of approval from BCAS

Reasons for Delay	Time period
Delays due to NGT ban on Construction activities	4 months
Delays in receipt of approvals from security agencies	8 months

i. **Delays due to NGT ban on Construction activities:** Construction ban was imposed by Environmental Pollution (Prevention & Control) Authority (EPCA), Hon'ble Supreme Court & other bodies during months of October to December every year. The ban along with implementation of Graded Response Action Plan (GRAP) by Government resulted in closing of

Diesel Generator (DG), Hot Mix Plant (HMP) & Stone Crusher and associated consequences. The total delay on account of this is estimated as 111 days i.e. nearly 4 months.

Table 54: Delay due to NGT ban on Construction activities

NGT Ban	Start	Finish
From 26-Oct-19 to 29-Oct-19 (Stoppage of works from 6 pm to 6 am)	26-Oct-19	29-Oct-19
From 30-Oct-19 to 31-Oct-19 (Stoppage of works from 6 am to 10 am)	30-Oct-19	31-Oct-19
From 01-Nov-2019 to 09-Dec-2019 (full stoppage of works)	01-Nov-19	09-Dec-19
From 10-Dec-19 to 14-Feb-20 (Stoppage of works from 6 pm to 6 am)	10-Dec-19	14-Feb-20

ii. **Delay in receipt of approvals from DGCA and BCAS:** General delays in approval from the security agencies including BCAS in approval of Terminal related works led to enormous delays in putting completed works to use and consequently delaying sequential works. The delay has affected the Terminal works which are sequential in nature. The total impact is assessed as 8 months.

Table 55: Delay in receipt of approvals from BCAS and other security agencies

No.	Description	Work Completed (1)	Date of Intimation to BCAS (2)	BCAS Approval (3)	Put to Use (HOTO) (4)	Delay in BCAS (5) = (3)-(2)	Delay for Handing over (6)=(4)-(3)	Total Delay (5)+(6)-14 days*
1	T1 Arrival Part A	10-Dec-21	14-Dec-21	16-Feb-22	24-Feb-22	64	8	58
2	K Grid (Screening Machine shifting to alternate location)		10-Dec-21	17-May-22	1-Jun-22	158	15	159
3	Zone 28 (Departure level)		10-Oct-21	17-May-22	6-Jun-22	209	20	215
4	Node Part A	12-Apr-23	13-Apr-23	14-Jul-23	11-Aug-23	92	28	106
5	Check-in Island – 3&4	23-Mar-23	24-Mar-23	30-Jun-23	22-Jul-23	98	22	106
6	Shifting of Screening m/c from Check in Island to Zone 28		16-Aug-22	09-Mar-23		205		191
7	ECT	29-Dec-22	30-Dec-22	18-May-23	14-Jul-23	139	57	182
8	Swing Gate		16-Aug-22	15-Feb-23	16-Apr-23	183	60	229
9	Pier Gate		17-Mar-23	15-Jun-23	21-Jun-23	90	6	82
	Net Delay on account of Approvals from Security Agencies (after removing the Overlapping duration)							**229 days/ 8 months**

**14 days are considered for Operational Readiness & Airport Transfer (ORAT) and hence not considered as part of delay.*

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4.4.102 The Authority, after examination though its Independent Consultant/ Aviation Expert of the above found the justification of DIAL as reasonable considering that the above-mentioned factors are not under the control of DIAL. Accordingly, the Authority proposed to consider the delay of 6 months attributed to NGT ban on construction activities and delays in receipt of approvals from BCAS and other security agencies as submitted by DIAL.

4.4.103 Accordingly, the total time period for extension with costs (Covid-19 related delays as well as delays from security agencies) works out to 12 months. Hence, the Authority proposed to consider the time period for extension with costs as 10.5 months as evaluated by DIAL as the same is found reasonable and within the time period as assessed by the Authority.

4.4.104 The Authority is also of the view that the computation of monthly costs of Rs. 20 Cr based on the Preliminary Schedule of the Contract as reasonable. The Authority also highlights the fact that the total impact as per DIAL's evaluation (Rs. 210 Cr) is considerably lower (~36%) than the claims raised by the EPC Contractor (Rs. 327 Cr).

4.4.105 Therefore, the Authority proposed to consider additional costs of Rs. 210 crore (10.5 months x Rs. 20 Cr) on account of extension in time for execution of the contract as submitted by DIAL, as the same has been approved by the Board of DIAL which has representation from AAI as well as MOCA.

Additional Costs due to Price Increase

4.4.106 The Authority noted that the total claims raised by the EPC Contractor on account of price increase was Rs. 708 Cr excluding GST.

4.4.107 The Authority notes that the EPC contract is a fixed time lumpsum contract with no provisions for cost increase as can be seen in the relevant clause of Section 8 (Sufficiency of the Contract Sum) of the EPC contract as below:

"The Contractor shall be deemed to have satisfied itself before entering into the contract as to the correctness and sufficiency of the Contract Sum and of the rates and prices stated in the Price Breakdown and the Schedule of Prices, all of which shall, except as otherwise provided for in the Contract, cover all its obligations under and in relation to the contract and all matters and things necessary for the proper execution of the works, whether the same is expressly provided for in the contract or is to be reasonably inferred there from or is necessarily incidental thereto. The Contract Sum is a lump sum fixed price and will not be adjusted save as expressly provided in the Contract, and includes any and all direct, indirect and ancillary charges and costs of whatsoever nature……"

4.4.108 The Authority also noted the clause with regards to time escalation and the compensation in claims for the delay/extension in time period in the EPC Contract as below:

"It shall be a condition precedent to any extension of time by the Employer under any provision of the Contract, that in respect of each and every incident, circumstances or event identified in the notice given in accordance with Clause 26.1 [Contractor's notice of event likely to cause delay], the Contractor shall, as soon as possible after such notice or such longer period as the Employer's Representative may in its absolute discretion determine, notify the Employer's Representative, in writing, of any factors and relevant Contract provision which it considers may entitle it to claim an extension of time together with a statement, by reference to the Programme where appropriate, providing:

26.2.1 full and detailed particulars of the expected effects of delay

26.2.2 the reasons why the delay has occurred or is likely to have occurred

26.2.3 an explanation of any measure that the Contractor has adopted or proposes to adopt to avoid or reduce or mitigate the consequences of the delay or impediment

26.2.4 details of which of the Delay Events (if any) has caused the delay or impediment;

26.2.5 details of any adverse effect on the ability of the Contractor to meet the Employer's Requirements and any other requirements under the Contract

26.2.6 an estimate of the extent of the expected delay in Completion beyond the relevant Time for Completion and any anticipated additional costs if any, as allowed under the contract, resulting from the delay

26.2.7 details of the documents the Contractor proposes to prepare and maintain to support any claim for an extension of time which must include a critical path network and other documents as required by the Employer's representative in order to demonstrate entitlement

26.2.8 details of the measure which it has discussed and agreed with its Subcontractors to facilitate the reprogramming of the performance of their services as a consequence of the delay

26.2.9 further substantiation of any particulars and estimate aforesaid as the Employer's Representative may reasonably request

26.2.10 reasons as to why in the Contractor's opinion, the Contractor is entitled to any extension of time or compensation payment pursuant to any Project Document by reason of any delay and

26.2.11 confirmation that it is a notice pursuant to this Clause 26.2 [Reason for delay and extension of time]"

4.4.109 The Authority hence proposed to examine the submission of DIAL with regard to assessment of cost increase due to increase in prices of commodities as the same is attributed to Covid-19 pandemic and other external factors like Russia-Ukraine conflict.

4.4.110 DIAL submitted that majority of the works pertaining to Phase 3A were completed only by March 2024 as against scheduled timeline of June 2022 i.e. a delay of 21 months. The Authority also proposed to consider delay of 21 months for computing cost increase due to increase in commodity prices as per DIAL's submission.

4.4.111 The Authority through its Independent Consultant/ Aviation Expert noted that DIAL in its evaluation of price increase has applied WPI escalation only on 75% of the value of the pending works as of June 2022 which is considered reasonable. Further, the Authority also found merits in the justification provided by DIAL with regards to the claim by the EPC Contractor considering that the WPI (All Commodities) increased considerably during the 15-month period between March 2021 and June 2022.

4.4.112 The Authority has also taken note of DIAL's evaluation of impact of price increase wherein total WPI impact of 17.02% is considered by applying multiplication/escalation factor of 1.75 (21 months/12 months) on the WPI increase of 9.4% pertaining to 12-month period between FY 2022 and FY 2023 and found the same as reasonable. The Authority also highlights the fact that the total impact as per DIAL's evaluation (Rs. 358.60 Cr) is almost half of the claims raised by the EPC Contractor (Rs. 708 Cr).

4.4.113 Therefore, the Authority through its Independent Consultant/ Aviation Expert proposed to consider the total impact of Rs. 358.60 Cr on account of price increase as evaluated by DIAL.

Total Impact

4.4.114 The Authority while considering the final impact on account of delay in execution of works and price increase takes cognizance of the following:

- After negotiations with DIAL, the EPC Contractor vide letter dated 24th September 2024 agreed for overall final settlement of Rs. 621 Cr including GST towards various claims/variations in the Project.
- Evaluation of claims by the internal committee formed by DIAL has been approved by the Board of Directors of DIAL on 31st January 2024 which also comprise nominee directors from AAI and MoCA.

4.4.115 The Authority through its Independent Consultant/ Aviation Expert is of the view that the additional costs due to time overrun and cost overrun seems to be justified and reasonable on account of the above-mentioned reasons. However, the GST portion of the same shall not be considered as part of the current tariff determination exercise in the absence of necessary documentation to support the same. This amount shall be trued up based on actual incurrence at the time of tariff determination for the Fifth Control Period post necessary deductions towards Input Tax Credit if any claimed by DIAL. The Authority understands that while GST is a statutory obligation, the same could be allowed as part of true up based on actual incurrence consistent with the decisions taken by the Authority with regards to Other Statutory obligations such as Property taxes, etc.

4.4.116 It may be noted that the scope of EPC Contractor includes works related to Runway 10/28 and other minor areas which were de-scoped as fronts could not be provided to the Contractor on time for executing these works. The cost of the same has been evaluated as Rs. 50 Cr by DIAL. Further, there were other variations in the execution of the Contract with a total impact of Rs. 7 Cr which includes:

- Increase in nos. of security checkpoints/Nakas at Terminal-1
- Reimbursement of additional fees charged by architects
- Revision of Alignment of Left Carriageway of Parallel Access Road between Automated Mail Sorting Centre and New Custom House

4.4.117 The Authority after examination by the Independent Consultant/ Aviation Expert of the above decided to consider the reduction in scope and variation as submitted by DIAL.

4.4.118 The Authority through its independent consultant and aviation expert computed the total impact on account of delay in execution of the contract and price increase after adjusting for reduction in scope and other variations as follows:

Table 56: EPC claims proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

Particulars (Rs. Cr)	Claims Raised by EPC Contractor	Claims Approved by Board of DIAL	Proposed to be considered by the Authority
Cost impact due to extended timelines (A)	327.00	210.00	210.00
Cost impact due to price escalation (B)	708.00	358.60	358.60
Reduction in Scope (C)		50.00	50.00
Other Variations (D)		7.00	7.00
Sub Total (E=A+B-C+D)	**1,035.00**	**525.60**	**525.60**
Add: GST @ 18% (F)	186.30	94.60	-
Total including GST (G=E+F)	**1,221.30**	**620.20**	**525.60**

4.4.119 The Authority hence proposed to consider an amount of Rs. 525.60 Cr towards various claims from the EPC Contractor without considering the impact of GST. The Authority proposed not to consider the

impact of GST at present and would true up the GST at actuals (net of Input Tax Credit, if any claimed by DIAL in future) at the time of tariff determination for the Fifth Control Period.

vi. Interest During Construction Period

4.4.120 The means of finance considered by the Authority in the Tariff Order for the Third Control Period and revised and actual means of finance for Phase 3A Expansion as submitted by DIAL as per MYTP for the Fourth Control Period are as follows:

Table 57: Means of Finance submitted by DIAL for true up for the Third Control Period in MYTP for the Fourth Control Period vs Means of Finance considered by the Authority

Particulars (Rs. Cr)	Considered by the Authority in Tariff Order for 3rd CP	Revised Submission by DIAL in MYTP for 4th CP
Internal Accruals/ Cash Surplus	3,472	2,866
Refundable Security Deposit (RSD)	1,438	1,500
Finance Lease	-	400
External Debt	4,643	7,850
Total	**9,554**	**12,616**

4.4.121 The details of external debt availed by DIAL for Phase 3A Expansion are provided in the table below:

Table 58: Debt availed by DIAL for Phase 3A Expansion in the Third Control Period

Particulars	Net Amount Utilized Towards Phase 3A Expansion (Rs. Cr)	Date of Drawdown
USD 350 Mn	2,424	07-Jun-19
USD 150 Mn	1,076	26-Feb-20
NCD INR 3,257 crore	1,350	30-Mar-21
NCD INR 1,000 crore	1,000	22-Jun-22
NCD INR 1,200 crore	1,200	13-Apr-23
NCD INR 800 crore	800	22-Mar-24
Total	**7,850**	

4.4.122 The Authority noted that since the debt instruments are in the form of bonds/ debentures, DIAL had drawn down some of the facility upfront before the necessary expenses were proposed to be settled. This had resulted in additional interest on the amount drawn which could not be considered as an Efficient Interest Cost. The IDC component submitted by DIAL is Rs. 2,122 Cr. The interest income earned by DIAL (on surplus debt drawn but unutilized) amounting to Rs. 399 Cr has not been adjusted by DIAL to arrive at the net IDC based on the Hon'ble TDSAT judgement dated 14th February 2024 in the case of GHIAL.

4.4.123 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period and proposed that only the efficient cost of interest can be allowed for arriving at RAB.

4.4.124 In order to compute the efficient interest cost, the Authority proposed to notionally reassess IDC based on the actual payment schedule submitted by DIAL with respect to Phase 3A Expansion Capex.

i. The Authority noted that notional assessment of IDC is also required considering that DIAL has actually utilized debt of only Rs. 6,781 Cr as on 31st March 2024 as against proposed debt of Rs. 7,850 Cr. However, DIAL has almost capitalized entire cost of Phase 3A Expansion except assets to the extent of Rs. 201.23 Cr under Package 1 of EPC contract (pertaining to Airport village) (i.e. Rs. 62.21 Cr recognized as CWIP as on 31st March 2024 while works to the extent of Rs. 139.02 Cr was yet to be executed as on 31st March 2024). The Airport village (under

package 1 of EPC contract) is a landside facility that provides interconnectivity between the terminal building and the landside transportation network. It is designed to help passengers and visitors make sense of orientation, enhancing their experience of the Airport in terms of improved comfort, security and convenience.

ii. As mentioned earlier, though DIAL capitalized ~98.33% of the capex pertaining to Phase 3A as on 31st March 2024, it has utilized only 86.38% of the proposed debt as on 31st March 2024 leaving debt of Rs. 1,069 Cr unutilized as on 31st March 2024.

iii. For the purpose of notional assessment of IDC, it is considered that hard cost of the capex would be funded at a debt/equity ratio proportionate to the D:E ratio of the overall capex excluding IDC while the entire IDC is assumed to be funded out of debt.

iv. The Authority also submits that IDC is computed at the Efficient Cost of Debt proposed to be considered by the Authority for the Third Control Period i.e. 10.37% on the average debt arrived at every year based on notional assessment.

4.4.125 The assessment of IDC for Phase 3A Expansion Capex proposed to be considered by the Authority is as follows:

Table 59: IDC proposed to be considered by the Authority for the Third Control Period

FY Ending March 31, (Rs. Cr)	2019	2020	2021	2022	2023	2024	Total
Amount Paid by DIAL towards Capex for Phase 3A as submitted by DIAL (A)	938	1,867	2,272	1,716	2,237	2,062	**11,092**
IDC Paid by DIAL as submitted by DIAL (B)	-	117	301	454	473	378	**1,722**
Hard Costs Paid by DIAL (C=A-B)	**938**	**1,750**	**1,971**	**1,262**	**1,764**	**1,684**	**9,370**
Phase 3A Expansion Capitalization as submitted by DIAL (D)		8	7	822	845	10,183	**11,864**
IDC Capitalized as submitted by DIAL (E)		-	-	108	107	1,508	**1,722**
Hard Cost Capitalization (F=D-E)		**8**	**7**	**714**	**738**	**8,676**	**10,142**
Hard Cost Capitalization excluding EPC Claims* (G)		**8**	**7**	**714**	**738**	**8,055**	**9,521**
Hard Costs Capitalization excluding EPC Claims % (H)		0.1%	0.1%	7.5%	7.8%	84.6%	
Opening Debt (I)	-	568	1,686	3,060	3,623	4,534	
Addition [J=(C*57.5%)+N]	568	1,122	1,379	1,072	1,437	1,203	**6,781**
Capitalized Debt (K=H*6,781)	-	5	5	509	526	5,737	**6,781**
Closing Debt (L=I+J-K)	568	1,686	3,060	3,623	4,534	-	
Average Debt (M=Average of I,L)	284	1,127	2,373	3,341	4,078	2,267	
IDC proposed to be considered by the Authority for Phase 3A Expansion Capex (N=M*10.37%)	**29**	**117**	**246**	**346**	**423**	**235**	**1,396.77**

**Capitalization schedule is drawn after excluding Claims of Rs. 621 Cr from EPC Contractor as the same has not been paid to the EPC Contractor by March 31, 2024.*

Note: Total debt utilized by DIAL as on March 31, 2024 was Rs. 6,781 Cr. Addition of debt (J) is considered based on a proportionate Debt drawl corresponding to the actual debt utilized.

4.4.126 Based on the above assessment, the Authority proposed to consider IDC of Rs. 1,396.77 Cr towards Phase 3A Expansion Capex.

4.4.127 The Authority vide its decision no 4.6.7 in the Tariff Order for the Third Control Period decided to consider a provision for adjustment towards RAB to the extent of 1% of the Phase 3A Project Cost at the time of tariff determination for the Fourth Control Period if the proposed Phase 3A Project has not

been completed and made available for the passengers before 31st March 2024. The Authority therefore decided to consider IDC incurred by the airport operator only till 31st March 2024 with additional IDC beyond 31st March 2024 considered only based on justification for the delay in completion of the Project beyond 31st March 2024.

4.4.128 Accordingly, the Authority proposed that no IDC would be allowed beyond 31st March 2024 as almost ~98.33% of the capex has already been capitalized by 31st March 2024 and also considering that the completion of Phase 3A capex has already been delayed by 21 months compared to the original completion deadline of June 2022.

4.4.129 Further, the Authority also proposed not to consider any adjustment towards RAB for delay in completion of the Project as almost 98.33% of the Project has been capitalized by 31st March 2024 and all the facilities have been made available for the passengers before 31st March 2024, which is consistent with the stipulation for approving capex as decided by the Authority in the Tariff Order for the Third Control Period.

Final Cost of Phase 3A Expansion Capex Proposed to be Considered by the Authority

4.4.130 The Authority after detailed analysis of the submissions made by DIAL regarding Phase 3A Expansion Capex proposed the final cost as mentioned in the table below:

Table 60: Project cost for Phase 3A Expansion proposed to be considered by the Authority at the Consultation Stage

Particulars (Rs. Cr)	DIAL's Submission in MYTP for 3rd CP	DIAL's Submission in MYTP for 4th CP	Proposed to be Considered by the Authority
EPC Cost (A)	8,323.00	8,323.00	8,323.00
GST @ 18% (B)	1,498.00	1,498.00	1,498.00
GST Input Tax Credit (ITC) (C)	450.00	295.00	295.00
EPC Contract Cost (D=A+B-C)	**9,371.00**	**9,526.00**	**9,526.00**
Other Enabling Costs (E)	423.00	552.50	539.54
Relocation of BSF Hangars (F)	-	91.50	91.50
EPC Claims (G)	-	621.00	525.60
Total Hard Cost (H=D+E+F+G)	**9,794.00**	**10,791.00**	**10,682.64**
Financing Allowance/ IDC (as applicable) (I)	1,490.00	2,121.54	1,396.77
Total Project Cost (J=H+I)	**11,284.00**	**12,912.54**	**12,079.41**

4.4.131 As can be seen from the table above, based on various adjustments and disallowances explained earlier, the Authority proposed to consider an amount of Rs. 12,079.41 Cr towards Phase 3A Expansion Capex as against Rs. 12,912.54 Cr submitted by DIAL towards true up of RAB for the Third Control Period.

4.4.132 Of the total capex of Rs. 12,079.41 Cr proposed to be considered by the Authority towards Phase 3A Expansion Capex, the cost proposed to be considered for capitalization in the Third Control Period (towards additions to RAB) is Rs. 11,430.07 Cr derived as follows:

Table 61: Capitalization of Phase 3A Expansion Capex proposed to be considered by the Authority for Third Control Period at the Consultation Stage

Particulars	Amount (Rs. Cr)
Total Phase 3A Expansion Capex proposed to be considered by the Authority as per Table 60 (A)	12,079.41
Less: Value of Assets funded through Lease Finance* (B)	437.11

Particulars	Amount (Rs. Cr)
Less: Amount proposed to be capitalized by DIAL in FY 2025# (C)	201.23
Less: Amount already Capitalized in FY 2019 (2nd Control Period) (D)	11.00
Cost proposed to be considered for capitalization in the Third Control Period by the Authority (A-B-C-D)	**11,430.07**

**Assets funded through Lease Finance are proposed to be excluded from Project Cost capitalization as well as RAB. However, the costs incurred on account of Lease Finance has been allowed as Aeronautical O&M expenses subject to the same being the efficient cost.*

#Comprise of assets pertaining to Airport Village under Package 1 of EPC Contract i.e. CWIP of Rs. 62.21 Cr as on March 31, 2024 and works amounting to Rs. 139.02 Cr which were not completed as on March 31, 2024.

4.4.133 The Authority also reiterates the following proposals with respect to Phase 3A Expansion Capex:

- No adjustment has been made in the RAB for delay in completion of capex as the Project was able to meet the deadline of 31st March 2024 as stipulated by the Authority as explained in 4.4.129.
- No IDC would be allowed pertaining to Phase 3A Expansion Capex beyond 31st March 2024 as explained in 4.4.127.
- Any upward revision in the GST Input Tax Credit (presently considered as Rs. 295 Cr) based on actuals would be trued up at the time of tariff determination for the Fifth Control Period as explained in 4.4.77.
- GST pertaining to the claims from EPC Contractor would be trued up based on actuals net of ITC, if any, at the time of tariff determination for the Fifth Control Period as explained in 4.4.119.

Authority's Examination of General Capex of the Third Control Period at the Consultation Stage

4.4.134 The Authority in the Tariff Order for the Third Control Period had approved aeronautical portion of general capex of Rs. 1,328.24 Cr for the Third Control Period as mentioned in the table below:

Table 62: Aeronautical Portion of General Capex approved by the Authority in the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
General Capex approved by the Authority in Tariff Order for Third Control Period – Aero Portion	220.18	260.46	488.20	91.97	267.43	**1,328.24**

4.4.135 Further, the Authority decided to true up the asset addition to RAB including General Capex based on actuals at the time of tariff determination for the Fourth Control Period.

4.4.136 The Authority noted the general capex incurred and capitalized by DIAL in the Third Control Period as provided in the table below:

Table 63: General Capex incurred and capitalized by DIAL for the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening CWIP (A)	200.35	185.04	133.92	194.14	319.66	
Capex Incurred/ Spent (B)	207.10	135.10	223.15	269.15	424.12	**1,258.62**
Capex Capitalized (C)	**222.41**	**186.22**	**162.93**	**143.63**	**216.67**	**931.86**
Closing CWIP (A+B-C)	185.04	133.92	194.14	319.66	527.11	

4.4.137 Overall, the Authority noted that the general capex actually capitalized by DIAL in the Third Control Period (Rs. 931.86 Cr) is lower than the capex approved by the Authority (Rs. 1,328.24 Cr) in the Tariff Order for the Third Control Period.

4.4.138 The Authority noted that some of the major capex items approved in the Third Control Period have either been postponed to the Fourth Control period or dropped by DIAL for various reasons. The Authority also noted DIAL's submission that the same is on account of Covid-19 pandemic and consequent change in priorities with regards to some of the general capex items.

4.4.139 The Authority also noted that DIAL had also undertaken certain schemes/works under general capex in the Third Control Period that were not envisaged at the time of submission of MYTP for the Third Control Period based on the operational and other regulatory requirements.

4.4.140 The Authority's observations on the status of the major capex items under General Capex approved in the Tariff Order for the Third Control Period as follows:

Table 64: Authority's Observations on the status of major capex items under General Capex approved in the Third Control Period

S. No.	Description	Amount approved by the Authority in 3rd CP	Authority's Observations
1	Procurement of 19 CT machines (CTX) for in line XBIS at T3	190.00	Capex has been shifted by DIAL to the Fourth Control Period as the requirement to install CT machines has been put on hold by BCAS. Hence this proposal has been discussed in the General Capex for the Fourth Control Period.
2	Body Scanners	154.00	The Authority noted that trials are ongoing and Concept of Operations is yet to be finalised by CISF & BCAS. Capex is proposed to be carried out in the Fourth Control Period by DIAL after finalization by CISF & BCAS. Hence this proposal has been discussed in the General Capex for the Fourth Control Period.
3	Southern Access Road (SAR) – Dwaraka Expressway	150.00	Underpass at Shiv Murthy NH8 to provide direct access to the airport from Southern side. As per the Minutes of Meeting (MoM) dated 17th September 2021, the meeting was called by MoCA on 10th September 2021 to discuss various interfacing issues and status of clearance/ consent from different stakeholders and statutory bodies (AAI, DIAL and NHAI) regarding execution of Southern Access Road. During the meeting, MoCA directed DIAL to share 50% of the cost of construction (i.e.) Rs. 300 Cr. An amount of Rs. 150 Cr, being share of DIAL, has been paid. The amount is yet to be capitalized in the Third Control Period as NHAI is yet to complete their portion of work.
4	Automated EBS System	75.00	Capex dropped by DIAL.

S. No.	Description	Amount approved by the Authority in 3rd CP	Authority's Observations
5	Provision of Automatic Switching Device (ASD)	64.00	ASD is required for emergency power systems. ASD Provision has been made through other AGL upgrade schemes. Hence, the Capex was not incurred and proposed to be dropped by DIAL.

4.4.141 The Authority noted the major items of the general capex capitalized by DIAL in the Third Control Period as follows:

Table 65: List of Major Works capitalized by DIAL as part of General Capex in the Third Control Period as submitted by DIAL

S. No	Description (Rs. Cr)	Amount submitted by DIAL
1	Civil, Electrical & associated work for Apron stands between L1 & M1 including AGL system upgrade.	96.80
2	Resurfacing of Runway 10/28	65.14
3	Rehabilitation of Runway 10/28	41.70
4	Extension of cargo apron stand between Taxiway L1 & L2	57.04
5	SITC of Crash Fire Tenders (CFT) for ARFF	25.10
6	CISF Camp for Phase 3A Project at IGI Airport	20.34
7	Supply & Installation for Epoxy Terrazo flooring In T3	11.82
8	SITC of Disabled Aircraft Recovery Kit At IGI	11.03
9	Extension of Apron 31 stand at Airside	10.84
10	Rehabilitation of Airside Pavements & associated work	10.34
11	Drainage Work for FBO/MRO Facilities	10.24
12	Construction & Relocation of central store near NUB	9.79
13	SITC of 10 No's of ATRS at T2 PESC	9.09
14	Road Work for FBO/MRO Facilities	8.70
15	Extension (New Storage Space) of New central store	8.35
16	Essential Capital Spares	7.93
17	Epoxy Terrazo Flooring in T3 –Departure Pier D	7.39
18	Epoxy Terrazo Flooring in–Domestic Pier Departure	6.12
19	SITC of New Biometric access control system -BCAS	6.11
20	Property Boundary – II	5.70
21	SITC of 1 Runway Sweeping machine	5.17
22	SITC of linear LED lights in PTB & Pier Departure T3	5.17
23	SITC and CMS Modification - AGL Fixtures & Improvement	5.06
	Total	**444.98**

4.4.142 The Authority's analysis of the major capex items capitalized by DIAL in the Third Control Period are as follows:

i. *Civil, Electrical & associated work for Apron stands between L1 & M1 including AGL system upgrade:* The Authority noted DIAL's submission that the flexible pavement of taxiway was converted into rigid pavement due to operational reasons. Associated works related to Electrical & AGL works were also executed along with the same. Upgradation of AGL system as required by DGCA which included individual lamp control, changing to LED from halogen, etc. across

airside carried out except Phase 3A areas. It also includes dismantling existing pavement, preparatory works and construction of apron stands between taxiway M1 – L1.

ii. *Resurfacing and Rehabilitation of Runway 10/28:* The Authority noted DIAL's submission that Runway 10/28 and associated taxiways have developed multiple distresses due to ageing. Rehabilitation of the Runway and its associated taxiways was done by DIAL. Initially, it was planned to rehabilitate only the touch-down area of the Runway 10/28, however, major rehabilitation of Civil & AGL Works were carried out for entire length of Runway along with associated Taxiways based on observations from DGCA. The cost incurred for this work has been examined and found to be reasonable.

iii. *SITC of Crash Fire Tenders (CFT) for Aircraft Rescue and Firefighting (ARFF):* The Authority noted DIAL's submission that in addition to the CFTs considered at the time of MYTP for the Third Control Period, 5 Additional Crash Fire Tenders were installed to provide ARFF coverage for the New Runway 11L/29R (by commissioning of new Fire station 5) and to meet the response time for additional TWYs including ECT. The cost of procurement of CFTs were compared with the recent procurement by other PPP Airports and is found to be reasonable.

iv. *Creation of CISF Camp:* The Authority noted that DIAL had to create a new camp for CISF in lieu of the old camp which had to be demolished to enable Phase 3A construction. It was also noted that the work was awarded to the contractor who emerged as the lowest bidder in the competitive bidding.

v. *SITC of Disabled Aircraft Recovery Kit:* The Authority noted that the capex is required to comply with DGCA directive related to provision of Disabled Aircraft recovery kit at 6 major airports in India. The equipment that will enable faster resumption of operations during aircraft incidents on the runways. The recovery process will include ground preparation, aircraft lifting, de-bogging, tethering, towing, and all other associated aspects of both narrow and wide-body aircraft. The equipment was purchased from M/s. Kunz GMBH Germany who emerged as the lowest bidder in the competitive bidding and accordingly the cost is found to be reasonable.

vi. *Rehabilitation of Airside Pavements & associated work:* The Authority noted that the capex was required to mitigate distress generation on the airside pavements with advanced technology for repair & rehabilitation of pavements for quicker response & increased availability for operations. The cost incurred for this activity is in line with the cost incurred for similar works carried out earlier by DIAL and as per the DSR published by CPWD and accordingly considered reasonable.

vii. The Authority noted that apart from the above, the capex also included various items viz. flooring of the terminal, ATRS, construction/ extension of central stores, biometric access system, installation of LED lights, CMS upgrades, etc. The cost was compared with that of similar purchases made by DIAL previously and found to be reasonable.

4.4.143 The Authority after analysis of the major items of the general capex through the independent consultant proposed to make the following adjustment:

i. The cost towards Civil, Electrical & associated work for Apron stands between L1 & M1 including AGL system upgrade as submitted by DIAL is Rs. 96.80 Cr. However, the Authority based on assessment through the independent consultant proposed to consider an amount of Rs. 84.34 Cr against the same based on the purchase order submitted by DIAL for the same.

ii. Based on the above, the Authority proposed to consider a cost of Rs. 432.52 Cr for the major items of general capex as mentioned above as against cost of Rs. 444.98 Cr submitted by DIAL.

The total adjustment proposed to be made by the Authority works out to Rs. 12.46 Cr due to non-submission of details/ Purchase Orders by DIAL.

4.4.144 In addition to the above, the Authority also analyzed the other items under general capex through the independent consultant and found that the cost considered by DIAL for capitalization is justified and reasonable on account of mandatory regulatory and operational requirements and the rates considered are reasonable as examined by the Authority through its independent consultant/Aviation Expert. Accordingly, the Authority proposed not to make any adjustments with respect to the cost of other items under general capex.

4.4.145 Based on the above analysis, the Authority proposed to consider an amount of Rs. 919.40 Cr for general capex in the Third Control Period as against an amount of Rs. 931.86 Cr capitalized by DIAL.

4.4.146 The Authority also noted that an amount of Rs. 527.11 Cr of general capex has been recognized as CWIP as on 31st March 2024 as per Table 63 (which also includes an amount of Rs. 150 Cr paid by DIAL towards Underpass at Shiv Murthy junction but yet to be capitalized as NHAI has not completed the project in its entirety). The Authority noted that the CWIP of Rs. 527.11 Cr is proposed to be capitalized in the Fourth Control Period by DIAL. The details regarding the same are discussed in the subsequent chapters on RAB for the Fourth Control Period.

Summary of the Authority's Examination on General Capex for the Third Control Period

4.4.147 Based on the above, the General Capex for the Third Control Period as submitted by DIAL in the MYTP for the Fourth Control Period viz-a-viz the general capex proposed to be considered by the Authority is presented below:

Table 66: General Capex proposed to be considered by the Authority in the Third Control Period at the Consultation Stage

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Approved by the Authority in the Tariff Order for the Third Control Period	220.18	260.46	488.20	91.97	267.43	**1,328.24**
Submitted by DIAL in MYTP for 4th CP	222.41	186.22	162.93	143.63	216.67	**931.86**
Proposed to be considered by the Authority*	219.44	183.73	160.75	141.71	213.77	**919.40**

**Disallowance of Rs. 12.46 Cr due to non-submission of Purchase Orders by DIAL has been adjusted pro-rata in the Third Control Period.*

Authority's Examination on Asset Allocation proposed by DIAL regarding Asset Additions towards True Up for the Third Control Period at the Consultation Stage

4.4.148 The Authority through its independent consultant segregated the asset additions proposed to be considered in the Third Control Period into aeronautical and non-aeronautical based on the methodology decided by the Authority in the Tariff Order for the Third Control Period.

4.4.149 The principles adopted for segregation of assets is as follows:

Aeronautical Assets

- All assets that are exclusively utilised for Aeronautical activities under Schedule 5 of OMDA are treated as Aeronautical assets.
- Capital Expenditure on Reserved Activities (as defined in OMDA) like Customs, Immigration, security, health meteorology, plant and animal quarantine are classified as Aeronautical assets.

- Assets related to the services bought under the scope of Aeronautical Services.

Non-Aeronautical Assets

- All assets that are exclusively utilised for Non-Aeronautical activities covered under Schedule 6 of OMDA are treated as Non-Aeronautical assets.
- Common Use Terminal Equipment (CUTE) and Common Use Self Service (CUSS) software are classified as Non-Aeronautical Assets in accordance with the DGCA AIS number 7/2007 dated 28 September 2007 and OMDA read along with section 13 of the AERA Act.

Common Assets

- Assets for which the benefits or use cannot be exclusively linked to either Aeronautical or Non-Aeronautical are classified as Common Assets.
- Common Assets which are situated within the terminal buildings are apportioned to Aeronautical activity in the ratio of the space allocated for Aeronautical and Non-Aeronautical services.
- Common assets which are situated outside the terminal buildings are apportioned to Aeronautical activity based on an appropriate cost driver. However, in the absence of any information regarding the location of the asset or a specific cost driver, a reasonable ratio has been determined by the Authority through its Independent Consultant based on the review of the FAR and other records of the Airport.

4.4.150 The Authority through its independent consultant analyzed the assets on a case-to-case basis and in case of any discrepancies identified in allocation, appropriate reclassification has been made for such assets.

4.4.151 The following ratios have been computed and considered for appropriate segregation of Common assets between Aeronautical and Non-aeronautical assets for the Third Control Period.

i. Terminal Building ratio

DIAL submitted the allocation of assets in Aeronautical and Non-Aeronautical activities based on floor area of each of the Terminal i.e., T1, T2, T3 demarcated space between Aeronautical and Non-Aeronautical area based on the study conducted by Jacobs Consultancy on behalf of DIAL in 2011. The Authority through its independent consultant considers this demarcated floor space to be an appropriate basis for asset allocation for terminal assets, aligning with the methodology considered by DIAL. The ratios for apportionment of common assets within the Terminal Building across all the Terminals are as per the table below:

Table 67: Terminal Building Ratios proposed to be considered by the Authority for Apportionment of Common Assets within Terminal Building

Particulars	Ratios
Terminal 1	84.00%
Terminal 2	84.20%
Terminal 3	84.07%*

**The Authority has considered Terminal Building Ratio of 84.07% for T3 consistent with the treatment by the Authority in the Tariff Order for the Third Control Period based on Independent Study on Efficient O&M undertaken by the Authority.*

ii. New Udaan Bhawan (NUB)

The support functions for the management of the entire airport operations are looked after from the administrative office at New Udaan Bhavan near T3 of the Airport. All the assets related to the New Udaan Bhavan are allocated into Aeronautical/Non-Aeronautical based on the weighted average floor space of all the three terminals.

iii. Common Offices of the Senior Management

The NUB houses the senior management of the GMR Group, also on the board of DIAL and has a common office facility for the management in the NUB. Since the total cost of these common group facilities are 100% accounted for in the books of DIAL segregated based on the weighted average floor space of all the terminals, the segregation basis is revisited, to exclude the proportion of expenditure that should have been borne by the other companies in the group. Since, this proportion of expense cannot be computed, all assets for the development of office of the Senior Management are segregated in the proportion of 50:50.

iv. Common Transit Houses

DIAL has taken 10 transit houses on lease in Delhi for use by the company for various meetings of the senior management. At these transit houses, DIAL has incurred improvement costs which were capitalized in the books of accounts and included in the RAB.

Since the purpose of use of these transit houses cannot be accurately segregated to Aeronautical and Non-Aeronautical services, it is assumed that the transit house is used in a 50:50 proportion for Aeronautical and Non-Aeronautical services.

4.4.152 Based on the above-mentioned principles and ratios, the impact of the reclassification exercise on asset additions for the Third Control Period is as follows:

4.4.152.1 The Authority based on the above-mentioned asset allocation principles and ratios, reclassified certain assets from the Aeronautical asset additions submitted by DIAL for the Third Control Period. The revised Aeronautical Asset Additions proposed to be considered by the Authority after factoring in the reclassification impact is provided below:

Table 68: Reclassification of Asset Additions as per the Authority's analysis

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
DIAL's Submission						
Total Asset Additions [Table 38] (A)	229.92	192.77	984.79	1,022.04	10,399.98	**12,829.50**
Aeronautical Asset Additions* [Table 38] (B)	220.18	163.05	925.80	993.89	9,833.07	**12,135.99**
Non-Aero Asset Additions [Table 38] (C)	9.74	29.72	58.99	28.15	566.91	**693.51**
Aeronautical Portion of Asset Addition as per DIAL % (D=B/A)	*95.76%*	*84.58%*	*94.01%*	*97.25%*	*94.55%*	
Authority's analysis						
Aeronautical Asset Additions as submitted by DIAL* (B)	220.18	163.05	925.80	993.89	9,833.07	**12,135.99**
Adjustments						
Difference between value of assets in Audited Certificate submitted by DIAL viz-a-viz FAR# (E)	0.11	0.01	-2.05	-0.33	-0.07	**-2.33**
Reclassification of Assets (Aeronautical to Common/ Aeronautical to Non- Aeronautical) [Table 69] (F)	5.04	2.76	1.77	1.73	-8.37	**2.93**
Total Adjustments proposed by the Authority on Aeronautical Asset Additions (G=E+F)	**5.15**	**2.77**	**-0.28**	**1.40**	**-8.44**	**0.60**
Aeronautical Asset Additions proposed to be considered by the Authority after above adjustments (H=B-G)	215.03	160.28	926.08	992.49	9,841.51	**12,135.39**
Non-Aeronautical Asset Additions proposed to be considered by the Authority (A-H)	14.89	32.49	58.71	29.55	558.47	**694.11**

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Portion of Asset Addition proposed to be considered by the Authority % (H/A)	*93.52%*	*83.15%*	*94.04%*	*97.11%*	*94.63%*	

**Doesn't include assets of Rs. 437 Cr funded out of lease finance, interest income of Rs. 399 Cr (on surplus debt drawn but unutilized), assets of Rs. 201 Cr proposed to be capitalized in FY 2025 and assets already capitalized in FY 2019 out of the total capex of Rs. 12,913 Cr submitted by DIAL for Phase 3A Expansion.*

#There is a mismatch between the Audited Certificate provided by DIAL towards asset additions in the Third Control Period and the FAR. The same has been adjusted to arrive at Aero Asset Additions as per Authority's analysis.

4.4.153 The asset category-wise break-up of reclassification adjustment in Asset Additions in the Third Control Period is provided below:

Table 69: Asset Category-wise Reclassification Adjustment in Asset Additions as per the Authority's analysis

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Leasehold Improvements	1.84	0.67	0.75	2.03	0.05	**5.34**
Drains & Culverts	-	-	(0.07)	(0.19)	(0.05)	**(0.31)**
Fire Equipment	-	-	-	-	-	-
Boundary	-	(0.05)	(0.05)	(0.05)	-	**(0.15)**
Buildings & Roads	-	0.03	0.38	0.01	4.67	**5.09**
Electricity Infrastructure	0.18	0.10	0.19	0.34	0.39	**1.20**
Electrical Fittings & Equipment	0.75	0.33	0.78	0.00	0.33	**2.19**
Furniture & Fixtures	(0.04)	0.09	(0.19)	0.29	(15.23)	**(15.09)**
Computer & Accessories	0.32	0.01	(0.00)	-	(0.05)	**0.27**
Office Equipment	(0.07)	-	(0.00)	(0.02)	(0.01)	**(0.10)**
Plant & Equipment	0.49	(0.03)	(0.01)	(0.01)	1.26	**1.69**
Runways, Taxiways and Apron	-	-	-	(0.61)	-	**(0.61)**
Cargo Equipment	0.80	1.27	0.35	-	0.78	**3.19**
Car Parking	0.61	0.39	0.00	-	-	**1.00**
Other Assets	0.23	-	-	0.00	(0.01)	**0.23**
Public Health and Safety Equipment	(0.05)	(0.00)	(0.03)	(0.06)	(0.41)	**(0.55)**
Artwork	-	(0.06)	(0.33)	(0.01)	(0.07)	**(0.46)**
Total	**5.04**	**2.76**	**1.77**	**1.73**	**(8.37)**	**2.93**

4.4.154 The adjustments in additions to RAB proposed to be considered by the Authority, through its independent consultant, after considering the reclassification adjustments mentioned above and various disallowances/adjustments made by the Authority in the Phase 3A Expansion capex is provided below:

AERA

Table 70: Adjustments in Additions to RAB proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Asset Additions as per the Authority's analysis on Reclassification of Assets [Refer Table 68] (A)	215.03	160.28	926.08	992.49	9,841.51	**12,135.39**
Disallowances/Adjustments in Phase 3A Expansion Capex in the Third Control Period as per the Authority's analysis [Refer Table 60]						
Additions knocked off with deletions (B)				33.61*		**33.61**
Reductions in IDC (C)	-	-	20.38	20.22	285.07	**325.66**
Reductions in Enabling and Miscellaneous Works (D)	0.01	0.01	0.90	0.92	11.12	**12.96**
Reductions in EPC Claims (E)					95.40	**95.40**
Total Adjustments in Phase 3A Expansion Capex (F=B+C+D+E)	**0.01**	**0.01**	**21.28**	**54.70**	**391.57**	**467.57**
Adjustments in General Capex in 3rd CP as per the Authority's analysis [Refer Table 66] (G)	2.97	2.49	2.18	1.92	2.90	**12.46**
Total Disallowances/Adjustments in Capex (H=F+G)	**2.99**	**2.50**	**23.46**	**56.62**	**394.47**	**480.03**
Aeronautical Portion of Asset Addition proposed to be considered by the Authority % [Refer Table 68] (I)	*93.52%*	*83.15%*	*94.04%*	*97.11%*	*94.63%*	
Aeronautical portion of Adjustments in Capex (J=H*I)	2.79	2.08	22.06	54.98	373.29	**455.20**
Aeronautical Asset Additions as per the Authority's analysis (A-J)	**212.24**	**158.20**	**904.02**	**937.51**	**9,468.22**	**11,680.19**

**Asset additions amounting to Rs. 33.61 Cr knocked-off with deletions have been adjusted in the above computation in line with clarifications provided by DIAL. DIAL as part of clarifications submitted that total amount capitalized in the Third Control Period under Phase 3A Expansion was Rs. 11,864.09 Cr after deducting Rs. 33.61 Cr.*

4.4.155 The Authority through its independent consultant proposed the following adjustments to the Aeronautical asset deletions submitted by DIAL based on the analysis of the FAR submitted by DIAL.

Table 71: Adjustments in Deletions proposed to be considered by the Authority for the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Deletions as submitted by DIAL (A)	15.62	0.29	0.16	6.48	46.14	**68.69**
Adjustments proposed by the Authority (B)	0.03	-	(0.09)	(0.02)	0.01	**(0.07)**
Aeronautical Deletions proposed to be considered by the Authority (C=A+B)	**15.65**	**0.29**	**0.07**	**6.46**	**46.15**	**68.62**

Authority's Examination on Depreciation

4.4.156 DIAL considered the depreciation for the assets based on the useful life of the assets as per the Companies Act or the concession period whichever is lower. DIAL had also submitted that the same is consistent with the Authority's Order No. 35/2017-18 dated 12th January 2018 and amendment to Order No 35/2017-18 dated 9th April 2018. The depreciation charged on the assets for the Third Control Period has been confirmed through auditor certificates submitted by DIAL.

4.4.157 Further, the major asset category-wise useful life considered by DIAL and proposed to be considered by the Authority is as follows:

Table 72: Major Asset Category-wise Useful Life considered by DIAL and proposed to be considered by the Authority

Asset Category (years)	Useful Life considered by DIAL	Useful Life proposed to be considered by the Authority
Terminal Building	30	30
Other Buildings	30	30
Bridges-Culverts & Bunders etc.	30	30
Computers Servers, Networks, etc.	6	6
Plant and Machinery	15	15
Electrical Fittings and Equipment	10	10
Office Equipment	5	5
Runways & Taxiways	30	30
Access Roads	10	10
Vehicles	8	8

4.4.158 The Authority based on the adjustments and disallowances in the aeronautical asset additions to RAB in the Third Control Period as per Table 70 proposed to consider proportionate adjustment in depreciation as follows:

Table 73: Depreciation proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Depreciation on Aero RAB	501.19	465.53	463.72	540.46	661.81	**2,632.72**
Depreciation on HRAB	25.69	23.43	22.08	23.71	19.60	**114.52**
Total (including Hypo RAB)	**526.88**	**488.96**	**485.81**	**564.18**	**681.42**	**2,747.24**

Authority's Examination of Aeronautical Regulatory Asset Base (RAB) and Depreciation for the Third Control Period at the Consultation Stage

4.4.159 Considering the various adjustments/disallowances in the Phase 3A Expansion Capex and General Capex for the Third Control Period as well as the reclassification of assets as per the Authority's analysis as detailed in Table 68 and Table 70, the revised Regulatory Asset Base for the Third Control Period proposed to be considered by the Authority is as shown in the table below:

Table 74: Aeronautical Depreciation and RAB proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening Aero RAB (A)	4,771.83*	4,514.24	4,250.83	4,003.20	4,603.91	
Addition considered on Pro-Rata basis# [Refer Table 70*](B)*	*97.98*	*88.15*	*146.11*	*389.72*	*3,813.13*	***4,535.09***

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Adjustments from Previous Year on Pro-Rata basis [Refer Table 70*] (C)*	*393.32^*	*114.26*	*70.05*	*757.91*	*547.79*	***1,883.33***
Deletions [Refer Table 71] (D)	*15.65*	*0.29*	*0.07*	*6.46*	*46.15*	***68.62***
DF Adjustment (E)	*232.05*	-	-	-	-	***232.05***
Depreciation [Refer Table 73*] (F)*	*501.19*	*465.53*	*463.72*	*540.46*	*661.81*	***2,632.72***
Pro Rata Aero RAB (based on Pro Rata Additions) (G=A+B+C-D-E-F)	**4,514.24**	**4,250.83**	**4,003.20**	**4,603.91**	**8,256.86**	
Opening HRAB (H)	218.84*	193.15	169.72	147.64	123.92	
Depreciation [Refer Table 73*] (I)*	*25.69*	*23.43*	*22.08*	*23.71*	*19.60*	***114.52***
Closing HRAB (J=H-I)	**193.15**	**169.72**	**147.64**	**123.92**	**104.32**	
Average HRAB (K=(H+J)/2)	**206.00**	**181.44**	**158.68**	**135.78**	**114.12**	
Average RAB for FRoR (G+K)	**4,720.24**	**4,432.27**	**4,161.88**	**4,739.69**	**8,370.98**	

**Closing Aero RAB and HRAB respectively as on March 31, 2019 as per the Tariff Order for the Third Control Period*
#Pro-rata adjustment in additions in each year has been considered with the balance carried forward to subsequent year. For Eg: Of total aeronautical asset addition of Rs. 212.24 Cr in FY 2020 as per Table 70, *Rs. 97.98 Cr is considered in FY 2020 on pro-rata basis while the balance Rs. 114.26 Cr is shifted to FY 2021 as mentioned above. Similarly, of the total aeronautical asset addition of Rs. 9,468.22 Cr as per* Table 70, *asset addition of Rs. 3,813.13 Cr is considered in FY 2024 on pro-rata basis, while the balance amount of Rs. 5,655.10 Cr is considered in the Opening Aero RAB for FY 2025.*
^Carried forward from FY 2019
Note: Regulatory Asset Base considered for the purpose of estimating return was based on actual date of capitalization for a year and was arrived at by incorporating addition/deletions/adjustments to the aeronautical asset base of DIAL on a pro-rata basis on the opening balance of RAB in that year.

Stakeholders' comments on true up of Regulatory Asset Base for the Third Control Period

During the 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. 07/2024-25 dated 31st January 2025 with respect to true up of Regulatory Asset Base for the Third Control Period. The comments from Stakeholders are presented below:

DIAL's comment on true up of Regulatory Asset Base for the Third Control Period

4.4.160 DIAL's comment on the issue of adjustment of interest income earned on surplus funds pertaining to Phase 3A Expansion Capex for arriving at IDC is as follows:

"The Hon'ble TDSAT in the matter of Order No. 12/2021-2022 (3rd Control Period order of GMR Hyderabad International Airport Limited) has adjudicated that the Authority should not consider the interest income earned during the construction period on surplus funds available with the Airport Operator, since it is not earned from aeronautical services and consideration of interest income is beyond the regulatory ambit of Authority because it does not accrue from any services rendered by the Airport Operator. Further, the Hon'ble TDSAT has also opined that the funding for projects shall be secured in advance instead of a piecemeal manner and arrangement fees/charges for these funding should be allowed as costs.

Hence, we request the Authority that the income on idle funds shall not be considered while considering the approval of IDC for the stated period."

4.4.161 DIAL's comment regarding the notional calculation adopted by the Authority for computing IDC for Phase 3A Expansion Capex instead of considering actual IDC incurred by DIAL is as follows:

"The Authority in the past control periods of DIAL has approved the interest during construction at actual cost incurred by it (refer the first control period order). The only disallowance carried out by the Authority were pertaining to disallowance of hard costs resulting from the independent examination by M/s EIL and treatment of the capex as opex based on the identifications of the independent financial consultant.

The Authority has calculated the IDC on notional basis for the first time following inconsistent approaches and this calculation is neither envisaged in SSA. Thus, the Authority should consider the IDC incurred by DIAL at the actual.

Further, the DIAL has made detailed submissions on the prudence approach followed by it considering the pandemic situation across the world vide its clarifications dated September 26, 2024. The Authority has not provided any reasoning for not considering the submissions of DIAL in this regard.

Bereft of the above submissions, the Hon'ble TDSAT in the matter of MIAL 3rd Control Period adjudicated as follows:

320. In view of this, actual cost of debt shall be allowed by AERA for 3rd Control Period especially looking to the provisions of Section 13(1)(a)(i) of the AERA Act, 2008 ....

321. In view of the aforesaid provision, 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.

Also, the Hon'ble TDSAT in the matter of GHIAL 3rd Control Period adjudicated as follows:

498. In view of the aforesaid formula, lower FRoR is highly appreciable because it is to be multiplied by RAB for the calculation of ARR and, therefore, IDC should be calculated on the total project funding. AERA has to calculate IDC taking into consideration the costs of the entire debt facility. This aspect of the matter has not been properly appreciated by AERA while passing the impugned order dated 31.08.2021 mainly for the reason that project funding cannot be procured intermittently or in a piecemeal manner. On the contrary, it should be procured well in advance for the planned expenditure.

Thus, we request the Authority to consider the actual cost of debt and hence the IDC incurred by the DIAL towards project instead of the notional basis as proposed in the Consultation Paper."

4.4.162 DIAL's comment regarding non-consideration of GST on EPC claims is as follows:

"The GST is mandatory outflow to be made by DIAL in accordance with the CGST Act, 2017. As explained in our submissions, the EPC claim is predominantly towards the Civil Costs and thus input credit will not be eligible for DIAL on these items. In light of the above, it is requested to the Authority, that the GST on the EPC claims amounting to INR 95.4 crores is duly allowed to the extent of civil portion of the contract.

Thus, we request the Authority to allow at least GST on civil portions as part of EPC claims in the 4th Control Period subject to actual verification in the 5th Control Period order."

Other Stakeholders' comments regarding Regulatory Asset Base for the Third Control Period

4.4.163 APAO's comment regarding notional calculation of IDC by the Authority is as follows:

"The Authority has re-calculated the interest during the construction on notional basis considering the various submissions made by DIAL as requested by the Authority. The entire amount invested by the DIAL in the Phase 3A capex is around ~ INR 12,500 crores. If these amounts are availed by DIAL in Rupee Term Loan (where the payments can be made as and when requested), the Authority's philosophy would be 100% justified.

However, when the loans are obtained in the form of bonds, then the amounts are required to be withdrawn immediately. There are various factors, which would impact the timing, quantum, credit rating & prevailing market conditions. With the situation of DIAL, where the charges collected by it were BAC + 10% and due to regulatory uncertainties (as referred in point 1 above), it would be difficult for DIAL to avail the RTL loans and thus compelled to look out for bonds to have flexibility in terms of the repayment.

We request the Authority, that it should consider the above reasoning to allow DIAL actual interest incurred by it, rather than notional calculation."

4.4.164 IATA's comment regarding Capex for the Third Control Period is as follows:

"We are in alignment with AERA on the many aspects of its decisions. One particular point that we would like to raise concerns the CAPEX true up, which further demonstrates the business risk is being borne by users e.g. cost escalations of Phase 3A despite AERA's rationalization. As raised by IATA in various AUCCs and our submissions to AERA, a lifecycle view must be taken for not just the planning and delivery of these major assets. Ongoing consultations and stakeholders' involvement are necessary to assess and take a joint call on the best decision at the various points of the development.

We noted that AERA in its Control Period 3 order has taken IATA's comments on the need to rationalize the OPEX, leading to the more efficient level needed. It is great to see that the actuals are quite close and lower than what AERA had approved. This is a positive outcome where a clear expectation is set and is then met by DIAL. This is a clear example where the regulatory decision is driving the necessary response/behaviour from the regulated airport operator.

IATA supports the finding by AERA in arriving at the over-recovery of 852.04 cr in the CP3 to be trued up in CP4.

Not specific to this consultation alone, IATA would like to propose to AERA more broadly that since CAPEX development is being paid for by users, in the case of delays or even quality of infrastructure works leading to delays and/or disruptions, or in instances where the infrastructure that users paid for is not available for use, the Authority may consider introducing a rebate mechanism that allows airports to return/offset the regulatory charges that have been paid by users."

4.4.165 AOC's comment regarding the reasonability of Phase 3A Expansion Capex for the Third Control Period is as follows:

"1. AOC submits that Clause 4.4.42 needs to be diligently examined by AERA whether the Packages 2 & 4 of the Phase 3A expansion and the expense incurred/proposed to be incurred has been derived as an efficient expense versus the benefits to users in terms of enhancement of Airport's efficiency. Referring to Enclosure 1, (AOC's response submitted to AERA during the Tariff determination exercise

for the Third Control Period) that in absence of effective consultation for the expense so proposed on Phase 3A, the right assessment was missing, the cost of which shall eventually be passed on and recovered from the users and airlines.

2. Table 43 & 44 provides for the enhancement of the Terminal capacity versus area redeveloped. In T3, where a mere 0.005% of enhancement is Terminal area has been shown to have enhanced the terminal Capacity by almost 33% in Table 43. AOC requests Authority to diligently assess if it was a bad and inefficient design of T3 earlier, coupled with lack of consultation then, which necessitated this late approach and thus enhanced the capacity by 33%. The expense incurred in absence of a definitive consultation should not be passed on to the end users by way of enhanced user charges.

3. Table 51 reflects a cost of 133 Cr incurred towards retaining a Project Monitoring Consultant Company while there has been another cost of 135 Cr added on account of Salary/Supervision by GMR Airport Developers Limited, which seems to be overlapping and doubling up the 'Other Expenses' for the same purpose and being considered as an expense while determining the MYTP for 4th Control Period.

4. Clause 4.4.92 refers to the cost proposed by DIAL and considered by AERA as an expense for relocating the BSF Hanger (91.5 Cr) from the footprint of T1 Apron which should not be considered as a cost to be recovered from the users (Airlines and Passengers). This should be borne by BSF or by the state.

5. Clause 4.4.102 relates to the delay in completion of Phase 3A thereby incurring an additional expense being claimed by DIAL and considered by AERA to the tune of 210 Cr. AOC finds it to be unjust as this was a force majeure event coupled with delay due to government clearances/Environmental Embargos as reflected in the delay details and should not be borne or passed on to users of the airport.

6. Clause 4.4.113 similarly is an expense asked by DIAL and considered by AERA (358 Cr) as an escalation of the cost to be paid to the EPC Contractor for Phase 3A delay which, in line with above, should not be recovered from the users being a Force Majeure event.

7. Therefore, AOC requests that Table 59 giving the costs of Phase 3A (Expense Incurred) being considered by the Authority needs to be revised in line with the above submissions."

DIAL's response to Stakeholders' comments regarding true up of Regulatory Asset Base for the Third Control Period

4.4.166 DIAL acknowledged the support of APAO regarding consideration of actual amount for IDC for Phase 3A Expansion capex instead of notional amount.

4.4.167 DIAL's response to the above-mentioned comments from IATA are as follows:

"In this regard, DIAL has already provided its comments on True up of the 3rd Control period in the Responses to Consultation Paper through Letter No. DIAL/2024-25/Regulatory/ 3550 dated 3 March 2025 which may please be considered before finalisation of the order."

4.4.168 DIAL's response to the above-mentioned comments from AOC are as follows:

"1. The AOC has provided the similar comments with regard to this item in the 3rd Control Period tariff order with regard to AUCC.

DIAL has provided detailed comments during the 3rd Control Period order vide letter no. DIAL/2020-21/Regulatory/326 dated 21st August 2020, which is publicly available in the AERA website.

The EPC contractor has been selected through an International Competitive Bidding which has been detailed in Para 4.4.52 of the Consultation Paper. As per Para 4.4.54 of the Consultation paper, the Authority has considered the procedure adopted for award of contract to the EPC Contractor is transparent and efficient.

The Master Plan 2016 of DIAL lists out the activities mentioned in the Phase 3A, which was prepared by an Independent Consultant M/s Landrum & Brown and all the necessary consultations were conducted and Major Development Plans were submitted to the requisite authorities in accordance with the concession agreements before execution of the works. Furthermore, the Authority has conducted a detailed analysis of the costs and necessity of the project through independent consultant M/s KITCO and has also analysed the submission of DIAL regarding the cost in the current consultation paper dated 31.01.2025.

2. T3 was designed in 2006 following IATA norms and IMG Norms. The capacity of T3 has gone up beyond designed 34 MPPA due to a) Investments in processing capacity in areas which were earmarked for such capacity enhancement within the same footprint for example, addition of Check-in Island 7, addition of baggage carousel, and b) technological advancements such as DigiYatra, E-gates etc, and process improvements.

3. Project Management Consultant cost of Rs. 133 crores pertains to amount paid to Turners Projects as PMC cost which is independent of amount of Rs. 135 crores paid to GAL for manpower hiring cost. DIAL hired expert manpower from GADL to supervise the project and coordinate with L&T for any project related issues while the PMC monitored the project, its documentation, drawings and bills certifications. It is categorically stated that there is no duplication of functions / responsibilities.

4. During execution of project, it was required to relocate the BSF Hangars from their existing location for construction of the Eastern Cross Taxiways. However, the BSF was not in agreement with the relocation of the facility. Multiple representations were made by DIAL to BSF, Ministry of Defence and Ministry of Civil Aviation. It was finally agreed by BSF to relocate provided the construction cost of these hangars were required to be undertaken by the DIAL at their own cost and up to the satisfactory requirements of the BSF.

5. It is important to note that the EPC cost towards Phase-3A project has not increased. However, other factors as discussed in consultation paper have resulted in total project cost increase, as listed below:

- *Reduction in GST Input tax credit.*
- *Increase in other enabling costs (discussed under Para 4.4.79 to 4.4.82 of the Consultation Paper)*
- *Relocation of BSF Hanger (discussed under Para 4.4.88 to 4.4.93 of the Consultation Paper)*
- *Additional costs due to extended duration on account of Covid-19 and other delays (discussed under Para 4.4.97 to 4.4.105 of the Consultation Paper)*
- *Additional costs due to price increase (discussed under Para 4.4.106 to 4.4.113 of the Consultation Paper)*

From the above it can be observed that there has been no Force Majeure related cost impact on the project. Hence the comments of the AOC are misplaced."

Authority's analysis on Stakeholders' comments on true up of Regulatory Asset Base for the Third Control Period

4.4.169 The Authority notes the comment from DIAL on the issue of adjustment of interest income earned on surplus funds against IDC pertaining to Phase 3A Expansion Capex. In this regard, the Authority notes that the matter is sub-judice before Hon'ble Supreme Court and final decision with regards 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 as iterated under para 1.8.2 to 1.8.5 of this Tariff Order.

4.4.170 The Authority has examined the comments as well as detailed justifications submitted by DIAL for considering IDC pertaining to Phase 3A Expansion capex based on actuals instead of notional IDC. The Authority also noted the comments received from APAO echoing the views of DIAL. In this regard, the Authority after detailed review of the justifications provided by DIAL submits the following:

- RSD of around Rs. 1,500 Cr which were planned to be received from Bharti Realty by September 2019 for part-funding Phase 3A Expansion Capex were actually received in 4 tranches between September 2021 and March 2024. This delay has resulted in cash deficit, on account of which DIAL decided to raise funds through debt to meet the project requirements.
- Progress of Phase 3A Expansion capex was severely impacted due to Covid-19 and DIAL could not spend the funds raised through debt for the Phase 3A project as per the initial development plan. DIAL has already drawn funds to the extent of USD 500 Mn i.e. Rs. 3,500 Cr by February 2020 i.e. prior to Covid-19. Though interest was charged on these funds, the same could not be spent in the Project.
- After first wave of Covid-19 and relaxation from GOI, DIAL planned to ramp-up the speed of the project and availed debt of Rs. 1,350 Cr in March 2021. However, the second wave of Covid-19 at national level hampered the execution severely and DIAL did not raise any funds during FY 2022 due to delay in execution of works.
- The Authority also noted the debt ratio (cumulative debt/cumulative expenditure) of the Project since FY 2020 as follows:

Table 75: Cumulative Capex incurred and Debt raised for Phase 3A Expansion Capex

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024
Cumulative Amount Spent including IDC (A)	3,188	4,714	7,462	9,855	12,374
Cumulative Debt Raised (B)	3,500	4,850	4,850	5,850	7,850
Debt Ratio (B/A)	110%	103%	65%	59%	63%

- It may be noted that the debt ratio at the end of FY 2022 till FY 2024 is in the range of 59%-65% which is around the overall debt ratio of 63%. The debt ratios at the end of FY 2020 and FY 2021 were very high as the funds raised (USD 500 Mn and Rs. 1,350 Cr in FY 2020 and FY 2021 respectively) could not be spent in the Project due to the impact of the pandemic.
- The Authority, based on the examination of the justifications provided by DIAL, noted that the utilization of debt in the Project has been prudent between FY 2022 and FY 2024 while the debt drawn in FY 2020 and FY 2021 could not be utilized due to Covid-19 pandemic which severely hampered the execution of the Project. The funds though could not be utilized in the Project attracted interest on account of the nature of the debt instrument raised.
- The Authority also noted the fact that unlike Rupee Term Loan (RTL), bonds/debentures could not be availed in tranches based on the periodic need of the Project because of the nature of the instruments. The entire debt raised by DIAL for Phase 3A Expansion Capex (Rs. 7,850 Cr) was through Bonds and Debentures. Accordingly, these funds could not be availed in multiple tranches based on the progress of the Project to save interest costs. Further, the Authority notes the fact that DIAL is one of the very few major airports in India to have raised funds through Bonds/Debentures for funding the expansion project. Accordingly, the scenario of excess

drawdown viz-a-viz project requirement could not be correlated with other airports which majorly funded the capex plans through RTL with high flexibility in drawdown.

- The Authority also notes that the notional IDC computed under Table 59 of this Tariff Order could be considered as an Efficient IDC in an ideal scenario wherein the instrument of debt is highly flexible in terms of drawdown (based on the requirement) and the progress of the project is not impacted by external events.
- Considering all the above, the Authority is of the view that the situation of excess drawdown and lower spending in the Project were due to the nature of the debt instrument and Covid-19, a force majeure event, respectively which could not be attributed to the airport operator.
- The IDC incurred by DIAL for Phase 3A Expansion capex (net of interest income earned on surplus funds) was Rs. 1,722.43 Cr (i.e. Rs. 2,121.54 Cr less Rs. 399.11 Cr of interest income).
- However, the Authority also notes that the actual Cost of Debt of DIAL for the Third Control Period worked out to 10.55% as against the Efficient Cost of Debt of 10.37% decided to be considered by the Authority for the Third Control Period. Accordingly, the Authority decides to carry out proportionate adjustment in the IDC incurred by DIAL (net of interest income earned on surplus funds) based on the Efficient Cost of Debt.

Accordingly, the IDC decided to be considered by the Authority for Phase 3A Expansion works out to Rs. 1,692.30 Cr [i.e. Rs. 1,722.43 Cr x (10.37%/10.55%)] as against the notional IDC of Rs. 1,396.77 Cr considered by the Authority at the Consultation Stage.

4.4.171 The Authority has reviewed the comments submitted by DIAL with regard to allowing GST on the civil costs pertaining to EPC Claims. The Authority notes that based on prevalent regulatory guidelines, DIAL is not eligible for GST Input Tax Credit on the Civil Works of the EPC Contract which is also evident from Table 47 of this Tariff Order.

As per Table 47 of this Tariff Order, amount of bills already accounted by DIAL pertaining to Civil Works is Rs. 6,271.14 Cr out of total value of EPC contract of Rs. 8,323 Cr. It may also be noted that DIAL was not eligible for GST ITC on these bills which was also verified from CA certificate provided by DIAL. Of the total value of EPC contract, the proportion of bills pertaining to Civil Works already accounted by DIAL works out to ~75% (i.e. Rs. 6,271 Cr out of Rs. 8,323 Cr).

As per Table 56 of this Tariff Order, the Authority had proposed to consider EPC claims under Phase 3A Expansion capex as Rs. 525.60 Cr. The Authority, however, based on the submissions of DIAL as part of the consultation process has decided to consider the GST pertaining to civil works under the EPC claims as the same would not be recovered through ITC mechanism. The Authority for the purpose of estimating ITC proposed to consider the same proportion as mentioned above i.e. 75% to arrive at the value of EPC claims which could be attributed to Civil Works. Accordingly, the value of Civil Works forming part of EPC claims works out to Rs. 394.20 Cr and the GST on the same works out to Rs. 70.96 Cr at the rate of 18%.

Thus, the Authority decides to consider GST of Rs. 70.96 Cr on the total EPC claims of Rs. 525.60 Cr. The EPC claims including GST works out to Rs. 596.56 Cr. The Authority decides to true up the GST ITC based on actuals at the time of tariff determination for the Fifth Control Period after considering any additional ITC eligibility that could accrue based on revised regulatory and legal directions with regards to GST ITC claiming guidelines of GOI.

4.4.172 The Authority has reviewed the comments submitted by IATA with respect to delays in completion of Capex by DIAL and suggesting a rebate mechanism that allows airports to return/offset the regulatory charges that have been paid by users.

The Authority vide its decision no 4.6.7 in the Tariff Order for the Third Control Period decided to consider a provision for adjustment towards RAB to the extent of 1% of the Phase 3A Project Cost at the time of tariff determination for the Fourth Control Period if the proposed Phase 3A Project has not been completed and made available for the passengers before 31st March 2024. The Authority also decided to consider IDC incurred by DIAL only till 31st March 2024 with additional IDC beyond 31st March 2024 considered only based on justification for the delay in completion of the Project beyond 31st March 2024.

Accordingly, the Authority as proposed in the Consultation Paper No. 07/2024-25 decides that no IDC would be allowed beyond 31st March 2024 as almost ~98.33% of the capex has already been capitalized by 31st March 2024 and also considering that the completion of Phase 3A capex has already been delayed by 21 months compared to the original completion deadline of June 2022.

Further, the Authority, as proposed in the Consultation Paper No. 07/2024-25, also decides not to consider any adjustment in Target Revenue/ARR towards delay in completion of the Project as almost 98.33% of the Project has been capitalized by 31st March 2024 and all the facilities have been made available for the passengers before 31st March 2024, which is consistent with the stipulation for approving capex as decided by the Authority in the Tariff Order for the Third Control Period.

4.4.173 The Authority notes the comments from AOC on the reasonability of Phase 3A Expansion capex including the package 2 & 4 of the EPC contract and counter comments from DIAL in this regard.

The Authority through its independent consultant and aviation expert has verified whether the capex activities carried out under all the packages of the EPC contract are consistent with the Master Plan of IGIA already approved by the relevant approving authorities. The Authority has already carried out necessary due diligence wherever applicable to ensure only necessary and efficient and justifiable costs are considered as part of the RAB for the purpose of tariff determination. Sufficient rationalisation of costs have also been carried out in this regard under certain items including IDC and EPC Claims irrespective of the cost incurred based on actuals.

4.4.174 The Authority notes the comments of AOC regarding mismatch in increase in area and passenger handling capacity of Terminal 3 and counter comments from DIAL on this aspect.

The Authority has noted the investments made by DIAL in enhancing the processing capacity which may not be reflected in corresponding area increase but would have considerably enhanced the capacity. As a result, a simple extrapolation of area increase to capacity increase may not be the right way to assess the efficiency or lack of it in the past. The Authority accepts the views of DIAL in this regard and has decided not to make any adjustments in this regard for the purpose of tariff determination.

4.4.175 The Authority notes the query from AOC if there is any overlapping between the Project Management Consultancy (PMC) cost and the costs incurred under the head Salaries and Manpower deputation charges from GMR Airport Developers Ltd. Further, the Authority through Independent Consultant and Aviation Expert also reviewed the counter-comment from DIAL on the same. In this regard, the Authority noted the following justifications.

Project Management Consultancy

The Authority notes that DIAL incurred an amount of Rs. 133.35 Cr towards Project Management Consultancy paid to M/s Turner International, a renowned Project Management Consultant, which is an operational requirement for a project of this nature.

Soft Costs related to Salaries, Manpower Deputation and Supervision Charges

The Authority notes that the Soft Costs include salary expenses of Rs. 82.69 Cr pertaining to salaries paid to employees/ workers of DIAL involved in Phase 3A Expansion and manpower deputation charges of Rs. 53.52 Cr paid to GMR Airport Developers Limited towards deployment of manpower for supervision and other consultancy works.

The Authority, through its independent consultant, has already analysed the Financial Statements of DIAL, Fixed Asset Register (FAR), and other relevant document and notes that both the costs discussed above are different and are paid to different parties.

Further, as per the assessment of the Authority, it may be noted that the salary expenses of Rs. 82.69 Cr mentioned above has been capitalized by DIAL and the same has not been accounted under Manpower Expenses forming part of Opex. The Authority has hence decided to consider this cost as part of the RAB for the purpose of tariff determination.

4.4.176 The Authority has noted the comments from AOC regarding consideration of the cost of relocation of BSF Hangar and the counter comments from DIAL in this regard.

The Authority notes that the same is an enabling cost for construction of Eastern Cross Taxiway (ECT). The Authority based on its independent assessment carried out as part of the tariff determination process understands that for the execution of ECT, it was required to relocate the BSF Hangars from their existing location for construction of the ECT. It was finally agreed by BSF to relocate provided the construction cost of these hangars were undertaken by DIAL at their own cost and up to the satisfactory requirements of the BSF.

Considering the above, the Authority is in agreement with the response of DIAL and decides not to disallow the costs incurred by DIAL on relocation of BSF Hangars.

4.4.177 The Authority has noted the comments from AOC on disallowing the EPC contract claims of Rs. 210 Cr due to extended timelines and the counter comments from DIAL and has the following observations.

As already explained under para 4.4.99 to 4.4.103 of this Tariff Order, the total time period considered for extension with costs comprises of 2 parts i.e. (a) time period for delay on account of Covid-19 pandemic and (b) delay in receipt of necessary approvals from BCAS and other security agencies and NGT ban on construction activities.

The time period of 6 months considered by the Authority for delay on account of Covid-19 pandemic is based on the Office Memorandum dated 13th May 2020 issued by the Government of India regarding enforceability of contractual provisions during Covid-19 (para 4.4.99 of this Tariff Order).

Further, the time period of 6 months considered by the Authority on account of NGT ban on construction activities and delay in receipt of necessary approvals from BCAS and other security agencies is based on the examination of the detailed timelines and justifications submitted by DIAL.

It may also be noted that on a cumulative basis, the total time extension based on the above works out to 12 months. However, the Authority has considered time period of only 10.5 months with costs as considered/recommended by the internal committee formed by DIAL and approved by the Board of DIAL which comprise of nominee directors from MOCA and AAI.

The Authority also notes that the EPC contractor claimed an amount of Rs. 327 Cr (excluding GST) due to extended timelines for which the Board of DIAL after due diligence approved an amount of Rs. 210 Cr (excluding GST).

Accordingly, the Authority has decided to continue with the amount as considered at the Consultation Stage.

4.4.178 The Authority has noted the comments from AOC on disallowing the EPC contract claims of Rs. 358.60 Cr due to price escalation and the counter comments from DIAL and has the following observation.

The Authority's analysis of the issue has already been detailed under para 4.4.107 to 4.4.113 of this Tariff Order. The Authority also notes that the EPC contractor claimed an amount of Rs. 708 Cr (excluding GST) due to price escalation for which the Board of DIAL (which also has representatives from AAI/ MoCA) after due diligence approved an amount of Rs. 358.60 Cr (excluding GST).

Considering the above, the Authority finds no reason to change the stand considered at the Consultation Stage.

4.4.179 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. 07/2024-25 dated 31st January 2025.

- Consider IDC of Rs. 1,692.30 Cr as against notional IDC of Rs. 1,396.77 Cr considered at the Consultation Stage.
- Consider GST of Rs. 70.96 Cr on EPC Claims as against Nil GST on the EPC Claims considered at the Consultation Stage.

4.4.180 Based on the Stakeholders' comments and the Authority's analysis, the EPC claims decided to be considered by the Authority for true up for the Third Control Period is as follows:

Table 76: EPC claims decided to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	Claims Raised by EPC Contractor	Claims Approved by Board of DIAL	Decided to be considered by the Authority
Cost impact due to extended timelines (A)	327.00	210.00	210.00
Cost impact due to price escalation (B)	708.00	358.60	358.60
Reduction in Scope (C)		50.00	50.00
Other Variations (D)		7.00	7.00
Sub Total (E=A+B-C+D)	**1,035.00**	**525.60**	**525.60**
Add: GST @ 18% (F)	186.30	94.60	70.96*
Total including GST (G=E+F)	**1,221.30**	**620.20**	**596.56**

**GST of 18% on 75% of the cost of Rs. 525.60 Cr works out to Rs. 70.96 Cr as against nil GST at the Consultation Stage*

4.4.181 Based on the Stakeholders' comments and the Authority's analysis, the final cost of Phase 3A Expansion capex decided to be considered by the Authority for true up for the Third Control Period is as mentioned in the table below:

Table 77: Project Cost of Phase 3A Expansion decided to be considered by the Authority

Particulars (Rs. Cr)	DIAL's Submission in MYTP for 3rd CP	DIAL's Submission in MYTP for 4th CP	Decided to be Considered by the Authority
EPC Cost (A)	8,323.00	8,323.00	8,323.00
GST @ 18% (B)	1,498.00	1,498.00	1,498.00
GST Input Tax Credit (ITC) (C)	450.00	295.00	295.00
EPC Contract Cost (D=A+B-C)	**9,371.00**	**9,526.00**	**9,526.00**
Other Enabling Costs (E)	423.00	552.50	539.54
Relocation of BSF Hangars (F)	-	91.50	91.50
EPC Claims (G)	-	621.00	596.56
Total Hard Cost (H=D+E+F+G)	**9,794.00**	**10,791.00**	**10,753.60**

Particulars (Rs. Cr)	DIAL's Submission in MYTP for 3rd CP	DIAL's Submission in MYTP for 4th CP	Decided to be Considered by the Authority
Financing Allowance/ IDC (as applicable) (I)	1,490.00	2,121.54	1,692.30*
Total Project Cost (J=H+I)	**11,284.00**	**12,912.54**	**12,445.90**

**IDC of Rs. 1,692.30 Cr as against notional IDC of Rs. 1,396.77 Cr at the Consultation Stage*

4.4.182 Based on the changes in the Phase 3A Expansion capex as mentioned above, the additions to RAB decided to be considered by the Authority for the Third Control Period is provided below:

Table 78: Additions to RAB decided to be considered by the Authority for True up for the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Asset Additions as per the Authority's analysis on Reclassification of Assets [Refer Table 68] (A)	215.03	160.28	926.08	992.49	9,841.51	**12,135.39**
Disallowances/Adjustments in Phase 3A Expansion Capex in the Third Control Period as per the Authority's analysis [Refer Table 77]						
Additions knocked off with deletions (B)				33.61*		**33.61**
Reductions in IDC (C)	-	-	1.89	1.87	26.37	**30.13**
Reductions in Enabling and Miscellaneous Works (D)	0.01	0.01	0.90	0.92	11.12	**12.96**
Reductions in EPC Claims (E)	-	-	-	-	24.44	**24.44**
Total Adjustments in Phase 3A Expansion Capex (F=B+C+D+E)	**0.01**	**0.01**	**2.78**	**36.40**	**61.94**	**101.14**
Adjustments in General Capex in 3rd CP as per the Authority's analysis [Refer Table 66] (G)	2.97	2.49	2.18	1.92	2.90	**12.46**
Total Disallowances/Adjustments in Capex (H=F+G)	**2.98**	**2.50**	**4.96**	**38.32**	**64.83**	**113.60**
Aeronautical Portion of Asset Addition proposed to be considered by the Authority % [Refer Table 68] (I)	*93.52%*	*83.15%*	*94.04%*	*97.11%*	*94.63%*	
Aeronautical portion of Adjustments in Capex (J=H*I)	2.79	2.08	4.67	37.17	61.33	**108.04**
Aeronautical Asset Additions as per the Authority's analysis (A-J)	**212.24**	**158.20**	**921.41**	**955.32**	**9,780.18**	**12,027.35**

**Asset additions amounting to Rs. 33.61 Cr knocked-off with deletions have been adjusted in the above computation in line with clarifications provided by DIAL. DIAL as part of clarifications submitted that total amount capitalized in the Third Control Period under Phase 3A Expansion was Rs. 11,864.09 Cr after deducting Rs. 33.61 Cr.*

4.4.183 Based on the changes in the Aeronautical Asset Additions as per the Authority's analysis, the Authority decides to consider proportionate adjustment in depreciation and the depreciation decided to be considered by the Authority for the Third Control Period is as follows:

Table 79: Depreciation decided to be considered by the Authority for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Depreciation on Aero RAB	501.19	465.53	464.11	541.77	669.70	**2,642.31**
Depreciation on HRAB	25.69	23.43	22.08	23.71	19.60	**114.52**
Total (including Hypo RAB)	**526.88**	**488.96**	**486.20**	**565.49**	**689.30**	**2,756.82**

4.4.184 Based on the changes in the Aeronautical Asset Additions (Table 78) and depreciation (Table 79), the revised Regulatory Asset Base for the Third Control Period decided to be considered by the Authority is as shown in the table below:

Table 80: Aeronautical Depreciation and RAB decided to be considered by the Authority for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Opening Aero RAB (A)	4,771.83*	4,514.24	4,250.83	4,005.62	4,627.00	
Addition considered on Pro-Rata basis# [Refer Table 78*](B)*	*97.98*	*88.15*	*148.92*	*397.13*	*3,938.76*	***4,670.94***
Adjustments from Previous Year on Pro-Rata basis [Refer Table 78*] (C)*	*393.32^*	*114.26*	*70.05*	*772.49*	*558.20*	***1,908.31***
Deletions [Refer Table 71] (D)	*15.65*	*0.29*	*0.07*	*6.46*	*46.15*	***68.62***
DF Adjustment (E)	*232.05*	-	-	-	-	***232.05***
Depreciation [Refer Table 79*] (F)*	*501.19*	*465.53*	*464.11*	*541.77*	*669.70*	***2,642.31***
Pro Rata Aero RAB (based on Pro Rata Additions) (G=A+B+C-D-E-F)	**4,514.24**	**4,250.83**	**4,005.62**	**4,627.00**	**8,408.10**	
Opening HRAB (H)	218.84*	193.15	169.72	147.64	123.93	
Depreciation [Refer Table 79*] (I)*	25.69	23.43	22.08	23.71	19.60	***114.52***
Closing HRAB (J=H-I)	**193.15**	**169.72**	**147.64**	**123.93**	**104.33**	
Average HRAB (K=(H+J)/2)	**206.00**	**181.44**	**158.68**	**135.78**	**114.13**	
Average RAB for FRoR (G+K)	**4,720.24**	**4,432.27**	**4,164.30**	**4,762.78**	**8,522.23**	

**Closing Aero RAB and HRAB respectively as on March 31, 2019 as per the Tariff Order for the Third Control Period*

#*Pro-rata adjustment in additions in each year has been considered with the balance carried forward to subsequent year. For Eg: Of total aeronautical asset addition of Rs. 212.24 Cr in FY 2020 as per* Table 78*, Rs. 97.98 Cr is considered in FY 2020 on pro-rata basis while the balance Rs. 114.26 Cr is shifted to FY 2021 as mentioned above. Similarly, of the total aeronautical asset addition of Rs. 9,780.18 Cr as per* Table 78*, asset addition of Rs. 3,938.76 Cr is considered in FY 2024 on pro-rata basis, while the balance amount of Rs. 5,841.42 Cr is considered in the Opening Aero RAB for FY 2025.*

^*Carried forward from FY 2019*

Note: Regulatory Asset Base considered for the purpose of estimating return was based on actual date of capitalization for a year and was arrived at by incorporating addition/deletions/adjustments to the aeronautical asset base of DIAL on a pro-rata basis on the opening balance of RAB in that year.

4.4.185 The variance in the RAB decided to be considered by the Authority for the Third Control Period as compared to the RAB proposed at the Consultation Stage is on account of Authority's decision:

- To consider IDC of Rs. 1,692.30 Cr for Phase 3A Expansion Capex as against notional IDC of Rs. 1,396.77 Cr proposed at the Consultation Stage (Refer para 4.4.170 of this Tariff Order).

- To consider GST of Rs. 70.96 Cr on EPC Claims pertaining to Phase 3A Expansion Capex as against Nil GST on the EPC Claims proposed at the Consultation Stage (Refer para 4.4.171 of this Tariff Order).

Authority's Decisions regarding Aeronautical Depreciation and RAB for the Third Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regards to Regulatory Asset Base (RAB) and Depreciation for the Third Control Period:

4.4.186 To consider Phase 3A Expansion Capex and General Capex as per Table 77 and Table 66 respectively.

4.4.187 To consider the following with respect to Phase 3A Expansion Capex in the Third Control Period:

- No adjustment has been made in the RAB for delay in completion of capex as the Project was able to meet the deadline of 31st March 2024 as stipulated by the Authority as explained in 4.4.129.
- No IDC would be allowed pertaining to Phase 3A Expansion Capex beyond 31st March 2024 as explained in 4.4.127.
- Any upward revision in the GST Input Tax Credit on the EPC contract and EPC claims (presently considered as Rs. 295 Cr and Rs. 70.96 Cr respectively) based on actuals is decided to be trued up at the time of tariff determination for the Fifth Control Period as explained in para 4.4.77 and 4.4.171 respectively.

4.4.188 To consider the Aeronautical Depreciation and RAB for the Third Control Period as per Table 80.

4.5 True up of Weighted Average Cost of Capital (WACC) for the Third Control Period

DIAL's Submission regarding True up of WACC for the Third Control Period as per MYTP for the Fourth Control Period

4.5.1 DIAL made the following submissions with regard to the Weighted Average Cost of Capital for the Third Control Period.

Cost of Equity:

4.5.2 DIAL has considered cost of equity as approved by the Authority in the Tariff Order for the Third Control Period i.e. 15.41%.

Cost of Debt:

4.5.3 DIAL has considered effective cost of debt i.e. 10.55% for the Third Control Period computed based on the debt outstanding in each of the years of the Control Period. The basis for the cost of debt towards True Up for the Third Control Period is as shown in the table below:

Table 81: Cost of Debt Calculation submitted by DIAL towards True Up for the Third Control Period

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024
Average Principal	8,773.92	12,031.02	12,031.02	11,252.25	13,252.25
Cost of Debt	10.06%	10.24%	10.83%	10.84%	10.68%
Effective Cost of Debt					**10.55%**

4.5.4 The Effective Cost of Debt has been arrived at based on the weighted average of Cost of Debt based on the average principal outstanding for the years in the Third Control Period.

Calculation of WACC:

4.5.5 DIAL considered the same methodology for calculation of WACC as adopted by the Authority in the Tariff Order for the Third Control Period and the WACC as calculated by DIAL stands at 13.08% with notional debt and equity at 48% and 52% respectively. The calculation of WACC is shown in the table below:

Table 82: WACC submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

Particulars	Cost of Funds	Gearing	Effective rate
Equity	15.41%	52.00%	8.02%
Debt	10.55%	48.00%	5.06%
WACC			**13.08%**

Decisions taken by the Authority regarding WACC for the Third Control Period as per the Tariff Order for the Third Control Period

4.5.6 The Authority vide decision No. 5.6.1 and 5.6.2 of the Tariff Order for the Third Control Period decided to consider Cost of Equity as 15.41% based on the Independent Study and Cost of Debt as 9.87% based on the assessment of effective cost of Rupee Term Loans and effective cost of existing bonds subject to a ceiling of additional 50 bps which shall be trued up based on actuals in the Fourth Control Period.

4.5.7 The Authority vide decision No. 5.6.3 of the Tariff Order for the Third Control Period decided to consider notional debt-equity ratio of 48%:52% as per the Independent study.

4.5.8 The Authority vide decision No. 5.6.4 of the Tariff Order for the Third Control Period decided to consider RSD as part of the notional debt to arrive at WACC.

4.5.9 The Authority vide decision No. 5.6.5 of the Tariff Order for the Third Control Period decided to consider WACC of 12.75% for the Third Control Period based on the above.

Authority's Examination regarding issues pertaining to WACC towards True Up for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

4.5.10 The Authority examined the submission made by DIAL and noted that DIAL has adopted Cost of Equity as 15.41% which is consistent with the decision taken by the Authority during the tariff determination for the Third Control Period. Hence, the Authority proposed to consider the Cost of Equity as 15.41% towards True Up for the Third Control Period.

4.5.11 The Authority has noted DIAL's submission of Cost of Debt as 10.55% towards True Up for the Third Control Period. The Authority noted that the calculation is based on the YoY Cost of debt weighted by the outstanding Principal portion of the Debt Outstanding. The Authority through its independent consultant has verified the actual cost of debt based on the CA certificates submitted by DIAL.

4.5.12 The Authority in the Tariff Order for the Third Control Period allowed Cost of Debt as 9.87%. The Authority had also allowed true up based on actuals at the time of tariff determination for the Fourth Control Period subject to a ceiling of additional 50 bps. Given the fact that the Cost of Debt based on actuals as submitted by DIAL is 10.55%, the Authority proposed to restrict the Efficient Cost of Debt to 10.37% arrived at by adding 50 bps to the cost of debt of 9.87% allowed by the Authority in the Tariff Order for the Third Control Period as it was well known to DIAL that the maximum debt rate likely to be allowed by the Authority shall be capped at 9.87% p.a. subject to a ceiling of an additional 50 bps.

4.5.13 The Authority consistent with the decision taken at the time of tariff determination for the Third Control Period proposed to consider RSD as part of the notional debt to arrive at WACC.

4.5.14 The Authority proposed to consider the Debt-Equity proportion of 48:52 as decided in the Tariff Order for the Third Control Period. The resulting WACC proposed to be considered by the Authority works out to 12.99% as shown in the table below:

Table 83: WACC proposed to be considered by the Authority towards true up for the Third Control Period at the Consultation Stage

Particular	Cost of Funds	Gearing	Effective rate
Equity	15.41%	52.00%	8.02%
Debt	10.37%	48.00%	4.97%
WACC			**12.99%**

Authority's Proposal regarding WACC for the Third Control Period at the Consultation Stage

Based on the material before it and based on its examination, the Authority proposed the following with regard to WACC for the Third Control Period:

4.5.15 The Authority proposed to consider WACC for True Up for the Third Control Period as per Table 83 at the Consultation Stage.

Stakeholders' comments on true up of WACC for the Third Control Period

During the 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. 07/2024-25 dated 31st January 2025 with respect to true up of WACC for the Third Control Period. The comments from Stakeholders are presented below:

DIAL's comment on true up of WACC for the Third Control Period

4.5.16 DIAL's comment pertaining to WACC is as follows:

"DIAL has submitted the detailed calculation of the cost of debt as verified by the Statutory Auditor of the Company along with its MYTP Submission. In addition, the DIAL has submitted the Authority a detailed note on the cost of debt during the control period and the reasons for higher cost of debt during the pandemic. Authority has not evaluated the submissions of the DIAL and no justifications were provided by the Authority on these items. Some of the major items of our submissions are as follows:

- *DIAL was not having sufficient cash for operations due to COVID-19 and certain cash meant for Project was required to be utilised for operations and also forced to pay the Monthly Annual Fee to AAI until December 2020. Both international and domestic credit rating agencies downgraded the credit rating of DIAL mentioning the Project Execution risk, Liquidity risk and refinancing risk. DIAL USD 288.75mn bonds were due for payment in Feb'2022, which was considered as the refinancing risk by rating agencies.*
- *Due to peak COVID period and complete closure of air traffic globally, it was decided to conserve the cash accrued internally for the purpose of operations, upkeep of airport equipment and payment of salary to the staff. This resulted in non-availability of internal accruals during covid pandemic period hence management decided to raise the funds through debt for Phase 3A project so as keep the Phase 3A project running.*
- *Post advent of covid period, DIAL credit rating was downgraded by domestic rating agencies making it difficult for DIAL to raise funds in the domestic market. In view of the above, the means of finance required for the project got revised. DIAL decided to go for international market and*

raise funds to refinance the USD 288.75mn debt to eliminate the refinancing risk and also to raise some portion of debt for Phase 3A project to eliminate project execution risk. Accordingly, in March 2021, DIAL raised USD 450mn (equivalent INR 3257 crores) by issuance of NCDs to Foreign Portfolio Investor (FPI) at interest cost of 10.964% p.a. plus withholding tax to refinance the existing debt of USD 288.75mn and balance for Phase 3A project.

- *This debt has though resulted in the higher interest costs, which was not at all under the controllable acts of DIAL, however ensured the completion of Phase 3A project. This helped to mitigate the risks initially perceived by credit rating agencies and. DIAL, infact has secured the lower rate of interest subsequently on all the borrowings, and thus improving financial performance and market conditions which can be evident below:*

Name of the borrowing	*Rs. Cr*	*Interest Rate*	*Hedge*	*Date of drawdown*
NCD INR 3,257 Crores	*3,257*	*10.964%*	*Not Applicable*	*31.03.2021*
NCD INR 744 Crores	*744*	*9.75%*	*Not Applicable*	*23.08.2023*
NCD INR 1,000 Crores	*1,000*	*9.52% (first 3 years) 9.98%*	*Not Applicable*	*22.06.2022*
NCD INR 1,200 Crores	*1,200*	*9.75%*	*Not Applicable*	*13.04.2023*
NCD INR 800 Crores	*800*	*9.75%*	*Not Applicable*	*22.03.2024*

Thus, DIAL requests the Authority to consider the actual cost of submitted by DIAL as part of its MYTP submission."

Other Stakeholders' comments on true up of WACC for the Third Control Period

4.5.17 APAO's comment pertaining to WACC is as follows:

"The Authority has to consider the fact that the loans obtained by DIAL during the covid period where the entire travel & leisure industry was adversely impacted. Thus, the cost of debts as proposed by the Authority in its Third Control Period order are clearly unachievable. The Authority has not provided any reasoning with regard to this matter in the consultation paper for not considering the covid related impacts and resultant adverse credit ratings.

APAO requests the Authority, to consider the actual cost of debt."

DIAL's response to Stakeholders' comments on true up of WACC for the Third Control Period

4.5.18 DIAL acknowledged the support of APAO regarding consideration of actual cost of debt.

Authority's analysis on Stakeholder's comments on true up of WACC for the Third Control Period

4.5.19 The Authority notes the comment submitted by DIAL with respect to Cost of Debt. The Authority notes that DIAL raised funds through issuance of NCDs amounting to Rs. 3,257 Cr at an interest rate of 10.964% on March 30, 2021. The funds were utilized for refinancing debt of USD 288.75 Mn and also towards part-funding Phase 3A Expansion capex. The Authority also notes that the debt subsequently raised by DIAL were at lower interest rates i.e. less than 10% p.a. Accordingly, DIAL had the opportunity to optimise the interest costs on the NCDs subsequently by way of refinancing at a considerably lower rate.

At the time of tariff determination for the Third Control Period the Authority decided to consider cost of debt of 9.87%. The Authority had also noted the submissions made by DIAL as part of tariff determination for the Fourth Control Period and has hence allowed for an escalation in cost of debt based on actuals subject to a very reasonable and efficient cap of 50 bps as already decided in the Tariff Order for the Third Control Period.

Considering the above, the Authority, as already explained at the Consultation Stage, decides to restrict the Efficient Cost of Debt to 10.37% arrived at by adding 50 bps to the cost of debt of 9.87% allowed by the Authority in the Tariff Order for the Third Control Period.

4.5.20 The Authority notes the comments from APAO that the efficient cost considered by the Authority for the Third Control Period in the Consultation Paper has not considered the covid related impact and resultant adverse credit rating.

In addition to the views already mentioned above, the Authority would like to add that the External Credit Rating of the Airport never deteriorated below 'A' even during the covid period. The outlook for the sector was adverse on account of the pandemic which was a universal phenomenon across most of the sectors. However, attributing the increase in cost of debt towards deterioration in External Credit Rating when the downgrades were not material and not below 'A' rating during this period may not be the right reasoning.

4.5.21 Accordingly, the Authority decides that the Efficient Cost of Debt considered at the Consultation Stage remain unchanged.

4.6 True up of Aeronautical Operation and Maintenance (O&M) Expenses for the Third Control Period

DIAL's Submission regarding True up of Aeronautical O&M Expenses for the Third Control Period as per MYTP for the Fourth Control Period

4.6.1 DIAL in its MYTP for the Fourth Control Period submitted the total Operation and Maintenance (O&M) Expenses for the Third Control Period as follows:

Table 84: Details of Total O&M Expenses submitted by DIAL for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower expenses	211.34	212.42	228.57	253.79	291.83	**1,197.95**
Admin & General expenses	302.22	202.18	286.73	294.20	352.60	**1,437.93**
Operating expenses	389.78	417.49	409.57	428.38	488.41	**2,133.62**
Utility expenses	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee	103.80	108.21	50.14	64.67	113.39	**440.21**
Forex	34.01	61.76	146.68	55.40	64.40	**362.25**
Property Tax	19.06	10.45	13.54	8.30	87.18	**138.53**
VRS – AAI	1.22	-	-	-	-	**1.22**
Total	**1,131.13**	**1,042.11**	**1,179.66**	**1,181.24**	**1,467.01**	**6,001.15**

4.6.2 DIAL has considered the allocation methodology adopted by the Authority in the Tariff Order for the Third Control Period for allocation into aeronautical and non-aeronautical O&M expenses towards True up of Aeronautical O&M Expenses for the Third Control Period.

4.6.3 The methodology adopted for allocation of total O&M expenses into Aeronautical and Non-aeronautical O&M Expenses by DIAL is as follows:

i. All the expenditure attributable directly to Aeronautical services or Non-aeronautical services were allocated accordingly as Aero and Non Aero costs. The classification of the expenditure is done based on the nature of the cost center and respective expenditure incurred in the cost center.

ii. For the common costs outside the Terminal, which cannot be directly allocated, the following relevant drivers/ ratios were used to bifurcate costs into aeronautical and non-aeronautical costs.

Table 85: Segregation ratios considered by DIAL for True Up of Aeronautical O&M Expenses for the Third Control Period for common expenses outside the Terminal

FY Ending March 31,	2021	2022	2023	2024
Gross Fixed Asset Ratio	89.38%	89.68%	90.09%	91.84%

Note: For FY 2020, DIAL has considered the Aeronautical O&M expenses as approved by the Authority in the Tariff Order for the Third Control Period.

iii. For the common costs within the Terminal, which cannot be directly allocated, the following relevant drivers/ ratios were used to bifurcate costs into aeronautical and non-aeronautical costs.

Table 86: Segregation ratios considered by DIAL for True Up of Aeronautical O&M Expenses for the Third Control Period for common expenses within the Terminal

FY Ending March 31,	Ratio (FY 2021 to FY 2024)
Terminal 1	84.00%
Terminal 2	84.20%
Terminal 3	84.00%

Note: For FY 2020, DIAL has considered the Aeronautical O&M expenses as approved by the Authority in the Tariff Order for the Third Control Period.

4.6.4 The Aeronautical Operation and Maintenance Expenses originally submitted by DIAL in the MYTP for the Fourth Control Period dated 29th May 2024 for true up for the Third Control Period is as follows:

Table 87: Aeronautical Operation and Maintenance Expenses originally submitted by DIAL for True Up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower expense	188.05	189.85	204.94	228.89	263.19	**1,074.92**
Admin & General expense	238.75	164.79	236.87	240.47	292.18	**1,173.06**
Operating expense	342.08	375.20	370.26	390.67	441.22	**1,919.42**
Utility expense	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee	29.63	28.47	12.00	18.82	28.13	**117.06**
Forex	30.42	55.20	131.55	49.92	59.14	**326.23**
Property Tax	16.44	9.22	11.99	7.38	77.44	**122.48**
VRS – AAI	1.22	-	-	-	-	**1.22**
Total	**916.30**	**852.34**	**1,012.04**	**1,012.64**	**1,230.50**	**5,023.81**

4.6.5 Subsequently, vide e-mail dated 25th June 2024, DIAL made a revised submission of Aeronautical O&M Expenses for the Third Control Period (with a minor variation of ~Rs. 12 Cr in FY 2024) and requested the Authority to consider the revised Aeronautical O&M expenses for true up for the Third Control Period.

4.6.6 The Aeronautical Operation and Maintenance Expenses for true up for the Third Control Period as per the revised submissions by DIAL are shown below:

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Table 88: Revised Aeronautical Operation and Maintenance Expenses submitted by DIAL for True Up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower expense	188.05	189.87	204.99	228.65	268.01	**1,079.57**
Admin & General expense	238.75	164.82	236.90	240.26	295.30	**1,176.03**
Operating expense	342.08	375.21	370.27	390.46	445.40	**1,923.42**
Utility expense	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee	29.63	28.47	12.00	18.82	28.13	**117.06**
Forex	30.42	55.20	131.55	49.92	59.14	**326.23**
Property Tax	16.44	9.22	11.99	7.38	77.44	**122.48**
VRS – AAI	1.22	-	-	-	-	**1.22**
Total	**916.30**	**852.39**	**1,012.12**	**1,012.00**	**1,242.63**	**5,035.43**

Decisions taken by the Authority regarding Aeronautical O&M Expenses for the Third Control Period as per Tariff Order for the Third Control Period

4.6.7 The Aeronautical operation and maintenance expenses considered by the Authority for the Third Control Period in the Tariff Order for the Third Control Period are in the table below:

Table 89: Aeronautical Operation and maintenance Expenses considered by the Authority for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower Cost	188.06	188.06	204.64	222.71	242.42	**1,045.89**
Admin & General Expense	228.47	203.17	238.39	254.12	295.69	**1,219.84**
Utility Expense	69.70	55.76	70.97	120.66	150.51	**467.60**
Operating Expense	342.08	345.45	392.46	442.38	515.88	**2,038.24**
Airport Operator Fee	29.63	28.47	8.35	18.33	29.83	**114.61**
Property Tax	16.80	9.76	9.76	9.76	11.63	**57.70**
AAI VRS	1.21	-	-	-	-	**1.21**
Total	**875.96**	**830.67**	**924.55**	**1,067.95**	**1,245.96**	**4,945.09**

4.6.8 The Authority vide decision No. 6.6.1 of the Tariff Order for the Third Control Period decided to consider Aeronautical O&M Expenses for FY 2020 based on actuals subject to exclusion of Bad Debts, CSR expenses, Donation and Forex losses.

4.6.9 The Authority vide decision No. 6.6.4 of the Tariff Order for the Third Control Period decided not to consider forex losses as the cost of debt considered includes hedge costs while forex losses incurred based on actuals shall be considered subject to assessment of cost efficiency at the time of true up while determining tariff for the Fourth Control Period.

4.6.10 The Authority vide decision No. 6.6.9 of the Tariff Order for the Third Control Period decided to consider cost segregation ratios based on the recommendations of the independent study commissioned by the Authority for Aeronautical O&M Cost segregation for the Second Control Period.

4.6.11 The Authority vide decision No. 6.6.10 of the Tariff Order for the Third Control Period decided to true up the Aeronautical O&M Expenses considered for the Third Control Period based on actuals at the time of tariff determination for the Fourth Control Period subject to the efficiency tests for various components of O&M expenses.

Authority's Examination regarding issues pertaining to Aeronautical Operation and Maintenance expenses for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

4.6.12 The Authority's analysis of Aeronautical Operation and Maintenance expenses for true up for the Third Control Period is based on the revised submissions made by DIAL vide e-mail dated 25th June 2024 subsequent to the MYTP as per Table 88.

4.6.13 The Authority, through the independent consultant, evaluated the True up of O&M expenses for the Third Control Period based on the following:

- Ledgers and other internal records maintained by DIAL for O&M expenses for the Third Control Period has been completely reviewed.
- The submissions by DIAL have also been verified/ validated with the Audited Financial Statements of DIAL, wherever possible.
- Discussions held with DIAL on the reasons for variations in various sub-items under O&M expenses in the Third Control Period.
- CA certificates provided by DIAL on the following have also been reviewed:
  - DIAL's allocation of O&M expenses into Aero and Non-aero expenses along with basis/ justifications.
  - Allocation of corporate costs of GAL and GAIL for DIAL along with basis/ justifications.
  - Property tax actually paid by DIAL in the Third Control Period.

4.6.14 The Authority, as part of the examination of MYTP for the Fourth Control Period, through the independent consultant segregated the gross fixed assets of DIAL into aeronautical and non-aeronautical based on the methodology detailed under para 4.4.149 of this Tariff Order. The resultant Gross Fixed Asset Ratios (GFA) proposed to be considered by the Authority for segregation of common O&M expenses outside the Terminal into aeronautical and non-aeronautical expenses for the Third Control Period is as follows:

Table 90: GFA ratio proposed to be considered by the Authority for the Third Control Period for segregation of common O&M expenses outside the Terminal

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024
Closing Aeronautical Gross block as per DIAL (A)	**12,624.35**	**12,785.51**	**13,703.37**	**14,538.33**	**24,371.25**
Difference between value of assets in Audited Certificate submitted by DIAL viz-a-viz FAR* (B) [Refer Table 68]	0.11	0.12	(1.93)	(2.26)	(2.33)
Reclassification of Assets (Aeronautical to Common/ Aeronautical to Non- Aeronautical) (C) [Refer Table 68]	5.04	7.80	9.57	11.30	2.93
Adjustments in Deletion (D) [Refer Table 71]	0.03	0.03	(0.06)	(0.08)	(0.07)
Closing Aeronautical Gross block as per Authority's analysis (E= A-B-C-D)	**12,619.17**	**12,777.56**	**13,695.79**	**14,529.37**	**24,370.72**
Carry Forward of Adjustments to RAB as at the end of the Second Control Period as per independent study commissioned by the Authority at the time of tariff determination for the Third Control Period (F)	24.96	24.96	24.96	24.96	24.96
Closing Aeronautical Gross block after Carry Forward Adjustments (G= E-F)	**12,594.21**	**12,752.60**	**13,670.83**	**14,504.41**	**24,345.76**
Revised Closing Non-aeronautical Gross block (H)	1,494.35	1,526.69	1,586.51	1,609.80	2,168.26

Revised Total Closing Gross block (I= G+H)	14,088.56	14,279.30	15,257.34	16,114.20	26,514.02
GFA Ratio as per Authority's analysis (G/I)	**89.39%**	**89.31%**	**89.60%**	**90.01%**	**91.82%**
GFA Ratio as submitted by DIAL	#	**89.38%**	**89.68%**	**90.09%**	**91.84%**

**There is a mismatch between the Audited Certificate provided by DIAL towards asset additions in the Third Control Period and the FAR. The same has been adjusted to arrive at Aero Asset Additions as per Authority's analysis.*

#For FY 2020, DIAL had considered the Aeronautical O&M expenses as approved by the Authority in the Tariff Order for the Third Control Period.

4.6.15 The Authority, as part of the examination of MYTP for the Fourth Control Period, through the independent consultant computed the Terminal Building ratios for each of the terminals based on the methodology detailed under para 4.4.151 of this Tariff Order. The ratios for segregation of common O&M expenses within the Terminal Building across all the Terminals are as per the table below:

Table 91: Terminal Building Ratios proposed to be considered by the Authority for the Third Control Period for Apportionment of Common O&M Expenses within Terminal Building

Particulars	Ratio submitted by DIAL (FY 2021 to FY 2024)	Ratio proposed to be considered by the Authority (FY 2020 to FY 2024)
Terminal 1	84.00%	84.00%
Terminal 2	84.20%	84.20%
Terminal 3	84.00%	84.07%

Note: For FY 2020, DIAL had considered the Aeronautical O&M expenses as approved by the Authority in the Tariff Order for the Third Control Period. The Authority has considered Terminal Building Ratio of 84.07% for Terminal 3 consistent with the treatment by the Authority in the Tariff Order for the Third Control Period based on Independent Study on Efficient O&M undertaken by the Authority.

4.6.16 The Authority in the Tariff Order for the Third Control Period approved Aeronautical O&M expenses for FY 2020 based on GFA ratios arrived at for FY 2019 through an independent study. DIAL in its submission has also considered Aeronautical O&M expenses for FY 2020 as approved by the Authority in the Tariff Order for the Third Control Period. However, the Authority, for the purpose of true up of O&M expenses for the Third Control Period (including FY 2020), proposed to segregate O&M expenses for Third Control Period (including FY 2020) based on the revised GFA ratios/Terminal Building ratios (as applicable) mentioned in Table 90 and Table 91 respectively.

4.6.17 The Authority, as part of the examination of MYTP for the Fourth Control Period, through the Independent Consultant evaluated the methodology for segregation of total O&M expenses incurred by DIAL into Aeronautical O&M expenses for the Third Control Period. The methodology of allocation proposed to be considered by the Authority regarding Aeronautical O&M expenses for the Third Control Period is provided below:

Table 92: Allocation Methodology proposed to be considered by the Authority for the Third Control Period

Expense Category	Expense Sub-Category / Description	Expense classification by DIAL	Allocation as per DIAL*	Expense classification by the Authority	Allocation proposed by the Authority
Manpower Expenses	Salary, wages, Staff welfare expenses	Common	Gross Fixed Asset Ratio	Common	Gross Fixed Asset Ratio
Administration and General costs	Rent, Rates & Taxes, Printing and Stationery, Travelling and Conveyance, Communication	Common	Expenses outside the terminal are segregated based on Gross Fixed Assets	Common	Expenses outside the terminal are segregated based on Gross Fixed Assets Ratio & expenses incurred

Expense Category	Expense Sub-Category / Description	Expense classification by DIAL	Allocation as per DIAL*	Expense classification by the Authority	Allocation proposed by the Authority
	Costs, Advertising and Sales Promotion, Corporate Cost Allocation, Loss on sale of assets/Assets discarded, Other Admin Expenses		Ratio & expenses incurred within terminal building are segregated based on Terminal Building Ratio		within terminal building are segregated based on Terminal Building Ratio, Expense towards transit guest houses under Rent and Chartering costs under Travelling and Conveyance are allocated in the proportion of 50:50.
	Professional and Consultancy expenses	Common		Common	Legal Charges are allocated based on the proportion of aero revenue to total income while other expenses outside the terminal are segregated based on Gross Fixed Assets Ratio & expenses incurred within terminal building are segregated based on Terminal Building Ratio
	Collection Charges	Aeronautical	100% aeronautical	Aeronautical	100% aeronautical
Utility expenses	Power & water	Aeronautical	Net of recoveries - 100% Aeronautical	Aeronautical	Net of recoveries - 100% Aeronautical
Operating Expenses	Repair and maintenance, Housekeeping charges, Security expenses, IT related expense, Consumables, Manpower hire charges and Insurance	Common	Expenses within the Terminal are segregated based on Terminal Building Ratio & other expenses based on Gross Fixed Asset Ratio	Common	Expenses within the Terminal are segregated based on Terminal Building Ratio & other expenses based on Gross Fixed Asset Ratio

Expense Category	Expense Sub-Category / Description	Expense classification by DIAL	Allocation as per DIAL*	Expense classification by the Authority	Allocation proposed by the Authority
Property Tax		Common	Apportioned in the ratio of adjusted Aeronautical expenses to Total expenses	Common	Apportioned in the ratio of adjusted Aeronautical expenses (after reallocation) to Total expenses (after excluding disallowed expenses)
Airport Operator Fee		Common	3% of the Aeronautical Revenue of previous year	Common	3% of the Aeronautical Revenue of previous year
VRS-AAI		Aeronautical	100% Aeronautical as this expense is incurred as per clause 6.1.1 of OMDA	Aeronautical	100% Aeronautical as this expense is incurred as per clause 6.1.1 of OMDA

**For FY 2020, DIAL had considered the Aeronautical O&M expenses as approved by the Authority in the Tariff Order for the Third Control Period.*

Note: The Authority proposed not to consider expenses viz. CSR, Donations, Provision for Bad Debts and Forex losses for arriving at Aeronautical Operating Expenditure for True up of the Third Control Period.

4.6.18 The Authority's analysis regarding Aeronautical Operation and Maintenance Expenses for True Up of the Third Control Period are as follows:

Manpower Expenses:

4.6.19 The manpower expenses are segregated under 2 heads viz. Salaries and Staff Welfare expenses.

4.6.20 The major components of Staff Welfare expenses are pantry expenses, relocation cost, uniforms/ raincoats, children school fee allowance, get togethers, other allowances, training, insurance (medical, accidental, etc.), medical & health facility, professional membership, etc.

4.6.21 The aeronautical manpower expenses approved by the Authority in the Tariff Order for the Third Control Period is provided in the table below:

Table 93: Aeronautical Manpower expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Manpower Expenses approved by the Authority in the Tariff Order for the Third Control Period	188.06	188.06	204.64	222.71	242.42	**1,045.89**

4.6.22 The total manpower expenses incurred by DIAL in the Third Control Period along with the Aeronautical manpower expenses as submitted by DIAL in the MYTP for the Fourth Control Period is provided in the table below:

Table 94: Total Manpower Expenses incurred by DIAL along with Aeronautical Manpower expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Manpower Expenses incurred by DIAL	211.34	212.42	228.57	253.79	291.83	**1,197.95**
Aeronautical Manpower Expenses submitted by DIAL	188.05	189.87	204.99	228.65	268.01	**1,079.57**

4.6.23 The Authority noted that the Aeronautical manpower expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 1,079.57 Cr) is only ~3.2% higher than the Aeronautical manpower expenses approved by the Authority in the Third Control Period (Rs. 1,045.89 Cr) and the Authority has also verified the cost incurred based on books of accounts, CA certificates and necessary documents submitted by DIAL and accordingly found it to be reasonable.

4.6.24 The Authority proposed to allocate the total manpower expenses incurred by DIAL in the Third Control Period on the basis of GFA ratio arrived at based on the evaluation by the independent consultant.

4.6.25 The Aeronautical manpower expenses proposed to be considered by the Authority for true up for the Third Control Period is provided in the table below:

Table 95: Aeronautical Manpower expenses proposed to be considered by the Authority for True up for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Manpower Expenses proposed to be considered by the Authority	188.93	189.71	204.80	228.44	267.96	**1,079.84**

Admin and General Expenses:

4.6.26 The Admin and General Expenses comprise of Rent, Rates & Taxes, Professional and Consultancy Expenses, Printing and Stationery, Travelling and Conveyance, Communication Costs, Advertising and Sales Promotion, Corporate Cost Allocation, Corporate Social Responsibility (CSR), Bank Charges and Other Admin Expenses.

Rent:

4.6.27 Rent expenses primarily comprise rentals paid towards the transit guest houses for employees of DIAL. In addition to this, DIAL on a need basis incurs rentals towards various equipment/vehicles which are hired on temporary basis.

4.6.28 The Aeronautical Rent expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 96: Aeronautical Rent expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Rent Expenses approved by the Authority	6.65	6.65	6.96	7.28	7.61	**35.15**

4.6.29 The total rent expenses incurred by DIAL in the Third Control Period along with the Aeronautical Rent expenses as submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 97: Total Rent Expenses incurred by DIAL along with Aeronautical Rent expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Rent Expenses incurred by DIAL	7.68	6.94	6.93	9.96	7.20	**38.71**
Aeronautical Rent Expenses submitted by DIAL	4.60	4.02	3.94	4.98	3.89	**21.43**

4.6.30 The Authority notes that the Aeronautical Rent expenses have been arrived at by DIAL by applying GFA ratio on Total Rent excluding rentals towards transit guest houses which were allocated in the ratio of 50:50. The Aeronautical Rent expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 21.43 Cr) is considerably lower than the Aeronautical Rent expenses approved by the Authority in the Tariff Order for the Third Control Period and the same has also been verified though relevant documents including CA certificates.

4.6.31 The Authority also noted that the rent expenses in FY 2023 comprise one-time expense of Rs. 4.40 Cr towards settlement to Lessor due to cancellation of lease agreement entered into for guest houses in Mumbai. The details of the matter are discussed below:

i. DIAL entered into lease in June 2019 towards guest houses at Mumbai for the purpose of visits of senior officials for banking/financing works in Mumbai to reduce the boarding costs. In this regard, DIAL paid a security deposit of Rs. 6 Cr to Lessor.

ii. Subsequently, due to Covid-19, the visits to Mumbai were not as expected, hence it was decided by DIAL to discontinue the arrangement and settle the liability through mutual discussion with the Lessor.

iii. The Lessor had initially proposed to deduct the rental for 3 years considering the lock-in period which worked out to Rs. 5.04 Cr (i.e. Rs. 14 lakh per month for 3 years). After negotiations with the Lessor, it was finally decided by DIAL to settle the compensation at Rs. 4.40 Cr.

4.6.32 Considering the above, the Authority proposed not to consider the one-time expense of Rs. 4.40 Cr incurred in FY 2023 as the same is in the nature of severance/penalty paid to the Lessor without any benefit to DIAL.

4.6.33 Accordingly, the Authority proposed to allocate the Rent expenses in the Third Control Period (after disallowance of Rs. 4.40 Cr in FY 2023) towards aeronautical rent expenses on similar principles as followed by the Authority in its earlier orders (i.e. rentals towards transit guest houses in the proportion of 50:50 while the balance expenses based on GFA ratio) with the revised GFA ratio arrived at based on the evaluation by the independent consultant.

4.6.34 The Aeronautical rent expenses proposed to be considered by the Authority for the Third Control Period are provided in the table below:

Table 98: Aeronautical Rent expenses proposed to be considered by the Authority towards True Up for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Rent Expenses proposed to be considered by the Authority	4.60	4.01	3.93	2.78	3.89	**19.22**

Rates & Taxes:

4.6.35 Rates & Taxes majorly pertain to the operating license fee of Trunk Mobile Radio Service (TMRS) and are paid to the Department of Telecommunication (DOT). These equipment are used by various

stakeholders like ARFF, CISF, AOCC, Airside Personnel, Airlines, etc. for operational purposes. It may be noted that the operating license fee is determined by the DOT. Rates and Taxes also include Stamp Duty charges for agreements entered into by DIAL with various parties and expenses towards Delhi Pollution Control Committee.

4.6.36 The Aeronautical rates and taxes approved by the Authority for the Third Control Period are provided in the table below:

Table 99: Aeronautical Rates and Taxes approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Rates & Taxes approved by the Authority	1.01	1.01	1.17	1.34	1.55	**6.08**

4.6.37 The total rates & taxes incurred by DIAL in the Third Control Period along with the Aeronautical rates & taxes as submitted by DIAL in MYTP for the Fourth Control Period are provided in the table below:

Table 100: Total Rates & Taxes incurred by DIAL along with Aeronautical Rates & Taxes submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Rates & Taxes incurred by DIAL	1.17	0.97	0.87	1.06	1.11	**5.18**
Aeronautical Rates & Taxes submitted by DIAL	1.05	0.88	0.79	0.97	1.03	**4.72**

4.6.38 The Authority noted that the Aeronautical Rates & Taxes submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 4.72 Cr) is lower than the Aeronautical Rates & Taxes approved by the Authority in the Tariff Order for the Third Control Period and the same has also been verified though relevant documents including CA certificates and is found to be reasonable.

4.6.39 The Authority proposed to allocate the Rates & Taxes in the Third Control Period on the basis of GFA ratio arrived at based on the evaluation by the independent consultant.

4.6.40 The Aeronautical rates & taxes proposed to be considered by the Authority for the Third Control Period are provided in the table below:

Table 101: Aeronautical Rates & Taxes proposed to be considered by the Authority for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Rates & Taxes proposed to be considered by the Authority	1.05	0.87	0.79	0.95	1.02	**4.66**

Professional and Consultancy Expenses:

4.6.41 The Authority analyzed DIAL's submission regarding Professional and Consultancy expenses for true up in the Third Control Period. Professional and Consultancy expenses are towards various services availed from the external parties viz. Technical Services from Consultants, Retainer Fee various expertise personnel, Placement Fee / Fee for recruitments, Audit Services such as Tax Audit, Internal Audit, Secretarial Audit, etc., Training Fee paid to various consultants, Legal Expenses and Outsourcing Expenses.

4.6.42 The Aeronautical Professional and Consultancy expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 102: Aeronautical Professional and Consultancy expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Professional and Consultancy expenses approved by the Authority	85.77	68.62	85.77	85.77	85.77	**411.71**

4.6.43 The total Professional and Consultancy expenses incurred by DIAL in the Third Control Period along with the Aeronautical Professional and Consultancy expenses as submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 103: Total Professional and Consultancy expenses incurred by DIAL along with Aeronautical Professional and Consultancy expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Professional and Consultancy expenses incurred by DIAL	99.08	62.28	67.96	104.45	66.64	**400.41**
Aeronautical Professional and Consultancy expenses submitted by DIAL	82.57	50.57	55.26	88.17	54.30	**330.87**

4.6.44 The Authority noted that the Aeronautical professional and consultancy expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is around 20% lower than the Aeronautical professional and consultancy expenses approved by the Authority in the Third Control Period and the same has also been verified though relevant documents including CA certificates.

4.6.45 The Authority also noted the considerable increase in expenses in FY 2023 which was on account of higher legal consultancy charges incurred towards legal cases viz. MAF matter with AAI, property tax matter with DCB, tax litigation, TDSAT against past tariff order, case in Hon'ble Supreme Court, etc. In addition to this, DIAL had also undertaken consultancy service in FY 2023 for strategic assessment in view of competition from Noida International Airport.

4.6.46 The Authority further submits that consultancy charges towards legal consultants constituted a significant portion of Professional and Consultancy expenses as mentioned below:

Table 104: Proportion of Legal Charges in Professional and Consultancy Expenses in the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Legal Consultancy charges forming part of Professional and Consultancy expenses as submitted by DIAL	16.74	22.07	16.31	40.14	13.70	**108.95**
Total Professional and Consultancy expenses	99.08	62.28	67.96	104.45	66.64	**400.41**
% of Professional and Consultancy expenses	*16.90%*	*35.44%*	*24.00%*	*38.43%*	*20.55%*	*27.21%*

4.6.47 The Authority in the Tariff Order for the Third Control Period mentioned that Legal expenses, forming part of Professional and Consultancy expenses, would be allowed only for purposes related to aeronautical services subject to efficiency tests and necessity of incurrence of the same.

4.6.48 The Authority accordingly sought clarifications from DIAL with regards to the break-up of legal expenses into cases pertaining to aeronautical matters, non-aeronautical matters and cases against the Authority.

4.6.49 Since the Authority has not received the required data from DIAL, the Authority proposed to allocate the Legal expenses based on proportion of aeronautical revenue amongst the total income of DIAL in the respective years as follows:

Table 105: Proportion of Aero Revenue to Total Income of DIAL for the Third Control Period

Particulars	2020	2021	2022	2023	2024
Proportion of Aero Revenue to Total Income	25.69%	24.13%	24.87%	24.21%	22.93%

4.6.50 The legal expenses proposed to be considered by the Authority based on the above allocation methodology is as follows:

Table 106: Aero portion of Legal expenses proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Legal Expenses proposed to be considered by the Authority	4.30	5.32	4.06	9.72	3.14	**26.54**

4.6.51 The Authority also proposed to consider changes in allocation methodology for legal consultancy charges in case DIAL provides data in the required format during the tariff determination exercise i.e. prior to issuance of Tariff Order for the Fourth Control Period.

4.6.52 Professional and Consultancy expenses excluding legal expenses are allocated based on the GFA/ Terminal Building Ratio (as applicable) as mentioned below.

Table 107: Aeronautical portion of Professional & Consultancy charges (excluding Legal expenses) proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Professional and Consultancy expenses	99.08	62.28	67.96	104.45	66.64	**400.41**
Total Professional and Consultancy expenses excluding Legal Charges	82.34	40.21	51.65	64.32	52.94	**291.45**
Aero Portion of Professional & consultancy expenses excluding Legal Charges proposed to be considered by the Authority	69.90	31.44	41.37	52.62	41.71	**237.05**

4.6.53 The Aeronautical professional and consultancy charges proposed to be considered by the Authority for the Third Control Period are provided below:

Table 108: Aeronautical Professional & Consultancy charges proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Portion of Professional & consultancy expenses excluding Legal Charges proposed to be considered by the Authority	69.90	31.44	41.37	52.62	41.71	**237.05**

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Portion of Legal Charges proposed to be considered by the Authority	4.30	5.32	4.06	9.72	3.14	**26.54**
Aeronautical Professional and Consultancy expenses proposed to be considered by the Authority	74.20	36.77	45.42	62.34	44.86	**263.59**

Printing and Stationery Expenses:

4.6.54 The Aeronautical Printing and Stationery expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 109: Aeronautical Printing and Stationery expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Printing and Stationery expenses approved by the Authority	1.36	1.36	1.56	1.88	2.75	**8.91**

4.6.55 The total Printing and Stationery expenses incurred by DIAL in the Third Control Period along with the Aeronautical Printing and Stationery expenses as submitted by DIAL in the MYTP for the Fourth Control Period is provided in the table below:

Table 110: Total Printing and Stationery expenses incurred by DIAL along with Aeronautical Printing and Stationery expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Printing and Stationery expenses incurred by DIAL	1.57	1.04	1.60	1.21	1.77	**7.19**
Aeronautical Printing and Stationery expenses submitted by DIAL	1.40	0.93	1.44	1.09	1.63	**6.49**

4.6.56 The Authority noted that the Aeronautical Printing and Stationery expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is around 27% lower than the Aeronautical Printing and Stationery expenses approved by the Authority in the Third Control Period and the same has also been verified through necessary documents including CA certificates and accordingly found to be reasonable.

4.6.57 The Printing and Stationery expenses for the Third Control Period are proposed to be allocated based on the GFA/Terminal Building ratio, as applicable.

4.6.58 The Aeronautical Printing and Stationery expenses proposed to be considered by the Authority for the Third Control Period is as follows:

Table 111: Aeronautical Printing & Stationary Charges proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Printing and Stationery expenses proposed to be considered by the Authority	1.41	0.93	1.44	1.08	1.63	**6.49**

Travelling and Conveyance Expenses:

4.6.59 The Authority analyzed DIAL's submission regarding Travelling and Conveyance expenses for the Third Control Period. Travelling and Conveyance expenses comprise expenses pertaining to Local Conveyance, Travel Charges for the employees (Domestic / Foreign) and Chartering Costs for senior management of DIAL.

4.6.60 The Aeronautical Travelling and Conveyance expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 112: Aeronautical Travelling and Conveyance expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Travelling and Conveyance expenses approved by the Authority	31.06	21.74	31.06	37.53	54.84	**176.24**

4.6.61 The total Travelling and Conveyance expenses incurred by DIAL in the Third Control Period along with the Aeronautical Travelling and Conveyance expenses submitted by DIAL in the MYTP for the Fourth Control Period is provided in the table below:

Table 113: Total Travelling and Conveyance expenses incurred by DIAL along with Aeronautical Travelling and Conveyance expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Travelling and Conveyance expenses incurred by DIAL	35.88	27.29	35.93	45.53	48.74	**193.37**
Aeronautical Travelling and Conveyance expenses submitted by DIAL	22.41	15.27	22.39	30.20	32.44	**122.71**

4.6.62 The Authority noted that the Aeronautical Travelling and Conveyance expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is around 30% lower than the Aeronautical Travelling and Conveyance expenses approved by the Authority in the Third Control Period and the same has also been verified though relevant documents including CA certificates.

4.6.63 The Authority noted that Chartering costs constituted a significant portion of Travelling and Conveyance expenses. The proportion of chartering costs to the total travelling and conveyance expenses in the Third Control Period is provided below:

Table 114: Chartering Cost as % of Travelling and Conveyance Expenses for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Chartering Costs forming part of Travelling and conveyance expenses as submitted by DIAL	22.94	22.99	24.47	26.11	27.61	**124.12**
Total Travelling and conveyance expenses	35.88	27.29	35.93	45.53	48.74	**193.37**
Chartering cost as % of total travelling and conveyance expenses	*63.93%*	*84.25%*	*68.11%*	*57.34%*	*56.64%*	***64.19%***

4.6.64 The Authority sought clarification on the nature of Chartering Costs and its essentiality/ relevance to the Airport operations. DIAL clarified that as per their internal policy, senior management (Chairman, MD, their support staff and CEO/CFO) is eligible for flying charges of charter for business travel mainly for the purpose of business conferences, seminars, meeting with prospective investors for private equity/ subscription to bonds, meeting with banks/FIs for investment/ fund raising and marketing & business development. In this regard, DIAL has entered into an agreement with Indo Pacific Aviation Private Limited for availing charter services wherein chartering services shall be provided for fixed hours ranging from 33 hours to 40 hours per month at the specified cost, irrespective of location of travel either domestic or international. Further, in addition to the fixed travel hours, DIAL is also required to make payments for variable charges, including fuel, landing, and parking, etc.

4.6.65 The Authority based on the analysis proposed to consider only 50% of the chartering costs as the usage could be attributed as both aeronautical and non-aeronautical in nature. The aero portion of chartering costs proposed to be considered by the Authority for the Third Control Period is as follows:

Table 115: Aero Portion of Chartering Cost proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Chartering Costs proposed to be considered by the Authority (in the proportion of 50:50)	11.47	11.50	12.24	13.06	13.81	**62.06**

4.6.66 The Authority proposed to allocate expenses other than chartering costs based on GFA/Terminal Building ratio, as applicable as mentioned in the table below:

Table 116: Aero Portion of Chartering Cost proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Travelling and conveyance expenses	35.88	27.29	35.93	45.53	48.74	**193.37**
Travelling and Conveyance expenses excluding Chartering Costs	12.94	4.30	11.46	19.42	21.13	**69.25**
Aero portion of Travelling and conveyance expenses excluding chartering costs proposed to be considered by the Authority	10.60	3.76	10.14	17.02	18.59	**60.10**

4.6.67 The Aeronautical Traveling and conveyance expenses proposed to be considered by the Authority for the Third Control Period is as follows:

Table 117: Travelling & Conveyance expenses proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Travelling and conveyance expenses excluding chartering costs proposed to be considered by the Authority (based on GFA/Terminal Building ratio, as applicable)	10.60	3.76	10.14	17.02	18.59	**60.10**

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Chartering Costs proposed to be considered by the Authority (in the proportion of 50:50)	11.47	11.50	12.24	13.06	13.81	**62.06**
Aeronautical Travelling and Conveyance expenses proposed to be considered by the Authority	22.07	15.26	22.37	30.07	32.39	**122.16**

Communication Costs:

4.6.68 The Authority analyzed DIAL's submissions regarding Communication Costs for the Third Control Period. Communication costs include the Leased Line Charges/VPN for administration purposes across the airport, and mobile expenses for its employees. These costs are non-recoverable from any of the concessionaires.

4.6.69 The Aeronautical Communication Costs approved by the Authority for the Third Control Period are provided in the table below:

Table 118: Aeronautical Communication Costs approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Communication Costs approved by Authority	2.32	2.67	3.07	3.71	5.42	**17.20**

4.6.70 The total Communication Costs incurred by DIAL in the Third Control Period along with the Aeronautical Communication Costs submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 119: Total Communication Costs incurred by DIAL along with Aeronautical Communication Costs submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Communication Costs incurred by DIAL	2.68	2.79	3.75	1.08	2.34	**12.64**
Aeronautical Communication Costs submitted by DIAL	2.38	2.49	3.36	0.95	2.14	**11.32**

4.6.71 The Authority noted that the Aeronautical Communication Costs submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is around 35% lower than the Aeronautical Communication Costs approved by the Authority in the Third Control Period and the same has also been verified though relevant documents including CA certificates and accordingly found to be reasonable.

4.6.72 The communication costs are proposed to be allocated based on the GFA/Terminal Building ratio, as applicable.

4.6.73 The Aeronautical communication costs proposed to be considered by the Authority for the Third Control Period is as follows:

Table 120: Aeronautical Communication costs proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Communication Costs proposed by the Authority	2.39	2.48	3.36	0.95	2.14	**11.31**

Advertising and Sales Promotion:

4.6.74 The Authority analyzed the Advertising and Sales Promotion expenses for the Third Control Period.

4.6.75 The Aeronautical Advertising and Sales Promotion expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 121: Aeronautical Advertising and Sales Promotion expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Advertising and Sales Promotion expenses approved by the Authority	12.63	12.63	14.54	17.56	25.66	**83.03**

4.6.76 The total Advertising and Sales Promotion expenses incurred by DIAL in the Third Control Period along with the Aeronautical Advertising and Sales Promotion expenses submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 122: Total Advertising and Sales Promotion expenses incurred by DIAL along with Aeronautical Advertising and Sales Promotion expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Advertising and Sales Promotion expenses incurred by DIAL	14.59	4.55	10.80	15.64	30.99	**76.57**
Aeronautical Advertising and Sales Promotion expenses submitted by DIAL	11.95	3.87	6.52	9.34	21.04	**52.72**

4.6.77 The Authority noted that the Aeronautical Advertising and Sales Promotion expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is around 37% lower than the Aeronautical Advertising and Sales Promotion expenses approved by the Authority in the Third Control Period and the same has also been verified though relevant documents including CA certificates.

4.6.78 The Authority sought clarifications from DIAL on the unusually high expenses incurred in FY 2024. DIAL submitted that during FY 2024, it had incrementally spent on many new events related to G20, customer engagement activities, manpower contract for supporting Digi yatra, campaigns for Skytrax on social media platform, providing transportation services during departure and arrival phase of HAJ operations to HAJ pilgrims and various sponsorships for events, etc. All these events led to one time increase in Advertisement expenses compared to FY 2023.

4.6.79 The Authority also sought clarifications from DIAL on the marketing fund maintained by DIAL for marketing related expenses and whether there is any overlap between them. DIAL 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 IGIA 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:

- Marketing collaterals like flyers, brochures, banners, hoardings at the Airport.
- Ambience creation during marketing and promotional events.

- Marketing surveys/researches towards consumer preference of brands.
- Appointment of consultants to focus on enhancing passenger spend through analytics, training, visual merchandising and experience.

4.6.80 The Authority through its Independent Consultant/Aviation Expert found the justifications provided by DIAL as reasonable and acceptable.

4.6.81 The Authority proposed to allocate the Advertising and Sales Promotion expenses based on the GFA/Terminal Building ratio, as applicable.

4.6.82 The Aeronautical Advertising and Sales Promotion expenses proposed to be considered by the Authority for the Third Control Period is as follows:

Table 123: Aeronautical Advertising & Sales promotion expenses proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Advertising and Promotion expenses proposed to be considered by the Authority	12.02	3.87	6.52	9.33	21.04	**52.78**

Loss on Sale of Assets:

4.6.83 The Authority in the Tariff Order for the Third Control Period approved an amount of Rs. 1.95 Cr pertaining to loss on sale of assets in FY 2020 based on actuals. The Authority had not approved any amount for the balance years in the Third Control Period.

4.6.84 The loss incurred by DIAL on sale of assets in the Third Control Period along with the aero portion of loss as submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 124: Loss incurred by DIAL on sale of assets along with Aero portion of loss as submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Loss incurred by DIAL on sale of assets	2.25	-	1.60	12.50	0.06	**16.41**
Aero portion of loss on sale of assets as submitted by DIAL	2.00	-	1.43	11.26	0.06	**14.75**

4.6.85 The Authority noted that loss of Rs. 12.50 Cr in FY 2023 pertains majorly to certain enterprise IT assets (servers) owned by DIAL which were discarded due to obsolescence and written off.

4.6.86 The Authority proposed to allocate the loss on sale of assets in the Third Control Period based on the GFA ratio and the expenses proposed to be considered by the Authority in the Third Control Period are as follows:

Table 125: Aero Portion of Loss on sale of Assets proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Portion of Loss on sale of Assets proposed to be considered by the Authority	2.01	-	1.44	11.25	0.05	**14.76**

Corporate Costs Allocation:

4.6.87 The Authority analyzed DIAL's submissions regarding allocation of Corporate costs for the Third Control Period.

4.6.88 The Authority sought clarifications on the details of entities, cost pertaining to each of the entities, nature of services offered and the basis for allocation of costs of each of the entities to DIAL. The clarifications provided by DIAL are as follows:

i. Corporate costs pertain to allocations of cost of services provided by GMR Airports Limited (GAL, shareholder of DIAL) and GMR Airports Infrastructure Limited (GAIL, holding company of GMR Airports Limited) to DIAL. Both GAL and GAIL have corporate departments which support their airport companies/ SPVs and charges them for use of resources involved in carrying out these activities. The allocation of costs is based on the report submitted by Deloitte Touche Tohmatsu Private Limited in 2022 which contains cost drivers for allocation of cost incurred by the group companies for specific services provided to DIAL. As per the report, cost drivers have been identified for each of the departments (or a group of similar departments)

ii. The weighted average of asset size of business is considered as the cost driver for allocation of costs incurred by GAL while the primary cost drivers for allocation of costs incurred by GAIL are number of employees and asset size.

4.6.89 Based on the above, the break-up of corporate cost allocation for both GAL and GAIL is provided in the table below:

Table 126: Corporate Costs allocation for GAL and GAIL

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
GMR Airports Limited	58.31	35.61	39.84	47.68	51.09	232.53
GMR Airport Infrastructure Limited	14.14	14.34	26.48	20.65	32.31	107.92
Total	**72.45**	**49.95**	**66.32**	**68.33**	**83.40**	**340.45**

4.6.90 The Authority, through its independent consultant, has verified the above-mentioned corporate cost allocation based on CA certificates provided by DIAL.

4.6.91 The Aeronautical Corporate Costs approved by the Authority for the Third Control Period are provided in the table below:

Table 127: Aeronautical Corporate Costs approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Corporate Costs approved by the Authority	62.72	65.86	69.15	72.61	76.24	**346.56**

4.6.92 The total Corporate Costs incurred by DIAL in the Third Control Period along with the Aeronautical Corporate Costs submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 128: Total Corporate Costs incurred by DIAL along with Aeronautical Corporate Costs submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Corporate Costs incurred by DIAL	72.45	49.95	66.32	68.33	83.40	**340.45**

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Corporate Costs submitted by DIAL	62.72	44.65	59.48	61.56	76.60	**305.01**

4.6.93 The Authority noted that the Aeronautical Corporate Costs submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is lower than the Aeronautical Corporate Costs approved by the Authority in the Third Control Period.

4.6.94 The Authority proposed to allocate the corporate costs submitted by DIAL based on the GFA ratio in the Third Control Period.

4.6.95 The Aeronautical corporate costs proposed to be considered by the Authority for the Third Control Period are as follows:

Table 129: Corporate cost proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Corporate Costs proposed to be considered by the Authority	64.76	44.61	59.43	61.50	76.58	**306.88**

Provision for Bad Debts, Donations and CSR Expenses:

4.6.96 The expenses for the Third Control Period submitted by DIAL in the MYTP for the Fourth Control Period are as follows:

Table 130: Bad Debts, Donations and CSR Expenses submitted by DIAL for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Expenses submitted by DIAL						
CSR Expenses	10.00	5.05	3.67	4.43	6.00	**29.15**
Provision for Bad Debts	0.10	-	0.29	0.56	-	**0.95**
Donations	28.20	0.97	0.81	0.39	0.51	**30.88**
Aero Portion of Expenses submitted by DIAL						
CSR Expenses	10.00	5.05	3.67	4.43	6.00	**29.15**
Provision for Bad Debts	0.10	-	-	-	-	**0.10**
Donations	13.20	0.87	0.73	0.35	0.47	**15.62**

4.6.97 The Authority took cognizance of the statutory provisions of the Companies Act, 2013 towards allowance of CSR expenses and the extract of the same has been provided below:

i. Section 135 (1) of Companies Act, 2013 states that *'Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one shall be an independent director.'* Further section 135(5) states that *'The Board of every company referred in section 135(1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility'.*

4.6.98 In this regard, the Authority is of the view that the CSR is a mandatory Social Responsibility of the Company (as per Section 135(1) of Companies Act). As the CSR expenditure is to be incurred by Companies out of their net profits, it is to be regarded as an element of appropriation of Net Profits and

not as a part of their Operating Expenditure. Therefore, CSR expenses could not be construed as a pass-through expenditure of the companies, otherwise, it would defeat the very purpose of the social responsibility entrusted on the companies.

4.6.99 Further, Section 37(1) of Income Tax Act also disallows CSR expenses, as these are not considered expenses incurred wholly and exclusively for the purpose of business of the entity.

4.6.100 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed not to consider CSR expenses as part of Aeronautical O&M expenses for the Third Control Period.

4.6.101 Further, the Authority consistent with the decision taken in the past proposed not to consider Donations and Provisions for Bad Debts as part of Aeronautical O&M expenses for the Third Control Period.

Bank Charges:

4.6.102 The Authority analyzed DIAL's submissions regarding Bank Charges i.e. amortization of borrowing costs incurred towards loans for the Third Control Period, redemption premium on early settlement of Borrowings, routine bank transaction charges, interest on security deposits and interest on OD facilities.

4.6.103 The Bank Charges approved by the Authority in the Tariff Order for the Third Control Period are as follows:

Table 131: Bank Charges approved by the Authority in the Tariff Order for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Bank Charges approved by the Authority for the Third Control Period	9.71	9.34	9.83	7.97	8.87	**45.73**

4.6.104 The total Bank Charges and aeronautical portion of Bank Charges as submitted by DIAL for the Third Control Period are as follows:

Table 132: Bank Charges submitted by DIAL for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Bank Charges submitted by DIAL	11.22	35.33	74.80	14.28	93.00	**228.62**
Aero portion of Bank Charges submitted by DIAL	9.98	31.58	67.08	12.86	85.41	**206.91**

4.6.105 The Authority noted that the Bank Charges incurred by DIAL in the Third Control Period is significantly higher than approved by the Authority in the Tariff Order for the Third Control Period. The Authority analyzed the reasons for the same after obtaining clarifications from DIAL.

4.6.106 The break-up of the Bank Charges submitted by DIAL for the Third Control Period is as follows:

Table 133: Break-up of Bank Charges submitted by DIAL for the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Amortization of Borrowing Costs and Redemption Premium on Borrowings	9.01	24.64	24.38	13.76	54.42	**126.21**
Routine Bank Transaction Charges	2.21	1.46	1.71	0.38	1.58	**7.34**
Interest on OD Facilities	-	9.22	8.69	0.14	-	**18.06**
Interest on Security Deposits	-	-	40.01	-	-	**40.01**
Lease Set up Costs	-	-	-	-	37.00	**37.00**
Total Bank Charges submitted by DIAL	**11.22**	**35.33**	**74.80**	**14.28**	**93.00**	**228.62**

i. The Authority noted that DIAL as part of cost efficiency and cash flow management refinanced its bonds and high interest cost bearing NCD. As part of refinancing, DIAL had to incur various cost in the form of upfront fee, prepayment charges, processing fee, etc. The details of amortization of borrowing costs/upfront fee and other incidental expenses are tabulated below:

Table 134: Amortisation of borrowing costs submitted by DIAL for the Third Control Period

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Bond USD 288.75 Mn	6.25	6.23	5.26	-	-	**17.74**
Bond USD 522.60 Mn	2.66	2.77	2.68	2.74	2.74	**13.59**
NCD – Rs. 3257.10 Cr	-	0.03	5.22	3.84	2.98	**12.07**
Discount on NCD – Rs. 3257.10 Cr	-	0.03	6.10	6.24	6.03	**18.40**
Pre-payment/ redemption premium*	-	15.41	1.94	-	41.73	**59.08**
Other incidental expenses	0.10	0.17	3.18	0.94	0.94	**5.33**
Total	**9.01**	**24.64**	**24.38**	**13.76**	**54.42**	**126.21**

**During FY 2021, a premium of Rs. 15.41 Cr was paid for the early settlement of USD 105 Mn borrowings due in February 2022. During FY 2024, Rs. 41.73 Cr was paid as redemption premium for the partial repayment (25%) of NCDs (Rs. 744 Cr out of Rs. 3,257 Cr) originally due in October 2025.*

ii. The Authority noted that DIAL incurred routine bank transaction charges which comprise of charges on remittances, BG commission, Facility charges, TRA charges, Escrow Fees, etc. Further, the Bank Charges also comprise of interest on OD/working capital facilities/vendor financing availed by DIAL for management of the airport and operations during the Covid-19.

iii. The Authority also noted that DIAL paid interest of Rs. 40.01 Cr in FY 2022 on Refundable Security Deposits (RSD) from Bharti Reality SPVs lying with DIAL pending receipt of approval of the Concept Master Plan for the commercial development. DIAL entered into Development Agreement with five SPVs of Bharti Realty on 28th March 2019 for commercial property development and in pursuant to the same, DIAL received first tranche of RSD to the extent of Rs. 360 Cr and the same formed part of RSD of Rs. 1,500 Cr which was utilized towards part-funding the Phase 3A Expansion Capex. As per the agreement, DIAL was required to obtain approval of the Concept Master Plan for the said property development within the stipulated timeframe.

However, the approval of Concept Master Plan relating to commercial development got delayed by about 2 years. On account of the delay in approval of Concept Master Plan and consequent delay in granting right to Bharti Realty SPVs to develop the project, DIAL was obligated to pay interest on the first tranche of the RSD at the rate of 5.6% p.a. for 2 years of delay and the total interest paid by DIAL was Rs. 40.01 Cr.

4.6.107 The Authority noted that the upfront fee and other borrowing costs (towards refinancing of debt) and redemption premium (towards early settlement of debt) incurred by DIAL resulted in reduction of borrowing costs and hence there is a necessity to incentivize DIAL for the same. The routine bank transaction charges could be considered as regular expenses towards banking operations. Further, the interest incurred on OD facilities availed during Covid-19 was required for cash flow management. Accordingly, the Authority proposed to consider the amortization of borrowing costs, redemption premium, routine bank transaction charges and interest on OD facilities as mentioned in Table 133.

4.6.108 The Authority noted that the interest paid on RSD from Bharti Realty SPVs was on account of delay in obtaining relevant approval by DIAL for the commercial project. Further, the Authority also noted that the interest paid was in the nature of compensation for non-performance of obligation by DIAL as per the Agreement pertaining to a commercial project (being a Non-aeronautical activity) which cannot be

treated as Aeronautical costs. Accordingly, the Authority proposed not to consider the interest of Rs. 40.01 Cr on RSD as part of Aeronautical Bank Charges for FY 2022.

4.6.109 The Authority also noted that Bank Charges for FY 2024 submitted by DIAL include lease set up costs and IDC of Rs. 37 Cr towards lease financing for equipment under Phase 3A. The Authority analyzed that the costs include lease agreement set up cost of Rs. 8.51 Cr and notional IDC of Rs. 28.49 Cr. It may be noted that the IDC considered by DIAL is notional and there is no IDC required to be incurred by DIAL in lease financing. Accordingly, the Authority proposed to disallow the notional IDC of Rs. 28.49 Cr from the Bank Charges in FY 2024.

4.6.110 The Bank Charges after disallowance of interest of Rs. 40.01 Cr paid on RSD in FY 2022 and IDC of Rs. 28.49 Cr from lease set up costs in FY 2024 are provided below:

Table 135: Bank Charges for the Third Control Period after disallowance

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Bank Charges (A)	11.22	35.33	74.80	14.28	93.00	**228.62**
Disallowance (B)	-	-	40.01	-	28.49	**68.50**
Total Bank Charges after disallowance of interest on RSD and IDC on Finance Lease (A-B)	11.22	35.33	34.79	14.28	64.51	**160.12**

4.6.111 Further, the Bank Charges after disallowance of the items mentioned in the table above are allocated based on the GFA ratio and the Aero Portion of Bank Charges proposed to be considered by the Authority are as follows:

Table 136: Aero Portion of Bank Charges proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Portion of Bank Charges proposed to be considered by the Authority	10.03	31.55	31.17	12.85	59.23	**144.83**

Other Admin Expenses:

4.6.112 The Authority analyzed DIAL's submissions regarding Other Admin expenses for the Third Control Period which comprise of collection charges, director's sitting fees, payment to statutory auditor, provision for non-moving inventory and miscellaneous expenses.

4.6.113 The Other Admin expenses approved by the Authority in the Tariff Order for the Third Control Period is as follows:

Table 137: Other Admin expense approved by the Authority in the Tariff Order for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Other Admin Expenses	13.28	13.28	15.28	18.46	26.97	**87.27**

4.6.114 The total Other Admin expenses and aeronautical portion of expenses submitted by DIAL for the Third Control Period are as follows:

Table 138: Other Admin Expenses submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Other Admin expenses submitted by DIAL	15.34	5.03	11.40	14.80	10.84	**57.41**

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
PSF/UDF Collection Charges	*7.34*	*1.12*	*5.63*	*7.18*	*3.84*	***25.11***
Other Admin Expenses	*7.22*	*3.91*	*5.47*	*6.89*	*6.64*	***30.14***
Forex Variations/ Losses	*0.78*	-	*0.30*	*0.73*	*0.36*	***2.16***
Aero portion of Other Admin expenses submitted by DIAL	14.39	4.64	10.81	14.11	10.30	**54.25**
PSF/UDF Collection Charges	*7.34*	*1.12*	*5.63*	*7.18*	*3.84*	***25.11***
Other Admin Expenses (including Forex Losses)	*7.05*	*3.52*	*5.18*	*6.93*	*6.46*	***29.14***

4.6.115 The Authority noted that the Other admin expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is considerably lower than the expenses approved by the Authority in the Tariff Order for the Third Control Period and the same has also been verified though relevant documents including CA certificates.

4.6.116 The Authority noted that the Other admin expenses submitted by DIAL include forex losses incurred under the head of Admin and General expenses and since the same could not be considered as efficient costs, the Authority proposed not to consider the forex losses under Other admin expenses.

4.6.117 The Authority proposed to consider collection charges (PSF/UDF) as entirely aeronautical while the other expenses (after excluding forex losses) are proposed to be allocated based on GFA ratio.

4.6.118 The Other admin expenses proposed to be considered by the Authority are as follows:

Table 139: Other Admin expenses proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Other Admin Expenses proposed to be considered by the Authority	13.75	4.58	10.54	13.47	10.22	**52.56**
PSF/UDF Collection Charges	*7.34*	*1.12*	*5.63*	*7.18*	*3.84*	***25.11***
Other Admin Expenses	*6.41*	*3.46*	*4.91*	*6.29*	*6.38*	***27.45***

4.6.119 Based on the above analysis, the Aeronautical Admin and General Expenses proposed to be considered by the Authority for true up for the Third Control Period are in the table below:

Table 140: Aeronautical Admin & General Expenses proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Admin and General Expenses						
Rent	4.60	4.01	3.93	2.78	3.89	**19.22**
Rates & Taxes	1.05	0.87	0.79	0.95	1.02	**4.66**
Professional and Consultancy Expenses	74.20	36.77	45.42	62.34	44.86	**263.59**
Printing and Stationery	1.41	0.93	1.44	1.08	1.63	**6.49**
Travelling and Conveyance	22.07	15.26	22.37	30.07	32.39	**122.16**
Communication Costs	2.39	2.48	3.36	0.95	2.14	**11.31**
Advertising and Sales Promotion	12.02	3.87	6.52	9.33	21.04	**52.78**
Loss on sale of Assets	2.01	-	1.44	11.25	0.05	**14.76**
Corporate cost allocation	64.76	44.61	59.43	61.50	76.58	**306.88**
Bad Debts	-	-	-	-	-	-
Donation	-	-	-	-	-	-
CSR Expenses	-	-	-	-	-	-
Bank Charges	10.03	31.55	31.17	12.85	59.23	**144.83**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Other Admin Expenses	13.75	4.58	10.54	13.47	10.22	**52.56**
Total Admin and General Expenses	**208.29**	**144.92**	**186.40**	**206.58**	**253.04**	**999.23**

Operating Expenses:

4.6.120 Operating Expenses comprises of Repair & Maintenance (R&M) expenses, Housekeeping expenses, Insurance, Consumables, Manpower hire charges, Security expenses and lease payments on equipment lease financing.

4.6.121 The Authority's analysis of various heads under Operating Expenses is provided below:

Repairs and Maintenance Expenses

4.6.122 The Authority analyzed DIAL's submissions regarding Repairs and Maintenance expenses for the Third Control Period. Repairs & Maintenance mainly comprise of Annual Maintenance Contract (AMC) charges for R&M of Buildings, Plant and Machinery, IT and others viz. runways and internal roads.

i. The Authority noted that majority of R&M expenditure is related to Plant and Machinery which as per DIAL is required towards smooth and safe functioning of the Airport through proper maintenance of assets and equipment such as Baggage Handling Systems, Travelators & Escalators, X-Ray Machines, Fire Tenders, Air Ground Lighting (AGL) systems, AGL substation, HVAC systems & associate equipment, Passenger Boarding Bridge (PBB), Visual Guidance Docking System (VGDS), Inline baggage screening system, DG sets, pumping station, substation, electrical installations (including MRSS), Airside & landside ELV system, CCR and other miscellaneous equipment for operations.

ii. The Authority noted that the next major head under R&M pertains to IT i.e. Enterprise IT equipment owned by DIAL. DIAL has multiple service level agreements with various parties for providing ERP, webmail, management of data centres, IT support for the employees, AMC/CMC of the IT Equipment (including laptops) and servers, etc.

iii. The Authority noted that the R&M also include need-based refurbishment or maintenance works for runways, taxiway and internal roads and buildings of DIAL including civil, electrical and miscellaneous works at the Airport, landscaping maintenance charges, runway friction testing, airside pavement marking, etc.

4.6.123 The Authority also noted that the above R&M expenses were contractual expenses, wherein the rates had been finalized for the entire contract period which include the cost of materials and labor.

4.6.124 The Aeronautical R&M expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 141: Aeronautical R&M Expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Plant & Machinery	102.24	97.46	109.49	123.00	138.18	**570.36**
IT	29.89	28.25	33.63	40.02	47.63	**179.43**
Buildings	23.44	22.11	26.89	26.89	26.89	**126.23**
Others	19.02	17.85	22.57	27.27	39.85	**126.55**
Aeronautical R&M Expenses approved by the Authority	**174.58**	**165.67**	**192.58**	**217.18**	**252.55**	**1,002.56**

4.6.125 The total R&M Expenses incurred by DIAL in the Third Control Period along with the Aeronautical R&M Expenses submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 142: Total R&M Expenses incurred by DIAL along with Aeronautical R&M Expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total R&M Expenses incurred by DIAL						
Plant & Machinery	115.88	102.70	107.23	117.61	139.60	**583.02**
IT	33.38	32.56	39.95	34.26	38.82	**178.97**
Buildings	24.53	17.77	30.57	41.10	38.66	**152.63**
Others	19.77	20.77	21.02	22.71	25.17	**109.44**
Total	**193.56**	**173.80**	**198.77**	**215.68**	**242.25**	**1,024.06**
Aeronautical R&M Expenses submitted by DIAL						
Plant & Machinery	98.00	90.95	95.08	105.10	125.52	**514.65**
IT	29.77	29.38	36.07	30.86	35.59	**161.67**
Buildings	23.47	17.25	29.73	40.11	32.10	**142.66**
Others	17.88	19.76	20.05	21.98	24.26	**103.93**
Total	**169.12**	**157.34**	**180.93**	**198.05**	**217.47**	**922.91**

4.6.126 The Authority noted that the Aeronautical R&M Expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is lower than the Aeronautical R&M Expenses approved by the Authority in the Third Control Period and the same has also been verified through relevant documents including CA certificates and accordingly found to be reasonable.

4.6.127 The Authority noted that, for FY 2020, DIAL had considered the Aeronautical O&M expenses including R&M expenses as approved by the Authority in the Tariff Order for the Third Control Period which was based on the GFA ratios pertaining to FY 2019.

4.6.128 The Authority proposed to allocate the R&M expenses based on the GFA/Terminal Building ratio, as applicable, based on Authority's analysis through its independent consultant for the Third Control Period.

4.6.129 Based on the above, Aeronautical Repair & Maintenance expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 143: Aeronautical Repair & Maintenance expenses proposed to be considered by the Authority for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Plant & Machinery	103.35	90.99	95.12	105.14	125.56	**520.17**
IT	29.89	29.36	36.05	30.83	35.58	**161.71**
Buildings	23.49	17.25	29.74	40.11	32.10	**142.69**
Others	17.78	19.75	20.04	21.97	24.26	**103.81**
Aeronautical R&M Expenses proposed to be considered by the Authority	**174.51**	**157.36**	**180.95**	**198.06**	**217.50**	**928.38**

4.6.130 The Aeronautical R&M Expenses proposed to be considered by the Authority for the Third Control Period is higher than DIAL's submission on account of (i) segregation based on GFA ratio of 89.39% for FY 2020 which is higher than the submission of DIAL and (ii) marginally higher Terminal Building ratio of 84.07% for T3 as against 84.00% considered by DIAL.

IT Related Expenses

4.6.131 The Authority has not approved any amount under this head in the Tariff Order for the Third Control Period.

4.6.132 The Authority analyzed DIAL's submission on IT related expenses for true up for the Third Control Period. The total expenses incurred by DIAL under this head in the Third Control Period along with the aero portion of expenses submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 144: IT Related Expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total IT Related Expenses submitted by DIAL	-	65.36	-	-	-	**65.36**
Aero portion of Expenses submitted by DIAL	-	58.41	-	-	-	**58.41**

4.6.133 The Authority sought clarification from DIAL on the nature of IT related expenses. DIAL clarified that the expenses paid to Wipro Airport IT Services Limited (WAISL) are towards various IT related services as per the agreement entered into between the parties.

4.6.134 The Authority noted that DIAL awarded the concession for management of entire IT systems and services at IGIA (excluding Enterprise IT equipment and services owned by DIAL) to Wipro Limited. Consequently, a JV in the name of Wipro Airport IT Services Limited (WAISL) was formed to act as the concessionaire.

4.6.135 The details of the services provided by WAISL are as follows:

Table 145: Services provided by WAISL to IGIA

Service	Description
Data Centre services	Server availability, SAN/NAS availability, Data Backup, Storage and Retrieval, Applications Performance, System Recovery and Availability
Application services	Application Module Availability and Application Quality Enhancement
Network services	Ensure Network Availability and in time resolution of network related complaints
End User services	IT helpdesk service for user and resolution of IT related queries within stipulated time.
Common services	Timely Configuration Updates, Change management, asset management, Virus Signature File Updates, Information Security Risk Event Notification and Mitigation, Firewall Security, Reporting Timeliness and Accuracy, Billing Timeliness and Accuracy and Customer Satisfaction.

4.6.136 The Authority noted that the contract is in the nature of cost contract which ensured minimum subsistence level payment to WAISL, the service provider. As per terms of the Master Service Agreement, in case the receivables of WAISL exceed the subsistence level in the previous financial year, the concessionaire has to pay DIAL a concession fee equivalent to the excess of receivables over subsistence level. However, in case the receivables of WAISL is lower than the minimum subsistence level as per the agreement, DIAL is required to pay WAISL to meet its subsistence level.

4.6.137 During FY 2021, DIAL was required to pay WAISL to meet its subsistence level (i.e. to meet the deficit between cash inflows and outflows as the revenue reduced due to Covid-19). Accordingly, DIAL paid Rs. 46 Cr to WAISIL to meet the deficit.

4.6.138 Further, the Authority noted that in addition to the above, DIAL paid an amount of Rs. 19 Cr to WAISL towards shortfall in meeting the cost of Tech Refresh as per the Master Service Agreement.

4.6.139 The Authority found the justification provided by DIAL as reasonable and accordingly proposed to allocate the expenses based on GFA ratio. The expenses proposed to be considered by the Authority are as follows:

Table 146: Aero Portion of IT related expenses proposed to be considered by the Authority for the Third Control Period

Particulars	2020	2021	2022	2023	2024	Total
Aero Portion of IT related expenses proposed to be considered by the Authority	-	58.37	-	-	-	**58.37**

Housekeeping, Manpower Hire Charges and Security Expenses

4.6.140 The Authority analyzed DIAL's submissions on Housekeeping expenses, Manpower hire charges and Security expenses for the Third Control Period.

4.6.141 The Authority noted the details of the arrangements pertaining to Housekeeping, Manpower Hire and Security services as mentioned below:

Housekeeping Services: The major parties from whom DIAL avails housekeeping services are mentioned below. The contracts are entered into with these parties from a period of 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: 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 RAXA Security Services Limited.

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4.6.142 The Aero portion of O&M expenses related to Housekeeping, Manpower Hire Charges and Security Expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 147: Aeronautical Housekeeping, Manpower Hire Charges and Security Expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Housekeeping Expenses	74.88	71.25	81.08	92.26	104.98	**424.44**
Manpower Hire Charges	47.85	50.24	54.53	59.18	64.24	**276.03**
Security Expenses	24.58	24.55	29.59	35.66	42.98	**157.35**

4.6.143 The total expenses related to Housekeeping, Manpower Hire Charges and Security Expenses along with the aeronautical portion of expenses submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 148: Aeronautical Housekeeping, Manpower Hire Charges and Security Expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Expenses submitted by DIAL						
Housekeeping Expenses	88.21	72.43	83.96	81.83	93.78	**420.21**
Manpower Hire Charges	53.29	52.29	55.58	63.68	74.84	**299.68**
Security Expenses	27.48	19.18	23.42	20.88	23.49	**114.45**
Aeronautical Expenses submitted by DIAL						
Housekeeping Expenses	75.45	64.14	74.89	73.64	86.22	**374.34**
Manpower Hire Charges	47.42	46.74	49.84	57.37	68.74	**270.11**
Security Expenses	24.45	17.14	21.00	18.81	21.57	**102.97**

4.6.144 The Authority noted that the Aeronautical expenses related to Housekeeping, Manpower Hire Charges and Security Expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is considerably lower than the Aeronautical expenses related to Housekeeping, Manpower Hire Charges and Security Expenses approved by the Authority in the Third Control Period as these expenses were considered by the Authority at the time of tariff determination for the Third Control Period based on earlier completion of Phase 3A Expansion project. However, the actual expenses were lower due to delayed completion of Phase 3A Expansion project.

4.6.145 The Authority proposed to allocate the expenses related to Housekeeping, Manpower Hire Charges and Security Expenses based on the GFA ratio for the Third Control Period similar to the allocation methodology adopted for manpower expenses.

4.6.146 The Aeronautical expenses related to Housekeeping, Manpower Hire Charges and Security Expenses proposed to be considered by the Authority for the Third Control Period are as follows:

Table 149: Aeronautical Housekeeping, Manpower hire and Security Charges proposed to be considered by the Authority for the Third Control Period

Particulars	2020	2021	2022	2023	2024	Total
Housekeeping Expenses	75.55	64.10	74.85	73.59	86.21	**374.30**
Manpower Hire Charges	47.63	46.70	49.80	57.32	68.72	**270.18**
Security Expenses	24.56	17.13	20.98	18.79	21.57	**103.03**

Insurance

4.6.147 The Authority analyzed DIAL's submissions regarding Insurance expenses for the Third Control Period. DIAL has taken various insurance covers viz. Industrial All Risk (IAR), Advance Loss of Profit (ALOP), terrorism and others.

4.6.148 The insurance expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 150: Aeronautical Insurance Expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Insurance expenses approved by the Authority	9.81	15.35	16.05	17.63	23.42	**82.26**

4.6.149 The total insurance expenses incurred by DIAL along with Aeronautical insurance expenses as submitted by DIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 151: Aeronautical Insurance Expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Insurance Expenses incurred by DIAL	10.97	17.70	19.83	21.42	23.68	**93.60**
Aeronautical Insurance Expenses as submitted by DIAL	9.76	15.82	17.78	19.29	21.75	**84.40**

4.6.150 The Authority noted that the Aeronautical insurance expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is marginally higher (~2.6%) than the Aeronautical insurance expenses approved by the Authority in the Third Control Period and noted that the same is due to higher cost incurred on Phase 3A Expansion than the cost considered by the Authority in the Tariff Order for the Third Control Period.

4.6.151 The Authority proposed to allocate the insurance expenses submitted by DIAL based on the GFA ratio for the Third Control Period.

4.6.152 The Aeronautical insurance expenses proposed to be considered by the Authority for the Third Control Period are as follows:

Table 152: Aero Portion of Insurance expense proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Portion of Insurance proposed to be considered by the Authority	9.81	15.81	17.77	19.28	21.74	**84.41**

Consumables

4.6.153 The Authority analyzed the Consumable expenses for the Third Control Period. The consumable expenses approved by the Authority for the Third Control Period are provided in the table below:

Table 153: Aeronautical Consumable Expenses approved by the Authority in the Tariff Order for the Third Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Consumable expenses approved by the Authority	15.82	24.08	24.46	26.86	35.69	**126.91**

4.6.154 The total consumable expenses incurred by DIAL along with Aeronautical consumable expenses as submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period are provided in the table below:

Table 154: Aeronautical Consumable Expenses submitted by DIAL for the Third Control Period in MYTP for the Fourth Control Period

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Total Consumable Expenses incurred by DIAL	16.27	16.72	27.99	24.90	15.90	**101.78**
Aeronautical Consumable Expenses as submitted by DIAL	15.88	15.62	25.83	23.30	15.18	**95.81**

4.6.155 The Authority noted that the Aeronautical consumable expenses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is considerably lower than the Aeronautical consumable expenses approved by the Authority in the Third Control Period and the same has also been verified though relevant documents including CA certificates and accordingly found to be reasonable.

4.6.156 The Authority proposed to allocate consumable expenses for the Third Control Period based on the GFA/Terminal Building ratio, as applicable.

4.6.157 The Aeronautical consumable expenses proposed to be considered by the Authority for the Third Control Period are as follows:

Table 155: Aero portion of Consumables proposed to be considered by the Authority for the Third Control Period

Particulars (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Consumable expenses proposed to be considered by the Authority	15.88	15.61	25.82	23.29	15.18	**95.78**

Finance Lease Payments

4.6.158 The Authority analyzed DIAL's submission regarding lease payments pertaining to the equipment lease financing availed by DIAL in the Third Control Period.

4.6.159 The Authority understands that DIAL funded major portion of the equipment under Phase 3A expansion capex to the extent of Rs. 400 Cr by way of lease financing. The details of the equipment funded by way of lease finance is shown in the table below:

Table 156: Details of equipment funded by way of lease finance as submitted by DIAL

Particulars	Amount (Rs. Cr)
Terminal MEP	
HVAC	41.18
Electrical	111.53
Fire detection	29.36
PHE	18.87
Sub Total (A)	**200.94**
Airport System	
VDGS	1.02
GPU/ PCA infra	1.96
PBB	2.52
BHS	42.57
Control Systems	36.30

Particulars	Amount (Rs. Cr)
Sub Total (B)	**84.37**
Others	
Substation (EHU System, DG set, UPS)	32.79
ATRS	38.97
AGL System	24.38
Equipment for roads	18.55
Sub Total (C)	**114.69**
Total (A+B+C)	**400.00**

4.6.160 This cost has been adjusted in the final cost to be allowed as part of RAB for the purpose of true up for the Third Control Period as the lease costs are being allowed as part of O&M Expenses. Towards the lease financing, DIAL is required to make lease payments to the lessor on a monthly basis at the rate of Rs. 18 per month per Rs. 1,000 of cost i.e. Rs. 7.20 Cr per month. The equipment leasing period is for 7 years. Towards this, DIAL has paid security deposits of Rs. 100 Cr which is expected to fetch interest income at the rate of 7% p.a.

4.6.161 DIAL proposed to consider the lease payments under O&M expenses for the purpose of tariff determination, whereas in the books of accounts, the leased equipment would form part of the Fixed Assets as Right of Use (ROU) assets. The terms of the lease are as follows:

Table 157: Terms of the Finance Lease as per DIAL

Particulars	Value
Value of the Equipment (Rs. Cr)	400
No. of Months	84
Lease Payment per Month (Rs. Cr)	7.20
Security Deposit (Rs. Cr)	100
Interest Income on Security Deposit (%)	7%

4.6.162 The lease payment schedule as submitted by DIAL is mentioned below:

Table 158: Lease payment schedule submitted by DIAL

FY ending March 31 (Rs. Cr)	2024	2025	2026	2027	2028	2029	2030	2031
No. of Months	*2*	*12*	*12*	*12*	*12*	*12*	*12*	*10*
Lease Payments	14.47	86.40	86.40	86.40	86.40	86.40	86.40	71.93

4.6.163 The Authority examined the terms of lease and found that the effective interest rate on the lease financing works out to 12.65% p.a. (lease payment of Rs. 7.20 Cr for 84 months on cost of Rs. 400 Cr) which is higher compared to the effective cost of debt of 10.55% claimed by DIAL for Third Control Period. Further, the Authority noted that DIAL has not considered interest income on the security deposits which needs to be netted off against the lease payments.

4.6.164 Accordingly, the Authority proposed to consider lease payments at the Efficient Cost of Debt proposed to be considered by the Authority for the Third Control Period i.e. 10.37% p.a. The lease payment per month at an interest rate of 10.37% p.a. works out to Rs. 6.72 Cr and interest income on security deposits works out to Rs. 7 Cr. The lease payment schedule proposed to be considered by the Authority for the Third Control Period is as follows:

Table 159: Lease payment schedule proposed to be considered by the Authority for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
No. of Months					*2*	
Lease Payments @ Rs. 6.72 crore					13.43	13.43
Less: Interest Income					1.17	1.17
Net Lease Payments	-	-	-	-	**12.27**	**12.27**

4.6.165 Based on the above analysis, the Aeronautical Operating Expenses proposed to be considered by the Authority for true up for the Third Control Period are in the table below:

Table 160: Aeronautical Operating Expenses proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Operating Expenses						
Repairs and Maintenance	174.51	157.36	180.95	198.06	217.50	**928.38**
IT Related expenses	-	58.37	-	-	-	**58.37**
Housekeeping expenses	75.55	64.10	74.85	73.59	86.21	**374.30**
Manpower Hire charges	47.63	46.70	49.80	57.32	68.72	**270.18**
Security expenses	24.56	17.13	20.98	18.79	21.57	**103.03**
Insurance expenses	9.81	15.81	17.77	19.28	21.74	**84.41**
Consumable expenses	15.88	15.61	25.82	23.29	15.18	**95.78**
Finance Lease payments	-	-	-	-	12.27	**12.27**
Total Aero Operating Expenses	**347.94**	**375.08**	**370.17**	**390.32**	**443.20**	**1,926.72**

Utility Expenses:

4.6.166 The Authority analyzed the submission made by DIAL with regards to Utility expenses for the Third Control Period.

4.6.167 The Utility expenses approved by the Authority in the Tariff Order for the Third Control Period is as follows:

Table 161: Utility Charges approved by the Authority in the Tariff Order for the Third Control Period

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Power Charges	67.35	37.65	67.89	115.42	193.51	**481.82**
Water Charges	2.35	1.71	3.08	5.24	6.13	**18.51**
Total Utility expenses	**69.70**	**39.36**	**70.97**	**120.66**	**199.64**	**500.33**

4.6.168 The Authority analyzed the utility consumption of DIAL along with the Utility charges submitted by DIAL towards true up for the Third Control Period:

Table 162: Utility consumption submitted by DIAL towards true up for the Third Control Period

FY ending March 31	2020	2021	2022	2023	2024	Total
Electricity						
Electricity Consumption (MU)	236.68	162.71	200.92	237.62	253.97	1,091.90
Average Rate (Rs/kWh)	8.88	8.80	9.44	10.18	10.01	
Gross Charges (Rs. Cr)	210.24	143.14	189.59	241.88	254.16	1,038.99
Recovery from sub-concessionaire (%)	68%	79%	75%	69%	74%	
Net Power Charges (Rs. Cr)	**67.35**	**30.64**	**47.80**	**75.38**	**66.83**	**287.99**

FY ending March 31	2020	2021	2022	2023	2024	Total
Water						
Water Consumption (lakh kL)	19.81	14.19	17.15	20.02	21.14	92.31
Average Rate (Rs/kL)	136.46	130.12	125.95	161.53	161.38	
Gross Charges (Rs. Cr)	27.04	18.46	21.59	32.35	34.11	133.55
Recovery from sub-concessionaire (%)	91%	106%	116%	97%	93%	
Net Water Charges (Rs. Cr)	**2.35**	**-1.03**	**-3.37**	**1.11**	**2.37**	**1.43**
Net Utility Expenses	**69.70**	**29.60**	**44.42**	**76.50**	**69.20**	**289.43**

4.6.169 The Authority noted that the Utility charges (net of recoveries) actually incurred by DIAL in the Third Control Period is substantially lower than the charges approved by the Authority in the Tariff Order for the Third Control Period.

4.6.170 The Authority noted that the substantial portion of Utility expenses are recovered from sub-concessionaires. DIAL after the Authority's query regarding recovery being more than 100% in the case of water charges, clarified that the recovery % in case of Water charges exceeded 100% in some of the years as they pertain to unpaid arrears of the previous years.

4.6.171 The Authority further examined DIAL's submission of Net Utility charges based on documentary evidence submitted through CA certificates. The Authority proposed to consider utility expenses at actuals (net of recoveries) and treat the same as 100% aeronautical as the same is net of recovery from concessionaires consistent with the decision taken in the Tariff Order for the Third Control Period.

4.6.172 The Aeronautical Utility expenses proposed to be considered by the Authority for the Third Control Period is as follows:

Table 163: Utility expenses proposed to be considered by the Authority for the Third Control Period

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Net Power Charges	67.35	30.64	47.80	75.38	66.83	**287.99**
Net Water Charges	2.35	-1.03	-3.37	1.11	2.36	**1.43**
Aeronautical Utility expenses	**69.70**	**29.60**	**44.42**	**76.50**	**69.20**	**289.43**

Airport Operator Fee

4.6.173 The Authority noted that DIAL pays Airport Operator Fee at the rate of 3% of Total Income of the previous year to the Airport Operator i.e. Fraport AG.

4.6.174 The Airport Operator Fee considered by the Authority for the Third Control Period in the Tariff Order for the Third Control Period is provided below:

Table 164: Airport Operator Fee approved by the Authority for the Third Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Airport Operator Fee approved by the Authority	29.63	28.47	8.35	18.33	29.83	**114.61**

4.6.175 The Aeronautical portion of Airport Operator Fee submitted by DIAL for the Third Control Period is as follows:

Table 165: Aero portion of Airport Operator Fee submitted by DIAL for the Third Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Airport Operator Fee Submitted by DIAL	29.63	28.47	12.00	18.82	28.13	**117.06**

4.6.176 The Authority consistent with its decision in the Third Control Period at the time of tariff determination for the Third Control Period, proposed to continue with determination of Airport Operator Fee every year as 3% of the aeronautical revenues of the previous year. The Aeronautical Airport Operator Fee proposed to be considered by the Authority in the Third Control Period is as follows:

Table 166: Aero portion of Airport Operator Fee proposed to be considered for the Third Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Aero portion of Airport Operator Fee proposed to be considered by the Authority	29.63	28.47	12.00	18.82	28.13	**117.06**

Forex Fluctuations

4.6.177 The Authority analyzed DIAL's submission regarding Forex Losses for the Third Control Period. The forex losses submitted by DIAL for the Third Control Period in the MYTP for the Fourth Control Period is as follows:

Table 167: Forex Losses submitted by DIAL for true up of the Third Control Period in the MYTP for the Fourth Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Total Forex Losses/ Fluctuations submitted by DIAL	34.21	61.76	146.68	55.40	64.40	**362.25**
Aero portion of Forex Losses submitted by DIAL	30.24	55.20	131.55	49.92	59.14	**326.05**

4.6.178 The Authority at the time of tariff determination for the Third Control Period decided not to consider forex losses as the cost of debt considered includes hedge costs while forex losses incurred based on actuals shall be considered subject to assessment of cost efficiency at the time of true up while determining tariff for the Fourth Control Period.

4.6.179 The Authority proposed to consider Efficient cost of debt of 10.37% for the Third Control Period based on the Tariff Order for the Third Control Period (after including the 50 bps provision mentioned in the Tariff Order for the Third Control Period). Since the Authority proposed to consider the maximum allowed cost of debt for the Third Control Period, the Authority consistent with the decision taken in the Tariff Order for the Third Control Period proposed not to consider any forex losses in the Third Control Period.

Property Tax

4.6.180 The Authority examined DIAL's submissions regarding Property Tax for the Third Control Period. The Authority consistent with the decisions taken in the Tariff Order for the Third Control Period proposed to consider property tax based on actual cash payment basis and not on accrual basis. The property tax outgo submitted by DIAL for the Third Control Period is as follows:

Table 168: Property Tax submitted by DIAL for the Third Control Period

FY ending March 31 (Rs Cr)	2020	2021	2022	2023	2024	Total
Total Property Taxes Paid	19.06	10.45	13.54	8.30	87.18	**138.53**
Aero Portion of Property Taxes Paid	16.44	9.22	11.99	7.38	77.44	**122.48**

4.6.181 The Authority's analysis on the considerable increase in property tax payment in FY 2024 is submitted below:

i. DIAL pays property tax based on the settled principles for assessment of the property tax by the area covered by the South Delhi Municipal Corporation (SDMC) and Delhi Cantonment Board

(DCB). It may be noted that area pertaining to Terminal 1 come under the jurisdiction of DCB while all other area come under the jurisdiction of SDMC with respect to payment of property tax.

ii. The property tax charged by SDMC in FY 2023 was Rs. 11.44 Cr. SDMC revised the computation methodology in FY 2024 and as a result property tax applicable for FY 2024 is Rs. 34.79 Cr.

iii. DCB passed an assessment order dated 15th June 2020 levying property tax of Rs. 867.21 Cr per annum against its earlier assessment of tax of Rs. 9.13 Cr per annum and raised the total demand of Rs. 2,601.63 Cr for 3 FYs i.e. 2017 to 2019. DIAL filed a Writ Petition before the Hon'ble High Court of Delhi challenging the assessment order dated 15th June 2020. Hon'ble Delhi High Court set aside the previous assessments and ordered that fresh assessments be done and tax shall be levied as per Section 73(b) of the Cantonments Act, 2006 by DCB. After assessment, Fresh Assessment orders were received by DIAL from DCB:

- FY 2017 to FY 2023 - Rs. 73.56 Cr (after adjusting Rs. 17.31 Cr already paid by DIAL for the period) on 01st February 2024
- FY 2007 to FY 2016 – Rs. 55.58 Cr on 18th April 2024

iv. It may be noted that DCB has not allowed rebate of 25% as provided in the final order of Hon'ble High Court. However, after receipt of above orders, DIAL paid Rs. 50.85 Cr (rebate applied on total amount including Rs. 17.31 Cr already paid) against order dated February 01, 2024 for FY 2017 to FY 2023 and Rs. 41.68 Cr against order dated April 18, 2024 for FY 2007 to FY 2016 and respectively for above two demands after considering rebate of 25% as directed in the final order of Hon'ble Delhi High Court. The payment against order dated February 01, 2024 was made in FY 2024 while the payment against order dated 18th April 2024 was made in FY 2025. The matter was heard on 10th May 2024 and the matter has been disposed off as DCB has agreed to provide the rebate.

4.6.182 The property tax payments have been also examined based on documentary evidences in the form of CA certificates.

4.6.183 The Authority proposed to consider property tax on actual payment basis for the Third Control Period. Further, the Authority proposed to allocate property tax based on the proportion of Aero portion of O&M expenses (excluding property tax and Airport Operator Fee) to the total O&M expenses (after excluding disallowed expenses like Provision for Bad Debts, Donation, CSR and Forex Losses) in the respective years of the Third Control Period. The aeronautical portion of property tax proposed to be considered by the Authority for the Third Control Period is as follows:

Table 169: Aeronautical Portion of Property Tax proposed to be considered by the Authority for the Third Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Portion of Property Tax proposed to be considered by the Authority	16.62	9.03	11:80	7.14	75.50	**120.09**

4.6.184 Considering the above, the Aeronautical Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for true up for the Third Control Period is provided in the table below.

Table 170: Aeronautical Operation and Maintenance Expenses proposed to be considered by the Authority for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower Expenses	188.93	189.71	204.80	228.44	267.96	**1,079.84**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
[Refer Table 95]						
Admin & General Expense [Refer Table 140]	208.29	144.92	186.40	206.58	253.04	**999.23**
Operating Expenses [Refer Table 160]	347.94	375.08	370.17	390.32	443.20	**1,926.72**
Utility Expenses [Refer Table 163]	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee [Refer Table 166]	29.63	28.47	12.00	18.82	28.13	**117.06**
Forex	-	-	-	-	-	-
Property tax [Refer Table 169]	16.62	9.03	11.80	7.14	75.50	**120.09**
VRS-AAI	1.22					**1.22**
Total Aeronautical O&M Expenses	**862.33**	**776.82**	**829.60**	**927.80**	**1,137.03**	**4,533.58**

Stakeholders' comment on true up of Aeronautical Operation & Maintenance expenses for the Third Control Period

4.6.185 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. 07/2024-25 with respect to Aeronautical Operation and Maintenance Expenditure for the Third Control Period. The comments from Stakeholders are presented below:

DIAL's comment on true up of Aeronautical Operation & Maintenance expenses for the Third Control Period

4.6.186 With respect to AERA's proposal on Corporate Social Responsibility, DIAL's comment is as follows:

"The expenditure pertaining to the Corporate Social Responsibility has been allowed by the Authority for Bangalore International Airport Limited for the Third Control Period. Below is the extract of the same:

3.7.39 Based on the above, the aeronautical operating expenditure decided by the Authority for the true-up of Second Control Period is given below:

Table 40: Aeronautical operating expenditure decided by the Authority for true-up of Second Control Period

Operating expenses adjustments	FY 2017	FY 2018	FY 2019	FY 2020	FY2021	Total
Personnel expenses	107.37	110.43	137.41	174.29	157.35	686.84
O&M	83.03	98.97	96.93	117.09	123.78	519.80
Lease Rent	13.01	13.42	13.83	14.24	18.72	73.22
Utilities	36.45	41.92	34.86	34.22	25.20	172.66
Insurance	1.57	2.22	1.94	3.25	5.66	14.64
Rates & taxes (other than IT)	7.48	5.62	8.02	7.63	7.17	35.91
Marketing & Advertising	7.90	9.02	14.91	19.62	6.27	57.73
CSR	2.14	4.23	6.99	6.85	5.10	25.30
General admin costs	23.40	27.34	17.28	19.90	13.32	101.24
Total operating expenses - Aero	**282.35**	**313.15**	**332.18**	**397.08**	**362.57**	**1687.33**
Concession fee	39.67	44.65	38.14	32.88	13.99	169.32
Waiver and bad debts	0.00	0.00	0.00	0.00	0.00	0.00
Total operating expenditure - Aero	**322.02**	**357.80**	**370.32**	**429.96**	**376.56**	**1856.66**

Similarly in the case of GMR Hyderabad International Airport, the Authority has allowed the CSR expenditure for the RGI Airport as well. Extract as follows:

S.No.	Details of Expense	Observation	Amount of Adjustment
5	Community Development	***Segregation by HIAL:*** Aeronautical portion of CSR expenses as per aeronautical P&Ls ***Observation:*** On the examining the details submitted by HIAL, it is observed that the CSR expense was categorized under community development expenses which also included donations made by HIAL. Keeping in view the direction of TDSAT's judgment dated December 16, 2020 in the matter of Bangalore International Airport Limited vs Airports Economic Regulatory Authority, the CSR liability calculated based on aeronautical P&L can be allowed as pass through for the purpose of O&M expense. For the purpose of this study, the CSR eligibility was calculated as per the provision of Company's Act, 2013 and aeronautical P&L.	Rs. 37.61 Crores

However, in the case of DIAL, the Authority has completely taken a different stand in allowing the CSR expenditure despite having set a differential precedence in the other airports.

DIAL requests the Authority to be consistent in its approach and therefore consider the CSR expenditure as requested by the DIAL. The Hon'ble TDSAT has further reiterated in its Judgement for DIAL 3rd Control Period that the decision of the TDSAT in the matter of CSR vide appeal no. 08/2018 are binding on the Authority (Para 168).

It is the primary function of the Authority to implement the decisions consistently across all the airport unless the concession provided by the Government of India specifies otherwise. Thus, we humbly request the Authority to consider the CSR expenditure as part of the regulatory building blocks."

4.6.187 With respect to AERA's proposal on Donations, DIAL's comment is as follows:

" Charity and donation is cause of social responsibility. The charity and donation has been undertaken by an entity in the interest of the society dependent on it. Hence, this expense should be allowed at least as common. Disallowance of these expenses will discourage the organization to undertake social works."

4.6.188 With respect to AERA's proposal on Disallowance of lease equipment charges, DIAL's comment is as follows:

*" In an ideal scenario, where the investment in an asset is made by DIAL instead of a lease, it would be eligible at least a return of 12.99% as return on the Regulatory Base (RB) and entire investment is ploughed back as a depreciation. DIAL in order to incentivise the passengers and reduce the costs, has innovatively entered into the lease equipment transaction and reduce the total return to 12.65% (without including interest income). Further, the total NPV with WACC of 12.99% after considering the RB * WACC on INR 400 Crores of investment, Depreciation is INR 424 Crores, detailed calculation is as follows:*

(INR in Crores)

Year Ended	*Opening RB*	*Depreciation*	*Closing RB*	*Closing RB * WACC*	*Total Return*	*PV factor*	*PV as on March 31, 2024*
31-Mar-24	*437.29*	*8.96*	*428.33*	*13.91*	*22.87*	*1.00*	*22.87*
31-Mar-25	*428.33*	*35.98*	*392.35*	*50.97*	*86.94*	*0.89*	*76.95*

(INR in Crores)

Year Ended	Opening RB	Depreciation	Closing RB	Closing RB * WACC	Total Return	PV factor	PV as on March 31, 2024
31-Mar-26	392.35	35.98	356.38	46.29	82.27	0.78	64.44
31-Mar-27	356.38	35.98	320.40	41.62	77.60	0.69	53.79
31-Mar-28	320.40	35.98	284.42	36.95	72.92	0.61	44.74
31-Mar-29	284.42	35.98	248.45	32.27	68.25	0.54	37.06
31-Mar-30	248.45	35.98	212.47	27.60	63.58	0.48	30.55
31-Mar-31	212.47	35.98	176.49	22.93	58.90	0.43	25.05
31-Mar-32	176.49	35.98	140.52	18.25	54.23	0.38	20.41
31-Mar-33	140.52	35.98	104.54	13.58	49.56	0.33	16.51
31-Mar-34	104.54	30.88	73.67	9.57	40.45	0.29	11.93
31-Mar-35	73.67	15.51	58.16	7.55	23.06	0.26	6.02
31-Mar-36	58.16	15.51	42.65	5.54	21.05	0.23	4.86
31-Mar-37	42.65	15.51	27.15	3.53	19.03	0.20	3.89
31-Mar-38	27.15	15.51	11.64	1.51	17.02	0.18	3.08
31-Mar-39	11.64	11.64	0.00	0.00	11.64	0.16	1.86
Total		**437.29**		**332.07**	**769.36**		**424.02**

The return requested by the DIAL after considering the interest income on security deposits is as follows:

(INR in Crores)

Year Ended	Lease Payments	Interest Income	Total Return	PV factor	PV as on March 31, 2024
31-Mar-24	14.47	(1.17)	13.30	1.00	13.30
31-Mar-25	86.40	(7.00)	79.40	0.89	70.27
31-Mar-26	86.40	(7.00)	79.40	0.78	62.19
31-Mar-27	86.40	(7.00)	79.40	0.69	55.04
31-Mar-28	86.40	(7.00)	79.40	0.61	48.71
31-Mar-29	86.40	(7.00)	79.40	0.54	43.11
31-Mar-30	86.40	(7.00)	79.40	0.48	38.16
31-Mar-31	71.93	(3.50)	68.43	0.43	29.10
Total	**604.80**	**(46.67)**	**558.14**		**359.90**

The table itself would reflect the total savings to the passengers in terms of the amount i.e., required to be paid by the passengers over the tenure of the equipment.

However, the Authority instead of the appreciating the above savings, has further penalised the Airport Operator by reducing the lease expenditure on notional basis. The NPV after considering the Authority methodology is as follows:

(INR in Crores)

Year Ended	Lease Payments	Interest Income	Disallowance by AERA	Total Return	PV factor	PV as on March 31, 2024
31-Mar-24	14.47	(1.17)	(1.04)	12.26	1.00	12.26
31-Mar-25	86.40	(7.00)	(5.76)	73.64	0.89	65.17
31-Mar-26	86.40	(7.00)	(5.76)	73.64	0.78	57.68
31-Mar-27	86.40	(7.00)	(5.76)	73.64	0.69	51.05
31-Mar-28	86.40	(7.00)	(5.76)	73.64	0.61	45.18
31-Mar-29	86.40	(7.00)	(5.76)	73.64	0.54	39.99
31-Mar-30	86.40	(7.00)	(5.76)	73.64	0.48	35.39
31-Mar-31	71.93	(3.50)	(3.50)	64.93	0.43	27.62
Total	**604.80**	**(46.67)**	**(39.11)**	**519.02**		**334.34**

The treatment followed by the Authority resulted into NPV of INR 334 Crores, which is actually a penalty in nature instead of incentivising the airports for innovative thoughts of reducing the passenger and airline charges.

In view of the above, it is apparent that the stated arrangement is efficient and not burden on tariff, hence, the actual lease payments should be considered by the Authority."

Other Stakeholders' comments on true up of Aeronautical Operation & Maintenance expense for the Third Control Period

4.6.189 APAO stated that,

"Authority has considered the artificial cap on the lease equipment charges liable to paid by the DIAL towards the Lease Equipment Financier. The lease equipment financing has certain peculiar mechanism which are not similar to loans. The Authority themselves provided the return on RAB equivalent to WACC on any asset procured by DIAL which is 12.89% in the fourth control period. In the current scenario, the Lease Equipment charges are recalculated considering the cost of debt which is incorrect.

Thus, it is apparent that the Authority has reduced the eligibility of DIAL in terms of the lease equipment charges and the Authority shall allow at the actual amounts."

4.6.190 AOC stated that,

"1. Clause 4.6.78 refers to DIAL's submissions of having incurred significantly higher Advertising and Aeronautical Advertising expense in FY24 citing flimsy grounds of G20 and Hajj etc. of which Hajj and Customer Engagement activities are routine and nothing exceptional was done by DIAL that year while trying to pass this expense for recovery from users. A very thin line demarcates the advertising or aeronautical expenses being claimed to be of any tangible benefit to the users. DIAL uses social media platforms, its Home webpages, Interactive feedback while Aeronautical information are published by Airports Authority of India using NOTAMs or AIP Supplements which are very cost effective and not reflective of the expense proposed by DIAL.

2. Table 131 details the other Admin expenses incurred and being claimed by DIAL. AOC requests AERA to verify the credit notes provided by DIAL to the tune of 25.11 Cr to Airlines towards the claimed UDF/PSF collection Charges. On ground, these remain more in books than actually a payout in the form of credit note to the Airlines."

DIAL's response to Stakeholders' comments on true up of Aeronautical Operation & Maintenance expense for the Third Control Period

4.6.191 DIAL acknowledged the comments made by APAO pertaining to disallowance of lease equipment charges.

4.6.192 With respect to AOC's comments, DIAL's response is as follows:

"1. The advertisement expenses have been scrutinised and assessed by AERA and its expert consultants. DIAL has provided the necessary details with respect to the expenditure and it is important to note that the cost incurred was necessary as IGI, Airport is one of the most important gate way for India and image/ reputation of the country is at stake during such important events like G-20.

2. DIAL is paying as per the invoices raised by the airlines and have accounted accordingly on accrual basis. There is no inconsistency in the payment of the expenditure as has been alleged by the AOC. Any such event if at all should be brought to knowledge of DIAL specifically."

Authority's analysis on Stakeholders' comments on true up of Aeronautical Operation and Maintenance expense for the Third Control Period

4.6.193 The Authority notes the comment from DIAL on the issue of considering CSR expenses as part of Aeronautical O&M expenses highlighting the past decisions of the Authority in the case of BIAL and GHIAL and also with regard to the Hon'ble TDSAT order.

The Authority acknowledges consideration of CSR expenses as part of Aeronautical O&M expenses in the case of BIAL and GHIAL in the past.

As regards DIAL's counter-comment with regard to the Hon'ble TDSAT order, the Authority refers to para 4.6.97 to 4.6.99 of this Tariff Order for the reasoning behind non-consideration of CSR expenses as part of Aeronautical O&M expenses.

The Authority also notes that the matter regarding CSR expenses is sub-judice before Hon'ble Supreme Court and final decision with regards to the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality as iterated under para 1.8.2 to 1.8.5 of this Tariff Order.

4.6.194 The Authority notes DIAL's comment on consideration of Donations as part of Aeronautical O&M expenses.

The Authority highlights that, as per the tariff setting principles set out under Schedule 1 of SSA, only the efficient, justified and reasonable expenses are allowed as Efficient O&M expenses for smooth conduct of Aeronautical Services.

Accordingly, the Authority notes that the expenses on Donations are not related to provision of Aeronautical Services. Further, these expenses could not be considered as Efficient as the incurrence would not result in any improvement in functioning of the Airport/ provision of Aeronautical Services. The Authority is of the view that allowing Donations as part of Aeronautical O&M expenses would lead to unnecessary burden on the Airport Users without any tangible benefit in return. The cost should not be borne by the End Users. Considering the above, the Authority consistent with the decision taken in the Tariff Order for the Third Control Period decides not to consider Donations as part of Aeronautical O&M expenses for the Third Control Period.

4.6.195 The Authority notes the comment from DIAL and APAO on the disallowance considered by the Authority on the lease payments pertaining to lease equipment forming part of Phase 3A Expansion. The Authority also reviewed the detailed clarifications provided by DIAL in this regard.

The Authority noted the views of DIAL that, in case DIAL had opted for direct procurement of equipment out of own funds instead of lease arrangement, DIAL would have been eligible for return at the rate of 12.99% and 12.89% in the Third and Fourth Control Period respectively on RAB pertaining to the lease equipment along with depreciation on the asset. However, DIAL funded the equipment to the extent of Rs. 400 Cr by way of lease financing with an inherent effective interest rate of 12.65% p.a. as explained in para 4.6.163 of this Tariff Order.

Based on the above, the Authority views that the inherent interest rate on the lease arrangement should be compared with WACC instead of Cost of Debt as even though the lease arrangement could be seen as debt finance, as per the tariff setting principles, return for an asset is provided on RAB at the rate of WACC. Accordingly, Authority has decided to compare the inherent interest rate on the lease arrangement with that of the WACC. In case of DIAL, as mentioned above the inherent interest rate of lease arrangement is lesser than the WACC. The Authority also noted the views of DIAL that the NPV of the lease payments pertaining to lease financing would be lesser than the NPV of the return on RAB

plus depreciation that DIAL would have been eligible and has resulted in lesser Aggregate Revenue Requirement (ARR)/ Target Revenue of DIAL in the Fourth Control Period.

Considering the above, the Authority decides to consider lease payments as per the lease terms (without any adjustment to the monthly lease payment) and net-off the same with the interest income earned on security deposits paid by DIAL. The net lease payments considered by the Authority at the Consultation Stage was Rs. 12.27 Cr in FY 2024 and Rs. 73.61 Cr (after netting-off interest income on security deposits) in each of the years of the Fourth Control Period. Based on the explanation provided above, the net lease payments decided to be considered by the Authority is Rs. 13.30 Cr in FY 2024 and Rs. 79.40 Cr (after netting-off interest income on security deposits) in each of the years of the Fourth Control Period as mentioned in the table below:

Table 171: Finance Lease Payments decided to be considered by the Authority for true up for the Third Control Period

FY ending March 31 (Rs. Cr)	2024	2025	2026	2027	2028	2029	Total
No. of Months	*2*	*12*	*12*	*12*	*12*	*12*	
Lease Payments	14.47	86.40	86.40	86.40	86.40	86.40	**446.47**
Less: Interest Income	1.17	7.00	7.00	7.00	7.00	7.00	**36.17**
Net Lease Payments decided to be considered by the Authority	**13.30**	**79.40**	**79.40**	**79.40**	**79.40**	**79.40**	**410.31**

4.6.196 The Authority has noted the comments of AOC on higher Advetising and Sales Promotion expenses in FY 2024 and reasons behind the same along with the counter comments from DIAL.

The Authority through its independent consultant has analysed the reasons for the actual increase in advertising costs in FY 2024 and has accepted the reasons provided by DIAL in this regard. Further, for the purpose of projecting the future expenses, the Authority has only considered the expenses for FY 2023 as a base given the fact that FY 2024 has been an anomaly year wherein the expenses incurred were a one-time incurrence and not a regular/ consistent incurrence.

4.6.197 The Authority has noted the comments from AOC on the verification of Rs. 25.11 Cr of Collection Charges claimed by DIAL for the Third Control Period and the counter comments from DIAL in this regard.

The Authority would like to inform that the PSF/UDF Collection Charges under Other Admin Expenses have been duly verified based on the CA certificates submitted by DIAL.

4.6.198 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 considered by the Authority at the Consultation Stage:

- Consider lease payments pertaining to equipment lease finance as per para 4.6.195.

4.6.199 Based on the above analysis, the Aeronautical Operating Expenses decided to be considered by the Authority for true up for the Third Control Period is as follows:

Table 172: Aeronautical Operating Expenses decided to be considered by the Authority for true up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Operating Expenses						
Repairs and Maintenance	174.51	157.36	180.95	198.06	217.50	**928.38**
IT Related expenses		58.37	-	-	-	**58.37**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Housekeeping expenses	75.55	64.10	74.85	73.59	86.21	**374.30**
Manpower Hire charges	47.63	46.70	49.80	57.32	68.72	**270.18**
Security expenses	24.56	17.13	20.98	18.79	21.57	**103.03**
Insurance expenses	9.81	15.81	17.77	19.28	21.74	**84.41**
Consumable expenses	15.88	15.61	25.82	23.29	15.18	**95.78**
Finance Lease payments	-	-	-	-	13.30	**13.30**
Total Aero Operating Expenses	**347.94**	**375.08**	**370.17**	**390.32**	**444.23**	**1,927.75**

4.6.200 Based on the changes in the Aeronautical Operating Expenses, the Aeronautical O&M Expenses decided to be considered by the Authority for true up for the Third Control Period is as follows:

Table 173: Aeronautical Operation and Maintenance Expenses decided to be considered by the Authority for true up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Manpower Expenses [Refer Table 95]	188.93	189.71	204.80	228.44	267.96	**1,079.84**
Admin & General Expense [Refer Table 140]	208.29	144.92	186.40	206.58	253.04	**999.23**
Operating Expenses [Refer Table 172]	347.94	375.08	370.17	390.32	444.23	**1,927.75**
Utility Expenses [Refer Table 163]	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee [Refer Table 166]	29.63	28.47	12.00	18.82	28.13	**117.06**
Forex	-	-	-	-	-	-
Property tax [Refer Table 169]	16.62	9.03	11.80	7.14	75.51	**120.10**
VRS-AAI	1.22					**1.22**
Total Aeronautical O&M Expenses	**862.33**	**776.82**	**829.60**	**927.80**	**1,138.08**	**4,534.62**

4.6.201 The variance in the Aeronautical O&M Expenses decided by the Authority for true up for the Third Control Period as compared to the Aeronautical O&M Expenses proposed by the Authority at the Consultation Stage is as follows:

- Increase in finance lease payments in FY 2024 (Refer Table 171).

4.7 True up of Revenue from Revenue Share Assets for the Third Control Period

DIAL's Submission regarding Revenue from Revenue Share Assets for the Third Control Period as per MYTP for the Fourth Control Period

4.7.1 DIAL in the MYTP for the Fourth Control Period submitted true up of Revenue from Revenue Share Assets for the Third Control Period by taking into consideration Hon'ble TDSAT judgement dated 21st July 2023 in the case of DIAL. The Hon'ble TDSAT vide its judgement dated 21st July 2023 has pronounced that Other income, Annual Fee payable to AAI and revenue from Existing assets are required to be excluded from the calculation of S Factor. The relevant TDSAT excerpts has been discussed in detail under the section 2.3.2 under True up for the First Control Period in this Tariff Order.

4.7.2 Accordingly, DIAL proposed the following calculation for true up of Revenue from Revenue Share Assets for the Third Control Period:

Table 174: Revenue from Revenue Share Assets submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Air traffic related revenue (A)	122.25	71.15	101.66	169.36	222.79	**687.21**
Passenger related revenue (B)	447.10	135.09	285.72	567.28	693.42	**2,128.62**
International Passenger Revenue (C)	469.38	89.43	211.75	507.22	639.87	**1,917.66**
Contract linked Revenue (D)	676.19	480.39	545.77	721.05	833.04	**3,256.43**
Cargo Revenue (E)	269.73	299.48	331.43	336.10	404.26	**1,641.00**
Gross Non-Aeronautical Revenue (F = A+B+C+D+E)	**1,984.65**	**1,075.55**	**1,476.34**	**2,301.00**	**2,793.38**	**9,630.92**
Revenue from Existing assets/ demise premises (G)	455.43	435.04	461.89	515.38	594.37	**2,462.11**
Annual fee pertaining to Gross Non-aero Revenue (H)	703.29	294.57	466.54	821.21	1,011.33	**3,296.94**
Net Revenue for Revenue Share Assets (I = F-G-H)	**825.93**	**345.94**	**547.90**	**964.41**	**1,187.69**	**3,871.88**
S Factor – 30% of Net Revenue from Revenue Share Assets (J = 30% * I)	**247.78**	**103.78**	**164.37**	**289.32**	**356.31**	**1,161.56**

Decisions taken by the Authority regarding Revenue from Revenue Share Assets as per the Tariff Order for the Third Control Period

4.7.3 The Authority vide decision No. 7.6.11 of the Tariff Order for the Third Control Period decided not to exclude revenue from Existing Assets and also to not consider deduction towards the Annual Fee payable to AAI from the Revenue from Revenue Share Assets for the Third Control Period.

4.7.4 The Authority vide decision No. 7.6.1 of the Tariff Order for the Third Control Period also decided to consider actual Other Income for FY 2020 as submitted by DIAL during the tariff determination exercise for the Third Control Period. For the period from FY 2021 to FY 2024, the Authority decided to consider Other Income as nil based on DIAL's submission which would be trued up based on actuals in the Fourth Control Period.

4.7.5 The Authority vide decision no 7.6.12 of the Tariff Order for the Third Control Period decided to consider non-aeronautical portion of the actual Other Income earned during the Third Control Period for cross-subsidization of revenue from Revenue Share Assets at the time of true up during tariff determination for the Fourth Control Period. The Authority therefore decided to include dividend income as part of Revenue from Revenue Share Assets for cross-subsidy at the time of true up during the Fourth Control Period. The aeronautical portion of Other Income which could be attributed to revenues generated from aeronautical services shall be treated as aeronautical revenues at the time of the true up for the Third Control Period as part of tariff determination for the Fourth Control Period.

4.7.6 The Revenue from Revenue Share Assets considered by the Authority at the time of tariff determination for the Third Control Period is as shown in the table below:

Table 175 : Revenue from Revenue Share Assets considered by the Authority in the Tariff Order for the Third Control Period

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Ground Handling	114.17	32.80	69.57	116.40	142.44	**475.38**
Bridge Mounted Equipment	8.08	3.26	5.88	10.00	10.90	**38.12**

FY ending March 31, (Rs Cr)	2020	2021	2022	2023	2024	Total
Flight Kitchen	50.90	9.09	30.97	51.46	59.62	**202.05**
Car Park	34.35	17.19	40.62	68.84	77.66	**238.67**
Radio Taxi	16.86	5.16	12.20	20.67	23.32	**78.21**
Retail Duty paid	167.61	34.18	77.21	130.84	147.61	**557.45**
Food & Beverages (F&B)	109.79	22.41	50.62	85.78	96.77	**365.36**
Lounge Income	51.62	9.72	21.96	37.21	41.98	**162.48**
Other passenger traffic linked revenue	15.98	4.73	10.68	18.11	20.43	**69.93**
Duty Free	469.38	63.37	215.95	358.80	415.69	**1,523.19**
Advertisement	157.31	47.19	58.80	73.27	91.29	**427.87**
Forex	65.19	12.04	58.67	52.80	47.52	**236.23**
Land & Space	361.13	339.88	375.60	403.77	434.05	**1,914.45**
Other contract linked revenue	70.98	41.09	50.91	53.00	55.19	**271.17**
IT JV	21.57	7.20	24.40	39.53	42.63	**135.33**
Cargo	269.73	173.64	232.31	265.50	316.07	**1,257.25**
Other Income	327.43	-	-	-	-	**327.43**
Gross Revenue from Revenue Share Assets	**2,312.08**	**822.95**	**1,336.35**	**1,785.98**	**2,023.19**	**8,280.54**
Revenue from Revenue Share Assets after Adjustments	**2,312.08**	**822.95**	**1,336.35**	**1,785.98**	**2,023.19**	**8,280.54**
S Factor (30% of Revenue from Revenue Share Assets)	**693.62**	**246.88**	**400.90**	**535.79**	**606.96**	**2,484.16**

Authority's Examination and Proposal regarding issues pertaining to Revenue from Revenue Share Assets for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period at the Consultation Stage

4.7.7 The Authority has examined the Gross Non-aeronautical Revenue submitted by DIAL which are based on actuals and the same has been validated with the Audited Financial Statements of DIAL and CA certificates as part of the submission made by DIAL.

4.7.8 The Authority noted the classification adopted by DIAL in which various revenue streams from Revenue Share Assets has been categorized into five broad heads as per the table below:

Table 176: Categorization of Revenue from Revenue Share Assets

S. No	Items as per Revenue from Revenue Share Asset Categorization in the Third Control Period at the time of tariff determination for Third Control Period	Current Categorization to be consistent with DIAL's submission towards True Up for the Third Control Period
1	Ground Handling, Bridge Mounted Equipment	Air traffic related revenue (A)
2	Flight Kitchen, Car Park, Retail Duty, Radio Taxi, F&B, Lounge Income, Other Pax Traffic linked revenue	Passenger related revenue (B)
3	Duty Free	International Passenger Revenue (C)
4	Advertisement, Forex, Land and Space, Other Contract Linked Revenue, IT JV	Contract linked Revenue (D)
5	Cargo	Cargo Revenue (E)

4.7.9 The Authority based on the above understanding has recategorized the projections made by the Authority at the time of tariff determination for the Third Control Period into similar heads to enable comparison of the Revenue from Revenue Share Assets with the actual revenue from Revenue Share Assets as

submitted by DIAL as part of True Up for the Third Control Period. The comparison is as per the table below:

Table 177: Comparison of Revenue from Revenue Share Assets between Authority's Projections as per Tariff Order for the Third Control Period and Actuals as submitted by DIAL towards True Up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Air traffic related revenue- As per Authority	122	36	75	126	153	**514**
Air traffic related revenue- As per Actuals	122	71	102	169	223	**687**
Variation	***0%***	***97%***	***35%***	***34%***	***45%***	***34%***
Passenger related revenue- As per Authority	447	102	244	413	467	**1,674**
Passenger Related Revenue-As per Actuals	447	135	286	567	693	**2,129**
Variation	***0%***	***32%***	***17%***	***37%***	***48%***	***27%***
International Passenger Revenue- As per Authority	469	63	216	359	416	**1,523**
International Passenger Revenue- As per Actuals	469	89	212	507	640	**1,918**
Variation	***0%***	***40%***	***-2%***	***41%***	***54%***	***26%***
Contract linked Revenue- As per Authority	676	447	568	622	671	**2,985**
Contract linked Revenue- As per Actuals	676	480	546	721	833	**3,256**
Variation	***0%***	***7%***	***-4%***	***16%***	***24%***	***9%***
Cargo Revenue - As per Authority	270	174	232	266	316	**1,257**
Cargo Revenue- As per Actuals	270	299	331	336	404	**1,641**
Variation	***0%***	***72%***	***42%***	***27%***	***28%***	***30%***
Total Revenue from Revenue Share Assets - As per Authority (Excluding Other Income)	1,985	823	1,336	1,786	2,023	**7,953**
Total Revenue from Revenue Share Assets - As per Actuals (Excluding Other Income)	1,985	1,074	1,477	2,300	2,793	**9,631**
Variation	***0%***	***31%***	***11%***	***29%***	***38%***	***21%***

4.7.10 The Authority noted that the actual Revenue from Revenue Share Assets for the years in the Third Control Period has surpassed the Authority's projections with regards to Revenue from Revenue Share Assets at the time of tariff determination for the Third Control Period. The overall increase was 21% with some of the PAX Traffic and Cargo linked items posting higher surplus while the contract Linked Revenues have posted lower surplus than the estimates by the Authority at the time of tariff determination for the Third Control Period.

4.7.11 The Authority noted that the increase can be attributed to better-than-expected Pax traffic growth during the years in the Third Control Period along with higher revenue contribution per passenger.

4.7.12 The Authority proposed to consider Air Traffic, Pax Traffic, Contract Linked and Cargo Revenues as part of Revenue from Revenue Shared Assets based on actuals (after validation of the same with the Audited Financial Statements through its independent consultant) towards True Up for the Third Control Period.

4.7.13 The Authority noted DIAL's submission pertaining to true-up of Revenue from Revenue Share Assets for the Third Control Period wherein DIAL has requested exclusion of Revenue from Existing Assets, Other Income, Exclusion of Annual Fee payable to AAI which are based on the Hon'ble TDSAT order dated 21st July 2023 for the Second Control Period and Third Control Period in the case of DIAL.

4.7.14 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period.

4.7.15 The Authority consistent with the decision taken in the Tariff Order for the Third Control Period proposed not to exclude revenue from Existing Assets and also to not consider deduction towards the Annual Fee payable to AAI from the revenue from Revenue Share Assets for the Third Control Period.

4.7.16 In the case of Other Income, the Authority proposed to implement the decisions taken at the time of tariff determination for the Third Control Period wherein entire Other Income (excluding Other Income attributable to Aeronautical services) shall be considered as part of Revenue from Revenue Share Assets at the time of True Up for the Third Control Period. The Authority noted that the Other Income as submitted by DIAL majorly includes Dividend Income, Interest Income and Investment Income.

4.7.17 The Authority noted that under Dividend Income, an amount of Rs. 12.77 Cr during the Third Control Period has been earned from Fuel Farm Subsidiary and hence proposed to reclassify the same as Aeronautical Revenues as part of True Up for Third Control Period, as Fuel Farm Operations has been classified as Aeronautical Services as per Schedule 5 of the OMDA.

Table 178: Other Income Proposed to be considered by Authority as part of Revenue Share Assets towards True Up for the Third Control Period

FY ending March 31 (Rs Cr)	2020	2021	2022	2023	2024	Total
Other Income as per Actuals (A)	327.43	100.08	144.99	297.40	281.47	**1,151.38**
Dividend Income from Fuel Farm Subsidiary (B)	3.41	2.77	-	1.81	4.78	**12.77**
Other Income Proposed to be Considered by the Authority towards True Up for the Third Control Period (C= A-B)	**324.02**	**97.31**	**144.99**	**295.59**	**276.69**	**1,138.61**

4.7.18 The Revenue from Revenue Share Assets and S Factor computed by the Authority for true up for the Third Control Period based on the above proposals is shown in the table below:

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Table 179: Revenue from Revenue Share Assets proposed to be considered by Authority towards True up for the Third Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Air traffic related revenue (A)	122.25	71.15	101.66	169.36	222.79	**687.21**
Passenger related revenue (B)	447.10	135.09	285.72	567.28	693.42	**2,128.62**
International Passenger Revenue (C)	469.38	89.43	211.75	507.22	639.87	**1,917.66**
Contract linked Revenue (D)	676.19	480.39	545.77	721.05	833.04	**3,256.43**
Cargo Revenue (E)	269.73	299.48	331.43	336.10	404.26	**1,641.00**
Gross Non-Aeronautical Revenue (F = A+B+C+D+E)	**1,984.65**	**1,075.55**	**1,476.34**	**2,301.00**	**2,793.38**	**9,630.92**
Other Income (G)	324.02	97.31	144.99	295.59	276.69	**1,138.61**
Revenue from Revenue Share Assets (H = F+G)	**2,308.66**	**1,172.86**	**1,621.33**	**2,596.60**	**3,070.08**	**10,769.53**
S Factor – 30% of Net Revenue from Revenue Share Assets (30% * H)	**692.60**	**351.86**	**486.40**	**778.98**	**921.02**	**3,230.86**

Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Third Control Period

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. 07/2024-25 dated 31st January 2025 with respect to Revenue from Revenue Share Assets for the Third Control Period. The comments from Stakeholders are presented below:

DIAL's comments on true up of Revenue from Revenue Share Assets for the Third Control Period

4.7.19 With respect to AERA's proposal on true up of Revenue from Revenue Share Assets for the Third Control Period, DIAL's comment is as follows:

"As regards to revenue from Revenue Share Assets Hon'ble TDSAT has adjudicated following items with regard to the calculation of the revenue from Revenue Share Assets:

- *Other Income shall not be considered as part of revenue from Revenue Share Assets*
- *Annual Fee should be reduced in calculation of from revenue from Revenue Share Assets in determining "S" factor*
- *Revenue accruing from Existing Assets/Demised Premises shall not be considered as part of revenue from Revenue Share Assets.*

Without prejudice to the above, the Hon'ble TDSAT has also adjudicated that the Authority shall follow the consistency mechanism on treatment of the items across building blocks. Relevant extract is as follows:

93. In fact, AERA has to maintain consistency in their approach. During First Control Period "other income" of the appellant was not treated as part of revenue, from "Revenue Share Assets" and no reasons have been given by AERA for departure from the principles adopted in First Control Period and thus, there is a violation of Section 13(4) of AERA Act, 2008. Unjustifiably inconsistent interpretations of the rules of the game are more problematic, in so far as they create severe uncertainty and unpredictability in the making of investments and for national regulatory choice. AERA cannot take different view in different Control Periods. Certainty of regulatory philosophy is a key to create a predictable environment for clarity to all the stakeholders. If different approaches are adopted for different Control Periods, it will lead to uncertainty which will ultimately lead to unwarranted increase

in the litigation. As a result, it will be the end consumer who would be at sufferance. We are of the opinion that such unnecessary and unwarranted litigation needs to be curbed which can only happen when the regulator (AERA) strictly maintains consistency in its approach.

94. In the 2nd Control Period, "other income" has been treated as a part of revenue from revenue share assets, but, "dividend income" was not included. Now, in 3rd Control Period, even "dividend income" has also been treated as a part of revenue from Revenue Share Assets. Thus, in both the aforesaid Control Periods, there is inconsistency, in the approach of AERA.

Authority's inconsistency in the consideration of the Other Income across the building blocks:

The Authority in the First Control Period of DIAL had not considered the revenues realised by DIAL on account of Interest Income, income from sale of investment, income from delayed payment, etc. as non-aeronautical revenue. Authority's stand for the first control period was clearly stated in the Order no. 40/2015-16 for the second control period, the relevant extract from para 6.43 is reproduced below

The Authority, during the determination of tariff for the first Control Period, had not considered the revenues realised by DIAL from "Other Income" (typically including Interest Received Deposit with Banks, Income from Current Investments, Income from Non-Current Investments, Interest received - Delayed payment, Sale of Others material/Scrap others, Profit on Sale of Depreciable Assets, Dividend income, Realized Foreign Exchange Gain/Loss, Misc. income Others, Liquidated Damages received, Management Fee, However, in the same order Authority itself had changed its stance and opined that the interest income will be treated as non-aeronautical revenue at the time of true up.

Following is the extract of para 19.15 of the order:

"The Authority, for the time being, had projected this sub-head at 'nil' value for the second Control Period. However, the Authority proposed to true up the "Other Incomes" based on the actual values realized by DIAL during the second Control Period at the time of tariff determination for the third Control Period."

Item wise treatment of the other income in various control periods:

Dividend (1st & 2nd Control period):

Authority decision during the true-up of the first control period: *DIAL has realized dividend income from its investments in JVs. However, as the assets pertaining to the JVs are not being reckoned for the purpose of determination of RAB, the Authority is of the view that the dividend income accruing to DIAL from such JVs should also not be considered towards cross-subsidisation.*

Authority decision during the true-up of the second control period: *Authority has hence decided to consider Other Income, apart from Dividend Income, as part of revenue from Revenue Share Assets to be considered for cross-subsidisation for Second Control Period.*

Authority decision during the true-up of the third control period: *Authority has decided to consider Dividend Income, as part of revenue from Revenue Share Assets and in case of the dividend from DAFFPL, the dividend income is considered as part of the Aeronautical Services.*

Income from Treasury:

Authority decision during the true-up of the first control period:

6.105.3. Interest income received by DIAL (on bank deposits, other deposits and on account of delayed payments) was considered by the Authority as part of the cash flow management undertaken by DIAL and was therefore not considered as part of the cross-subsidisation in the first Control Period. The

Authority continues with its proposed treatment and decides to not consider these interest incomes towards cross-subsidization as a one-time exception for the first Control period .

6.105.4. The Authority has also taken into consideration DIAL's submission that profit on sale of investments is of the nature of cash investments done by DIAL in mutual funds and similar treasury instruments based on availability of cash from time to time. Accordingly, the Authority is of the view to consider this item as a part of the cash flow management of DIAL and accordingly decides to not consider the profit for the same towards cross-subsidization as an exception for the first control period.

Authority decision during the true-up of the second control period: *Authority has decided to consider Other Income, apart from Dividend Income, as part of revenue from Revenue Share Assets to be considered for cross-subsidisation for Second Control Period.*

Authority decision during the true-up of the third control period: *Authority has considered these items as part of the revenue from Revenue Share Assets.*

- ***Others:***

Authority decision during the true-up of the first control period: *Revenues arising out of Sale of Other Materials / Scrap - Others, Profit on sale of Depreciable Assets, Management Fees, Miscellaneous Income, Others and Tender Cost recovery will be considered towards cross-subsidization.*

Authority decision during the true-up of the second control period: *Authority has decided to consider Other Income, apart from Dividend Income, as part of revenue from Revenue Share Assets to be considered for cross-subsidisation for Second Control Period.*

Authority decision during the true-up of the third control period: *Authority has considered these items as part of the revenue from Revenue Share Assets.*

Without prejudice to our submissions with regard to non-implementation of the Hon'ble TDSAT Judgement in para 1.3 above, we further submit the following items with regard to the other income.

It is pertinent to note that the Authority has maintained status quo with respect to exclusion of the other income in revenue from Revenue Share Assets. This matter has been delt at length in the Para 1.8 of the Consultation Paper No. 07/2024-25 by the Authority and the primary reliance has been placed by the Authority that the matter is under sub judice and pending judgement by the Hon'ble Supreme Court of India.

In light of the above facts, when the matter is under sub judice and the Authority has maintained the status quo on the treatment of the other income, then the new concepts i.e., consideration of the dividend income as part of revenue from Revenue Share Assets and divided income from DAFFPL as aeronautical revenue may not be made by the Authority.

We request the Authority to be consistent with the approach in determination of tariff and consider the other income as considered in the first control period order for DIAL."

Other Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Third Control Period

4.7.20 AAI stated that,

"1. The proposal arises from the interpretation by DIAL of the term Non aeronautical assets forming a part of the definition of the Revenue share assets under Schedule 1 of the State Support Agreement (SSA) executed between Ministry of Civil Aviation and DIAL.

2. Relevant definitions in Schedule 2 of SSA are as under:

Target Revenue = RBxWACC + OM + D + T – S.

S = 30% of the gross revenue generated by the JVC from Revenue Share Assets. The costs in relation to such revenue shall not be included while calculating Aeronautical Charges.

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 the revenues from Non-aeronautical assets (eg. Public Admission Fee).

3. The Revenue Share Assets definition referred above does not mention that Existing assets have to be excluded.

4. The term Existing assets is defined in Clause 1.1 of OMDA as "Existing assets means the physical, tangible, intangible and other assets of whatsoever nature existing at the airport site as on the date hereof except working capital assets other than inventory, stores and spares." The term existing assets has been defined to distinguish AAI's assets existing at the time of handing over of the assets to DIAL from the assets which could be created by DIAL as per OMDA.

5. The Existing assets form part of the terminal building, are conjoined to other aeronautical assets and are incapable of independent access/ independent existence and are predominantly servicing/ catering terminal complex/ cargo complex and satisfy the definition of Non aeronautical assets as per OMDA fully due to which the Non aeronautical assets as per OMDA fully due to which the non-aeronautical revenues from the existing assets have to be considered for cross subsidisation as per the definition of S factor referred at (2) above.

6. The definition of non-aeronautical assets in OMDA inter-alia includes all assets required for the performance of non-aeronautical service at the airport which indicates that the existing assets are also included

7. The issue was raised by DIAL in the first, second and Third Control Periods, but AERA has not agreed to the same. (Page 38,48 & 144 of CP)

8. In view of the above, AAI has no further comments in this regard."

4.7.21 AAI also stated that,

"1. The proposal arises from the interpretation of Clause 3.1.1 of the SSA which inter alia provides that the upfront fee and the annual fee paid/ payable by JVC to AAI under the OMDA shall not be included as part of costs for provision of Aeronautical Services and no pass through would be available to them.

2. Based on the above, DIAL has interpreted that the annual fee is also not a cost for provision of Non aeronautical services and hence not a cost in relation to revenue from Revenue Share Assets.

3. Clause 3.1.1 of the SSA referred above clearly states that no pass through shall be available in relation to annual fee which means that DIAL cannot recover the annual fee through any tariff determination principle.

4. Considering that the annual fee percentage quoted (via revenue share payable to AAI) was the binding criteria to win the bid for the airport, the same should not form part of pass through costs under any head and has to be incurred by the airport operator as per the terms of the OMDA. In fact, annual percentage fee quoted at the time of bidding is the reason for DIAL to be airport operator.

5. The issue was raised by DIAL in the first, second & Third control period, but AERA has not agreed to the proposal of DIAL.

6. No further comments can be offered by AAI."

DIAL response to Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Third Control Period

4.7.22 DIAL's response to AAI's comment with respect to true up of Revenue from Revenue Share Assets for the Third Control Period is presented below"

"TDSAT has adjudicated in favour of DIAL on the stated matter and adjudged that Existing Assets/ Demised Premises are not part of the Revenue Share Assets as per SSA. Further, the construction of the clauses relevant for the determination of building block S, is univocal and unambiguous that the Existing Assets/Demised Premises doesn't form part of the Non-Aeronautical Assets, thus the same are excluded from the calculation of the revenue from Revenue Share Assets and building block S.

TDSAT has pronounced that the Annual Fee is not a cost for generating revenue from Revenue Share Assets and adjudicated this matter in favour of DIAL that Annual Fee shall be reduced from calculation of revenue from Revenue Share Assets.

This matter is already dealt by the Hon'ble TDSAT in the case of DIAL & MIAL 3rd Control Period tariff orders. It is the responsibility of the Authority under Section 13 of the AERA Act, 2008 to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard."

Authority's analysis on Stakeholders' comments on true up of Revenue from Revenue Share Assets for the Third Control Period

4.7.23 The Authority notes the comments from DIAL on the following matters:

- Not to consider Revenue from Existing Assets and exclude Annual Fee from Revenue from Revenue Share Assets in view of the Hon'ble TDSAT judgements.
- Not to consider Other Income as part of Revenue from Revenue Share Assets.
- Classification of dividend income from DAFFPL as part of Aeronautical Revenue.

As already mentioned at the Consultation Stage, the matter pertaining to adjustments to Revenue from Revenue Share Assets is sub-judice before Hon'ble Supreme Court and considering the interest of all Stakeholders, 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 Hon'ble Supreme Court. 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. The decision of the Authority with respect to consideration of "Other Income" as part of Revenue from Revenue Share Assets as per para 7.6.12 of the Tariff Order for the Third Control Period is reproduced below:

"7.6.12 Authority decides to consider non-aeronautical portion of the actual Other Income earned during the Third Control Period for cross-subsidization of revenue from Revenue Share Assets at the time of true up during tariff determination for Fourth Control Period. Authority also decides to include dividend income for cross-subsidy at the time of true up during the Fourth Control Period. ***The aeronautical portion of Other Income shall be treated as aeronautical revenues.****"*

As already explained under para 4.7.16 and 4.7.17 of this Tariff Order, the Authority decided to implement the decision taken at the time of tariff determination for the Third Control Period.

The Authority decided to continue with its proposals in Consultation Paper No. 07/2024-25 for true up of the Revenue from Revenue Share Assets for Third Control Period.

4.7.24 The Authority acknowledges the support of AAI on the Authority's decision regarding non-exclusion of revenue from existing assets and annual fee paid/payable to AAI from Revenue from Revenue Share Assets and in this regard the Authority has been following this approach since the First Control Period.

The Authority vide decision No. 3.11.12 of the Tariff Order for the Third Control Period decided not to consider any adjustment in revenue from Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI.

i. The Authority held the view that if non-aeronautical revenues accrue to the Concessionaire from Existing Assets, the same had to be considered for cross subsidization. The Authority also found no merit in excluding such revenue from Existing Assets from Revenue from Revenue Share Assets.

ii. The Authority also held that exclusion of revenue share of 45.99% pertaining to the Revenue from Revenue Share Assets tantamount to allowing pass-through of the Annual Fee paid with regards to Revenue Share Assets which was against the tariff setting principles enshrined in the OMDA and the SSA. Therefore, the Authority decided not to exclude the Annual Fee from the Revenue from Revenue Share Assets while arriving at the S Factor.

As regards DIAL's counter-comment with regard to the Hon'ble TDSAT order, the Authority notes that the matter pertaining to adjustments to Revenue from Revenue Share Assets is sub-judice before Hon'ble Supreme Court and considering the interest of all Stakeholders, 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 Hon'ble Supreme Court.

4.7.25 Based on the Authority's analysis of the Stakeholders' comments received as part of the Stakeholder's Consultation process, the Authority decides to consider the Revenue from Revenue Share Assets as proposed by the Authority at the Consultation Stage.

4.8 True up of Aeronautical Revenues for the Third Control Period

DIAL's Submission regarding True Up of Aeronautical Revenues for the Third Control Period as per MYTP for the Fourth Control Period

4.8.1 DIAL as part of True Up for the Third Control Period has submitted the Actual Aeronautical Revenues during the years in the Third Control Period as per the table below:

Table 180: Actual Aeronautical Revenues as submitted by DIAL towards true up for the Third Control Period

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Landing- Domestic	211.23	114.22	175.51	213.84	220.33	**935.14**
Landing - International	280.49	124.10	167.03	262.60	302.18	**1,136.39**
Parking & Housing Charges	27.57	65.23	43.78	28.38	38.11	**203.07**
Passenger Service Fee (FC)	242.88	63.55	123.79	222.69	258.18	**911.08**
User Development Fee	0.35	12.02	77.58	134.39	152.48	**376.81**
Baggage X-ray Charges	78.67	19.65	37.45	72.49	86.93	**295.19**
Fuel Farm	107.97	1.23	2.27	3.25	3.58	**118.29**
Total	**949.16**	**399.99**	**627.40**	**937.64**	**1,061.78**	**3,975.97**

Authority's Examination regarding True Up of Aeronautical Revenues for the Third Control Period at the Consultation Stage

4.8.2 The Authority through its independent consultant has verified the actual aeronautical revenue as submitted by DIAL towards True up for the Third Control Period based on Audited Financial Statements.

4.8.3 The Authority vide decision no 7.6.12 of the Tariff Order for the Third Control Period decided that the aeronautical portion of Other Income which could be attributed to revenues generated from aeronautical services shall be treated as aeronautical revenues at the time of the true up for the Third Control Period as part of tariff determination for the Fourth Control Period.

4.8.4 The Authority noted that under Dividend Income (forming part of Other Income), an amount of Rs. 12.77 Cr during the Third Control Period has been earned as Dividend Income from Fuel Farm Subsidiary as per Table 178 and hence proposed to consider the same as Aeronautical Revenues as part of True Up for Third Control Period, as Fuel Farm Operations has been classified as Aeronautical Services as per Schedule 5 of the OMDA.

4.8.5 Accordingly, the Authority proposed to add Dividend Income from Fuel Farm Services as part of aeronautical revenues towards True up for the Third Control Period consistent with the decision taken at the time of tariff determination for the Third Control Period.

4.8.6 The revised Aeronautical Revenues proposed to be considered by the Authority for true up for the Third Control Period is as shown in the table below:

Table 181: Revised Aeronautical Revenues proposed to be considered by the Authority towards True Up for the Third Control Period at the Consultation Stage

FY ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aeronautical Revenues based on Actuals (A)	949.16	399.99	627.40	937.64	1,061.78	**3,975.97**
Add: Dividend Income from Fuel Farm Subsidiary (B)	3.41	2.77	-	1.81	4.78	**12.77**
Revised Aeronautical Revenue proposed to be considered by the Authority for True Up (C = A+B)	**952.57**	**402.76**	**627.40**	**939.45**	**1,066.56**	**3,988.74**

Stakeholders' comments on True up of Aeronautical Revenue for the Third Control Period

4.8.7 No comments have been received from stakeholders on true up of Aeronautical Revenue for the Third Control Period.

Authority's analysis on Stakeholders' comments on True up of Aeronautical Revenue for the Third Control Period

4.8.8 The Authority notes that no comments were received from the Stakeholders on the true up of Aeronautical Revenue for the Third Control Period. Hence, the Authority decides to consider the Aeronautical Revenue consistent with the proposal made in the Consultation Paper No. 07/2024-25 dated 31st January 2025. The Aeronautical Revenues proposed to be considered by the Authority for true up of the Third Control Period (as per Table 181) at the Consultation Stage stand unchanged.

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4.9 True up of Aeronautical Taxes for the Third Control Period

DIAL's Submission regarding True up of Aeronautical Taxes for the Third Control Period as per MYTP for the Fourth Control Period

4.9.1 DIAL in its submission for true up for the Third Control Period as per MYTP for the Fourth Control Period has excluded Annual Fee from Aeronautical Expenses for computation of Aeronautical Taxes as per the Hon'ble Supreme Court's Order dated 11th July 2022 and has also included S Factor in the computation of Aeronautical Taxes as per the Hon'ble TDSAT's order dated 21st July 2023.

4.9.2 The Aeronautical Taxes submitted by DIAL towards true up for the Third Control Period is shown in the table below:

Table 182: Aeronautical Taxes submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Revenue (A)	949	400	627	938	1,062	**3,976**
Cross subsidy- non-aero (B)	248	104	164	289	356	**1,161**
Total Aero Revenue (C = A+B)	**1,197**	**504**	**792**	**1,227**	**1,418**	**5,138**
Aero Expense (D)	916	852	1,012	1,013	1,230	**5,023**
EBIDTA (E = C – D)	**281**	**(348)**	**(220)**	**214**	**188**	**115**
Interest (F)	240	225	213	245	455	**1,378**
Depreciation (G)	527	489	488	569	696	**2,769**
Aero PBT (H = E – F – G)	**(486)**	**(1,063)**	**(921)**	**(600)**	**(963)**	**(4,033)**
Earnings pertaining to Aeronautical services (I)	-	-	-	-	-	-
Tax rate (J)	34.94%	34.94%	34.94%	34.94%	34.94%	
Aeronautical Taxes (K = I * J)	-	-	-	-	-	-

Decisions taken by the Authority regarding Aeronautical Taxes for the Third Control Period as per Tariff Order for the Third Control Period

4.9.3 The Authority vide decision No. 8.6.1 of the Tariff Order for the Third Control Period decided to determine aeronautical taxes based on earnings pertaining to Aeronautical services by applying effective tax rate on aeronautical PBT which is calculated without including S Factor as part of the Aeronautical Revenue.

4.9.4 Accordingly, the Aeronautical Taxes have been determined as Nil for the Third Control Period which shall be trued up based on actuals at the time of tariff determination for the Fourth Control Period.

Table 183: Aeronautical Taxes as determined by the Authority as part of Tariff Determination for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Revenue (A)	949.16	278.21	610.83	994.47	1,082.18	3,914.85
Annual Fee to AAI (B)	436.52	127.95	280.92	457.36	497.69	1,800.44
Aero Expense (C)	875.96	830.67	924.55	1,067.95	1,245.96	4,945.09
EBIDTA – Aero (D=A-B-C)	(363.32)	(680.41)	(594.64)	(530.83)	(661.48)	(2,830.68)
Interest – Aero (E)	222.99	215.42	245.43	364.67	526.51	1,575.01
Depreciation – Aero (F)	496.74	449.22	442.96	564.33	728.88	2,682.14
Aero PBT (G=D-E-F)	**(1,083.05)**	**(1,345.05)**	**(1,283.03)**	**(1,459.83)**	**(1,916.87)**	**(7,087.83)**
Aeronautical Taxes	-	-	-	-	-	-

Authority's Examination and Proposals regarding True up of Aeronautical Taxes for the Third Control Period as part of the tariff determination for the Fourth Control Period at the Consultation Stage

4.9.5 The Authority examined the submissions made by DIAL for true up of Aeronautical Taxes for the Third Control Period on the basis of the following:

i. DIAL has considered S Factor as part of the revenue base (based on the Hon'ble TDSAT's order dated 21st July 2023)

ii. DIAL has not considered Annual Fee as an expense for the purpose of determination of Aeronautical taxes (based on the Hon'ble Supreme Court's order dated 11th July 2022).

4.9.6 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period with regards to treatment of S Factor for computation of Aeronautical Taxes.

4.9.7 As mentioned in para 4.2.4 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court's judgment 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 Third Control Period as per the directions contained in the judgement of Hon'ble Supreme Court.

4.9.8 The Authority as already explained under para 2.4.7 of this Tariff Order proposed to exclude depreciation pertaining to HRAB while considering depreciation pertaining to aeronautical services for computing Aeronautical Taxes for the Third Control Period.

4.9.9 Based on the above, the Authority proposed that the Aeronautical Taxes for True Up for the Third Control Period would be Nil as shown in the table below:

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Table 184: Aeronautical Taxes proposed to be considered by the Authority for True Up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Revenue (A) [Refer Table 181]	952.57	402.76	627.40	939.45	1,066.56	**3,988.74**
Aeronautical O&M (B) [Refer Table 170]	862.33	776.82	829.60	927.80	1,137.03	**4,533.58**
Interest (C)	234.95	220.62	207.16	235.92	416.67	**1,315.33**
Depreciation (D) [Refer Table 73]	501.19	465.53	463.72	540.46	661.81	**2,632.72**
Aero PBT (E = A – B – C – D)	**(645.90)**	**(1,060.21)**	**(873.08)**	**(764.74)**	**(1,148.96)**	**(4,492.89)**
Opening Accumulated losses (F)	709.60	1,355.50	2,415.72	3,288.80	4,053.53	
Current losses (G)	645.90	1,060.21	873.08	764.74	1,148.96	**4,492.89**
Current year set off (H)	-	-	-	-	-	
Closing Accumulated losses (I = F + G – H)	**1,355.50**	**2,415.72**	**3,288.80**	**4,053.53**	**5,202.49**	
Earnings pertaining to Aeronautical services [J=Max(E+H,0)]	-	-	-	-	-	-
Corporate Tax rate (K)	34.94%	34.94%	34.94%	34.94%	34.94%	-
Aeronautical Taxes (J * K)	-	-	-	-	-	-

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 183 has not been treated as an expense (Refer para 4.9.7 of this Tariff Order).

4.9.10 In view of the above, the Authority proposed to consider the Aeronautical Taxes as Nil towards True Up for the Third Control Period.

Stakeholders' comments on True up of Aeronautical Taxes for the Third Control Period

4.9.11 No specific comments have been received from stakeholders on true up of Aeronautical Taxes for the Third Control Period.

Authority's analysis on Stakeholders' comments on True up of Aeronautical Taxes for the Third Control Period

4.9.12 The Authority notes that no specific comments were received from the Stakeholders on the true up of Aeronautical Taxes for the Third Control Period.

4.9.13 Based on the changes in the regulatory building blocks for the true up for the Third Control Period, the Aeronautical Taxes decided to be considered by the Authority for true up for the Third Control Period is shown in the table below:

Table 185: Aeronautical Taxes decided to be considered by the Authority for True Up for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Aero Revenue (A) [Refer Table 181]	952.57	402.76	627.40	939.45	1,066.56	**3,988.74**
Aeronautical O&M (B) [Refer Table 173]	862.33	776.82	829.60	927.80	1,138.08	**4,534.62**
Interest (C)	234.95	220.62	207.28	237.07	424.20	**1,324.13**
Depreciation (D) [Refer Table 79]	501.19	465.53	464.11	541.77	669.70	**2,642.31**
Aero PBT (E = A – B – C – D)	**(645.90)**	**(1,060.21)**	**(873.59)**	**(767.20)**	**(1,165.42)**	**(4,512.32)**
Opening Accumulated losses (F)	709.60	1,355.50	2,415.72	3,289.31	4,056.51	
Current losses (G)	645.90	1,060.21	873.59	767.20	1,165.42	**4,512.32**
Current year set off (H)	-	-	-	-	-	
Closing Accumulated losses (I = F + G – H)	**1,355.50**	**2,415.72**	**3,289.31**	**4,056.51**	**5,221.92**	
Earnings pertaining to Aeronautical services [J=Max(E+H,0)]	-	-	-	-	-	-
Corporate Tax rate (K)	34.94%	34.94%	34.94%	34.94%	34.94%	-
Aeronautical Taxes (J * K)	-	-	-	-	-	-

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 183 has not been treated as an expense (Refer para 4.9.7 of this Tariff Order).

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4.10 Revised True Up for the Third Control Period

DIAL's Submission regarding Target Revenue and True up for the Third Control Period as per MYTP for the Fourth Control Period

4.10.1 The Target Revenue and True Up submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period is as shown in the table below:

Table 186: True up submitted by DIAL for the Third Control Period as per MYTP for the Fourth Control Period

Year ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Regulatory Asset Base (A)	4,730.38	4,449.00	4,204.42	4,833.82	8,972.82	
WACC (B)	13.08%	13.08%	13.08%	13.08%	13.08%	
Return on RAB (C = A * B)	618.71	581.90	549.91	632.23	1,173.59	**3,556.35**
Aero Depreciation (D)	526.99	489.34	487.74	569.33	696.32	**2,769.73**
Aero O&M Expense (E)	916.30	852.34	1,012.04	1,012.64	1,230.50	**5,023.81**
Aero Taxes (F)	-	-	-	-	-	-
Gross Target Revenue (G = C+D+E+F)	**2,062.00**	**1,923.59**	**2,049.69**	**2,214.21**	**3,100.41**	**11,349.89**
S Factor (H)	247.78	103.78	164.37	289.32	356.31	**1,161.56**
Net Target Revenue (I = G-H)	**1,814.22**	**1,819.80**	**1,885.32**	**1,924.88**	**2,744.10**	**10,188.33**
Actual Aero Revenue (J)	**949.16**	**399.99**	**627.40**	**937.64**	**1,061.78**	**3,975.97**
Under recovery/ (Over recovery) (K = I-J)	**865.06**	**1,419.81**	**1,257.92**	**987.25**	**1,682.32**	**6,212.35**
True up for the Second Control Period (L)	1,778.48					**1,778.48**
Future Value Factor (M)	1.64	1.45	1.28	1.13	1.00	
Under recovery/ (Over recovery) as on 1st April 2024 [N=(K+L)*M]	**4,322.36**	**2,052.96**	**1,608.49**	**1,116.37**	**1,682.32**	**10,782.51**
True Up for the Third Control Period to be carried forward to the Fourth Control Period						**10,782.51**

Authority's Estimate of Target Revenue for the Third Control Period as per Tariff Order for the Third Control Period

4.10.2 The Authority estimated the target revenue and true up for the Third Control Period at the time of tariff determination for the Third Control Period which can be seen in the table below:

Table 187: Target Revenue considered by the Authority for the Third Control Period as per the Tariff Order for the Third Control Period

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Regulatory Asset Base (A)	4,912.93	4,729.96	5,342.99	7,840.41	11,237.05	
WACC (B)	12.75%	12.75%	12.75%	12.75%	12.75%	
Return on RAB (C= A * B)	626.46	603.13	681.30	999.75	1,432.86	**4,343.48**
Aero Depreciation (D)	521.31	470.93	462.21	583.48	747.98	**2,785.91**
Aero O&M Expense (E)	875.96	830.67	924.55	1,067.95	1,245.96	**4,945.09**
Aero Taxes (F)	-	-	-	-	-	-
Gross Target Revenue (G= C+D+E+F)	**2,023.73**	**1,904.73**	**2,068.06**	**2,651.17**	**3,426.80**	**12,074.49**
S Factor (H)	693.62	246.88	400.90	535.79	606.96	**2,484.16**
Net Target Revenue (I = G-H)	**1,330.11**	**1,657.84**	**1,667.15**	**2,115.38**	**2,819.84**	**9,590.33**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
True up for Second Control Period (J)	(5,721.23)					**(5,721.23)**
Adjusted Target Revenue (K=I+J)	**(4,391.13)**	**1,657.84**	**1,667.15**	**2,115.38**	**2,819.84**	**3,869.09**
PV Factor (L)	0.89	0.79	0.70	0.62	0.55	
PV of Adjusted Target Revenue as on 1st April 2019 (M=K*L)	(3,894.53)	1,304.07	1,163.09	1,308.89	1,546.95	**1,428.47**
Projected Aero Revenue based on Base Airport Charges including compensation towards discontinuation of Fuel Throughput Charges (N)	949.16	278.21	610.83	994.47	1,082.18	**3,914.85**
PV of Projected Aero Revenue as on 1st April 2019 (O=N*L)	841.81	218.84	426.15	615.33	593.68	**2,695.81**
Over Recovery on PV terms as on 01.04.2019 (P= O-M)	4,736.34	(1,085.23)	(736.94)	(693.56)	(953.27)	**1,267.34**
Projected Over Recovery pending to be trued up as on 01.04.2019						**1,267.34**

4.10.3 Based on the above, the Authority vide decision No. 12.9.1 of the Tariff Order for the Third Control Period decided to continue with the existing Base Airport Charges plus 10% for DIAL as per the terms of the Schedule 6 of the SSA.

4.10.4 The Authority vide decision No. 12.9.2 of the Tariff Order for the Third Control Period decided to consider the aspect of projected over recovery pending to be trued up (determined as Rs. 1,267.34 Cr at the time of Third Control Period Tariff Determination) along with carrying cost at the time of tariff determination for the Fourth Control Period, during which the actual over recovery shall have to be re-assessed based on actuals.

Authority's Examination and Proposals regarding Target Revenue and True Up for the Third Control Period as part of the tariff determination for the Fourth Control Period at the Consultation Stage

4.10.5 The Authority analysed the submissions made by DIAL regarding the Target Revenue and true up for the Third Control Period and based on the examination of various building blocks and considering various proposals of the Authority with regards to the issues raised by DIAL concerning the Third Control Period, the Target Revenue and true up for the Third Control Period is calculated in the table below:

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Table 188: Target Revenue proposed to be considered by the Authority for the True up for the Third Control Period

Year ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Regulatory Asset Base (A) [Refer Table 74]	4,720.24	4,432.27	4,161.88	4,739.69	8,370.98	
WACC (B) [Refer Table 83]	12.99%	12.99%	12.99%	12.99%	12.99%	
Return on RAB (C = A * B)	613.20	575.79	540.66	615.72	1,087.46	**3,432.83**
Aero Depreciation (D) [Refer Table 73]	526.88	488.96	485.81	564.18	681.42	**2,747.24**
Aero O&M Expense (E) [Refer Table 170]	862.33	776.82	829.60	927.80	1,137.03	**4,533.58**
Aero Taxes (F) [Refer Table 184]	-	-	-	-	-	-
Gross Target Revenue (G = C+D+E+F)	**2,002.40**	**1,841.57**	**1,856.07**	**2,107.70**	**2,905.90**	**10,713.64**
S Factor (H) [Refer Table 179]	692.60	351.86	486.40	778.98	921.02	**3,230.86**
Net Target Revenue (I = G-H)	**1,309.80**	**1,489.71**	**1,369.67**	**1,328.72**	**1,984.88**	**7,482.78**
Actual Aero Revenue (J) [Refer Table 181]	**952.57**	**402.76**	**627.40**	**939.45**	**1,066.56**	**3,988.74**
Under recovery/ (Over recovery) (K = I-J)	**357.23**	**1,086.95**	**742.26**	**389.27**	**918.32**	**3,494.04**
True up for the Second Control Period (Over-recovery) (L) [Refer Table 25]	(3,256.61)					**(3,256.61)**
Future Value Factor (M)	1.63	1.44	1.28	1.13	1.00	
Under recovery/ (Over recovery) as on 1st April 2024 [N=(K+L)*M]	**(4,725.82)**	**1,567.97**	**947.64**	**439.84**	**918.32**	**(852.04)**
True Up for the Third Control Period as on 1st April 2024 [Under recovery/ (Over recovery)]						**(852.04)**

4.10.6 Based on the above table, the true up proposed to be considered by the Authority based on over-recovery by DIAL till the Third Control Period is Rs. 852.04 Cr against DIAL's submission of under recovery of Rs. 10,782.51 Cr. The major reasons for the variance are as below:

a) The Authority's proposal to retain the decisions taken at the time of tariff determination for the Third Control Period with regards to True Up for the First and Second Control Period (except the computation of Aeronautical Taxes as per the Hon'ble Supreme Court order) under which over recovery of Rs. 3,256.61 Cr till the end of Second Control Period has been determined as pending to be trued up against DIAL's submission of under recovery of Rs. 1,778.48 Cr pending to be trued up at the end of Second Control Period.

b) The Authority's proposal to true up Capex for the Third Control Period with adjustments towards Enabling Works, IDC and EPC Claims under Phase 3A Expansion Capex and certain items under General Capex against the submissions of DIAL as per Table 60 and Table 66.

c) The Authority's proposal to true up cost of debt for the Third Control Period only to the extent of 10.37% against DIAL's submission of 10.55%.

d) The Authority's proposal to disallow expenses viz. CSR, Forex Losses, Donations and Provision for Bad Debt from Aeronautical O&M expenses, allocation of expenses into Aeronautical O&M expenses based on revised GFA/Terminal Building ratios as per Authority's analysis for the Third Control Period and carry out specific adjustments with regards to Legal Charges, Rentals towards transit guest houses, Chartering Costs, etc.

e) The Authority's proposal (as per para 4.2.3 of this Tariff Order) to retain the decisions taken at the time of tariff determination for the Third Control period with regard to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT.

4.10.7 The re-assessed over recovery of Rs. 852.04 Cr is proposed to be carried forward and trued up in the Fourth Control Period.

Stakeholders' comments on True up for the Third Control Period

4.10.8 No specific comments have been received from stakeholders regarding Target Revenue and true up for the Third Control Period.

Authority's analysis on Stakeholders' comments on True up for the Third Control Period

4.10.9 The Authority notes that no specific comments were received from the Stakeholders regarding Target Revenue and True up for the Third Control Period.

4.10.10 Based on the changes decided to be considered by the Authority in the various regulatory building blocks for the true up for 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:

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Table 189: Target Revenue decided to be considered by the Authority for the True up for the Third Control Period

Year ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Regulatory Asset Base (A) [Refer Table 80]	4,720.24	4,432.27	4,164.30	4,762.78	8,522.23	
WACC (B) [Refer Table 83]	12.99%	12.99%	12.99%	12.99%	12.99%	
Return on RAB (C = A * B)	613.20	575.79	540.98	618.72	1,107.11	**3,455.79**
Aero Depreciation (D) [Refer Table 79]	526.88	488.96	486.20	565.49	689.30	**2,756.82**
Aero O&M Expense (E) [Refer Table 173]	862.33	776.82	829.60	927.80	1,138.08	**4,534.62**
Aero Taxes (F) [Refer Table 185]	-	-	-	-	-	-
Gross Target Revenue (G = C+D+E+F)	**2,002.40**	**1,841.57**	**1,856.77**	**2,112.01**	**2,934.48**	**10,747.24**
S Factor (H) [Refer Table 179]	692.60	351.86	486.40	778.98	921.02	**3,230.86**
Net Target Revenue (I = G-H)	**1,309.80**	**1,489.71**	**1,370.37**	**1,333.03**	**2,013.46**	**7,516.38**
Actual Aero Revenue (J) [Refer Table 181]	**952.57**	**402.76**	**627.40**	**939.45**	**1,066.56**	**3,988.74**
Under recovery/ (Over recovery) (K = I-J)	**357.23**	**1,086.95**	**742.97**	**393.58**	**946.89**	**3,527.63**
True up for the Second Control Period (Over-recovery) (L) [Refer Table 25]	(3,256.61)					**(3,256.61)**
Future Value Factor (M)	1.63	1.44	1.28	1.13	1.00	
Under recovery/ (Over recovery) as on 1st April 2024 [N=(K+L)*M]	**(4,725.82)**	**1,567.97**	**948.54**	**444.71**	**946.89**	**(817.69)**
True Up for the Third Control Period as on 1st April 2024 [Under recovery/ (Over recovery)]						**(817.69)**

4.10.11 The true up decided to be considered by the Authority for the Third Control Period works out to over-recovery of Rs. 817.69 Cr as against over-recovery of Rs. 852.04 Cr at the Consultation Stage. The variance is on account of Authority's decision:

- To consider IDC of Rs. 1,692.30 Cr as against notional IDC of Rs. 1,396.77 Cr proposed at the Consultation Stage (Refer para 4.4.170 of this Tariff Order).
- To consider GST of Rs. 70.96 Cr on EPC Claims as against Nil GST on the EPC Claims proposed at the Consultation Stage (Refer para 4.4.171 of this Tariff Order).
- To consider finance lease payments of Rs. 13.30 Cr in FY 2024 as against Rs. 12.27 Cr proposed at the Consultation Stage (Refer para 4.6.195 of this Tariff Order).

4.11 Authority's decisions regarding True up for the Third Control Period as part of Tariff Determination 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 Third Control Period as part of tariff determination for the Fourth Control Period.

4.11.1 To consider Traffic for true up for the Third Control Period based on actuals as per Table 26.

4.11.2 To consider the Capex, Aeronautical Depreciation and RAB for true up for the Third Control Period as per Table 80.

4.11.3 To consider the WACC for true up for the Third Control Period as per Table 83.

4.11.4 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per Table 173.

4.11.5 To consider Revenue from Revenue Share Assets for true up for the Third Control Period as per Table 179.

4.11.6 To consider Aeronautical Revenues for true up for the Third Control Period as per Table 181.

4.11.7 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes consistent with the Hon'ble SC judgement and consider Aeronautical Taxes as Nil for the Third Control Period as per Table 185.

4.11.8 To claw back over recovery of Rs. 817.69 Cr (as per Table 189) during the tariff determination for the Fourth Control Period.

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EXAMINATION OF MYTP FOR THE FOURTH CONTROL PERIOD

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5. TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

5.1 DIAL's Submission regarding Traffic Projections for the Fourth Control Period

5.1.1 DIAL has mentioned that the OMDA requires DIAL to develop an initial Master Plan (completed in Sept'2006) and provides an obligation to revise the master plan once in every ten years or at shorter interval if traffic forecast or other reasons require an earlier assessment.

5.1.2 DIAL developed an Initial Master Plan in Sep'2006 and later appointed M/s Landrum & Brown (L&B) to review the master plan in 2015. L&B is an industry expert in master planning and strategy, airfield and airspace, terminal planning and design, development, environment, financial/business planning, ground transportation, commercial development and aviation planning services.

5.1.3 L&B completed the Master Plan in 2016 considering the various forecasts and accordingly proposed various development activities based on the triggering events/time periods. In accordance with the master plan of L&B, Phase 3A project was initiated by DIAL in 2019. However, in 2020 aviation business faced an unprecedented challenge in the form of Covid-19 pandemic. The pandemic severely impacted the traffic in first half of 2020 and saw a slow recovery post reopening from various phases of lockdowns. In addition to Covid-19, the Noida International Airport in Jewar is expected to compete for IGIA's market share and has proposed to commence its operations by April 2025.

5.1.4 Considering changes in business scenario, DIAL has appointed M/s ICF International Inc. (ICF), for performing a traffic study of IGI Airport and provide the traffic forecasts.

5.1.5 Key considerations by the ICF for undertaking the traffic forecast for DIAL are as discussed below:

- ICF has developed a bottom-up view forecast for IGI Airport in the short term (FY 24 – FY 25) and a top-down forecast for the long term (FY 26 – FY 29).
- ICF performed an analysis of actual traffic from AAI's monthly publications to gain insights into how IGIA performed in FY 2024 and where they are in terms of recovering from the Covid-19 pandemic.
- ICF reviewed schedules from M/s. OAG Aviation to get an understanding of:
  - Airlines' plans to bring back capacity at the market level after the impact of Covid-19 pandemic, over the short term.
  - Impact and recovery of the Indian market because of Go First shutdown.
- Unconstrained forecasts were first developed. ICF tested regressions of multiple markets and explanatory variables. Based on the best fit in the long term, the ICF forecast was driven by elasticities to GDP and airfares. The variables used include:
  - Indian GDP for the domestic market.
  - A blend of India and World GDP for the international market based on point-of-sale data.
- Over the forecast period, ICF tapered elasticities to more mature market rates to reflect the growth profile of more developed airports, considering the aspects of the Indian market which are expected to continue supporting relatively strong growth, such as differentiating between Tier 1 and Tier 2/3 growth outlooks. From an unconstrained passenger demand, ICF had forecasted ATMs based on a combination of seats per ATM, fleet mix and load factors.
- ICF has also analysed the impact of the second airport in National Capital Region i.e. Noida International Airport on passenger and cargo traffic at IGIA.

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5.1.6 Based on the above, ICF has come up with Traffic forecasts for the Fourth Control Period and the growth rates for each of the traffic categories i.e. Passenger Traffic, ATM and Cargo Traffic as ascertained from the ICF Traffic forecasts are as shown in the table below:

Table 190: Growth Rates considered by ICF towards Traffic Projections for IGIA for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029
Passenger Traffic					
Domestic	4.15%	5.26%	6.72%	5.74%	4.63%
International	8.60%	4.84%	5.37%	4.70%	3.99%
ATM					
Domestic	7.87%	4.97%	6.42%	5.45%	4.33%
International	6.91%	4.46%	4.99%	4.32%	3.61%
Cargo					
Domestic	5.22%	1.85%	1.77%	1.42%	0.46%
International	6.41%	4.38%	3.25%	3.22%	3.82%

5.1.7 DIAL in the MYTP has submitted the traffic projections for the Fourth Control Period considering the growth rates as per the ICF study as mentioned in the table below:

Table 191: Traffic Projections submitted by DIAL for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029	Total
Passenger Traffic (MPPA)						
Domestic	56.45	59.42	63.41	67.05	70.15	**316.48**
Domestic YoY Growth %	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
International	21.15	22.17	23.36	24.46	25.43	**116.56**
International YoY Growth %	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
Total	**77.59**	**81.59**	**86.77**	**91.51**	**95.58**	**433.04**
ATM - Billable ('000s)						
Domestic	174.12	183.28	195.59	206.82	216.39	**976.20**
Domestic YoY Growth %	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
International	59.31	62.18	65.52	68.59	71.33	**326.92**
International YoY Growth %	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
Total	**233.42**	**245.46**	**261.11**	**275.41**	**287.72**	**1,303.12**
Cargo ('000 MT)						
Domestic	375.27	382.21	388.97	394.50	396.31	**1,937.27**
Domestic YoY Growth %	*5.22%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
International	688.07	718.23	741.59	765.49	794.76	**3,708.14**
International YoY Growth %	*6.41%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
Total	**1,063.34**	**1,100.44**	**1,130.56**	**1,159.99**	**1,191.07**	**5,645.41**

Note: DIAL in the MYTP has not submitted Traffic projections for Overall ATMs and instead submitted projections only for Billable ATMs.

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5.2 Authority's Examination regarding Traffic Projections for the Fourth Control Period at the Consultation Stage

5.2.1 The Authority has examined the historical trend in Traffic including past five-year traffic growth rates and noticed that the traffic has improved significantly post Covid–19 and reached pre-Covid-19 level in FY 2023. Passenger traffic in FY 2024 improved by 12.77% when compared to the previous year.

5.2.2 The Authority has 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:

- *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.*
- *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.*
- *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.*
- *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.*

5.2.3 The Authority noted the Traffic forecasts for IGI Airport as per the study conducted by ICF for the Fourth Control Period which is a dedicated study for IGIA taking into consideration the macro and micro variables pertaining to IGIA.

5.2.4 The Authority has also noted that the ICF study has taken into consideration the possible impact of the upcoming Noida International Airport (NIA) which shall also cater to a material portion of the traffic at the National Capital Region. The Authority has taken cognizance of the following observations of ICF in this regard:

i. Although NIA will have the spill over of traffic from IGIA in the coming years, NIA's own market stimulation will also play a major role in the medium to long term. As capacity constraints limit IGIA's ability to accommodate demand, ICF has forecasted the traffic to be spilled over to NIA. However, NIA's ability to act as a relief airport will depend on the extent of its network and capacity.

ii. Based on present travel times, 58% of the population in the total catchment area of IGIA and NIA may prefer IGIA over NIA, 31% may prefer NIA over IGIA and 11% may prefer both. Residents on the western side, particularly from Haryana, shall be more inclined to use IGIA due to better travel times. Many districts in Eastern Uttar Pradesh have shorter travel times to NIA, making it a more attractive option for local residents.

iii. The catchment area of IGIA is more urbanized (53% urban population) and economically stronger (higher GDP per capita) while the catchment area of NIA is less urbanized (29% urban population) and has a lower GDP per capita, which typically correlates with a lower propensity to fly. According to survey data from 2018, Eastern UP, which is expected to be a feeder region for NIA, accounted for only 10% of passengers at IGIA which indicates limited air travel

demand from this area to IGIA, potentially benefiting NIA. The catchment area for IGIA and NIA as per the ICF study is depicted in the figure below:

Figure 4 : Catchment area for IGIA and NIA as per ICF study



iv. Further, based on the comparative analysis of IGIA and NIA on key parameters viz. Location, Convenience, Capacity, Costs for Passengers, Scale, Loyalty, International operations and Travel time, ICF concludes that IGIA has a clear competitive advantage on many important aspects as compared to NIA, which will have more passengers from eastern UP and parts of Haryana with lesser travel time.

5.2.5 Based on the above considerations, the Authority noted the traffic forecasts as per the ICF study conducted by DIAL for the Fourth Control Period is as follows:

Table 192: Traffic Forecasts as per the Study by ICF for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029	Total
Passenger Traffic (MPPA)						
Domestic	56.45	59.42	63.41	67.05	70.15	**316.48**
Domestic YoY Growth %	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
International	21.15	22.17	23.36	24.46	25.43	**116.56**
International YoY Growth %	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
Total	**77.59**	**81.59**	**86.77**	**91.51**	**95.58**	**433.04**
ATM – Overall' ('000s)						
Domestic	362.55	380.56	404.97	427.03	445.54	**2,020.64**
Domestic YoY Growth %	*7.87%*	*4.97%*	*6.42%*	*5.45%*	*4.33%*	
International	113.75	118.82	124.74	130.13	134.83	**622.27**
International YoY Growth %	*6.91%*	*4.46%*	*4.99%*	*4.32%*	*3.61%*	
Total	**476.30**	**499.38**	**529.72**	**557.16**	**580.37**	**2,642.92**

FY ending March 31	2025	2026	2027	2028	2029	Total
Cargo ('000 MT)						
Domestic	375.27	382.21	388.97	394.50	396.31	**1,937.27**
Domestic YoY Growth %	*5.22%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
International	688.07	718.23	741.59	765.49	794.76	**3,708.14**
International YoY Growth %	*6.41%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
Total	**1,063.34**	**1,100.44**	**1,130.56**	**1,159.99**	**1,191.07**	**5,645.41**

**ICF in its study has forecasted only the overall ATMs and not Billable ATMs for IGIA.*

5.2.6 The Authority noted that DIAL in the MYTP for the Fourth Control Period has submitted the Traffic Projections only for Billable ATMs and not for Overall ATMs. The Authority sought clarifications from DIAL on the category-wise exclusions in ATMs (i.e. ATMs that were not billed) for arriving at Billable ATMs. The category-wise exclusions in ATMs for arriving at Billable ATMs for FY 2024 is as follows:

Table 193: Category-wise Exclusions in ATMs for FY 2024

FY ending March 31	2024
ATM – Overall ('000s)	
Domestic	336.09
International	106.40
Total	**442.49**
Exclusions* (i.e. ATMs not Billed) ('000s)	
Aircrafts with less than 80 seats (including flights under RCS#)	6.42
Helicopters	0.13
Total	**6.55**
ATM – Billable ('000s)	
Domestic	167.18
International	54.61
Total	**221.79**

**No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport, b) helicopters of all types and c) DGCA approved flying school/flying training institute aircrafts.*

#As per DIAL, No RCS flights with capacity more than 80 seats operated at IGIA in FY 2024.

5.2.7 The Authority noted that DIAL in its Traffic Projections for the Fourth Control Period has considered projections for Passenger Traffic and Cargo Traffic as per the study by ICF while the Billable ATMs for the Fourth Control Period has been projected based on the Passenger Traffic growth (YoY increase) derived as per the study by ICF with Billable ATMs for FY 2024 as the base.

5.2.8 The Authority is of the view that DIAL's projections for Billable ATMs for the Fourth Control Period based on the Passenger Traffic growth rate as per ICF's forecasts is not reasonable and justifiable especially when ICF in its study has forecasted the growth rates for Overall ATMs for IGI Airport for the Fourth Control Period.

5.2.9 Accordingly, the Authority proposed to project ATMs (Overall and Billable ATM) for the Fourth Control Period based on the growth rate for Overall ATM (YoY increase) derived as per the study by ICF with ATMs (Overall and Billable ATM) for FY 2024 as the base as follows:

Table 194: Growth Rates proposed to be considered by the Authority for ATMs for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029
Domestic ATMs	7.87%	4.97%	6.42%	5.45%	4.33%
International ATMs	6.91%	4.46%	4.99%	4.32%	3.61%

Note: Above growth rates are derived from ICF Forecasts for Overall ATMs

5.2.10 Based on the above, the ATMs (Overall and Billable ATM) proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 195: ATMs proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 ('000s)	2025	2026	2027	2028	2029	Total
ATM – Overall ('000s)						
Domestic	362.55*	380.56	404.97	427.03	445.54	**2,020.64**
International	113.75*	118.82	124.74	130.13	134.83	**622.27**
Total	**476.30**	**499.38**	**529.72**	**557.16**	**580.37**	**2,642.92**
ATM – Billable ('000s)						
Domestic	180.34*	189.30	201.45	212.42	221.63	**1,005.14**
International	58.38*	60.99	64.03	66.79	69.20	**319.39**
Total	**238.73**	**250.29**	**265.47**	**279.21**	**290.83**	**1,324.52**

**Growth rates applied on Overall and Billable ATMs in FY 2024.*

5.2.11 Considering that the traffic growth rates for Passenger and Cargo Traffic as submitted by DIAL are based on a specific independent study conducted by ICF, the Authority proposed to consider the traffic growth rates for Passenger and Cargo Traffic as per the ICF study for the Fourth Control Period.

5.2.12 Based on the above, the projected Passenger Traffic, ATM (Overall and Billable ATM) and Cargo Traffic proposed to be considered by the Authority for the Fourth Control Period is shown in the table below:

Table 196: Traffic proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31	2025	2026	2027	2028	2029	Total
Domestic Pax (MPPA)						
As submitted by DIAL	56.45	59.42	63.41	67.05	70.15	**316.48**
As proposed by the Authority	56.45	59.42	63.41	67.05	70.15	**316.48**
YoY Growth as submitted by DIAL	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
YoY Growth as proposed by the Authority	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
International Pax (MPPA)						
As submitted by DIAL	21.15	22.17	23.36	24.46	25.43	**116.56**
As proposed by the Authority	21.15	22.17	23.36	24.46	25.43	**116.56**
YoY Growth as submitted by DIAL	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
YoY Growth as proposed by the Authority	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
Total Pax (MPPA)						
As submitted by DIAL	77.59	81.59	86.77	91.51	95.58	**433.04**
As proposed by the Authority	77.59	81.59	86.77	91.51	95.58	**433.04**
YoY Growth as submitted by DIAL	*5.33%*	*5.15%*	*6.35%*	*5.46%*	*4.46%*	
YoY Growth as proposed by the Authority	*5.33%*	*5.15%*	*6.35%*	*5.46%*	*4.46%*	
Domestic ATM – Overall ('000)						

FY ending March 31	2025	2026	2027	2028	2029	Total
As submitted by DIAL*						
As proposed by the Authority	362.55	380.56	404.97	427.03	445.54	**2,020.64**
YoY Growth as submitted by DIAL*						
YoY Growth as proposed by the Authority	*7.87%*	*4.97%*	*6.42%*	*5.45%*	*4.33%*	
International ATM – Overall ('000)						
As submitted by DIAL*						
As proposed by the Authority	113.75	118.82	124.74	130.13	134.83	**622.27**
YoY Growth as submitted by DIAL*						
YoY Growth as proposed by the Authority	*6.91%*	*4.46%*	*4.99%*	*4.32%*	*3.61%*	
Total ATM – Overall ('000)						
As submitted by DIAL*						
As proposed by the Authority	476.30	499.38	529.72	557.16	580.37	**2,642.92**
YoY Growth as submitted by DIAL*						
YoY Growth as proposed by the Authority	*7.64%*	*4.84%*	*6.07%*	*5.17%*	*4.16%*	
Domestic ATM – Billable ('000)						
As submitted by DIAL	174.12	183.28	195.59	206.82	216.39	**976.20**
As proposed by the Authority	180.34	189.30	201.45	212.42	221.63	**1,005.14**
YoY Growth as submitted by DIAL	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
YoY Growth as proposed by the Authority	*7.87%*	*4.97%*	*6.42%*	*5.45%*	*4.33%*	
International ATM – Billable ('000)						
As submitted by DIAL	59.31	62.18	65.52	68.59	71.33	**326.92**
As proposed by the Authority	58.38	60.99	64.03	66.79	69.20	**319.39**
YoY Growth as submitted by DIAL	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
YoY Growth as proposed by the Authority	*6.91%*	*4.46%*	*4.99%*	*4.32%*	*3.61%*	
Total ATM – Billable ('000)						
As submitted by DIAL	233.42	245.46	261.11	275.41	287.72	**1,303.12**
As proposed by the Authority	238.73	250.29	265.47	279.21	290.83	**1,324.52**
YoY Growth as submitted by DIAL	*5.24%*	*5.16%*	*6.37%*	*5.48%*	*4.47%*	
YoY Growth as proposed by the Authority	*7.64%*	*4.84%*	*6.07%*	*5.17%*	*4.16%*	
Domestic Cargo ('000 MT)						
As submitted by DIAL	375.27	382.21	388.97	394.50	396.31	**1,937.27**
As proposed by the Authority	375.27	382.21	388.97	394.50	396.31	**1,937.27**
YoY Growth as submitted by DIAL	*5.22%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
YoY Growth as proposed by the Authority	*5.22%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
International Cargo ('000 MT)						
As submitted by DIAL	688.07	718.23	741.59	765.49	794.76	**3,708.14**
As proposed by the Authority	688.07	718.23	741.59	765.49	794.76	**3,708.14**
YoY Growth as submitted by DIAL	*6.41%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
YoY Growth as proposed by the Authority	*6.41%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
Total Cargo ('000 MT)						
As submitted by DIAL	1,063.34	1,100.44	1,130.56	1,159.99	1,191.07	**5,645.41**

FY ending March 31	2025	2026	2027	2028	2029	Total
As proposed by the Authority	1,063.34	1,100.44	1,130.56	1,159.99	1,191.07	**5,645.41**
YoY Growth as submitted by DIAL	*5.98%*	*3.49%*	*2.74%*	*2.60%*	*2.68%*	
YoY Growth as proposed by the Authority	*5.98%*	*3.49%*	*2.74%*	*2.60%*	*2.68%*	

**DIAL in the MYTP has not submitted Traffic projections for Overall ATMs and instead submitted projections only for Billable ATMs.*

5.3 Stakeholders' comments on Traffic Projections for the Fourth Control Period

5.3.1 During the Stakeholders Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to traffic for the Fourth Control Period. The comments from IATA is presented below:

"AERA has taken into consideration the IATA traffic forecast (Nov 2024) for India in its assessment. As mentioned earlier, we don't believe that there is any material impact posed by the operationalization of DXN in the near and medium term. Considering that DEL is planning for a major transfer hub, it is useful to also understand the split of Departure/Arrival/Transfers in the projections presented. This would be necessary to ensure the right capacity is delivered timely through fit-for-purpose infrastructure based on the projected splits. This deviation between billable and non-billable ATMs perhaps also highlights the important aspects of funding for the RCS flights - and the mechanism through which the landing and parking charges/costs for aircraft under 80 seats are billed. The exclusions provided for billing of RCS flights would mean that the billed flights will bear that cost. However, the RCS scheme is being funded via the RCS levy on scheduled domestic tickets. We would appreciate AERA for checking for any discrepancies and correcting them, in particular whether certain users are being inadvertently charged twice over for funding of the RCS scheme."

5.4 DIAL's response to Stakeholder comments on Traffic Projections for the Fourth Control Period

5.4.1 With regards to IATA's comments, DIAL's response is as follows

"As regard to the traffic projection, DIAL has already submitted a detailed traffic study done by an independent consultant which is part of the MYTP submission. DIAL has placed its reliance on the study done by the consultant (Please refer annexure 20 of the MYTP submission). The consultant has outlined that both airports will have overlapping catchment and hence will compete with each other and accordingly considered / developed the traffic projections for IGIA.

DIAL as an airport operator is statutorily bound to follow the tariff card issued by the Authority in this regard. The Authority based on various government regulations has specifically exempted the landing charges on scheduled flights which are having less than 80 seating capacity and DIAL is bound to implement the same.

With regard to funding of RCS, DIAL is not having any authority to comment on the same."

5.5 Authority's analysis on Stakeholders' comments on Traffic Projections for the Fourth Control Period

5.5.1 The Authority has noted the comments from IATA and DIAL's counter comment on the following matters:

- Impact of Noida International Airport on the traffic of IGIA for the Fourth Control Period
- Split of Departure and Arrival Passenger Traffic considered for the Fourth Control Period
- Exclusion of RCS flight from billing and the cross-subsidization of the same by Billable ATMs.

5.5.2 The Authority has considered the Traffic forecasts for IGIA as per the study conducted by ICF, on behalf of DIAL, for the Fourth Control Period which is a dedicated study for IGIA taking into consideration the macro and micro variables pertaining to IGIA.

The Authority has also noted that the ICF study has taken into consideration the possible impact of the upcoming Noida International Airport (NIA) which shall also cater to a material portion of the traffic at the National Capital Region. The observations of ICF in this regard has already been detailed under para 5.2.4 of this Tariff Order.

The Flights operating under Regional Connectivity Scheme will be completely exempted from Landing Charges as per Order No. 20/2016-17 dated 31st March 2017 of the Authority from the date the scheme is operationalized by GOI.

MOCA, vide letter dated 21st March 2017, directed the Authority to provide following concessions for RCS flights at all airports under its purview:

- All Airport operators shall not levy Landing Charges and Parking Charges or any other charge subsuming a charge for such aspects in future on RCS flights.
- Airfare for all passenger seats on an RCS flight will not be subject to any levies or charges imposed by the Airport Operators including charges such as PSF, DF and UDF. .

Accordingly, the Authority issued orders in this regard vide Order No. 20/2016-17 dated 31st March 2017.

The Authority notes that construction of RCS Airports is being funded from RCS levy. Further, the Order No. 20/2016-17 dated 31st March 2017 deal with Landing Charges on RCS flights. Both are different matters and there is no duplication.

5.5.3 The Authority has also received the updated traffic details for the 10-month period ending 31st January 2025 and has analysed the growth rate for the corresponding 10-month period a year back. The calculated growth rates are as shown in the table below;

Table 197: Traffic Growth for the 10-month period ended 31st January 2025

Particulars	Traffic for the period from 1st April 2023 till 31st January 2024	Traffic for the period from 1st April 2024 till 31st January 2025	Growth Rate (%)
Passenger Traffic (Mn)			
Domestic	44.87	47.75	6.42%
International	15.90	17.78	11.78%
Total	**60.77**	**65.53**	**7.83%**
Air Traffic Movement ('000)			
Domestic	279.02	294.63	5.60%
International	87.92	95.61	8.75%
Total	**366.94**	**390.24**	**6.35%**
Cargo Traffic ('000 MT)			
Domestic Traffic	296.94	315.99	6.42%
International Traffic	517.85	609.42	17.68%
Total	**814.79**	**925.41**	**13.58%**

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5.5.4 The Authority is of the view that the above growth rates of Traffic for the 10-month period ended 31st January 2025 will be more appropriate viz-a-viz the growth rates for FY 2025 as per the ICF Traffic Study. Accordingly, the Authority decides to use the same for determining the Traffic for FY 2025.

5.5.5 The Authority decides that for the balance years in the Control Period i.e. FY 2026 to FY 2029, the growth rates as per the ICF Traffic Study shall be used for projecting Traffic.

5.5.6 The revised Traffic for the Fourth Control Period based on the above is as shown in the table below:

Table 198: Traffic decided to be considered by the Authority for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029	Total
Domestic Pax (MPPA)						
As submitted by DIAL	56.45	59.42	63.41	67.05	70.15	**316.48**
As decided by the Authority	57.68	60.72	64.79	68.51	71.68	**323.39**
YoY Growth as submitted by DIAL	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
YoY Growth as decided by the Authority	*6.42%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
International Pax (MPPA)						
As submitted by DIAL	21.15	22.17	23.36	24.46	25.43	**116.56**
As decided by the Authority	21.76	22.82	24.04	25.17	26.17	**119.97**
YoY Growth as submitted by DIAL	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
YoY Growth as decided by the Authority	*11.78%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
Total Pax (MPPA)						
As submitted by DIAL	77.59	81.59	86.77	91.51	95.58	**433.04**
As decided by the Authority	79.44	83.53	88.83	93.68	97.86	**443.35**
YoY Growth as submitted by DIAL	*5.33%*	*5.15%*	*6.35%*	*5.46%*	*4.46%*	
YoY Growth as decided by the Authority	*7.84%*	*5.15%*	*6.35%*	*5.46%*	*4.46%*	
Domestic ATM – Overall ('000)						
As submitted by DIAL*						
As decided by the Authority	354.91	372.54	396.45	418.03	436.15	**1,978.09**
YoY Growth as submitted by DIAL*						
YoY Growth as decided by the Authority	*5.60%*	*4.97%*	*6.42%*	*5.45%*	*4.33%*	
International ATM – Overall ('000)						
As submitted by DIAL*						
As decided by the Authority	115.71	120.86	126.89	132.36	137.15	**632.97**
YoY Growth as submitted by DIAL*						
YoY Growth as decided by the Authority	*8.75%*	*4.46%*	*4.99%*	*4.32%*	*3.61%*	
Total ATM – Overall ('000)						
As submitted by DIAL*						
As decided by the Authority	470.62	493.41	523.33	550.40	573.30	**2,611.06**
YoY Growth as submitted by DIAL*						
YoY Growth as decided by the Authority	*6.36%*	*4.84%*	*6.07%*	*5.17%*	*4.16%*	
Domestic ATM – Billable ('000)						
As submitted by DIAL	174.12	183.28	195.59	206.82	216.39	**976.20**
As decided by the Authority	176.55	185.32	197.21	207.94	216.96	**983.97**
YoY Growth as submitted by DIAL	*4.15%*	*5.26%*	*6.72%*	*5.74%*	*4.63%*	
YoY Growth as decided by the	*5.60%*	*4.97%*	*6.42%*	*5.45%*	*4.33%*	

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FY ending March 31	2025	2026	2027	2028	2029	Total
Authority						
International ATM – Billable ('000)						
As submitted by DIAL	59.31	62.18	65.52	68.59	71.33	**326.92**
As decided by the Authority	59.39	62.03	65.13	67.94	70.39	**324.88**
YoY Growth as submitted by DIAL	*8.60%*	*4.84%*	*5.37%*	*4.70%*	*3.99%*	
YoY Growth as decided by the Authority	*8.75%*	*4.46%*	*4.99%*	*4.32%*	*3.61%*	
Total ATM – Billable ('000)						
As submitted by DIAL	233.42	245.46	261.11	275.41	287.72	**1,303.12**
As decided by the Authority	235.93	247.35	262.33	275.88	287.35	**1,308.84**
YoY Growth as submitted by DIAL	*5.24%*	*5.16%*	*6.37%*	*5.48%*	*4.47%*	
YoY Growth as decided by the Authority	*6.38%*	*4.84%*	*6.07%*	*5.17%*	*4.16%*	
Domestic Cargo ('000 MT)						
As submitted by DIAL	375.27	382.21	388.97	394.50	396.31	**1,937.27**
As decided by the Authority	379.57	386.59	393.43	399.02	400.85	**1,959.45**
YoY Growth as submitted by DIAL	*5.22%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
YoY Growth as decided by the Authority	*6.42%*	*1.85%*	*1.77%*	*1.42%*	*0.46%*	
International Cargo ('000 MT)						
As submitted by DIAL	688.07	718.23	741.59	765.49	794.76	**3,708.14**
As decided by the Authority	760.96	794.32	820.15	846.58	878.96	**4,100.97**
YoY Growth as submitted by DIAL	*6.41%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
YoY Growth as decided by the Authority	*17.68%*	*4.38%*	*3.25%*	*3.22%*	*3.82%*	
Total Cargo ('000 MT)						
As submitted by DIAL	1,063.34	1,100.44	1,130.56	1,159.99	1,191.07	**5,645.41**
As decided by the Authority	1,140.53	1,180.90	1,213.58	1,245.59	1,279.80	**6,060.41**
YoY Growth as submitted by DIAL	*5.98%*	*3.49%*	*2.74%*	*2.60%*	*2.68%*	
YoY Growth as decided by the Authority	*13.68%*	*3.54%*	*2.77%*	*2.64%*	*2.75%*	

**DIAL in the MYTP has not submitted Traffic projections for Overall ATMs and instead submitted projections only for Billable ATMs.*

5.5.7 The split-up between the Departure and Arrival Passenger Traffic under Domestic and International categories as decided to be considered by the Authority for the Fourth Control Period is as mentioned in the table below:

Table 199: Split-up between Departure and Arrival Passenger Traffic decided to be considered by the Authority for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029	Total
Domestic Pax (MPPA)						
Departure	28.84	30.36	32.40	34.26	35.84	**161.69**
Arrival	28.84	30.36	32.40	34.26	35.84	**161.69**
Total	**57.68**	**60.72**	**64.79**	**68.51**	**71.68**	**323.39**
International Pax (MPPA)						
Departure	10.88	11.41	12.02	12.59	13.09	**59.98**
Arrival	10.88	11.41	12.02	12.59	13.09	**59.98**
Total	**21.76**	**22.82**	**24.04**	**25.17**	**26.17**	**119.97**
Total Pax (MPPA)						

FY ending March 31	2025	2026	2027	2028	2029	Total
Departure	39.72	41.77	44.42	46.84	48.93	**221.68**
Arrival	39.72	41.77	44.42	46.84	48.93	**221.68**
Total	**79.44**	**83.53**	**88.83**	**93.68**	**97.86**	**443.35**

5.6 Authority's decisions regarding Traffic Projections for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Traffic projections for the Fourth Control Period:

5.6.1 To consider Traffic as per Table 198 for the Fourth Control Period which shall be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

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6. CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

6.1 Background

6.1.1 Regulatory Asset Base (RAB) is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement/ 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 investment made. At the same time, to safeguard the interests of the airport users, it must be ensured that the aeronautical capital additions are necessary, reasonable and justified.

6.1.2 The Authority noted that DIAL needs to develop IGI Airport in a phased manner during the period of operations to cater the increasing annual passenger traffic (domestic and international) and annual cargo handling capacity, along with ancillary facilities as per Master Plan 2016 of IGIA. Further, development of the airport includes construction/modernization and procurement of various assets as described in the OMDA such as:

- Runways, taxiways, apron, administrative offices, aircraft parking bays, retail and associated facilities.
- Terminal Building and facilities and
- Construction of required approach roads.

6.1.3 The Independent Consultant appointed by the Authority has performed due analysis of the submissions made by DIAL towards Aeronautical Capital Expenditure, Depreciation and RAB. In this respect, the Independent Consultant/Aviation Expert has performed the following functions:

i. Reviewed the capex plan submitted by DIAL in view of various technical studies undertaken by DIAL, Airport Master Plans, BOQs (wherever provided), Copies of Letter of Intent (LOI), Letter of Award (LOA), Purchase Orders and Work Orders etc., wherever provided. The Independent Consultant also considered the responses of DIAL to the clarification sought in relation with CAPEX plan from time to time.

ii. Sought documentary evidence along with the process of approval for capex including competitive bidding process for award of various works to the contractor(s), if applicable.

iii. The Independent Consultant/Aviation Expert also visited IGIA in the months of August and September 2024 focusing specifically on review of current airport operations and proposed airport development plans and the necessity for the same.

6.1.4 The Authority through its independent consultant/Aviation Expert had examined the entire CAPEX plan proposed by DIAL in detail including CWIP projects and the Expansion Capex for the Fourth Control Period, considering the historical traffic trends and future traffic estimates such that only essential, reasonable, aeronautical capital expenditure is considered as part of RAB for the Fourth Control Period. This was done with a view to encourage the investment and maintain a balanced approach between sustainable operations of the airport and the interest of the airport users.

6.1.5 Further, the Authority shall along with the necessity of the capex, has assessed the feasibility of implementing the proposed capex within the remaining years in the Fourth Control Period. It is imperative that DIAL completes the proposed capex within the time frame as otherwise the airport users

shall end up bearing the burden of the capex funding requirement in the form of higher tariff without having access to the facilities.

6.1.6 Considering the above, the Authority had rationalized the CAPEX submitted by DIAL based on verification of item rates and optimization of the capacity augmentation proposed by DIAL and accordingly proposed capital additions for the Fourth Control Period.

6.1.7 Accordingly, the Authority has presented its views in the following order:

i. Expansion Capex for the Fourth Control Period.
ii. General Capex for the Fourth Control Period
iii. Capital Work in Progress carried forward from Third Control Period to the Fourth Control Period
iv. Aeronautical Allocation of Capital Expenditure for the Fourth Control Period
v. Aeronautical Depreciation for the Fourth Control Period
vi. Regulatory Asset Base for the Fourth Control Period

6.2 DIAL's Submission regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

Capex Plan for the Fourth Control Period

6.2.1 DIAL in the MYTP for the Fourth Control Period has submitted Expansion and General Capex plan along with carry forward of Capex from the Third Control Period for the Fourth Control Period as follows:

Table 200: Overall Capex Plan Submitted by DIAL for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL in MYTP on 29th May 2024	Revised Cost submitted by DIAL subsequent to MYTP on 23rd July 2024
A	Expansion Capex	2,402.54	2,420.42
B	General Capex	2,329.01	2,329.01
C	Carry Forward of Capex/CWIP from the Third Control Period	893.78	748.26
	Total	**5,625.33**	**5,497.69**

Note: DIAL in MYTP for 4th CP submitted cost of Rs. 5,625.33 Cr towards Capex in 4th CP. However, as part of clarifications on the MYTP submissions, DIAL provided detailed break-up of estimates and submitted revised cost of Rs. 5,497.69 Cr for 4th CP. The Authority for its analysis proposed to consider the revised submissions by DIAL.

A. Expansion Capex for the Fourth Control Period

6.2.2 DIAL in the MYTP for the Fourth Control Period has submitted that due to projected increase in traffic, IGI Airport would reach its maximum capacity for catering to the needs of the International passengers by FY 2026 and would reach 90% of handling capacity of the Terminal 3 by FY 2026. In order to cater to the increasing passenger traffic, DIAL proposes the following expansion capex during the Fourth Control Period:

Table 201: Expansion Capex Plan Submitted by DIAL for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL in MYTP	Revised Cost submitted by DIAL subsequent to MYTP on 23rd July 2024
A1	Terminal 3 Pier C conversion from Domestic to International	200.00#	69.71
A2	Terminal 2 Refurbishment		114.38
A3	Construction of Code E and C Parking Stands	553.05*	574.35*
A4	Terminal 3 Pier E construction	1,649.49*	1,661.98*
A	**Total**	**2,402.54**	**2,420.42**

**inclusive of IDC*

#DIAL in the MYTP for 4th CP submitted total cost of Rs. 200 Cr for both T3 Pier C Conversion from Domestic to International and T2 Refurbishment. However, as part of clarifications provided by DIAL subsequently, the cost submitted was Rs. 69.71 Cr and Rs. 114.38 Cr respectively. Similarly, the cost submitted for A3 and A4 above has also been revised by DIAL in subsequent submissions. The Authority for its analysis proposed to consider the revised submissions by DIAL.

6.2.3 The Authority noted that for the examination of the Capex for the Fourth Control Period, the Authority proposed to consider revised submissions of DIAL as shown in the table above.

6.2.4 The details of the expansion capex submitted by DIAL are as follows:

Construction of Code E and C parking stands

6.2.5 IGI Airport is being developed as a hub airport in India and it requires adequate infrastructure to support the hub operations. Currently, DIAL has limited number of wide body (Code E) stands to support long haul aircrafts. Airlines in India have placed large orders for fleet addition and are expanding their fleet across narrow and wide body aircrafts.

6.2.6 DIAL has been getting requests from Airlines to provide night parking for the aircrafts at IGIA. Additionally, at IGIA, many of the parking stands remain occupied due to grounding of aircrafts and hence number of stands available to support daily operations is not sufficient.

6.2.7 In order to support the increasing demand of stands from airlines and also to facilitate seamless operation for all kind of aircraft operations, DIAL proposed to develop parking stands in phases to cater to wide body and narrow body operations.

6.2.8 The details of development of parking stands proposed at IGIA as submitted by DIAL is provided in the table below:

Table 202: Details of parking stand proposed to be developed by DIAL

Particulars	No. of Stands	Estimated Cost (Rs. Cr)
Code E (Wide Body)	7	126.04
Code C (Narrow Body)	56	392.26
Total Hard Cost	**63**	**518.30**
Total Cost including IDC		**574.35**

6.2.9 The hard cost of the project is estimated to be funded at debt equity ratio of 70:30 while IDC is proposed to be funded entirely through internal accruals and the project would be completed by FY 2029.

Construction of Pier E

6.2.10 IGIA Master Plan 2016 proposes for addition of Pier E with Domestic in-fill to the eastern side of existing integrated Terminal 3 (T3) for enhancing Terminal 3 domestic Capacity by 10 MPPA.

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6.2.11 The existing domestic capacity of DIAL will get exhausted by FY 2028 and hence will require a new Pier E to be added to T3. This will result in allocation of Pier A, B and C (C is currently used for Domestic Operations) for the International traffic while Pier D and E will be completely utilized for domestic operations.

6.2.12 Around 3,600 sq.m. of Passenger Terminal Building (T3) requires reconfiguration and refurbishment as part of this project. The salient features of the proposed development (Pier E and domestic Infill) are:

Domestic Infill:

- The total area of domestic infill is approximately 12,650 sq.m., covering 2 levels for serving departures, arrivals and transfer passengers.
- The domestic infill mainly accommodates security screening processing area, administration offices and few retail, transfers etc.

Pier E:

- Pier E will have 12 contact stands.
- Pier E apron will have 6 remote stands for serving the remote parking of code C aircraft stands.
- Pier E consists of three levels, namely Departures, Arrivals and Apron level.
- The extent of area considered for MEP works would be approximately 55,532 sq.m.
- The apron of Pier E consists of two types of pavements (flexible and rigid pavements).

6.2.13 Further, DIAL is in the process of engaging a Technical Consultant for updating the existing Master Plan in accordance with the requirement of OMDA. DIAL shall intimate the Authority in case of any major change in the Master Plan of IGIA in due course.

6.2.14 The completion of Pier E by FY 2028 would result in an increase in the passenger handling capacity by 10 MPPA and would cater to the need of IGIA for the Fourth Control Period.

6.2.15 The hard cost of the project is Rs. 1,500 Cr and is estimated to be funded at debt equity ratio of 70:30 while IDC is proposed to be funded entirely through debt.

6.2.16 The projected Passenger Handling capacity of IGIA across all the terminals post construction of Pier E would be as shown in the table below:

Table 203: Passenger Handling Capacity before and after construction of Pier E

Terminal	Passenger Handling Capacity (MPPA)		
	Before Pier E	Pier E	After Pier E
Terminal 1	40	-	40
Terminal 2	15	-	15
Terminal 3	45	10	55
Total Handling Capacity	**100**	**10**	**110**

6.2.17 The projected Domestic and International Traffic Handling capacity of the terminals post completion of Pier E is as shown in the table below:

Table 204: Domestic and International Passenger Handling Capacity before and after Pier E

Terminal	Capacity before Pier E (MPPA)			Capacity after Pier E (MPPA)		
	Domestic	International	Total	Domestic	International	Total
Terminal 1	40	-	40	40	-	40
Terminal 2	15	-	15	15	-	15
Terminal 3	25	20	45	25	30	55
Total	**80**	**20**	**100**	**80**	**30**	**110**

B. General Capex for the Fourth Control Period

6.2.18 DIAL has informed that they are currently operating two old terminals (T2 and T3) where many of its equipment have either surpassed their useful life or are running close to their end of life. DIAL with the introduction of new technology has been extending the life of many of these equipment. However, to provide enhanced passenger experience, DIAL is required to invest in replacing/upgrading these equipment on a timely basis. Further, there are requirements for compliance/ directives from various regulatory authorities including BCAS, DGCA etc. which requires replacing/ installing new equipment. In order to meet the regulatory requirement, capital expenditure needs to be incurred. Such capital expenditure forms major portion of the General Capex proposed for the Fourth Control Period.

6.2.19 The details of the major general capex proposed by DIAL for the Fourth Control Period are provided in the table below:

Table 205: General Capex Estimates submitted by DIAL for the Fourth Control Period

S. No	FY Ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
B1	Project & Engineering (P&E)	227	371	361	331	277	**1,568**
B2	Operations	62	73	17	51	58	**261**
B3	Finishes	44	38	61	41	13	**196**
B4	Security & Vigilance	75	18	13	7	5	**119**
B5	IT	48	23	16	11	14	**112**
B6	Facility Management Services (FMS)	34	9	15	4	7	**69**
B7	Marketing and Passenger Experience	1	1	1	0.5	0.5	**4**
B	**Total**	**491**	**534**	**484**	**446**	**375**	**2,329**

C. Carry Forward of Capex/CWIP from the Third Control Period

6.2.20 In addition to the above-mentioned expansion and general capex proposed by DIAL for the Fourth Control Period, DIAL proposed to carry forward the following capex to the Fourth Control Period.

6.2.21 The details of the Carry Forward Capex as submitted by DIAL for the Fourth Control Period is as follows:

Table 206: Carry Forward Capex submitted by DIAL for the Fourth Control Period

S. No	Particulars	Cost submitted by DIAL in MYTP (Rs. Cr)	Revised Cost submitted by DIAL subsequent to MYTP (Rs. Cr)
C1	Works yet to be completed under Phase 3A Expansion as on 31st March 2024 (Airport Village)	300.00	158.94
C2	CWIP of Phase 3A Expansion Capex as on 31st March 2024 (Airport Village)	61.56	62.21
C3	CWIP of General Capex of the Third Control Period as on 31st March 2024	532.02	527.11
C	**Total**	**893.78**	**748.26**

6.2.22 *Works under Phase 3A Expansion:* DIAL has almost capitalized entire cost of Phase 3A Expansion except assets pertaining to Airport Village under Package 1 of EPC Contract as mentioned below.

i. The Airport village is a landside facility that provides interconnectivity between the terminal building and the landside transportation network. It is designed to help passengers and visitors

make sense of orientation, enhancing their experience of the Airport in terms of improved comfort, security and convenience.

ii. Certain works under Airport village are yet to be completed as on 31st March 2024. DIAL has submitted cost of Rs. 158.94 Cr in the revised submission which also includes estimated IDC proposed to be capitalized by DIAL in FY 2025.

iii. Assets to the extent of Rs. 62.21 Cr pertaining to Airport Village has been recognized as CWIP as on 31st March 2024

6.2.23 *Works under General Capex for the Third Control Period:* Assets to the extent of Rs. 527.11 Cr has been recognized as CWIP as on 31st March 2024. The details of the assets are provided below:

Table 207: Details of CWIP pertaining to General Capex for the Third Control Period

S. No	Item Description	Amount (Rs. Cr)
1	Southern Access Road – Shiv Murthy Underpass	150.00
2	AGL Individual Lamp Monitoring & system upgradation	47.48
3	Flexible Pavement Taxiways (Civil works) and Rehabilitation of Runway 10/28 & ARIWS Ducting	42.82
4	GA Covered Parking Project	39.16
5	Commercial Property Development related activities	34.72
6	Smart City	25.47
7	GA Annex Building	26.56
8	Biometric Software solution and integrated hardware equipment for BEST Implementation	12.80
9	INTL PESC area modification work for T-3	9.42
10	New office at T2 (M&G) area work	8.51
11	T3-T2 Subway DMRC	7.50
12	Capacity Enhancement of domestic PESC T3	5.53
13	Creating IGIA as a Hub - Study	5.50
14	RWY 09/27 - Strip maintenance	5.18
15	Rubber Removal Machine	4.69
16	Terminal Hotel	4.31
17	Appointment of design consultant for T1 International PTB, Office Space and Cargo Terminal development	4.10
18	Rehabilitation of Taxiway -K between TWY-U&J7	3.90
19	Rehab of Taxiway K between TWY 'K2' and TWY 'U'-civil	3.83
20	3DR Model IGI Airport	3.62
21	Maharaja Lounge at T2	3.29
22	Upgradation of existing BMS to match with new BMS under phase 3A comprising of SITC of relevant field devices (VFD, temperature sensor, pressure transmitter, DDC, server, flow meter, VOC, CO2 etc.) to match with new BMS under Phase3A works.	3.18
23	NUB / Terminal Remote office	2.74
24	Electrical Utilities diversion for SAR	2.48
25	SITC of Movement Area Guidance Signs	2.41
26	Implementation of Biometric AEP System at IGI Airport, as per BCAS compliance.	2.32
27	UPS for Lifts for Terminals	2.32
28	Fire pump room, underground tank etc.	2.32
29	Terminal Hotel	2.24

S. No	Item Description	Amount (Rs. Cr)
30	Augmentation of water supply provision for HVAC T1	2.20
31	Reinforcement of PIDS	2.04
32	Concept/Systematic/Detailed Design	2.01
33	Meinhardt Study	1.84
34	Aerial Platform 30 M for upcoming T1	1.77
35	DIAL - SP - Cargo City	1.73
36	Immigration area modification work for T-3	1.66
37	Phygital Aviation Sector Lab	1.65
38	BCAS Bio metric project	1.46
39	PIDS Coverage for 4th runway.	1.33
40	SITC of Double Decker X-ray	1.30
41	CCTV Camera New Requirements	1.25
42	CCTV works on landside for G20	1.22
43	ACP Work For Airforce Technical Area At IGI Airport, Delhi	1.21
44	Alternate facility to re-locate G+5	1.21
45	SITC of 5 nos dual view system	1.17
46	SITC of Centralized UPS for several IT equipment installed at T3	1.15
47	Skytrax Signage	1.01
48	Various Assets below Rs. 1 Cr	31.50
	Total	**527.11**

6.2.24 DIAL proposed to capitalize the above-mentioned carry forward capex in FY 2025 i.e. first year of the Fourth Control Period.

Capitalization Schedule Submitted by DIAL for Capex for the Fourth Control Period

6.2.25 The capitalization schedule of the capex for the Fourth Control Period as submitted by DIAL is shown in the table below:

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Table 208: Capitalization Schedule submitted by DIAL for the Fourth Control Period as per MYTP

S. No	FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
A	**Expansion Capex**						
A1	T3 Pier C conversion to International	69.71					**69.71**
A2	T2 Refurbishment	114.38					**114.38**
A3	Construction of Code E and C parking stands					574.35*	**574.35**
A4	T3 3 Pier E construction				1,661.98*		**1,661.98**
	Sub Total	**184.09**	**-**	**-**	**1,661.98**	**574.35**	**2,420.42**
B	**General Capex**						
	General Capex	491.00	533.50	484.07	445.68	374.76	**2,329.01**
C	**Carry Forward Capex**						
C1	Pending Works under Phase 3A Expansion Capex#	158.94					**158.94**
C2	CWIP of Phase 3A Expansion Capex#	62.21					**62.21**
C3	CWIP of General Capex of the Third Control Period	527.11					**527.11**
	Sub Total	**748.26**					**748.26**
	Total (C)= (a) + (b)	**1,423.35**	**533.50**	**484.07**	**2,107.66**	**949.11**	**5,497.69**

**including estimated IDC*
#Both pertain to Airport Village under Package 1 of EPC Contract

Allocation of Assets into Aeronautical and Non-Aeronautical Assets

6.2.26 DIAL in the MYTP has considered specific asset allocation ratio for each of the projects proposed in the Fourth Control Period. Allocation ratios considered by DIAL for these projects into Aeronautical and Non-Aeronautical portion is discussed below:

6.2.27 The asset allocation ratio considered by DIAL for expansion capex and carry forward capex is provided in the table below:

Table 209: Allocation ratio of Expansion Capex and Carry Forward Capex submitted by DIAL for the Fourth Control Period

S. No	Project	Aero Portion	Non-aero Portion
A	**Expansion Capex**		
A1	Construction of Parking stands for Code C & E	100.00%	-
A2	Construction of Pier E in T3	84.00%	16.00%
A3	Conversion of T3 Pier C to International	90.09%	9.91%
A4	Refurbishment of T2	90.09%	9.91%
C	**Carry Forward Capex**		
C1	Pending Works under Phase 3A Expansion	90.09%	9.91%
C2	CWIP of Phase 3A Expansion Capex	90.09%	9.91%
C3	CWIP of General Capex of the Third Control Period	90.09%	9.91%

6.2.28 With respect to general capex, DIAL based on its assessment has considered certain portion of general capex as common assets which are allocated in the ratio of 90.09%:9.91%. The balance assets are directly allocated as Aeronautical assets.

6.2.29 The allocation of assets pertaining to general capex into aeronautical and non-aeronautical for the Fourth Control Period as considered by DIAL is provided in the table below:

Table 210: Allocation of General Capex submitted by DIAL for the Fourth Control Period

FY Ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
General Capex	**491.00**	**533.50**	**484.07**	**445.68**	**374.76**	**2,329.01**
1. Common Assets under General Capex	109.00	91.44	155.04	118.68	81.93	**556.10**
Aero Assets (90.09%)	*98.20*	*82.39*	*139.68*	*106.93*	*73.82*	***501.01***
Non-Aero Assets (9.91%)	*10.80*	*9.06*	*15.36*	*11.76*	*8.12*	***55.09***
2. Directly Allocated Aero Assets	382.00	442.05	329.04	327.00	292.83	**1,772.91**

6.2.30 Based on the above allocation ratio, the break-up of aero and non-aero portion of Capex for the Fourth Control Period as submitted by DIAL is as follows:

Table 211: Aero and Non-aero Portion of Capex submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero	1,320.19	524.44	468.71	1,829.99	941.00	**5,084.33**
Non-Aero	103.16	9.06	15.36	277.67	8.12	**413.36**
Total	**1,423.35**	**533.50**	**484.07**	**2,107.66**	**949.12**	**5,497.69**

Depreciation

6.2.31 For the assets to be capitalized in the Fourth Control Period, DIAL proposed to consider depreciation rate of 4.51% as considered by the Authority for Phase 3A Expansion Capex for the Third Control Period in the Tariff Order for the Third Control Period. The depreciation submitted by DIAL for the Fourth Control Period is provided below:

Table 212: Depreciation submitted by DIAL for the Fourth Control Period as per MYTP

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Depreciation on Aero RAB	970.61	966.28	921.43	962.85	1,014.02	**4,835.19**
Depreciation on HRAB	20.90	19.89	18.56	18.49	18.43	**96.27**
Total Depreciation	**991.50**	**986.17**	**939.99**	**981.34**	**1,032.45**	**4,931.46**

Regulatory Asset Base for the Fourth Control Period

6.2.32 Considering the above, the Regulatory Asset Base as considered by DIAL for the Fourth Control Period is as shown in the table below:

Table 213: Aeronautical Depreciation and RAB submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Opening Aero RAB (A)	14,732.09*	15,227.11	14,785.27	14,332.56	15,189.20	
Add: Additions (B)	1,465.63	524.44	468.71	1,819.49	919.70	**5,197.98**
Less: Depreciation (C)	970.61	966.28	921.43	962.85	1,014.02	**4,835.19**
Closing Aero RAB (D=A+B-C)	**15,227.11**	**14,785.27**	**14,332.56**	**15,189.20**	**15,094.88**	
Average Aero RAB (E=(A+D)/2)	**14,979.60**	**15,006.19**	**14,558.92**	**14,760.88**	**15,142.04**	
Opening HRAB (F)	103.89	82.99	63.10	44.54	26.05	
Less: Depreciation (G)	20.90	19.89	18.56	18.49	18.43	**96.27**
Closing HRAB (H=F-G)	**82.99**	**63.10**	**44.54**	**26.05**	**7.62**	
Average HRAB (I=(F+H)/2)	**93.44**	**73.05**	**53.82**	**35.30**	**16.84**	
Average RAB (E+I)	**15,073.04**	**15,079.24**	**14,612.74**	**14,796.18**	**15,158.88**	

**include pro-rata addition of Rs. 5,873.01 Cr carried forward from FY 2024.*

6.3 Authority's Examination regarding Capex, Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period at the Consultation Stage

6.3.1 The Authority has noted the overall capex plan submitted by DIAL for the Fourth Control Period as follows:

Table 214: Capex Plan Submitted by DIAL for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL in MYTP	Revised Cost submitted by DIAL subsequent to MYTP on 23rd July 2024
A	Expansion Capex	2,402.54	2,420.42
B	General Capex	2,329.01	2,329.01
C	Carry Forward of Capex/CWIP from the Third Control Period	893.78	748.26
	Total	**5,625.33**	**5,497.69**

Note: DIAL in MYTP for the Fourth Control Period submitted cost of Rs. 5,625.33 Cr towards Capex in the Fourth Control Period. However, as part of clarifications on the MYTP submissions, DIAL provided detailed break-up of estimates and submitted revised cost of Rs. 5,497.69 Cr for the Fourth Control Period. The Authority for its examination proposed to consider the revised submissions by DIAL.

Airport Users Consultative Committee (AUCC) Meeting

6.3.2 The Authority noted that DIAL conducted Airport Users Consultative Committee (AUCC) Meeting on 06th January 2025 for consultation on the proposed capex for the Fourth Control period. The meeting was attended by representatives from various airport stakeholders including but not limited to MoCA, International Airport Transport Association (IATA), Federation of Indian Airlines (FIA), Indigo, Air India, Akasa Air, Spicejet, Air India SATS, British Airways, Cathay Pacific, Delhi Metro Rail Corporation (DMRC), Taj SATS, Association of Private Airport Operators (APAO), CISF, Immigration, various Trade Bodies and associations among others.

6.3.3 As per the minutes of the meeting, the Authority observed that DIAL had broadly discussed the following with the stakeholders:

a. Key Performance Indicators (KPI) of the Airport
b. Traffic Forecasts for the Fourth Control Period
c. Key Capex projects (Expansion and General capex) for the Fourth Control Period as mentioned below:
    - Terminal 3 Pier C Conversion to International

- Terminal 3 Pier E Construction
- Construction of Code C and E Parking Stands
- Terminal 2 Refurbishment
- General Capex
    - CT-XBIS for PESC Area
    - HBS X-ray replacement with CT machines at T3
    - Full Body Scanners
    - Crash Fire Tenders
    - Rehabilitation of RWY 11R/29L (Civil Works)
    - Upgradation of AGL CMS Software update & Hardware replacement
    - Expansion Works of Airports Operations Centre (APOC)

6.3.4 As per the minutes of AUCC meeting, it can be seen that the stakeholders made important observations in relation to the proposed capex projects for the Fourth Control Period as well as other aspects viz. Operations, Safety & Security, Passenger Experience, Non-aero revenue etc.

6.3.5 Some of the key observations made by the stakeholders are mentioned below:

i. BCAS instructed on adequate safety measures and enquired about provision for installation of CT-XBIS machines at T2.

ii. CISF instructed on working out extra space/width required for installation of CT-XBIS and Full Body Scanners (FBS) and inclusion of Country Terrorist Contingency Plan (CTCP) infrastructure on city side in the Capex when Pier E comes up.

iii. Air India enquired on the need for T2 refurbishment when T4 is to be built as per the existing master plan, reasons for not considering Phase 3B as part of capex, capex on increasing the throughput of transfer screening facilities, enhancement of I to I transfer space, increased infrastructure to improve passenger movement between terminal and remote parking stands, implementation of digiyatra based boarding and decongesting approach roads and approach ramp to T3.

iv. British Airways enquired on the efficiency of baggage offload of arrival passengers after conversion of Pier C to International.

v. FIA enquired on Automated People Mover (APM) system, additional details on general capex, capacity enhancement on account of T2 refurbishment and initiatives on increasing non-aero revenue.

vi. IATA enquired about leveraging self-service option through kiosks instead of additional immigration counters, mitigation of disruptions at Pier D Apron during Pier E construction, single security hold process for both domestic and international passengers, effective utilization of existing parking stands, impact of new parking stands on Minimum Connecting Time and bussing operations, remote/centralized screening for carry-on baggage and internal efficiency improvement targets after establishment of APOC.

vii. Indigo enquired about the daily throughput of APM envisaged between T1 and T3 and whether APM will be chargeable to passengers.

6.3.6 The Authority also noted DIAL's responses to the stakeholder comments. Some of the responses of the key observations raised by the stakeholders are mentioned below:

i. DIAL will not compromise on the safety of the existing terminal during conversion of Pier C and construction of Pier E and has engaged one of the leading engineering consultants to take care of the technical details. Further, 12 CT-XBIS machines are planned for replacement at T2 which has been factored in the total number of 90 machines proposed in capex.

ii. DIAL has worked the layout for installation of CT-XBIS machines in consultation with the vendors. Working has already been done for accommodation of CT-XBIS machines in the current PESC area. Further, DIAL is still awaiting concept of operations for deployment of FBS. The CTCP measures and traffic circulation have been accounted for before the design stage.

iii. T4 is part of the existing master plan. T2 refurbishment is being considered instead of T4 because of lower capex in T2 and as a short-term measure to meet current demand. The master plan is currently under review. I to I transfer capacity was enhanced 3 times after Phase 3A Expansion. Digiyatra has been implemented at all boarding gates to ensure smooth boarding process for airlines.

iv. After Pier C conversion to international, 3 baggage belts currently handling domestic passengers will be used for international traffic which will enhance the baggage handling capacity of international traffic.

v. Phase 3B primarily had T4. It was earlier planned that T2 would be demolished and T4 would be constructed. Due to higher capex requirement in building T4, T2 refurbishment is being taken up in the Fourth Control Period.

vi. DIAL replied that APM is already under bidding stage and is proposed to be developed on Design, Build, Operate and Transfer model. It is expected to be operational by March 2028. The movement would be bi-directional both from T1 to T3 and vice-versa. DIAL expects throughput of 40,000 to 50,000 passengers/day initially which would be scaled up to 80,000 to 90,000 passengers/day by increasing the frequency. APM will not be chargeable for transfer passengers while for rest of the passengers, it will be chargeable.

vii. T2 refurbishment is being undertaken not for increasing its capacity but for various other reasons. DGCA has made observations for apron refurbishment and boarding bridges. Structural audit by IIT Madras also suggested certain improvements. Further, DIAL is taking a number of initiatives to increase the number of shops in the next five years.

viii. DIAL has proposed 40 additional immigration counters after Pier C conversion as per BCAS guidelines. DIAL will ensure that operations at Pier D apron are not disrupted during Pier E construction.

ix. DIAL has also asked the Airlines to remove the defunct grounded aircrafts for effective utilization of existing parking stands.

x. DIAL also provided an update on the road projects currently being implemented to improve connectivity to the Airport (Southern access road, NSG junction, Gurgaon to airport road and Approach ramp to T3).

6.3.7 The Authority has examined the Capex plan (Expansion Capex as well as General Capex) submitted by DIAL for the Fourth Control Period and has rationalized it based on various factors viz. necessity, feasibility and reasonability of costs. The following sections explain in detail the Authority's analysis of the above-mentioned capex items.

A. Expansion Capex for the Fourth Control Period

6.3.8 The Authority noted the expansion capex proposed by DIAL for the Fourth Control Period as follows:

Table 215: Expansion Capex Plan submitted by DIAL for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL in MYTP	Revised Cost submitted by DIAL subsequent to MYTP
A1	Terminal 3 Pier C conversion from Domestic to International	200.00	69.71
A2	Terminal 2 Refurbishment		114.38
A3	Construction of Code E and C Parking Stands	553.05*	574.35*
A4	Terminal 3 Pier E construction	1,649.49*	1,661.98*
A	**Total**	**2,402.54**	**2,420.42**

**Cost inclusive of IDC*

6.3.9 The Authority noted that DIAL as part of MYTP has not provided detailed activity-wise costing for each of the items pertaining to Expansion Capex. The Authority subsequently sought detailed activity-wise costing for each of the items for analysis. DIAL then provided the detailed activity-wise costing.

6.3.10 The Authority noted that DIAL in the MYTP for the Fourth Control Period submitted total cost of Rs. 200 Cr for both T3 Pier C Conversion from Domestic to International and T2 Refurbishment. The Authority sought clarifications from DIAL on the cost estimates for both the capex items separately. As part of clarifications provided by DIAL subsequently, the cost submitted was Rs. 69.71 Cr and Rs. 114.38 Cr for T3 Pier C Conversion and T2 Refurbishment respectively summing up to Rs. 184.09 Cr.

6.3.11 The Authority also noted that DIAL revised the cost for construction of Code E and C parking stands and T3 Pier E subsequent to submission of MYTP.

6.3.12 Accordingly, the Authority through its independent consultant carried out its analysis based on the revised submissions by DIAL which are detailed in the following sub sections:

A1. Conversion of Terminal 3 Pier C from Domestic to International

6.3.13 The Authority noted that DIAL proposed to convert Pier C in Terminal 3 from Domestic to International at an estimated cost of Rs. 69.71 Cr which is expected to be completed by FY 2025. The Authority is of the view that the above activity is necessary and optimal after expansion of capacity at Terminal 1 for handling more domestic traffic.

6.3.14 The Authority noted that the Project involves activities like Blockwork, Wall cladding, Glazing, Skywalk, Flooring, Ceiling, Plaster, Paint, X-ray, Escalator, Signages, Foundation works, Form works and Reinforcement. Cost for each activity was estimated by considering the area on which the activity is proposed to be carried out and the unit rate to perform the activity. Based on the rates assumed and the area considered, hard cost for this project as considered by DIAL works out to Rs. 58.66 Cr.

6.3.15 In addition to the hard cost, the project also requires Design & PMC works. DIAL assumed Design & PMC charges at 8% of total hard cost which works out to Rs. 4.69 Cr. Further, Contingency is also considered by DIAL at 10% of total hard cost and Design & PMC charges which works out to Rs. 6.33 Cr. Based on the above, total soft cost for this project submitted by DIAL is Rs. 11.03 Cr.

6.3.16 The details of activity-wise cost submitted by DIAL is provided below:

Table 216: Cost submitted by DIAL towards T3 Pier C Conversion to International

No	Particulars (in Rs. Cr)	Cost submitted by DIAL
A1	**Blockwork**	**0.36**
A1.1	*Blockwork - 100 mm*	-
A1.2	*Blockwork - 200 mm & above*	*0.36*

No	Particulars (in Rs. Cr)	Cost submitted by DIAL
A2	**Wall Cladding**	**4.04**
A2.1	*ACP Wall Cladding*	*2.98*
A2.2	*HPL Wall Cladding*	*0.74*
A2.3	*Acoustic lining*	*0.32*
A3	**Glazing (Glass Partition)**	**9.45**
A3.1	*Laminate Glass Partition*	*6.31*
A3.2	*Structure*	*1.29*
A3.3	*Cladding*	*1.75*
A3.4	*Jali*	*0.10*
A4	**Skywalk**	**1.12**
A4.1	*DGU Double Glazed Unit*	*0.86*
A4.2	*ACP*	*0.08*
A4.3	*Roof*	*0.18*
A5	**Flooring**	**4.05**
A5.1	*Epoxy Terrazzo Flooring*	*2.55*
A5.2	*Granite (Repair flooring)*	*1.40*
A5.3	*Cement Concrete Flooring*	*0.05*
A5.4	*Epoxy Flooring*	*0.05*
A6	**Ceiling**	**3.47**
A6.1	*Metal Plank & Baffle Ceiling*	*2.70*
A6.2	*Metal Ceiling (Repair)*	*0.77*
A7	**Plaster**	**0.19**
A7.1	*Cement Plaster*	*0.19*
A8	**Paint**	**0.03**
A8.1	*Paint*	*0.03*
A9	**Counters and Xray machine**	**5.18**
A9.1	*Counters*	*1.53*
A9.2	*E-Gates (Single)*	*1.13*
A9.3	*E-Gates (Double)*	*0.06*
A9.4	*Xray machine*	*1.42*
A9.5	*OOG x-ray machine*	*0.94*
A9.6	*Others (Men & Women Frisking, DFMD, Inspection table)*	*0.10*
A10	**Doors**	**0.12**
A10.1	*Metal Fire Door*	*0.12*
A11	**Escalator & Lifts**	**8.49**
A11.1	*Escalator*	*3.96*
A11.2	*Elevator service*	*1.70*
A11.3	*Elevator passenger core type*	*-*
A11.4	*Glazed Elevator*	*2.83*
A12	**Signages**	**1.18**
A13	**Expansion Joint**	**0.12**
A14	**MEPF & IT**	**11.74**
A14.1	*Work Provisions*	*11.74*
A15	**Miscellaneous**	**3.89**
A15.1	*Demolition*	*0.59*
A15.2	*Shifting*	*0.94*
A15.3	*Work permits*	*2.36*
A16	**Design Consultation**	**4.72**
A17	**Foundation**	**0.03**
A17.1	*PCC*	*0.00*

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No	Particulars (in Rs. Cr)	Cost submitted by DIAL
A17.2	*RCC*	*0.03*
A18	**Formwork**	**0.00**
A19	**Reinforcement**	**0.03**
A20	**Structure Steel**	**0.44**
	Total Hard Cost (A)	**58.66**
	Design & PMC Work (B)	*4.69*
	Contingency (C)	*6.33*
	Total Soft Cost (D=B+C)	**11.03**
	Total Cost (A+D)	**69.71**

6.3.17 The Authority's analysis along with the cost proposed to be considered by the Authority for each activity is as follows:

A1 - Blockwork

6.3.18 The work involves providing and laying autoclaved aerated cement blocks masonry with 100mm/150mm/ 200mm/ 230mm/300 mm thick AAC blocks in super structure above plinth level up to floor V level with RCC band at sill level and lintel level with approved block laying polymer modified adhesive mortar will be carried out as part of block work and DIAL has estimated a cost of Rs. 0.36 Cr.

6.3.19 DIAL considered rate of Rs. 9,792/ cu.m for this activity and the area covered under this activity is 314.46 cu.m. The Authority through its independent consultant/aviation expert compared the rate considered by DIAL against the Delhi Schedule Rates (DSR) Volume I published by Central Public Works Department (CPWD) and found that the rate assumed by DIAL is reasonable. Hence, the Authority proposed to consider the cost submitted by DIAL for this activity.

A2 - Wall Cladding

6.3.20 This activity comprise of 3 sub activities namely ACP Wall Cladding, HPL Wall Cladding and Acoustic lining. DIAL has estimated a cost of Rs. 4.04 Cr for Wall cladding.

6.3.21 ACP Wall Cladding includes providing and fixing Aluminium composite panel on curtain wall. Aluminium composite panel will be procured from approved makes and it will be installed on the external face of the curtain wall. DIAL proposes to fix ACP on curtain walls having an area of 3,823 Sq.m. and assumed a rate of Rs. 6,600/ Sq.m for this sub activity thereby bringing the total cost for ACP Wall Cladding to Rs. 2.98 Cr. The Authority compared the rate assumed by DIAL against DSR published by CPWD and noted that the rate assumed by DIAL is higher and hence the Authority has recalculated the cost for this sub-activity by considering the rate furnished in DSR published by CPWD. The revised cost for this sub-activity works out to Rs. 2.61 Cr.

6.3.22 HPL Wall Cladding involves providing, fabricating and fixing High Pressure Laminate sheets in standard size of 1200 x 2400 mm. DIAL proposes to install High Pressure Laminate covering an area of 870 Sq.m and assumed a rate of Rs. 7,200/ Sq.m thereby leading to a total cost of Rs. 0.74 Cr. The Authority through its independent consultant/aviation expert noted that the rate assumed by DIAL is higher than the rate in DSR published by CPWD and recalculated the total cost for these works which worked out to Rs. 0.67 Cr.

6.3.23 Acoustic lining involves providing, supplying and fixing Acoustic Wall Panels with square edges made of fibre glass substrate to the wall using adhesives. DIAL estimated cost of Rs. 0.32 Cr with the rate being Rs. 6,500/ Sq.m. The Authority through its independent consultant/aviation expert analysed the

submission made by DIAL and found that the rate considered by DIAL is reasonable and hence proposed to consider the same cost as DIAL submission.

6.3.24 Revised cost proposed to be considered by the Authority for Wall cladding works out to Rs. 3.60 Cr as against Rs. 4.04 Cr submitted by DIAL.

A3 - Glazing

6.3.25 Glazing of wall provides for Laminate Glass Partition, Structure, Cladding and Jali. DIAL has estimated a cost of Rs. 9.45 Cr for Glazing.

6.3.26 Cost estimated for Laminate Glass partition forms 67% of the total cost of this activity as it involves providing and fixing glass partition with Aluminium structure glazing and laminated glass for an area of 2,431 Sq.m at a rate of Rs. 22,000/ Sq.m. The Authority through its independent consultant/aviation expert analysed the rate submitted by DIAL and found the estimates to be reasonable and hence proposed to consider the same cost as DIAL submission i.e. Rs. 6.31 Cr.

6.3.27 Cost estimated for structural works was Rs. 1.29 Cr as this activity requires 50 MT of MS frames and the rate assumed by DIAL was Rs. 2,20,000/ MT. The Authority through its independent consultant/aviation expert noted that the rate adopted by DIAL seems to be higher than the rate in DSR Volume I published by CPWD and hence proposed to adopt DSR rate for estimation. Hence the revised cost for structural works turns out to Rs. 1.05 Cr.

6.3.28 Cladding involves applying Solid acrylic cladding over the structural members of glass partition. This is proposed to be carried out by DIAL for an area of 1,239 Sq.m at a rate of Rs. 12,000/ Sq.m. As a result, the cost worked out to Rs.1.75 Cr. The Authority noted the submission made by DIAL and found that the rate adopted by DIAL is higher than the rate in DSR Volume I published by CPWD. Hence, the Authority proposed a cost of Rs. 1.54 Cr for this activity which has been recalculated based on DSR.

6.3.29 DIAL submitted a cost of Rs. 0.10 Cr for Jali. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the cost to be reasonable as it is based on market rate and hence proposed to consider the same.

6.3.30 Revised cost proposed to be considered by the Authority for Glazing works out to Rs. 9.00 Cr as against Rs. 9.45 Cr submitted by DIAL.

A4 - Skywalk

6.3.31 The work involves providing DGU double glazed unit, ACP and roof. DIAL has estimated a cost of Rs. 1.12 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the rates to be reasonable based on similar works and past purchase orders adjusted based on WPI and hence proposed to consider the cost with minimal moderation of Rs. 1.11 Cr for Skywalk.

A5 – Flooring

6.3.32 Flooring work comprises of Epoxy Terrazzo flooring, repairing existing granite flooring and providing cement concrete and Epoxy flooring. Cost estimated by DIAL for flooring activity is Rs. 4.05 Cr.

6.3.33 The Authority through its independent consultant/aviation expert benchmarked the rates assumed by DIAL to estimate the cost for Epoxy Terrazzo flooring, Cement concrete flooring and Epoxy flooring against the rates in DSR Volume I published by CPWD and found it to be reasonable. Hence the Authority proposed to consider the same cost as DIAL submission for these activities.

6.3.34 Granite flooring involves providing and laying granite in areas where the existing granite floor is damaged. DIAL proposes to repair the flooring for an area of 1,485 Sq.m and the rate adopted to carry out this activity is Rs. 8,000/ Sq.m. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found that the rate adopted by DIAL is higher than the rate in DSR Volume I published by CPWD. Hence, the Authority through its independent consultant/aviation expert recalculated the cost with the DSR rates and the cost works out to Rs. 0.79 Cr as against DIAL submission of Rs. 1.40 Cr.

6.3.35 The Authority proposed to consider a cost of Rs. 3.44 Cr for flooring works as against Rs. 4.05 Cr submitted by DIAL.

A6 - Ceiling

6.3.36 Ceiling works involves fixing new Metal plank and Baffle ceiling and repairing existing metal ceiling. The activity is estimated to be completed at a cost of Rs. 3.47 Cr with Rs. 2.70 Cr for Metal plank and baffle ceiling and Rs. 0.77 Cr for repair works of Metal ceiling.

6.3.37 Metal plank and baffle ceiling involves providing and fixing U baffle aluminium panel ceiling for an area of 2,695 Sq.m and estimated to be carried at a rate of Rs. 8,500/ Sq.m. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and noted that the rate adopted by DIAL is higher than the rate mentioned in DSR Volume I published by CPWD. Hence, the Authority proposed a cost of Rs. 2.38 Cr by adopting the rate mentioned in DSR.

6.3.38 Cost estimated by DIAL for repairing Metal ceiling is found to be reasonable by the Authority and hence it is proposed to consider the same as per DIAL's submission. Revised cost for ceiling works proposed to be considered by the Authority works out to Rs. 3.15 Cr.

A7 - Plaster

6.3.39 The works involve providing and applying 12 mm thick premixed formulated one coat gypsum light weight plaster on bare bricks, RCC works on walls and ceiling at all floors. DIAL proposes an area of 2,907 Sq.m and the unit rate adopted by DIAL for this activity is Rs. 550/ Sq.m based on which the total cost works out to Rs. 0.19 Cr.

6.3.40 The Authority analysed the submission made by DIAL and noted the rates adopted by DIAL are higher than the rate in DSR Volume I (CPWD) which is used as a benchmark and reflects the market rate. The Authority proposed to consider the rate mentioned in DSR and recalculated the cost for this activity which works out to Rs. 0.12 Cr.

A8 - Paint

6.3.41 The Authority through its independent consultant/aviation expert analysed the submission and noted that the cost submitted by DIAL (Rs. 0.03 Cr) is reasonable. Hence, the Authority proposed to consider the same cost as DIAL submission.

A9 – Counters and X Ray Machine

6.3.42 The Authority noted that DIAL proposes to set up 37 counters for immigration, 33 E-gates, 3 X ray machine, 1 OOG X ray machine, 2 Male and 1 Female frisking machine along with 4 DFMD and 1 inspection table. DIAL has submitted a cost of Rs. 5.18 Cr for setting up counters and X-ray machine.

6.3.43 The Authority through its independent consultant/aviation expert analysed the cost submitted by DIAL and found it to be reasonable. It was noted that the rates were adopted based on similar works carried out in the Third Control Period. Hence the Authority proposed to consider a cost of Rs. 5.16 Cr for the

above-mentioned activity. The reduction of Rs. 0.02 Cr is due to difference in the rate adopted for DFMD by DIAL viz a viz the rate considered by the Authority.

A10 - Doors

6.3.44 The Authority noted DIAL's submission of cost of Rs. 0.12 Cr for installing Metal fire door and metal door in Pier C of Terminal 3. The Authority noted that DIAL has submitted a reasonable estimate for this activity and hence proposed to consider the same cost as DIAL submission.

A11 – Escalators & Lift

6.3.45 The Authority noted that DIAL proposes to procure and install escalators and lifts as part of conversion of Pier C in T3 from Domestic to International. DIAL submitted a cost of Rs. 8.49 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the cost and found it to be reasonable and in line with the market value and hence proposed to consider the same cost as DIAL submission.

A12 & A13 – Signages & Expansion Joint

6.3.46 The Authority noted that DIAL proposes to modify existing signages and install new signages at an estimated cost of Rs. 1.18 Cr and expansion joint work at an estimated cost of Rs. 0.12 Cr. The Authority through its independent consultant/aviation expert found the amount to be reasonable and consistent with the market rate. The Authority hence proposed to consider DIAL submission without moderation.

A14 - MEPF & IT

6.3.47 MEPF & IT comprises of MEPF Provisions and provision for IT works inclusive of all security systems like access control, CCTV, PA system, Wifi etc. DIAL submitted a cost of Rs. 11.74 Cr for carrying out this activity with cost of Rs. 7.02 Cr and Rs. 4.72 Cr for MEPF Provision and IT provision respectively. The Authority through its independent consultant/aviation expert reassessed the rate considering salvage value and reusage of IT hardware and moderated the rates to arrive at a cost of Rs. 5.01 Cr for MEPF Provision and Rs. 2.37 Cr for IT Provision. The revised cost after moderation amounts to Rs. 7.38 Cr and the Authority proposed to consider the same for this activity.

A15 - Miscellaneous

6.3.48 Demolition works, shifting existing items and obtaining work permit forms part of Miscellaneous activity. DIAL submitted a lumpsum cost for these activities. The Authority through its independent consultant/aviation expert analysed the submissions and proposed to consider only 50% of the cost in the absence of necessary specific details of the activity. The amount proposed to be considered by the Authority works out to be Rs. 1.95 Cr as against Rs. 3.89 Cr submitted by DIAL.

A16 – Design Consultation

6.3.49 Design consultation involves preparing concept design, detailed design, tender design, tender evaluation and selection of contractor. DIAL has submitted Rs. 4.72 Cr as part of this activity. The Authority noted that DIAL has considered Design consultation cost to arrive at the total hard cost for T3 Pier C conversion item. In addition to this, DIAL has calculated Design cost on the total cost of conversion as a soft cost. To avoid the same being double counted, the Authority proposed not to consider Design consultation cost to arrive at the total hard cost.

A17 – Foundation

6.3.50 Foundation works involve providing and laying Plain Cement Concrete and Reinforced Cement Concrete on the site. DIAL has estimated Rs. 0.03 Cr for this activity. The Authority through its

independent consultant/aviation expert analysed the submission made by DIAL and found it to be reasonable and hence proposed to consider the same cost as DIAL's submission.

A18, A19 & A20 – Formwork, Reinforcement and Structure Steel

6.3.51 The Authority analysed the cost submitted for these activities and found that cost for Formwork is not significant and already considered in the cost of RCC and hence proposed not to consider the cost of Formwork.

6.3.52 Cost estimated by DIAL for reinforcement and structural steel is found to be reasonable and is based on market standards. Hence the Authority proposed to consider the same cost as submitted by DIAL for these activities.

6.3.53 Based on the above, the Authority proposed to consider a revised hard cost of Rs. 45.68 Cr as against Rs. 58.66 Cr submitted by DIAL.

6.3.54 The Authority analysed the submission made by DIAL and found that the soft costs (design, PMC, preliminary & preoperative expenses and contingency) estimated by DIAL at ~18% of hard costs is unreasonable and not optimal as the same seems to be overstated.

6.3.55 In its estimate, DIAL has considered Rs. 6.33 Cr as contingency expenses. However, such expenditure doesn't come as a separate line item at the time of capitalization of the asset as it is part of incurred cost. Considering this aspect, the Authority proposed to exclude the contingency expenses in its examination. DIAL has considered 8% as Design and PMC works, which looks reasonable. Hence the Authority proposed to consider soft costs at 8% of total hard costs and the total soft costs proposed to be considered by the Authority has been arrived as Rs. 3.66 Cr as against DIAL's submission of Rs. 11.03 Cr.

6.3.56 Based on the above analysis, the total cost proposed to be considered by the Authority for conversion of T3 Pier C from Domestic to International works out to Rs. 49.34 Cr as against Rs. 69.71 Cr submitted by DIAL as captured in the table below:

Table 217: Cost proposed to be considered by the Authority towards T3 Pier C Conversion to International at the Consultation Stage

No	Particulars (in Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
A	**T3 Pier C Conversion to International**			
A1	**Blockwork**	**0.36**	**0.36**	-
A1.1	*Blockwork - 100 mm*	-	-	-
A1.2	*Blockwork - 200 mm & above*	*0.36*	*0.36*	-
A2	**Wall Cladding**	**4.04**	**3.60**	-0.44
A2.1	*ACP Wall Cladding*	*2.98*	*2.61*	*-0.37*
A2.2	*HPL Wall Cladding*	*0.74*	*0.67*	*-0.07*
A2.3	*Acoustic lining*	*0.32*	*0.32*	-
A3	**Glazing (Glass Partition)**	**9.45**	**9.00**	-0.45
A3.1	*Laminate Glass Partition*	*6.31*	*6.31*	-
A3.2	*Structure*	*1.29*	*1.05*	*-0.24*
A3.3	*Cladding*	*1.75*	*1.54*	*-0.21*
A3.4	*Jali*	*0.10*	*0.10*	-
A4	**Skywalk**	**1.12**	**1.12**	-0.01
A4.1	*DGU Double Glazed Unit*	*0.86*	*0.86*	-
A4.2	*ACP*	*0.08*	*0.07*	*-0.01*

No	Particulars (in Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
A4.3	*Roof*	*0.18*	*0.18*	-
A5	**Flooring**	**4.05**	**3.43**	-0.61
A5.1	*Epoxy Terrazzo Flooring*	*2.55*	*2.55*	-
A5.2	*Granite (Repair flooring)*	*1.40*	*0.79*	*-0.61*
A5.3	*Cement Concrete Flooring*	*0.05*	*0.05*	-
A5.4	*EPOXY flooring*	*0.05*	*0.05*	-
A6	**Ceiling**	**3.47**	**3.14**	-0.32
A6.1	*Metal Plank & Baffle Ceiling*	*2.70*	*2.38*	*-0.32*
A6.2	*Metal Ceiling(Repair)*	*0.77*	*0.77*	-
A7	**Plaster**	**0.19**	**0.12**	-0.07
A7.1	*Cement Plaster*	*0.19*	*0.12*	*-0.07*
A8	**Paint**	**0.03**	**0.03**	-
A8.1	*Paint*	*0.03*	*0.03*	-
A9	**Counters and Xray machine**	**5.18**	**5.16**	-0.02
A9.1	*Counters*	*1.53*	*1.53*	-
A9.2	*E-GATES(Single)*	*1.13*	*1.13*	-
A9.3	*E-GATES(Double))*	*0.06*	*0.06*	-
A9.4	*Xray machine*	*1.42*	*1.42*	-
A9.5	*OOG x-ray machine*	*0.94*	*0.94*	-
A9.6	*Others (Men & Women Frisking, DFMD, Inspection table)*	*0.10*	*0.08*	*-0.02*
A10	**Doors**	**0.12**	**0.12**	-
A10.1	*Metal Fire Door*	*0.12*	*0.12*	-
A11	**Escalator & Lifts**	**8.49**	**8.49**	-
A11.1	*Escalator*	*3.96*	*3.96*	-
A11.2	*Elevator service*	*1.70*	*1.70*	-
A11.3	*Elevator passenger core type*	-	-	-
A11.4	*Glazed Elevator*	*2.83*	*2.83*	-
A12	**Signages**	**1.18**	**1.18**	-
A13	**Expansion Joint**	**0.12**	**0.12**	-
A14	**MEPF & IT**	**11.74**	**7.38**	-4.36
A14.1	*Work Provisions*	*11.74*	*7.38*	*-4.36*
A15	**Miscellaneous**	**3.89**	**1.94**	-1.95
A15.1	*Demolition*	*0.59*	*0.30*	*-0.30*
A15.2	*Shifting*	*0.94*	*0.47*	*-0.47*
A15.3	*Work permits*	*2.36*	*1.18*	*-1.18*
A16	**Design Consultation**	**4.72**	-	-4.72
A17	**Foundation**	**0.03**	**0.03**	-
A17.1	*PCC*	*0.00*	*0.00*	-
A17.2	*RCC*	*0.03*	*0.03*	-
A18	**Formwork**	**0.00**	**0.00**	-
A19	**Reinforcement**	**0.03**	**0.03**	-
A20	**Structure Steel**	**0.44**	**0.44**	-
	Total Hard Cost (A)	**58.66**	**45.68**	**-12.95**
	Design & PMC Charges (B)	*4.69*		
	Contingency (C)	*6.33*		
	Total Soft Cost (D=B+C)	**11.03**	**3.66**	**-7.37**
	Total Cost (A+D)	**69.71**	**49.34**	**-20.37**

A2. Refurbishment of Terminal 2

6.3.57 Terminal 2 is one of the oldest terminals of IGI Airport and has been operational since 1986. The Authority noted that DIAL proposed to refurbish T2 as part of Expansion Capex. DIAL estimated hard cost of Rs. 108.95 Cr for this project which is estimated to be completed by FY 2025.

6.3.58 The Authority is of the view that this activity is necessary on account of the vintage of Terminal 2 and the fact that the Terminal 2 contributes considerable capacity to the overall IGIA handling capacity despite occupying much lower area compared to the other two terminals.

6.3.59 Refurbishment involves building new Passenger Boarding Bridges, Mechanical and Electrical improvement works, replacement of mineral fibre ceiling, rehabilitation of landside road, refurbishment of Canopy, installation of Signage's, providing glass partition, waterproofing works etc.

6.3.60 The Authority noted DIAL's submission of total cost of Rs. 114.38 Cr for this project based on vendor proposals as detailed below:

Table 218: Cost submitted by DIAL towards Refurbishment of T2

No	Particulars (Rs. Cr)	Cost submitted by DIAL
B	**T2 Refurbishment**	
B1	New Passenger Boarding Bridges at T2	45.00
B2	Mechanical improvements works	3.39
B3	Electrical improvement works	4.40
B4	Replacement of mineral fibre ceiling at T2	3.22
B5	Rehabilitation of landside road	5.50
B6	Old Chiller (02 units) & Transformer (01 unit) shifting from T1 to T2	0.28
B7	Refurbishment of Canopy at Arrival Forecourt.	0.61
B8	FIDS and Signages	1.28
B9	Requirement of industrial sockets /Tug charging station	0.06
B10	Escalator at Inter Terminal Transfer shuttle bus area for Transfer pax	1.10
B11	Operationalization of redundant lift at Transfer exit, support in trolley movement	0.33
B12	Space creation near B/gate 22 by slab extension after consultation from structural consultant	0.86
B13	Glass partition for PESC Zone 2 & Zone 3 connecting path and Dug House	0.22
B14	Technical Works (Civil, Mech. and Elect. Works)	7.41
B15	Waterproofing Work	35.29
	Total Hard Cost (A)	**108.95**
	Contingency (B)	5.43
	Total Cost (A+B)	**114.38**

6.3.61 The Authority's examination along with cost proposed to be considered for each activity by the Authority is as follows:

B1 – New Passenger Boarding Bridge (PBB)

6.3.62 The Authority noted that DIAL carried out special maintenance on the PBB and has extended the life. Replacing the existing one with new PBB is technically and operationally essential. The Authority through its independent consultant/aviation expert analysed the cost submitted by DIAL (Rs. 45 Cr) and found it to be consistent with the market rate. Hence, the Authority proposed to consider the same cost as DIAL's submission.

B2 & B3- Mechanical & Electrical Improvement Works

6.3.63 The Authority noted DIAL's submission of cost of Rs. 7.79 Cr towards Mechanical and Electrical Improvement Works. Mechanical Improvement Works comprises of rehab of VHT, installation of travellators, hydropneumatics units, cooling tower refurbishment etc and it is estimated to be completed at a cost of Rs. 3.39 Cr and Electrical Improvement works comprises of High-Tension cable redundancy, retrofit LT breaker, Shifting switch room, second power source for chillers etc. and it is estimated to be completed at a cost of Rs. 4.40 Cr. The Authority through its independent consultant/aviation expert analysed the cost submitted by DIAL on these works and found it to be reasonable and hence proposed to consider DIAL's submission.

B4 – Replacement of mineral fibre ceiling

6.3.64 The Authority noted that DIAL proposes to replace the existing mineral fibre ceiling with a view to conserve energy. The Authority through its independent consultant/ aviation expert examined the cost submitted by DIAL (Rs. 3.22 Cr) and found that the cost submitted by DIAL is consistent with market rates/rates for similar works. Hence the Authority Proposed to consider the same cost as DIAL submission.

B5 – Rehabilitation of land side road

6.3.65 The Authority noted DIAL's submission that the total area of roads is approximately 50,000 Sq.m and many parts of the roads have deteriorated and is technically and operationally essential to rehabilitate the road. The Authority noted that DIAL's estimate of cost (Rs. 5.50 Cr) is based on past purchase order. The Authority through its independent consultant/aviation expert analysed the submission and benchmarked the cost with DSR (CPWD) and found it to be reasonable and hence proposed to consider the same cost as DIAL's submission.

B6 – B13

6.3.66 The Authority noted DIAL's submission of cost of Rs. 4.74 Cr for activities like relocation of chiller from T1 to T2, refurbishment of canopy at arrival forecourt, installation of signages, tug charging stations, escalator at inter terminal shuttle bus, operationalisation of redundant lift at transfer, space creation near gate 22 and providing glass partitioning for PESC zone. The Authority through its independent consultant/aviation expert analysed the cost submitted for these activities and found it to be reasonable. Hence the Authority proposed to consider cost as per DIAL's submission without any moderation.

B14 – Technical works

6.3.67 The Authority noted that Technical work comprises of refurbishment of cooling tower, upgradation of fire alarm and fire protection system, replacement of MS/ PVC lines etc and the estimated cost for these works amounts to Rs. 7.41 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL by benchmarking the cost with market rate and DSR published by CPWD. The amount estimated by DIAL is found to be reasonable and hence the Authority proposed to consider the same amount as DIAL's submission.

B15 – Waterproofing works

6.3.68 The Authority noted that DIAL proposes to waterproof the building to arrest water leakage during monsoon and to increase the life of the structure which is estimated to cost Rs. 35.29 Cr. The Authority through its independent consultant/aviation expert analysed that the amount has been arrived based on

vendor offer and it is reasonable. Hence, the Authority proposed to consider the same amount as DIAL's submission.

6.3.69 The Authority noted that the cost submitted by DIAL for each activity under this refurbishment of Terminal 2 work item is reasonable and can be considered without any moderation. However, the Authority noted that the contingencies considered by DIAL (5% of hard costs) seems to be overestimated and hence proposed to consider contingency at 3% of total hard cost as per CPWD norms. With this moderation, the cost proposed to be considered by the Authority works out to Rs. 112.22 Cr.

Table 219: Cost proposed to be considered by the Authority towards Refurbishment of T2 at the Consultation Stage

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
B	**T2 Refurbishment**			
B1	New Passenger Boarding Bridges at T2	45.00	45.00	-
B2	Mechanical improvements works	3.39	3.39	-
B3	Electrical improvement works	4.40	4.40	-
B4	Replacement of mineral fibre ceiling at T2	3.22	3.22	-
B5	Rehabilitation of landside road	5.50	5.50	-
B6	Old Chiller (02 units) & Transformer (01 unit) shifting from T1 to T2	0.28	0.28	-
B7	Refurbishment of Canopy at Arrival Forecourt	0.61	0.61	-
B8	FIDS and Signages	1.28	1.28	-
B9	Requirement of industrial sockets /Tug charging station	0.06	0.06	-
B10	Escalator at Inter Terminal Transfer shuttle bus area for Transfer pax	1.10	1.10	-
B11	Operationalization of redundant lift at Transfer exit, support in trolley movement	0.33	0.33	-
B12	Space creation near B/gate 22 by slab extension after consultation from structural consultant	0.86	0.86	-
B13	Glass partition for PESC Zone 2 & Zone 3 connecting path and Dug House	0.22	0.22	-
B14	Technical Works (Civil, Mech. and Elect. Works)	7.41	7.41	-
B15	Waterproofing Work	35.29	35.29	-
	Total Hard Cost (A)	**108.95**	**108.95**	**-**
	Contingency (B)	5.43	3.27	**-2.16**
	Total Cost (A+B)	**114.38**	**112.22**	**-2.16**

A3. Construction of Code C and Code E Stands

6.3.70 The Authority noted that DIAL proposes to construct 56 Code C stands at an estimated cost of Rs. 392.26 Cr and 7 Code E stands at a cost of Rs. 126.04 Cr. The Authority through its independent consultant has ascertained that the above-mentioned activity is in consonance with the Master Plan of IGIA.

6.3.71 The Authority noted that the cost of constructing one Code C stand considered by DIAL is Rs. 7.00 Cr. The detailed basis for the cost submitted by DIAL is given in the table below:

Table 220: Cost submitted by DIAL towards Construction of Code C Stands

No	Particulars (Rs. Cr)	Cost submitted by DIAL
C	**Construction of Code C Stands**	
C1	Earth works	3.57
C2	Drain works	3.57
C3	GSB & DLC works	25.01
C4	PQC work	25.01
C5	DBM, BC, Prime coat and Tack coat works	3.57
	Total cost for 12 stands in FY 2019	**60.73**
	Total Cost for 1 stand in FY 2019	5.06
	Cost per stand considered in FY 2026 (based on WPI escalation)	7.00
	Total cost for 56 proposed stands	**392.26**

6.3.72 The Authority noted that the cost estimated by DIAL is based on the purchase order dated 7th July 2018.

6.3.73 The Authority through its independent consultant/aviation expert analysed the submission based on the cost for Pavement works as per the independent study undertaken by KITCO for Phase 3A Expansion Capex of DIAL. Base cost for construction of pavement works as per KITCO independent study is considered and escalated further based on WPI to arrive at the cost for the respective year of execution. It may be noted that WPI for FY 2022 was unusually high at 12.97%. The same has been moderated to 7.14% based on average of WPI for FY 2021 and FY 2022 consistent with the decision taken by the Authority for other major Airports in the recent past.

6.3.74 Based on the above assessment, the Authority is of the view that the cost per stand considered by DIAL (Rs. 7.00 Cr) is reasonable and hence proposed to consider the same.

6.3.75 The Authority also noted that DIAL proposes to construct a total of 56 stands of which 9 stands are proposed to be constructed in Centaur Hotel area. DIAL has signed lease agreement with the hotel which is expiring only in 2029. The Authority is of the view that it may be difficult for DIAL to construct 9 stands prior to expiry of lease agreement. Hence, the Authority proposed to consider only 47 stands in the Fourth Control Period as against 56 stands considered by DIAL.

6.3.76 Accordingly, the cost for 47 stands based on the unit cost of Rs. 7.00 Cr per stand works out Rs. 329.00 Cr.

6.3.77 The Authority proposed to consider cost of Rs. 329.00 Cr for 47 stands as against cost of Rs. 392.26 Cr submitted by DIAL for 56 stands as mentioned below:

Table 221: Cost proposed to be considered by the Authority towards Construction of Code C Stands at the Consultation Stage

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
C	**Construction of Code C Stands**			
	Cost per stand	7.00	7.00	-
	No. of stands	56	47	
	Total cost for proposed stands	**392.26**	**329.00**	**-63.26**

6.3.78 The Authority noted that DIAL also proposes to construct 7 Code E stands which is to house wide body aircraft and the cost estimated by DIAL for this work is Rs. 126.04 Cr.

6.3.79 The Authority noted that the cost for constructing one stand considered by DIAL is Rs. 18.01 Cr. The basis for the cost of construction as submitted by DIAL is given in the table below:

Table 222: Cost submitted by DIAL towards Construction of Code E Stands

No	Construction of Code E Stands	Cost submitted by DIAL
D1	Earth Works	2.36
D2	GSB works	7.09
D3	DLC works	9.45
D4	PQC work	18.90
D5	DBM, BC, Prime coat and Tack coat works	3.78
	Total Cost for 3 Stands	**41.58**
	Total Cost for 1 Stand in FY 2019	13.86
	Cost per stand considered in FY 2026 (based on WPI escalation)	18.01
	Total Cost for 7 stands	**126.04**

6.3.80 The Authority noted that the cost estimated by DIAL is based on the Purchase Order dated 27th February 2019.

6.3.81 Similar to the assessment of cost for Code C stands, the Authority through its independent consultant/aviation expert analysed the submission based on the cost for Pavement works as per the independent study undertaken by KITCO for Phase 3A Expansion Capex of DIAL. The base cost for construction of pavement works as per KITCO independent study is considered and escalated further based on WPI to arrive at the cost for the respective year of execution. As explained earlier, the WPI for FY 2022 has been moderated to 7.14% based on average of WPI for FY 2021 and FY 2022.

6.3.82 Based on the above assessment, the Authority is of the view that the cost per stand considered by DIAL (Rs. 18.01 Cr) is reasonable and hence proposed to consider the same.

6.3.83 The Authority proposed to consider cost of Rs. 126.04 Cr for the above-mentioned activity as shown in the table below:

Table 223: Cost proposed to be considered by the Authority towards Construction of Code E Stands at the Consultation Stage

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
D	**Construction of Code E Stands**			
	Cost per stand	18.01	18.01	-
	No. of stands	7	7	-
	Total Cost for 7 stands	**126.04**	**126.04**	-

6.3.84 Based on the above, the Authority proposed to consider hard cost of Rs. 455.04 Cr for Code C and E stands as against DIAL's submission of Rs. 518.30 Cr as tabulated below:

Table 224: Cost Proposed to be considered by the Authority for Code C and Code E stands at the Consultation Stage

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
1	**Code C Stands**			
	Cost per stand	7.00	7.00	-

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
	No. of stands	56	47	
	Cost for proposed stands	**392.26**	**329.00**	**-63.26**
2	**Code E Stands**			
	Cost per stand	18.01	18.01	-
	No. of stands	7	7	-
	Cost for proposed stands	**126.04**	**126.04**	-
	Total Hard Cost	**518.30**	**455.04**	**-63.26**

Means of Finance and Interest During Construction for Code C and E Stands

6.3.85 The Authority noted that DIAL proposes to fund the hard cost pertaining to construction of Code C and E stands at a debt/equity ratio of 70:30 while IDC would be funded entirely through internal accruals.

6.3.86 The Authority is of the view that the debt-equity mix and capex phasing considered by DIAL for Code C and E stands as reasonable and accordingly proposed to consider the same for its analysis.

6.3.87 The Authority is also of the view that the interest rate considered by DIAL for the debt proposed for the project (i.e. 10% p.a.) as reasonable and accordingly proposed to consider the same for its analysis.

6.3.88 Based on the revision in the hard cost of the project as per the Authority's analysis, the Authority has revised the means of finance and IDC for the project.

6.3.89 The IDC proposed to be considered by the Authority for Code C and E stands is shown below:

Table 225: IDC proposed to be considered by the Authority for Code C & E stands

FY Ending March 31, (Rs. Cr)	2026	2027	2028	2029	Total
Capex Phasing % proposed to be considered by the Authority	21%	0%	39%	39%	
Opening CWIP (A)	-	99.50	106.46	299.65	
Addition during the Year (B)	96.14	-	179.45	179.45	**455.04**
IDC for the Year [C=(A+(B/2))*70%*10%]	3.36	6.96	13.73	27.26	**51.32**
Capitalization during the Year (D)	-	-	-	506.36	**506.36**
Closing CWIP (A+B+C-D)	**99.50**	**106.46**	**299.65**	-	

6.3.90 As can be seen from the table above, the revised total cost of Code C and E stands (including IDC) proposed to be considered by the Authority is Rs. 506.36 Cr.

6.3.91 The means of finance proposed to be considered by the Authority for the project is as follows:

Table 226: Means of Finance for Code C & E stands proposed to be considered by the Authority

Particulars	Amount (Rs. Cr)
Code C and E Stands	
Hard Cost (A)	455.04
IDC (B)	51.32
Total Cost (A+B)	**506.36**
Means of Finance	
Debt (70%*A)	318.53
Internal Accruals [(30%*A)+B]	187.83

A4. Construction of Pier E at Terminal 3

6.3.92 The Authority noted that DIAL proposes to construct Pier E at Terminal 3 at an estimated hard cost of Rs. 1,511.36 Cr (excluding IDC). The Authority through its independent consultant/aviation expert has verified that the above activity is part of the Master Plan of IGIA and is of the view that this activity has to be carried out necessarily to enable the airport to cater to the consistently growing Pax traffic at IGIA.

6.3.93 The Authority through its independent consultant/aviation expert found that DIAL has estimated cost for these works based on the relevant cost under the Phase 3A contract with L&T with suitable escalation based on WPI till the year of execution. The detailed breakup of cost for each of the activities submitted by DIAL is as shown in the table below:

Table 227: Cost submitted by DIAL towards Construction of Pier E

E	Pier E (Rs. Cr)	Cost submitted by DIAL
E1	T3 Infill	282.00
E2	T3 PTB reconfiguration & refurbishment	40.00
E3	Pier E	759.00
E4	Link to Pier D	116.00
E5	Pier E Apron (Rigid)	42.00
E6	Taxiway Code C	31.00
E7	Flexible Pavement (ULD Storage, GSE Roads, Perimeter Road)	29.00
E8	Apron Lighting	4.00
E9	Stands Marking	0.88
	Total Hard Cost (A)	**1,302.90**
	Design & PMC charges (B)	*104.23*
	Contingencies (C)	*104.23*
	Total Soft Cost (D=B+C)	**208.46**
	Total Cost excluding IDC (A+D)	**1,511.36**

6.3.94 The Authority noted that construction of Pier E involves activities like construction of Taxiway for Code C flights, stands marking, Apron lighting, construction of flexible pavement, Infill works, PTB reconfiguration and refurbishment and construction of link to Pier D etc.

6.3.95 Similar to the assessment carried out for Code C and E stands, the Authority through its independent consultant/aviation expert analysed the cost for Pier E based on the costs as per the independent study undertaken by KITCO for Phase 3A Expansion Capex of DIAL. Base cost for various works as per KITCO independent study is considered and escalated further based on WPI to arrive at the cost for the respective year of execution. As explained earlier, the WPI for FY 2022 has been moderated to 7.14% based on average of WPI for FY 2021 and FY 2022.

6.3.96 Based on the above assessment, the Authority is of the view that the cost adopted by DIAL for Taxiway and Pavement works are reasonable and hence the Authority proposed to consider the same. The Authority however notes that the cost adopted by DIAL for Apron and terminal building works are not optimal and efficient and hence proposed to consider the costs as per independent study (with escalation based on WPI as mentioned earlier) for Apron and Terminal building related works. Accordingly, the hard cost for Pier E proposed to be considered by the Authority is Rs. 1,045.21 Cr.

6.3.97 The Authority analysed the submission made by DIAL and found that the soft costs (design, PMC, preliminary & preoperative expenses and contingency) estimated by DIAL at ~16% of hard costs is not reasonable and not optimal and appears to be overestimated.

6.3.98 In its estimate, DIAL has considered Rs. 104.23 Cr as contingency expenses. However, such expenditure doesn't come as a separate line item at the time of capitalization of the asset as it is part of incurred cost. Considering this aspect, the Authority proposed to exclude the contingency expenses in its examination.

Apart from this, for Apron and refurbishment works, soft cost varies from 3% to 5% and Pier E expansion works has fixed design and hence soft costs including contingency cannot be more than 8%. DIAL has considered 8% as Design and PMC work, which looks reasonable. Hence the Authority proposed to consider soft costs at 8% of total hard costs and the total soft costs proposed to be considered by the Authority has been arrived as Rs. 83.62 Cr as against DIAL's submission of Rs. 208.46 Cr.

6.3.99 Accordingly, the total cost excluding IDC proposed to be considered by the Authority for Pier E is Rs. 1,128.83 Cr as mentioned in the table below:

Table 228: Cost proposed to be considered by the Authority towards Construction of Pier E

S. No	Pier E (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
1	**Hard Cost (A)**	**1,302.90**	**1,045.21**	**-257.69**
2	*Design & PMC charges (B)*	*104.23*		
3	*Contingencies (C)*	*104.23*		
	Total Soft Cost (D=B+C)	**208.46**	**83.62**	**-124.84**
	Total Cost excluding IDC (A+D)	**1,511.36**	**1,128.83**	**-382.53**

Means of Finance and Interest During Construction for Pier E

6.3.100 The Authority noted that DIAL proposes to fund the hard cost pertaining to construction of Pier E at a debt/equity ratio of 70:30 while IDC would be funded entirely through debt.

6.3.101 The Authority is of the view that the debt-equity mix and capex phasing considered by DIAL for construction of Pier E as reasonable and accordingly proposed to consider the same for its analysis.

6.3.102 The Authority is also of the view that the interest rate considered by DIAL for the debt proposed for the project (i.e. 10% p.a.) is reasonable and accordingly propose to consider the same for its analysis.

6.3.103 Based on the revision in the hard cost of the project as per the Authority's analysis, the Authority has revised the means of finance and IDC for the project.

6.3.104 The IDC proposed to be considered by the Authority for Pier E is shown below:

Table 229: IDC proposed to be considered by the Authority for Pier E

FY Ending March 31, (Rs. Cr)	2026	2027	2028	Total
Capex Phasing % proposed to be considered by the Authority	25%	37.5%	37.5%	
Opening CWIP (A)	-	292.08	750.66	
Addition during the Year (B)	282.21	423.31	423.31	**1,128.83**
IDC for the Year [C=(A+(B/2))*70%*10%]	9.88	35.26	67.36	**112.50**
Capitalization during the Year (D)	-	-	1,241.33	**1,241.33**
Closing CWIP (A+B+C-D)	**292.08**	**750.66**	-	

6.3.105 As can be seen from the table above, the revised total cost of Pier E (including IDC) proposed to be considered by the Authority is Rs. 1,241.33 Cr.

6.3.106 The means of finance proposed to be considered by the Authority for the project is as follows:

Table 230: Means of Finance for Pier E proposed to be considered by the Authority

Particulars	Amount (Rs. Cr)
Pier E	

Particulars	Amount (Rs. Cr)
Hard Cost (A)	1,128.83
IDC (B)	112.50
Total Cost (A+B)	**1,241.33**
Means of Finance	
Debt [(70%*A)+B]	902.68
Internal Accruals (30%*A)	338.65

6.3.107 Based on the above, the total cost of Expansion Capex proposed to be considered by the Authority for the Fourth Control Period works out to Rs. 1,909.25 Cr. The project wise cost break-up after analysis by the Authority is shown in the table below:

Table 231: Cost proposed to be considered by the Authority for Expansion Capex for the Fourth Control Period at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority
A1	Terminal 3 Pier C conversion from Domestic to International	69.71	49.34
A2	Terminal 2 Refurbishment	114.38	112.22
A3	Construction of Code E and C Parking Stands	574.35*	506.36*
A4	Terminal 3 Pier E construction	1,661.98*	1,241.33*
A	**Total Cost of Expansion Capex (including IDC)**	**2,420.42**	**1,909.25**

**inclusive of IDC*

B. General Capex for the Fourth Control Period

6.3.108 The Authority noted the general capex proposed by DIAL for the Fourth Control Period as shown in the table below:

Table 232: General Capex submitted by DIAL for the Fourth Control Period

S. No	FY Ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
B1	Project & Engineering (P&E)	227	371	361	331	277	**1,568**
B2	Operations	62	73	17	51	58	**261**
B3	Finishes	44	38	61	41	13	**196**
B4	Security & Vigilance	75	18	13	7	5	**119**
B5	IT	48	23	16	11	14	**112**
B6	Facility Management Services (FMS)	34	9	15	4	7	**69**
B7	Marketing and Passenger Experience	1	1	1	0.5	0.5	**4**
B	**Total**	**491**	**534**	**484**	**446**	**375**	**2,329**

6.3.109 The Authority noted that DIAL as part of MYTP has not provided detailed activity-wise costing for each of the items pertaining to General Capex. The Authority subsequently sought detailed activity-wise costing for each of the items for analysis which was submitted by DIAL.

6.3.110 The Authority through its independent consultant/aviation expert reviewed each of these activity in detail along with the cost proposed under each of the activities. Detailed analysis of each activity is as follows:

B1. General Capex related to Project & Engineering

6.3.111 The Authority noted that DIAL has submitted a cost of Rs. 1,567.83 Cr under Project & Engineering which constitute major portion of General Capex. It includes activities like procurement of various

equipment to meet BCAS requirement, rehabilitation and refurbishment of facilities and development of new facilities.

6.3.112 The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and moderated cost of various activities by rationalising the number of machines to be procured, disallowance of non-essential activities etc. and proposed a cost of Rs. 1,176.01 Cr against the submission of Rs. 1,567.83 Cr.

6.3.113 The detailed analysis for each activity under Project & Engineering is shown in the table below:

Table 233: Cost proposed to be considered by the Authority for Project & Engineering under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
A	Project & Engineering			
A1	CT- XBIS for PESC area at IGIA (Terminal 1&3)	350.00	246.40	The Authority noted that BCAS has directed Airports to change PESC with CT-XBIS. In this regard, DIAL proposes to install 90 machines. The Authority noted that final orders on usage are yet to be promulgated and also besides that procurement, installation and commissioning also takes significant time. Therefore, the Authority proposed to consider 44 machines for the Fourth Control Period. Further, based on vendor quote, the Authority proposed to consider an amount of Rs. 5.6 Cr per machine which translates to Rs. 246.40 Cr for 44 machines. DIAL can procure additional machines on requirement basis over and above the quantum of machines proposed by the Authority. Cost of additional machines would be allowed on incurrence basis subject to reasonableness and efficiency.
A2	T3 Dep. HBS X-ray replacement with CT machines along with Matrix server, workstations & peripherals (BCAS circular & end of life)	186.00	186.00	The Authority noted that 15 Inline baggage screening X ray machines were installed in 2010. BCAS has directed Airports to replace X-ray screening with CT technology, and hence DIAL proposes to replace all existing units in a phased manner (replace 8 units in FY 2027 and 7 units in FY 2028). Cost for this activity is submitted by a Vendor (M/s Rapiscan).

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				The Authority based on the analysis through its independent consultant/aviation expert is of the view that cost is reasonable and hence proposed to consider this cost.
A3	Body Scanners	145.00	70.40	The Authority noted that DIAL is using DFMD at PESC area for passenger frisking. BCAS has directed DIAL to replace all DFMD with Full Body Scanner. DIAL proposes 45 Full Body Scanner for 90 CT - XBIS. The Authority has proposed to consider only 44 CT-XBIS machines and accordingly proposed to consider only 22 Body Scanners (i.e. ratio of 1:2). Further, based on vendor quote, the Authority proposed to consider an amount of Rs. 3.2 Cr per body scanner which translates to total cost of Rs. 70.40 Cr.
A4	RWY 11R/29L (Civil works)	90.00	80.00	The Authority noted that RWY11R/29L was constructed in 2008 and due to the impact of ageing and max load of traffic, center line crack is observed throughout the runway. DIAL proposes Rs. 90 Cr towards civil works for this activity. The Authority based on the analysis through its independent consultant/aviation expert proposed to consider Rs. 80 Cr. The rationalization in cost proposed by the Authority is on account of higher inflation rate considered by DIAL.
A5	Upgradation of AGL CMS Software update & Hardware replacement	55.00	25.00	The Authority noted that system software and hardware are installed in 2017 and they have a useful life of 5 years. DIAL estimated Rs. 55 Cr for this upgradation activity and the scheduled replacement is in FY 2030. The Authority proposed to segregate the cost between the Fourth and Fifth Control Period and hence has considered Rs. 25 Cr for the Fourth Control Period.

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
A6	Contingency Expenses	37.50	-	The Authority noted that DIAL has estimated Rs. 37.50 Cr as contingency that may arise due to unforeseen new regulation, operational requirement, stakeholder commitment etc. The Authority proposed to disallow the entire amount and consider the same based on actuals subject to reasonability and efficiency and shall be trued-up in the Fifth Control Period.
A7	T3 VDGS units' replacement along with new Server.	37.40	37.40	The Authority noted that VDGS and associated Server & application were installed in 2010 and these have gone obsolete as they have exceeded the useful life of 10 years. The Authority through its independent consultant/aviation expert noted the submissions made by DIAL and found it to be reasonable based on past purchase orders adjusted for WPI and hence proposed to consider the same cost as DIAL's submission.
A8	SITC of Electrical & Civil works for Instrument Landing System (ILS) upgradation at IGIA	35.00	32.00	The Authority noted that the capex is required by DIAL for integrating with the systems of AAI, as AAI would upgrade the ILS for all the runways. DIAL estimated Rs. 35 Cr for this activity. The Authority through its independent consultant/aviation expert noted that some of the electrical and civil works is overlapping with cost in enabling works. The Authority has hence made necessary adjustments and proposed to consider cost of Rs. 32 Cr based on past purchase orders adjusted for WPI.
A9	Flexible Pavement Taxiways (Civil works)	27.00	25.00	The Authority noted that road network area has deteriorated due to ageing and continuous operation as a result of improvement in the traffic. Assets at T1 and T2 airside have also deteriorated as they are constructed long back. The Authority through its independent consultant/aviation expert noted the rates adopted by DIAL seems to be higher and hence moderated the rate

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				based on value of past purchase order escalated based on WPI to arrive at a cost of Rs. 25 Cr as against Rs. 27 Cr submitted by DIAL.
A10	Refurbishment of T3 VHT equipment (end of life)	27.00	27.00	The Authority noted that Lift, escalators and travelators in T3 were installed in 2010 and these equipment have reached their useful life of 15 years. Therefore, DIAL proposes to refurbish the equipment at Rs. 27 Cr. The Authority through its independent consultant/aviation expert noted the submissions related to this refurbishment and found it to be reasonable and proposed to consider the same as DIAL's submission.
A11	Apron (Civil works)	26.00	18.00	The Authority noted that Taxiway N in Cargo Apron and at T2 remote stands was constructed in 1982 during AAI period to cater to the needs of heavy aircraft movement. DIAL proposes to rehabilitate the taxiway and it is estimated to be carried out at a cost of Rs. 26 Cr. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found that some of the works in this activity are overlapping with construction of flexible pavement taxiway and hence proposed to moderate the construction cost to Rs. 18 Cr.
A12	DMRC T3-T2 tunnel	22.50	22.50	The Authority noted that the tunnel shall be utilized by passengers from T2 to move to T3 and vice-versa. The Authority noted that DIAL has signed MoU with DMRC for development of tunnel and through its independent consultant/aviation expert found the cost to be reasonable, hence proposed to consider the same as DIAL's submission. The Authority noted that the total expenditure for the mentioned activity is Rs 30 Cr of which Rs. 7.50 Cr has been incurred and recognized as CWIP as on 31st March 2024. The balance

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				cost is Rs 22.50 Cr is proposed to be considered in the Fourth Control Period.
A13	SITC of ATR replacement in Baggage Handling System at T3	20.00	20.00	The Authority noted the Automatic Tag Reader has reached end of life and hence the necessity for the same to be replaced is established. It is estimated to be replaced at a cost of Rs. 20 Cr. The Authority through its independent consultant/aviation expert noted the submission made by DIAL and estimated cost is supported by budgetary quote and hence the Authority proposed to consider the same cost as DIAL's submission
A14	Development of infrastructure for Potable and flushing water with 2 MLD tank Potable and Flushing water	18.40	14.00	The Authority noted that the infrastructure would be developed to provide potable water as well as water for flushing for the ATC complex, Airline offices and other land side facilities. It was initially estimated to be developed at a cost of Rs. 18.40 Cr. DIAL made a revised submission of Rs. 14 Cr for developing this infrastructure. The Authority noted the submission made by DIAL and through its independent consultant/aviation expert and found the revised estimate to be reasonable and hence proposed to consider the revised amount submitted by DIAL.
A15	Landside Road Rehabilitation	17.50	17.50	The Authority noted that certain sections of roads on the land side of T2 and T3 have to be re-laid since the wearing course has deteriorated which if left untreated may cause road accidents, vehicle damage and discomfort to road users. DIAL proposes to re-lay these roads in phased manner. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the cost estimated by DIAL to be reasonable and proposed to

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				consider the same cost as DIAL's submission.
A16	Upgradation of CCRs (Constant Current Regulator)	17.50	17.50	The Authority noted that CCR at T2 and T3 were commissioned in 2010 and 2008 respectively. These CCR are Thyrister based and have a useful life of 10-15 years and these CCR have reached their useful life. DIAL proposes to upgrade Thyrister based CCR with latest technology CCR. It is estimated to be carried out at a cost of Rs. 17.50 Cr. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found that these equipment have reached their useful life and hence it has to be replaced. Cost is also found to be reasonable and hence the Authority proposed the same cost as DIAL's submission.
A17	Washroom Refurbishment, P&E - Apron Washrooms & BOH washroom refurbishment 4th & 5th Phase Finishes - T3 - Washroom Refurbishment works (40 Sets)	15.00	15.00	The Authority noted that that all washrooms are 13 years old and DIAL has submitted that all washrooms require refurbishment. DIAL proposes to carry out the refurbishment in phased manner and it is estimated to be completed at Rs. 15 Cr. The Authority noted the submission made by DIAL and through its independent consultant/aviation expert found the requirement and cost to be reasonable based on past purchase orders adjusted for WPI. The Authority hence proposed to consider the cost as submitted by DIAL.
A18	Replacement of Smoke Detectors at Terminal 3 (total 35,000Nos.)	14.25	14.25	The Authority noted that all the smoke detectors have reached their useful life and DIAL proposes to replace all the smoke detectors. DIAL estimated a cost of Rs. 14.25 Cr for completion of this activity. The Authority through its independent consultant/aviation expert found the submission to be reasonable based on

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				past purchase orders adjusted for WPI and hence proposed to consider the same amount as DIAL's submission.
A19	Beautification of Airport Gateways and other areas	13.00	-	The Authority noted that DIAL proposes to beautify Airport Gateways and other area at an estimated cost of Rs. 13 Cr. The Authority noted the submission and is of the view that this activity may not have any tangible benefit for the users and hence proposed to not consider this cost estimate.
A20	Airside Drainage Network including RWHS	13.00	13.00	The Authority noted that the storm water drainage network in T3 Airside was constructed in 2008 and in some locations drainage system were damaged due to improper compaction. DIAL proposes to reconstruct the drainage network at a cost of Rs. 13 Cr. The Authority noted the urgency of the requirement and proposed to consider the entire amount based on past purchase orders adjusted for WPI.
A21	Additional DJB water Storage Tank and associated system	13.00	13.00	The Authority noted that DIAL currently has a water storage tank of capacity 10 MLD and due to expansion of capacity across the terminals, there is an additional requirement and current capacity is not sufficient to cater to the needs. Hence DIAL proposes to increase the capacity to 16 MLD and it is estimated to be carried out at a cost of Rs. 13 Cr. The Authority noted the submission made by DIAL and through its independent consultant/aviation expert found the requirement and cost to be reasonable based on past purchase orders adjusted for WPI. The Authority hence proposed to consider the same amount as DIAL's submission.
A22	Existing Chimney to DG SCRUBER	12.00	12.00	The Authority noted that Commission for Air Quality Management has ordered conversion of existing Chimney to DG Scrubber. DIAL has

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				estimated a cost of Rs. 12 Cr for completion of this activity. The Authority analysed the submission made by DIAL and found that the work is mandated by the Commission for Air Quality Management (CAQM) and cost estimated is also reasonable. Hence the Authority proposed to consider the same cost as DIAL submission.
A23	Replacement of FACP, NRP, PS & Field devices	12.00	12.00	The Authority has noted DIAL's submission of replacing Fire Alarm Control Panel and other Fire safety system with new devices as they have reached its useful life. DIAL estimated a cost of Rs. 12 Cr for this activity and the estimation is based on the vendor quote. The Authority noted the submission made by DIAL and through its independent consultant/aviation expert found it to be reasonable based on past purchase orders adjusted for WPI and hence proposed to consider the same cost as DIAL's submission.
A24	Central remote screening for ATRS at T1 & T3 including civil work	10.00	10.00	The Authority noted the proposal by DIAL to setup central remote screening for ATRS at T1 and T3 and DIAL estimated a cost of Rs. 10 Cr for completion. The Authority through its independent consultant/aviation expert noted that this activity has to be carried out to meet BCAS requirement and cost estimated by DIAL is based on Vendor quote and hence proposed to consider the same cost as DIAL's submission.
A25	Node Building ACP Painting	10.00	10.00	The Authority noted DIAL's proposal to enhance passenger experience by carrying out ACP painting on the node building spanning an area of 55,000 Sq.m. It is estimated to be completed at a cost of Rs. 10 Cr. The Authority through its independent consultant/aviation expert analysed the submission and found it to be reasonable based on past purchase

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				orders adjusted for WPI and hence proposed to consider the same as DIAL submission.
A26	Replacement of LED Lights (End of Life)	9.70	9.70	The Authority has noted that DIAL proposes to replace LED lights at T2, T3 and Forecourt areas which have reached end of life. The replacement is proposed to be done in a phased manner (i.e. 22,000 lights in FY 2026 and 6,000 lights each in FY 2027, FY 2028 and FY 2029). Estimated cost for the replacement is Rs. 9.70 Cr. The Authority analysed the submission made by DIAL and found that the estimation is based on previous PO and hence proposed to consider the same amount as DIAL's submission.
A27	Asset Sustenance Capex	220.00	150.00	The Authority noted that DIAL proposes to rehabilitate landside buildings, replace chillers (6 Nos), replace gantry and signages, develop Battery Storage System for MRSS etc. in a phased manner. It is estimated to be completed at a cost of Rs. 220 Cr. The Authority through its independent consultant/aviation expert analyzed the submission made by DIAL and found the same to be an overestimate. Hence, the Authority proposed to consider Rs. 150 Cr by taking into account the cost for priority and critical items with the cost for balance items deferred to next Control Period.
A28	Safety & Security Related Capex	56.00	40.00	The Authority noted that DIAL as part of safety and security related measures proposes to carry out construction of Perimeter Wall & Watch Towers, Big tunnel XBIS conversion from Single view to Dual View (11 machines at Rs. 67 lakh per machine), Explosive Trace Detection (20 machines at Rs. 15 lakh per machine), Cyber Security in CMS in T1 & T3, LED lights in Apron and

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				MRSS OT Systems, Replacement of Fire pumps (Diesel + Electrical) etc. The Authority through its independent consultant/aviation expert found the requirement to be reasonable and justified. However, the Authority proposed to allow cost of Rs. 40 Cr for the Fourth Control Period while the balance capex is proposed to be rolled over to the next Control Period.
A29	Capacity Enhancement Capex	12.66	10.00	The Authority noted that DIAL proposes to modify Arrival line at T3 for custom screening and augment UF & RO for STP under capacity enhancement capex. It is proposed to be completed at a cost of Rs. 12.66 Cr. The Authority through its independent consultant/aviation expert noted the submission made by DIAL and found the justification provided for modification of arrival line to be reasonable but augmentation of UF and RO is moved to water supply enhancement scheme and hence the cost is proposed to be moderated to Rs. 10 Cr.
A30	Replacement of BHS Automatic Tag Reader (ATR) at T3 and refurbishment of PBB at T3	22.92	11.00	The Authority noted that DIAL has considered replacement of BHS Automatic Tag Reader (ATR) at T3 and refurbishment of PBB at T3. DIAL estimated a cost of Rs. 22.92 Cr for this project. The Authority through its independent consultant/aviation expert noted that some of the activities in the project are overlapping with activities in Asset Sustenance Capex scheme and cost has been proposed to be moderated to Rs. 11 Cr based on past purchase orders adjusted for WPI.
A31	Automation of processes, minimising backup time and Outer façade ACP painting	10.31	5.16	The Authority noted DIAL's proposal to improve passenger experience by automating processes and minimising backup time (i.e. replacement of manual 11 KV isolator with Ring Main Unit (RMU) in T3 for minimization of Backup time & automation etc.) and to

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				carryout outer façade ACP painting at an estimated cost of Rs. 10.31 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and proposed to allow 50% of the cost (i.e. Rs. 5.16 Cr) in the Fourth Control Period while the balance capex is proposed to be rolled over to the next Control Period.
A32	Expansion works of APOC, Airside Ops & Airside Engineering Office Conversion @ Arrival Level Apron 3	12.20	12.20	The Authority noted DIAL's proposal to carry out expansion works of APOC, Airside Operations and Airside Engineering. These expansion works are proposed to be carried out at a cost of Rs. 12.20 Cr. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found it to be reasonable. Hence, the Authority proposed to consider same cost as DIAL's submission.
	Total	**1,567.83**	**1,176.01**	

B2. General Capex related to Operations

6.3.114 DIAL has submitted cost of Rs. 260.85 Cr towards general capex related to Operations. It includes activities like replacement of equipment, replacement of seating, installing runway incursion system, procurement of various equipment etc.

6.3.115 The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and based on its examination, proposed to moderate cost of various activities and arrived at a cost of Rs. 198.06 Cr against DIAL's submission of Rs. 260.85 Cr. Detailed analysis for each activity under Operation is shown in the table below:

Table 234: Cost proposed to be considered by the Authority for Operations under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
B	**Operations**			
B1	Crash Fire tender	91.00	91.00	The Authority noted that DIAL currently has 12 Crash Fire Tender and all these equipment are purchased between 2007 to 2011. The recommended shelf life is 10 years. DIAL carried out life enhancing maintenance work on these crash fire tender through OEM and

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				accordingly its life was extended for another 5 years. These crash fire tender have reached their useful life and DIAL proposes to replace them in a phased manner. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found the replacement activity to be necessary and the cost submitted by DIAL is also reasonable based on past purchase order adjusted for WPI and hence proposed to consider the same cost as DIAL's submission
B2	Replacement of seating at all terminals	29.10	20.00	The Authority noted that DIAL has proposed to replace seating at all terminals and DIAL has already commenced the activity. The Authority noted the requirement and is of the view that this requirement is necessary, but the quantity and rates considered are not optimal and therefore proposed to moderate the cost to Rs. 20 Cr.
B3	Runway Incursion System	25.00	-	The Authority noted the submission made by DIAL regarding Runway Incursion System. DIAL has mentioned that 4 runways are in operation and system has to be in place to avoid incidents and it is estimated to be installed at a cost of Rs. 25 Cr. Presently, systems and procedures are in place to check runway incursions i.e. mandatory signages, runway holding positions, cross-bar lights, surface movement and guidance systems and communication with ATC (operational vehicles and aircraft). The Authority noted that incidents have occurred in past, and system has failed to detect incursion. Hence the Authority proposed to form a committee comprising of experts from DGCA and AAI to vet the Techno-Economic Viability (TEV) of the activity and consider the cost based on incurrence.
B4	Runway Sweeping Machine	14.19	10.50	The Authority noted that DIAL has proposed to procure runway sweeping machine for the upkeep of the runways.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				The Authority has noted that DIAL already has 6 machines of which 3 machines will complete their useful life in Dec 2024. Hence the operator proposes to replace 3 machines in FY 2025. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the cost to be on higher side and hence proposed to moderate the cost to Rs. 10.50 Cr to make it consistent with the market rates.
B5	Obstacle Removal in Airforce Area	11.93	11.93	The Authority noted that runway strip of RWY 09/27 has been declared as 75m on either side of runway against the minimum requirement of 140m on either side. DIAL has obtained temporary exemption for this non-compliance which is due to the fact that part of IAF land falls within the runway strip. DIAL signed a tripartite MoU with IAF and AAI on May 09, 2023. As per the MoU, IAF will keep the area free from obstacles, however, all obstacles in the area are to be removed by DIAL at its own cost. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found it to be reasonable and it has to be mandatorily carried out to comply with DGCA guidelines. Hence the Authority proposed to accept the same cost as DIAL's submission.
B6	AOCC Expansion	10.00	10.00	The Authority noted that DIAL proposes to install advanced analytics tool to improve decision making. DIAL has estimated cost of Rs. 10 Cr for this project. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement to be reasonable and the cost estimated by DIAL is based on budgetary estimate and hence the Authority proposed to consider the cost without moderation.

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
B7	Trolleys – T1	10.00	10.00	The Authority noted that due to increase in traffic, DIAL proposes to procure 2,000 trollies in FY 2025 and 500 trollies in FY 2029. The cost estimated for this activity is Rs. 10 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the rate adopted by DIAL is reasonable and hence proposed to consider the cost as submitted by DIAL.
B8	Contingency Expenses	10.00	-	The Authority noted that DIAL estimated a contingency of Rs. 10 Cr by considering emergency, cost escalation, change in regulation etc. The Authority proposed to disallow the entire amount and consider the same based on actuals subject to reasonability and efficiency and shall be trued-up in the Fifth Control Period.
B9	Asset Sustenance Capex	33.00	22.00	The Authority through its independent consultant/aviation expert noted the submission made by DIAL towards Asset Sustenance Capex and requested detailed estimates for this activity. Based on the detailed estimates submitted by DIAL, the Authority proposed a moderated cost of Rs. 22 Cr based on past purchase orders of various items under Asset Sustenance Capex.
B10	Safety & Security Related Capex	3.14	3.14	The Authority noted that DIAL proposes to procure and install safety related equipment like automated camera with night vision for vehicle overspeeding detection, rescue equipment etc. DIAL estimated cost of Rs. 3.14 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found it to be reasonable and hence proposed to consider the cost as submitted by DIAL.
B11	Capacity Enhancement Capex	11.00	7.00	The Authority noted that as part of Capacity Enhancement Capex DIAL proposes to develop DARK warehouse and Training Centre, Mobile Command Post etc.

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S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement for Mobile command post and DARK warehouse are reasonable whereas requirement for Training Centre is not reasonable. Hence the Authority proposed to disallow Rs. 4 Cr and allow only Rs. 7 Cr as against Rs. 11.00 Cr submitted by DIAL.
B12	Renovation of ADP/ AVP issuance room	0.45	0.45	The Authority noted that DIAL proposes to carryout renovation of ADP/ AVP issuance room at a cost of Rs. 0.45 Cr. The Authority through its independent consultant/aviation expert found the cost to be reasonable and hence proposed to consider the same cost as submitted by DIAL.
B13	Automatic baggage trolley collection, buggy replacement, trolley monitoring tool etc.	5.88	5.88	The Authority noted that DIAL proposes to enhance passenger experience by automatic baggage trolley collection, buggy replacement and placing trolley monitoring tool etc. DIAL estimated a cost of Rs. 5.88 Cr for this activity. The Authority through its independent consultant/aviation expert found the requirement to be reasonable and cost estimated by DIAL is also justifiable. Hence the Authority proposed to consider the cost without moderation.
B14	Runway Rubber Removal Machine	6.16	6.16	The Authority noted that DIAL proposes to procure one Runway rubber removal machine to upkeep the runway for take-off and landing. DIAL submitted a cost of Rs. 6.16 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement and cost to be reasonable based on past purchase order adjusted for WPI. The Authority hence proposed to consider the same cost as DIAL's submission.
	Total	**260.85**	**198.06**	

B3. General Capex related to Finishes

6.3.116 DIAL submitted a cost of Rs. 196 Cr towards finishes which includes activities like modification of boarding gate seating area, change of carpet, revamping signage at all terminals, renewal and refurbishment of lounges etc.

6.3.117 The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and moderated cost of various activities and proposed cost of Rs. 110 Cr. Detailed analysis for each activity under Finishes is shown in the table below:

Table 235: Cost proposed to be considered by the Authority for Finishes under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
C	Finishes			
C1	Boarding Gate Seating area modification	45.00	20.00	The Authority noted that DIAL proposes to enhance the current seating area and associated infrastructure at some of the boarding gates to enhance customer experience. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and sought clarification on the number of gates and cost required for modifying the gate. Based on the data shared by DIAL, the Authority proposed to moderate the cost to Rs. 20 Cr as the cost estimated by DIAL is found to be not optimal.
C2	Carpet Change for T3 – Domestic and International side (Departures and Ramps)	30.00	20.00	The Authority noted that existing carpet in IGI Airport is 13 years old and DIAL proposes to replace the existing carpet with epoxy flooring in buggy movement area. The Authority through its independent consultant/aviation expert analysed the necessity of the requirement and found it to be reasonable while the cost estimated by DIAL was compared with market rates and found to be inconsistent with the market rates. Hence the Authority proposed to moderate the cost estimated by DIAL to Rs. 20 Cr.
C3	Carpet Change for T3 – Domestic and International side (ARRIVALS)	30.00	20.00	The Authority has noted that existing carpet in IGI Airport is 13 years old and DIAL proposes to replace the existing carpet with epoxy flooring in buggy movement area. The Authority through its independent consultant/aviation expert found the requirement to be reasonable, but cost estimated by DIAL was found to be not

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				optimal when compared with market value. Hence the Authority proposed to moderate the cost estimated by DIAL to Rs. 20 Cr.
C4	Signage Revamp for all Terminals	15.00	7.50	The Authority noted that DIAL in its submission has mentioned new facilities are being added to the terminals regularly and it is proposed to have new signages across all terminals. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found it to be reasonable. However, T1 has been commissioned recently and there is a proposal for adding Pier E and modification of Pier C and D in T3 and new signages will be installed in these areas which is part of the capex already allowed. Hence estimated amount has been proposed to be moderated to Rs. 7.5 Cr.
C5	Emergency Works (For various day to day operational requirements)	15.00	-	The Authority noted that DIAL submitted Rs. 15 Cr towards emergency work that may arise during any operational year due to new regulations, operational requirement, stakeholder commitment etc. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and proposed to consider the amount based on actuals subject to reasonability and efficiency and shall be trued up at the time of next Control Period.
C6	Renewal and Refurbishment of Lounges	10.00	5.00	The Authority noted that DIAL proposes to renew and refurbish the lounges at all terminals at an estimated cost of Rs. 10 Cr. The Authority based on the analysis through its independent consultant/aviation expert found the cost to be an overestimate and hence proposed to consider Rs. 5 Cr for this activity.
C7	Asset Sustenance Capex	19.00	15.00	The Authority noted that as part of asset sustenance capex, DIAL proposes to lay granite flooring, procure new artwork, refurbish existing artworks at T3 etc. DIAL estimated a cost of Rs. 19 Cr for this activity.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the cost to be an overestimate and hence it is proposed to be moderated to Rs. 15 Cr based on past purchase order of various items under Asset Sustenance Capex.
C8	Safety & Security Related Capex	4.00	4.00	The Authority noted that DIAL proposed to install new expansion joints to enhance the safety and security of the Airport. DIAL estimated a cost of Rs. 4 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement to be reasonable and hence proposed to consider the same amount as DIAL submission.
C9	Capacity Enhancement Capex	7.00	4.50	The Authority noted that DIAL in its submission has mentioned that it proposes to enhance seating space and carry out SLAB extension work near boarding gate 22 at T2. The Authority sought details regarding the area of seating space and based on the additional data submitted by DIAL, proposed to moderate the cost to Rs. 4.50 Cr as against Rs. 7 Cr submitted by DIAL.
C10	Refurbishment of Government offices and retail areas at all terminals	14.00	10.00	The Authority noted that DIAL proposes to refurbish Government offices at all terminals and it also proposes to refurbish all the retail areas at all terminals. This activity is estimated to be completed at a cost of Rs. 14 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and proposed to allow only refurbishment of Government office and proposed a moderated cost of Rs 10 Cr.
C11	Landscape design feature at T1 and T3 and upgradation of information desks with multimedia facilities	7.00	4.00	The Authority noted that DIAL proposes to enhance passenger experience by creating water feature/ landscape design feature at T1 and T3. DIAL also proposes to upgrade information desks with multimedia facilities. The Authority through its independent consultant/aviation expert noted the

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				submissions made by DIAL and found that there are no norms for beautification projects and it doesn't fetch any additional revenue. Hence, the Authority suggested DIAL to explore the possibility of the sponsor support for this activity and proposed to moderate the cost to Rs. 4 Cr by allowing only upgradation of information desk.
	Total	**196.00**	**110.00**	

B4. General Capex related to Security & Vigilance

6.3.118 DIAL submitted cost of Rs. 119.08 Cr towards activities related to security and vigilance under general capex. This includes activities like upgradation of Airside gates, rationalisation of watch towers, installation and upgradation of CCTV etc.

6.3.119 The Authority through its independent consultant/aviation expert carried out detailed analysis of the submission and moderated cost of various activities and proposed cost of Rs. 89.08 Cr. Detailed analysis for each activity under Security & Vigilance is shown in the table below:

Table 236: Cost proposed to be considered by the Authority for Security & Vigilance under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
D	**Security & Vigilance**			
D1	Upgradation of Airside gates (mechanical and automations, civil, security and P&E)	44.00	33.00	The Authority noted that in order to comply with BCAS requirements and to improve operational efficiency, DIAL proposes to enhance airside gates, security gadgets, IT and P&E system and construction of gate house. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found the requirements to be reasonable but proposed to consider only Rs. 33 Cr for the Fourth Control Period and to shift the balance remaining amount to next Control Period.
D2	Rationalization of watchtowers	26.00	26.00	The Authority noted that DIAL needs PIDS on all walls, terminal gates etc to comply with BCAS mandate. It also requires upgradation of software and hardware. The Authority through its independent consultant/aviation expert noted that it is

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
				regulatory related and hence proposed to consider the same cost as submitted by DIAL.
D3	Threat Containment Vessel (TCV) for Terminal 1	11.00	11.00	The Authority noted that as per BCAS direction, TCV may be procured where ILBS has been installed. Considering the expansion under Phase 3A, ILBS has to be installed at Terminal 1. DIAL proposes to carryout the activity at a cost of Rs. 11 Cr. The Authority through its independent consultant/aviation expert noted the submissions made by DIAL and found it to be reasonable. Hence the Authority proposed to consider the same as DIAL submission.
D4	Asset Sustenance Capex	9.00	5.00	The Authority noted DIAL's proposal to replace old perimeter wall including cargo area with PIDS system and set up Fargo printers for AEP, procure computers, contact and contact less card reader. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and accept replacing old perimeter wall and rationalised the number of printers to 2 and computers to 5. The Authority hence proposed a revised cost of Rs. 5 Cr as against Rs. 9 Cr submitted by DIAL.
D5	Safety & Security Related Capex	25.00	10.00	The Authority noted DIAL's proposal to install Facial Recognition and other AI tools in CCTV, upgradation/ replacement of Radiation Detection Equipment, SITC of CCTV for Surveillance system at isolation bay etc to enhance the safety of Airport. These works are estimated to be completed at a cost of Rs. 25 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found installation of CCTV at Isolation bay is too early as the civil proposal for Isolation Bay has not been approved. Hence the Authority proposed to moderate the cost to Rs. 10 Cr.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
D6	Capacity Enhancement Capex	2.00	2.00	The Authority noted that DIAL proposes to procure additional Biometric Airport Entry Permit (BAEP) machines and readers to meet the operational requirement. The procurement is estimated to be carried out at a cost of Rs. 2 Cr. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement and cost to be reasonable and hence proposed to consider the same without any moderation.
D7	Renovation of Airport Entry Permit (AEP) section	0.08	0.08	The Authority noted that DIAL proposes to renovate AEP section floor at a cost of Rs. 0.08 Cr. The Authority found the requirement and amount to be reasonable and hence proposed to consider the same without any moderation.
D8	Digital Automation Portal to enable inline baggage screening	2.00	2.00	The Authority noted DIAL's proposal to implement Digital Automation Portal to enable inline baggage screening to enhance passenger experience. The proposed implementation is estimated to be completed at a cost of Rs. 2 Cr. The Authority through its independent consultant/aviation expert found the submission to be reasonable based on past purchase order adjusted for WPI and hence proposed to consider the same amount as DIAL's submission.
	Total	**119.08**	**89.08**	

B5. General Capex related to IT

6.3.120 DIAL submitted cost of Rs. 112.25 Cr towards IT related general capex. It includes procurement of desktop and laptops that have reached their useful life, setting up of new system and software, revamp of certain systems etc.

6.3.121 The Authority through its independent consultant/aviation expert noted the submission made by DIAL and proposed to moderate the cost to Rs. 100.50 Cr. Detailed analysis for each activity under IT is shown in the table below:

Table 237: Cost proposed to be considered by the Authority for IT infrastructure under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
E	IT			
E1	Laptop/Desktop refresh & new requirements	10.00	10.00	The Authority noted DIAL's submission for procurement of new laptops and desktops to replace existing desktops and laptops as it has reached its useful life. DIAL estimated a cost of Rs. 10 Cr for replacing the IT assets. The Authority through its independent consultant/aviation expert found the requirement to be justified and the cost estimated by DIAL is also reasonable. Hence, the Authority proposed to consider the same amount as DIAL submission.
E2	Contingency Expenses	10.00	-	The Authority noted that DIAL estimated Rs. 10 Cr as contingency fund for cost escalation, operational requirement etc. The Authority proposed to disallow the entire amount and consider the same based on actuals subject to reasonability and efficiency and shall be trued-up in the Fifth Control Period.
E3	Asset Sustenance Capex	2.25	0.50	The Authority noted DIAL's proposal to create passenger experience zone at various touch points. DIAL estimated a cost of Rs. 2.25 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and proposed to create such zone one at each terminal. Based on the feedback and usage such zones can be created at multiple locations and hence the amount has been proposed to be moderated to Rs. 0.50 Cr.
E4	Safety & Security Related Capex	22.00	22.00	The Authority noted that DIAL proposes to procure additional infra for new CCTV camera & IoT, Vehicle Management System upgrade, Thermal Cameras etc. DIAL estimated a cost of Rs. 22 Cr for this activity. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and found the requirement to be reasonable and hence

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				proposed to consider the same amount as DIAL's submission.
E5	Capacity Enhancement Capex	11.00	11.00	The Authority noted DIAL's submission to improve operations by creating predictive management system and turnaround management system. DIAL estimated a cost of Rs. 11 Cr. The Authority through its independent consultant/aviation expert analysed the submission and found it to be reasonable and hence proposes to consider the same amount as DIAL's submission.
E6	Revamp of Tetra Mobile Radio System (TMRS)	26.00	26.00	The Authority noted DIAL's proposal to revamp TMRS including handset, Airlines Transfer Data PTM, TPM and CPM etc. at an estimated cost of Rs. 26 Cr. The Authority through its independent consultant/aviation expert analysed the submissions made by DIAL and found the requirement and amount proposed to be reasonable and hence proposed to consider the same cost as DIAL submission.
E7	Virtual info desk, Digi Yatra & e Processing Kiosk, Wifi kiosk and e-boarding kiosk	12.00	12.00	The Authority noted that DIAL has proposed to set-up Virtual info desk, Digi Yatra & e-Processing Kiosk, Wifi kiosk and e-Boarding kiosk at an estimated cost of Rs. 12 Cr. The Authority through its independent consultant/aviation expert found the submission to be reasonable and hence proposed to consider the amount without moderation
E8	Locational and Situational awareness platform, Edge Devices Change, Additional Screens and Devices for APOC, etc.	19.00	19.00	The Authority noted that DIAL proposes to install various platform and system for better location and situational awareness, additional screens and devices for APOC etc. It is estimated to be completed at a cost of Rs. 19 Cr. The Authority through its independent consultant/aviation expert found DIAL submission to be reasonable and hence proposed to consider the same cost as DIAL's submission
	Total	**112.25**	**100.50**	

B6 & B7. General Capex related to Facility Management Services and Marketing & Passenger experience

6.3.122 DIAL submitted cost of Rs. 69 Cr towards Facility Management Service and Rs. 4 Cr towards Marketing & Passenger experience. However, detailed estimates for these activities are not submitted by DIAL.

6.3.123 In the absence of detailed estimates, the Authority proposed to consider moderated cost of Rs. 5 Cr for Facility Management Services.

6.3.124 The Authority also noted that the cost of Marketing and Passenger Experience has already been factored under passenger experience sub-head of IT Infrastructure and hence proposed not to consider the same.

Table 238: Cost proposed to be considered by the Authority for Facility Management Services and Marketing & Passenger experience under General Capex at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks
1	Facility Management Services	69.00	5.00	The Authority noted that DIAL has estimated Rs. 69 Cr under Facility Management Services but has not provided detailed estimates. The Authority noted that detailed estimates are not available. However, considering the requirement of facility management services, the Authority proposed to allow only Rs. 5 Cr
2	Marketing and Passenger experience	4.00	-	The Authority noted that DIAL estimated Rs. 4 Cr for Marketing and Passenger experience. The Authority noted that the cost has already been factored under passenger experience sub-head of IT Infrastructure and hence proposed not to consider the same.

6.3.125 Based on the above analysis, the General capex proposed to be considered by the Authority for the Fourth Control Period is Rs. 1,678.65 Cr and the break-up is provided in the table below:

Table 239: General Capex proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

S. No	FY Ending March 31, (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority
B1	Project & Engineering (P&E)	1,567.83	1,176.01
B2	Operations	260.85	198.06
B3	Finishes	196.00	110.00
B4	Security & Vigilance	119.08	89.08
B5	IT	112.25	100.50
B6	Facility Management Services (FMS)	69.00	5.00
B7	Marketing and Passenger Experience	4.00	-
B	**Total**	**2,329.01**	**1,678.65**

C. Carry Forward Capex for the Fourth Control Period

6.3.126 The Authority noted DIAL's submissions for Carry Forward Capex for the Fourth Control Period. The Authority noted that the CWIP pertaining to Phase 3A Expansion has been double counted i.e. considered separately as well as included under pending works under Phase 3A Expansion Capex. Further, the Authority also noted minor variations in the CWIP under General Capex submitted by DIAL. The details of the CWIP submissions are as shown in the table below:

Table 240: Carry Forward Capex submitted by DIAL for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL in MYTP	Revised Cost submitted by DIAL subsequent to MYTP	Remarks by DIAL
C1	Works yet to be completed under Phase 3A Expansion as on March 31, 2024 (Airport Village)	300.00	158.94	Double counting of CWIP. Includes estimated IDC proposed to be capitalized in FY 2025.
C2	CWIP of Phase 3A Expansion Capex as on March 31, 2024 (Airport Village)	61.56	62.21	Minor variation has been corrected.
C3	CWIP of General Capex of the Third Control Period as on March 31, 2024	532.02	527.11	Minor variation has been corrected.
	Total	**893.78**	**748.26**	

6.3.127 Based on the clarifications sought by the Authority, DIAL submitted revised figures for Carry Forward Capex which amounted to Rs. 748.26 Cr as mentioned in the table above.

6.3.128 The Authority's analysis of the revised submissions of DIAL pertaining to Carry Forward Capex for the Fourth Control Period is presented below:

Works yet to be completed under Phase 3A Expansion:

6.3.129 The Authority through its independent consultant noted that DIAL has capitalized majority of the cost of Phase 3A Expansion as on March 31, 2024 except works to the extent of Rs. 201.23 Cr pertaining to Airport Village under Package 1 of EPC Contract. Of Rs. 201.23 Cr, assets to the extent of Rs. 139.02 Cr was yet to be completed as on March 31, 2024.

6.3.130 The Authority noted that Airport village is a landside facility that provides interconnectivity between the terminal building and the landside transportation network. It is designed to help passengers and visitors make sense of orientation, enhancing their experience of the Airport in terms of improved comfort, security and convenience.

6.3.131 The Authority noted that DIAL has submitted cost of Rs. 158.94 Cr in the revised submission which also includes estimated IDC proposed to be capitalized by DIAL in FY 2025.

6.3.132 The Authority as mentioned under para 4.4.127 of this Tariff Order has proposed that IDC would not be allowed for Phase 3A Expansion Capex beyond March 31, 2024.

6.3.133 Accordingly, the Authority proposed to consider only the hard cost of pending works under Phase 3A Expansion i.e. Rs. 139.02 Cr for carry forward to the Fourth Control Period.

CWIP under Phase 3A Expansion as on March 31, 2024:

6.3.134 The Authority through its independent consultant found that assets to the extent of Rs. 62.21 Cr pertaining to Airport Village has been recognized as CWIP as on March 31, 2024. The Authority propose to consider the entire amount for carry forward to the Fourth Control Period as the cost has already been examined as part of the true up of capex for the Third Control Period.

CWIP under General Capex as on March 31, 2024:

6.3.135 The Authority noted that assets under general capex to the extent of Rs. 527.11 Cr has been recognized as CWIP as on March 31, 2024

6.3.136 The Authority noted the details of the major assets and has proceeded to examine the same as per the table below:

Table 241: Authority's analysis of Major Capex Items under CWIP pertaining to General Capex as on March 31, 2024

S. No	Item Description	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks by the Authority
1	Southern Access Road – Shiv Murthy Underpass	150.00	150.00	The Authority noted that the cost pertains to underpass at Shiv Murthy NH8 to provide direct access to the airport from Southern side. The cost was estimated as Rs. 300 Cr. As per the Minutes of Meeting (MoM) dated 17th September 2021, the meeting was called by MoCA on 10th September 2021 to discuss various interfacing issues and status of clearance/ consent from different stakeholders and statutory bodies (AAI, DIAL and NHAI) regarding execution of Southern Access Road. During the meeting, MoCA directed DIAL to share 50% of the cost. DIAL has already paid its share of Rs. 150 Cr. The amount is yet to be capitalized since NHAI is yet to complete their portion of work. Since the work is mandated by MoCA, the Authority proposed to consider the entire cost.
2	AGL Individual Lamp Monitoring & system upgradation	47.48	47.48	The Authority noted that the cost pertains to upgradation of AGL system as required by DGCA which included individual lamp control, changing to LED from halogen etc. across airside except Phase 3A areas. The Authority through its independent consultant/aviation expert noted that the work is related to Airport operations as required by DGCA. The Authority hence proposed to consider the same.

S. No	Item Description	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks by the Authority
3	Flexible Pavement Taxiways (Civil works) and Rehabilitation of Runway 10/28 & ARIWS Ducting	42.82	42.82	The Authority noted DIAL's submission that RWY 10/28 and associated taxiways have developed multiple distresses due to ageing. DIAL submitted that initially, it was planned to rehabilitate only the touch-down area of the RWY 10/28. However, major rehabilitation of Civil & AGL Works for entire length of RWY along with associated TWYs were carried out based on observations from DGCA. The Authority through its independent consultant/aviation expert noted that the work is related to Airport operations and considered mandatory. Accordingly, the Authority proposed to consider the same.
4	General Aviation (GA) Covered Parking Project	39.16	-	The Authority noted that the cost pertains to construction of GA Hangars with a view of making IGIA a GA hub. Since the work is related to General Aviation Terminal which as per Schedule 6 of the OMDA comes under Non-aeronautical Services, the Authority proposed not to consider the same.
5	Commercial Property Development related activities	34.72	-	The Authority noted that the work is related to commercial property development and hence proposed to not consider the same.
6	Smart City	25.47	-	DIAL submitted that the Smart Airport City Programme (SACP) has been developed to upgrade the airport to Smart Airport via digital solution bundles. The aim is to seamlessly integrate airport areas and activities including terminal and landside area driven by centralized data monitoring and optimization, smart utility, infrastructure, energy, waste and security management, enhanced customer experience etc. The Authority proposed to not consider the cost at present as the benefits derived out of the scheme/works on airport operations/ revenue could not be established at present. The Authority proposed to assess the cost related to the SACP based on actual capitalization, subject to reasonability and

S. No	Item Description	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks by the Authority
				efficiency, at the time of tariff determination for next Control Period.
7	GA Annex Building	26.56	26.56	The Authority noted that the office complex was shifted from T1 (G+5) as per requirements of DMRC to construct station for line 4 at T1. The Annex building is near the GA Complex but houses offices shifted from T1. The Authority through its independent consultant/aviation expert noted that the work is related to Airport operations and justified and accordingly proposed to consider the same.
8	Biometric Software solution and integrated hardware equipment for BEST Implementation	12.80	12.80	The Authority noted that this pertains to Digiyatra implementation as required by MoCA. Further, the work is related to Airport operations efficiency improvement. Accordingly, the Authority noted that the expenditure is justified and proposed to consider the same.
9	International PESC area modification work for T-3	9.42	9.42	DIAL submitted that this is related to enhancement in capacity of PESC and Immigration to offer smooth and enhanced passenger experience. The Authority through its independent consultant/aviation expert noted that this is related to enhancement in Terminal capacity for enhanced passenger experience and accordingly proposed to consider the same.
10	New office at T2 (M&G) area work	8.51	8.51	The Authority noted that this pertains to additional office space due to increase in staff strength. Since the work is related to Airport operations, the Authority proposed to consider the same.
11	T3-T2 Subway DMRC	7.50	7.50	The Authority noted that a direct, underground subway connection between T2 and Airport Line Metro Station is under construction to provide a more efficient, stress-free transit experience by offering seamless, safe, and conflict-free walkway for airport passengers using metro resulting in increased metro modal share. This would reduce travel distance from 600 m to just 70 m.

S. No	Item Description	Cost submitted by DIAL	Cost proposed to be considered by the Authority	Rationale/ Remarks by the Authority
				The Authority is of the view that the work is related to Passenger Facilitation and accordingly proposed to consider the same. The Authority noted that, of the total expenditure of Rs. 30 Cr, an amount of Rs. 7.50 Cr has been incurred while the balance is proposed to be allowed as part of General Capex for the Fourth Control Period.
12	Capacity Enhancement of domestic PESC T3	5.53	5.53	The Authority noted that this is related to enhancement in Terminal capacity for enhanced passenger experience and accordingly proposed to consider the same.
13	Creating IGIA as a Hub - Study	5.50	-	The Authority noted that this was a provision created by DIAL in the Third Control Period. However, DIAL clarified that the same has been reversed in FY 2025 as this was not required. Accordingly, the Authority proposed to not consider the same.
14	RWY 09/27 - Strip maintenance	5.18	5.18	The Authority noted DIAL's submission that this is related to levelling, dressing and compaction of strip area of RWY 09/27 to enhance CBR values as per DGCA compliance. Since the work is related to Airport operations and considered mandatory, the Authority proposed to consider the same.
15	Rubber Removal Machine	4.69	4.69	DIAL submitted that the landing aircraft tyres deposit rubber on the runway. It needs to be removed periodically with specialised equipment to always maintain surface friction within acceptable limits. This is as per regulatory requirement. Since this is a regulatory requirement and related to Airport operations, the Authority proposed to consider the same.
	Total	**425.34**	**320.49**	

6.3.137 The Authority noted that apart from the above, the CWIP also included various items viz. rehabilitation of taxiway, upgradation of BMS, SITC of movement area guidance signs, UPS, PIDS coverage for 4th runway etc. The Authority also analysed the other items under CWIP pertaining to general capex through the independent consultant and found that the cost is justified and reasonable on account of mandatory regulatory and operational requirements. Accordingly, the Authority proposed not to make any adjustments with respect to the cost of other items under CWIP pertaining to general capex.

6.3.138 Based on the above analysis, the Authority proposed to disallow cost of Rs. 104.85 Cr in the CWIP Portion of General capex carried forward to the Fourth Control Period from the Third Control Period. The Authority based on the above proposed to consider items under CWIP to the extent of Rs. 422.26 Cr as against an amount of Rs. 527.11 submitted by DIAL.

6.3.139 Considering the above, the total Carry Forward Capex proposed to be considered by the Authority for the Fourth Control Period is Rs. 623.49 Cr as against DIAL's revised submissions of Rs. 748.26 Cr. The details of the Carry Forward Capex proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 242: Carry Forward Capex proposed to be considered by the Authority

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority
C1	Works yet to be completed under Phase 3A Expansion (Airport Village)	158.94	139.02
C2	CWIP of Phase 3A Expansion Capex (Airport Village)	62.21	62.21
C3	CWIP of General Capex of the Third Control Period	527.11	422.26
C	**Total**	**748.26**	**623.49**

6.3.140 Based on the adjustments/ disallowances and rationalization of various capex items as detailed above, the overall Capex proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 243: Overall Capex proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost proposed to be considered by the Authority
A	Expansion Capex	2,420.42	1,909.25
B	General Capex	2,329.01	1,678.65
C	Carry Forward of Capex/CWIP from the Third Control Period	748.26	623.49
	Total	**5,497.69**	**4,211.39**

Capitalization Schedule for Capex for the Fourth Control Period

6.3.141 The Authority, through its independent consultant has assessed the capitalization schedule for the Expansion Capex and General Capex and is of the view that the capitalization schedule considered by DIAL for Capex for the Fourth Control Period is reasonable and acceptable.

6.3.142 Accordingly, the capitalization schedule proposed to be considered by the Authority based on proportionate adjustment in the Capex for the Fourth Control Period as per the Authority's analysis is as follows:

Table 244: Capitalization Schedule proposed to be considered by the Authority for the Fourth Control Period

No	FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
A	**Expansion Capex**						
A1	T3 Pier C conversion	49.34					**49.34**
A2	T2 Refurbishment	112.22					**112.22**
A3	Code E and C parking stands					506.36*	**506.36**
A4	T3 Pier E construction				1,241.33*		**1,241.33**
	Sub Total (A)	**161.56**	-	-	**1,241.33**	**506.36**	**1,909.25**
B	**General Capex**						
	General Capex (B)	352.24	373.34	347.08	324.87	281.12	**1,678.65**
C	**Carry Forward Capex**						
C1	Pending Works under Phase 3A Expansion Capex	139.02					139.02
C2	CWIP of Phase 3A Expansion	62.21					62.21
C3	CWIP of General Capex of the Third Control Period	422.26					422.26
	Sub Total (C)	**623.49**					**623.49**
	Total (A+B+C)	**1,137.29**	**373.34**	**347.08**	**1,566.20**	**787.48**	**4,211.39**

**including IDC*

6.3.143 The Authority directs DIAL to submit the current status of the works/capex proposed to be capitalized in FY 2025 i.e. first tariff year of the Fourth Control Period as part of Stakeholder's Consultation process. The Authority proposed that the capitalization schedule as per Table 244 may undergo changes based on the updated status of works/capex to be submitted by DIAL at the time of issuance of the Tariff Order for the Fourth Control Period.

6.3.144 The Authority will consider the statutory payments relating to GST amount on Capex (including CWIP) for the Fourth Control Period, on actual incurrence basis against the indicative estimates submitted currently, at the time of true up of the Fourth Control Period, while determining tariff for the Fifth Control Period.

6.3.145 The Authority also noted that DIAL would be eligible to claim GST ITC on procurement of certain movable items. DIAL is advised to share the estimated GST Input Tax Credit as part of Stakeholders' comments so that the same could be factored in the Tariff Order. If no such information is received from DIAL, Input Tax Credit will be estimated by the Authority and necessary adjustments will be made in the Tariff Order.

The Authority expects that DIAL 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 true up of the RAB for the Fourth Control Period, while determining tariff for the Fifth Control Period. 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 next Control Period.

Allocation of Assets into Aeronautical and Non-Aeronautical Assets

6.3.146 The Authority's analysis on the allocation ratio for the capex for the Fourth Control Period is below.

6.3.147 The Authority noted that DIAL considered the entire asset pertaining to parking stands for Code C and E aircraft as aeronautical. The Authority also noted that the stands will be used for parking Code C & E aircrafts and as per Schedule 5 of OMDA, parking of aircraft is an aeronautical activity and revenue generated from the parking facility will be treated as Aeronautical revenue. Accordingly, the Authority

proposed to consider the allocation as considered by DIAL for Code C and E parking stands (100% Aeronautical).

6.3.148 The Authority noted DIAL's submission as part of the Master plan includes addition of Pier E along with Domestic in-fill to the eastern side of T3. As per the master plan, Pier E will have 12 contact stands and Pier E Apron will have 6 remote stands for serving remote parking of Code C aircrafts. Domestic infill accommodates security screening processing area, administration offices and few retail stores etc. Since the work is related to the Terminal building, DIAL considered 84% of the assets pertaining to Pier E as Aeronautical based on the floor space area of T3 demarcated between Aeronautical and Non-aeronautical (i.e. 84%:16%) as per the study conducted by Jacobs Consultancy in 2011 (Refer 4.4.151). The Authority after examination found the allocation methodology considered by DIAL as reasonable and justified and accordingly proposed to consider the allocation ratio for Pier E as 84%:16%.

6.3.149 The Authority noted the submissions of DIAL with regard to allocation of assets pertaining to conversion of T3 Pier C to international, refurbishment of T2 and Carry Forward Capex. The Authority noted that DIAL has considered Gross Fixed Assets (GFA) ratio of FY 2023 for allocation into aeronautical and non-aeronautical.

6.3.150 The Authority proposed to consider the revised GFA ratio of 91.82% arrived at for FY 2024 based on the analysis through its independent consultant (as per Table 90) with regard to allocation of assets pertaining to conversion of T3 Pier C to international, refurbishment of T2 and Carry Forward Capex.

Table 245: Allocation ratio of Expansion Capex and Carry Forward Capex proposed to be considered by the Authority for the Fourth Control Period

S. No	Particulars	Aero Portion	Non-aero Portion
A	**Expansion Capex**		
A1	Conversion of T3 Pier C to International	91.82%	8.18%
A2	Refurbishment of T2	91.82%	8.18%
A3	Construction of Code C & E Parking Stands	100.00%	-
A4	Construction of Pier E in T3	84.00%	16.00%
C	**Carry Forward Capex**		
C1	Pending Works under Phase 3A Expansion Capex	91.82%	8.18%
C2	CWIP of Phase 3A Expansion Capex	91.82%	8.18%
C3	CWIP of General Capex of the Third Control Period	91.82%	8.18%

6.3.151 The allocation of assets pertaining to general capex into aeronautical and non-aeronautical for the Fourth Control Period proposed to be considered by the Authority is provided in the table below:

Table 246: Allocation of General Capex proposed to be considered by the Authority for the Fourth Control Period

FY Ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
General Capex proposed to be considered by the Authority	**352.24**	**373.34**	**347.08**	**324.87**	**281.12**	**1,678.65**
1. Common Assets*	78.20	63.99	111.16	86.51	61.46	**401.32**
Aero Assets (91.82%)	*71.80*	*58.76*	*102.07*	*79.44*	*56.43*	***368.49***
Non-Aero Assets (8.18%)	*6.40*	*5.23*	*9.09*	*7.08*	*5.03*	***32.83***
2. Directly Allocated Aero Assets	274.04	309.35	235.92	238.36	219.66	**1,277.33**

**Proportionate adjustment is made in the Common Assets considered by DIAL based on the revised general capex proposed to be considered by the Authority.*

6.3.152 Based on the above, the break-up of Aeronautical and Non-aeronautical portion of Capex for the Fourth Control Period proposed to be considered by the Authority is as follows:

Table 247: Aero and Non-aero portion of Capex proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero	1,066.68	368.11	337.99	1,360.51	782.45	**3,915.73**
Non-Aero	70.61	5.23	9.09	205.69	5.03	**295.66**
Total	**1,137.29**	**373.34**	**347.08**	**1,566.20**	**787.48**	**4,211.39**

6.3.153 The Aeronautical portion of Capex proposed to be considered by the Authority for the Fourth Control Period is Rs. 3,915.73 Cr against DIAL's submission of Aeronautical portion of Capex of Rs. 5,084.33 Cr majorly on account of the following:

- Rationalization of number of Code C Stands in the Fourth Control Period to 47 as against 56 stands proposed by DIAL.
- Rationalization of cost of construction of Pier E based on the cost as per the independent study conducted by KITCO for Phase 3A Expansion Capex duly adjusted for inflation based on WPI.
- Various disallowances and rationalization in the General Capex pertaining to Project & Engineering, Operations, Finishes, Security and Facility Management Services after considering various factors viz. operational necessity, reasonability of the cost etc.
- Disallowance of various items (i.e. activities related to General Aviation and Commercial Property Development) under CWIP pertaining to General Capex of the Third Control Period.

Depreciation

6.3.154 The Authority analysed the depreciation rate considered by DIAL regarding capex for the Fourth Control Period.

6.3.155 The Authority in the Tariff Order for the Third Control Period decided to consider depreciation for expansion assets by considering a weighted average for depreciation for building and plant & machinery at a proportion of 65:35 respectively. The depreciation rate arrived at by the Authority is 4.51% which was considered for expansion assets for the Third Control Period.

6.3.156 The Authority consistent with the earlier decision proposed to consider the depreciation rate of 4.51% assuming a similar proportion of Building and Plant and Machinery amongst the assets proposed to be added for the Fourth Control Period. The depreciation amount shall be trued up based on actual asset addition and depreciation during the tariff determination for the subsequent Control Period.

6.3.157 The Authority based on the adjustments proposed in the capex for the Fourth Control Period proposed to revise the depreciation as provided below:

Table 248: Depreciation proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Depreciation on Aero RAB	933.14	908.88	857.90	886.19	924.15	**4,510.25**
Depreciation on HRAB	20.72	19.51	18.12	18.03	17.96	**94.35**
Total Depreciation	**953.85**	**928.39**	**876.02**	**904.22**	**942.12**	**4,604.60**

Regulatory Asset Base for the Fourth Control Period

6.3.158 Considering the various adjustments in the Capex for the Fourth Control Period as detailed above, the revised RAB and Depreciation proposed to be considered by the Authority for tariff determination for the Fourth Control Period are as follows:

Table 249: Aeronautical Depreciation and RAB proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Opening Aero RAB (A)	13,911.95*	14,045.49	13,504.72	12,984.81	13,459.14	
Capex Additions (B) [Refer Table 247]	*1,066.68*	*368.11*	*337.99*	*1,360.51*	*782.45*	***3,915.73***
Depreciation (C) [Refer Table 248]	*933.14*	*908.88*	*857.90*	*886.19*	*924.15*	***4,510.25***
Closing Aero RAB (D=A+B-C)	**14,045.49**	**13,504.72**	**12,984.81**	**13,459.14**	**13,317.44**	
Average Aero RAB (E=(A+D)/2)	**13,978.72**	**13,775.11**	**13,244.77**	**13,221.97**	**13,388.29**	
Opening HRAB (F)	104.32#	83.60	64.09	45.97	27.94	
Depreciation (G) [Refer Table 248]	*20.72*	*19.51*	*18.12*	*18.03*	*17.96*	***94.35***
Closing HRAB (H=F-G)	**83.60**	**64.09**	**45.97**	**27.94**	**9.97**	
Average HRAB (J = (F+H)/2)	**93.96**	**73.85**	**55.03**	**36.95**	**18.95**	
Average RAB (K=E+J)	**14,072.69**	**13,848.96**	**13,299.80**	**13,258.93**	**13,407.24**	

**include pro-rata addition of Rs. 5,655.10 Cr carried forward from FY 2024 on the closing Aero RAB of Rs. 8,256.86 Cr in the Table 74. #carried forward from closing HRAB balance of FY 2024 in the Table 74.*

6.3.159 The Authority proposed to consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period. The Authority proposed to true-up the Aeronautical Depreciation and RAB mentioned in the table above 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.

6.4 Stakeholders' comments on Capex, Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

During the 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. 07/2024-25 dated 31st January 2025 with respect to Capex, Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period. The comments from Stakeholders are presented below

DIAL's comments on Capex, Depreciation and RAB for the Fourth Control Period

6.4.1 DIAL's comments pertaining to MEPF & IT works in T3 Pier C conversion from Domestic to International is as follows:

"The Pier C conversion works requires considerable changes to the existing immigration / security control layouts at both departure and arrivals. This requires new IT infra (cabling, switches, increase in capacity of storage etc) to be executed which include floor cutting / core cutting through slabs etc. This again needs to be carried out in an operational environment with temporary facilities being provided for immigration / security etc to continue with unhindered operations and also minimize passenger inconvenience. The cost estimate thus considered for IT works by DIAL of 4.72 cr is reasonable and needs to be reinstated.

Similarly, the MEPF works need to be carried out in an operational environment and hence the rates for execution are higher than normally provided for. It is therefore requested that the DIAL estimates be approved."

6.4.2 DIAL's comments pertaining to Contingency expenses in T3 Pier C conversion from Domestic to International is as follows:

"Pier C being constructed in an operational environment which would require considerable temporary works to minimize inconvenience to passengers. Further the works require considerable controlled demolition (slab cutting / beam cutting etc) with temporary supporting which would all incur additional costs. These would be known once detailed design is carried out by the Contractor. Hence a contingency amount had been considered as part of the overall budget of Pier C. Therefore, DIAL is of the view that the Contingency amount needs to be reinstated.

Thus, we request the Authority to reconsider the costs pertaining to the conversion of Pier C from Domestic to International."

6.4.3 DIAL's comments pertaining to T3 Pier E Construction is as follows:

"6.3.96- As has been set out earlier, the study conducted by AERA appointed consultant had not fully appreciated the challenges of working in a operational environment i.e., usage of the Terminal 3 for normal activities along with the construction of the Pier E in DIAL with other constraints like stoppage of works due to NGT etc.

The rates considered by DIAL are based on rates derived from actual rates at which T1D / aprons has been executed as part of Phase 3a. These rates are more appropriate and need to be considered as the working environment in Pier E shall be similar. It is therefore requested that the DIAL rates / amounts be reinstated"

6.4.4 DIAL's comments pertaining to Contingency for T3 Pier E Construction is as follows:

"As has been elaborated during the submissions and discussions, the current estimate is based on overall areas that need to be constructed and on a cost / m2 basis. It is therefore considered reasonable that a contingency amount needs to be allowed to take care of increases that may arise during detailed design, finalization of BOQ. It is normal practice that a contingency amount is allowed in estimates of this nature. The continency amount requested by DIAL is based on best industry practices and it is requested that the contingency amounts be allowed.

Thus, we request the Authority to reconsider the costs pertaining to the conversion of Pier C from Domestic to International."

6.4.5 DIAL's comments pertaining to CT-XBIS is as follows:

"Airports across the world like that of Munich, Amsterdam, Heathrow and other airports have deployed CT- XBIS machines and it helps in passenger experience as the bags are screened without taking the luggage outside. In India, it may be noted that this is a mandatory requirement by BCAS vied circular no. 02 2023 dated 29.3.23, and all the necessary trials are completed, and we expect to receive an order to deploy these machines shortly.

We have a total requirement of 90 CT-XBIS as per below distribution:

a. 24 CT-XBIS @ T-1

b. 12 CT-XBIS @ T-2

c. 54 CT-XBIS @ T-3

Post recent trials and evaluation at BIAL by BCAS led TSC, it was directed to OEM to upgrade the detection algorithm meanwhile holding the procurement process across India.

The requirement may come into force any time. Hence, we may need to install the requisite no. of machine as submitted in our proposal in the next 1-2 years. Accordingly, we request Authority to consider the total no. of machines i.e., 90 instead of 44 proposed by the Authority."

6.4.6 DIAL's comment pertaining to Body scanners is as follows:

"It may be noted that this is a mandatory requirement by BCAS vide circular no. 05/2019 dated 08.4.2019, and all the necessary trials are completed, and we expect to receive an order to deploy these machines shortly.

As per SOP conservatively 01 units of FBS is considered within a pair of security lane which may increase after SOP finalization i.e. 1 FBS is required for 2 CT-XBIS

We have a total requirement of 45 FBS as per below distribution:

a) 12 FBS @ T-1

b) 06 FBS @ T-2

c) 27 FBS @ T-3

DIAL has already procured 4 FBS for deployment across terminals for trials.

The requirement may come into force any time. Hence, we may need to install the requisite no. of machine as submitted in our proposal in the next 1-2 years. Accordingly, we request the Authority, to consider the total no. of machines i.e., 45 instead of the 22 proposed by the Authority."

6.4.7 DIAL's comments pertaining to Runway incursion warning system is as follows:

"The runway incursion warning system is crucial for ensuring operational safety, given the high traffic volume at our airport. With two pairs of parallel runways and over 600 crossings from the inner runway daily, it is essential to safeguard both the inner runways and crossing points. The system will provide protection to:

- *Aircraft waiting to cross the runway*
- *Aircraft holding for lineup clearance*
- *Aircraft already lined up for departure*

The system uses fused surveillance data processed through complex state and safety logic. This safety information is then automatically conveyed to the pilots and vehicle operators via three types of in-pavement lights on the airport surface:

1. *Runway entrance lights (RELs) – It warns pilots and vehicle drivers it is unsafe to enter or cross a runway because runway is or soon will be occupied by high-speed traffic such as an aircraft taking off/landing*
2. *Take-off hold lights (THLs) – It warns pilots it is unsafe to take-off because the runway ahead is occupied by another aircraft or vehicle*
3. *Runway Intersection Lights (RILs) – It warns pilots in a take-off or landing roll that the intersection ahead is unsafe to enter or cross because a conflict exists*

Thus, each crossing of an active runway presents a significant safety risk and implementing this system will enhance the situational awareness, minimize incursion risks and improve overall runway safety.

Accordingly, we request AERA to consider the amount as proposed."

6.4.8 DIAL's comments pertaining to Contingency Expenses for Project & Engineering is as follows:

"Delhi airport has been operationalized for more than 18 years. Key infrastructure and additional runway which have been developed by DIAL have been operating for more than 15 years now. While DIAL continuously plan to undertake major maintenance and improvement. However, given the age of asset, there are number of unforeseen major capex expenditure to be undertaken. Basis the same, DIAL has requested 37.5 cr for contingency which is spread across five years and the amount is less than 0.2% of the total capex costs incurred by DIAL on IGI Airport. Thus, we request Authority to allow the amount as proposed."

6.4.9 DIAL's comments pertaining to Asset Sustenance Capex for Project & Engineering is as follows:

"It may be noted that DIAL has undertaken detailed study of the assets at airport. As a result of which, DIAL found the assets are aging and may require regular maintenance. Accordingly, DIAL had undertaken 100+ projects under 1 cr

Hence, request AERA to consider proposed capex to the full extent in this control period only."

6.4.10 DIAL's comments pertaining to Asset Sustenance Capex for Security & Vigilance is as follows:

"Replacement old perimeter wall including cargo with PIDS system is a regulatory requirement mandated by the following "Restricted" BCAS Circulars:

- *Rule17 of the Aircraft (Security) Rules , 2023 and Para 6.2.7 of the NCASP.*
- *Rule18 of the Aircraft (Security) Rules , 2023.*
- *AC 05/2017 Part 1A (V)*
- *ASP, AO 06/2018*
- *Rule no. 16 (1), (2), and (3) of ASR 2023*
- *6.2.5 of NCASP2018, and Rule 18(b) of Aircraft (Security) Rule 2023.*
- *Rule 17 of ASR, 2023.*

DIAL has submitted the estimates basis the total requirement and cost as per the previous purchase order. Any downward revision in budget may affect the total work and lead to non-compliance.

Similarly, given the size of airport and the number of people working in different capacity at airport, we are witnessing the increase in issuance of AEP passes. In order to cater to this requirement, we had proposed for 5 fargo printer (specialized in printing AEP). Lower number of printers may affect the operational efficiency for printing of passes

Therefore, we request the authority to reconsider the projects and allow this expenditure in total for the requirement."

6.4.11 DIAL's comments pertaining to Beautification of Airport Gateways and other areas is as follows:

"Pollution is one of the most critical and increasingly emerging environmental issues in Delhi which is affecting physical and mental health of the all the people including passengers at Delhi Airport. Under this landscaping project, large area will be covered with natural plants and other landscape features which is necessary for improving the air quality, environment and ambience in the area for better passenger experience. Proper designed landscape shall be helpful in arresting and absorbing suspended micro pollutants, available in local environment, leading to improve AQI.

Secondly, considering Delhi International Airport as "Gateway to India", it's prudent to improve look and feel at the landside and Cityside areas, as the first impression by an international passenger adds up value to enhanced image building of our great nation.

Additionally, Government of India has an aspiration to make India as Hub, in line with this, Delhi airport has been identified as airport to be developed as Global Hub, for which it become utmost important to provide best passenger experience and to build reputation of DIAL as Global Hub among global passengers.

Therefore, DIAL has to incur these expenses which will overall enhance passenger experience.

These costs are forming part of the Landscape and are allowed by the Authority for various airports lists are as follows:

- ***Bengaluru Airport:*** *In case of the Kempegowda International Airport (KIA), the Airport Operator has proposed the landscape works for the third control period. Considering the COVID 19, the Authority requested to postpone these costs, however the same were not disallowed by the Authority. Below is the extract for ready reference.*

B16 and B17 – Landscape works and Alpha 4 project

5.2.67 The Authority reviewed the submission of BIAL for the Landscape works and Alpha 4 project.

5.2.68 On the backdrop of the impact on air traffic and the entire aviation industry due to COVID-19, the Authority is of the view that there is a need to postpone the capital expenditure which is not urgent or not ongoing from the Third Control Period. This would reduce the tariff burden on the airport users.

5.2.69 In its MYTP, BIAL has submitted that the Alpha 4 is proposed in the later part of the Third Control Period due to the impact of COVID-19 on air traffic and its current staff are accommodated at different locations across the airport on the short-term basis. The Authority noted that BIAL has already accommodated its employees and BIAL has also acknowledged the impact of COVID-19 on the capital expenditure plans of the airport. Therefore, the Authority is of the view that Alpha 4 is not an urgent requirement of the airport and it can be postponed to the next control period.

5.2.70 Similarly, the Authority noted that the landscape works are also proposed to be capitalized in the last year of the Third Control Period, that is, FY26. BIAL has proposed these landscape works through sustainable drainage along with a network of footpaths and cycle paths for sustainable transport. The Authority is of the view that these capital expenditure projects are not urgent for the airport and can be postponed to the next control period.

5.2.71 Accordingly, the Authority proposes to exclude the Landscape works and Alpha 4 project cost from the Third Control Period.

- ***Delhi Airport:*** *Landscape works are always allowed by the Authority till the 3rd Control Period. However, the Authority has decided not to consider the landscape activities for the 4th Control Period.*

Thus, we request the Authority to allow this expenditure."

6.4.12 DIAL's comments pertaining to Upgradation of AGL CMS Software update & Hardware replacement is as follows:

"There are more than 300 circuits related to AGL and it has to be integrated to CMS software at one go only for smooth airport operation. Splitting the work over two different time period is not advisable from operations point of view and may pose challenges.

Therefore, we request the authority to allow this expenditure in this control period only."

6.4.13 DIAL's comments pertaining to Boarding gate seating area modification is as follows:

"DIAL is refurbishing departure boarding gates with respect to seating capacity increase, typology of gate seating to facilitate all passenger demographics, renew the layout to facilitate seamless circulation and boarding process. Illumination and charging points will be optimally provided to enhance passenger experience.

It may be noted that we planned to execute 18 gates with the proposed budget.

As per the recent purchase order, we have refurbished one gate at a total cost of 2.58 cr.

Considering this cost incurred per gate we expect the total expense to be north of 45 cr.

Thus, moderation of this capex will lead to lower number of boarding gates modification. Hence, we request authority to allow this expenditure in total so that all the identified gates modifications are carried out in phased manner."

6.4.14 DIAL's comments pertaining to Safety and security is as follows:

"The submission for the safety and security related projects under this head is as per the current operational requirement and the mandated security related directions received form regulators. These projects are to be done as per the timeline.

Postponing of the mandated activity would be seen as non-compliance for DIAL to the regulatory mandate. Therefore, we request the authority to reconsider and allow this expenditure in total for the requirement.

Hence, request AERA to consider the proposed capex in this control period only."

6.4.15 DIAL's comments pertaining to Safety and security is as follows:

"Implementation of FR (Facial Recognition) and other AI (Artificial Intelligence) in CCTV Cameras is a regulatory requirement mandated by AVSEC Order No. 02/2023 and BCAS Circular No. 05/2017. Upgradation of Radiation Detection Equipment is a regulatory requirement mandated by BCAS Circulars 01/2020.

CCTV Surveillance System at Isolation Bay is a regulatory requirement mandated by BCAS circulars - AC 05/2017 and BCAS HQs letter no. CAS-5(4A).2008/DIV-I (DIAL Ops), dated 17th December 2012.

It may be noted that, DIAL has initiated the tendering process for creation of isolation bay wherein the 360-degree security camera coverage are required as per Security agency approval.

Postponing of the mandated activity would be seen as non-compliance for DIAL to the regulatory mandate. Therefore, we request the authority to reconsider and allow this expenditure in total for the requirement."

6.4.16 DIAL's comments pertaining to Upgradation of Airside gates (mechanical & automations, civil, security & P&E) is as follows:

"Upgradation of airside gates is a regulatory requirement mandated by the following BCAS Circulars which are "Restricted" to be shared:

- *Rule 16 of ASR 2023, AC 28/2006, AO 06/2018 and BCAS OM dated 29.01.2024 stipulate gate house equipment*
- *BCAS-12022014-Sec.vetting-of Design*
- *BCAS Circular 2/2007*
- *Rules 2022 in Chapter VI - Aerodrome Access Control.*
- *BCAS Circular no 11/2017*
- *Revised manpower survey for augmented Gate requirement.*

This activity commences at the start of the control period and needs to be finished as soon as possible. Delaying this would be seen as non-compliance to the regulatory mandate.

Therefore, we request the authority to allow this expenditure in this control period only."

6.4.17 DIAL's comments pertaining to RWY 11R/29L is as follows:

"The cost has been assessed basis the requirement and previous purchase order. It may be noted that we may incur additional cost.

Hence, request authority to consider the proposed capex."

6.4.18 DIAL's comments pertaining to Carpet Change for T3 – Domestic & International side (Departures and Ramp) is as follows:

"It may be noted that this requirement encompasses of carpet change, all the enabling work, barricading and electrical raceway work. The estimates were basis the area to be undertaken in this project and the vendor quote submitted.

As per the recent purchase order the cost per sqm for carpet installation amounted to INR 7586/Sqm. We have a total area of 50000 sqm to cover.

Considering the cost incurred we expect the total expense to be north of 30 cr.

Thus, moderation of this capex will lead to lower carpet area Hence, we request authority to allow this expenditure in total so that we may proceed with the requirement."

6.4.19 DIAL's comments pertaining to Carpet Change for T3 – Domestic & International side (Arrivals) is as follows:

"It may be noted that this requirement encompasses of carpet change, barricading and electrical raceway work and all the enabling work. The estimates were basis the area to be undertaken in this project and the vendor quote submitted.

As per the recent purchase order the cost per sqm for carpet installation amounted to INR 7586/Sqm.

We have a total area of 50000 sqm to cover.

Considering the cost incurred we expect the total expense to be north of 30 cr.

Thus, moderation of this capex will lead to lower carpet area. Hence, we request authority to allow this expenditure in total so that we may proceed with the requirement."

6.4.20 DIAL's comments pertaining to Replacement of seating at all terminals is as follows:

"DIAL has benchmarked the seating options with leading airports worldwide and found the Vitra, Matteo Grassi and Zaftig chairs to provide ergonomic seating for passenger comfort. It may be noted that these chairs are imported and have a life of 10 years and were bought in the year 2010. DIAL, through regular maintenance and spares replacement, has extended its life, this far.

Basis maintenance cycle and the new additional requirement the quantity was derived. DIAL has also shared the relevant recent purchase order to justify the cost proposed.

Hence, request authority to consider the proposed capex."

6.4.21 DIAL's comments pertaining to Apron is as follows:

"The cost has been assessed basis the requirement and previous purchase order. We checked for any overlapping cost with the flexible taxiway and found there is no overlapping costs.

It may be noted that though the heading of the work carried out is same, but they are carried out in different parts of the apron and that there is no overlap.

Hence, request authority to consider the proposed capex"

6.4.22 DIAL's comments pertaining to Signage revamp of all terminals is as follows:

"It may be noted that Signages are crucial for any airport and will help improve passenger experience by providing a consistent experience throughout the touchpoints.

Accordingly, we plan to onboard a consultant who will study our signages and basis that will design signages for all terminals.

The cost has been assessed basis the requirement and previous purchase order

Hence, request authority to consider the proposed capex."

6.4.23 DIAL's comments pertaining to Capacity Enhancement Capex is as follows:

"It may be noted that DARK warehouse and training centre is part of the same project.

As per DGCA guidelines dated 15 July 2019, reference no –

AV 20011/20/2011-AL we are mandated to keep DAR Kit and "Airport operators shall ensure a level of training and proficiency of personal involved in aircraft removal operation"

Accordingly, we are required to build the infrastructure for such training

Hence, request authority to consider the proposed capex."

6.4.24 DIAL's comments pertaining to Runway Sweeping machine is as follows:

"DIAL studied the useful life of the asset and found 3 machines must be replaced due to end of its useful life.

It may be noted as per the recent PO placed for two machines, value of one machine was INR 4.64 cr. Overall, for three machine it will be close to 14 cr.

Hence, request AERA to consider the proposed amount"

6.4.25 DIAL's comments pertaining to Landside Design feature at T1 and T3 and upgradation of information desks with multimedia facilities is as follows:

"The key focus of any airport is to provide passenger best/memorable experience at airport. We agree there are no norms but our airports long term vision is to be the best airport in the world.

To achieve this, we have to undertake few capital expenditure which will help improve brand and reputation of the airport.

Hence, request authority to consider the proposed capex."

Other Stakeholders' comments on Capex, Depreciation and RAB for the Fourth Control Period

6.4.26 IATA's comments pertaining to Expansion Capex for the Fourth Control Period is as follows:

"From a pure costing perspective, IATA agree with the logic AERA and its independent consultants have applied to address excessive cost estimates and some elements of cost that should not be passed to users, such as facilities management services and marketing. In this context, we agree with AERA's assessment of the overall CAPEX proposed summarised in Table 228 being Rs. 4,211.39 Cr.

Notwithstanding this, we would however like to raise some important points for AERA to consider in its final determination given user and consumer impacts.

It is essential for all parties involved that CAPEX and all other regulatory building blocks are consulted upon and agreed well in advance of the start of a Control Period. Airline- airport consultation should occur at least 6 months in advance of any determination allowing sufficient time for a dialogue to better understand airport major capital investment plans, to allow airlines to provide inputs regarding their

own requirements, and to take a view on the overall affordability of plans. Without sufficient time, this undermines the AUCC and consultation process with users and limits our ability to meaningfully comment on CAPEX that airport users are expected to pay for. In addition, a single AUCC called on short notice is insufficient to enable us to provide informed feedback regarding large scale CAPEX investments that will impact passengers and operations for years to come.

There is a need for airport operators to recognize the importance of effective user consultation in their engagement with airline customers and users. AERA too has a role to play in putting in place more robust regulatory controls to deliver this attitudinal change that is required, for what is effectively monopoly providers delivering public services, with significant market power. Towards that, IATA appreciates AERA for its issuance of the letter of 1 Jan 2025 reiterating for the airports to ensure compliance with the consultation protocol & to conduct AUCCs for major projects.

From a CAPEX perspective a number of regulatory enhancements such as disallowing any projects that have not been consulted upon with users per AERA's consultation protocol at key stages (needs identification stage, options development stage, and detailed project design stage) in the design process; tougher penalties for non-delivery to the required cost, quality, scope or program; and an independent review of costs at a project level during the design and development process would be very useful. An Independent Fund Surveyor (IFS) approach similar to the mechanism applied by the Irish Airport Authority works well, where costs are agreed at each major stage gate, with the airline community's input.

Regarding Third Control Period true-up, we vigorously disagree that users should be burdened with the airport operator's inability to deliver a program of works it previously committed to, both in terms of benefits that should have been delivered and costs that have escalated due to a shift in market conditions or ineffective procurement processes. Cost escalations should be removed from any true-up considerations and immediately disallowed. We also suggest the current 1% reduction of costs regarding uncapitalized project costs from the target revenue is increased to a 5% penalty to provide a greater focus and incentive in this area. While 1% is useful, it may not be sufficient for airport operators to act as a competitive business would be expected to.

Various references are made to the 2016 airport master plan regarding CP4 investment, in particular with regarding to Pier E expansion. Before commenting on project specifics, master plans should be consulted upon every 5 years, which reflects both the IATA Airport Development Reference Manual (ADRM) co-produced with the Airports Council International (ACI) and industry experts, and ICAO's recently published master plan guidance. This is reflected in ICAO's Doc 9184 Airport Planning Manual Part 1 – Master planning, Third edition 2023, that states under section 1-2 "To ensure a realistic and appropriate fit to continuously evolving aviation industry conditions, the master plan should be reviewed in its entirety every 5 years, or more often if changes in economic, operational, environmental and financial conditions warrant an earlier revision. Adjustments may need to be made to assumptions used during the initial master plan process, including phasing and ongoing airfield and facility development as air transport evolves." As the guidance indicates, this is especially important in fast paced markets such as in India and the Delhi area, to ensure changes in the market in terms of traffic, latest trends, compatibility, affordability etc. are taken into account.

Without an updated master plan to inform CP4 CAPEX investments, there is a risk plans are misconceived, and the wrong infrastructure could be built at the wrong time. A few important considerations should be taken into account for CP4 including:

- *The demand triggers for investment taking into account capacity and demand factors directly linked to phasing plan, construction timeframes, and level of service also need to be identified and clearly understood to provide the assurance and validate the right infrastructure is being*

planned to meet users' needs. At present little detail has been provided other than references to a master plan review. We understand this is in MoCA's domain, however nonetheless a review is required now before large scale CP4 investment decisions are taken.

- *One point related to demand triggers for investment and DIAL's phasing strategy is the refurbishment and enhancement of T2 in the context of traffic growth and future phases including T4, raised by airlines at the January AUCC. For instance, DIAL's traffic forecasts indicate 95.58 million passengers by 2029, however with T2 and T3 development, capacity will increase by about 110 million passengers overall. We are interested to understand the impact if T2 is deferred to the next control period. Is T2 capacity really required in CP4 as an interim step and has the timing of T4 development been considered in this context?*

Regarding planning assumptions and the Business Case for investments, additional information is requested that is essential for users to review and provide feedback on major CAPEX plans (in addition to the points above). Fundamentally, airport infrastructure exists to serve the airlines that operate from it, and therefore the endorsement of users should be required before projects move ahead. Required details include:

- *Project options, costs, benefits for each major project with a corresponding business case demonstrating the return on investment for users. This is lacking for each and every project yet is essential to demonstrate these investments are required, and where justified the optimal solution has been selected to meet users passenger and operational needs.*
- *Regarding traffic forecasts and the related capacity assessments:*
    - *DIAL states IGI will reach its handling capacity for international passengers by FY26 and 90% of T3's capacity in the same time period. Please substantiate this with data.*
    - *Extrapolated from traffic forecasts and design day flight schedules, peak hour planning inputs by terminal, broken down into passenger segments for Departures, Transfer and Arrivals for terminal facilities. Please also share the methodology to calculate peak hour planning and the rationale for it.*
    - *Related, for security related elements, is the same methodology applied? Excess provision for space should not be provided beyond industry best practices e.g. reflected in ADRM.*
- *Specific level of service parameters ideally within IATA's ADRM framework and Optimum range e.g. space per passenger m2 and maximum waiting time for each passenger individual processing element and holding areas e.g. % seating in gate room areas.*
- *For each project a thorough understanding of how construction delivery proposals retain existing capacity and levels of service (LoS) throughout the proposed construction period in CP4. A commitment to avoid any reduction in LoS, the need to avoid forced airline moves and a detailed understanding of phasing is required now, to ensure these principles are included in DIAL's project planning from the start. Without this planning, costs are likely to escalate, projects may not be delivered on time, and passengers and airlines will suffer from avoidable disruption.*
- *As important is a clear understanding of project dependencies and risks. There will inevitably be knock-on impacts between projects, which is a common issue experienced at many airports. In the interest of DIAL and all users we request the overall program including critical path for each major project and major risks are shared now for review in advance of AERA's final determination.*

- *These are important aspects to consider informing the capitalization schedule for the period, that are closely linked to the strategic choices for the airport based on points made.*

Stands:

A large number of stands are being proposed in CP4 however there is little supporting detail to substantiate the requirement. We request details regarding the underlying planning assumptions in particular taking into account the following details:

Assumptions regarding removing redundant aircraft currently occupying parking areas.

- *Overall stand demand for the airport reflecting on ATM traffic forecasts, split by terminal and aircraft code:*
    - *How many parking stands overall are required in CP4, and how many can be deferred until a later period to phase capacity in accordance with demand and capacity side impacts?*
- *Related, has any revenue recovery from grounded aircraft (even if delayed) and penalties from airlines/lessors for such long-term parking been factored into regulated revenues?*
- *Stand planning rules and related service measures including:*
    - *The time allowed on contact and remote stands used for live operations and the relationship between this and parking stands, and towing. In principle, towing should not compensate for a lack of available stands.*
    - *The level of pier service/contact gates e.g. in % terms that may drive the need for contact gates:*
        - *Related, while the outdated 2016 master plan states 12 contact stands on pier E, what is driving this requirement for CP4? Are the previous assumptions still valid, and how have these been consulted upon with users?*
    - *Any preferential stands for particular aircraft types e.g. wide-body, or by airline or alliance?*
    - *What specifically is driving the overnight parking requirement e.g. based aircraft, first wave operations?*
    - *Are multi aircraft ramp system (MARS) stands being planned, or swing gates between piers C and D for any further flexibility?*
    - *Regarding the costs associated with parking stands, please clarify if these can also be used for live operations. No associate equipment such as FEGP, PCA, fuel systems are noted in the high-level scope.*

Pier E, Pier C reconfiguration

For all terminal-related project proposals from the redevelopment of existing piers to infills and the new pier:

- *How has technology been leveraged and planned to efficiently utilize expensive infrastructure?*
- *How is infrastructure being planned to safeguard for the future?*

DIAL should provide detailed answers to these important points taking into account processing time, space for queuing and the overall passenger experience vision are key elements to take into account, for instance:

- *How are biometrics being used to drive space efficiency, and what GIFA benchmarks are being used taking these elements into account?*
- *Please note IATA has developed an industry business case to demonstrate the benefits of removing physical barriers at airports on Departure, enabled by biometrics, based on various scenarios including passenger segregation issues typically faced by airports in India. This reinforces the need to plan for flexibility in the future regarding passenger processing.*

A substantial amount of CAPEX being Rs. 2,402.54 Cr. is allocated to expansion projects, regarding Pier E, C reconfiguration and infill. We request DIAL clarifies a number of points (noting some similar generic points have been raised), that DIAL should be sharing at AUCC meetings from a basic design and development perspective to inform design and development decisions and the related functional scope and costs:

- *Please can DIAL share details of the passenger journey for all T3 developments and pier E, for departures, transfers (by type e.g. D-D-D-I, I-D) and arrivals taking into account passenger walking distances and times, level changes, minimum connection times.*
    - *We request DIAL shares terminal and pier layouts to more clearly illustrate the passenger journey routes.*
    - *We also request a clear understanding of the delineation between commercial and all other areas. Commercial layouts should also include back of house corridors, lifts, storage areas, waste areas and break out rooms, to demonstrate DIAL's position that less than 10% of these areas are non-aeronautical and 100% for pier E (meaning no retail concessions at all will ever be placed on that pier).*
- *Passenger levels of service in terms of space or passenger and queuing times, boarding gate sizing.*
- *For Pier E and C, 10 MAP split into peak hour passenger numbers and LoS.*
- *Stand demand and levels of pier service versus remote operations assumption.*
- *Terminal gross floor area (GFA) per million passengers or equivalent planning inputs and an associated breakdown of these areas as a minimum per million pax per including:*
    - *Pier GFA*
    - *Check in / bag drop GFA*
    - *Departures baggage GFA*
    - *Reclaim GFA*
    - *Early bag store*
    - *Stands throughput e.g. annual per stand average*
- *Regarding T3 forecourt capacity, is there sufficient space for vehicles to drop off and pick up passengers? What ratios are used to calculate curb length and forecourt sizing?*
- *What is the vehicle and car parking strategy to balance capacity and demand without penalizing passengers through excessive payments?*
- *Regarding the Departures BHS, what is the baggage strategy for Terminal 3 including Pier E to ensure there is sufficient capacity to accommodate demand based on assumptions are used:*
    - *Bags per passenger ratios by segment*
    - *Check-in/bag drop belt capacity and in-system time for the sortation system*
    - *Baggage reconciliation and compliance with IATA resolution 753*

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- *Capacity of HBS*
- *EBS capacity and ratios of direct to transfer baggage*
- *System reliability and resilience planning KPIs and strategy*
- *Planning for growth*
- *Flexibility e.g. any input to any output*
- *Baggage tag technology*
- *Baggage make-up strategy including capacity assumptions and the number of handlers*

- *Regarding ground services equipment (GSE) please explain the assumed area per stand for vehicles and equipment noting sufficient space should be provided e.g. % allocation as a total proportion of the stand.*
- *Construction of Pier E is bound to have a major disruption in Pier D Apron. IATA would like AERA to ensure that the airport takes the required measures to mitigate disruptions, ensure a minimum acceptable level of service and to agree a realistic phasing plan."*

6.4.27 AOC's comments pertaining to Expansion Capex for the Fourth Control Period is as follows:

"Table 216 on expense considered by Authority on Expansion Capex for 4th Control Period. An expense of 1241 Cr for domestic Pier E at T3 which does not enhance any capacity for Domestic users (Ref Table 189) at T3 has to be referenced as an expense (A1+A2+A4 = 49+112+1241 = 1402 Cr) being done just to enhance Capacity for Int'l users by 10 MPPA over 5 years of the 4th CP (from 20 MPPA to 30 MPPA) with a projected increase of just 5 MPPA of Int'l Users over a period of 5 years from 2024-2029 (Refer Table 184).

Similarly, the expense of 112 Cr proposed to be incurred on refurbishment of Terminal 2 in the 4th Control Period without any enhancement in either the Handling Capacity nor visibly moving towards the Masterplan of Phase 4 which is being continuously passed on to the user should not be considered as an efficient cost. Kindly refer to Clause 6.3.69 and Table 204."

6.4.28 IATA's comments pertaining to General Capex for the Fourth Control Period is as follows:

"We thank AERA for highlighting the AUCC discussions in this consultation, and for its thorough assessment of CAPEX line items throughout the consultation, and for general CAPEX. From a pure cost component perspective we agree with AERA's assessment and support its independent consultants' logic and conclusions to exclude or defer certain items such as: We thank AERA for highlighting the AUCC discussions in this consultation, and for its thorough assessment of CAPEX line items throughout the consultation, and for general CAPEX. From a pure cost component perspective we agree with AERA's assessment and support its independent consultants' logic and conclusions to exclude or defer certain items such as:

- *CT-XBIA and body scanners taking into account supply chain and body scanners, resulting in an overall reduction in CP4 reflecting required facilities.*
- *Facilities management services and marketing are not reasonable to include and expect user to fund.*
- *A reassessment of boarding gate seating costs.*

IATA agree with the Authority's assessment of Rs. 1,678.35 Cr.

APM System:

IATA noted that details regarding the APM connecting T1 and T3 were not included in this consultation paper and do not form part of the CAPEX to be approved in the CP4. IATA would expect greater transparency of the design and development process and similar scrutiny and validation by users i.e.

capital efficiency and a business case review particularly as the infrastructure is part of the airport master plan, impacts connectivity and MCTs. Noting that if there is a separate charge to be imposed on passengers, we would reasonably expect that the APM passenger charge would be reviewed and regulated by AERA if this is the case. We assume the OPEX and maintenance of the system will also therefore be funded by the project bidder. There may be other sensitivities for review, such as staff travel between terminals for work purposes, will this group also be charged if landside?

We also request clarity regarding any elements of scope that may not be included in the bid with the APM provider, for instance please confirm if the station boxes, platforms, and rolling stock are also provided by the bidder, or if users are expected to fund these or any related elements. Regarding the design, we need the confidence and assurance there is sufficient capacity and future proofing for growth, and we also require a detailed understanding of the concept of operations regarding the frequency of services based on peak hour passenger numbers for transfers, integration with baggage MCTs, and how different passenger types will be segregated."

6.4.29 AOC's comments pertaining to General Capex for the Fourth Control Period is as follows:

"Referring to Table 218 Row A19, AOC fully endorses Hon'ble Authority's view that such aesthetics' driven expenses are no way resulting in any tangible benefit for the users and appreciates that same principle be applied to the clauses and expenses listed further below.

Table 219, Row B6 referencing the expense considered by AERA towards AOCC Expansion (10Cr) seems to be unwanted since an Expense towards formation of APOC has already been considered by AERA and allowing overlapping expense for the same or Table 219, Row B9 reflecting an expense of 22Cr towards Asset Sustenance Capex is unwanted and does not reflect any tangible benefit for the users and must be disallowed.

Table 220, Row C7 citing an expense of 15Cr on Cost proposed to be considered by Authority for Finishes under General Capex towards Asset Sustenance Capex has to be rationalized and limited for rightful expense which reflects tangible benefit to the user.

Table 220, Row C9: Cost of 4.5 Cr towards Capacity Enhancement Capex for T2 should be covered under overall Capex proposed by Authority for T2 refurbishment and must be removed from here.

Table 220, Row C11: Capex approved of 4 Cr towards the expense for Landscape Design should be disallowed since it does not seem to reflect any tangible benefit for the users."

6.5 DIAL's response to Stakeholder Comments on Capex, Depreciation and RAB for the Fourth Control Period

6.5.1 DIAL's response to the various comments raised by IATA and AOC with respect to Capex, Depreciation and RAB for the Fourth Control Period is presented below.

6.5.2 With respect to IATA's comment pertaining to Expansion capex, DIAL stated that,

- *With regard to proposed projects, it may be noted that all major projects being proposed are from Master Plan 2016 and it may be noted that AUCC meeting was conducted, during the Master Plan exercise in 2016 and IATA was also part of the same. Further, AUCC for CP-4 was also conducted on January 6, 2025 where IATA was also a party. IATA will also be fully consulted in future during Master Planning exercise. Hence, it is not correct for IATA to say that they have not been consulted thoroughly.*
- *Reference to Irish Airport Authority is not valid as DIAL is governed by OMDA and AERA Act whereby they have fully complied with the requirement.*

- *With regards to procurement process, the process has been tested by AERA and AERA has presented its view in the consultation paper after its analysis. Further, AERA under clause 4.4.54 of the consultation paper has suggested that procedure adopted by DIAL for awarding the EPC contract appeared to be transparent and efficient.*
- *DIAL has already informed AERA in submission and IATA during the AUCC that the updation of master planning is in process and the updates would be informed once concluded. The existing proposed capex would not be affected by the master plan change, if any.*
- *As per clause 3.5.1 of OMDA, Master Plan has to be revised / updated at every 10 years. Hence Master Plan 2016 is still valid till further updation. However, considering the changes in airline outlook/demand, economic, operational and technological conditions, DIAL has commissioned revision of the current master plan in 2024. DIAL has already consulted with number of key stakeholders and will continue to consult IATA and other relevant stakeholders, while finalising the revised master plan.*
- *Based on the traffic forecasts of the on-going master plan revision exercise, the infrastructure development plans as suggested in CP4, which are part of the current master plan, will also be the part of the proposed on-going master plan revision.*
- *Since the Pier C of T3 is proposed to be converted for meeting the international passenger demand from FY 26, the domestic capacity of Terminal-3 goes down to 15 MPPA from the current 25 MPPA. Thus, the IGIA domestic capacity remains at 70 MPPA.*
- *If proposed work in T-2 and associated airside works are not undertaken now, then the IGIA domestic capacity will further come down to 55 MPPA. Whereas the current domestic traffic demand by FY25 already crossed the above 55 MPPA. Therefore, T-2 refurbishment with associated airside works are necessary to meet the domestic traffic demand till FY29.*
- *International best practices including IATA ADRM have been considered to assess the peak hour requirements.*
- *All planning parameters are considered for optimum Level of Service as per IATA ADRM framework.*
- *The construction methodology / phasing has envisaged in such a way that the required optimum level of service is achieved.*
- *The project detailed planning including critical path will be made available once the project is awarded.*
- *As regard to parking stands, please refer master plan 2016 document where the stands requirement has been presented.*
- *Also, there is a demand for wide body aircraft parking stands and the remote night parking code C stands from airlines. As major airlines are planning for enhanced long haul / hub operations from IGIA. Hence, these additional stands including 7 code-E stands which are proposed for development in CP-4 period.*
- *Both airlines base operations and first wave operations are taken care in the planning of the stands.*
- *MARS stands are not planned in CP4.*
- *As highlighted in AUCC, Pier C is being converted into International Pier to provide for more capacity.*

- *Digiyatra, SBD, Biometrics, E-gates, Trusted Travel Programme, ATRS etc are already available at the airport and will be considered for further expansion, viz. Pier E development.*
- *Biometric based processing is already being used to enhance passenger experience and reducing processing time, thereby reducing space requirement are considered in planning*
- *All the components of the pier-C and Pier-E are as per Master Plan 2016 – which was planned as per IATA ADRM norms.*
- *So as to enhance the T3 forecourt capacity, DIAL has diverted significant volume of private taxis to the MLCP and also implemented forecourt management plan. Support of all stakeholders is necessary to achieve the plan.*
- *The vacant space for Pier E construction has been provisioned in the airside area.*
- *During construction of Pier E, DIAL does not foresee any major disruption to Pier D operations"*

6.5.3 With respect to IATA's comment pertaining to General capex, DIAL stated that,

*"**CT- XBIS for PESC area at IGIA (Terminal 1&3):***

IATA did not provide any sound reasonings for supporting the deferment of the capex on these items. Airports across the world like that of Munich, Amsterdam, Heathrow and other airports have deployed CT- XBIS machines and it helps in passenger experience as the bags are screened without taking the luggage outside. In India, it may be noted that this is a mandatory requirement by BCAS vide circular no. 02/2023 dated 29.3.23, and all the necessary trials are completed, and we expect to receive an order to deploy these machines shortly. In absence of the consideration of these costs by the Authority, it would result into non-compliance with the circulars and in exceptional circumstance, it would hamper the operations of the Airport and Airlines significantly.

Reassessment of boarding gate seating costs:

IATA did not provide any reasonings for supporting the deferment of the capex on these items. DIAL is refurbishing departure boarding gates with respect to seating capacity increase, typology of gate seating to facilitate all passenger demographics, renew the layout to facilitate seamless circulation and boarding process. Illumination and charging points will be optimally provided to enhance passenger experience. It may be noted that we planned to execute 18 gates with the proposed budget. Thus, moderation of this capex will lead to lower number of boarding gates modifications. Deferment of this cost would result into DIAL's inability to invest on these items and thus have an impact on the operations of Airports and Airlines significantly.

APM:

This has been informed to IATA at multiple forums i.e., AUCC, Stake Holder Consultation Meeting etc., that the APM is being constructed on the concession model wherein the transfer / transit passengers are not liable to pay the requisite charges in accordance with the law.

Since, the costs are not incurred by the DIAL and the costs are not forming part of the Regulatory Asset Base there was no necessity of including it in the eligible RAB.

Further, the pricing mechanism other than the transit / transfer passengers would be provided only after the project specifics are completed post bidding."

6.5.4 With respect to AOC's comment pertaining to Expansion capex, DIAL stated that,

"DIAL has planned to increase its domestic capacity by undertaking development of new Pier-E, the same has been discussed under clause 6.2.10 to 6.2.17 of the Consultation Paper dated 31.01.2025. The IGIA Master Plan 2016 proposes for addition of Pier E with Domestic in-fill to the eastern side of existing integrated Terminal 3 (T3) for enhancing Terminal 3 domestic Capacity by 10 MPPA.

The proposed T2 Refurbishment will meet the domestic traffic demand up to 2029 which facilitates postponement of T4 immediate Capex by 4-5 years. This is a required expenditure which will increase usability of terminal 2 with minimum expenditure benefiting the passenger and Airlines alike."

6.5.5 With respect to AOC's comment pertaining to General capex, DIAL stated that,

"Pollution is one of the most critical and increasingly emerging environmental issues in Delhi which is affecting physical and mental health of the all the people including passengers at Delhi Airport. Under this landscaping project, large area will be covered with natural plants and other landscape features which is necessary for improving the air quality, environment and ambience in the area for better passenger experience. Proper designed landscape shall be helpful in arresting and absorbing suspended micro pollutants, available in local environment, leading to improve AQI.

Secondly, considering Delhi International Airport as "Gateway to India", it's prudent to improve look and feel at the landside and Cityside areas, as the first impression by an international passenger adds up value to enhanced image building of our great nation.

Additionally, Government of India has an aspiration to make India as Hub, in line with this, Delhi airport has been identified as airport to be developed as Global Hub, for which it become utmost important to provide best passenger experience and to build reputation of DIAL as Global Hub among global passengers.

Therefore, DIAL has to incur these expenses which will overall enhance passenger experience These costs are forming part of the Landscape and are allowed by the Authority for various airports lists are as follows:

- *Bengaluru Airport: In case of the Kempegowda International Airport (KIA), the Airport Operator has proposed the landscape works for the third control period. Considering the COVID 19, the Authority requested to postpone these costs, however the same were not disallowed by the Authority. DIAL has enclosed the extract for ready reference.*

B16 and B17 – Landscape works and Alpha 4 project

5.2.67 The Authority reviewed the submission of BIAL for the Landscape works and Alpha 4 project.

5.2.68 On the backdrop of the impact on air traffic and the entire aviation industry due to COVID-19, the Authority is of the view that there is a need to postpone the capital expenditure which is not urgent or not ongoing from the Third Control Period. This would reduce the tariff burden on the airport users.

5.2.69 In its MYTP, BIAL has submitted that the Alpha 4 is proposed in the later part of the Third Control Period due to the impact of COVID-19 on air traffic and its current staff are accommodated at different locations across the airport on the short-term basis. The Authority noted that BIAL has already accommodated its employees and BIAL has also acknowledged the impact of COVID-19 on the capital expenditure plans of the airport. Therefore, the Authority is of the view that Alpha 4 is not an urgent requirement of the airport and it can be postponed to the next control period.

5.2.70 Similarly, the Authority noted that the landscape works are also proposed to be capitalized in the last year of the Third Control Period, that is, FY26. BIAL has proposed these landscape works through sustainable drainage along with a network of footpaths and cycle paths for sustainable transport. The Authority is of the view that these capital expenditure projects are not urgent for the airport and can be postponed to the next control period.

5.2.71 Accordingly, the Authority proposes to exclude the Landscape works and Alpha 4 project cost from the Third Control Period.

- *Delhi Airport: Landscape works are always allowed by the Authority till the 3rd Control Period and out of turn the Authority has decided not to consider the landscape activities for the 4th Control Period.*

The expenditure proposed by DIAL under this category is not even 1% of the total general capex proposed by DIAL. Thus, we request the Authority to allow this expenditure."

"It may be noted that these are necessary expenditure It may be noted that DIAL has undertaken detailed study of the assets at airport. As a result of which, DIAL found the assets are aging and may require regular maintenance. Accordingly, DIAL undertook multiple projects under 3 cr as including Falcon Spider for High rise facade cleaning -T3, Permanent cover for drains, Sensor based tap -T3, Runway paint marking machine-Line Lazer, runway paint marking machine-Road Lazer etc. DIAL has submitted detailed list, necessity and cost estimates for the capex proposed for CP4. AOC has not provided any basis to object the inclusion such assets and hence does not merit any consideration."

"As an Airport of national importance, aesthetics becomes one of the most important aspect for IGI Airport. Up keeping and refreshing of this aesthetics is very important for DIAL as it adds value to Airports overall passenger experience and improves country's impression. The same has been appreciated by AERA and by passengers over the last decade."

"The proposed capex is specifically towards gate no 22 in Terminal- 2. The details of work proposed to be carried out by DIAL has been submitted to AERA which includes slab extension work. The project is separate from T2 refurbishment, and it will be taken up separately in the year FY 2027."

"Landscaping is an important aspect which reflects image of IGI Airport and also of our country which makes it important for DIAL to efficiently spend money on landscape design. DIAL has given it's detailed response in regard to the above vide it's letter dated DIAL/2024 25/Regulatory/3550 dated 3rd March 2025, which may be referred."

6.6 Authority's analysis on Stakeholders' comments on Capex, Depreciation and RAB for the Fourth Control Period

6.6.1 The Authority has noted DIAL's comment to consider the amount for MEPF (Mechanical, Electrical, Plumbing, and Fire Protection) & IT works to the extent as submitted in the MYTP.

The Authority during the Consultation Stage moderated the cost of MEPF and IT works from Rs. 11.74 Cr (MEPF – Rs. 7.02 Cr and IT – Rs. 4.72 Cr) to Rs. 7.38 Cr (MEPF – Rs. 5.01 Cr and IT Rs. 2.37 Cr) based on the salvage value and reusage of IT hardware.

The Authority also noted that there is no change in scope of work and has decided to continue with the same amount as proposed at the Consultation Stage. The amount shall be trued up based on the actuals in the Fifth Control Period subject to reasonability and efficiency.

6.6.2 The Authority has noted DIAL's request for reinstating contingency amount in overall budget of Pier C as the additional cost will be incurred due to controlled demolition.

The Authority during the Consultation Stage disallowed the entire amount pertaining to contingency citing that such expenditure doesn't come as a separate line item at the time of capitalisation of asset as it is part of incurred cost. In this regard, the Authority refers para 6.3.55 of this Tariff Order and decides to retain the same amount as proposed at the Consultation Stage.

6.6.3 The Authority has noted DIAL's comment on reinstating the rates submitted in MYTP for Pier E construction.

The Authority during the Consultation Stage considered the operational challenges and adopted cost recommended as per the independent capex study conducted by the Authority through M/s KITCO as base cost to arrive at the cost of construction of Pier E which has been brought out clearly in para 6.3.73 of this Tariff Order. The Authority decides to retain the same amount as proposed at the Consultation Stage.

6.6.4 The Authority notes the comments of DIAL pertaining to Contingency for T3 Pier E conversion for the Fourth Control Period and the decision is the same as para 6.6.2.

6.6.5 The Authority has noted DIAL's requested to consider the total CT-XBIS machines as submitted in the MYTP rather than the number of machines proposed in the Consultation Paper. The Authority refers Table 218 (A1) of this Tariff Order and cited the uncertainty in procurement/installation/testing/commissioning and has decided to allow only 44 CT-XBIS machines with the total cost of the machines amounting to Rs. 246.40 Cr.

The additional machines were not considered by the Authority in the current Control Period but the cost of procuring additional machines would be allowed on incurrence basis subject to reasonableness, efficiency and clearing of trials by the machines as per BCAS guidelines. Accordingly, the Authority decides to consider the same number of machines and amount as proposed at the Consultation Stage.

6.6.6 The Authority notes DIAL's request to consider 45 Body Scanners instead of 22 machines proposed by the Authority. The Authority during the consultation stage proposed to allow only 22 body scanners (i.e. ratio of 1:2) to CT-XBIS machine at a cost of Rs. 70.40 Cr.

The procurement and installation of body scanners is linked with CT-XBIS machines and the Authority has allowed only 44 CT-XBIS machines and body scanners has also been allowed proportionately. Hence the Authority decides to continue with the same quantity and amount as proposed at the Consultation Stage.

6.6.7 The Authority notes DIAL's request to consider the amount submitted in the MYTP for installation of Runway Incursion Warning System.

The Authority during the Consultation Stage proposed that DIAL form a committee comprising of experts from DGCA and AAI to vet the Techno-Economic Viability (TEV) of the activity and consider the cost based on the incurrence. Hence, the Authority decides to continue with the same amount as proposed at the Consultation Stage.

6.6.8 The Authority notes the comments of DIAL pertaining to Contingency Expenses for Project & Engineering for the Fourth Control Period and the decision is the same as para 6.6.2.

6.6.9 The Authority notes DIAL's request to consider the capex with regards to Asset Sustenance Capex (P&E) to the full extent in the Fourth Control Period without any moderation.

The Authority analysed the submission of DIAL during the Consultation Stage and noted that the price of the equipment is overestimated and proposed to allow Rs. 150 Cr instead of Rs. 220 Cr submitted by DIAL.

The amount proposed at the Consultation Stage was arrived by taking into account the cost for priority and critical items while the cost for balance items has been deferred to the next Control Period. Hence, the Authority decides to consider the same cost as proposed at the Consultation Stage.

6.6.10 The Authority has noted DIAL's request to consider the entire amount as submitted in the MYTP towards Asset Sustenance Capex (Security and Vigilance). During the Consultation Stage, the cost was rationalised to Rs. 5 Cr considering the replacement of old perimeter wall with PIDS system, procurement of 2 printers instead of 5 printers.

It may be noted that PIDS is being allowed and hence no aspect of non-compliance of BCAS guidelines is envisaged. Hence, the Authority decides to consider the same cost as proposed at the Consultation Stage.

6.6.11 The Authority has noted DIAL's submission to allow the expenditure pertaining to beautification of airport gateways as submitted in the MYTP. During the Consultation Stage, the Authority proposed not to consider this expenditure as it did not add any tangible benefit for the users.

The Authority decides to retain the same stand as taken during the Consultation Stage.

6.6.12 The Authority has noted DIAL's request for allowing the expenditure pertaining to upgradation of AGL CMS software update and Hardware replacement to the extent as proposed in MYTP.

During analysis, it was noted that the scheduled replacement is in FY 2030 and as stated by DIAL there are 300 circuits related to AGL which will take time for execution. Hence, the cost was moderated to Rs. 25 Cr for the Fourth Control Period while the balance shall be taken up in the Fifth Control Period. Hence, the Authority decides to consider the same amount as proposed at the Consultation Stage.

6.6.13 The Authority has noted the request made by DIAL to consider the entire amount pertaining to modification of Boarding gate seating area as submitted in the MYTP.

During analysis, it was noted that there is duplication of carpet area which has been included in Boarding gate seating area modification as well as in "Carpet change for T3 – Domestic and International side Departure and Ramps" and "Carpet change for T3 – Domestic & International side (arrivals)". Further, it was also noted that the rates adopted Considering the above, the Authority decides to consider the same amount as proposed at the Consultation Stage.

6.6.14 The Authority has noted DIAL's request to consider the cost submitted in the MYTP for safety and security related assets. During the Consultation Stage, it was noted that the items proposed under Safety & Security related Capex have been projected under multiple sub-heads like Project & Engineering, Security & Vigilance and IT of General capex. However, all costs related to Safety & Security related projects have already been considered at Consultation Stage and an amount of Rs. 69 Cr was proposed towards the same.

The Authority notes that, during analysis, it has been kept in focus that all the cost pertaining to the items that are in priority and most essential to meet the compliance are allowed while the remaining items are rolled over to the next Control Period. Hence, the Authority decided to consider the same amount as proposed at the Consultation Stage.

6.6.15 The Authority has noted DIAL's request to consider the amount submitted in the MYTP for implementation of FR and other AI in CCTV camera. The Authority did a thorough analysis at the Consultation Stage and proposed to consider Rs. 10 Cr. The amount proposed at the Consultation Stage pertains to implementation of FR/AI in CCTV camera and upgradation of radiation detection equipment. The Authority notes that civil works for isolation bay has not commenced and it was also opined that civil works of isolation bay be completed first and installation of CCTV can be considered post completion of civil works. Alternatively, the CCTV part can be included in the isolation bay scheme as

DIAL has mentioned that tendering for the same is being commenced. Hence, the Authority decides to retain the same amount as proposed at the Consultation Stage.

6.6.16 The Authority has noted DIAL's request to consider the amount submitted in the MYTP for upgrading Airside gates. The Authority proposed to consider Rs. 33 Cr at the Consultation Stage. During analysis, it was noted that the upgradation pertains to security gates for movement of handlers and air side working vendors and staff. Currently, 9 XBIS and DFMD are being used, and it is proposed to be replaced by 14 new XBIS and DFMD's. Since new XBIS are being replaced in the Passenger Terminal Building (PTB), Dual View (DV) XBIS are planned for the Gates. The Authority also found merit in carrying out modification of gates in phased manner (i.e.) more frequently used gates can be upgraded during the Fourth Control Period and balance provision can be moved to the Fifth Control Period. Citing the above, the cost has been moderated to Rs. 33 Cr and the Authority decides to consider the same amount as proposed at the Consultation Stage.

6.6.17 The Authority has noted DIAL's request to allow the capex pertaining to RWY 11R/29L to the extent as submitted in MYTP without any moderation. During the Consultation Stage, the Authority proposed to consider Rs. 80 Cr for the work. During the analysis, it was noted that POs considered as base for estimation were for 2023. In 2023, WPI was higher than the present and DIAL had adopted an escalation of 20% for 4 years since 2023 which is on higher side. Further, for AGL all the items and sub-components have been included for new procurement whereas in actual practice many items are generally re-used. Hence, the Authority decides to continue with the same amount as proposed at the Consultation Stage.

6.6.18 The Authority has noted DIAL's request to allow the entire amount submitted in the MYTPL as part of Carpet Change for T3- Domestic and International (Departures and Ramps). The Authority after analysis proposed to consider only Rs. 20 Cr at the Consultation Stage. During analysis, it was noted that the rate per unit area is on the higher side and part of the work pertaining to this area has been covered in "Boarding Gate seating area modification" scheme (C1) which is under a separate head in "Finishes" part of General Capex. Hence the Authority decides to continue the same stand taken at the Consultation Stage.

6.6.19 The Authority has noted DIAL's request to allow the expenditure pertaining to carpet change for T3 – Domestic and international side (arrival) to the extent as submitted in the MYTP.

The Authority after careful analysis proposed to consider Rs. 20 Cr. During analysis, it was noted that rate per unit area was on the higher side and part of the work pertaining to this area has also been covered in 'Boarding Gate seating area modification' scheme (C1) which is under a separate head in the 'Finishes' part of the General Capex. Hence, the Authority decides to continue the same stand taken at the Consultation Stage.

6.6.20 The Authority has noted DIAL's request to consider the cost of replacing the seating of all terminals to the extent as submitted in MYTP for replacing of seats at all terminals. After analysis, the Authority proposed to consider Rs. 20 Cr for the same at the Consultation Stage.

It should be noted that DIAL proposes to import chairs which will attract custom duties. These chairs have a useful life of 10 years. DIAL can either spread the expenditure or go in for chairs manufactured in India since this is a recurring expenditure and equivalent quality chairs could be explored in national market. Hence, the Authority decides to continue with the same cost as proposed at the Consultation Stage.

6.6.21 The Authority has noted DIAL's request to consider the cost submitted in the MYTP for Apron. The Authority in the consultation paper cited that certain rehabilitation works are overlapping with the construction of flexible pavement taxiway and hence proposed Rs 18 Cr. It is also noted that certain rehabilitation works in Apron 3 and Taxiway K & N were carried out by DIAL in 2021. However, it is noted that in the instant case (A11) the areas are other than those rehabilitated in 2021. Examination of the broad-based estimate shared, reveals that quantities have been considered on a percentage basis (65% to 35%) of the surface area of the pavement. However, while placing the work order the extent (quantity) of affected area for repairs will be more precise after actual measurements.

Further, the rate of items proposed to be utilised for repairs are compared with previous purchase orders shared by DIAL and found that the pricing in the estimate is on the higher side when compared to previous PO's even after escalation is factored. Hence the Authority decides to retain the same cost as proposed at the Consultation Stage.

6.6.22 The Authority notes the comments of DIAL pertaining to Signage revamp for all the terminals for the Fourth Control Period. During the Consultation Stage, the Authority moderated the cost considering the fact that T1 has been commissioned recently and there is a proposal for adding Pier E and modification of Pier C and D in T3 and new signages will be installed in these areas which is part of the capex already allowed. Signage consultant is yet to be on-board as informed by DIAL and the outcome is also not finalised. Hence the Authority decides to consider the same amount as proposed in the Consultation Paper.

6.6.23 The Authority has noted the comments submitted by DIAL to allow the Capacity Enhancement Capex as submitted in MYTP.

The Authority during the consultation stage allowed Rs. 7.00 Cr as against DIAL's estimate of Rs. 11.00 Cr. The Authority noted that the DAR (Disabled Aircraft Recovery) Kit – DARK equipment costing Rs 11 Cr has been purchased in the Third Control Period and capitalised. DIAL has also confirmed their staff are fully trained to use the kit and fully complied with the directions given by DGCA as per circular dated July 17, 2019. During analysis, Rs. 4 Cr earmarked for Training ground was disallowed with a view that a suitable area within the Airport can be allotted for this facility. Hence the Authority decides to consider the same amount as proposed in the Consultation Paper.

6.6.24 The Authority has noted DIAL's request to consider Rs. 14 Cr for procurement of Three Runway sweeping machine which will reach its useful life during the years in the Fourth Control Period. During the Consultation stage, the Authority proposed to allow Rs. 10.50 Cr for 3 machines after analysing the quote received from the vendor (i.e.) EUR 351,240 per machine which translates to Rs. 3.50 Cr per machine. Hence, the Authority decides to retain the same amount as proposed in the Consultation Paper.

6.6.25 The Authority has noted DIAL's submission regarding landscape design feature at T1 and T3. During the consultation stage, the Authority proposed not to consider this expenditure as it does not add any tangible benefit for the users.

Based on DIAL's submission, the Authority doesn't see any reason to change the stand currently taken and has hence decided to retain the same stand as proposed at the Consultation Stage.

6.6.26 The Authority has noted the comments from IATA and counter comments from DIAL in this regard. It is to be noted that the AUCC meeting was conducted on 6th January 2025 for consultation on all major projects proposed by DIAL in the Fourth Control Period. The salient observations of the Authority on the minutes of AUCC meeting has been detailed under para 6.3.5 and 6.3.6 of the Consultation Paper.

DIAL is hereby instructed to comply with the consultation protocol as per the provisions of OMDA and SSA.

The Authority already follows a mechanism for disincentivizing the Airport Operators for any delay in completion of capital expenditure and make available the facilities to the Airport Users as compared to the completion schedule considered by the Authority during its assessment.

The Authority vide its decision no 4.6.7 in the Tariff Order for the Third Control Period decided to consider a provision for adjustment towards RAB to the extent of 1% of the Phase 3A Project Cost at the time of tariff determination for the Fourth Control Period if the proposed Phase 3A Project has not been completed and made available for the passengers before 31st March 2024. The Authority therefore decided to consider IDC incurred by DIAL only till 31st March 2024 with additional IDC beyond 31st March 2024 considered only based on justification for the delay in completion of the Project beyond 31st March 2024.

Accordingly, the Authority as proposed in the Consultation Paper No. 07/2024-25 decides that no IDC would be allowed beyond 31st March 2024 as almost ~98.33% of the capex has already been capitalized by 31st March 2024 and also considering that the completion of Phase 3A capex has already been delayed by 21 months compared to the original completion deadline of June 2022.

Further, the Authority, as proposed in the Consultation Paper No. 07/2024-25, also decides not to consider any adjustment towards RAB for delay in completion of the Project as almost 98.33% of the Project has been capitalized by 31st March 2024 and all the facilities have been made available for the passengers before 31st March 2024, which is consistent with the stipulation for approving capex as decided by the Authority in the Tariff Order for the Third Control Period.

The Authority noted the relevant provisions under OMDA regarding review of Master plan/ Major Development Plan as follows:

> 8.3.5 *"..**the JVC hereby undertakes to submit the initial Master Plan to the AAI for its information, and to the Ministry of Civil Aviation ("MCA") 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**.."*

The Authority therefore noted that DIAL is currently complying with the relevant provisions of OMDA with regard to updation of Master Plan.

The Authority has also noted that the rest of the comments of IATA have been addressed by DIAL in its counter comments. It may also be noted that the capex for the Third and Fourth Control Periods have been considered by the Authority after necessary due diligence based on the necessity, efficiency and reasonableness of the costs.

6.6.27 The Authority has noted the comments submitted by AOC pertaining to the increase in the capacity in international side rather than domestic side as claimed by DIAL post construction of Pier E and has taken note of the counter comments from DIAL in this regard.

The Authority noted that after construction of Pier E, the Piers A to E will be reallocated for domestic and international operations. Accordingly, Pier A, B and C (C is currently used for domestic operations) will be utilized for International Traffic while Pier D and E will be utilized for domestic operations.

Due to the conversion of Pier C from Domestic to International, the domestic passenger handling capacity at Terminal 3 would reduce by 10 MPPA with consequent increase in international passenger

handling capacity. However, after construction of Pier E, the domestic passenger handling capacity of Terminal 3 would be restored to existing levels.

Further, the Authority also noted that after completion of Phase 3A, the domestic and international passenger handling capacity of IGIA is 80 MPPA and 20 MPPA respectively. The domestic and international passenger traffic is expected to cross 70 MPPA and 25 MPPA respectively by FY 2029 i.e. end of the Fourth Control Period. It may be noted that the international passengers are handled only in T3 while domestic passengers are handled at all the 3 terminals. Accordingly, the Authority notes the need to expand the international passenger handling capacity at T3 which currently remains at 20 MPPA to cater to the needs by FY 2029. Considering the same, the proposal of DIAL to expand the international capacity by 10 MPPA through construction of Pier E and reallocation of Piers is justified and reasonable.

The Authority has noted the comments of AOC pertaining to the outcome of the proposed refurbishment of T2 and the counter comments of DIAL in this regard.

The Authority is of the view that though construction of Terminal 4 is part of the existing master plan, the proposal of DIAL to undertake refurbishment of Terminal 2 instead of T4 because of lower cost requirement for refurbishment in T2 and as a short-term measure to meet the current demand could be considered reasonable.

The current passenger handling capacity of IGIA is 100 MPPA which is expected to increase to 110 MPPA after construction of Pier E in the Fourth Control Period. IGIA is expected to handle total passenger traffic of nearly 100 MPPA by FY 2029 i.e. end of the Fourth Control Period. Accordingly, the Authority noted that construction of a new terminal is not required for handling of passenger traffic till FY 2029 and hence DIAL's proposed plan of refurbishing T2 to increase the usability is considered justifiable.

6.6.28 The Authority noted the comments and counter-comments of IATA and DIAL respectively on the capex related to CT-XBIS, APM system and Boarding Gate seating modification.

With regard to CT-XBIS, the Authority's views are already presented in the earlier sections wherein the Authority has decided to retain the treatment as per the Consultation Paper No 07/ 2024-25.

With regard to APM System, the Authority noted the counter-comment from DIAL that the APM will be implemented on a concession model which will not form part of Regulatory Asset Base (RAB) and Target Revenue.

During the stakeholder's consultation meeting, DIAL replied that as detailed in the AUCC meeting conducted on 6th January 2025, the APM will be operated through a separate service provider and there will not be any charge for transit passengers. However other users may have to bear the charges. Accordingly, the APM doesn't come under the tariff determination exercise being carried out by the Authority.

With regard to Boarding Gate Seating modification, the Authority noted that DIAL proposes to enhance the current seating area and associated infrastructure at some of the boarding gates to enhance customer experience. The Authority through its independent consultant/aviation expert analysed the submission made by DIAL and after necessary clarifications, the Authority had proposed to moderate the cost to Rs. 20 Cr as the cost estimated by DIAL is found to be not optimal. Authority has decided to continue with the same treatment and accordingly, the amount considered for capex shall remain unchanged.

6.6.29 The Authority has noted the comment and counter-comment from AOC and DIAL respectively on the disallowance of costs pertaining to Beautification of Airport Gateways.

The Authority has noted DIAL's submission to allow the expenditure as submitted in MYTP. During the consultation stage, the Authority proposed not to consider this expenditure as it did not add any tangible benefit for the users and had decided to continue with the stand taken at the Consultation Stage.

Further, AOC requested the same principle be applied to all the items listed further below under Table 218 of the Consultation Paper. The Authority highlights that the capex is considered after necessary due diligence and based on the necessity and reasonability of the same. Accordingly, the capex considered by the Authority at the Consultation Stage (Table 218 of this Tariff Order) doesn't require reconsideration.

6.6.30 The Authority notes the query of AOC on whether there is any overlapping between costs allowed for APOC and AOCC under General Capex for the Fourth Control Period.

The Authority notes that APOC is Airport Predictive Operations Control while AOCC is Airport Operations Control Centre. In simpler terms, APOC relates to predictive operations whole AOCC relates to reactive operations. APOC could be considered as an upgrade to AOCC.

The Authority notes that APOC expansion works under General Capex – Project & Engineering and AOCC expansion works under General Capex – Operations are different works and there is no overlapping/ duplication.

6.6.31 The Authority has noted the comment and counter-comment from AOC and DIAL respectively with regards to Asset Sustenance Capex for Operations.

The Authority highlights that the capex is considered after necessary due diligence by its independent consultant and based on the necessity and reasonability of the same. Accordingly, with regard to Asset Sustenance Capex, the Authority, after analysis of the detailed estimates submitted by DIAL through its independent consultant, moderated the cost to Rs. 22 Cr based on past purchase orders of various items under Asset Sustenance Capex.

6.6.32 The Authority noted the comment and counter-comment from AOC and DIAL respectively regarding Asset Sustenance Capex for Finishes.

The Authority highlights that the capex is considered after necessary due diligence its independent consultant and based on the necessity and reasonability of the same. Accordingly, with regard to Asset Sustenance Capex, the Authority, after analysis of the detailed estimates submitted by DIAL through its independent consultant, moderated the cost to Rs. 15 Cr based on past purchase orders of various items under Asset Sustenance Capex.

6.6.33 The Authority noted the comment and counter-comment from AOC and DIAL respectively with regards to Capacity Enhancement Capex for T2 and would like to add that the capex is considered after detailed due diligence and based on the necessity and reasonability of the same. The Authority through its independent consultant has also confirmed that there is no overlapping between the works. Accordingly, it is decided to retain the same cost as per the Consultation Paper No 07/ 2024-25.

6.6.34 The Authority noted the comment and counter-comment from AOC and DIAL respectively with regards to Landscape Design. The Authority, as per Row C11 under Table 220 of this Tariff Order, has not considered the capex pertaining to landscaping but considered only the capex pertaining to upgradation

of information desks with multimedia facilities. The Authority has considered only an amount of Rs. 4 Cr out of the DIAL's submission of Rs. 7 Cr in this regard.

6.6.35 The Authority notes that DIAL submitted details about the expected GST ITC on the capex proposed in the Fourth Control Period as sought by the Authority vide para 6.3.145 of the Consultation Paper.

6.6.36 As per the submissions of DIAL, the eligible GST ITC on Expansion Capex viz. T3 Pier C Conversion and T2 Refurbishment works out to Rs. 3.21 Cr and Rs. 2.16 Cr respectively. The Authority also noted DIAL's submission that,

- **Construction of Code C and E stands:** The capex entirely involves civil works and DIAL is not eligible to avail ITC on the capex.
- **Construction of Pier E:** With regard to costs for components viz. T3 Infill, Pier E and Link to Pier D, the costs considered by the Authority are already adjusted for ITC. However, costs for components viz. Apron, Taxiway and Pavement works are entirely civil in nature and DIAL is not eligible to avail ITC on the capex.
- **General Capex:** With regard to the Plant & Equipment (P&E) under the General Capex for the Fourth Control Period viz. CT-XBIS, HBS X-ray replacement with CT machines, Body Scanners, Crash Fire Tender (CFT), Safety and Security related capex, Upgradation of AGL CMS Software update & Hardware replacement etc., the cost are considered primarily based on the vendor quotes/ recent purchase orders and the prices considered by the Authority are exclusive of GST. The same has been verified by the Authority through its independent consultant.

6.6.37 Further, as sought by the Authority vide para 6.3.143 of this Tariff Order, DIAL submitted details of the current status of the capex proposed for FY 2025. Accordingly, the Authority decides to update the capitalization schedule for the capex for the Fourth Control Period.

6.6.38 The capex decided to be considered by the Authority for the Fourth Control Period after adjusting for GST ITC as mentioned above is as mentioned in the table below:

Table 250: Overall Capex decided to be considered by the Authority for the Fourth Control Period

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost decided to be considered by the Authority
A	Expansion Capex	2,420.42	1,903.88
B	General Capex	2,329.01	1,678.65
C	Carry Forward of Capex/CWIP from the Third Control Period	748.26	623.49
	Total	**5,497.69**	**4,206.02**

6.6.39 The revised capitalization schedule decided to be considered by the Authority for the Fourth Control Period based on the current status of works submitted by DIAL is as shown in the table below;

Table 251: Capitalization Schedule decided to be considered by the Authority for the Fourth Control Period

No	FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
A	**Expansion Capex**						
A1	T3 Pier C conversion		46.13				**46.13**
A2	T2 Refurbishment		110.06				**110.06**
A3	Code E and C parking stands					506.36	**506.36**
A4	T3 Pier E construction				1,241.33		**1,241.33**
	Sub Total (A)	**-**	**156.19**	**-**	**1,241.33**	**506.36**	**1,903.88**
B	**General Capex**						
	General Capex (B)	35.17	690.41	347.08	324.87	281.12	**1,678.65**
C	**Carry Forward Capex**						
C1	Pending Works under Phase 3A Expansion Capex	139.02					**139.02**
C2	CWIP of Phase 3A Expansion	62.21					**62.21**
C3	CWIP of General Capex of the Third Control Period	169.06	253.20				**422.26**
	Sub Total (C)	**370.29**	**253.20**				**623.49**
	Total (A+B+C)	**405.46**	**1,099.80**	**347.08**	**1,566.20**	**787.48**	**4,206.02**

6.6.40 The Authority notes that the allocation ratio for Expansion and General Capex as proposed by the Authority at the Consultation Stage as per para 6.3.150 of this Tariff Order remain unchanged.

6.6.41 The allocation of assets pertaining to general capex into aeronautical and non-aeronautical for the Fourth Control Period decided to be considered by the Authority based on the changes in the capitalization schedule as mentioned above is provided in the table below:

Table 252: Allocation of General Capex decided to be considered by the Authority for the Fourth Control Period

FY Ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
General Capex decided to be considered by the Authority	**35.17**	**690.41**	**347.08**	**324.87**	**281.12**	**1,678.65**
1. Common Assets*	7.81	134.38	111.16	86.51	61.46	**401.32**
Aero Assets (91.82%)	*7.17*	*123.39*	*102.07*	*79.44*	*56.43*	***368.49***
Non-Aero Assets (8.18%)	*0.64*	*10.99*	*9.09*	*7.08*	*5.03*	***32.83***
2. Directly Allocated Aero Assets	27.36	556.03	235.92	238.36	219.66	**1,277.33**

**Proportionate adjustment is made in the Common Assets considered by DIAL based on the revised general capex decided to be considered by the Authority.*

6.6.42 Based on the above, the break-up of Aeronautical and Non-aeronautical portion of Capex for the Fourth Control Period decided to be considered by the Authority is as follows:

Table 253: Aero and Non-aero portion of Capex decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero	374.53	1,055.32	337.99	1,360.51	782.45	**3,910.80**
Non-Aero	30.93	44.48	9.09	205.69	5.03	**295.22**
Total	**405.46**	**1,099.80**	**347.08**	**1,566.20**	**787.48**	**4,206.02**

6.6.43 The Authority based on the adjustments in the Capex for the Third Control Period, adjustments in GST ITC and change in capitalization schedule of the capex for the Fourth Control Period decides to revise the depreciation as provided below:

Table 254: Depreciation decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Depreciation on Aero RAB	931.97	906.84	870.41	898.58	936.39	**4,544.19**
Depreciation on HRAB	20.69	19.47	18.11	18.01	17.95	**94.23**
Total Depreciation	**952.66**	**926.31**	**888.52**	**916.59**	**954.33**	**4,638.42**

6.6.44 Considering all the above, the revised RAB and Depreciation decided to be considered by the Authority for tariff determination for the Fourth Control Period are as follows:

Table 255: Aeronautical Depreciation and RAB decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Opening Aero RAB (A)	14,249.52*	13,692.08	13,840.56	13,308.14	13,770.07	
Capex Additions (B) [Refer Table 253]	*374.53*	*1,055.32*	*337.99*	*1,360.51*	*782.45*	***3,910.80***
Depreciation (C) [Refer Table 254]	*931.97*	*906.84*	*870.41*	*898.58*	*936.39*	***4,544.19***
Closing Aero RAB (D=A+B-C)	**13,692.08**	**13,840.56**	**13,308.14**	**13,770.07**	**13,616.13**	
Average Aero RAB (E=(A+D)/2)	**13,970.80**	**13,766.32**	**13,574.35**	**13,539.10**	**13,693.10**	
Opening HRAB (F)	104.33#	83.64	64.17	46.06	28.04	
Depreciation (G) [Refer Table 254]	*20.69*	*19.47*	*18.11*	*18.01*	*17.95*	***94.23***
Closing HRAB (H=F-G)	**83.64**	**64.17**	**46.06**	**28.04**	**10.10**	
Average HRAB (J = (F+H)/2)	**93.98**	**73.90**	**55.11**	**37.05**	**19.07**	
Average RAB (K=E+J)	**14,064.78**	**13,840.22**	**13,629.46**	**13,576.16**	**13,712.17**	

**include pro-rata addition of Rs. 5,841.42 Cr carried forward from FY 2024 on the closing Aero RAB of Rs. 8,408.10 Cr in* Table 80. *#carried forward from closing HRAB balance of FY 2024 in* Table 80.

6.6.45 The variance in the RAB decided to be considered by the Authority for the Fourth Control Period as compared to the RAB proposed at the Consultation Stage is on account of Authority's decision:

- To consider IDC of Rs. 1,692.30 Cr for Phase 3A Expansion Capex as against notional IDC of Rs. 1,396.77 Cr proposed at the Consultation Stage for true up for the Third Control Period (Refer para 4.4.170 of this Tariff Order).
- To consider GST of Rs. 70.96 Cr on EPC Claims pertaining to Phase 3A Expansion Capex as against Nil GST on the EPC Claims proposed at the Consultation Stage for true up for the Third Control Period (Refer para 4.4.171 of this Tariff Order).
- To consider adjustments to Expansion Capex for the Fourth Control Period based on the estimated GST ITC (Refer para 6.6.38 of this Tariff Order).
- To consider capitalization schedule for Capex for the Fourth Control Period based on the current status of the capex. (Refer para 6.6.39 of this Tariff Order).

6.7 Authority's decisions regarding Capex, Depreciation and 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

6.7.1 To consider Capex, Depreciation and RAB for the Fourth Control Period as per Table 255.

6.7.2 To allow IDC for Expansion Capex for the Fourth Control Period as per Table 225 and Table 229.

6.7.3 To reduce (adjust) 1% of uncapitalized project cost from the Target Revenue in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in Table 251. The same will be examined at the time of tariff determination for the next Control Period.

6.7.4 To consider GST on Capex (including CWIP) for the Fourth Control Period on actual incurrence basis.

6.7.5 To examine the accounting of input tax credits 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.

6.7.6 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 mentioned in Table 255 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. WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

7.1 DIAL's Submissions regarding WACC for the Fourth Control Period

Cost of Equity

7.1.1 DIAL in the MYTP for the Fourth Control Period has considered 15.41% as Cost of Equity. The Cost of Equity proposed by DIAL is consistent with the Cost of Equity proposed as per the Independent study conducted by IIM Bangalore at the time of tariff determination for the Third Control Period. DIAL proposes to consider the same Cost of Equity for the Fourth Control Period.

7.1.2 DIAL in the MYTP for the Fourth Control Period has projected equity base including the expected reserves and surplus as shown in the table below:

Table 256: Equity Base submitted by DIAL for the Fourth Control Period as per MYTP

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029
Book Value of Equity	2,450.00	2,450.00	2,450.00	2,450.00	2,450.00
Reserves and Surplus	(3886.72)	(845.51)	3,239.64	6,824.77	10,231.26
Total Equity	**(1,436.72)**	**1,604.49**	**5,689.64**	**9,724.77**	**12,681.26**

Cost of Debt

7.1.3 DIAL has projected the cost of debt based on the outflows of the existing loans as on March 31, 2024 at the original drawdown foreign currency rate.

7.1.4 In addition to the existing loans, DIAL proposes to avail fresh loan to meet capital projects i.e. Construction of Pier E and Construction of Code E and C stands proposed to be carried out in the Fourth Control Period. The projects are proposed to be funded by way of debt and equity in the ratio 70:30. Cost of Debt has been considered as 10%

7.1.5 The details of the debt outstanding along with the cost of debt as submitted by DIAL is as shown in the table below:

Table 257: Details of Debt Outstanding along with Cost of Debt submitted by DIAL for the Fourth Control Period as per MYTP

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029
Long Term Debt O/s at the end of the FY	13,252.20	13,601.32	11,308.57	8,345.19	7,724.02
Interest cost including hedge premium/discount	1,397.33	1,286.22	987.66	750.96	766.12
Weighted Average Cost of Debt	10.54%	10.42%	10.10%	9.92%	9.92%
Effective Cost of Debt for 4th CP					**10.24%**

Weighted Average Cost of Capital

7.1.6 Considering the above, DIAL has arrived at a WACC of 12.93%, the details of which can be seen in the following table:

Table 258: WACC submitted by DIAL for the Fourth Control Period as per MYTP

FY ending March 31	2025	2026	2027	2028	2029
Cost of funds					
Cost of Equity	15.41%	15.41%	15.41%	15.41%	15.41%
Weighted Average cost of debt for the Year	10.54%	10.42%	10.10%	9.92%	9.92%
Weighted Average Cost of Debt	10.24%	10.24%	10.24%	10.24%	10.24%

FY ending March 31	2025	2026	2027	2028	2029
for the Control Period					
Gearing					
Equity	52.00%	52.00%	52.00%	52.00%	52.00%
Debt	48.00%	48.00%	48.00%	48.00%	48.00%
WACC for the Year	**12.93%**	**12.93%**	**12.93%**	**12.93%**	**12.93%**

7.2 **Authority's Examination regarding WACC for the Fourth Control Period at the Consultation Stage**

Cost of Equity

7.2.1 As per the Hon'ble TDSAT order dated April 23, 2018 in the matter of issues raised by DIAL with regards to decisions taken by the Authority in the First Control Period, the Authority had commissioned a separate independent study for evaluation of cost of capital for DIAL for the Third Control Period and the study was entrusted to IIM Bangalore.

7.2.2 The independent study had drawn from the international experience of airports having comparability to IGIA in terms of revenue till, ownership structure and scale of operations and had also studied the regulatory framework of other regulators.

7.2.3 The independent study computed the Cost of Equity at 15.41% by using Capital Asset Pricing Model and using a notional Debt : Equity ratio of 48%:52%.

7.2.4 The Authority proposed to continue to adopt the recommendations of the independent study in the tariff determination for the Fourth Control Period with regards to the Cost of Equity and notional debt equity ratio and hence has considered 15.41% as the Cost of Equity and notional debt equity ratio of 48%:52% for the Fourth Control Period.

Cost of Debt

7.2.5 The Authority noted the submission made by DIAL with regards to Cost of Debt. The Authority has also assessed the cost of debt in the past, actually incurred by DIAL towards funding the Phase 3A Expansion Project for which debt of Rs. 7,850 Cr has been raised and also the debt raised before the Phase 3A Expansion Project funding exercise which continue to be outstanding during the Fourth Control Period. The Authority has noted that the weighted average cost of debt as assessed by DIAL for the Fourth Control Period is 10.24%.

7.2.6 DIAL has also been able to raise debt at 9.50% recently which is much lesser than the cost of debt proposed by the airport operator for the Fourth Control Period. However, the debt raised by DIAL during the Phase 3A expansion Project, and for the previous financing exercise has been at a much higher cost leading to an overall cost of debt proposed being at 10.24%.

7.2.7 The Authority is in the process of benchmarking cost of debt for all the major airports based on the External Credit Rating of the Airport which shall suggest a suitable spread over a reliable benchmark at the beginning of the Control Period.

7.2.8 The Authority proposed to consider 1-year SBI MCLR at the start of commencement of the Control Period to be the right benchmark to which necessary spread has to be added which should absorb the financing and other associated costs incidental to fund raising activity.

7.2.9 The Authority is of the view that given the External Credit Rating of AA- for DIAL and also considering the situation wherein DIAL had already locked in higher interest rates during a higher

interest rate environment during the Phase 3A expansion project, a spread of 150 bps above the benchmark could be considered as the optimum spread for DIAL.

7.2.10 Considering the above, the Authority proposed to consider efficient cost of debt at 10.15% considering a spread of 150 bps above SBI 1-year MCLR of 8.65% at the beginning of the Control Period.

7.2.11 DIAL should over the next few years be able to optimize the cost of debt given the expected decline in benchmark rates of borrowing and shall take effective steps to raise debt at efficient costs to retire the high cost debt already raised in the past control period so that the interest costs of DIAL gets optimized and the benefits are shared with the airport users.

7.2.12 The Authority has reworked the weighted average cost of capital considering the efficient cost of debt of 10.15%. The Authority proposed to also 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.

WACC for the Fourth Control Period

7.2.13 Based on the above, the Authority proposed to consider the Weighted Average Cost of Capital as 12.89% for the Fourth Control Period based on the Cost of Equity of 15.41% and Cost of Debt of 10.15% and considering the notional gearing ratio of debt-equity of 48%:52% as follows:

Table 259: WACC proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31	2025	2026	2027	2028	2029
Cost of funds					
Cost of Equity	15.41%	15.41%	15.41%	15.41%	15.41%
Efficient cost of debt	10.15%	10.15%	10.15%	10.15%	10.15%
Gearing					
Equity	52.00%	52.00%	52.00%	52.00%	52.00%
Debt	48.00%	48.00%	48.00%	48.00%	48.00%
WACC for the Year	**12.89%**	**12.89%**	**12.89%**	**12.89%**	**12.89%**

7.2.14 The Authority notes that since the debt equity mix had been decided by the Authority considering the efficient capital structure and the interest of all the Stakeholders, the Authority proposed to not true up the D:E ratio based on notional gearing of 48%:52% during the tariff determination for the next Control Period.

7.3 Stakeholders' comments on WACC for the Fourth Control Period

During the 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. 07/2024-25 dated 31st January 2025 with respect to WACC for the Fourth Control Period. The comments from Stakeholders are presented below:

DIAL's Comments on WACC for the Fourth Control Period

7.3.1 With respect to AERA's proposal in the Consultation Paper relating to WACC for the Fourth Control Period, DIAL's comment is as follows:

" The Authority shall consider the actual cost of debt incurred by the DIAL, since these debts are issued at market discovered price, financing mechanism of the DIAL and its financial performance. DIAL as an entity always explores ways to minimise the cost of debt and associated costs towards the same.

Thus, it is requested to the Authority that actual cost of debt including related refinancing costs are considered by the Authority while true-up for the next control period."

Other Stakeholders' comments on WACC for the Fourth Control Period

7.3.2 BIAL's comment pertaining to WACC for the Fourth Control Period 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.

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

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

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

7.3.3 MIAL's comment pertaining to WACC for the Fourth Control Period is as follows:

"DIAL has proposed cost of debt of 10.24% while Authority has capped the cost of debt of DIAL to 10.15% considering 8.65% MCLR rate and spread of 1.5%. Authority has not given any reason for considering spread of 1.5% above the benchmark rate. It is to be noted that each airport is unique and has varying level of risks related to contracts and concession agreement, operational and financing risks, proximity and competition of other airports in the same catchment area. Lenders will weigh all these risk factors while assessing the spread on the project loan. Hence it is requested that cost of debt as approved by the lender to the airport operator should be used for calculation of WACC.

As per Hon'ble TDSAT judgement dated 6th October 2023 on Second and Third Control Period Tariff order of MIAL and TDSAT judgement dated 13th September 2024 on Development fees matter, actual cost of debt shall be allowed by AERA.

Hence MIAL requests AERA not to cap cost of debt to 10.15% and allow the same on actual basis."

7.3.4 Indigo's comment pertaining to WACC for the Fourth Control Period is as follows:

"Indigo noted that DIAL has proposed a debt-equity ratio of 48%:52% with cost of equity as 15.41% and cost of debt as 10.15%. Indigo also pointed out that DIAL in its submission has mentioned that majority of capex is planned to be funded by debt: equity ratio of 70%:30%.

We wish to submit the following comparison with other private airports for AERA's consideration:

a. *We wish to draw reference to CP No. 26/2023-24 dated 11th March 2024, Jaipur International Airport Limited has taken cost of equity as 15.18% and cost of debt as 9%.*

b. *In case of Rajiv Gandhi International Airport, Hyderabad, for the Third Control Period of FY 21-22 to FY 25-26, the cost of equity was considered at 14% and cost of debt at 9%.*

c. *Taken together – cost of equity as 15.18% and cost of debt as 9% and debt equity ratio of 70%:30%, the weighted average cost of capital works out to 10.85%, leading to a reduction in Return on RAB by around Rs. 1,380 Cr."*

7.3.5 IATA's comment pertaining to WACC for the Fourth Control Period is as follows:

"Based on the information in the consultation paper, it is not clear if DIAL has factored in the consideration of asset beta in its calculation of the WACC, and if yes what was the asset beta estimate used? Similarly, for the WACC estimate by AERA, we were not able to identify the asset beta parameter used. IATA commissioned an independent study by Swiss Economics to estimate the asset beta of DEL which found that the appropriate asset beta to be the point estimate of 0.40. IATA requests that AERA reassess the proposed WACC to take into account the asset beta consideration presented in this independent study.

On the cost of debt, we believe that a more efficient level can be expected from DIAL. DIAL and the GMR group should have greater access to more affordable debt given its market-leading position and minimal business risk i.e. with DIAL capacity saturated and the true-up approach by AERA."

7.4 DIAL's response to Stakeholder Comments on WACC for the Fourth Control Period

DIAL's response to various Stakeholders' comment with respect to WACC for the Fourth Control Period is presented below:

7.4.1 DIAL acknowledged the comments of BIAL and MIAL on WACC for the Fourth Control Period.

7.4.2 With respect to Indigo's comments on WACC for the Fourth Control Period, DIAL stated that,

"The cost of equity has been wrongly quoted for Hyderabad Airport at 14%, infact the approved cost of equity at Hyderabad airport is 15.17%. Further, The Authority has conducted a detailed study on the Cost of Equity through Independent Consultant namely M/s IIM Bangalore for different airports. The report has considered wide range of issues and detailed expert opinion was received from the consultant. The Authority has considered this report for determination of the tariff for 3rd Control Period as well.

Further, consideration of the Cost of Debt & Cost of Equity of the other airports for DIAL is not comparable due to following factors:

- *Scale of Operations*
- *Debt Equity ratios*
- *Competition from other airports*

Further, comparison of cost of debt may not be right as every company has different credit profile which is driven by individual Credit Rating and industry related factors."

7.4.3 With respect to IATA's comments on WACC for the Fourth Control Period, DIAL stated that,

"AERA has conducted a Study on Determination of Cost of Capital at Major airports through IIM Bangalore in December 2019, which is been used to calculate the cost of equity for DIAL under its regulatory jurisdiction in India. The study was concluded after consultation by all stakeholders including IATA and the matter has reached finality since there were no further appeals by any of the stakeholders.

The asset beta as per the study by IIM Bangalore is calculated as 0.59. IATA has conducted an independent study in this regard which calculates the asset beta separately. Without prejudice to our submission in the para above, below are some key factors that IATA has not considered correctly in the analysis. Below are the items:

a. *Authority had conducted studies separately for Mumbai and Delhi and had come out with individual asset betas for both the airports. However, the study conducted by IATA does not differentiate between the two airports and comes up with the same asset betas for both the airports Furthermore, the study does not consider any of the adjustments / comparability to the DEL airport with respect to following items:*

- *Regulatory Regime*
- *Funding Mechanism*
- *Passenger Capacity / Traffic*
- *Projections*
- *Competition from nearby Airports (DEL has to airports within the vicinity)*
- *Capital expenditure*

b. *The analysis considers airports like Flughafen Wien (asset beta of 0.1) which can be considered as outlier and brings down the average considerably. In fact, just removing the Flughafen Wien airport from the list brings up the asset beta average of airports from 0.54 to 0.58 which is approximately equivalent to the Asset Beta proposed by the IIM B to the Authority.*

c. *Authority study had considered only airports as comparators but the IATA study considers electricity network operators also as comparable entities, which is a wrong approach as these companies belong to a different sector and the businesses are vastly different from airport business. In fact, the whole point of introducing electricity network operators (with an asset beta average of 0.14) seems to be to bring down the average asset beta in the study.*

Similarly, the CLP Power is engaged in diversified business in power generation where the major portion of the revenues are regulated. Below is the extract from their Annual Report:

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.

d. *The study wholly ignores the risk factor related to Jewar airport in the dual airport scenario and conveniently does not attach any risk factor to the same. As submitted in the report of independent consultant, there is overlapping catchment, and Jewar airport would compete with IGIA, clearly highlighting risk factor towards IGIA.*

On the cost of debt, DIAL has submitted the detailed calculation of the cost of debt as verified by the Statutory Auditor of the Company along with its MYTP Submission. In addition, the DIAL has submitted the Authority a detailed note on the cost of debt during the control period and the reasons for higher cost of debt during the pandemic. Please refer our detailed responses dated 03.03.2025 submitted to the Authority on Consultation Paper No. 07/2024-25."

7.5 Authority's analysis on Stakeholders' comments on WACC for the Fourth Control Period

7.5.1 The Authority notes the comments of DIAL with regards to consideration of actual Cost of Debt for the Fourth Control Period.

The Authority notes that the interest rate on the debt raised by DIAL in FY 2024 amounting to Rs. 2,744 Cr was less than 9.75% p.a. which was significantly lesser than the interest rate on the NCD of Rs. 3,257 Cr raised at the end of FY 2021 indicating the smoothening of interest rates for DIAL.

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 DIAL which in turn would help DIAL 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. Considering the above, the Authority finds no reason to change the Efficient Cost of Debt for the Fourth Control Period as proposed in the Consultation Paper No. 07/2024-25. Accordingly, the Authority decides to consider Efficient Cost of Debt at 10.15% considering a spread of 150 bps above SBI 1-year MCLR of 8.65% at the beginning of the Control Period.

7.5.2 The Authority notes the comment of BIAL on the consideration of SBI's MCLR as the benchmark for computation of Efficient Cost of Debt for the Fourth Control Period.

The Authority notes the fact that State Bank of India is the largest commercial bank in India with an asset size of nearly Rs. 61 lakh Cr as at the end of FY 2024. In comparison, the 2nd largest bank in terms of asset size has an asset base of only Rs. 36 lakh Cr. SBI's market share in advances stood at nearly 20% in FY 2024.

It is further understood that the decisions of SBI have a significant impact on the overall banking landscape. Its sheer size and reach make it a key player in setting trends within the industry. SBI's responsiveness to changes in RBI's repo rate makes it a key player in transmission of RBI's monetary policy.

Considering the market standing, size and role in monetary policy, SBI's benchmark rates are used across various sectors including regulators like CERC and TAMP.

The Authority likes to reiterate that the consideration of the SBI MCLR as the benchmark is no way related to the Lenders/ FIs that the airport operator might consider for raising debt. Each airport operator may raise debt from the Lenders/ FIs who might be willing to advance funds to them based on the comfort that such institutions might have with the project/ airport operator at a mutually negotiated interest rate. Given the primacy of SBI in the overall lending system in the country and being a systemically important bank, the Authority is of the view that the Marginal Cost of Lending Rate of SBI would be an appropriate benchmark to consider while arriving at the Cost of Debt. The Authority has hence decided to consider SBI 1-year MCLR as the benchmark for the Efficient Cost of Debt.

7.5.3 The Authority notes the comments of MIAL regarding consideration of actual cost of debt without any capping for the Fourth Control Period.

The spread of 150 bps above the benchmark rate is proposed by the Authority considering the external credit rating of DIAL as well as the prevailing interest rates on the debt raised by DIAL in the last 2 FYs (FY 2023 and FY 2024).

Considering the above as well as the views of the Authority detailed under para 7.5.1 of this Tariff Order, the Authority find no reason in changing the spread considered by the Authority in the Consultation Paper No. 07/2024-25 for arriving at Efficient Cost of Debt.

With regards to the Hon'ble TDSAT orders, the matter is presently sub judice before the Hon'ble Supreme Court and the decision will be taken once the matter attains finality and the same has been reiterated in para 1.8.2 to 1.8.5 of this Tariff Order.

7.5.4 The Authority has noted the comments from Indigo to consider cost of equity as 15.18% and cost of debt as 9% and debt equity ratio of 70%:30% leading to WACC of 10.85%. The Authority also notes the counter comments from DIAL in this regard.

As already explained under para 7.2.1 to 7.2.4 of this Tariff Order, the Authority decides to consider Cost of Equity as 15.41% for DIAL based on the recommendations of the expert study conducted by IIM Bangalore.

The report of the expert study conducted by IIM Bangalore, on behalf of the Authority, at the time of tariff determination for the Third Control Period can be accessed from AERA website. The Authority has been consistently following this approach of considering a notional D:E ratio of 48%:52% (which is part of the expert study conducted by IIM Bangalore) rather than the actual D:E ratio as recommended by this study. While arriving at the cost of equity of 15.41%, the study has considered/ factored in debt/equity of 48%:52% as the notional gearing to arrive at equity beta to finally arrive at the Cost of Equity. If this ratio is changed to actuals or 70:30, the cost of equity will also have to be adjusted accordingly as the equity beta shall increase with the increasing leverage as per the expert Study. The same would also have a corresponding escalatory impact on WACC, even while considering a higher D:E ratio on account of much higher cost of equity due to higher leverage.

Therefore, the Authority in order to maintain consistency decides to continue with the existing approach for determination of WACC.

7.5.5 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. Further, the Authority also notes the counter comments from DIAL in regard.

The Authority as presented earlier above has adopted the recommendations of the expert study commissioned by AERA and has decided to consider cost of equity of 15.41% at notional debt equity ratio of 48%:52% for DIAL since the Third Control Period and find no reason to change the approach for the Third and Fourth Control Period.

7.5.6 Based on the above, the Authority notes that the WACC for the Fourth Control Period as proposed at the Consultation Stage remain unchanged.

7.6 Authority's decisions regarding WACC for the Fourth Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding Weighted Average Cost of Capital for the Fourth Control Period:

7.6.1 To consider cost of equity, efficient cost of debt, notional debt-equity ratio and WACC for the Fourth Control Period as per Table 259.

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 DIAL's Submission regarding Inflation for the Fourth Control Period

8.1.1 DIAL in the MYTP for the Fourth Control Period has considered inflation rate of 4.6% from FY 2025 onwards for estimating Aeronautical O&M expenses for the Fourth Control Period.

8.1.2 The inflation rate considered by DIAL is based on the Reserve Bank of India (RBI) survey of professional forecasters on macroeconomic indicators – result of the 87th round of survey conducted during March 2024 and released on April 05, 2024.

8.1.3 As per the RBI survey, DIAL has considered mean of the Inflation based on CPI Combined: Headline i.e. 4.6%.

Table 260: Inflation submitted by DIAL for the Fourth Control Period

Financial Year	CPI Combined: Headline	Source
FY 2025 onwards	Mean as 4.6%	RBI Professional Forecaster Survey 87th round dated April 05, 2024

8.2 Authority's Examination regarding Inflation for the Fourth Control Period at the Consultation Stage

8.2.1 The Authority has examined the submission made by DIAL on inflation to be considered for the Fourth Control Period.

8.2.2 The Authority proposed to consider mean of the forecast for Inflation based on CPI Combined: Headline for FY 2025 i.e. 4.6% as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 89" released on August 08, 2024, by the RBI.

8.2.3 The Authority proposed to consider an inflation rate of 4.6% for all years of the Fourth Control Period. Accordingly, the following table shows the inflation rates as proposed to be considered by the Authority for the Fourth Control Period.

Table 261: Inflation rates proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY Ending March 31,	2025	2026	2027	2028	2029
CPI Inflation	4.6%	4.6%	4.6%	4.6%	4.6%

8.3 Stakeholders' comments on Inflation for the Fourth Control Period

During the Stakeholders consultation process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 with respect to inflation for the Fourth Control Period. The comment from IATA is presented below:

8.3.1 With regard to Inflation considered by the Authority for the Fourth Control Period, IATA states that,

"On the 4.6% inflation for O&M expenses, IATA opines that this has no basis to start with. 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. Towards a regulatory enhancement going forward and for this particular determination, we request AERA to set expectations/targets on lowering the unit cost per pax, per ATM, etc., which would be better measures to counter any inflationary pressure on costs. It would be useful for AERA to analyze the unit cost over CP1 to CP3, and how the proposed unit cost in the CP4 fares against these."

8.4 DIAL's response to Stakeholders' comments on Inflation for the Fourth Control Period

8.4.1 With respect to IATA's comment on Inflation, DIAL stated that,

"We strongly disagree with the IATA comments, that allowing inflation will de-emphasise the airport's focus on the delivery of efficiency improvements.

The cost per pax / charges per pax of the Delhi Airport are lowest across the airports of this scale. It is the fundamental principle for the Public Infrastructure Assets to meet the service level obligations and providing a better passenger experience.

Accordingly, such inflationary increase is necessary to meet DIAL cost obligations and also ensure safe operations and meet necessary service quality"

8.5 Authority's analysis on Stakeholders' comments on Inflation for the Fourth Control Period

8.5.1 The Authority has reviewed the comments of IATA and DIAL's counter-comment on inflation and is of the view that the O&M expenses for the Fourth Control Period are projected after analysing 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.

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 and FY 2026 i.e. 4.8% and 4.3% respectively as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 92" released on 8th February 2025 by the RBI. The Authority decides to consider the inflation for FY 2026 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 262: Inflation rates decided to be considered by the Authority for the Fourth Control Period

FY Ending March 31,	2025	2026	2027	2028	2029
CPI Inflation	4.8%	4.3%	4.3%	4.3%	4.3%

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 Table 262.

9. AERONAUTICAL OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

9.1 DIAL's Submission regarding Operation and Maintenance (O&M) Expenses for the Fourth Control Period

Operation and Maintenance (O&M) Expenses Considerations by DIAL for the Fourth Control Period

9.1.1 DIAL has submitted that the following points have been considered for estimation of Aeronautical Operation and Maintenance (O&M) expenses for the Fourth Control Period:

- **Base Year:** In order to form a basis of forecasting expenses for the Fourth Control Period, DIAL has considered FY 2024 i.e. the last year of the Third Control Period as base year and applied growth percentage over it.
- **Inflationary increase:** DIAL has considered inflationary increase on certain expenses. The CPI inflation rate of 4.6% is considered for the Fourth Control Period based on the results of 87th round of professional forecasters on macroeconomic indicators by RBI.
- **Impact of Phase 3A expansion:** Post expansion of Terminal 1, total area has increased by 22% and the passenger handling capacity has been increased by 52%. The increased terminal area shall lead to increase in expenses viz. Repairs & Maintenance, House Keeping, Manpower hire charges and Security expenses as a consequence to manage the increased operational area. The increased passenger handling capacity shall lead to increase in manpower expenses and admin & general expenses.

Details of Head wise O&M Expenses as submitted by DIAL

9.1.2 **Manpower Costs:** DIAL has projected increase in employee head count at IGIA by ~21% in FY 2025 to cater to the increase in operations post Phase 3A in airside, landside, terminal side and support functions. Further, the Noida International Airport is expected to be commissioned from April'25 within the vicinity of IGIA and hence DIAL is required to increase the manpower compensation by way of increments/retentions and other payments. Thus, DIAL projected the increase in these costs based on inflation of 4.6% p.a. and real growth in manpower cost by 7% p.a. and a further increase in employee requirement due to expansion of Terminal area by 21% in FY 2025 due to Phase 3A, and by 4% in FY 2028 due to Pier E Expansion.

9.1.3 **Administrative and General Expenses:**

i. **Rent, Rates & Taxes:** These costs are projected to increase year on year based on inflation rate of 4.6% from the base year.

ii. **Professional and Consultancy expenses:** Due to increase in passenger handling capacity, operation of four runways coupled with the expected competition from the Noida International Airport in the near future, DIAL has projected to incur professional and consultancy expenses for various improvements in its processes to sustain its operations. Thus, DIAL has projected increase at inflation rate of 4.6% and real growth of 10% year on year for the entire Fourth Control Period.

iii. **Advertisement and Business Promotion:** In order to protect the interest of the IGI Airport due to the competition from the Noida International Airport in the near future, DIAL has proposed to attract passenger traffic by way of various advertisements on passenger

experience, facilities, service quality and ratings of IGI Airport. Thus, DIAL has projected an increase in expenditure based on passenger traffic growth and inflation year on year. DIAL has considered the base for this expenditure as FY 2023 instead of FY 2024, considering higher than usual expenditure in FY 2024 on account of one-time expenses.

iv. **Corporate Cost allocation:** DIAL had projected increase in these costs based on growth in manpower costs, increase in the manpower and inflation rate.

v. **Travelling and Conveyance expenditure:** DIAL has projected that these costs would increase in consonance with the increase in the manpower at IGI Airport and inflation year on year.

vi. **CSR Expenditure:** DIAL has projected the CSR expenditure and considered the amount as part of Aeronautical Operation and Maintenance Costs.

vii. **Bank Charges:** Bank charges are projected based on the estimates of amortization of the transaction costs incurred for availing of the loan facilities for means of finance for the projects.

viii. **Other expenses:** Other administrative expenditure is related to various miscellaneous expenditure incurred by DIAL including collection charges towards UDF. This expenditure is projected to be increased based on passenger handling capacity, inflation and real growth.

9.1.4 The head-wise break-up of Aeronautical Admin and General expenses submitted by DIAL for the Fourth Control Period is as follows:

Table 263: Aeronautical Admin and General Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Rent	4.05	4.24	4.44	4.64	4.85	**22.22**
Rates and Taxes	1.06	1.11	1.16	1.21	1.27	**5.79**
Professional and Consultancy Expenses	61.44	70.70	81.34	93.59	107.69	**414.76**
Printing and Stationery	2.54	2.66	2.78	3.20	3.35	**14.53**
Travelling and Conveyance	40.55	42.42	44.37	48.26	50.48	**226.08**
Communication Costs	3.34	3.49	3.65	4.20	4.40	**19.09**
Advertising and Sales Promotion	11.33	12.46	13.86	15.29	16.71	**69.66**
Corporate Costs	101.53	113.64	127.19	148.04	165.69	**656.10**
CSR	-	-	4.52	33.14	74.06	**111.72**
Bank Charges	26.39	20.22	12.43	10.25	9.67	**78.96**
Other Admin Expenses	17.79	20.47	23.56	29.81	34.30	**125.94**
Total	**270.04**	**291.40**	**319.30**	**391.65**	**472.47**	**1,744.87**

9.1.5 **Operating Expenses:**

i. **Repairs & Maintenance expenditure:** The major part of the repairs and maintenance expenditure are related to the AMC and CMC cost of plant and machinery. DIAL has stated that they have already started replacing few of the plant and machineries in phased manner either due to completion of the useful life of the assets or in line with the requirements of BCAS on various equipment required as part of the issued guidelines. Further, due to expansion of the airport, the number of equipment which is required to be covered under AMC/CMC has

increased. Thus, the repairs and maintenance of the plant and machinery is projected to increase in proportion to the increase in the area and inflation costs from the base year. This has a similar effect on the R&M of IT Equipment which are required for the purposes of the operations at IGIA. Due to increase in the total area to be catered for maintenance of civil structure such as buildings, roads and taxiways, the R&M relating to these items are projected to increase in proportion to the increase in the area and inflation costs from the base year.

ii. **House Keeping expenses and consumables:** The existing terminals of IGIA (T3 and T2) are getting older and post Covid-19 the awareness of the cleanliness and requirement for upkeeping of ambience in surroundings has a greater impact on meeting the service requirement of the OMDA along with the greater passenger experience for users. The completion of Phase 3A led to significant increase in the terminal area of the IGI Airport and the expenditure for housekeeping would increase in consonance with increase in terminal area. Thus, the projection for housekeeping expenses and consumables are considered to be increased by one time on account of increase in the terminal area and every year on account of inflation as well as growth in manpower cost.

iii. **Insurance:** DIAL has completed Phase 3A expansion in the second half of FY 2024. Thus, the asset base would increase for the purposes of the payment of insurance premium. This has been considered based on the estimates of the insurance premium on various insurance policies considered by DIAL.

iv. **Manpower Hire Charges (Third Party):** Post completion of Phase 3A, the operational area to be covered by DIAL would increase and accordingly the expenditure relating to manpower hire charges is projected based on the inflation, growth in manpower cost and one time increase in the expansion factor due to increase in area.

v. **Security Expenses:** Post completion of Phase 3A, the area to be covered for security purposes would increase and accordingly these expenditure are projected to increase based on the inflation, growth in manpower cost and one time increase based on area expansion factor due to increase in area.

vi. **Equipment Lease Rental:** DIAL as part of Phase 3A has entered into a finance lease for procurement of the assets worth Rs. 400 Cr. The details of the equipment funded by way of lease finance is shown in the Table 156. The lease payments of these equipment are considered as part of the operating expenditure of DIAL amounting to Rs. 7.2 Cr per month.

9.1.6 The Aeronautical Operating Expenses submitted by DIAL for the Fourth Control Period is as follows:

Table 264: Aeronautical Operating Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Repairs and Maintenance	275.92	288.62	301.89	337.30	352.82	**1,556.55**
Plant & Machinery	*159.85*	*167.20*	*174.89*	*195.40*	*204.39*	***901.74***
Buildings	*40.76*	*42.64*	*44.60*	*49.83*	*52.12*	***229.94***
IT	*44.55*	*46.60*	*48.74*	*54.46*	*56.96*	***251.32***
Others	*30.77*	*32.18*	*33.66*	*37.61*	*39.34*	***173.55***
Housekeeping Expenses	115.90	129.72	145.19	173.57	194.26	**758.64**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Insurance	36.05	42.82	44.94	48.48	50.86	**223.15**
Consumables	19.23	20.12	21.04	23.51	24.59	**108.50**
Manpower Hire Charges	92.01	102.98	115.26	137.79	154.21	**602.25**
Security Expenses	28.87	32.32	36.17	43.24	48.39	**188.99**
Finance Lease Payments	86.40	86.40	86.40	86.40	86.40	**432.00**
Total	**654.40**	**702.97**	**750.89**	**850.28**	**911.54**	**3,870.08**

9.1.7 **Utility Expenses:** The power and water demand at IGIA is expected to rise due to increase in passenger traffic and increase in terminal area. DIAL has projected increase in power and other utility expenses in proportion to the increase in the area to be served by DIAL along with inflationary increase in tariff by power suppliers.

9.1.8 **Airport Operator Fee:** DIAL has considered the contractual obligation of the payment of Airport Operator fee at 3% of the projected revenue in line with its earlier submissions.

9.1.9 **Property Tax:** DIAL has projected the property tax outflows based on the settled principles for the assessment of the property tax by the area covered by the SDMC (South Delhi Municipal Corporation) and DCB (Delhi Cantonment Board). DIAL has projected that the property tax outflow for the Fourth Control Period would be Rs. 34.79 Cr for SDMC and would vary from Rs. 23 Cr in FY 2025 to Rs. 31 Cr in FY 2029 for DCB. Further, DIAL is also expected to discharge pending dues of Rs. 52 Cr to DCB in FY 2025.

9.1.10 Based on the above, the Aeronautical Operation and Maintenance (O&M) expenses submitted by DIAL for the Fourth Control Period is shown in the table below:

Table 265: Aeronautical O&M Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Manpower Costs	355.26	397.62	445.02	518.00	579.76	**2,295.66**
Admin & General Expense	270.04	291.40	319.30	391.65	472.47	**1,744.87**
Utility expense	88.16	92.22	96.46	107.77	112.73	**497.33**
Operating Expense	654.40	702.97	750.89	850.28	911.54	**3,870.08**
Airport Operator Fee	31.85	33.52	292.45	324.15	356.61	**1,038.59**
Forex	50.93	50.99	41.46	32.26	32.34	**207.98**
Property tax	98.33	52.78	54.37	56.19	58.16	**319.82**
Total Aeronautical O&M Expense	**1,548.97**	**1,621.50**	**1,999.95**	**2,280.31**	**2,523.61**	**9,974.33**

9.2 Authority's Examination of Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period at the Consultation Stage

The Authority examined DIAL's submissions regarding Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period taking into account the tariff setting principles detailed at para 1.3.3 of this Tariff Order to ensure that only the efficient, justified and reasonable expenses are allowed on projection basis for the smooth conduct of Airport operations during the Fourth Control Period.

9.2.1 The Authority noted that DIAL has used the following key growth/ escalation factors for projecting Operation and Maintenance (O&M) expenses for the Fourth Control Period.

i. Inflation
ii. Terminal Area Increase Factor
iii. Manpower Growth Factor

9.2.2 *Inflation:* The Authority noted that DIAL has considered inflation rate of 4.6% for all years of the Fourth Control Period as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 87" published by the RBI.

9.2.3 *Terminal Area Increase Factor:* The Authority noted that DIAL considered terminal area increase factor of 21.79% (based on increase in total terminal area on account of Phase 3A Capex) and 6.81% (based on increase in total terminal area on account of Pier E) in FY 2025 and FY 2028 respectively.

9.2.4 *Manpower Growth Factor:* The Authority noted that DIAL considered manpower growth factor of 20.61% (i.e. 40% of increase in passenger handling capacity of the Airport due to Phase 3A Capex i.e. 51.52%) and 4% (i.e. 40% of increase in passenger handling capacity of the Airport due to Pier E i.e. 10%) in FY 2025 and FY 2028 respectively.

9.2.5 The summary of the key growth/ escalation factors considered by DIAL for projecting O&M expenses for the Fourth Control Period is as follows:

Table 266: Key Growth/ Escalation Factors considered by DIAL for projecting O&M Expenses

FY ending March 31	2025	2026	2027	2028	2029
Inflation	4.60%	4.60%	4.60%	4.60%	4.60%
Terminal Area Increase Factor	21.79%	-	-	6.81%	-
Manpower Growth Factor*	20.61%	-	-	4.00%	-

**40% of increase in passenger handling capacity of the Airport*

9.2.6 As per DIAL's submission, expenses related to Repairs and Maintenance, Housekeeping, Consumables, Manpower Hire Charges, Security expenses and Utility expenses are linked to increase in terminal area while expenses related to Manpower and Admin & General expenses are linked to manpower growth factor.

9.2.7 The Authority after examination of DIAL's submission of Inflation rate for the Fourth Control Period proposed to consider inflation rate of 4.6% for the Fourth Control Period i.e. FY 2025 to FY 2029 at the Consultation Stage as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 89" published by the RBI (Refer Table 261).

9.2.8 The Authority after analysis of the terminal area increase and manpower growth factors noted that the O&M expenses may not increase in direct proportion to terminal area increase and/or passenger handling capacity due to economies of scale.

9.2.9 Accordingly, the Authority proposed to moderate the terminal area increase and manpower growth factors and propose to consider only 2/3rd of the terminal area and manpower growth factor considered by DIAL.

i. *Terminal Area Increase Factor:* The Authority proposed to consider terminal area increase factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively as against 21.79% and 6.81% respectively considered by DIAL.

ii. *Manpower Growth Factor:* The Authority proposed to consider manpower growth factor of 14.53% as against 20.61% considered by DIAL in FY 2025. However, the Authority proposed to consider manpower growth factor of 4.00% as submitted by DIAL in FY 2028 as DIAL's submission is found to be reasonable.

9.2.10 The summary of the key growth/ escalation factors proposed to be considered by the Authority for projecting O&M expenses for the Fourth Control Period is as follows:

Table 267: Key Growth/Escalation Factors proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029
Inflation	4.60%	4.60%	4.60%	4.60%	4.60%
Terminal Area Increase Factor	14.53%	-	-	4.54%	-
Manpower Growth Factor	14.53%	-	-	4.00%	-

9.2.11 The Authority proposed to project O&M expenses for the Fourth Control Period by applying appropriate escalation rates over the Aeronautical portion of respective expenses proposed to be considered by the Authority for FY 2024.

9.2.12 The Authority's analysis of each of the components of the O&M expenses for the Fourth Control Period is presented below:

Manpower Expenses:

9.2.13 The manpower expenses are segregated under two heads viz. (i) Salaries, Wages and Bonus and (ii) Staff Welfare expenses.

9.2.14 The manpower expenses submitted by DIAL for the Fourth Control Period is as follows:

Table 268: Aeronautical Manpower Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Salaries, Wages and Bonus	338.93	379.33	424.56	494.18	553.10	**2,190.10**
Staff Welfare expenses	16.34	18.28	20.46	23.82	26.66	**105.56**
Total	**355.26**	**397.62**	**445.02**	**518.00**	**579.76**	**2,295.66**

Salaries, Wages and Bonus

9.2.15 The Authority analysed DIAL's submission regarding Salary expenses for the Fourth Control Period and noted that DIAL has considered costs for FY 2024 as the base for projecting the expenses for the Fourth Control Period. DIAL has considered annual growth rate of 7% p.a. along with an inflation rate of 4.6% p.a. i.e. an effective growth rate of 12% p.a. In addition to this, DIAL has considered manpower growth factor of 20.61% in FY 2025 and 4% in FY 2028 respectively.

9.2.16 The Authority assessed the past CAGR of Salary expenses and found that the expenses grew at a CAGR of 9% during the Second and Third Control Period. Accordingly, the Authority is of the view that the growth rates considered by DIAL are well above the historical trend.

9.2.17 The Authority also observed that IGIA is an established airport with the highest passenger traffic among all the major airports in India and must have taken sufficient measures to bring in efficiency in its overall functioning. The Authority also noted that DIAL shall be able to optimize the manpower costs as DIAL over a period of time has invested a lot in technology. Accordingly, the Authority expects the expenses towards Salaries and Wages to grow at a rate marginally higher than the inflation rates.

9.2.18 The Authority, after analysis of the submission as well as past trend, proposed to consider a growth rate of 6% p.a. for Salaries and Wages and also consider manpower growth factor of 14.53% in FY 2025 and 4% in FY 2028.

Staff Welfare Expenses

9.2.19 The Authority also examined DIAL's submission regarding Staff Welfare expenses for the Fourth Control Period and noted that this expense item has been projected similar to Salary expenses i.e. an effective growth rate of 12% p.a. with expenses for FY 2024 as the base. In addition to this, DIAL has considered manpower growth factor of 20.61% in FY 2025 and 4% in FY 2028 for projecting Staff welfare expenses in the Fourth Control Period.

9.2.20 The Staff Welfare expenses majorly comprise pantry expenses, relocation cost, uniforms/ raincoats, children school fee allowance, get togethers, other allowances, training, insurance (medical, accidental etc.), medical & health facility, professional membership etc.

9.2.21 DIAL claims that the Staff Welfare expenses are directly proportional to the growth observed in the Salaries.

9.2.22 The Authority after analysis of the Staff Welfare expenses noted that average Staff Welfare expenses for FY 2023 and FY 2024 was 4.7% of Salaries and Wages.

9.2.23 Accordingly, the Authority proposed to consider Staff Welfare expenses at 4.7% of Salaries and Wages in the Fourth Control Period.

9.2.24 The Aeronautical Manpower expenses proposed to be considered by the Authority for the Fourth Control Period is shown in the table below:

Table 269: Aeronautical Manpower expenses proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Salaries, Wages and Bonus	310.35	328.97	348.71	384.42	407.48	**1,779.93**
Staff Welfare expenses	14.57	15.45	16.37	18.05	19.13	**83.57**
Total	**324.92**	**344.42**	**365.08**	**402.46**	**426.61**	**1,863.49**

Admin and General Expenses:

9.2.25 The Admin and General Expenses comprise of Rent, Rates & Taxes, Professional and Consultancy Expenses, Printing and Stationery, Travelling and Conveyance, Communication Costs, Advertising and Sales Promotion, Corporate Cost Allocation, Corporate Social Responsibility (CSR), Bank Charges and Other Admin Expenses.

9.2.26 The Aeronautical Admin and General expenses submitted by DIAL for the Fourth Control Period is as follows:

Table 270: Aeronautical Admin and General Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Rent	4.05	4.24	4.44	4.64	4.85	**22.22**
Rates and Taxes	1.06	1.11	1.16	1.21	1.27	**5.79**
Professional and Consultancy Expenses	61.44	70.70	81.34	93.59	107.69	**414.76**
Printing and Stationery	2.54	2.66	2.78	3.20	3.35	**14.53**
Travelling and Conveyance	40.55	42.42	44.37	48.26	50.48	**226.08**
Communication Costs	3.34	3.49	3.65	4.20	4.40	**19.09**
Advertising and Sales Promotion	11.33	12.46	13.86	15.29	16.71	**69.66**
Corporate Costs	101.53	113.64	127.19	148.04	165.69	**656.10**
CSR	-	-	4.52	33.14	74.06	**111.72**
Bank Charges	26.39	20.22	12.43	10.25	9.67	**78.96**
Other Admin Expenses	17.79	20.47	23.56	29.81	34.30	**125.94**
Total	**270.04**	**291.40**	**319.30**	**391.65**	**472.47**	**1,744.87**

Rent Expenses

9.2.27 The Authority analysed DIAL's submission wherein Rent expenses are escalated at the rate of inflation for the Fourth Control Period with FY 2024 as the base.

9.2.28 Rent expenses primarily comprise of rentals paid towards the transit guest houses for employees of DIAL. In addition to this, DIAL on need basis incurs rentals towards various equipment/vehicles which are hired on temporary basis.

9.2.29 The Authority based on its analysis noted that the past growth rates (annual as well as CAGR for five year period) of Rent expenses were highly inconsistent on account of the nature of these items.

9.2.30 The Authority is of the view that DIAL's projection of Aeronautical Rent Expenses based on inflation rate is reasonable and accordingly proposed to consider DIAL's submission.

9.2.31 The Aeronautical portion of Rent expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 271: Aeronautical Rent Expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical portion of Rent Expenses submitted by DIAL	4.05	4.24	4.44	4.64	4.85	**22.22**
Aeronautical portion of Rent Expenses proposed to be considered by the Authority	4.05	4.24	4.44	4.64	4.85	**22.22**

Rates & Taxes

9.2.32 The Authority analysed DIAL's submission wherein Rates & Taxes are escalated at the rate of inflation for the Fourth Control Period with FY 2024 as the base.

9.2.33 Rates & Taxes majorly pertain to the operating license fee of Trunk Mobile Radio Service (TMRS) and is paid to Department of Telecommunication (DOT). These equipment are used by various stakeholders like ARFF, CISF, AOCC, Airside Personnel, Airlines etc. for operational purposes. It may be noted that the operating license fee is determined by the DOT. Rates and Taxes also include Stamp Duty charges for agreements entered by DIAL with various parties and expenses towards Delhi Pollution Control Committee.

9.2.34 The Authority based on its analysis noted that the past growth rates (annual as well as CAGR for five year period) of Rates & Taxes were highly inconsistent on account of the nature of these items.

9.2.35 The Authority is of the view that DIAL's projection of Aeronautical Rates & Taxes based on inflation rate is reasonable and accordingly proposed to consider DIAL's submission.

9.2.36 The Aeronautical portion of Rates & Taxes submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 272: Aeronautical Rates and Taxes submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical Portion of Rates & Taxes submitted by DIAL	1.06	1.11	1.16	1.21	1.27	**5.79**
Aeronautical Portion of Rates & Taxes proposed to be considered by the Authority	1.06	1.11	1.16	1.21	1.27	**5.79**

Professional and Consultancy Expenses

9.2.37 The Authority analysed DIAL's submission regarding Professional and Consultancy expenses which are projected at inflation rate of 4.6% p.a. as well as real growth of 10% p.a. for the Fourth Control Period i.e. an effective annual growth rate of 15% p.a.

9.2.38 Professional and Consultancy expenses are towards various services availed from the external parties viz. Technical Services from Consultants, Retainer Fee various expertise personnel, Placement Fee / Fee for recruitments, Audit Services such as Tax Audit, Internal Audit, Secretarial Audit etc, Training Fee paid to various consultants, Legal Expenses and Outsourcing Expenses.

9.2.39 The Authority examined the break-up of Professional and Consultancy expenses for FY 2024 which forms the basis for projections for the Fourth Control Period. The break-up is as follows:

Table 273: Break up of Professional & Consultancy Charges for FY 2024 considered as base

S. No	Particulars	Amount (Rs. Cr)	Remarks
1	Consultancy charges	25.07	Includes consultancy charges for various initiatives, strategic planning, advisory fees etc.
2	Consultancy charges – HR	14.32	Retainer consultants hired for business continuity.

S. No	Particulars	Amount (Rs. Cr)	Remarks
3	Consultancy charges – Legal	13.70	Fee towards, various legal retainers, councils, consultants, etc. for various cases pending in courts.
4	Personal Cost - Outsourced Staff Salary	10.87	Many outsourced staff are deployed by DIAL in various functions, which include Operations, P&E, HR, P&C, F&A, legal, SPG etc.
5	Consultancy charges – Finance, Audit and Technical	2.66	Consultancy charges towards finance, audit and technical related services.
	Total	**66.64**	

9.2.40 The Authority noted that consultancy charges towards legal consultants constituted significant portion of Professional and Consultancy expenses for the Third Control Period as mentioned below:

Table 274: Legal charges & percentage in Professional & Consultancy charges

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
Consultancy charges – Legal (A)	16.74	22.07	16.31	40.14	13.70	**108.95**
Professional and Consultancy expenses (B)	99.08	62.28	67.96	104.45	66.64	**400.40**
% of Professional and Consultancy expenses (A/B)	*16.90%*	*35.44%*	*24.00%*	*38.43%*	*20.55%*	***27.21%***

9.2.41 The above legal charges paid by DIAL are not at all critical or necessary for the Aeronautical Operations of the Airport and are by nature paid towards legal cases with other stakeholders. As these don't have any value addition to the services offered to the airport users, the Authority proposed to disallow these expenses as part of Professional and Consultancy expenses for the Fourth Control Period. The Authority also noted that even in the concession agreements executed by GoI for recent airports, legal expenses are excluded from the O&M expenses considered as a passthrough for tariff determination.

9.2.42 The Authority analysed the past growth rates of Professional and Consultancy expenses and noted that the annual growth rates as well as CAGR for five and ten-year periods are highly inconsistent with some of the years recording negative growth rates.

9.2.43 Considering the above, the Authority proposed to consider only the inflation rate of 4.6% p.a. for projecting Professional and Consultancy expenses for the Fourth Control Period and also proposed not to consider Legal expenses for the Fourth Control Period.

9.2.44 The Aeronautical portion of Professional and Consultancy expenses excluding legal charges proposed to be considered by the Authority for FY 2024 is Rs. 41.71 Cr as per Table 107. The same is taken as the base for projections for the Fourth Control Period.

9.2.45 The Aeronautical portion of Professional and Consultancy expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 275: Aeronautical Professional & Consultancy expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Professional & Consultancy expenses	61.44	70.70	81.34	93.59	107.69	**414.76**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
submitted by DIAL						
Aero portion of Professional & Consultancy expenses proposed to be considered by the Authority	43.63	45.64	47.74	49.94	52.23	**239.18**

Printing and Stationery Expenses

9.2.46 The Authority analysed DIAL's submission regarding Printing and Stationery expenses for the Fourth Control Period wherein the expenses are escalated at the inflation rate of 4.6% p.a. In addition to this, DIAL has considered one-time increase of 51.52% and 10% in FY 2025 and FY 2028 respectively on account of increase in passenger handling capacity.

9.2.47 The Authority noted that the past growth rates under this head are inconsistent with negative growth rates in some of the years.

9.2.48 The Authority also noted that the Printing and Stationery expenses are not correlated to the traffic growth. Hence, the Authority is of the view that DIAL's submission of correlating these expenses to growth in passenger handling capacity is not correct. Accordingly, the Authority proposed to consider only inflation rate of 4.6% p.a. for projecting Printing and Stationery expenses for the Fourth Control Period.

9.2.49 The Aeronautical portion of Printing and Stationery expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 276: Aeronautical Printing and Stationery expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Printing and Stationery expenses submitted by DIAL	2.54	2.66	2.78	3.20	3.35	**14.53**
Aero portion of Printing and Stationery expenses proposed to be considered by the Authority	1.71	1.78	1.87	1.95	2.04	**9.35**

Travelling and Conveyance Expenses

9.2.50 The Authority analysed DIAL's submission regarding Travelling and Conveyance expenses for the Fourth Control Period which has been escalated at inflation rate of 4.6% p.a. In addition to this, DIAL has considered manpower escalation factor of 20.61% and 4% in FY 2025 and FY 2028 respectively on account of increase in passenger handling capacity at the Airport.

9.2.51 Travelling and Conveyance expenses comprise expenses pertaining to Local Conveyance, Travel Charges for the employees (Domestic / Foreign) and Chartering Costs for senior management of DIAL. The break-up of the expenses for FY 2024 are as follows:

Table 277: Travelling & Conveyance expenses for FY 2024

S. No	Particulars	Amount (Rs. Cr)	Remarks
1	Chartering Cost	27.61	Business related travel by senior management
2	Vehicle Hire Charges	8.50	Vehicle hired for the operations of the Airport
3	Foreign Travel Fare	3.98	Employee foreign travel air fare charges
4	Foreign Travel – Other Expenses	3.57	Employee foreign travel lodging and boarding expenses
5	Inland Travel Fare	2.29	Employee inland travel fare charges
6	Local Conveyance – Taxi Hire	1.21	Taxi hire charges for the staff of the Airport
7	Inland Travel – Other Expenses	1.00	Employee inland travel lodging and boarding
8	Others	0.57	Miscellaneous expenses towards employee travel
	Total	**48.74**	

9.2.52 The Authority sought clarification on the nature of Chartering Costs and its essentiality/ relevance to the Airport operations. DIAL clarified that its senior management is eligible for charter flights for business travel mainly for the purpose of meetings, seminars, marketing & business development. Further, DIAL has entered into an agreement with Indo Pacific Aviation Private Limited for availing charter services where fixed payment towards utilization of services has been agreed upon.

9.2.53 The Authority proposed to project Travelling and Conveyance expenses based on inflation rate of 4.6% p.a. along with adjusted manpower escalation factor of 14.53% and 4% in FY 2025 and FY 2028 respectively. The Authority consistent with the view taken for true up of the O&M Expenses for the Third Control Period has proposed to consider only 50% of the Chartering Costs as the base for applying the growth rates as mentioned above.

9.2.54 The Aeronautical portion of Travelling and Conveyance expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 278: Aeronautical Travelling and Conveyance expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Travelling and Conveyance expenses submitted by DIAL	40.55	42.42	44.37	48.26	50.48	**226.08**
Aero portion of Travelling and Conveyance expenses proposed to be considered by the Authority	38.81	40.59	42.46	46.19	48.31	**216.36**

Communication Costs

9.2.55 The Authority analysed DIAL's submission regarding Communication Costs for the Fourth Control Period which has been projected based on the inflation rate of 4.6% p.a. In addition to this, DIAL has

considered one-time increase of 51.52% and 10% in FY 2025 and FY 2028 respectively attributed to increase in passenger handling capacity of the Airport.

9.2.56 Communication costs include the Leased Line Charges/VPN for administration purposes across the airport, mobile expenses for its employees. These costs are non-recoverable from any of the concessionaires.

9.2.57 The Authority proposed to consider only inflation rate of 4.6% p.a. for projecting Communication costs for the Fourth Control Period.

9.2.58 The Aeronautical portion of Communication Costs submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 279: Aeronautical Communication Costs submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Communication Costs submitted by DIAL	3.34	3.49	3.65	4.20	4.40	**19.09**
Aero portion of Communication Costs proposed to be considered by the Authority	2.23	2.34	2.44	2.56	2.67	**12.25**

Advertising and Sales Promotion

9.2.59 The Authority analysed DIAL's submission regarding Advertising and Sales Promotion for the Fourth Control Period which has been projected based on inflation rate of 4.6% p.a. as well as passenger traffic growth i.e. an effective increase ranging between 9% and 11%. It may be noted that DIAL has considered expenses pertaining to FY 2023 as the base for projecting expenses for FY 2025 as the expenses pertaining to FY 2024 were unusually high.

9.2.60 The Authority sought clarifications from DIAL on the unusually high expenses incurred in FY 2024. DIAL submitted that during FY 2024, it had incrementally spent on many new events related to G20, customer engagement activities, manpower contract for supporting Digi yatra, campaigns for Skytrax on social media platform, providing transportation services during departure and arrival phase of HAJ operations to HAJ pilgrims and various sponsorships for events etc. All these led to one time increase in Advertisement expenses compared to FY 2023. To avoid aberration, DIAL considered expenses pertaining to FY 2023 for projecting expenses for FY 2024.

9.2.61 DIAL also submitted that in order to protect the interest of the Airport considering the competition from the upcoming Noida International Airport, DIAL projected to incur expenditure for attracting the passengers by way of various advertisements highlighting passenger experience, facilities, service quality and ratings of the Airport. Thus, DIAL has projected Advertising expenditure based on passenger traffic growth and inflation.

9.2.62 The Authority analysed the past growth rates and noted that the same is highly inconsistent and this expense in the past has been independent of passenger traffic growth.

9.2.63 Further, the Authority also noted that the advertising and sales promotion expenses are expected to increase in line with the increase in terminal area rather than passenger traffic growth. Accordingly, the Authority proposes to escalate Advertising and Sales Promotion expenses based on inflation along with adjusted terminal area expansion factor of 14.53% & 4.54% in FY 2025 and FY 2028 respectively.

9.2.64 The Aeronautical portion of Advertising and Sales Promotion expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 280: Aeronautical Advertising and Sales Promotion expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Advertising and Sales Promotion expenses submitted by DIAL	11.33	12.46	13.86	15.29	16.71	**69.66**
Aero portion of Advertising and Sales Promotion expenses proposed to be considered by the Authority	11.70	12.23	12.80	13.99	14.64	**65.36**

Corporate Costs

9.2.65 The Authority analysed DIAL's submissions regarding allocation of Corporate costs for the Fourth Control Period wherein costs are projected based on inflation (4.6%), growth in manpower cost (7%) and manpower escalation factor (20.61% and 4% in FY 2025 and FY 2028 respectively) i.e. an effective growth of 12% p.a. excluding manpower escalation factor.

i. Corporate costs pertain to allocations of cost of services provided by GMR Airports Limited (GAL, shareholder of DIAL) and GMR Airports Infrastructure Limited (GAIL, holding company of GMR Airports Limited) to DIAL.

ii. Both GAL and GAIL have corporate departments which support their airport companies/ SPVs and charge them for use of resources involved in carrying out these activities. The allocation of costs is based on the report submitted by Deloitte Touche Tohmatsu Private Limited in 2022 which contains cost drivers for allocation of cost incurred by the group companies for specific services provided to DIAL. As per the report, cost drivers have been identified for each of the departments (or a group of similar departments).

iii. The weighted average of asset size of business is considered as the cost driver for allocation of costs incurred by GAL while the primary cost drivers for allocation costs incurred by GAIL are number of employees and asset size.

9.2.66 The Authority analysed the past growth rates pertaining to Corporate Costs and noted that the same is highly inconsistent.

9.2.67 The Authority is also of the view that the rates considered by DIAL for projecting Corporate Costs are higher. The Authority noted that the services provided by group entities mentioned above are primarily related to HR and Corporate Finance i.e. manpower related functions.

9.2.68 Accordingly, the Authority proposed to consider growth rate of 6% p.a. for projecting Corporate Costs along with manpower growth factor of 14.53% and 4.00% in FY 2025 and FY 2028 respectively for the Fourth Control Period similar to the growth rates proposed to be considered by the Authority for Salaries, Wages and Bonus under Manpower Expenses.

9.2.69 The Aeronautical portion of Corporate costs submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 281: Aeronautical Corporate costs submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Corporate costs submitted by DIAL	101.53	113.64	127.19	148.04	165.69	**656.10**
Aero portion of Corporate costs proposed to be considered	92.97	98.55	104.46	115.16	122.07	**533.22**

CSR Expenses

9.2.70 The Authority noted DIAL's submissions regarding Corporate Social Responsibility (CSR) expenses which has been considered at the rate of 2% of the average PAT for the preceding three years.

9.2.71 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control period with regard to CSR expenses.

9.2.72 Considering the above as well as the observations of the Authority under para 4.6.97, 4.6.98 and 4.6.99 of this Tariff Order, the Authority proposed not to consider CSR expenses under Aeronautical O&M expenses for the Fourth Control Period.

Bank Charges

9.2.73 The Authority analysed DIAL's submission regarding Bank Charges i.e. amortization of upfront fee incurred towards loans for Phase 3A Expansion Capex in the Third Control Period as well as loans proposed for Expansion Capex in the Fourth Control Period and noted that total Bank Charges have been projected by DIAL, cumulatively, to be Rs. 85.90 Cr over the five years in the Fourth Control Period. The break-up of the Bank Charges submitted by DIAL is as follows:

Table 282: Break-up of Bank Charges as submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Amortization of Upfront Fee and Borrowing Costs (Existing Debt)						
Bond USD 522.60 Mn	2.65	2.65	1.56	-	-	**6.87**
Bond USD 350 Mn	3.30	3.30	3.30	3.30	3.30	**16.50**
Bond USD 150 Mn	1.64	1.64	1.64	1.64	1.64	**8.20**
NCD Rs. 2,513 Cr	6.09	3.46	-	-	-	**9.55**
Discount on NCD Rs. 2,513 Cr	9.50	5.39	-	-	-	**14.89**
NCD Rs. 744 Cr	0.49	0.49	0.49	0.49	0.49	**2.47**
NCD Rs. 1000 Cr	2.88	2.88	2.88	0.66	-	**9.31**
NCD Rs. 1200 Cr	1.39	1.39	1.39	1.39	1.39	**6.96**
NCD Rs. 800 Cr	0.77	0.77	0.77	0.77	0.77	**3.84**
Amortization of Upfront Fee (Proposed Debt)						
NCD Rs. 1,525 Cr*	-	-	1.46	2.93	2.93	**7.32**
Total	**28.72**	**21.97**	**13.50**	**11.18**	**10.52**	**85.90**

**Towards loans proposed for Expansion Capex for Fourth Control Period*

9.2.74 The Authority is of the view that given the adjustments proposed by the Authority in the Project Cost for Phase 3A Expansion Capex in the Third Control Period as well as Expansion Capex in the Fourth Control Period, similar adjustment was to be considered for the Bank Charges as the Debt requirement to fund the Project Cost reduces proportionately.

9.2.75 The adjustment factor proposed to be considered by the Authority for adjustment of Bank Charges proportionate to the adjustments proposed to be considered by the Authority for Phase 3A Expansion Capex and Expansion Capex is provided below:

Table 283: Adjustment Factor for Bank Charges proposed to be considered by the Authority

Particulars (Rs. Cr)	Capex considered by DIAL for computation of Bank Charges (A)	Capex proposed to be considered by the Authority (B)	Adjustment Factor (B/A)
Phase 3A Expansion in 3rd CP	12,616	12,079	95.75%
Code C & E Stands and Pier E in 4th CP	2,203	1,748	79.35%

9.2.76 The Authority proposed to proportionately adjust the Bank Charges pertaining to Existing Debt based on adjustment factor pertaining to Phase 3A Expansion Capex (i.e. 95.75%) and the Bank Charges pertaining to Proposed Debt based on adjustment factor pertaining to Expansion Capex in the Fourth Control Period (i.e. 79.35%). The adjusted Bank Charges are provided below:

Table 284: Adjusted Bank Charges based on adjustments in Capex

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Bank Charges as per DIAL's Submission						
Bank Charges pertaining to Existing Debt (A)	28.72	21.97	12.04	8.25	7.59	**78.58**
Bank Charges pertaining to Proposed Debt (B)	-	-	1.46	2.93	2.93	**7.32**
Total (A+B)	**28.72**	**21.97**	**13.50**	**11.18**	**10.52**	**85.90**
Adjusted Bank Charges as per Authority's analysis						
Bank Charges pertaining to Existing Debt (C=A*95.75%)	27.50	21.04	11.53	7.90	7.27	**75.24**
Bank Charges pertaining to Proposed Debt (D=B*79.35%)	-	-	1.16	2.32	2.32	**5.80**
Total (C+D)	**27.50**	**21.04**	**12.69**	**10.22**	**9.59**	**81.04**

9.2.77 The adjusted Bank Charges are allocated into Aeronautical based on the GFA ratio proposed to be considered by the Authority for FY 2024 (i.e. 91.82%).

9.2.78 Accordingly, the Authority has recalculated the Aeronautical Bank Charges for the Fourth Control Period as follows:

Table 285: Aeronautical Bank Charges submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Total Bank Charges submitted by DIAL	28.72	21.97	13.50	11.18	10.52	**85.90**
Aero portion of Bank Charges submitted by DIAL	26.39	20.22	12.43	10.25	9.67	**78.96**
Aero portion of Bank Charges proposed to be considered by the Authority	25.25	19.32	11.65	9.38	8.81	**74.41**

Other Admin Expenses

9.2.79 The Authority analysed DIAL's submissions regarding Other Admin expenses for the Fourth Control Period and noted that DIAL has considered inflation rate (4.6%) as well as real growth rate (10%) i.e.

an effective escalation rate of 15% p.a. In addition to this, DIAL has also considered passenger capacity escalation factor of 51.52% and 10% in FY 2025 and FY 2028 respectively.

9.2.80 The Other Admin expenses for FY 2024 comprise the following:

Table 286: Other Admin expenses for FY 2024

Particulars	Amount (Rs. crore)
Collection Charges (PSF/UDF)	3.84
Director's Sitting Fees	0.23
Payment to Statutory Auditor	1.39
Provision for Non-Moving Inventory	1.07
Miscellaneous Expenses	4.30
Total	**10.83**

9.2.81 The Authority analysed the past growth rates and found the same to be highly inconsistent.

9.2.82 The Authority is also of the view that the growth rates considered by DIAL is substantially higher as compared to the past CAGR. Accordingly, the Authority proposed to consider only inflation rate for projecting Other Admin Expenses (except collection charges) for the Fourth Control Period while collection charges are proposed to be escalated based on overall passenger growth rate for the Fourth Control Period.

9.2.83 The Aeronautical portion of Other Admin expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 287: Aeronautical Other Admin expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Other admin expenses submitted by DIAL	17.79	20.47	23.56	29.81	34.30	**125.94**
Aero portion of Other admin expenses proposed to be considered by the Authority	10.72	11.23	11.83	12.41	12.97	**59.16**

9.2.84 Based on the above analysis, the Aeronautical Admin and General Expenses proposed to be considered by the Authority in the Fourth Control Period is provided in the table below:

Table 288: Aeronautical Admin & General expenses proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Rent	4.05	4.24	4.44	4.64	4.85	**22.22**
Rates & Taxes	1.06	1.11	1.16	1.21	1.27	**5.79**
Professional and Consultancy Expenses	43.63	45.64	47.74	49.94	52.23	**239.18**
Printing and Stationery	1.71	1.78	1.87	1.95	2.04	**9.35**
Travelling and Conveyance	38.81	40.59	42.46	46.19	48.31	**216.36**
Communication Costs	2.23	2.34	2.44	2.56	2.67	**12.25**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Advertising and Sales Promotion	11.70	12.23	12.80	13.99	14.64	**65.36**
Corporate cost allocation	92.97	98.55	104.46	115.16	122.07	**533.22**
CSR Expenses	-	-	-	-	-	-
Bank Charges	25.25	19.32	11.65	9.38	8.81	**74.41**
Other Admin Expenses	10.72	11.23	11.83	12.41	12.97	**59.16**
Total Admin and General Expenses	**232.13**	**237.04**	**240.84**	**257.43**	**269.87**	**1,237.31**

Operating Expenses:

9.2.85 The Operating Expenses majorly comprise of Repairs and Maintenance, Housekeeping expenses, Insurance, Consumables, Manpower Hire Charges, Security expenses and finance lease payments on equipment.

9.2.86 The Aeronautical Operating Expenses submitted by DIAL for the Fourth Control Period is as follows:

Table 289: Aeronautical Operating Expenses submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Repairs and Maintenance	275.92	288.62	301.89	337.30	352.82	**1,556.55**
Plant & Machinery	*159.85*	*167.20*	*174.89*	*195.40*	*204.39*	***901.74***
Buildings	*40.76*	*42.64*	*44.60*	*49.83*	*52.12*	***229.94***
IT	*44.55*	*46.60*	*48.74*	*54.46*	*56.96*	***251.32***
Others	*30.77*	*32.18*	*33.66*	*37.61*	*39.34*	***173.55***
Housekeeping Expenses	115.90	129.72	145.19	173.57	194.26	**758.64**
Insurance	36.05	42.82	44.94	48.48	50.86	**223.15**
Consumables	19.23	20.12	21.04	23.51	24.59	**108.50**
Manpower Hire Charges	92.01	102.98	115.26	137.79	154.21	**602.25**
Security Expenses	28.87	32.32	36.17	43.24	48.39	**188.99**
Finance Lease Payments	86.40	86.40	86.40	86.40	86.40	**432.00**
Total	**654.40**	**702.97**	**750.89**	**850.28**	**911.54**	**3,870.08**

9.2.87 The head-wise analysis of the Authority is detailed in the subsequent paragraphs.

Repairs and Maintenance Expenses

9.2.88 The Authority analysed DIAL's submission regarding Repairs and Maintenance expenses (Building, Plant & Machinery, IT and Others) which have been projected considering inflation rate of 4.6% p.a. along with terminal area expansion factor of 21.79% and 6.81% in FY 2025 and FY 2028 respectively.

9.2.89 The Authority sought clarifications from DIAL on the details and justifications for projection of Repairs and Maintenance expenses for the Fourth Control Period. DIAL's responses are as follows:

- **Plant & Machinery:** DIAL has deployed state-of-the-art machinery & equipment for smooth and safe functioning of the Airport in the form of Baggage Handling Systems, Travelators & Escalators, X-Ray Machines, Fire Tenders, Air Ground Lighting Systems, HVAC & associate Equipment, Electrical Installations (including MRSS) and other miscellaneous equipment for operations. These

equipment require regular maintenance and upkeep to perform at the desired output for safe, productive and Aeronautical operations. DIAL has entered into various Annual Maintenance Contract/ Comprehensive Maintenance Contracts (AMC/CMC) with Original Equipment Manufacturers (OEMs) for maintenance of these equipment across the Airport. DIAL has considered inflation as well as increase in scale of operations (Terminal Area) as it entails to the enhanced deployment of machinery & equipment and their respective maintenance costs.

- **Buildings:** The costs are associated with the need-based refurbishment or maintenance works for buildings.
- **Information Technology (IT):** This pertains to Enterprise IT services. DIAL has multiple service level agreements with various parties for providing the services of SAP (ERP maintained by DIAL), Office 365 (infra for webmail, office applications), management of data centres, IT support for the employees, AMC/CMC of the IT Equipment and servers etc.
- **Runways, Taxiway & Internal Roads:** The costs are associated with the need-based refurbishment or maintenance works for runways, taxiway and internal roads of IGIA.

9.2.90 The Authority also analysed the past growth rates of Repairs and Maintenance expenses to understand the past trend. The past CAGR of various heads under Repairs and Maintenance expenses was highly inconsistent.

9.2.91 The Authority after analysing the past growth rates and the justifications provided by DIAL proposed to project Repairs and Maintenance expenses for the Fourth Control Period based on escalation at inflation rate of 4.6% p.a. along with consideration of adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

9.2.92 The Aeronautical portion of Repair and Maintenance expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 290: Aeronautical Repair and Maintenance expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical Repairs and Maintenance expenses submitted by DIAL						
Plant & Machinery	159.85	167.20	174.89	195.40	204.39	**901.74**
Buildings	40.76	42.64	44.60	49.83	52.12	**229.94**
IT	44.55	46.60	48.74	54.46	56.96	**251.32**
Others	30.77	32.18	33.66	37.61	39.34	**173.55**
Total	**275.92**	**288.62**	**301.89**	**337.30**	**352.82**	**1,556.55**
Aeronautical Repairs and Maintenance expenses proposed to be considered by the Authority						
Plant & Machinery	150.42	157.34	164.58	179.97	188.25	**840.56**
Buildings	38.46	40.23	42.08	46.01	48.13	**214.90**
IT	42.62	44.59	46.64	51.00	53.34	**238.19**
Others	29.06	30.40	31.80	34.77	36.37	**162.39**
Total	**260.56**	**272.55**	**285.09**	**311.75**	**326.09**	**1,456.03**

Housekeeping Expenses, Manpower Hire Charges and Security Expenses

9.2.93 The Authority analysed DIAL's submissions on Housekeeping expenses, Manpower hire charges and Security expenses for the Fourth Control Period under Operating Expenses. DIAL has considered

inflation rate (4.6%) along with manpower cost growth rate (7%) i.e. an effective rate of 12% p.a. In addition to this, DIAL has considered terminal area expansion factor of 21.79% and 6.81% in FY 2025 and FY 2028 respectively for projecting Housekeeping expenses, Manpower hire charges and Security 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 based 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 Aeronautical portion 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 follows:

Table 291: Aeronautical Portion 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

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
DIAL's Submission						
Aero portion of Housekeeping expenses	115.90	129.72	145.19	173.57	194.26	**758.64**
Aero portion of Manpower Hire Charges	92.01	102.98	115.26	137.79	154.21	**602.25**
Aero portion of Security expenses	28.87	32.32	36.17	43.24	48.39	**188.99**
Proposed to be considered by the Authority						
Aero portion of Housekeeping expenses	104.66	110.94	117.60	130.32	138.13	**601.65**
Aero portion of Manpower Hire Charges	83.43	88.44	93.74	103.88	110.11	**479.60**
Aero portion of Security expenses	26.18	27.75	29.42	32.60	34.55	**150.50**

Insurance Expenses

9.2.98 The Authority analysed DIAL's submissions regarding Insurance expenses for the Fourth Control Period. DIAL has taken various insurance covers viz. Industrial All Risk (IAR), Advance Loss of Profit (ALOP), terrorism and others. The Authority noted that the total Insurance expense incurred by DIAL in FY 2024 was Rs. 23.68 crore.

9.2.99 DIAL has computed premium on IAR policy based on the closing Gross Block and gross revenue during the policy period. The premiums on other insurance policies are escalated at 10% p.a.

9.2.100 The Authority recalculated the insurance premium on IAR policy based on the adjustments in Capex for the Third and Fourth Control Period (i.e. adjusted closing Gross Block) along with the revised aeronautical revenues based on various adjustments proposed in the regulatory building blocks for determination of Target Revenue for the Fourth Control Period.

9.2.101 The Authority also found that the escalation of 10% p.a. on premiums for other insurance policies is reasonable.

9.2.102 The Aeronautical portion of insurance expenses as submitted by DIAL and proposed to be considered by the Authority is tabulated below:

Table 292: Aeronautical Insurance expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Insurance expenses submitted by DIAL	36.05	42.82	44.94	48.48	50.86	**223.15**
Aero portion of Insurance expenses proposed to be considered by the Authority	33.23	35.60	37.15	39.85	41.79	**187.62**

Consumable Expenses

9.2.103 The Authority analysed the Consumable expenses projected by DIAL for the Fourth Control Period which comprise of housekeeping materials, stores and spares, fuel etc. DIAL projected the expenses based on inflation rate (4.6%) as well as terminal area expansion factor of 21.79% and 6.81% in FY 2025 and FY 2028 respectively.

9.2.104 Considering the CAGR for previous Control Period, the Authority is of the view that the submission of DIAL regarding Consumable expenses is reasonable and proposed to consider escalation by inflation rate as well as adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

9.2.105 The Aeronautical portion of consumable expenses as submitted by DIAL and proposed to be considered by the Authority is tabulated below:

Table 293: Aeronautical Consumable expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Consumable expenses submitted by DIAL	19.23	20.12	21.04	23.51	24.59	**108.50**
Aero portion of Consumable expenses proposed to be considered by the Authority	18.19	19.03	19.90	21.76	22.76	**101.64**

Finance Lease Payments

9.2.106 The Authority analysed DIAL's submission regarding lease payments pertaining to the equipment lease financing availed by DIAL in the Third Control Period.

9.2.107 The Authority understands that DIAL funded major portion of the equipment under Phase 3A expansion capex to the extent of Rs. 400 Cr by way of lease financing. The details of the equipment funded by way of lease finance is shown in Table 156. Towards this, as per the terms of the lease, DIAL is required to make lease payments to the lessor on monthly basis at the rate of Rs. 18 per month per Rs. 1,000 of cost i.e. Rs. 7.20 Cr per month. The equipment leasing period is for 7 years. Towards the lease financing, DIAL has also advanced security deposits of Rs. 100 Cr which is expected to fetch interest income at the rate of 7% p.a.

9.2.108 DIAL proposes to consider the lease payments under O&M expenditure for the purpose of tariff determination whereas in the books of accounts, the same would form part of the Fixed Assets as Right of Use (ROU) assets. The terms of the lease are as follows:

Table 294: Terms of the Finance Lease as submitted by DIAL

Particulars	Value
Value of the Equipment (Rs. Cr)	400
No. of Months	84
Lease Payment per Month (Rs. Cr)	7.20
Security Deposit (Rs. Cr)	100
Interest Income on Security Deposit (%)	7%

9.2.109 The finance lease payment schedule as submitted by DIAL for the Fourth Control Period is mentioned below:

Table 295: Lease Payment Schedule submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
No. of Months	*12*	*12*	*12*	*12*	*12*	-
Lease Payments submitted by DIAL	86.40	86.40	86.40	86.40	86.40	**432.00**

9.2.110 The Authority analysed the terms of lease and found that the effective interest rate on the lease financing works out to 12.65% p.a. (lease payment of Rs. 7.20 Cr for 84 months on cost of Rs. 400 Cr) which is higher while compared with the effective cost of debt of 10.55% claimed by DIAL for the Third Control Period. Further, the Authority noted that DIAL has not considered interest income on the security deposits which needs to be netted off against the lease payments.

9.2.111 Accordingly, the Authority proposed to consider lease payments at the Aeronautical Cost of Debt proposed to be considered by the Authority for the Third Control Period i.e. 10.37% p.a. The lease payment at an interest rate of 10.37% p.a. works out to Rs. 6.72 Cr per month and interest income on security deposits works out to Rs. 7 Cr per annum.

9.2.112 Further, since the finance lease payment to equipment related to Aeronautical operations, the Authority proposed to consider the entire lease payments as aeronautical as considered by DIAL.

9.2.113 The finance lease payments proposed to be considered by the Authority for the Fourth Control Period is tabulated below:

Table 296: Lease payments proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
No. of Months	*12*	*12*	*12*	*12*	*12*	
Lease Payments @ Rs. 6.72 Cr	80.61	80.61	80.61	80.61	80.61	**403.03**
Less: Interest Income	7.00	7.00	7.00	7.00	7.00	**35.00**
Net Lease Payments proposed to be considered by the Authority	73.61	73.61	73.61	73.61	73.61	**368.03**

9.2.114 Based on the above analysis, the Aeronautical Operating Expenses proposed to be considered by the Authority for the Fourth Control Period is provided in the table below:

Table 297: Aeronautical Operating expenses proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
R&M Expenses	260.56	272.55	285.09	311.75	326.09	**1,456.03**
Housekeeping Expenses	104.66	110.94	117.60	130.32	138.13	**601.65**
Manpower Hire Charges	83.43	88.44	93.74	103.88	110.11	**479.60**
Security Expenses	26.18	27.75	29.42	32.60	34.55	**150.50**
Insurance	33.23	35.60	37.15	39.85	41.79	**187.62**
Consumables	18.19	19.03	19.90	21.76	22.76	**101.64**
Finance Lease Payments	73.61	73.61	73.61	73.61	73.61	**368.03**
Total	**599.86**	**627.91**	**656.50**	**713.76**	**747.05**	**3,345.07**

Utility Expenses:

9.2.115 The Authority analysed the submission made by DIAL with regards to Utility expenses. DIAL has escalated the cost of Utilities viz. Power and Water at inflation rate (4.6%) as well as terminal area expansion factor of 21.79% and 6.81% in FY 2025 and FY 2028 respectively.

9.2.116 The Authority noted DIAL's submission that IGIA's terminal area is projected to increase by 22% and passenger handling capacity by 52%. The cost of utilities is directly proportional to increase in terminal area. DIAL has submitted that the power and water demand at IGIA is expected to rise due to increase in passenger traffic and terminal area expansion.

9.2.117 The Authority noted that DIAL has tied-up with GMR Bajoli Holi Hydropower for procurement of power till FY 2036. Of total capacity of 180 MW, 120 MW from the power plant is allotted to DIAL. The Authority noted that PPA provides for annual energy requirement of DIAL till FY 2036.

9.2.118 The all-inclusive landed rate of power stood at Rs. 9.62/unit in FY 2024 which includes PPA tariff of Rs. 6.51/unit and other charges (transmission charges, transmission losses, wheeling charges, SLDC charges etc.) of Rs. 3.11/unit. Capacity of in-house solar plant is 8 MW which met only 4% of total power consumed in FY 2024.

9.2.119 The Authority noted that DIAL also procures power from Delhi Discom (BSES Rajdhani Power Ltd – BRPL) in case of any shortfall. However, the Authority noted that the landed rate of power sourced from BRPL in the last three FYs i.e. FY 2022, FY 2023 and FY 2024 was above Rs. 13/unit. Accordingly, the Authority is of the view that average rate of power procured from GMR Bajoli Holi is considerably lower than that of power procured from BRPL. Hence the Authority is also of the view that the arrangement for power procurement through the PPA is efficient.

9.2.120 The Authority analyzed the past trend in utility consumption by IGIA and the analysis is presented below:

Table 298: Utility consumption by DIAL in the Third Control Period

FY ending March 31	2020	2021	2022	2023	2024	4-Year CAGR	Total
Electricity							
Electricity Consumption (MU)	236.68	162.71	200.92	237.62	253.97		
Average Rate (Rs/kWh)	8.88	8.80	9.44	10.18	10.01	3.02%	
Gross Charges (Rs. Cr)	210.24	143.14	189.59	241.88	254.16		**1,039.01**
Recovery from sub-concessionaire (%)	68%	79%	75%	69%	74%		
Net Power Charges (Rs. Cr)	**67.35**	**30.64**	**47.80**	**75.38**	**66.83**		**288.00**
Water							
Water Consumption (lakh kL)	19.81	14.19	17.15	20.02	21.14		
Average Rate (Rs/kL)	136.46	130.12	125.95	161.53	161.38	4.28%	
Gross Charges (Rs. Cr)	27.04	18.46	21.59	32.35	34.11		**133.55**
Recovery from sub-concessionaire (%)	91%	106%	116%	97%	93%		
Net Water Charges (Rs. Cr)	**2.35**	**-1.03**	**-3.37**	**1.11**	**2.36**		**1.42**

9.2.121 The Authority proposed to consider an increase in the projected Power and Water consumption in the Fourth Control Period based on the adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively. The Authority also proposed to escalate the average rate of Power and Water rates based on 5-year CAGR of 3.02% and 4.28% respectively.

9.2.122 Further, the Authority proposed to consider recovery% of 72% and 95% for Power and Water charges respectively based on the average recovery% of FY 2023 and FY 2024.

9.2.123 The Authority proposed to consider the net utility expenses as entirely aeronautical as the same is net of recovery from sub-concessionaires as considered by DIAL.

9.2.124 Based on the above, the Authority recalculated the Net Utility expenses for the Fourth Control Period as tabulated below:

Table 299: Utility Expenses proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31	2025	2026	2027	2028	2029	Total
Electricity						
Electricity Consumption (MU)	290.87	290.87	290.87	304.08	304.08	
Average Rate (Rs/kWh)	10.31	10.62	10.94	11.27	11.62	
Gross Electricity charges (Rs. Cr)	299.89	308.96	318.30	342.83	353.20	**1,623.18**
Recovery from sub-concessionaire (%)	72%	72%	72%	72%	72%	
Net Power Charges (Rs. Cr)	**83.97**	**86.51**	**89.13**	**95.99**	**98.90**	**454.49**
Water						
Water Consumption (lakh kL)	24.21	24.21	24.21	25.31	25.31	
Average Rate (Rs/kL)	168.29	175.50	183.02	190.86	199.04	
Gross Water charges (Rs. Cr)	40.74	42.49	44.31	48.30	50.37	**226.21**
Recovery from sub-concessionaire (%)	95%	95%	95%	95%	95%	
Net Water Charges (Rs. Cr)	**2.04**	**2.12**	**2.22**	**2.42**	**2.52**	**11.31**
Utility Expenses (Rs. Cr)	**86.01**	**88.63**	**91.34**	**98.41**	**101.42**	**465.80**

9.2.125 The Utility expenses as submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period is tabulated below:

Table 300: Utility expenses submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Utility expenses submitted by DIAL	88.16	92.22	96.46	107.77	112.73	**497.33**
Utility expenses proposed to be considered by the Authority	86.01	88.63	91.34	98.41	101.42	**465.80**

Airport Operator Fee

9.2.126 The Authority noted the relevant provisions of OMDA related to Airport Operator as follows:

"2.5 JVC Ownership Structure

(j) The Parties hereby agree and JVC shall accordingly procure that the Operator shall remain the operator in relation to the Airport for the term of this Agreement. Provided that the ***Operator may be changed with the prior consent of AAI after the expiry of a period of seven (7) years from the Effective Date, such consent not to be withheld if the Alternate Operator is acceptable in accordance with Clause (k) below.*** *It is hereby understood and agreed that the selection of the Alternate Operator shall be subject to the political sensitivity of the GOI and GOI's approval would be an additional condition. Nothing in this Article shall prevent a termination of the Airport Operator Agreement for breach of the obligations of the Airport Operator as provided therein.* ***Notwithstanding the foregoing, after the expiry of a period of***

seven (7) years from the Effective Date, with the prior consent of AAI, the JVC may itself become the Operator of the Airport provided it satisfies the requirement of the Alternate Operator as set forth below.

(k) ***Any alternate operator (the "Alternate Operator") proposed to substitute the Operator shall have the same or higher technical and financial capability and expertise as the Operator.*** *The JVC shall be entitled to select and propose to AAI for its approval an Alternate Operator (the "Proposal"). The Proposal of the JVC pursuant to this sub-clause (k) shall contain the particulars and information in respect of the Alternate Operator, including the years of experience in a comparable airport as the Airport, the latest audited balance sheet, details of the management and shareholding pattern. Without prejudice to the foregoing the JVC agrees and undertakes to provide to AAI such further and other information and such clarifications in respect of any data, particulars or information furnished pursuant hereto as AAI may reasonably require. AAI shall convey its approval or otherwise of such Proposal, in its sole discretion within 60 (sixty) days of (a) the date of receipt of the Proposal by AAI, or (b) two weeks after the date when last of further and other information and such clarifications in respect of any data, particulars or information comprised in the Proposal, as have been requested by AAI have been received, whichever is later. Provided however that AAI's disapproval of any Alternate Operator shall be reasoned. It is expressly agreed that the Proposal shall be accompanied by an unconditional undertaking by the Alternate Operator that it shall upon approval by AAI of the Proposal, observe, comply, perform and fulfill the terms, conditions and covenants of the Airport Operator Agreement which according to its terms are required to be observed, complied with, performed and fulfilled by the Operator. Upon approval of the Proposal by AAI, such Alternate Operator subject to GOI's approval shall become the Operator under the Airport Operator Agreement. Provided however that in the event the AAI does not approve of the Proposal, then the JVC shall propose another Entity as the Alternate Operator, and the procedure mentioned in this subclause (k) shall be repeated until a Proposal is approved by AAI. It is clarified that until such time as an Alternate Operator meeting the approval of AAI is not found by the JVC, the JVC shall cause the Operator to continue as the operator under the Airport Operator Agreement."*

9.2.127 The Authority noted the relevant provisions of OMDA related to Share Transfer as follows:

"2.5 JVC Ownership Structure

(a) The Parties hereto agree that the Prime Members of the JVC shall not transfer, create any Encumbrance or deal with any equity shares in the JVC held by them for the duration of five (5) years from the Effective Date. ***Provided however that the Prime Members may transfer the shares held by them to a Financial Investor, subject to the relevant Prime Member(s) continuing to hold at least 10% of the issued and paid-up equity share capital in the JVC and the Prime Members (collectively, as a group) continuing to hold at least 26% of the issued and paid-up equity share capital in the JVC after any such transfer to any such Financial Investor at any time during such aforesaid period.*** *Provided further, that a Prime member who has a corresponding Evaluated Entity, shall not transfer its shares in the JVC to a Financial Investor, resulting in dilution of the Beneficial Ownership of the Evaluated Entity in the JVC to below 10% and the sum of the Beneficial Ownership in the JVC of all Evaluated Entities and direct shareholding of the Prime Members (who have no corresponding Evaluated Entity, and whose own qualifications have been considered for the purpose of evaluation during the competitive bidding procedure undertaken by AAI for the purpose of selection of the Consortium Members for the JVC)*

in the JVC collectively to below 26% of the issued and paid-up equity share capital in the JVC. Provided still further that in the event any equity shares (the "Transfer Shares") in the JVC are so transferred to any Financial Investor (the "Transferee Financial Investor") by any Prime Member(s) (the "Transferring Prime Member"), the Transferring Prime Member(s) and the JVC shall procure that such Transferee Financial Investor shall not, for a duration of five (5) years from the Effective Date, transfer the whole or any portion of the Transfer Shares to any Entity other than another Financial Investor, who in turn (and purchasers of the whole and any portion of Transfer Shares from him) shall be bound by a similar restriction. It is clarified that Financial Investor(s) who become shareholders in the JVC pursuant to this Article 2.5(a) shall not, for a duration of five (5) years from the Effective Date, transfer the whole or any portion of the Transfer Shares to any Entity other than another Financial Investor.

(b) *During the period commencing from the beginning of the 6th year and ending at the end of the 7th year from the Effective Date the Prime Members may transfer, create any Encumbrance or deal with any shares in the JVC held by them, provided however that notwithstanding any such transfer, or creation of any such Encumbrance or any such dealing, the relevant Prime Member continues to hold at least 10% of the issued and paid-up share capital in the JVC and the Prime Members (collectively, as a group) continue to hold 26% of the issued and paid-up share capital in the JVC subsequent to any such transfer. Provided further, that a Prime member who has a corresponding Evaluated Entity, shall not transfer, create any Encumbrance or deal with any shares in the JVC, resulting in dilution of the Beneficial Ownership of the Evaluated Entity in the JVC to below 10% and the sum of the Beneficial Ownership in the JVC of all Evaluated Entities and direct shareholding of the Prime Members (who have no corresponding Evaluated Entity, and whose own qualifications have been considered for the purpose of evaluation during the competitive bidding procedure undertaken by AAI for the purpose of selection of the Consortium Members for the JVC) in the JVC collectively to below 26% of the issued and paid-up share capital in the JVC.*

(c) ***After the expiry of seven (7) years from the Effective Date, the Prime Members may, without the approval of the AAI, transfer, create any Encumbrance or deal with any shares in the JVC held by them, provided however that notwithstanding any such transfer, or creation of any such encumbrance or any such dealing, the relevant Prime Member continues to hold at least 10% of the issued and paid-up share capital in the JVC and the Prime Members (collectively, as a group) continue to hold 26% of the issued and paid-up share capital in the JVC subsequent to any such transfer.*** *Provided further, that a Prime member who has a corresponding Evaluated Entity, may transfer, create any Encumbrance or deal with any shares in the JVC, provided that such transfer, creation of Encumbrance or dealing does not result in dilution of the Beneficial Ownership of the Evaluated Entity in the JVC to below 10% and the sum of the Beneficial Ownership in the JVC of all Evaluated Entities and direct shareholding of the Prime Members (who have no corresponding Evaluated Entity, and whose own qualifications have been considered for the purpose of evaluation during the competitive bidding procedure undertaken by AAI for the purpose of selection of the Consortium Members for the JVC) in the JVC collectively to below 26% of the issued and paid-up share capital in the JVC, without the prior approval of the AAI. After the expiry of seven (7) years from Effective Date, shares of the JVC held by any Prime Member (or its transferee shareholder or their subsequent transferee shareholder(s)) shall not be transferred to any Entity (other than transfer permitted under the preceding sentences of this Article 2.5(c)), save with the prior written permission of the AAI, which permission shall be given unless AAI reasonably believes that the technical, financial or operational capability of the JVC pursuant to such transfer of shares (and consequent exit of the said Prime Member (or its transferee shareholder or their subsequent*

transferee shareholder(s)) would be inferior than prior to such transfer; save that if not approved or disapproved within 30 days it is deemed to have been approved."

9.2.128 The Authority observed that, as per the OMDA, the Airport Operator may now be changed with the prior consent of AAI and subject to the approval of GOI as the minimum timeline of 7 years from the Effective Date has been complied. Further, the OMDA allows and provides for ways for the Operator to be replaced either by itself (DIAL) or an alternate Operator provided it satisfies the requirement of the Alternate Operator.

9.2.129 Considering the provisions of OMDA related to Airport Operator and Ownership Structure, the Authority sought clarifications from DIAL on 6th January 2025 on the following:

- Impact of acquisition of Fraport AG's equity stake in DIAL by GMR Airports Limited (GAL) on the Airport Operator agreement executed with Fraport AG for IGIA.
- Need for continuation of an external Airport Operator considering the vast experience of DIAL and GAL in managing and operating the airports.
- Possibility of DIAL replacing itself as the Airport Operator as allowed under the OMDA.

9.2.130 The responses received from DIAL on the impact of acquisition of Fraport AG's equity stake in DIAL by GAL on the Airport Operator agreement are as follows:

- During the bid stage, it was a mandatory requirement for the Prospective Bidder to be an Airport Operator or have at least one Airport Operator in its Consortium for the purpose of getting qualified.
- Bid Documents also required Airport Operator to enter a service performance contract acceptable to AAI.
- Bid documents had defined entities comprising the Consortium Bidder that proposed to hold equity of 10% or more in JVC as "Prime Member". Also, the Prime Member whose qualifications had been attributed for the purpose of evaluation was designated as "Evaluated Entity".
- On account of the above provisions of Bidding, Fraport AG Frankfurt Airport Services Worldwide ("Fraport AG") joined the consortium led by GMR Group for bidding for IGIA and to provide airport operator services to the JVC (DIAL), on consortium being declared successful bidder.
- Fraport AG also participated in 10% equity shareholding of the JVC.
- Fraport AG is designated as both "Prime Member" as well as "Evaluated Entity" under the OMDA.
- Some of the provisions of OMDA related to Airport Operator are as follows:
    - DIAL to procure that Operator shall remain the operator of the Airport for the term of OMDA.
    - Operator may be changed or DIAL may itself become Operator with the prior consent of AAI, after the expiry of 7 years from Effective Date.
    - AAI to evaluate the proposal of Alternate Operator based on various considerations listed under the OMDA.
- Some of the provisions of OMDA related to Share Transfer by Prime Member are as follows:
    - Prime Members not to transfer equity shares for a duration of 5 years from Effective Date.
    - Between 5th – 7th year, Prime Members can transfer their equity shares provided that Prime Member continues to hold at least 10% equity share and collectively all Prime Members continue to hold 26% equity share of DIAL.
    - Post 7th year, Prime Members can transfer their entire equity shares with prior written permission of AAI.

- The provisions of OMDA related to Airport Operator has no correlation with the shareholding structure of DIAL.
- Accordingly, Fraport AG continues to be the Operator under the Airport Operator Agreement and no cause has arisen for DIAL to replace it with an Alternate Operator, meeting the approval criteria of AAI.
- In case Fraport intends to divest its shareholding in DIAL, it does not make it obligatory for Fraport to also cease as an Airport Operator.

9.2.131 The responses received from DIAL on the need for continuation of Fraport as Airport Operator are as follows:

- IGIA is India's busiest Airport operating with four runways, requiring operations even under low visibility period in winter with CAT III B needs.
- Out of four runways, one runway is used by defence forces (which cannot be used with independent parallel arrival and departure movements), which also needs to be operated for VIP movements including heads of various countries.
- IGIA is operating one runway which is operated with threshold of 1,462 mtrs and due to presence of Lord Shiva statue which exceeded permitted height by 11 mtrs, DIAL needs to operate with all technical expertise.
- GOI aims to make aviation hubs in India and IGIA has been identified as the first International Hub for which active engagement with all stakeholders is required. Fraport's experience of being one of the major international hubs will provide valuable learnings from their own experience in achieving this target.
- The upcoming Noida International Airport, which is owned by Zurich Airport AG (*one of the major players in Europe*), is expected to become operational in FY 25-26 and will be in direct competition with IGIA. The new entrant in the market will create new challenges through technological advancements at Airside for IGIA which will require support from Fraport (*one of the major players in Europe*) who can share their experience and can guide DIAL during these challenging times.
- Considering the above, having a strategic and operational expertise from international player like Fraport in the form of Airport Operator will be a crucial differentiating factor that will be critical for the growth and success of IGIA in the coming times.
- In such a dynamic and challenging environment, DIAL will continue to rely on external consultants and advisors to upgrade its operational competency to handle the new and upcoming challenges.
- It may also be perused that neither Fraport has expressed its intention nor there has been any cause for DIAL to replace Fraport as the Airport Operator. Hence, Fraport continues to be the Airport Operator under the Airport Operator Agreement.

9.2.132 Based on the provisions of OMDA related to Airport Operator and Share Transfer and the clarifications received from DIAL, the Authority also noted that Fraport AG can continue as Airport Operator even after stake sale until any replacement is approved by AAI. Share transfer by Fraport AG as permitted under OMDA is independent of the Airport Operator Agreement.

9.2.133 The Authority noted the responses/ clarifications received from DIAL on the need for continuation of Fraport as Airport Operator of IGIA.

9.2.134 Accordingly, the Authority consistent with its proposal to calculate Airport Operator Fee as 3% of the Aeronautical Revenues of the previous year for the past Control Periods proposed to consider the Airport Operator Fee as 3% of the projected Aeronautical Revenues for the Fourth Control Period

which has been revised based on various regulatory building blocks for arriving at Target Revenue as per the current tariff determination exercise. The same would be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

9.2.135 The Airport Operator Fee as submitted by DIAL and the Airport Operator Fee proposed to be considered by the Authority is shown in the table below:

Table 301: Airport Operator Fee submitted by DIAL and proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical Revenue submitted by DIAL	1,117.27	9,748.26	10,805.12	11,887.10	12,968.05	**46,525.80**
Airport Operator Fee submitted by DIAL	**31.85***	**33.52**	**292.45**	**324.15**	**356.61**	**1,038.59**
Aeronautical Revenue proposed to be considered by the Authority	1,115.46	2,820.30	3,126.06	3,439.10	3,751.83	**14,252.75**
Airport Operator Fee proposed to be considered by the Authority	**31.85***	**33.46**	**84.61**	**93.78**	**103.17**	**346.88**

**Based on Aero revenue of Rs. 1,061.78 Cr in FY 2024.*

Forex Fluctuation

9.2.136 The forex fluctuations submitted by DIAL for the Fourth Control Period is as follows:

Table 302: Forex Fluctuations submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Forex Fluctuations submitted by DIAL	50.93	50.99	41.46	32.26	32.34	**207.98**

9.2.137 The Authority has analysed the submissions of DIAL and is of the view that the effective cost of funds finally utilized by DIAL towards capex activities in the Fourth Control Period could be analysed only at the time of true up and, based on the same, would consider admitting certain forex losses incurred at actuals provided that the effective cost of debt doesn't exceed the efficient cost of debt considered as per the Tariff Order for the Fourth Control Period.

Property Tax

9.2.138 The Authority has analysed DIAL's submissions regarding Property Tax for the Fourth Control Period. DIAL submitted that property tax outflows have been projected based on the settled principles for the assessment of the property tax by the area covered by South Delhi Municipal Corporation (SDMC) and Delhi Cantonment Board (DCB).

9.2.139 With regard to SDMC, DIAL paid property tax of Rs. 34.79 Cr in FY 2024. Accordingly, DIAL has considered property tax outflow of Rs. 34.79 Cr throughout the Fourth Control Period.

9.2.140 With regard to DCB, DIAL expects property tax demand of Rs. 10.94 Cr for FY 2024 based on the methodology in the Delhi High Court order. As per DIAL, property tax pertaining to DCB is variable and calculated based on the revenue generated from Terminal 1. DIAL has considered property tax

outflow of Rs. 22.59 Cr for FY 2025 and the same is escalated at 7.5% p.a. till FY 2029. The total property tax payments submitted by DIAL for the Fourth Control Period is tabulated below:

Table 303: Property tax submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
SDMC	34.79	34.79	34.79	34.79	34.79	**173.95**
DCB	22.59	24.29	26.11	28.07	30.17	**131.23**
Pending Dues of DCB paid/to be paid	52.62*					**52.62**
Total Property Tax	**110.00**	**59.08**	**60.90**	**62.86**	**64.96**	**357.80**

**DIAL paid Rs. 41.68 Cr against assessment order from DCB dated April 18, 2024 towards property tax pertaining from FY 2007 to FY 2016. Expected property tax of Rs. 10.94 Cr for FY 2024 is also considered.*

9.2.141 The Authority after analysing the matter proposed to consider DIAL's projection of property tax for SDMC for the Fourth Control Period. With regard to DCB, the Authority proposed to consider property tax estimate of Rs. 22.59 Cr in FY 2025 as the increase is justifiable considering that the area of Terminal 1 has more than doubled after Phase 3A Expansion. However, the Authority proposed to consider inflation rate of 4.6% p.a. for escalation of property tax pertaining to DCB from FY 2026 onwards.

9.2.142 The Authority also proposed to allocate property tax into Aero and Non-aero based on the proportion of Aero portion of O&M expenses (excluding property tax and Airport Operator Fee) to the total O&M expenses (after excluding disallowed expenses like Bad Debts, Donation, CSR and Forex) in the respective years of the Fourth Control Period.

9.2.143 The Aeronautical property tax proposed to be considered by the Authority for the Fourth Control Period is tabulated below:

Table 304: Aeronautical Property tax proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero portion of Property Taxes submitted by DIAL	98.33	52.78	54.37	56.19	58.16	**319.82**
Aero portion of Property Taxes proposed to be considered by the Authority	98.06	52.08	53.03	54.06	55.11	**312.34**

9.2.144 The Authority as part of its analysis has also sought the actual Operation and Maintenance (O&M) expenses incurred by DIAL during H1 FY 2025 (6-month period ending September 2024) along with Aeronautical portion of O&M expenses and found that the estimates proposed to be considered by the Authority is consistent with the actual expenses incurred by DIAL during H1 FY 2025.

9.2.145 Considering the above, the Aeronautical Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Fourth Control Period is seen in the table below:

Table 305: Aeronautical Operation & Maintenance Expenses proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Manpower Expenses [Refer Table 269]	324.92	344.42	365.08	402.46	426.61	**1,863.49**
Admin & General Expense [Refer Table 288]	232.13	237.04	240.84	257.43	269.87	**1,237.31**

Operating Expenses [Refer Table 297]	599.86	627.91	656.50	713.76	747.05	**3,345.07**
Utility Expenses [Refer Table 300]	86.01	88.63	91.34	98.41	101.42	**465.80**
Airport Operator Fee [Refer Table 301]	31.85	33.46	84.61	93.78	103.17	**346.88**
Forex	-	-	-	-	-	-
Property tax [Refer Table 304]	98.06	52.08	53.03	54.06	55.11	**312.34**
Total Aeronautical O&M Expenses	**1,372.84**	**1,383.53**	**1,491.40**	**1,619.90**	**1,703.23**	**7,570.90**

9.3 Stakeholders' comments on Aeronautical Operation and Maintenance Expenses for the Fourth Control Period

9.3.1 During the 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. 07/2024-25 dated 31st January 2025 with respect to Aeronautical O&M expenses for the Fourth Control Period. The comments from Stakeholders are presented below:

DIAL's Comments on Aeronautical Operation and Maintenance Expenses for the Fourth Control Period

9.3.2 With respect to AERA's proposal pertaining to Manpower expenditure for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"DIAL has projected increase of the head counts for operations at Delhi airport by approximate of 21% corresponding to FY 24-25 to cater to the needs of the manpower due to increase of operations post Phase 3A in airside, landside, terminal side and support functions. Further, from Jan'25 the second airport (Jewar Airport) within the vicinity of Delhi is going to be operationalised, thus there is a need for the Delhi airport to retain the employees specialised in the operations and require additional cashflows from DIAL by way of increments/retentions and other payments. Thus, DIAL projected the increase in these costs by inflation of 4.6% p.a and real growth in manpower cost by 7% p.a and a further increase of employees due to expansion works at 21% in FY 24-25 due to Phase 3A, and at 4% in FY 27-28 due to Pier E.

The Authority has considered only a 6% of growth rate in the manpower costs, thus eventually negating the inflation of 4.6% and no further increase in the costs. We have already highlighted that the second airport within the vicinity of the Delhi is due for operation in FY 25-26 thus it requires DIAL to have a considerable impact on the manpower costs to retain the employees. Further, the Authority itself has analysed that the CAGR for the past periods is around 9% p.a. However, the Authority proposes 6% only for the 4th Control Period for manpower costs escalation which is detrimental for the airport operations.

In addition, DIAL has already considered the passenger handling capacity as the key driver for increase in the expenditure and has already applied a elasticity i.e., 40% of the increase in the handling capacity, which is on realistic basis. However, the Authority has changed the driver to increase in the terminal area of the IGI Airport and consider the elasticity of 2/3 which hampers the increasing manpower costs of DIAL. Thus, the allowed manpower expenditure of DIAL is reduced drastically. Thus, the allowed manpower expenditure of DIAL is reduced drastically. Hence, DIAL requests the

Authority to consider the manpower costs in accordance with the submissions of DIAL and consider the growth of at lease 9% as observed by the Authority itself in the past control period.

9.3.3 With respect to AERA's proposal pertaining to Legal expenses for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"The legal expenses incurred by the DIAL are necessary for the DIAL in order to protect it interest and maintenance of the Airport. The Authority's analysis considering the recent concession agreements have no bearing on the DIAL since the State Support Agreement is not having any restrictions on such. Further these expenses are necessary for the operation of the IGI airport can be attributable following items:

- *The IGI Airport is de facto party to the many of litigations that occur in the premises of the Airport Site, being the operator. Many of these litigations are very small in nature, however, DIAL in accordance with the law has obligation to appears for these notices and has to incur these costs;*
- *DIAL had to incur the litigation costs towards the property tax demand of the Delhi Cantonment Board in order to reduce the costs to be incurred by the passengers flying from the IGI Airport. The demand of the DCB was ~ INR 800 Crores p.a. which was reduced to ~ INR 9-10 Crores per annum for the past periods;*
- *DIAL had to incur the legal costs to protect its integrity on various matters pertaining to the Aeronautical Charges and payments to AAI. Since, the regulatory environment is not settled in India, there are many litigations in the Indian environment especially DIAL being a pioneer of the PPP airport had to litigate these cases to protect its integrity along with economic viability and sustainability.*

Thus, we request the Authority to allow the expense on incurrence basis post efficiency test.

9.3.4 With respect to AERA's proposal pertaining to Professional Consultancy expenses for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"DIAL submission during the MYTP submission is as follows:

Due to increase in the passenger capacity, operation of four runways coupled with the competition from the Jewar Airport in the near future, DIAL is projected to incur the professional and consultancy expenditure for various improvements in its processes in order to sustain its operations. Thus, DIAL has projected for increase of these expenditure at Inflation of 4.6% and real growth of 10% year on year for the entire fourth control period.

The Authority has not considered the above submission of DIAL which is required and necessary for DIAL to remain competitive."

9.3.5 With respect to AERA's proposal pertaining to Corporate cost for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"The corporate cost allocations are majorly manpower driven. Thus DIAL requests the Authority to humbly consider the responses provided in the case of manpower costs with respect to growth rates for this item as well."

9.3.6 With respect to AERA's proposal pertaining to Manpower hike charges, House keeping expenses and Security expenses for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"The expenses referred above are purely manpower intensive costs. Since, the Authority has already assessed the CAGR of the manpower costs for the past period, we request the Authority to humbly

consider the responses provided in the case of manpower costs with respect to growth rates for this item as well."

9.3.7 With respect to AERA's proposal pertaining to Finance Lease Payment for the Fourth Control Period in the Consultation Paper, DIAL stated the following:

"Refer the detailed response of DIAL in Para 4.2(iii)."

Other Stakeholders' comments on Aeronautical Operation & Maintenance expense for the Fourth Control Period

9.3.8 MIAL stated that,

"As per AERA Act, one of the key functions of AERA is to ensure the economic and viable operation of major airports. Not allowing legal expenses as part of Target Revenue is against the spirit of the Act. There are many litigations with various airport operations in which airport operator has to file litigations with various airport stakeholders. These litigations if not dealt with properly will compromise the safety and security of the airport users. For eg. If the height of the building in the immediate vicinity of the airport exceeds the threshold set by AAI and airport operator does not take any action against such defaulting builders, same will compromise the safety of aircraft and passengers.

The concession agreement entered into by recently privatised Airports Authority of India are not applicable to DIAL. DIAL operates under the Operation, Management and Development Agreement (OMDA), which governs its regulatory and operational framework. Unlike the other concession agreements, OMDA doesn't contain any explicit provision that excludes legal expenses from operational expenditure. Consequently, legal expenses should be considered as pass through expenses and allowed accordingly.

MIAL submitted that Authority has allowed legal expenses while determining the tariff of previous control periods. It is requested that principles of tariff fixation are uniformly applied to all control periods to ensure consistency in tariff regulatory framework."

9.3.9 APAO stated that,

"Legal Expenses are necessary for the public infrastructure organization due to the involvement of large number of the stake holders, and there are many litigations where DIAL would be mandatorily a party even though it is not having a direct relationship with the stakeholder. Furthermore, there are many inconsistencies in the philosophies of the regulator for each control period which were appealed by the DIAL to the respective Appellate Tribunals & Hon'ble Supreme Court, only to protect its integrity & economic viability.

Thus, the costs are very much required for DIAL in order to efficiently operate the IGI Airport and ensure its economic viability. Moreover, the concession provided by the Government of India to DIAL doesn't have any restrictions towards legal expenses unlike the concessions referred to 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.

APAO requests the Authority, to verify the legal expenses incurred in the 4th Control Period for the requisite tests required to be performed by it on the legal expenses and true-up these amounts."

9.3.10 IATA stated that,

"On the matter of the airport operator fee, IATA would appreciate greater clarity on the demarcation of responsibilities and costs between the airport operator/Fraport vs DIAL. We need to establish that the current arrangement is the best approach and efficient for the interest of the users. Secondly, while the 3% was first set in CP2, it might be worth reassessing this percentage, given the growth in revenue over the years i.e. the airport operator being over-rewarded.

We support the valid scrutiny by AERA that the increase in terminal area is not directly proportional to the increase in manpower growth, and to only allow 2/3 of what is proposed by DIAL in terms of manpower growth.

IATA noted that DIAL has claimed staff welfare expenses of 4.7% of salaries and wages. While we agree that the welfare of DIAL's staff should be looked after, anything that is not mandatory should not be funded by users. We request AERA to assess the various components claimed by DIAL and reject the non-mandatory welfare expenses. It would also be useful to understand the local benchmark for similar expenses as at first glance, 4.7% might seem too high.

IATA has made comments in the past that legal expenses should not be included in the O&M expenses and considered as a passthrough. 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. While we note that the same treatment of excluding the legal expenses has also been accorded for the Third control period, we would request AERA to review legal expenses on the same basis for all previous control periods as well; and to clawback these allowances for the previous periods as well.

On some of the expenses submitted to AERA, DIAL has submitted the aero portion of expenses e.g. table 269. It is necessary to understand the allocation methodology employed by DIAL for AERA to better assess the validity and appropriateness of these costs. We also noted that GMR's related party Raxa is providing these security services. It would be useful to understand the arrangement and selection process to ensure that it is done on "arms length" commercial basis and is the best option."

9.4 DIAL's response to Stakeholders' comments on Aeronautical O&M Expenses for the Fourth Control Period

9.4.1 DIAL's response to comments from various Stakeholders with respect to Aeronautical Operation and Maintenance Expense for the Fourth Control Period is presented below:

9.4.2 DIAL acknowledged the comments from MIAL and APAO on the issue of considering Legal expenses for the Fourth Control Period.

9.4.3 With respect to IATA's comment pertaining to Aeronautical Operation and Maintenance Expense for the Fourth Control Period. DIAL has stated,

"***Airport Operator Fee***

Airport Operator Agreement was signed as a part of the Concession to DIAL, and the concession fee of 3% is part of the Operator Agreement. Further requirement of Airport Operator has been discussed in detail in Para 9.2.126 to 9.2.134 of the Consultation Paper which includes detailed submission on this subject.

Manpower Growth

DIAL in its MYTP submission has considered the following basis for the purpose of the projections:

DIAL has projected increase of the head counts for operations at Delhi airport by approximate of 21% corresponding to FY 24-25 to cater to the needs of the manpower due to increase of operations post Phase 3A in airside, landside, terminal side and support functions. Further, from FY 2026 the second airport (Jewar Airport) within the vicinity of Delhi is going to be operationalised, thus there is a need for the Delhi airport to retain the employees specialised in the operations and require additional cashflows from DIAL by way of increments/retentions and other payments. Thus, DIAL projected the increase in these costs by inflation of 4.6% p.a and real growth in manpower cost by 7% p.a and a further increase of employees due to expansion works at 21% in FY 24-25 due to Phase 3A, and at 4% in FY 27-28 due to Pier- E.

The Authority has considered only a 6% of growth rate in the manpower costs, thus eventually negating the inflation of 4.6% and no further increase in the costs. Further, the Authority itself has analysed that the CAGR for the past periods is around 9% p.a. However, the Authority proposes 6% only for the 4th Control Period for manpower costs escalation which is detrimental for the airport operations.

DIAL has already considered the passenger handling capacity as the key driver for increase in the expenditure and has already applied an elasticity i.e., 40% of the increase in the handling capacity, which is on realistic basis. However, the Authority has changed the driver to increase in the terminal area of the IGI Airport and consider the elasticity of 2/3 which hampers the increasing manpower costs of DIAL. Thus the allowed manpower expenditure of DIAL is reduced drastically. Hence, we request the Authority to consider 9% growth in salaries at the least.

Staff welfare expenses

The Staff welfare expenses is minimal with respect to total manpower cost incurred by DIAL. Further, these consist of various expenses such as staff training, team building exercises, capacity development of employees and other expenses which are important to keep employees engaged and abreast with latest skills.

Legal Expenses

We strongly disagree with the comments of the IATA in this regard. The legal expenses incurred by the DIAL are necessary for the DIAL in order to protect it interest and maintenance of the Airport. The Authority's analysis considering the recent concession agreements have no bearing on the DIAL since the State Support Agreement is not having any restrictions on such. The IATA's comments to revisit the legal expenses for all the past control periods are completely towards disturbing the settled principles on these matters.

Related Party Transactions

The Authority in the consultation paper at para 1.9 has presented in detail the policies of the DIAL with regard to the related party transactions, the requirement of the Board's Approval where the Airport Authority of India and independent directors are also members, the verification of the Arm's Length transactions i.e., probity auditor's, statutory auditor's etc. The Authority has taken note of these items and already conducted the requisite tests in this regard.

9.5 Authority's analysis of Stakeholders' comments on Aeronautical Operation & Maintenance expenses for the Fourth Control Period

9.5.1 The Authority notes DIAL's comment on escalation rates and manpower growth factor pertaining to Manpower expenses for the Fourth Control Period.

Considering the mature nature of the Airport and investment in technology over the years to bring in efficiency, the Authority has considered growth rate of 6% p.a. Also, the Authority had considered in the past, a growth rate of approximately 6% consistently across PPP airports such as KIA, Bangalore, Mopa Goa, Guwahati, Ahmedabad, Lucknow etc. and hence differential treatment cannot be meted out to DIAL alone.

Further, the Authority has considered manpower growth factor of 14.53% (2/3rd of the area increase) in FY 2025 in line with the Terminal Area Increase Factor as the Authority is of the view that the Terminal Area Increase is the right driver for projecting manpower growth instead of increase in passenger handling capacity of the Airport.

Therefore, the Authority being consistent in its approach find no reason to deviate from the stand taken at the Consultation Stage.

9.5.2 The Authority notes the comment of DIAL, MIAL and APAO regarding non-consideration of Legal Consultancy Charges for the Fourth Control Period.

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.

9.5.3 The Authority notes the comment of DIAL regarding projecting Professional & Consultancy expenses as submitted by DIAL in the MYTP for the Fourth Control Period.

The Authority, as already explained under para 9.2.42 of this Tariff Order, finds no reason to change the escalation rate for projecting the Professional and Consultancy expenses in the Fourth Control Period.

9.5.4 The Authority notes the comment of DIAL regarding considering escalation rates for Corporate Costs as per the MYTP for the Fourth Control Period.

The Authority, as already explained under para 9.2.66 to 9.2.68 of this Tariff Order, finds no reason to change the escalation rate for projecting the Corporate Costs in the Fourth Control Period.

9.5.5 The Authority notes the comment of DIAL regarding considering projections of Housekeeping, Manpower hire charges and security expenses for the Fourth Control Period as submitted by DIAL in the MYTP for the Fourth Control Period.

The Authority, as already explained under para 9.2.95 to 9.2.96 of this Tariff Order, finds no reason to change the escalation rates considered for projecting the Housekeeping, Manpower hire charges and security expenses for the Fourth Control Period.

9.5.6 The Authority notes the comment of DIAL on the disallowances on the lease payments submitted by DIAL in the MYTP for the Fourth Control Period.

The Authority's views are detailed under para 4.8.7 of this Tariff Order. The net lease payments considered by the Authority at the Consultation Stage was Rs. 73.61 Cr (after netting-off interest

income on security deposits) in each of the years of the Fourth Control Period. Based on the explanation under para 4.8.7 of this Tariff Order, the net lease payments decided to be considered by the Authority is Rs. 79.40 Cr (after netting-off interest income on security deposits) in each of the years of the Fourth Control Period as mentioned in the table below:

Table 306: Net Lease Payments decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
No. of Months	*12*	*12*	*12*	*12*	*12*	
Lease Payments	86.40	86.40	86.40	86.40	86.40	**432.00**
Less: Interest Income	7.00	7.00	7.00	7.00	7.00	**35.00**
Net Lease Payments decided to be considered by the Authority	**79.40**	**79.40**	**79.40**	**79.40**	**79.40**	**397.00**

9.5.7 The Authority's views on the comments of IATA are as follows:

The Authority notes the query of IATA on whether the Airport Operator Fee arrangement is efficient and reassessment of fee which is currently at 3% of Revenue along with the counter-comment from DIAL. The Authority's analysis of the Airport Operator Fee based on the relevant provisions of OMDA as well as detailed justifications/ responses received from DIAL on the subject matter has been detailed under para 9.2.126 to 9.2.134 of this Tariff Order. Accordingly, the Authority finds no reason to change the stand taken by the Authority in the Consultation Paper No. 07/2024-25.

The Authority acknowledges the support from IATA on the reasonableness of considering 4.7% of Manpower expenses as Staff Welfare expenses along with counter-comments from DIAL. With regard to Staff Welfare expenses, DIAL has considered annual growth rate of 7% p.a. along with an inflation rate of 4.6% p.a. i.e. an effective growth rate of 12% p.a. In addition to this, DIAL has considered manpower growth factor of 20.61% in FY 2025 and 4% in FY 2028 respectively. The Authority after analysis of the Staff Welfare expenses notes that average Staff Welfare expenses for FY 2023 and FY 2024 was 4.7% of Salaries and Wages and proposed to consider Staff Welfare expenses at 4.7% of Salaries and Wages in the Fourth Control Period. The Authority finds no appropriate reason to change the stand taken in the Consultation Paper No. 07/2024-25.

The Authority acknowledges the support of IATA on disallowance of legal consultancy expenses. The Authority's views are provided under para 9.5.2 of this Tariff Order.

The Authority notes the comment of IATA on the allocation methodology considered by DIAL for O&M expenses and the nature of arrangement with related party "Raxa Security Services Limited".

The allocation methodology followed by DIAL for allocation of O&M expenses into Aeronautical O&M expenses for the Third Control Period has been provided under Table 85 of this Tariff Order. It may be noted that the aeronautical O&M expenses for the Fourth Control Period have been projected by DIAL by applying appropriate growth/ escalation rates over the corresponding aeronautical O&M expenses for FY 2024.

The Authority has also made its observations with regards to Related Party Transactions under Section 1.9 of this Tariff Order. In this respect, the Authority has also noted the relevant provisions under OMDA as detailed under para 1.9.3 of this Tariff Order wherein any contract with a Group Entity or any of its shareholders (other than AAI) shall only be entered into after the Board of DIAL duly

approves such contract itself. Further, the Authority also noted that the Board of Directors of DIAL comprise nominee directors from AAI and MoCA, GOI.

9.5.8 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:

- Consider Inflation rate of 4.8% for FY 2025 and 4.3% for rest of the years in the Control Period as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 92" released on 8th February 2025 by the RBI as per Table 262 of this Tariff Order.
- Consider lease payments pertaining to equipment lease finance as per para 9.5.6 of this Tariff Order.

9.5.9 Based on the above, the Aeronautical Admin and General Expenses decided to be considered by the Authority for the Fourth Control Period is provided in the table below:

Table 307: Aeronautical Admin & General expenses decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Rent	4.05	4.24	4.44	4.64	4.85	**22.22**
Rates & Taxes	1.06	1.11	1.16	1.21	1.27	**5.79**
Professional and Consultancy Expenses	43.72	45.60	47.56	49.60	51.74	**238.21**
Printing and Stationery	1.71	1.78	1.86	1.94	2.02	**9.31**
Travelling and Conveyance	38.88	40.55	42.30	45.88	47.85	**215.46**
Communication Costs	2.24	2.33	2.44	2.54	2.65	**12.20**
Advertising and Sales Promotion	11.74	12.25	12.77	13.93	14.53	**65.21**
Corporate cost allocation	92.97	98.55	104.46	115.16	122.07	**533.22**
CSR Expenses	-	-	-	-	-	-
Bank Charges	25.25	19.32	11.65	9.38	8.81	**74.41**
Other Admin Expenses	10.73	11.23	11.80	12.36	12.90	**59.01**
Total Admin and General Expenses	**232.35**	**236.96**	**240.42**	**256.64**	**268.68**	**1,235.05**

9.5.10 Based on the above, the Aeronautical Operating Expenses decided to be considered by the Authority for the Fourth Control Period is provided in the table below:

Table 308: Aeronautical Operating expenses decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
R&M Expenses	261.06	272.29	283.99	309.66	322.98	**1,449.99**
Housekeeping Expenses	104.66	110.94	117.60	130.32	138.13	**601.65**
Manpower Hire Charges	83.43	88.44	93.74	103.88	110.11	**479.60**
Security Expenses	26.18	27.75	29.42	32.60	34.55	**150.50**
Insurance	33.05	36.10	37.58	40.15	42.00	**188.88**
Consumables	18.22	19.01	19.82	21.62	22.55	**101.22**
Finance Lease Payments	79.40	79.40	79.40	79.40	79.40	**397.00**
Total	**606.00**	**633.92**	**661.56**	**717.63**	**749.72**	**3,368.83**

9.5.11 Considering the changes in the regulatory building blocks in the Third and Fourth Control Period after analysis of the Stakeholders' comments as part of the Stakeholders' Consultation process and the Tarif Rate Card decided to be considered by the Authority, the projected Aeronautical Revenue of DIAL and the corresponding Airport Operator Fee for the Fourth Control Period is as mentioned in the table below:

Table 309: Airport Operator Fee decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical Revenue decided to be considered by the Authority	1,138.60	2,981.52	3,219.14	3,374.61	3,510.42	**14,224.28**
Airport Operator Fee decided to be considered by the Authority	31.85*	34.16	89.45	96.57	101.24	**353.27**

**Based on Aero revenue of Rs. 1,061.78 Cr in FY 2024.*

9.5.12 Considering the above, the Aeronautical Operation and Maintenance (O&M) expenses decided to be considered by the Authority for the Fourth Control Period is seen in the table below:

Table 310: Aeronautical Operation & Maintenance Expenses decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Manpower Expenses [Refer Table 269]	324.92	344.42	365.08	402.46	426.61	**1,863.49**
Admin & General Expense [Refer Table 307]	232.35	236.96	240.42	256.64	268.68	**1,235.05**
Operating Expenses [Refer Table 308]	606.00	633.92	661.56	717.63	749.72	**3,368.83**
Utility Expenses [Refer Table 300]	86.01	88.63	91.34	98.41	101.42	**465.80**
Airport Operator Fee [Refer Table 309]	31.85	34.16	89.45	96.57	101.24	**353.27**
Forex	-	-	-	-	-	-
Property Tax*	98.11	52.11	53.06	54.09	55.15	**312.52**
Total Aeronautical O&M Expenses	**1,379.25**	**1,390.19**	**1,500.91**	**1,625.81**	**1,702.82**	**7,598.97**

**Variation in Property Tax from the amount proposed at the Consultation Change due to change in Aero proportion of O&M Expenses in each years of the Fourth Control Period.*

9.5.13 The variance in the Aeronautical O&M Expenses decided by the Authority for the Fourth Control Period as compared to the Aeronautical O&M Expenses proposed by the Authority at the Consultation Stage is as follows:

- Increase in finance lease payments (Refer para 9.5.6 of this Tariff Order).
- Inflation rate of 4.8% for FY 2025 and 4.3% for rest of the years in the Control Period (Refer Table 262 of this Tariff Order).

9.6 Authority's decisions regarding Aeronautical Operation and Maintenance (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:

9.6.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 310.

9.6.2 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. REVENUE FROM REVENUE SHARE ASSETS FOR THE FOURTH CONTROL PERIOD

10.1 DIAL's Submissions regarding Revenue from Revenue Share Assets for the Fourth Control Period

10.1.1 DIAL has computed Revenue from Revenue Share Assets for the Fourth Control Period by considering fully operational terminals and taking into account non-aeronautical streams like Air traffic related revenue, Passenger related revenue, Contract linked revenue and revenue from Cargo operations.

10.1.2 DIAL has also considered inflation rate of 4.60% p.a. for projecting Revenue from Revenue Share Assets under certain heads for the Fourth Control Period.

10.1.3 The basis adopted by DIAL for projecting non-aeronautical revenue is as follows:

Air Traffic (ATM) Related Revenue:

Ground Handling

10.1.4 The revenue that accrues to DIAL from Ground Handling – Registered Parties is proportional to the growth in international ATMs. Hence, DIAL has considered the revenue growth linked to the growth of International ATMs. Further, DIAL has projected the tariff of Ground Handlers to increase by 5% in FY 2026 and FY 2029.

10.1.5 There is a decrease in the third-party Ground Handling revenue for DIAL due to implementation of the Ground Handling rules in 2018. Major airlines like Indigo, SpiceJet, Vistara carryout Self handling and therefore DIAL doesn't foresee any increase in the revenue share from third party Ground Handling. However, DIAL has considered inflationary growth of 4.6% for every year on the base year revenue of FY 2023-24.

Bridge Mounted Equipment (BME)

10.1.6 The revenue accrued to DIAL is directly proportional to the growth of the ATMs. Thus, DIAL has considered the growth of overall ATM for projection of revenue from Bridge Mounted Equipment.

Passenger Related Revenue:

Inflight Kitchen (IFK)

10.1.7 DIAL in its submission has calculated revenue for IFK for all the years in the Fourth Control Period by considering revenue from IFK for FY 2024 as base and has applied growth factor of overall passenger traffic growth rate. In addition to the overall passenger traffic growth rate an inflationary increase of 5% is considered in FY 2026 and FY 2029 for the prices charged by IFK.

Multilevel Car Parking

10.1.8 In accordance with the contract, price revision is allowed to the MLCP concessionaire once in every 3 years. Consequently, DIAL has considered overall passenger traffic growth rate as well as 5% increase in the tariffs of MLCP in FY 2026 and FY 2029 for projection of the said revenue by considering revenue from FY 2024 as base.

Radio Taxi

10.1.9 As the connectivity of metro across all terminals have improved, the passengers prefer to travel through metro. In view of the availability of cab aggregators such as Ola, Uber and Blu, DIAL is foreseeing de-

growth in the earnings from Radio Taxi. However, for the purpose of projection DIAL has considered the base year revenue in FY 2024 for all the projected years.

Food & Beverages, Retail Duty Paid and Lounge income

10.1.10 The revenues accrued to DIAL from F&B, Retail and Lounge concessionaries are directly linked to the passenger spend. Hence, DIAL has considered revenue from Food & Beverage, Retail Duty & Lounge income of FY 2024 as the base and has applied passenger traffic growth rate as well as inflationary growth for projecting the revenue for the future periods.

Others passenger linked revenue

10.1.11 DIAL has considered the passenger traffic growth as well as inflationary growth for projecting the revenue for the future periods.

International Duty Free:

10.1.12 DIAL has considered inflationary increase of prices at 4.6% along with the international passenger traffic growth for the purpose of projections.

Contract linked revenue:

Advertisement

10.1.13 IGIA is a matured asset and has reached its maximum capacity both in terms of advertisement space and the pricing is also the highest in Delhi NCR. Further, there is an increased trend of digital advertising in comparison to the traditional hoardings and its impact. Considering this impact, DIAL has considered only inflationary increase in the prices for the purpose of projections, along with the increase in existing concession fee by 11% from the base year of FY 2025.

Forex

10.1.14 Due to increase in usage of credit card and proposed UPI for foreign nationals, DIAL is expecting a moderate growth in the Forex revenues. For the Fourth Control Period, forex revenue is expected to be increased by international passenger growth only.

Land & Space

10.1.15 DIAL has reached its saturation in land & space across all the terminals and land blocks, and hence DIAL has considered only contractual increase of 7.5% every year. However, post completion of Phase 3A, DIAL is projecting one time increase of revenue by 10% in FY 24-25 due to additional space available inside the Terminal 1 for leasing out.

Other contract linked revenue

10.1.16 Other revenue like Common Area Management (CAM), Airport Service Charges (ASC), transit hotel and telecom are expected to grow by CPI linked inflation.

Cargo Related Revenue:

10.1.17 DIAL has considered the traffic study conducted by the ICF to assess the traffic at IGI Airport. Accordingly, DIAL requested the Authority to consider Cargo Revenue linked with the cargo traffic projection. Further, DIAL has considered inflationary increase in the rate of Cargo concession revenues by 5% in FY 2026 and FY 2029.

10.1.18 Based on the above, DIAL has accordingly considered the Revenue from Revenue Share Assets and S-Factor for the Fourth Control Period as per the table below:

Table 311: Revenue from Revenue Share Assets submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Air Traffic Related Revenue						
Ground Handling - Registered	166.38	183.41	191.32	198.23	214.41	**953.74**
Ground Handling – Third Party	56.46	59.06	61.78	64.62	67.59	**309.52**
Bridge Mounted Equipment Revenue	10.00	10.61	11.16	11.62	12.01	**55.39**
Sub Total (A)	**232.84**	**253.07**	**264.26**	**274.47**	**294.01**	**1,318.65**
Passenger Related Revenue						
Flight Kitchen – Concession fee	85.91	94.85	100.87	106.38	116.67	**504.68**
Car Park (MLCP)	97.48	107.63	114.46	120.71	132.39	**572.67**
Car Park (Radio Taxi)	23.22	23.22	23.22	23.22	23.22	**116.12**
Retail Duty paid	209.08	229.96	255.81	282.19	308.33	**1,285.37**
Food & Beverages	180.73	198.77	221.12	243.92	266.51	**1,111.05**
Lounge Income	117.19	128.90	143.39	158.17	172.82	**720.47**
Others	37.78	39.73	42.25	44.56	46.54	**210.86**
Sub Total (B)	**751.40**	**823.05**	**901.12**	**979.15**	**1,066.50**	**4,521.22**
International Passenger Revenue						
Duty free license fee	726.90	797.13	878.56	962.12	1,046.52	**4,411.23**
Sub Total (C)	**726.90**	**797.13**	**878.56**	**962.12**	**1,046.52**	**4,411.23**
Contract Linked Revenue						
Advertisement license fee	203.02	225.17	225.17	225.17	225.17	**1,103.71**
Forex	77.22	80.95	85.30	89.30	92.87	**425.64**
Land & Space	564.82	607.18	652.72	701.68	754.30	**3,280.70**
Common Area Management	26.54	28.53	30.67	32.97	35.44	**154.13**
Transit Hotel	6.16	6.45	6.74	7.05	7.38	**33.79**
Airport Service Charges	1.73	1.81	1.89	1.98	2.07	**9.48**
Bank/ ATM	8.84	8.84	8.84	8.84	8.84	**44.20**
Telecom	4.69	4.69	4.69	4.69	4.69	**23.45**
Penalties	0.22	0.22	0.22	0.22	0.22	**1.09**
Miscellaneous contract linked	2.24	2.24	2.24	2.24	2.24	**11.21**
IT-JV Concession	34.80	36.60	38.92	41.04	42.87	**194.23**
Sub Total (D)	**930.28**	**1,002.67**	**1,057.40**	**1,115.18**	**1,176.09**	**5,281.62**
Cargo Related Revenue						
Export Income	25.97	28.22	29.00	29.75	32.08	**145.02**
Export Cargo – Screening Charges	35.28	38.34	39.39	40.42	43.57	**197.00**
Domestic Cargo - Screening Charges	5.83	6.33	6.50	6.67	7.20	**32.53**
Concession Fee - Brownfield Cargo	250.53	272.24	279.69	286.97	309.39	**1,398.82**
Concession Fee - Greenfield Cargo	110.84	120.44	123.74	126.96	136.88	**618.85**
Sub Total (E)	**428.45**	**465.57**	**478.32**	**490.77**	**529.11**	**2,392.22**
Gross Non-aeronautical Revenue (F = A+B+C+D+E)	**3,069.88**	**3,341.50**	**3,579.65**	**3,821.70**	**4,112.23**	**17,924.95**
Adjustments:						

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FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
1. Revenue from Existing Assets/ Demised premises (G)	594.37	594.37	594.37	594.37	594.37	**2,971.85**
2. Annual Fee pertaining to Non-aeronautical Revenue (H)	1,138.49	1,263.40	1,372.93	1,484.25	1,617.86	**6,876.93**
Sub Total (I = G+H)	**1,732.86**	**1,857.77**	**1,967.30**	**2,078.62**	**2,212.23**	**9,848.78**
Revenue from Revenue Share Assets (J = F – I)	**1,337.02**	**1,483.72**	**1,612.35**	**1,743.08**	**1,900.00**	**8,076.17**
S Factor - 30% of Revenue from Revenue Share Assets (K = 30%*J)	**401.11**	**445.12**	**483.71**	**522.92**	**570.00**	**2,422.85**

10.2 Authority's Examination regarding Revenue from Revenue Share Assets for the Fourth Control Period at the Consultation Stage

10.2.1 The Authority after examination of DIAL's submission of Inflation rate for projecting Revenue from Revenue Share Assets under certain heads for the Fourth Control Period proposed to consider inflation rate of 4.6% for the Fourth Control Period as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 89" published by the RBI (Refer Table 261).

10.2.2 The Authority has analysed DIAL's submissions regarding various non-aeronautical revenue streams for the Fourth Control Period and Authority's examination on the same is as follows:

Air Traffic (ATM) Related Revenue

Ground Handling (Registered Parties)

10.2.3 The contracts for Ground Handling by Registered Parties have been awarded to multiple parties viz. Air India SATS, Celebi and Bird Worldwide with revenue share at the rate of 18% of the international gross revenue. Further, the concession for operations and management of General Aviation Terminal was awarded to Bird Execujet with revenue share at the rate of 23.1% of gross revenue. DIAL had submitted that the revenue that accrues from Ground Handling – Registered Parties is directly proportional to the international ATMs and accordingly, DIAL had considered the revenue growth linked to the growth of International ATMs. The revenue from Ground handling – Registered Parties as submitted by DIAL is shown in the table below:

Table 312: Revenue from Ground Handling (Registered Parties) submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Ground Handling – Registered	166.38	183.41	191.32	198.23	214.41	**953.74**

10.2.4 The Contribution per international ATM towards revenue from Ground Handling (Registered Parties) for the Fourth Control Period as submitted by DIAL is provided below:

Table 313: Contribution per International ATM towards Ground Handling (Registered) submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per Intl. ATM in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Ground Handling – Registered	14,626	15,435	15,337	15,233	15,902	**1.2%**

10.2.5 The Authority noted that 5-Year CAGR of contribution per international ATM as per DIAL's submission works out to 1.20% as mentioned in the table above.

10.2.6 The Authority's analysis of Contribution per international ATM towards revenue from Ground Handling (Registered Parties) over the last five years is provided below:

Table 314: Past CAGR of Contribution per International ATM towards Revenue from Ground Handling (Registered)

FY ending March 31 (Contribution per Intl. ATM in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Ground Handling – Registered	5,519	6,509	10,042	10,785	11,488	14,970	22%

10.2.7 The Authority based on its analysis noted that past 5-year CAGR of contribution per international ATM towards revenue from Ground Handling (Registered Parties) is exceptionally high on account of the following:

- Concession Fee from Ground Handlers increased recently in FY 2021.
- DIAL started earning revenue from Air Traffic Movement (ATMs) pertaining to Air India with effect from August 2022.

10.2.8 Based on the above analysis as well as considering DIAL's submissions, the Authority proposed to consider YoY increase of 5% on contribution per international ATM for projections for the Fourth Control Period.

10.2.9 Accordingly, the revenue from Ground Handling (Registered Parties) proposed to be considered by the Authority for the Fourth Control Period is shown in the table below:

Table 315: Revenue from Ground Handling (Registered Parties) proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Ground Handling (Registered Parties)	178.80	196.11	216.18	236.79	257.61	1,085.49

Ground Handling (Third Party)

10.2.10 The Authority noted the submission made by DIAL pertaining to revenue from Ground Handling by Third Parties and found that DIAL has considered inflationary growth of 4.6% p.a. for projecting the revenue under this head. The revenue as submitted by DIAL is shown in the table below:

Table 316: Revenue from Ground Handling (Third Party) submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Ground Handling – Third Party	56.46	59.06	61.78	64.62	67.59	309.52

10.2.11 The Contribution per ATM towards revenue from Ground Handling (Third Parties) for the Fourth Control Period as submitted by DIAL is provided below:

Table 317: Contribution per ATM towards Ground Handling (Third Party) submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per ATM in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Ground Handling – Third Party	1,185	1,183	1,166	1,160	1,165	-0.9%

10.2.12 The Authority noted that the 5-Year CAGR of contribution per ATM as per DIAL's submission works out to -0.9% as mentioned in the table above.

10.2.13 The Authority's analysis of Contribution per ATM towards revenue from Ground Handling (Third Parties) over the last five years is provided below:

Table 318: Past CAGR of Contribution per ATM towards Revenue from Ground Handling (Third Parties)

FY ending March 31 (Contribution per ATM in Rs.)	2020	2021	2022	2023	2024	4-Year CAGR (FY 2020-24)
Ground Handling – Third Parties	948	1,233	1,041	1,022	1,220	**6.5%**

Note: There was a considerable decrease in contribution per ATM in FY 2020 (viz-a-viz FY 2019) attributed to the implementation of Ground Handling Rules. Accordingly, the trend in the contribution per ATM is analyzed from FY 2020 onwards.

10.2.14 The Authority based on its examination has noted that the revenue from all Air Traffic Related activities has a growing trend based on past performance whereas DIAL has submitted projection for the Fourth Control Period with a declining trend. Hence, the Authority proposed to consider YoY increase of 6.5% on contribution per ATM for projections for the Fourth Control Period based on past CAGR.

10.2.15 The Revenue from Ground handling by third party proposed to be considered by the Authority is as shown in the table below:

Table 319: Revenue from Ground Handling (Third Party) proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Ground Handling (Third Party)	61.89	69.11	78.08	87.47	97.05	**393.60**

Bridge Mounted Equipment

10.2.16 The Authority viewed DIAL's submission for Bridge Mounted Equipment and noted that the concession was awarded to GMR Airport Developers Limited with revenue share at the rate of 10% of the gross revenue till FY 2029 and 13% of the gross revenue from FY 2030 onwards. DIAL considered overall ATM growth for projecting the revenue for the Fourth Control Period. Revenue from Bridge Mounted Equipment as submitted by DIAL is shown in the table below:

Table 320: Revenue from Bridge Mounted Equipment submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Bridge Mounted Equipment	10.00	10.61	11.16	11.62	12.01	**55.39**

10.2.17 The Authority based on the analysis found DIAL's submission to be reasonable as the projected growth rates are consistent with the past growth rates. Accordingly, the revenue from Bridge Mounted Equipment proposed to be considered by the Authority is as follows:

Table 321: Revenue from Bridge Mounted Equipment proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Bridge Mounted Equipment	10.26	10.76	11.41	12.00	12.50	**56.93***

**There was a discrepancy in the overall ATM growth rates considered by DIAL in the MYTP due to linkage error. The revenue was recomputed by the Authority after correcting the linkage error in the overall ATM growth rates which has been considered based on traffic study by ICF.*

10.2.18 Based on the above, the air traffic related revenue proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 322: Air Traffic Related Revenue proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Air Traffic Related Revenue						
Ground Handling – Registered	178.80	196.11	216.18	236.79	257.61	**1,085.49**
Ground Handling – Third Party	61.89	69.11	78.08	87.47	97.05	**393.60**
Bridge Mounted Equipment Revenue	10.26	10.76	11.41	12.00	12.50	**56.93**
Total	**250.95**	**275.98**	**305.68**	**336.26**	**367.15**	**1,536.02**

Passenger Traffic Related Revenue

10.2.19 The Authority analysed the submissions made by DIAL regarding Passenger Traffic related Revenue which comprises of revenue from Flight Kitchen, Car Park (MLCP & Radio Taxi), Retail Duty, F&B, Lounge and others. The Authority noted that DIAL has tied up every service with a concessionaire through a concession agreement.

10.2.20 The head-wise Passenger Traffic related revenue submitted by DIAL for the Fourth Control Period is as follows:

Table 323: Passenger Traffic Related Revenue submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Passenger Related Revenue						
Flight Kitchen – Concession fee	85.91	94.85	100.87	106.38	116.67	**504.68**
Car Park (MLCP)	97.48	107.63	114.46	120.71	132.39	**572.67**
Car Park (Radio Taxi)	23.22	23.22	23.22	23.22	23.22	**116.12**
Retail	209.08	229.96	255.81	282.19	308.33	**1,285.37**
Food & Beverages	180.73	198.77	221.12	243.92	266.51	**1,111.05**
Lounge Income	117.19	128.90	143.39	158.17	172.82	**720.47**
Others	37.78	39.73	42.25	44.56	46.54	**210.86**
Total	**751.40**	**823.05**	**901.12**	**979.15**	**1,066.50**	**4,521.22**

Flight Kitchen, F&B, Lounge Income and Others

10.2.21 The Authority noted that the concession for Flight Kitchen was awarded to multiple parties viz. TAJ SATS Catering Limited, Narangs International Hotels Private Limited and Oberoi Flight Services with revenue share varying between 13% and 14% of the gross revenue.

10.2.22 The Authority noted that the major concessionaire for F&B is Travel Food Services with revenue share at the rate of 23.5% of the gross revenue.

10.2.23 The Authority noted that the concessions for lounge access was awarded to multiple parties for different locations with revenue share varying between 15% and 24% of the gross revenue.

10.2.24 The Authority's analysis of the Contribution per passenger towards revenue from the above-mentioned heads for the Fourth Control Period as submitted by DIAL is provided below:

Table 324: Contribution per Pax towards Passenger Traffic related revenue as submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per Pax in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Flight Kitchen	11.1	11.6	11.6	11.6	12.2	**2.0%**
Y-o-Y Increase %	*0%*	*5%*	*0%*	*0%*	*5%*	
F&B	23.3	24.4	25.5	26.7	27.9	**4.6%**
Y-o-Y Increase %	*5%*	*5%*	*5%*	*5%*	*5%*	
Lounge Income	15.1	15.8	16.5	17.3	18.1	**4.6%**
Y-o-Y Increase %	*5%*	*5%*	*5%*	*5%*	*5%*	
Others	4.9	4.9	4.9	4.9	4.9	**0%**

10.2.25 The Authority's analysis of the Contribution per passenger towards revenue from the above-mentioned heads over the last five years is provided below:

Table 325: Past CAGR for Contribution per Pax towards Passenger Traffic Related Revenue

FY ending March 31 (Contribution per Pax in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Flight Kitchen	9.3	7.6	6.9	7.7	9.4	11.1	**3.5%**
F&B	15.2	16.3	12.7	19.0	21.8	22.3	**7.9%**
Lounge Income	6.6	7.7	8.4	9.0	10.8	14.4	**16.9%**
Others	3.2	2.4	1.9	2.6	3.5	4.9	**8.7%**

10.2.26 The Authority noted that, as can be seen from the table above, the Y-o-Y increase in Contribution per Pax considered by DIAL in the Fourth Control Period is considerably lower than the past five-year CAGR.

10.2.27 The Authority formed the view that the past five-year growth rate should be sustainable in the Fourth Control Period. The Authority is of the view that there was no strong reason to consider any moderation in growth rate as some of these revenue items in the past had grown independent of the Pax traffic growth rate. The Authority hence proposed to consider the past five-year CAGR as the expected growth rate for the above-mentioned revenue streams in the Fourth Control Period.

Car Park (MLCP and Radio Taxi)

10.2.28 The Authority analysed DIAL's submissions regarding revenue from Car Park i.e. MLCP and Radio Taxi. The Authority noted that the concession for MLCP is vested with Delhi Airport Parking Services Private Limited with revenue share at the rate of 40% of gross revenue (w.e.f. April 01, 2022) while the contracts for Radio Taxi is with various cab aggregators viz. Ola, Uber etc.

10.2.29 The Authority's analysis of the Contribution per passenger towards revenue from Car Park (MLCP and Radio Taxi) for the Fourth Control Period as submitted by DIAL is provided below:

Table 326: Contribution per Pax towards revenue from Car park as submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per Pax in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Car Park (MLCP)	12.6	13.2	13.2	13.2	13.9	**2.0%**
Y-o-Y Increase %	*0%*	*5%*	*0%*	*0%*	*5%*	

FY ending March 31 (Contribution per Pax in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Car Park (Radio Taxi)	3.0	2.8	2.7	2.5	2.4	**-5.1%**
Y-o-Y Increase %	*-5%*	*-5%*	*-6%*	*-5%*	*-4%*	

10.2.30 The Authority's analysis of the Contribution per passenger towards revenue from Car Park (MLCP and Radio Taxi) over the last five years is provided below:

Table 327: Past CAGR of Contribution per Pax towards revenue from Car Park

FY ending March 31 (Contribution per Pax in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Car Park (MLCP)	4.5	5.1	8.7	8.8	11.2	12.6	**23.0%**
Car Park (Radio Taxi)	2.7	2.5	1.6	2.0	2.7	3.2	**3.3%**

10.2.31 Based on the clarifications from DIAL, the Authority noted that the past 5-year CAGR of contribution per pax towards revenue from car parking (MLCP) was exceptionally high as the revenue share was increased from 20% to 40% in FY 2021. As per the contract with MLCP operator, revenue share would be increased after a gap of 3 years with the next revision due on April 01, 2025. Accordingly, for the purpose of projections, the Authority proposed to consider an increase in contribution per pax at the rate of 15% w.e.f. April 01, 2025 and April 01, 2028.

10.2.32 The Authority however noted that the Y-o-Y decrease in Contribution per Pax considered by DIAL for Car Park (Radio Taxi) is unreasonable. The Authority is of the view that there was no justifiable reason to consider any tempered/negative growth rate as these revenue items in the past, in absolute terms, had grown independent of the Pax traffic growth rate which could be seen from the considerably high growth rates in the last few years. The Authority hence proposed to consider the past five-year CAGR (3.3%) for the revenue from Car Park (Radio Taxi).

Retail

10.2.33 The Authority analysed the submissions made by DIAL regarding revenue from Retail and is of the view that the projections in the Fourth Control Period are reasonable considering the past CAGR. The Authority hence proposed to consider the projections as submitted by DIAL for revenue from Retail.

10.2.34 Based on the above, the Passenger Traffic Related revenue proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 328: Passenger Traffic Related Revenue proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Passenger traffic related revenue						
Flight Kitchen	88.92	96.77	106.52	116.27	125.71	**534.19**
Cark Park (MLCP)	97.48	117.88	125.36	132.21	158.81	**631.74**
Cark Park (Radio Taxi)	25.26	27.43	30.13	32.81	35.40	**151.02**
Retail	209.08	229.96	255.81	282.19	308.33	**1,285.37**
Food & Beverages	186.42	211.48	242.66	276.11	311.17	**1,227.83**
Lounge Income	131.01	161.07	200.29	246.98	301.66	**1,041.01**
Others	41.05	46.90	54.20	62.11	70.49	**274.75**
Total	**779.22**	**891.49**	**1,014.96**	**1,148.67**	**1,311.56**	**5,145.91**

International Duty-Free Related Services

10.2.35 The Authority analysed DIAL's submission with regards to international duty-free related services wherein the concession is vested with Delhi Duty Free Services Private Limited with revenue share at the rate of 32% of the gross revenue.

10.2.36 The revenue from international duty-free related services submitted by DIAL for the Fourth Control Period is as follows:

Table 329: Revenue from International Duty-Free Services submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
International Passenger Revenue						
Duty free license fee	726.90	797.13	878.56	962.12	1,046.52	**4,411.23**

10.2.37 The Authority's analysis of Contribution per international passenger towards revenue from Duty Free Related Services for the Fourth Control Period as submitted by DIAL is provided below:

Table 330: Contribution per Pax towards Revenue from Duty free related service as submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per Intl. Pax in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Duty Free Related Services	344	360	376	393	412	**4.6%**
Y-o-Y Increase %	*4.6%*	*4.6%*	*4.6%*	*4.6%*	*4.6%*	

10.2.38 The Authority's analysis of the Contribution per international passenger towards revenue from Duty Free Related Services over the last five years is provided below:

Table 331: Past CAGR of Contribution per international Pax towards revenue from Duty Free related services

FY ending March 31 (Contribution per Intl. Pax in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Duty Free Related Services	240	263	279	325	324	329	**6.4%**

10.2.39 The Authority noted that DIAL has considered a marginally lower growth rate viz-a-viz the past 5-year CAGR.

10.2.40 The Authority is of the view that the past 5-year CAGR should be the sustainable and proposed to consider the past five-year CAGR as the expected growth rate for this revenue stream in the Fourth Control Period.

10.2.41 Based on the above, the revenue from international duty-free related services proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 332: Revenue from Duty-Free related services proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
International Duty-Free Services	739.74	825.53	925.94	1,031.92	1,142.26	**4,665.38**

Contract-linked Revenue

10.2.42 The Authority analysed the submission made by DIAL regarding Contract-linked Revenue which comprises of revenue from Advertisements, Land leases and spaces, Forex, Common Area Management, Transit Hotel, Airport Service Charges, fee from Bank/ATM, Telecom, IT JV concession

and miscellaneous income. The Authority noted that DIAL has tied up every service with a concessionaire through a concession agreement.

10.2.43 The Contract-linked revenue submitted by DIAL for the Fourth Control Period is as follows:

Table 333: Contract-linked Revenue submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Contract Linked Revenue						
Advertisement license fee	203.02	225.17	225.17	225.17	225.17	**1,103.71**
Forex	77.22	80.95	85.30	89.30	92.87	**425.64**
Land & Space	564.82	607.18	652.72	701.68	754.30	**3,280.70**
Common Area Management	26.54	28.53	30.67	32.97	35.44	**154.13**
Transit Hotel	6.16	6.45	6.74	7.05	7.38	**33.79**
Airport Service Charges	1.73	1.81	1.89	1.98	2.07	**9.48**
Bank/ ATM	8.84	8.84	8.84	8.84	8.84	**44.20**
Telecom	4.69	4.69	4.69	4.69	4.69	**23.45**
Penalties	0.22	0.22	0.22	0.22	0.22	**1.09**
Miscellaneous contract linked	2.24	2.24	2.24	2.24	2.24	**11.21**
IT-JV Concession	34.80	36.60	38.92	41.04	42.87	**194.23**
Total	**930.28**	**1,002.67**	**1,057.40**	**1,115.18**	**1,176.09**	**5,281.62**

Advertisement License Fee

10.2.44 The Authority analysed the submissions made by DIAL regarding advertisement revenue. The concession for advertisement is vested with TIM Delhi Airport Adv Private Limited with revenue share at the rate of 55% of net revenue till June 2025 and 61% of net revenue from July 2025 onwards.

10.2.45 The Authority noted that DIAL has considered only one-time increase of 10.91% on revenue in FY 2026 (to factor in the increase in revenue share from July 2025 onwards) and thereafter has been projected to be constant.

10.2.46 The Authority also noted that the terminal area has increased considerably after Phase 3A Expansion and it is expected to increase further in FY 2028 due to proposed addition of Pier E. The Authority is of the view that the advertisement revenue should increase in consistency with the increase in terminal area. Accordingly, in addition to factoring in increase in revenue share in FY 2026, the Authority also proposed to consider terminal area expansion factor as well in projecting the revenue from advertisements.

10.2.47 Based on the above, the Authority proposed to project Advertisement revenue based on one-time increase of 10.91% in FY 2026 along with adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

Land Leases and Spaces

10.2.48 The Authority analysed DIAL's submission regarding the revenue stream from land and spaces and noted that DIAL has considered contractual increase of 7.50% Y-o-Y and area increase factor of 10% in FY 2025.

10.2.49 The Authority also noted that the terminal area has increased considerably after Phase 3A Expansion and it is expected to increase further in FY 2028 due to construction of Pier E. The Authority formed the view that the revenue under this head is highly correlated to the increase in terminal area.

Accordingly, in addition to factoring in contractual increase of 7.5% YoY, the Authority also proposed to consider terminal area expansion factor as well in projecting the revenue from land leases and spaces.

10.2.50 Based on the above, the Authority proposed to project revenue from land leases and spaces based on YoY increase of 7.5% along with adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

Forex

10.2.51 The Authority analysed the submissions with respect to revenues from Forex for the Fourth Control Period. The concession for Forex is vested with Thomas Cook India Limited with revenue share varying between 6.61% and 6.70% of the revenue.

10.2.52 The Authority noted that DIAL's projection for revenue from Forex is based on international Pax growth rate which is relatively better than past 10-yr CAGR.

10.2.53 The Authority accordingly proposed to consider the projections as submitted by DIAL for revenues from Forex for the Fourth Control Period.

Common Area Management

10.2.54 The Authority analysed the submissions with respect to revenues from Common Area Management for the Fourth Control Period and noted that DIAL has considered only the contractual increase of 7.50% for projecting revenue from Common Area Management.

10.2.55 The Authority also noted that the terminal area has increased considerably after Phase 3A Expansion and it is expected to increase further in FY 2028 due to construction of Pier E. The Authority formed the view that the revenue under this head is highly correlated to the increase in terminal area as common area is expected to increase in line with the increase in terminal area. Accordingly, in addition to factoring in contractual increase of 7.5% YoY, the Authority also proposed to consider adjusted terminal area expansion factor as well in projecting the revenue from Common Area Management.

10.2.56 Based on the above, the Authority proposed to project revenue from Common Area Management based on YoY increase of 7.5% along with adjusted terminal area expansion factor of 14.53% and 4.54% in FY 2025 and FY 2028 respectively.

Transit Hotel

10.2.57 The Authority analysed the submissions with respect to revenues from Transit Hotel for the Fourth Control Period which has been escalated at inflation rate of 4.6%. The concession for Transit Hotel is vested with Devaryaa Hospitalities with revenue share at the rate of 18% till 2025 and 20% afterwards.

10.2.58 The Authority noted that the revenue from Transit Hotel has grown at a 10-year CAGR (FY 2014-24) of 8.12%.

10.2.59 The Authority also noted that the hotel has completed around 15 years of operations and expected that the occupancy rates shall have been stabilized by now. Accordingly, any upside on the revenue shall be from the increase in rentals alone.

10.2.60 Based on the above, the Authority proposed to consider annual growth rate of 8.12% p.a. for the Fourth Control Period as against DIAL's submission of inflation-linked growth.

Revenue from Airport Service Charges, Banks, Telecom and Others

10.2.61 The Authority noted the revenue stream from Airport Service Charges, Banks and Telecom and miscellaneous sources had been inconsistent in the past and no trend could be established. Hence, the

Authority proposed to consider inflation rate of 4.6% p.a. for revenue from these sources in the Fourth Control Period.

Penalties

10.2.62 The Authority noted that DIAL had collected penalties from sub-concessionaires to the tune of Rs. 0.59 Crore in the Third Control Period. The penalty collected in FY 2024 was Rs. 0.22 Crore. DIAL considered similar amount for each of the years in the Fourth Control Period. Considering the uncertain nature of the item, the Authority proposed to consider the projections as submitted by DIAL for Penalties in the Fourth Control Period.

Revenue from IT JV

10.2.63 The Authority noted that DIAL awarded the concession for management of entire IT systems at IGIA to Wipro Limited. Consequently, a JV in the name of Wipro Airport IT Services Limited (WAISL) was formed to act as the concessionaire.

10.2.64 The details of the services provided by WAISL under various heads viz. Data Centre services, Application services, Network services, End User and Common services are detailed in Table 145.

10.2.65 The Authority noted that the contract is in the nature of cost contract which ensured minimum subsistence level to the service provider. As per terms of the Master Service Agreement, in case the receivables of WAISL exceed the subsistence level in the previous financial year, the concessionaire has to pay DIAL a concession fee equivalent to the excess of receivables over subsistence level.

10.2.66 The Authority analysed DIAL's submissions regarding revenues from IT JV based on the contract with WAISL at revenue share of 9%.

10.2.67 The Authority noted that DIAL projected the revenue under this head based on overall pax growth rate since WAISL charges on per Pax basis.

10.2.68 The Authority after examination of the submissions proposed to consider the revenue under this head as submitted by DIAL for the Fourth Control Period.

10.2.69 Based on the above, the Contract-linked revenue proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 334: Contract-linked revenue proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Contract Linked revenue						
Advertisement License Fee	232.52	257.89	257.89	269.60	269.60	**1,287.50**
Forex	77.22	80.95	85.30	89.30	92.87	**425.64**
Land & Space	588.08	632.18	679.59	763.76	821.04	**3,484.64**
Common Area Management	30.39	32.67	35.12	39.47	42.43	**180.09**
Transit Hotel	6.37	6.89	7.45	8.05	8.71	**37.47**
Airport Service Charges	1.73	1.81	1.89	1.98	2.07	**9.48**
Bank/ATM	9.25	9.67	10.12	10.58	11.07	**50.69**
Telecom	4.90	5.13	5.37	5.61	5.87	**26.89**
Penalties	0.22	0.22	0.22	0.22	0.22	**1.09**
Misc- contract linked	2.34	2.45	2.57	2.68	2.81	**12.85**
IT JV	34.80	36.60	38.92	41.04	42.87	**194.23**
Total	**987.82**	**1,066.46**	**1,124.43**	**1,232.31**	**1,299.55**	**5,710.56**

Revenue from Cargo

10.2.70 The Authority analyzed DIAL's submissions regarding revenues from Cargo under various heads.

10.2.71 The Cargo related revenue submitted by DIAL for the Fourth Control Period is as follows:

Table 335: Cargo related Revenue submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Cargo Related Revenue						
Export Income	25.97	28.22	29.00	29.75	32.08	**145.02**
Export Cargo – Screening Charges	35.28	38.34	39.39	40.42	43.57	**197.00**
Domestic Cargo - Screening Charges	5.83	6.33	6.50	6.67	7.20	**32.53**
Concession Fee - Brownfield Cargo	250.53	272.24	279.69	286.97	309.39	**1,398.82**
Concession Fee - Greenfield Cargo	110.84	120.44	123.74	126.96	136.88	**618.85**
Total	**428.45**	**465.57**	**478.32**	**490.77**	**529.11**	**2,392.22**

10.2.72 The Authority noted that the cargo concessions are vested with Celebi Delhi Cargo Terminal and Delhi Cargo Service Center with revenue share at the rate of 36% and 24% of the gross revenue respectively.

10.2.73 The Authority's analysis of Contribution per Ton of Cargo towards revenue from Cargo under various heads for the Fourth Control Period as submitted by DIAL is provided below:

Table 336: Contribution per ton of cargo towards revenue from Cargo as submitted by DIAL for the Fourth Control Period

FY ending March 31 (Contribution per Ton in Rs.)	2025	2026	2027	2028	2029	5-Year CAGR (FY 2024-29)
Export Income (Rs. per Ton of Intl. Cargo)	377	393	391	389	404	**1.3%**
Y-o-Y Increase %	*-0.4%*	*4.1%*	*-0.5%*	*-0.6%*	*3.8%*	
Export Cargo Screening (Rs. per Ton of Intl. Cargo)	513	534	531	528	548	**1.3%**
Y-o-Y Increase %	*-0.4%*	*4.1%*	*-0.5%*	*-0.6%*	*3.8%*	
Domestic Cargo Screening (Rs. per Ton of Dom. Cargo)	155	166	167	169	182	**3.3%**
Y-o-Y Increase %	*0.7%*	*6.7%*	*1.0%*	*1.2%*	*7.3%*	
Concession Fee - Brownfield Cargo (Rs. per Ton)	2,356	2,474	2,474	2,474	2,598	**2.0%**
Y-o-Y Increase %	*0.0%*	*5.0%*	*0.0%*	*0.0%*	*5.0%*	
Concession Fee - Greenfield Cargo (Rs. per Ton)	1,042	1,094	1,094	1,094	1,149	**2.0%**
Y-o-Y Increase %	*0.0%*	*5.0%*	*0.0%*	*0.0%*	*5.0%*	

10.2.74 The Authority's analysis of Contribution per Ton of Cargo towards revenue from Cargo under various heads over the last five years is provided below:

Table 337: Past CAGR of Contribution per ton of cargo towards revenue from Cargo

FY ending March 31 (Contribution per Ton in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Export Income (Rs. per Ton of Intl. Cargo)	170	216	348	287	327	379	**17.4%**
Export Cargo Screening (Rs. per Ton of Intl. Cargo)	281	356	317	371	461	515	**12.9%**

FY ending March 31 (Contribution per Ton in Rs.)	2019	2020	2021	2022	2023	2024	5-Year CAGR (FY 2019-24)
Domestic Cargo Screening (Rs. per Ton of Dom. Cargo)	76	96	126	191	205	154	**15.0%**
Concession Fee - Brownfield Cargo (Rs. per Ton)	1,504	1,790	2,731	2,116	2,148	2,356	**9.4%**
Concession Fee - Greenfield Cargo (Rs. per Ton)	432	636	864	974	1,040	1,042	**19.3%**

10.2.75 The Authority noted that the growth rates in the contribution per ton of cargo projected by DIAL against these heads are considerably lower than the past five-year CAGR pertaining to the Third Control Period. However, the Authority also notes the fact that the past five-year CAGR against these heads was exceptionally high and may be difficult for DIAL to sustain especially considering the upcoming international airport in Noida which is also planned to be developed as a cargo hub.

10.2.76 Considering the above, the Authority proposed to consider annual growth rate of 10% on the contribution per ton of cargo against respective heads.

10.2.77 Based on the above and the Cargo Traffic proposed to be considered by the Authority, the Cargo related revenue proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 338: Cargo related revenue proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Cargo related revenue						
Export Income	28.69	32.94	37.41	42.48	48.51	**190.02**
Cargo Export Screening	38.97	44.74	50.82	57.70	65.90	**258.13**
Domestic Cargo - Screening Charges	6.36	7.13	7.98	8.90	9.84	**40.21**
Concession Fee - Brownfield Cargo	275.59	313.72	354.54	400.14	451.95	**1,795.95**
Concession Fee - Greenfield Cargo	121.92	138.79	156.85	177.03	199.95	**794.54**
Total	**471.52**	**537.32**	**607.60**	**686.25**	**776.15**	**3,078.84**

Other Income

10.2.78 The Authority noted that DIAL has not projected Other Income for the Fourth Control Period. However, in the Tariff Order for the Third Control Period, it was decided to consider Other Income (dividend income, investment income, interest income etc.) earned during the Third Control Period for cross-subsidization of revenue from Revenue Share Assets at the time of true up during tariff determination of the Fourth Control Period. The Authority therefore proposed to include dividend income for cross-subsidy at the time of true up during the Fourth Control Period.

10.2.79 The Authority in the Tariff Order for the Third Control Period also decided that the Other Income earned from aeronautical services such as dividends from fuel farm JV shall be treated as aeronautical revenues.

10.2.80 The Authority noted that the average Other Income earned by DIAL in the Third Control Period works out to Rs. 227.72 Cr (after excluding dividend income from Delhi Aviation Fuel 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. 227.72 Cr for FY 2025 which shall be escalated at inflation rate of 4.6% p.a. till FY 2029.

10.2.81 Based on the above, Other Income proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 339: Other Income proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Other Income	227.72	238.20	249.15	260.61	272.60	**1,248.29**

10.2.82 As mentioned in para 4.2.3 of this Tariff Order, the Authority, consistent with the decision in the Tariff Order for the Third Control Period, proposed not to make any adjustment with regards to revenue from Existing Assets and proposed no deduction with regards to Annual Fee pertaining to Revenue Share Assets while arriving at the revenue from Revenue Share Assets for cross subsidization.

10.2.83 Based on the above analysis, the revised revenue from Revenue Share Assets proposed to be considered by the Authority for the Fourth Control Period is shown in the table below which shall be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

Table 340: Revenue from Revenue Share Assets proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Air Traffic Related [Refer Table 322]						
Ground Handling (Registered)	178.80	196.11	216.18	236.79	257.61	**1,085.49**
Ground Handling (Third Party)	61.89	69.11	78.08	87.47	97.05	**393.60**
Bridge Mounted Equipment	10.26	10.76	11.41	12.00	12.50	**56.93**
Sub Total (A)	**250.95**	**275.98**	**305.68**	**336.26**	**367.15**	**1,536.02**
Passenger Traffic Related [Refer Table 328]						
Flight Kitchen- Concession Fee	88.92	96.77	106.52	116.27	125.71	**534.19**
Cark Park (MLCP)	97.48	117.88	125.36	132.21	158.81	**631.74**
Cark Park (Radio Taxi)	25.26	27.43	30.13	32.81	35.40	**151.02**
Retail Duty Paid	209.08	229.96	255.81	282.19	308.33	**1,285.37**
Food & Beverages	186.42	211.48	242.66	276.11	311.17	**1,227.83**
Lounge Income	131.01	161.07	200.29	246.98	301.66	**1,041.01**
Others	41.05	46.90	54.20	62.11	70.49	**274.75**
Sub Total (B)	**779.22**	**891.49**	**1,014.96**	**1,148.67**	**1,311.56**	**5,145.91**
International Duty-Free Services (C) [Refer Table 332]	**739.74**	**825.53**	**925.94**	**1,031.92**	**1,142.26**	**4,665.38**
Contract Linked [Refer Table 334]						
Advertisement License Fee	232.52	257.89	257.89	269.60	269.60	**1,287.50**
Forex	77.22	80.95	85.30	89.30	92.87	**425.64**
Land & Space	588.08	632.18	679.59	763.76	821.04	**3,484.64**
Common Area Management	30.39	32.67	35.12	39.47	42.43	**180.09**
Transit Hotel	6.37	6.89	7.45	8.05	8.71	**37.47**
Airport Service Charges	1.73	1.81	1.89	1.98	2.07	**9.48**
Bank/ATM	9.25	9.67	10.12	10.58	11.07	**50.69**
Telecom	4.90	5.13	5.37	5.61	5.87	**26.89**
Penalties	0.22	0.22	0.22	0.22	0.22	**1.09**
Misc- contract linked	2.34	2.45	2.57	2.68	2.81	**12.85**
IT JV	34.80	36.60	38.92	41.04	42.87	**194.23**
Sub Total (D)	**987.82**	**1,066.46**	**1,124.43**	**1,232.31**	**1,299.55**	**5,710.56**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Cargo Related [Refer Table 338]						
Export Income	28.69	32.94	37.41	42.48	48.51	**190.02**
Export Cargo - Screening Charges	38.97	44.74	50.82	57.70	65.90	**258.13**
Domestic Cargo - Screening Charges	6.36	7.13	7.98	8.90	9.84	**40.21**
Concession Fee - Brownfield Cargo	275.59	313.72	354.54	400.14	451.95	**1,795.95**
Concession Fee - Greenfield Cargo	121.92	138.79	156.85	177.03	199.95	**794.54**
Sub Total (E)	**471.52**	**537.32**	**607.60**	**686.25**	**776.15**	**3,078.84**
Gross Non-aeronautical Revenue (F=A+B+C+D+E)	**3,229.25**	**3,596.78**	**3,978.60**	**4,435.40**	**4,896.68**	**20,136.72**
Add: Other Income (G) [Refer Table 339]	227.72	238.20	249.15	260.61	272.60	**1,248.29**
Revenue from Revenue Share Assets (H=F+G)	**3,456.98**	**3,834.98**	**4,227.75**	**4,696.02**	**5,169.28**	**21,385.00**
S Factor - 30% of Revenue from Revenue Share Assets (30%*H)	**1,037.09**	**1,150.49**	**1,268.33**	**1,408.81**	**1,550.78**	**6,415.50**

10.3 Stakeholders' comments on Revenue from Revenue Share Assets for the Fourth Control Period

10.3.1 During the 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. 07/2024-25 dated 31st January 2025 with respect to Revenue from Revenue Share Assets for the Fourth Control Period. The comments from Stakeholders are presented below:

DIAL's Comments on Revenue from Revenue Share Assets for the Fourth Control Period

10.3.2 With regards to AERA's proposal pertaining to growth rates for Air Traffic related Revenue for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

"The upcoming highly competitive environment with the opening of Jewar Airport and also commencement of commercial flights from Hindon Airbase, will put the pressure on revenues from Air Traffic Related Services. Thus, DIAL requests the Authority to consider the growth rates as submitted by DIAL without the tariff increase considered."

10.3.3 With regards to AERA's proposal pertaining to growth rates for Lounge Income for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

"The Authority has considered the historic growth of 16.9% (contribution per passenger) which is not going to sustain as that growth in the past has come due to revamping of old lounges at T3 which has resulted in higher usage and yield in comparison with other terminals. Increase due to T3 has already come in FY23 and FY24 and with the increase in PAX, penetration is going to decrease due to limited space at the Lounges. Hence, the CAGR considers these aberrations which will not continue in the future. Furthermore, following factors are required to be considered by the Authority which primarily results in moderate growth of Lounges for the future period:

- *The complimentary lounge access being provided by the card partners Visa, Mastercard, Rupay, Diners Club, American Express etc., are being gradually reduced by these partners and thus no. of passengers eligible for using the complimentary lounge would decrease drastically.*
- *The sudden spike of lounge income contribution is only seen in the FY 23 & FY 24 which is majorly attributable to revamp of the lounges and re-opening of the lounges in terminal 1which was not operational during the Covid Pandemic. Thus, the growth rates are not organic in nature and dependent on various changes to the lounge structure and closure/ re-opening of the lounge facilities.*

- *The sudden spike of lounge income contribution is only seen in the FY 23 & FY 24 which is majorly attributable to revamp of the lounges and re-opening of the lounges in terminal 1which was not operational during the Covid Pandemic. Thus, the growth rates are not organic in nature and dependent on various changes to the lounge structure and closure/ re-opening of the lounge facilities.*

Thus, we request the Authority to consider the passenger growth and inflationary increase of yield by 4.6% per annum as submitted by DIAL."

10.3.4 With regards to AERA's proposal pertaining to growth rates for Revenue from International Duty Free Services for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

"In addition to the submission of the DIAL in the MYTP, we hereby submit further that the increase in international PAX is benefitting DIAL, since the total duty-free area in arrivals is not increasing and thus leads to decrease in overall penetration and hence lower income per passenger. Hence, past growth of 6.4% will not sustain in future years due to decreased penetration.

Thus, we request the Authority to consider the inflationary increase of 4.6% instead of 6.4% as proposed in the Consultation Paper."

10.3.5 With regards to AERA's proposal pertaining to growth rates for Advertisement license fee for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

*"**Contract linked Revenue***

The Authority has considered the increase in the area for Advertisement, Land & Space rentals & Common Area Maintenance. DIAL's response is as follows:

Advertisement:

DIAL in its submission has categorically submitted that IGI is a matured asset and has reached maximum capacity both in terms of advertisement space and the pricing is also the highest in the Delhi NCR. Further, there is an increase trend of digital advertising in comparison to the traditional hoardings and its impact.

In addition to our earlier submission, we further submitted that the increase in revenue share is effective only for a period of 9 months in FY26 since the revenue share increase is not effective from beginning of the year. Further, the terminal area increase is only partly linked with Advertisement revenue as it is driven through passenger facing area both in terminal and landside.

Landside area is not increasing with T1, and passengers flow at T2 is gradually reducing for the proposed refurbishments. Also, international yield per site is higher compared to domestic and the current international area i.e., Pier A & Pier B are not increased in its size. Space increase in T1 and Pier E is already being considered in PAX growth. Hence, DIAL have taken equivalent growth to domestic pax growth.

Thus, the economies of scale cannot be arrived in the advertisement business based on the area available, if the DIAL wishes to occupy the majority of the slots then the prices would be required to reduced largely and this eventually impact the revenue accrued to DIAL.

Thus, we request the Authority, not to consider the terminal increase towards this item."

10.3.6 With regards to AERA's proposal pertaining to growth rates for Land & space and Common Area Management for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

*" **Land & Space & Common Area Management:***

Land & Space consists of 2 types of rental spaces i.e.

i. *Land revenue consists of rentals coming through airside and cityside leased land, contributes around 70% of total revenue*
ii. *Space revenue coming through leased spaces within terminals*

The Authority has to consider that the increase in terminal area will not lead to any kind of increase in land revenues, contractually obligated growth rates are required to be considered for the land revenue.

In the case of space revenue it is pertinent to note that the T2 will be closed for 1st half and in 2nd half, limited operations will be there. Additionally, the construction of Pier E will not increase any incremental office or rental spaces, thus the same will not be yield any additional revenue to DIAL.

Thus, we request the Authority to consider the growth towards terminal increase as 7% additional revenue (50% of 14.53%) in FY 2025 and in the case of FY 2028 no additional increase shall be considered, since it will not lead to any kind of rental growth to DIAL."

10.3.7 With regards to AERA's proposal pertaining to growth rates for Cargo related Revenue for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

"DIAL has projected the Cargo related revenue based on the traffic projections of the ICF in this regard and inflationary increase of the 5% of tariff in two years out of 5 years. However, the Authority has considered an increase of the tariff by 10% every year. The Authority, has proposed these increases purely based on the CAGR of the past 5 years, which is very difficult to sustain and following are the reasons attributable for the same:

- *The yield referred by the Authority is higher for the past period due to pandemic conditions and supply chain disruptions through sea routes. Thus, many organisations resorted for air cargo during this period;*
- *The IGI Airport will face stiff competition from Jewar Airport in terms of Cargo, thus to remain highly competitive the Cargo entities are projected to offer highly competitive pricing to sustain the existing cargo volumes.*
- *Furthermore, the Authority can take note of the fact that the growth in the last 3 years of the Cargo yield is very minimal and not at 10%.*

Based on the above facts, the Authority is requested to re-consider the growth factors towards cargo revenue and provide for the inflationary increase of 4.9% per annum instead of 10% per annum."

10.3.8 With regards to AERA's proposal pertaining to projection of Other Income for the Fourth Control Period at the Consultation Stage, DIAL stated the following:

*"**Other Income***

The Authority, in the previous three control period orders (1st, 2nd & 3rd) has never projected and in fact cannot project the other income for the future control periods, since it is contingent and completely depends on the cashflow availability of the DIAL and profit distribution decisions of JV's. The summary of the Authority's decision in the previous control periods are as follows:

Extract of the Second Control Period tariff order (Order No. 40/2015-16) is as follows:

Para 19.37. .....these items are intermittent in nature and have no consistent driver *on which this income can be projected. Thus, the Authority has projected this subhead at 'nil' value for the second Control Period . However, the Authority has decided to true up the "Other incomes" based on the actual values realized by DIAL during the second Control Period at the time of tariff determination for the third Control Period.*

Extract of the Third Control Period tariff order (Order No. 57/2020-21) is as follows:

Para 7.5.13. ....For FY 21 to FY 24*, Authority, consistent with its proposal for Other Income in Consultation Paper No. 15/2020-21, has decided to consider* ***Other Income as nil*** *which would be trued up based on actuals in the next Control Period.*

It is pertinent to note that the Authority has maintained status quo with respect to exclusion of the other income in revenue from Revenue Share Assets. This matter has been deal at length in the Para 1.8 of the Consultation Paper No. 07/2024-25 by the Authority and the primary reliance has been placed by the Authority that the matter is under sub judice and pending judgement by the Hon'ble Supreme Court of India.

In light of the above facts, when the matter is under sub judice and the Authority has maintained the status quo on the treatment of the other income, the Authority should adhere to the consistency principle in line with its decision towards projection of the Other Income as referred above.

Based on the above, DIAL is having continuously cash losses and the incomes projected by the Authority did not consider this primary fact. The other income of the DIAL can be majorly bifurcated into following heads:

1. ***Treasury Income****: Treasury Income includes, the incomes pertaining to the fixed deposits in the banks, investment of the temporary funds in the mutual funds etc., Since, the DIAL is expected to incur cash losses, it is very unlikely that the income is recurring from these activities.*
2. ***Dividend Income:*** *Dividend Income is earned from its investments in the Joint Ventures, and the major share of the dividend income is earned from Delhi Duty Free Services. The concession for Duty Free with Delhi Duty Free Services is bound to expire in Jul'25. Thus, divided income will not accrue from this entity.*

Thus, the projection of the other income considering the average other income of past years and increasing it by inflation doesn't validate the basic principles of the projection.

In light of the above facts, DIAL requests the Authority to be consistent with the approach in determination of tariff and do not project the other income as followed by it in the 1st, 2nd & 3rd control period order for DIAL."

Other Stakeholders' comments on Revenue from Revenue Share Assets for the Fourth Control Period

10.3.9 Indigo Stated that, *"DIAL has been earning revenue on account of commercial property development which was Rs. 802 Cr during FY 2024. Indigo requests AERA to kindly factor in future revenues on this account as part of non-aeronautical revenue, if not already done as may be applicable/ appropriate under the various agreements, rules, guidelines etc. that apply to such tariff fixation."*

10.3.10 APAO submitted that, *"The Authority in the First Control Period of DIAL had not considered the revenues realised by DIAL on account of Interest Income, income from sale of investment, income from delayed payment, etc. as non-aeronautical revenue. Authority's stand for the first control period was*

clearly stated Order no. 40/2015-16 for the Second Control Period, the relevant extract from para 6.43 is reproduced below:

The Authority, during the determination of tariff for the first Control Period, had not considered the revenues realised by DIAL from "Other Income" (typically including Interest Received Deposit with Banks, Income from Current Investments, Income from Non-Current Investments, Interest received – Delayed payment, Sale of Others material/Scrap others, Profit on Sale of Depreciable Assets, Dividend income, Realized Foreign Exchange Gain/Loss, Misc. income Others, Liquidated Damages received, Management Fee, Tender cost recovery) as non-aeronautical revenue.

However, in the same order Authority itself had changed its stance and opined that the interest income will be treated as non-aeronautical revenue at the time of true up.

Following is the extract of para 19.15 of the Order:

"The Authority, for the time being, had projected this sub-head at 'nil' value for the second Control Period. However, the Authority proposed to true up the "Other Incomes" based on the actual values realized by DIAL during the second Control Period at the time of tariff determination for the third Control Period."

The Authority, in the 4th control period has continued its inconsistency, by going a step further into projecting the other income as well. It is pertinent to note that DIAL would not have any amount for repayment of the loans, and there is no sound reasoning given by the Authority on the projecting the other income also for the 4th control period.

In addition to the above, as proposed by the Authority & considering the public interest the Authority has not considered the implementation of Hon'ble TDSAT Judgement till the final judgment of the Hon'ble Supreme Court order on the same. When the matter is under sub judice in view of the Authority, it is not justified to have these other incomes being projected and leading to further inconsistencies on the approaches taken by the Authority without providing any sound reasoning and biased only towards public interest and not giving any weightage to economic viability and legal positions.

We therefore earnestly request the Authority to be consistent with the approach in determination of tariff and consider the other income as was considered in the first control period order for DIAL"

10.3.11 IATA stated that, "*While DIAL has put forward the need to increase user charges significantly, its estimate of increases for revenue share assets is extremely moderate – typically in single digits i.e. inflation-based. We would expect a higher projection of growth in the revenue share as a result of traffic growth. However, it is important for AERA to also monitor and ensure that the revenue growth is not fuelled by higher royalties imposed by DIAL on its concessionaires.*"

10.3.12 AOC stated that, "*AOC fully understands the importance of sustainability as well as business viability for any Public Private/Joint Venture of this mammoth scale and in no way would undermine the complex challenges coupled with the web lock of interpretations while performing this exercise for Tariff Determination for the 4th Control Period for DEL Airport. This has to be viewed in the context of the Non-Aeronautical Revenue cross subsidy ('S' Factor) determined to be approx. Rs. 6400Cr (30% of 21400 Cr) which translates to an earning of approximate 15000 Cr for DIAL from Revenue Share Assets in the 4th Control Period.*"

10.4 DIAL's response to Stakeholders' comments on Revenue from Revenue Share Assets for the Fourth Control Period

10.4.1 DIAL's response to various Stakeholders' comments/ views with respect to Revenue from Revenue Share Assets for the Fourth Control Period is presented below

10.4.2 With respect to Indigo's comment, DIAL stated that *"The aeronautical tariff determination for DIAL is dependent on its concession awarded by Central Government. The Target Revenue formula given under SSA does not envisage CPD revenue and the same has been concluded during Control Period 1 by AERA.*

The decision of the Authority vide Order No. 03/2012-13 is as follows:

25.a. The Authority decided to exclude the gross revenue from Non-Transfer Assets towards cross subsidization of aeronautical cost while determining the target revenue."

10.4.3 DIAL acknowledges the comments of APAO pertaining to maintaining consistency in the treatment of Other Income.

10.4.4 With respect to comments from IATA, DIAL submits the following

"Majority of the revenues are projected by the DIAL, and proposed by the Authority are after considering the growth of the relevant traffic i.e., ATM / Passenger as well as the growth of the rates / prices at inflation / higher than the inflation."

10.4.5 With respect to comments from AOC, DIAL stated that, *"The Authority has proposed the target revenue for the fourth control period for DIAL. It may be perused that the DIAL has proposed a rate card well within the proposed eligibility proposed by the Authority."*

10.5 Authority's analysis on Stakeholders' comments on Revenue from Revenue Share Assets for the Fourth Control Period

10.5.1 The Authority notes DIAL's request to consider growth rates for revenue streams under Air Traffic Related Revenue as submitted by DIAL in the MYTP submission.

During examination at the Consultation Stage, the Authority found the growth rates adopted by DIAL to be on lower side and rationalised the same.

The Authority refers para 5.2.4 of this Tariff Order which quotes the extract from the Traffic Study prepared by ICF which states that IGIA has a clear competitive advantage over NIA in terms of location, Convenience, Capacity, Costs for Passengers, Scale, Loyalty, International Operations and Travel time. Hence, the Authority decides to continue with the same growth rate as proposed at the Consultation Stage.

10.5.2 The Authority notes DIAL's justification on the higher lounge income achieved in FY 2023 and FY 2024 primarily due to revamped lounges at Terminal 3 and re-opening of the lounges at Terminal 1 which were not operational during Covid-19 pandemic and due to the same, the past 5-year CAGR is not sustainable in the Fourth Control Period.

The Authority noted that the revenue per passenger pertaining to Lounge Income has increased steadily in the past except in FY 2021 and FY 2022 due to Covid-19. Revenue per passenger grew 16%, 20% and 34% YoY in FY 2020, FY 2023 and FY 2024. Further, even during the Covid years, the revenue per passenger grew 9% and 7% YoY in FY 2021 and FY 2022. Accordingly, the Authority notes that

the growth rate proposed at the Consultation Stage is sustainable and hence decides to continue with the proposal at the Consultation Stage.

10.5.3 The Authority notes DIAL's request to consider inflationary increase of 4.6% as growth rate for revenue from International Duty-Free related services.

The Authority refers para 10.2.39 of this Tariff Order and states that the growth rate considered by DIAL is lower as compared to past 5-year CAGR. The Authority also observed that the escalation rate of 4.6% considered by DIAL is lower than the International Passenger Traffic growth rate.

Accordingly, the Authority notes that the past 5-year CAGR is sustainable and decides to continue with the growth rate proposed at the Consultation Stage.

10.5.4 The Authority notes the comment of DIAL requesting not to consider terminal area increase in the projections of revenue from Advertisements.

The Authority notes that the terminal area has increased considerably (i.e. 21.79%) after Phase 3A Expansion and it is expected to increase further in FY 2028 due to proposed addition of Pier E. The Authority has considered only 2/3rd of the terminal area increase for the purpose of projections.

Accordingly, the Authority being consistent in its approach decides to continue with the projections proposed at the Consultation Stage.

10.5.5 The Authority notes the comments from DIAL on higher growth rates assumed for revenue from Land and Spaces.

The Authority is of the view that T2 modification might impact only the space revenues projected to be earned from T2. Further the space offered by T2 doesn't significantly contribute to the overall space availability at the airport.

Considering the above, the Authority has decided to continue with the projections proposed at the Consultation Stage.

10.5.6 The Authority notes the comment of DIAL regarding higher growth rates assumed for revenue from Cargo and that the same is not sustainable.

The Authority is of the view that the growth rates considered at the Consultation stage is reflective of the past trend and also considers the various attractions that IGIA has to offer in terms of better connectivity and its positioning as an international hub airport in the future.

The impact of Jewar airport in terms of traffic has already been factored in the cargo traffic projected while the growth rates projected are on a per tonnage basis.

Considering the above, the Authority has decided to continue with the projections considered at the Consultation Stage.

10.5.7 The Authority notes the comment of DIAL and APAO regarding projecting Other Income for the Fourth Control Period which is highly contingent on the cashflow availability. The Authority also notes DIAL's comment that projecting Other Income for the Fourth Control Period is not appropriate when the matter of including Other Income under Revenue from Revenue Share Assets is sub judice and pending finality in the Hon'ble Supreme Court.

As regards DIAL's comment with regard to the Hon'ble TDSAT order, the Authority notes that the matter is sub-judice before Hon'ble Supreme Court and considering the interest of all Stakeholders, 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 Hon'ble Supreme Court. 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.

The decision of the Authority with respect to consideration of "Other Income" as part of Revenue from Revenue Share Assets as per para 7.6.12 of the Tariff Order for the Third Control Period is reproduced below:

"7.6.12 Authority decides to consider non-aeronautical portion of the actual Other Income earned during the Third Control Period for cross-subsidization of revenue from Revenue Share Assets at the time of true up during tariff determination for Fourth Control Period. Authority also decides to include dividend income for cross-subsidy at the time of true up during the Fourth Control Period. The aeronautical portion of Other Income shall be treated as aeronautical revenues."

As stated above, the Authority being consistent in its approach decides to implement the decision taken at the time of tariff determination for the Third Control Period.

The Authority at the Consultation Stage proposed to consider Other Income while calculating Revenue from Revenue Share Assets in line with the decision taken at the time of tariff determination for the Third Control Period.

During the Third Control Period, DIAL earned Other Income of Rs. 1,151.38 Cr which is very significant. The Authority notes that non-consideration of Other Income in the Fourth Control Period would lead to underestimation of S Factor and result in higher Target Revenue and corresponding higher Aeronautical Tariff.

In order to protect the interest of all stakeholders and reduce the burden on the end users, the Authority proposed to consider Other income for computation of Revenue from Revenue Share Assets for the Fourth Control Period. The Authority decides to continue the same approach as proposed at the Consultation Stage.

10.5.8 The Authority notes the comments from Indigo pertaining to revenue earned from Commercial Property Development (CPD) and DIAL's counter-comment thereon.

The Authority notes that the Target Revenue formula laid down in SSA does not envisage earnings from CPD and is now a settled principle as the matter has already been concluded by the Authority. Hence, the Authority decides not to consider earnings from CPD for determination of Aeronautical Tariff.

10.5.9 The Authority notes the comments of IATA and AOC regarding moderate growth rates considered by DIAL for projecting Revenue from Revenue Share Assets for the Fourth Control Period and counter-comment of DIAL thereon.

The Authority during the Consultation Stage has thoroughly analysed the growth rates of all the items under Revenue from Revenue Share Assets and has revised the growth rates based on past trends/ contractual increase, wherever needed and applicable. The growth rates considered by the Authority at the Consultation Stage has been assessed based on past trends and future prospects and are higher than the submission of DIAL in most cases. The Gross Non-aeronautical Revenue (excluding Other Income)

decided to be considered by the Authority as per Table 341 based on revised Traffic and Inflation rates for the Fourth Control Period is Rs. 20,658.40 Cr as against DIAL's submission of Rs. 17,924.95 Cr.

10.5.10 The Authority decides to consider Inflation rate of 4.8% for FY 2025 and 4.3% for rest of the years in the Control Period as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 92" released on 8th February 2025 by the RBI as per Table 262 of this Tariff Order.

10.5.11 The Authority notes that the Traffic for the Fourth Control Period has been updated based on the actual traffic achieved by DIAL during the 10-month period ending January 2025. Accordingly, the Authority decides to revise the Revenue from Revenue Share Assets based on the revised Traffic decided to be considered by the Authority for the Fourth Control Period as provided under Table 198.

10.5.12 Based on the above, the Revenue from Revenue Share Assets decided to be considered by the Authority for the Fourth Control Period is as mentioned in the table below:

Table 341: Revenue from Revenue Share Assets decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Air Traffic Related						
Ground Handling (Registered)	181.88	199.48	219.90	240.86	262.03	**1,104.15**
Ground Handling (Third Party)	61.15	68.28	77.14	86.41	95.86	**388.85**
Bridge Mounted Equipment	10.14	10.63	11.27	11.86	12.35	**56.25**
Sub Total (A)	**253.17**	**278.39**	**308.31**	**339.12**	**370.25**	**1,549.24**
Passenger Traffic Related						
Flight Kitchen- Concession Fee	91.04	99.08	109.06	119.04	128.70	**546.91**
Cark Park (MLCP)	99.81	120.69	128.35	135.35	162.59	**646.79**
Cark Park (Radio Taxi)	25.86	28.08	30.84	33.59	36.24	**154.62**
Retail Duty Paid	214.48	235.22	260.90	286.98	312.65	**1,310.23**
Food & Beverages	190.86	216.52	248.44	282.68	318.58	**1,257.08**
Lounge Income	134.13	164.91	205.06	252.86	308.84	**1,065.80**
Others	42.03	48.02	55.49	63.58	72.17	**281.29**
Sub Total (B)	**798.21**	**912.51**	**1,038.14**	**1,174.09**	**1,339.77**	**5,262.72**
International Duty-Free Services (C)	**761.37**	**849.67**	**953.01**	**1,062.09**	**1,175.66**	**4,801.79**
Contract Linked						
Advertisement License Fee	232.52	257.89	257.89	269.60	269.60	**1,287.50**
Forex	79.47	83.32	87.79	91.91	95.58	**438.08**
Land & Space	588.08	632.18	679.59	763.76	821.04	**3,484.64**
Common Area Management	30.39	32.67	35.12	39.47	42.43	**180.09**
Transit Hotel	6.37	6.89	7.45	8.05	8.71	**37.47**
Airport Service Charges	1.73	1.81	1.88	1.97	2.05	**9.44**
Bank/ATM	9.26	9.66	10.08	10.51	10.96	**50.48**
Telecom	4.91	5.13	5.35	5.58	5.82	**26.78**
Penalties	0.22	0.22	0.22	0.22	0.22	**1.09**
Misc- contract linked	2.35	2.45	2.56	2.67	2.78	**12.80**
IT JV	35.63	37.47	39.85	42.02	43.89	**198.86**
Sub Total (D)	**990.94**	**1,069.68**	**1,127.77**	**1,235.75**	**1,303.08**	**5,727.23**
Cargo Related						
Export Income	31.72	36.43	41.37	46.98	53.65	**210.15**
Export Cargo - Screening Charges	43.10	49.48	56.20	63.81	72.88	**285.47**
Domestic Cargo - Screening Charges	6.44	7.21	8.07	9.00	9.95	**40.67**
Concession Fee - Brownfield Cargo	295.59	336.66	380.57	429.67	485.62	**1,928.12**
Concession Fee - Greenfield Cargo	130.77	148.94	168.37	190.09	214.84	**853.01**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Sub Total (E)	**507.62**	**578.72**	**654.59**	**739.56**	**836.95**	**3,317.43**
Gross Non-aeronautical Revenue (F=A+B+C+D+E)	**3,311.30**	**3,688.98**	**4,081.82**	**4,550.61**	**5,025.70**	**20,658.40**
Add: Other Income (G)	227.72	237.51	247.73	258.38	269.49	**1,240.83**
Revenue from Revenue Share Assets (H=F+G)	**3,539.02**	**3,926.49**	**4,329.54**	**4,808.99**	**5,295.18**	**21,899.23**
S Factor - 30% of Revenue from Revenue Share Assets (30%*H)	**1,061.71**	**1,177.95**	**1,298.86**	**1,442.70**	**1,588.56**	**6,569.77**

10.5.13 The Revenue from Revenue Share Assets decided to be considered by the Authority for the Fourth Control Period works out to Rs. 21,899.23 Cr as against Rs. 21,385.00 Cr proposed at the Consultation Stage. The variance is on account of Authority's decision:

- To consider revised Traffic for the Fourth Control Period as per Table 198 of this Tariff Order.
- To consider Inflation rate of 4.8% for FY 2025 and 4.3% for rest of the years in the Control Period as per Table 262 of this Tariff Order.

10.5.14 The Authority also to be consistent in its approach amongst PPP airports has decided to true up Revenue from Revenue Share Assets at the time of the tariff determination for the next Control Period if the Revenue from Revenue Share Assets for the Fourth Control Period are higher than that decided to be considered by the Authority in Table 341.

10.6 Authority's decisions regarding Revenue from Revenue Share Assets for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following for Revenue from Revenue Share Assets for the Fourth Control Period

10.6.1 To consider Revenue from Revenue Share Assets and S Factor for the Fourth Control Period as per Table 341.

10.6.2 To true up Revenue from Revenue Share Assets at the time of the tariff determination for the next Control Period if the Revenue from Revenue Share Assets for the Fourth Control Period are higher than that decided to be considered by the Authority in Table 341.

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11. AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

11.1 DIAL's Submission regarding Aeronautical Taxes for the Fourth Control Period

11.1.1 DIAL in the MYTP has computed corporate taxes on earnings pertaining to Aeronautical services in accordance with the Hon'ble Supreme Court and Hon'ble TDSAT judgements. The Aeronautical Taxes submitted by DIAL for the Fourth Control Period is shown in the table below along with the calculation.

Table 342: Aeronautical Taxes submitted by DIAL for the Fourth Control Period as per MYTP

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero Revenue (A)	1,117.27	9,748.26	10,805.12	11,887.10	12,968.05	**46,525.80**
S Factor (B)	401.11	445.12	483.71	522.92	570.00	**2,422.85**
Total Aero Revenue (C=A+B)	**1,518.37**	**10,193.37**	**11,288.82**	**12,410.02**	**13,538.05**	**48,948.65**
O&M Expense (D)	1,548.97	1,621.50	1,999.95	2,280.31	2,523.61	**9,974.33**
Interest (E)	763.63	763.95	740.31	749.61	767.98	**3,785.48**
Depreciation (F)	991.50	986.17	939.99	981.34	1,032.45	**4,931.46**
Aero PBT (G=C-D-E-F)	**(1,785.73)**	**6,821.75**	**7,608.58**	**8,398.77**	**9,214.01**	**30,257.38**
Opening Accumulated Loss (H)	4,508.81	6,294.54	-	-	-	
Current Loss (I)	1,785.73	-	-	-	-	**1,785.73**
Current Year Set-off (J)	-	(6,294.54)	-	-	-	**(6,294.54)**
Closing Accumulated Loss (K=H-I-J)	**6,294.54**	-	-	-	-	
Earnings pertaining to Aeronautical services [L=Max(G+J,0)]	-	**527.22**	**7,608.58**	**8,398.77**	**9,214.01**	**25,748.57**
Corporate Tax rate (M)	34.94%	34.94%	34.94%	34.94%	34.94%	
Aeronautical Tax (L*M)	-	**184.21**	**2,658.44**	**2,934.53**	**3,219.38**	**8,996.55**

11.2 Authority's Examination regarding Aeronautical Taxes for the Fourth Control Period at the Consultation Stage

11.2.1 The Authority examined the submissions made by DIAL regarding Aeronautical Taxes for the Fourth Control Period on the basis of the following:

i. DIAL has considered S Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023)

ii. DIAL has not considered Annual Fee as an expense for the purpose of determination of Aeronautical taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).

11.2.2 As mentioned in para 4.2.3 of this Tariff Order, the Authority proposed to retain the decisions taken at the time of tariff determination for the Third Control Period with regards to treatment of S Factor for computation of Aeronautical Taxes.

11.2.3 As mentioned in para 4.2.4 of this Tariff Order, the Authority proposed to implement the Hon'ble Supreme Court judgment and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense for the Fourth Control Period.

11.2.4 The Authority as already explained under para 2.4.7 of this Tariff Order proposed to exclude depreciation pertaining to HRAB while considering depreciation pertaining to aeronautical services for computing Aeronautical Taxes for the Fourth Control Period.

11.2.5 Based on the above, the Aeronautical Taxes for the Fourth Control Period would be Nil. The detailed calculation is as shown in the table below:

Table 343: Aeronautical Taxes proposed to be considered by the Authority for the Fourth Control Period at the Consultation Stage

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero Revenue (A)	1,115.46	2,820.30	3,126.06	3,439.10	3,751.83	**14,252.75**
Aeronautical O&M (B) [Refer Table 305]	1,372.84	1,383.53	1,491.40	1,619.90	1,703.23	**7,570.90**
Interest (C)	700.48	689.35	662.01	659.98	667.36	**3,379.17**
Depreciation (D) [Refer Table 248]	933.14	908.88	857.90	886.19	924.15	**4,510.25**
Aero PBT (E=A-B-C-D)	**(1,891.00)**	**(161.45)**	**114.76**	**273.04**	**457.09**	**(1,207.57)**
						-
Opening Accumulated losses (F)	5,202.49	7,093.48	7,254.94	7,140.18	6,867.15	
Current losses (G)	1,891.00	161.45	-	-	-	**2,052.45**
Current year set off (H)	-	-	(114.76)	(273.04)	(457.09)	**(844.88)**
Closing Accumulated losses (I = F + G – H)	**7,093.48**	**7,254.94**	**7,140.18**	**6,867.15**	**6,410.06**	
						-
Earnings pertaining to Aeronautical services [J=Max(E+H,0)]	-	-	-	-	-	-
Corporate Tax rate (K)	34.94%	34.94%	34.94%	34.94%	34.94%	
Aeronautical Taxes (J * K)	-	-	-	-	-	-

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee has not been treated as an expense (Refer para 11.2.3 of this Tariff Order).

11.3 Stakeholders' comments on Aeronautical Taxes for the Fourth Control Period

11.3.1 During the Stakeholders Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to Aeronautical Taxes for the Fourth Control Period. The comment from IATA is presented below

"IATA supports the decision by AERA to not consider the annual fee pertaining to aeronautical revenues as an expense while computing aeronautical taxes."

11.4 DIAL's response to Stakeholders' Comment on Aeronautical Taxes for the Fourth Control Period

11.4.1 No counter comment was submitted by DIAL in response to the comment made by IATA pertaining to Aeronautical Taxes for the Fourth Control Period.

11.5 Authority's analysis on the Stakeholders' comments on Aeronautical Taxes for the Fourth Control Period

11.5.1 The Authority notes the comments of IATA on deducting Annual Fee for computation of Aeronautical Taxes.

The Authority clarifies that, as mentioned in para 1.8.6 of this Tariff Order, the Authority decides to implement the Hon'ble Supreme Court judgment 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.

11.5.2 Based on the changes in the 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 344: Aeronautical Taxes decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aero Revenue (A)	1,138.60	2,981.52	3,219.14	3,374.61	3,510.42	**14,224.28**
Aeronautical O&M (B) [Refer Table 310]	1,379.25	1,390.19	1,500.91	1,625.81	1,702.82	**7,598.97**
Interest (C)	685.24	674.30	664.03	661.43	668.06	**3,353.05**
Depreciation (D) [Refer Table 254]	931.97	906.84	870.41	898.58	936.39	**4,544.19**
Aero PBT (E=A-B-C-D)	**(1,857.86)**	**10.20**	**183.78**	**188.80**	**203.15**	**(1,271.93)**
Opening Accumulated losses (F)	5,221.92	7,079.78	7,069.58	6,885.80	6,697.00	
Current losses (G)	1,857.86	-	-	-	-	**1,857.86**
Current year set off (H)	-	(10.20)	(183.78)	(188.80)	(203.15)	**(585.93)**
Closing Accumulated losses (I = F + G – H)	**7,079.78**	**7,069.58**	**6,885.80**	**6,697.00**	**6,493.85**	
						-
Earnings pertaining to Aeronautical services [J=Max(E+H,0)]	-	-	-	-	-	-
Corporate Tax rate (K)	34.94%	34.94%	34.94%	34.94%	34.94%	
Aeronautical Taxes (J * K)	-	-	-	-	-	-

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee has not been treated as an expense (Refer para 11.2.3 of this Tariff Order).

11.6 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:

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

11.6.2 To consider Aeronautical Taxes for the Fourth Control Period as per Table 344 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 DIAL's Submission regarding Quality of Service for the Fourth Control Period

12.1.1 DIAL has submitted that it will abide by the Subjective Service Quality requirements as mentioned in Clause 9.1.3 of OMDA which states the following:

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.*

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 DIAL has not made any submission in the MYTP regarding Quality of Service. However, based on the clarifications sought by the Authority regarding Quality of Service, DIAL submitted Airports Council International (ACI)-Airport Service Quality (ASQ) performance report from 2019 to Q3 2024.

12.2.2 The Authority noted that:

i. *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."*

ii. *As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration "the service provided, its quality and other relevant factors."*

12.2.3 The Authority noted the methodology carried out by ACI for arriving at the ASQ ratings for Airports as follows:

i. ACI ASQ is a quarterly benchmarking programme 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:

i. Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities)

ii. Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff)

iii. Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff)

iv. Border/passport control (Waiting time at Border/passport control and courtesy and helpfulness of staff)

v. Shopping/dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff)

vi. Gate areas (Comfort of waiting and availability of seats at gate areas)

vii. Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flight, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets)

viii. 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 carts/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.

12.2.4 The Authority through its independent consultant reviewed the ACI ASQ performance reports of DIAL for the past five calendar years (i.e. CY 2019 till CY 2023) and three quarters of CY 2024 and noted that DIAL has achieved Overall Experience and Overall Satisfaction score of 5.00 during the above-mentioned period and has met all the parameters mentioned in the report.

12.2.5 The Authority noted the CY-wise ACI ASQ Overall Experience and Overall Satisfaction Scores from CY 2019 till CY 2023 and three quarters of CY 2024 for IGIA as follows:

Table 345: ACI ASQ Score for IGI Airport

Calendar Year	Overall Experience	Overall Satisfaction
CY 2019	5.00	5.00
CY 2020	5.00	5.00
CY 2021	5.00	5.00
CY 2022	5.00	5.00
CY 2023	5.00	5.00
Q1 CY 2024	5.00	5.00
Q2 CY 2024	5.00	5.00
Q3 CY 2024	5.00	5.00

12.2.6 The Authority also noted that as per the OMDA, DIAL is required to maintain rating above 3.75. DIAL has achieved ACI ASQ rating of 5.00 since CY 2019 as per Table **345** above.

12.2.7 Based on the above, the Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by the IGI Airport, as DIAL has been able to consistently maintain ASQ rating of 5.00 which is better than the minimum benchmark stipulated as per the OMDA.

12.3 Stakeholders' comments on Quality of Service for the Fourth Control Period

12.3.1 During the Stakeholders Consultation Process, the Authority has received comments/ views from IATA in response to the proposals of the Authority in the Consultation Paper No. 07/2024-25 dated 31st January 2025 with respect to Quality of Service for the Fourth Control Period. The comment from IATA is presented below:

"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 DIAL's actual performance is ineffective and not reflective of the true passenger experience or operational performance at the airport. Nor does it recognize the customer (airlines) – service provider (airport) relationship.

The purpose of any airport service quality framework or service level agreement is to provide the Airport with a clear understanding of the levels of service and outcomes required in order to meet Users (the airlines and passengers) expectations, in return for the airport charges that they pay. Despite this critical requirement there is no accountability, cost relatedness or recognition of airline customer's requirements in an ASQ based approach resulting in a major failure of the Concession Agreement and 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 DIAL, 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."

12.3.2 Mr. Manish Agarwal's comment is as follows:

"Mr. Manish Agarwal has mailed AERA that the retail store Choco Bay and Ferrero Roacher Chocolate company are selling infested products at T1 of IGI Airport, Delhi and requested Authority to take due action."

12.4 DIAL's response to Stakeholders' comment regarding Quality of Service for the Fourth Control Period

12.4.1 With respect to the comments of IATA, DIAL stated that, *"The OMDA outlines clear and comprehensive performance standards in Article IX and its associated Schedules. DIAL is obligated to maintain the airport to world-class standards for facilities, management, and service quality. The OMDA also provides a detailed framework for airport operations, development and service quality under Schedules 1 (Development Standards), Schedules 2 (Operations and Maintenance Standards), Schedules 3 (Objective Service Quality Requirements), and Schedule 4 (Subjective Service Quality Requirements).*

These pre-existing standards under OMDA already ensure that the airport is developed and maintained at a level consistent with top tier international airports. DIAL has been maintaining its quality standard as discussed under chapter 12 of the consultation paper. Further, with ASQ rating of 5.00 which has

been the minimum benchmark stipulated in the OMDA, DIAL has been meeting its requirement. The same has been echoed by AERA under clause 12.2.7 of the consultation paper."

12.4.2 With respect to comments from Mr. Manish Agarwal, DIAL's response is as follows:

"Response not directed towards any of the matter in the Consultation Paper No. 07/ 2024-25. DIAL has no comments with regard to this item, in reference to the above referred consultation paper."

12.5 Authority's analysis on the Stakeholders' comments on Quality of Service for the Fourth Control Period

12.5.1 The Authority notes the comments from IATA on non-consideration of quantitative and objective measurement of DIAL's actual performance and the counter comments from DIAL in this regard.

The Authority as already detailed under para 12.2.3 of this Tariff Order 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.

DIAL has achieved ACI ASQ rating of 5.00 since CY 2019 as mentioned under Table **345** of this Tariff Order. Further, the Authority is broadly in agreement with the views put forward by DIAL with regards to Quality of Service and decides not to make any adjustments to Target Revenue in this regard.

Further, the Authority, on the behest of MOCA is in the 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.

12.5.2 The Authority notes the comments made by Mr. Manish Agarwal regarding sale of infested products in one of the retail stores operating from T1 of IGIA.

The Authority would like to inform that matter is beyond the domain of the current tariff determination exercise. However, the Authority would advise DIAL to look into this matter and resolve the same effectively so as to ensure that food safety and standards are maintained by the respective sub-concessionaires of DIAL.

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 Quality of Service for the Fourth Control Period:

12.6.1 To not consider any adjustment in the Aggregate Revenue Requirement/ 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 DIAL's Submission regarding Target Revenue for the Fourth Control Period

13.1.1 DIAL has submitted Target Revenue for the Fourth Control Period as per the regulatory building blocks discussed in the earlier chapters.

13.1.2 The summary of Target Revenue submitted by DIAL for the Fourth Control Period is as follows:

Table 346: Target Revenue submitted by DIAL for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Regulatory Asset Base (A) [Refer Table 213]	15,073.04	15,079.24	14,612.74	14,796.18	15,158.88	
WACC (B) [Refer Table 258]	12.93%	12.93%	12.93%	12.93%	12.93%	
Return on RAB (C=A*B)	1,948.44	1,949.24	1,888.93	1,912.65	1,959.53	**9,658.78**
Aeronautical Depreciation (D) [Refer Table 213]	991.50	986.17	939.99	981.34	1,032.45	**4,931.46**
Aeronautical O&M Expenses (E) [Refer Table 265]	1,548.97	1,621.50	1,999.95	2,280.31	2,523.61	**9,974.33**
Aeronautical Taxes (F) [Refer Table 342]	-	184.21	2,658.44	2,934.53	3,219.38	**8,996.55**
Less: S Factor (30% of Revenue from Revenue Share Assets) (G) [Refer Table]	401.11	445.12	483.71	522.92	570.00	**2,422.85**
Target Revenue (H=C+D+E+F-G)	**4,087.80**	**4,296.00**	**7,003.60**	**7,585.90**	**8,164.97**	**31,138.27**
True up for the Third Control Period (I) [Refer Table 186]	**10,782.51**					**10,782.51**
Adjusted Target Revenue (J=H+I)	**14,870.31**	**4,296.00**	**7,003.60**	**7,585.90**	**8,164.97**	**41,920.78**
Projected Aeronautical Revenue (K)	1,117.27	9,748.26	10,805.12	11,887.10	12,968.05	**46,525.80**
Discount Factor (L)	0.89	0.78	0.69	0.62	0.54	
PV of Adjusted Target Revenue as on 1st April 2024 (J*L)	13,168.12	3,368.77	4,863.31	4,670.36	4,446.03	**30,516.59**
PV of Projected Aero Revenue as on 1st April 2024 (K*L)	989.38	7,644.24	7,503.10	7,318.44	7,061.44	30,516.59
X-Factor Increase %	**730.84%**					

13.2 Authority's Examination of 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 has recalculated the Target Revenue for the Fourth Control Period.

13.2.2 The Authority noted that DIAL had completed a major expansion project which has enhanced the capacity to 100 MPPA and has also proposed expansion work (Construction of Pier E) which would result in capacity enhancement to reach handling capacity of 110 MPPA during the Fourth Control Period. Considering the quantum of investment made, there has to be commensurate returns for DIAL which would warrant an increase in Aeronautical Tariff as a consequence.

13.2.3 The Authority also noted that DIAL has been levying Base Airport Charges plus 10% during the entirety of the Third Control Period and continues to do so in FY 2025. The reasons for the same as could be inferred from this Tariff Order is on account of substantial over recovery during the years in

the Second Control Period on account of higher-than-expected traffic along with delay in implementation of the Tariff Order for the Second Control Period.

13.2.4 As mentioned in para 1.8.2 to 1.8.5 of this Tariff Order, with regard 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.

13.2.5 Further, the Authority proposed to implement the Hon'ble Supreme Court judgment 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.

13.2.6 Based on the detailed examination of each building block of the Third Control Period, there is an over recovery of Rs. 852.04 Cr (refer Table 188), which is being adjusted in the Fourth Control Period.

13.2.7 As a result, inspite 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 DIAL has 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 has proposed a measured and balanced increase taking into consideration the over recovery already earned by DIAL and the efficient cost that could be considered for the tariff determination exercise.

13.2.8 After considering the above, the Authority at the Consultation Stage proposed the following Target Revenue and Yield Per Pax for the Fourth Control Period:

Table 347: Target Revenue proposed to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Regulatory Asset Base (A) [Refer Table 249]	14,072.69	13,848.96	13,299.80	13,258.93	13,407.24	
WACC (B) [Refer Table 259]	12.89%	12.89%	12.89%	12.89%	12.89%	
Return on RAB (C=A*B)	1,813.29	1,784.47	1,713.71	1,708.44	1,727.55	**8,747.55**
Aeronautical Depreciation (D) [Refer Table 248]	953.85	928.39	876.02	904.22	942.12	**4,604.60**
Aeronautical O&M Expenses (E) [Refer Table 305]	1,372.84	1,383.53	1,491.40	1,619.90	1,703.23	**7,570.90**
Aeronautical Taxes (F) [Refer Table 343]	-	-	-	-	-	-
Less: S Factor (30% of Revenue from Revenue Share Assets) (G) [Refer Table 340]	1,037.09	1,150.49	1,268.33	1,408.81	1,550.78	**6,415.50**
Target Revenue (H=C+D+E+F-G)	**3,102.89**	**2,945.90**	**2,812.80**	**2,823.75**	**2,822.11**	**14,507.45**
True up for the Third Control Period (I) [Refer Table 188]	(852.04)					**(852.04)**
Adjusted Target Revenue (J=H+I)	**2,250.86**	**2,945.90**	**2,812.80**	**2,823.75**	**2,822.11**	**13,655.41**
Projected Aeronautical Revenue (K)	1,115.46	2,820.30	3,126.06	3,439.10	3,751.83	**14,252.75**
Discount Factor (L)	0.89	0.78	0.70	0.62	0.55	
PV of Adjusted Target Revenue as on 1st April 2024 (J*L)	1,993.93	2,311.76	1,955.36	1,741.02	1,539.53	**9,541.62**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
PV of Projected Aero Revenue as on 1st April 2024 (K*L)	988.14	2,213.20	2,173.14	2,120.42	2,046.72	**9,541.62**
Sum of PV of Target Revenue (M)						**9,541.62**
Total Passenger Traffic (MPPA) (N) [Refer Table 196]						433.04
Yield per Passenger on Total Traffic (Rs.) (M/N)						**220.34**
Total Departing Passenger Traffic (MPPA) (O)						216.52
Yield per Departing Passenger (Rs.) (M/O)						**440.68**
X-Factor Increase %						**140.37%**

13.2.9 Against a Target Revenue of Rs 41,921 Cr and an X Factor of 730.84% as submitted by DIAL, the Authority based on its examination has proposed a Target Revenue of Rs. 13,655.41 Cr and an X Factor of 140.37%. The major reasons for the marked variance between DIAL's submission and Authority's proposal are as below:

- Consideration of Pending Over recovery to be trued up from the Third Control Period of Rs. 852.04 Cr against DIAL's submission of Under recovery of Rs. 10,783 Cr for the same period.
- Rationalization of Capital Expenditure and O&M Expenses for the Fourth Control Period by the Authority viz-a-viz the submission made by DIAL.
- Revision in Revenue from Revenue Share Assets for the Fourth Control Period based on realistic growth rates vis a vis the growth rates as considered by DIAL.

13.2.10 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 DIAL has been 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 this Tariff Order.

13.2.11 Accordingly, DIAL submitted the Annual Tariff Proposal (ATP) along with Tariff Rate Card for the Fourth Control Period on 7th February 2025 and the same is available on AERA's website.

13.3 Stakeholders' Comment on Target Revenue for the Fourth Control Period

13.3.1 During the 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. 07/2024-25 dated 31st January 2025 with respect to Target Revenue for the Fourth Control Period. The comments from Stakeholders are presented below:

DIAL's Comment on Target Revenue for the Fourth Control Period

13.3.2 In response to the Authority's proposal in the Consultation Paper regarding the Target Revenue for the Fourth Control Period, DIAL has provided the following comment:

*"**Viability of the Airport***

In accordance with the section 13 (1)(i)(v) of AERA Act, while determining the tariff, the Authority is required to take care and ensure economic and viable operation of major airports. DIAL requests the Authority to consider the economic viability of DIAL before finalising the Target Revenue and Fixation of Aeronautical Charges."

Other Stakeholders' comments on Target Revenue for the Fourth Control Period

13.3.3 AOC's comment on Annual Tariff Plan (ATP) proposed by DIAL is as follows:

"With regards to DIAL's prayers for consideration of higher rates for the first two years of the 4th Control Period is not only unethical but shows DIAL wanting to mop up the windfall gains in the beginning of the control period keeping in mind the impact that it foresees from Noida Int'l and Hindon Airports which are soon to be operationalized. Clawing back to a true up in the fifth control period would again not be possible due limitations of the SSA condition of Minimum increase of 10% over Base Airport Charges."

13.3.4 IATA's comment on Target Revenue for the Fourth Control Period is as follows:

"IATA commends AERA for its detailed assessment and for making the necessary adjustments/ corrections to the requests submitted by DIAL. In the context that a private airport operators' primary objective is profit maximization, the importance of the role of AERA cannot be understated and must be reinforced and supported unequivocally by all parties."

13.3.5 IATA's comment on losses claimed by DIAL, hybrid till approach, higher revenue share payable to AAI are as follows:

*"**Claim of losses***

DIAL has raised concerns about its viability as an airport operator, particularly with claims of supposed losses since 2020, it must be recognized that DIAL's target capital returns continue to be above what IATA would consider reasonable and do not seem to be commensurate with the level of business risk (or rather the lack of) given the true up approach applied by AERA. It is worth noting as well that DIAL's tariffs should have been set lower if not for the Base Airport Charges (BAC) + 10% term guaranteed in the OMDA. This, coupled with the hybrid till treatment does not fully reflect the overall profitability of DIAL when all things are considered i.e. including its other non-aeronautical businesses particularly those that rely on the core airport activities. Put simply, without passenger and cargo traffic, the airport doesn't have a role within the aviation ecosystem. The assessment and subsequent decisions must be considered within this context.

IATA had previously stated our position on the application of the hybrid till policy, which is not in the best interest of airport users i.e. unnecessarily raising user charges higher than where they need to be and unfairly over-rewarding airport operators. Similarly, while the revenue share percentage is prescribed within the OMDA, DIAL and the AAI/Government of India could explore possible support options in the spirit of the SSA and OMDA e.g. lowering the extremely high revenue share percentage for a period of time, if indeed the financial viability of DIAL is in question.

AERA's responsibility is unambiguous; that is to determine what is deemed an efficient level of operation for the regulated airports. Hence, the setting of the tariffs to reflect this efficient pricing level. IATA fully supports this approach as it is the role of an economic regulator to establish decisions and pricing that reflect/mimic a competitive environment where significant airport market power exists. Despite the Noida International Airport (DXN) coming online in 2025, DIAL's forecast by its consultant acknowledged the insignificant/nil impact DXN would have on DEL's traffic demand. It is clear that DEL will have the edge over DXN and continue to possess significant market power. There is simply no real material competition between DEL and DXN for the foreseeable future."

13.3.6 IATA's comment on BAC+10% and True up treatment is as follows:

*"**BAC + 10% and True up treatment***

IATA is aware of the claim by airport operator that no true-up should be applied when BAC + 10% tariff is in place. We also noted that the decision on the appeal by AERA on this aspect is pending with the Supreme Court. IATA supports the decision by AERA to continue/maintain its true-up approach in this circumstance as it is the right thing to do. The OMDA simply prescribes the lowest ceiling of the level of charges allowable and this should not be construed as a freeride for an airport operator to keep whatever excess/over-recovery collected as profits on top of its allowable capital returns. Based on the same argument, if losses were incurred when BAC + 10% tariff is in effect, no true up should apply for the under-recovery based on the efficient level determined by AERA? It is either that the true-up should be applied for all, or not at all."

13.3.7 IATA's comment on Annual Tariff Plan of DIAL is as follows:

"With regards to the ATP submitted by DIAL to AERA, it is clear that the airport is being unnecessarily creative in proposing to restructure the charges such as across the different user segments. The proposed structure is overly complex to implement, and discriminatory by differentiating the type of users and time for similar services that are being provided. This approach is not in adherence to ICAO's Policies on Charges on the basis of the non-discrimination principle and equally contravenes the OMDA's Pricing Responsibility [Part (ii)] Non-discriminatory.

These proposals are discriminatory "per se" for both aircraft operators and passengers, based on: the choice of aircraft type (larger impact on widebody operators vs. narrowbody); passenger Itinerary (embarking vs. disembarking); travel-segment type (domestic vs. international); time of travel (peak hour vs. non-peak); as well as the class of travel (economy vs. business with a higher impact on full-service operators). We noted that DIAL has also raised the issue of dual airports to justify its proposal for UDF arrival and UDF departure in case of leakage to DXN. As highlighted in its traffic forecast, the impact of DXN is nil or insignificant at least. IATA is not convinced that this justifies a redesign of the UDF recovery mechanism, definitely not at this stage.

Regarding the proposal by DIAL to introduce peak/off-peak charging, a more detailed analysis and consultations are needed. There shouldn't be cross-subsidization from one group of users to the other. Increasing charges during peak hours will not push aircraft operators to off-peak hours as they are serving the underlying demand. Put simply, aircraft operators have limited leeway to adjust the schedules due to the complexity of their operation and connections for their passengers. At the very least, DIAL should demonstrate the scale of differences in cost for servicing operations during peak and off-peak periods. Moreover, it should also be expected that non-aeronautical revenues would be higher at peak times rather than off-peak, which would actually indicate that charges during the peak would be lower, not higher (considering the revenue sharing model). Instead of entering into discriminatory structures, we would encourage DIAL to focus on working with aircraft operators in partnership to grow their operation and support better utilization of the available capacity.

The Ministry of Civil Aviation's Guidelines for Slot Allocation ensure the efficient and equitable use of airport capacity through neutral, transparent, and non-discriminatory practices. The ATP proposals impact airline passengers to differing levels of UDF based on the airline slots at DEL, where the slots themselves are based on longstanding historicity and principles of worldwide slot guidelines and have no relation to DIAL's definitions of peak or non-peak hrs. In the absence of an independent slot coordinator, or references to transparency in slot allocation and capacity declaration, or the set up of an airport-based coordination committee (as espoused in MoCA's guidelines for slot allocation), the

ATP proposal gives additional powers to the JV operator for slot determination. However, these principles are compromised by the ATP and the current DIAL slot coordination approach. The introduction of peak and off-peak charges further exacerbates the differential treatment of airlines, undermining the slot coordinator's ability to remain neutral and non-discriminatory.

In Summary concerning the ATP, IATA would request AERA to reject the proposed new charges structure by DIAL. We encourage AERA to continue to work towards addressing the discriminatory practice of differentiating landing charges by domestic vs international flights, to at least narrow the differential over time. We would also request that AERA considers an equitable approach in distributing the costs to be recovered from the different user groups i.e. minimizing the impact of increases and ensuring all users pay their fair share of the costs.

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."

13.3.8 BIAL's comment on Annual Tariff Plan proposed by DIAL is as follows:

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

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

13.3.9 APAO's comment on Tariff Card submitted by DIAL is as follows:

"APAO support the tariff card provided by the DIAL with regard to the balance four years of the 4th Control Period and request the Authority to approve the rate card as proposed by DIAL to protect its financial viability and credit rating for the re-financing of the loans at least. APAO supports dynamic pricing and upfront loading in first two years with corresponding reduction in last two years based on merits as DIAL request within permitted target revenue."

13.3.10 ATA's comment on Tariff Card submitted by DIAL is as follows:

" ATA observed that DIAL has proposed the Dynamic pricing making it more rationale in terms:

i. Arrival, Departure
ii. Domestic and International
iii. Peak/ Non-peak hours
iv. Economy/ Business class

ATA supports this concept as it takes care of better distribution of charges based on the facilities used at airport; in parallel there shall be corresponding linkages of the same with reference to the facilities provided to the actual user."

13.3.11 ATA's comments on front loading of charges in the first 2 years of the Fourth Control Period is as follows:

"As regards the Front-End Charges in the first two years with corresponding reduction in the remaining two years in the current CP4. ATA leave this to AERA, to decide based on the merits, duly complying the AERA act provisions with regards to economic and viable operation of airport, as AERA is the best judge to understand and access the situation based on the submission made by Airport operator and the best practices. And the same was echoed in the physical deliberation during the meeting held on 17th Feb 2025."

13.3.12 Air India's comments on Annual Tariff Plan submitted by DIAL is as follows:

"In order to create aviation hub at Delhi, the Variable Tariff Proposal needs to include incentive for increasing I to I traffic at Delhi airport, which may be introduced by AERA."

13.3.13 BAOA's comments on Annual Tariff Plan submitted by DIAL is as follows:

"It is crucial for our airports to maintain a strong credit rating, which enhances their credibility in the international market. If higher UDF rates during the initial 2-3 years of MYTP contribute to building this credibility and ensuring financial stability for the airport operator, it would be a prudent approach. Therefore, we support the proposal for phased implementation—where higher UDFs are introduced initially to support capital investments and loan repayments, and then gradually reduced in subsequent years once financial health improves. This ensures a balanced approach while keeping the actual impact on users relatively moderate, as the increase would still keep the UDF aligned with national averages among major public airports in the country. Additionally, we support a dynamic UDF pricing model that considers variations based on:

i. Arriving vs. departing passengers
ii. Domestic vs. international flights
iii. Peak-hour vs. non-peak-hour operations
iv. Economy vs. business class travel

A flexible pricing model would ensure equitable contributions from different passenger segments while improving revenue optimization for airport operators."

13.3.14 CUTS comments pertaining to Higher charge for peak hour travelers are as follows:

"The new tariff structure significantly increases the cost of travel during peak hours 5am/pm and 8.55am/pm in the morning and evening making air travel even more expensive for price-sensitive consumers. Many economy-class passengers have limited flexibility in choosing travel times due to work commitments, family needs, and the availability of affordable flight options. Why should passengers pay a premium simply because they are traveling at a time of high demand, especially when alternative options may not be feasible?"

13.3.15 Air India's comment on UDF/ Landing/ Parking Charges for the Fourth Control Period submitted by DIAL is as follows:

"AERA may Consider reducing the landing charges for long haul and ultra long-haul flights by at least 30% on a per MT basis.

AERA may consider a waiver of landing charges and reduce the UDF charges by 20% to promote utilisation of wide body on domestic flights.

Air India believes that the additional tariff must be levied as ADF rather than UDF."

13.3.16 ATA's comment on UDF/ Landing/ Parking Charges for the Fourth Control Period submitted by DIAL is as follows:

"ATA believes in More fee in lieu of More and Better Facilities – "Charge more – Give more"; however, ATA also believes in the policy (i.e.,) charges to be collected only from the actual users of those facilities."

13.3.17 CUTS's comment on UDF/ Landing/ Parking Charges for the Fourth Control Period submitted by DIAL is as follows:

"The User Development Fee (UDF) for business class passengers (Rs. 570) is more than double that for economy class passengers (Rs. 280), even though both groups utilise the same airport infrastructure, security, and basic passenger facilities. Shouldn't airport fees be structured based on actual usage and cost allocation rather than the class of travel. What is the rationale behind such a stark difference in charges?

With air travel already becoming unaffordable for many lower-income and budget-conscious travelers, increasing charges such as the UDF and other airport fees only adds to their financial strains. Given that aviation is an essential mode of transport for many, including students, migrant workers and middle-class families, the rising cost is not justified. What measures are being taken to ensure that air travel remains accessible and that the burden of additional fees does not disproportionately impact those who can lease afford it?

13.3.18 AOC's comment on UDF/ Landing/ Parking Charges for the Fourth Control Period submitted by DIAL is as follows:

"Clause I, Landing Charges: AOC DEL while has reasoned for rationalization of the Target Revenue in our comments above, and to arrive at a realistic and operationally viable Landing rates, would request AERA to not to consider differential pricing model based on aircraft Equipment Type. This is not only anti-Competitive but also believes the principles enshrined by ICAO, as standards.

Clause II, Parking Charges: DIAL has proposed a 100% hike on the existing tariffs basis the Target Revenue arrived by their calculations which is way away from the realistic figure. While OMDA stipulates that 95% of the users of the airport have to be served from a Contact Stand, giving such a steep rate for Contact Stand would prompt Low Cost Carriers or Cost Sensitive Carriers to opt for the remote bays more often which would result in sheer wastage of airport resources and the Capex consumed on building and maintaining the facility in addition to a disservice to passengers. Remote Parking of aircrafts for a longer duration can be applied some other form of discount.

Clause III, X-Ray Baggage Charges: AOC firmly believes that Baggage X-Ray process is not a consumable but a task which is time bound and is performed within only the hours of the Airline's Counter Operation or Transfer Line's Operation. Segregating these charges basis the Aircraft Type is another example of unethical Business model which is also anti-Competitive when almost 90% of both Narrow Body and Wide Body typically use counters for check in for a maximum duration of 180 minutes per flight. AOC urges AERA to reconsider the charge model based on the Aircraft Type.

Clause IV, User Development Fee: AOC strongly disagrees the application of both the quantum as well as the model proposed by DIAL. This would have many operational challenges while collating data for invoicing, coupled with confusion with displaced flight schedules since the UDF (As ordered by AERA to be levied) would have been already collected at the time of booking. Further AOC also feels that levying of UDF on arriving passengers is not a best industry practice and must not be allowed. Most importantly, having a differential rate for Business/First Class and Economy class is

only complicating things further. As per current GST rules, Business and First Class passengers pay a higher tax compared to Economy class. While this is easier to do at the time of ticketing, when airlines globally use their empty inventory for complimentary upgrades due to operational/commercial reasons, who and how will this differential tax be recovered at the airport from the passenger? Not to forget, this would also apply to Incoming passengers and this would become impossible to recover from the passengers at their point of origin outside of DEL (Both within India and Abroad). This would simply mean that the Airline would have to bear the unrecovered portion of the tax and pay it to DIAL out of their own pockets.

Variable Tariff Plan: AOC would like to point out that having a scheme applicable on basis of the destination and the Equipment Type operating to that destination, falling within the remit of this clause would be both Anti-Competitive as well as unethical by ICAO's standards. Such a discount would be falling within the remit of a restrictive Trade Practice and we strongly urge AERA to not to allow DIAL to start such a precedent."

13.3.19 BAOA's comments on transparent and Efficient slot allocation is as follows:

"To enhance operational efficiency, maximize aeronautical tariffs, and ensure equitable access for all users, including non-scheduled operators, we strongly recommend that slot allotment be conducted online in a transparent, judicious, and structured manner. Implementing an online system will not only optimize slot utilization but also promote fair and efficient access for all stakeholders at busy public airports."

13.3.20 DACAAI's comments on the Cargo Tariff at IGIA are as follows:

"Aeronautical charges have a direct impact on the pricing of airline services upon cost of operating combi aircraft and pure freighter services. In the first place, these increases are passed on to the airline passenger operations. Secondly, increased airline freight rates are passed on to domestic air cargo shippers. Thirdly, MYTPs are also approved by AERA for terminal handling charges to be levied by Domestic Cargo Terminal Operators which again are paid by the domestic shippers.

Therefore, ultimately these freight and cargo terminal tariffs are paid by the domestic shippers moving air cargo within India. These multi-layered increases in freight and terminal Tariffs are only adding up to make the premium air cargo product uneconomical and unviable. This is evident in the domestic air cargo tonnage stagnating between 1-1.3 mtpa since 2016-17.

In view of the above, AERA is kindly requested to consider the following principles while fixing the domestic air cargo handling tariff:

Replication of International Process in Domestic CUT:

As there is no involvement of customs, the domestic cargo processing at any CUT is minimal, standard and very simple and the cargo moves quickly out of terminal. But by replicating international cargo process for domestic air cargo it has created all complexities in a simple operation. Besides, it may kindly be seen that for the same standard service, different CUTs have different tariffs; Ahmedabad being the costliest CUT operating in an old run down passenger facility; other CUTs follow similar state.

Therefore, we request AERA to kindly undertake a comprehensive study of all CUTs to assess standard minimum infrastructure, service; benchmarking handling costs and efficiency levels. In fact there needs to be more or less a standard tariff at all CUTs since the service requirement and infrastructure needs are same.

Lack of Infrastructure:

As shown during our presentation since 2010-11, at all the domestic CUTs the infrastructure is grossly inadequate, is primitive, dilapidated and not commensurate with the tonnage. The processing of cargo is done in worse condition at all CTOs with inadequate truck parking; lack of truck docks; shortage of x-ray machines; inadequate handling equipment; lack of handling manpower etc. In MYTPs CTOs promise heavy capex but whether it has been complied with is not overseen by AERA.

The past increases in tariffs have been approved for : a) domestic cargo handling services; and b) for creating modern matching infrastructure. While for the past 14 years MYTP YoY increases ranged from 15-30% p.a., CTOs have already enjoyed the enhanced tariff YoY without adding the promised domestic infrastructure. This has been raised by DACAAI during all the previous stakeholder consultation meetings for consideration.

(Examples: DCSC terminal at Delhi which promised to AERA to move into a new domestic terminal in November 2011, is still run from the ad hoc/make shift facility. Hyderabad CUT, instead of increasing the infrastructure, the CTO carved out a big chunk of space from domestic CUT and annexed it with the International cargo. Domestic cargo now is delivered in open area exposed to weather and extreme working conditions for staff. BLR CUT too had similar situation but during Feb, 2025 they commissioned a new exclusive domestic CUT which DACAAI appreciates).

Therefore, we request AERA to kindly undertake an infrastructure audit of all CUTs in India as to how much capex was promised vis a vis the terminal handling charges granted and whether infrastructure was delivered by the CUT operators for the past 14 years and compensate the domestic air cargo trade for what they have already paid for.

Combined Tariffs in MYTP

It may be pointed out that CTOs get approval of AERA for a combined MYTP for international and domestic cargo. As the requirements for domestic handling are minimal this disproportionately impacts domestic charges. DACAAI, therefore, request AERA to draw the domestic terminal handling tariff separately by benchmarking handling cost for a unit weight throughput of say 1 ton of domestic cargo; only apportioning costs and actual capex for domestic CUT.

Inefficiency in service Delivery; defining Services, Service Quality and SLAs:

DACAAI undertook a Time-Motion Process study of domestic CUTs at Delhi Airport (copy attached). Inefficiency in terminal handling services have pushed the dwell time from 5-6 hours to 11-13 hours negating the purpose of premium air cargo. Whereas, other modes have become very efficient. The high dwell time and deterioration in handling service quality has resulted in shifting of domestic air cargo to other modes. (AERA on account of deficiency in services had even imposed a 15% discount on tariffs at DCSC CUT during 2011).

Therefore, there is dire need to lay down an AERA oversight on service quality monitoring mechanisms defining each service along with committed SLAs, to ensure efficiency in ground processing.

DACAAI requests AERA to benchmark target dwell time for Outbound Departure-120 minutes; and Inbound Arrival+90 minutes. Only then can we attract domestic cargo to air.

Multiple heads of terminal handling charges & Impact; To Rationalize the Tariff Structure:

With Multiple heads of domestic tariff and exorbitant minimum charges attached to each head the terminal handling currently, comprise 33-45% of airline freight which makes domestic cargo unviable

for air carriage. Minimum charges are charged for as much at Rs 100-200 kgs. Further, for perishables and sensitive cargo the charges are double and triple which is also responsible for decline of domestic air cargo. These should be done away with forthwith.

(Example: During our presentation, DACAAI also demonstrated that an above 1000 km Del-Mum sector a 2 pkg-35 kg cnmt would attract Rs. 814 or Rs. 23.26/kg (32.71% of the airfreight). Similarly, for a below 1000 km sector Hyderabad-Bengaluru a 2 pkg-35kg cnmt attracts Rs.1099 i.e Rs 31.40/kg (45.19% of airfreight). It is evident with such a steep incidence of the terminal handling charges alone, the domestic air cargo product has become totally unviable. Thus, tariff needs to be rationalised and drastically brought down. CTOs have already collected inflated charges without deploying any additional capex approved by AERA in MYTPs.

In order to increase domestic footprint AERA may kindly rationalise the terminal charges adopting a domestic cargo specific approach, methodology and implementing growth-oriented tariff. DACAAI requests AERA to consider one single terminal handling charge. Similarly, one single minimum charge, per consignment, may be fixed for a maximum up to 20 kgs. Further, double charges for perishables and other sensitive cargo must be abolished on domestic air cargo as movement of domestic cargo is very quick.

Lack of Accountability:

There have been a large number of cases of missing, damage, pilferage and theft of cargo in custody of CUT but, there is no accountability of the Terminal Operator. Accountability must be enforced and suitable provisions for deficiency in service, missing, loss, damage, theft of goods in the CUT needs to be integrated in the AERA approvals."

13.3.21 FIA's comment is as follows:

"As per ICRA, the aviation industry is projected to report a net loss exceeding INR 3,000 crore in FY25. The sector continues to face significant financial headwinds due to factors such as geo-political instability, supply chain disruptions, rising Aviation Turbine Fuel (ATF) price, foreign exchange fluctuations, and limited government financial support.

We would like to commend AERA for its proactive approach in rationalising the originally proposed increase in aeronautical charges and for setting these charges below the existing level. This thoughtful decision reflects AERA's commitment to the long term sustainability of the aviation sector and its responsiveness to the concerns raised by stakeholders. We recognize that this reduced proposal will provide much needed relief to airlines and passengers, mitigating the financial pressures that the industry is currently facing.

We commend AERA for proactively reducing the aeronautical tariff increase originally proposed by the Airports operator. This decision demonstrates AERA's commitment to the sector's sustainability and provides crucial relief to airlines and passengers. However, given the ongoing macroeconomic pressures—particularly high ATF costs (priced in USD) and a depreciating Indian Rupee which significantly impact airline cost structures and the fact that demand for air travel is highly price sensitive, FIA therefore respectfully request AERA to keep on taking initiatives ensuring that the aviation ecosystem is developed and aligned to the vision of our Hon'ble Prime Minister of being "Affordable Yet Sustainable", which is essential for long-term growth.

We trusts that AERA will carefully consider our recommendations in alignment with the objectives of the National Civil Aviation Policy, 2016, and we look forward to your continued support in these challenging times."

13.4 DIAL's response to Stakeholders' comments on Target Revenue for the Fourth Control Period

13.4.1 In response to AOC's comments regarding Annual Tariff Plan, DIAL submitted that,

"The comment of AoC regarding "DIAL wanting to mop up the windfall gains" are totally out of place. DIAL has proposed a higher rate card for the second and third year of the control period has also proposed a lower rate for remaining two years of the control period whereby keeping the overall eligibility the same as approved by the Authority. Hence, there is no instance of any windfall gain or excess collection proposed as alleged by AOC."

13.4.2 In response to IATA's comments regarding losses claimed by DIAL, hybrid till approach, higher revenue share payable to AAI, DIAL submitted that,

"The OMDA and other agreements given to DIAL by Central Government which includes State Support Agreement dated April 26, 2006 ("SSA") outlined the support from Government of India and also laid down the principles of tariff fixation. Clause 3.1 read with Schedule 6.1 and 8 in SSA inter-alia lay down the methodology and the principles for the Regulatory Authority ("AERA"/"Authority") for fixation of the charges for Aeronautical Services.

DIAL has submitted its proposal to the Authority detailing the building blocks of the tariff formula. AERA has in detail gone through the submission and presented the views in the consultation paper. The objection proposed is not aimed at any specific proposal of DIAL / AERA hence does not merit any response.

Further, as regard to the traffic projection and the competition assessment, DIAL has already submitted a detailed traffic study done by an independent consultant which is part of the MYTP submission.

DIAL has placed its reliance on the study done by the consultant which clearly defines the competition, and the basis considered for the market share.

(Please refer annexure 20 of the MYTP submission)"

13.4.3 In response to IATA's comments regarding BAC+10% and True up treatment, DIAL submitted that,

"TDSAT had adjudicated that in case DIAL fall under the regime of Base Airport Charges + 10% In accordance with Schedule 6 of SSA, then the concept of true-up of such revenue doesn't arise while calculating revenues from Schedule 1.

Relevant Excerpts of decisions of TDSAT are as follows:

"...Whether there can be True Up of over recovered revenue on account of levy of Base Airport Charges (BAC)?.....

.....Para 67. Once, AERA has concluded that target revenue (TR) for 3rd Control Period (Rs.3869.09 Crores from table 140) is lesser than the BAC (Rs. 3914.85 Crores as per table 140) and when AERA has permitted to recover the BAC, then in that eventuality, Schedule-6 has been followed by AERA of SSA where there is no true up methodology to be followed because it is a bare minimum amount to be recovered by DIAL as permitted by Government of India and, therefore, there is no question whatsoever arising for truing up of any amount of 3rd Control Period while calculating aeronautical

charges in 4th Control Period. We, therefore, quash and set aside the decision of AERA as mentioned in paragraph 12.9.2 in the impugned order dated 30th December 2020 which is at ANNEXURE A-1 to the memo of AERA Appeal No.1 of 2021. There cannot be any true up of Rs.1267 Crores in 4th Control Period because in the 3rd control period, Schedule-6 of SSA has been followed by AERA itself...

Para 68. Thus, true up of revenue collected in the earlier Tariff Period by terming such levy as over recovered" would render the provisions which is in fact a promise, given in SSA in Schedule-6, nugatory. When the BAC+10% thereof is permitted to be recovered as per Schedule-6 of SSA, then no true up can ever be done under that Schedule which is, a bare minimum tariff and a safety net, provided to DIAL under SSA. Once the Schedule-6 formula (BAC+10% charges) is allowed by AERA, there cannot be any carry forward of the true up amount in the 4th Control Period.

Para 69. If the submissions of the respondents are allowed for truing up of the amount even after following Schedule-6 of SSA then the net effect will be "as if there is nothing like Schedule-6 to be read with Schedule-8 in the SSA".

Para 70: ...We, therefore, quash and set aside the Authority's decision for truing up of an amount with carrying cost at the time of tariff determination for the 4th Control Period as stated in paragraph 12.9.2 of the impugned order. Thus, in view of the aforesaid facts and reasons, Issue No. I is answered in negative that there cannot be true up of revenue for the 4th Control Period once the Schedule-6 formula of BAC + 10% charges is allowed by AERA..... "

The Hon'ble TDSAT has placed reliance on the Schedule 6 of the SSA, where the Target Revenue as calculated under Schedule 1 is compared with the revenue from Aeronautical Charges of Schedule 8 and then eventually it will be decided whether Aeronautical Charges as per Schedule I or as per Schedule 8 (Base Airport Charges) are allowed. In the event the Base Airport Charges plus 10% thereof under Schedule 6 of SSA are applicable then there is no true-up is allowed in accordance with the Schedule 6. Further Hon'ble TDSAT also concluded that true up concept of Base Airport Charges plus 10% thereof would render the provisions nugatory, which is in fact a promise by the Government of India.

Thus, the true-up of Base Airport Charges are not required to be considered by the Authority if in case the net Target Revenue in any control period is below the revenue from Base Airport Charges."

13.4.4 In response to IATA's comments regarding Annual Tariff Plan, DIAL submitted that,

"The overall points raised by IATA revolves around discrimination, cross- subsidization and fair allocation of resource. DIAL's submission on these points are as below.

DIAL has created infrastructure to meet the demand of traffic and to provide world class experience to passenger and other stakeholders. DIAL has not raised the issue of dual airport to justify the proposed ATP. Further, the broad basing of user segments which will pay the tariff will enable a more affordable amount across all user segments. What is being purported as cross subsidization is in fact a market practice of incentivization of specific business segments inline with the anticipated commercial value to be generated through growth of those business segments and further enablement of services for passengers and end users.

Non-Discrimination in ICAO Doc 9082 Airport Charging Systems:

The ICAO document states that "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.

In accordance with the ICAO guidelines, the charging system by the airport operators shall not be discriminative in nature between two or more foreign users and users having the nationality of the state. The proposed rated card by DIAL has not provided any such discrimination towards the users of the Airport.

Hence, we strongly disagree with the comments of the IATA in this regard and further the comments with respect to discrimination on various categories are completely incorrect and baseless. Itemised reverts are as follows:

Discrimination on the basis of the Choice of aircraft type (larger impact on widebody operators vs. narrowbody):

DIAL disagrees the allegations of any kind of discrimination between widebody operators and narrowbody operators. It is pertinent to note that the runways required to be engaged for narrowbody aircrafts are by far shorter and smaller in comparison to the widebody aircrafts. However, when the airports of huge scale such as IGI Airport are built, all the airfields are constructed in compliance with the widebody aircraft requirements.

Thus, it is fair to say that the charges towards widebody aircrafts are required to be on higher side in comparison to the other airports. Hence, DIAL disagrees with the allegation of discrimination in this regard.

***Passenger Itinerary (embarking vs. disembarking):** It is clearly demonstrated that both embarking and disembarking passengers are utilising the airport and hence should be liable for a passenger charge for the usage. The examples of such a categorisation are available in various airports in India including Mopa (Goa), Mangaluru, etc. It is also to be noted that DIAL would have a competing airport at Jewar where a passenger has an ability to dis-embark at Delhi airport and embark at the other airport and vice versa. Further, AERA in its own order no 27/2023-24 in the matter of first control period tariff for MoPA (Goa) has opined as follows:*

"13.4.8 The Authority has noted the comments made by FIA and IATA on GIAL's proposal to collect UDF on disembarking passengers. The Authority notes the situation in Goa is unique with two airports operating in close vicinity. This provides option for passengers to disembark at one airport and embark from the other.

Further, the Authority, as detailed in its earlier Orders, notes that levying some portion of UDF on the disembarking passengers helps in reducing Aeronautical tariff determined towards Landing charges. The process may also help in recovering ARR for this Control Period and put lesser burden on the Airlines and other Airport Users.

Further, Airport facility is used by both embarking and disembarking passengers. However, the facility used by disembarking passengers is comparatively less as compared to those used by embarking passengers, hence the Authority is of the view that lesser UDF may be levied on the disembarking passengers."

In addition to the above the Order No. 38/2023 dated 12th January 2023 for Mangaluru International Airport, AERA has opined the below:

"Further, the Authority feels that the airport facility is used by both embarking and disembarking passengers. However, the facility used by disembarking passengers is comparatively less as compared to by embarking passengers, so the Authority is of the view that lesser UDF may be levied on the

disembarking passengers. Hence, the Authority has decided to levy UDF on the embarking and disembarking passengers in the ratio of 70:30. The same has been detailed in the Tariff Rate Card annexed to this Tariff

It is fundamental fact, that the usage of the airport and its resources by the embarking passengers are higher in comparison to the disembarking passengers. Disembarking passengers predominantly uses the baggage carousels and baggage claim areas. Whereas, the embarking passengers uses facilities for check-in baggage, X-Ray screening for cabin baggage, complete screening of the passengers, seating space in the security hold area and many other facilities.

Thus, it is fair to say that the charges towards embarking are required to be on higher side in comparison to the disembarking passengers. Hence, DIAL disagrees with the allegation of discrimination in this regard.

Travel-segment type (domestic vs. international):

The usage of the airport for international users involve emigration & immigration, longer time of screening & higher capacity of the luggage screening, usage of the resources for customs and other facilities.

Thus, it is fair to say that the charges towards international are required to be on higher side in comparison to the domestic passengers. Hence, DIAL disagrees with the allegation of discrimination in this regard.

Time of travel (peak hour vs. non-peak): It is apparent that the airports across the globe are developed considering the peak hour demand which is also in compliant with the IMG & ICAO norms for designing of the airports. Thus, the facilities at the airport including its infrastructure are prepared in accordance with the requirement peak hour demand. The proposed rate card of the DIAL is in fact incentivising the users of the airport for optimum utilisation of the airport assets and to create the demand for non-peak hour passenger. It may further be noted that having different charges for peak hour and non-peak hour is an international practice and is adopted at global hubs such as Singapore Airport as well, where the landing charges are discounted by 40% for off-peak hour movements.

Thus, it is fair to say that the charges towards peak hour are required to be on higher side in comparison to the nonpeak hour. Hence, DIAL disagrees with the allegation of discrimination in this regard.

Class of travel (economy vs. business with a higher impact on full-service operators):

The proposal of the business Vs economy class is a valid differentiation as regards to facilities offered to the business class including separate lane, check-in, security and immigration and boarding gate as well.

It may be noted that the above class of distinction are nowhere in contradiction to the ICAO documents and are on the contrary easing charges on the economy class passengers, family travellers, students etc. Further it may please be noted that the example of such segregations is available in various airports/ sectors across the globe for optimal utilisation of the assets. Some of the examples are listed below:

Type of Charge	*Examples*	*Year*
Passenger Charge – Class based	*Hong Kong*	*2016 – till date*
Passenger charges -Distance based	*Delhi (1st CP)*	*FY 2012-14*

Type of Charge	*Examples*	*Year*
	Chandigarh	*FY 2022-26*
Passenger charge – Time based	*Manchester Airport*	*FY 2025*
	Delhi Electricity Regulatory Commission	*FY 2022*
	Road based toll rates for entering New York	*2024*
Parking Charges	*Frankfurt*	*2023*
	Heathrow	*2023*
	Charles de Gaulle	*FY 2024*

13.4.5 DIAL acknowledged the comments from BIAL and APAO supporting the Tariff Rate Card submitted by DIAL.

13.4.6 With regards to the comment on Annual Tariff Proposal from Air India, DIAL states that,

"DIAL has submitted the proposed rate card on February 07, 2025. The Authority may take a view keeping the overall eligibility of the DIAL intact."

13.4.7 In response to CUTS's comments regarding Annual Tariff Plan, DIAL submitted that,

"It is apparent that the airports across the globe are developed considering the peak hour demand which is also in compliant with the IMG & ICAO norms for designing of the airports. Thus, the facilities at the airport including its infrastructure are prepared in accordance with the requirement peak hour demand.

The proposed rate card of the DIAL is in fact incentivising the users of the airport for optimum utilisation of the airport assets and to create the demand for non-peak hour passenger. Thus, the charges towards peak hour are required to be on higher side in comparison to the non-peak hour."

13.4.8 In response to Air India's comments regarding reduction/concession on UDF/ Landing/ Parking charges, DIAL submitted that,

"DIAL has submitted the proposed rate card on February 07, 2025. The Authority may take a view keeping the overall eligibility of the DIAL intact."

13.4.9 In response to CUTS's comments regarding UDF/ Landing/ Parking charges, DIAL submitted that,

"The proposal of the business Vs economy class is a valid differentiation as regards to facilities offered to the business class including separate lane, check-in, security and immigration and boarding gate as well.

Further, it may please be noted that the similar example of such class-based segregation of the passenger ticket is also available in Hong Kong since 2016."

13.4.10 In response to CUTS's comments regarding UDF/ Landing/ Parking charges, DIAL submitted that,

"The Government of India has given the concession to the DIAL and the tariffs are required to be determined in accordance with these concessions (the State Support Agreement between GoI and DIAL), AERA Act 2008 and the principles followed by the Authority. DIAL has submitted its proposal to the Authority detailing the building blocks of the tariff formula. AERA has in detail gone through the submission and presented the views in the consultation paper. It is important to note that IGI Airport's current aeronautical tariff is equal to what was present in 2006. Due to major expansion and other components under the target revenue formula, IGI Airports tariff is expected to be revised.

Further, charges levied by Airports form very minimal portion of the total airfare. Therefore, the increase in aeronautical charges will have minimal impact on average airfares."

13.4.11 In response to AOC's comments regarding Landing charges, DIAL submitted that,

"It is widely accepted practice in India and across the globe to charge the higher rates for widebody aircraft and it is not anti-competitive in nature. It is pertinent to note that the runways required to be engaged for narrowbody aircrafts are by far shorter and smaller in comparison to the widebody aircrafts. However, when the airports of huge scale such as IGI Airport are built, all the airfields are constructed in compliance with the widebody aircraft requirements. Thus, it is essential to incentivize the narrow body aircrafts."

13.4.12 In response to AOC's comments regarding Parking charges, DIAL submitted that,

"DIAL has proposed the overall charges within the approved Target Revenue. AERA may decide to approve the rate card proposed by DIAL. The reference to 100% is with regard to the tariff which is BAC +10% which refers to the 2006 applicable charges which is not comparable in the current context. Even with the proposed increase, IGI Airport tariffs will be competitive in comparison to any other similar size Airport in India and internationally.

There is no additional charge for contact stands for first 150 minutes as per our proposal. More than 90% of the flights have turnaround time within this time frame. DIAL has not discouraged any airlines from using contact stands.

13.4.13 In response to AOC's comments regarding X Ray Baggage charges, DIAL submitted that,

"DIAL has proposed the overall charges within the approved Target Revenue. AERA may decide to approve the rate card proposed by DIAL."

13.4.14 In response to AOC's comments regarding UDF, DIAL submitted that,

"Levying of UDF on arrival passengers: The practice of levying UDF on arrival / disembarking passengers is already present in India and globally across airports. Below are some of the examples:

- *Indira Gandhi International Airport during 2012-2017*
- *Goa, Mopa*
- *Mangaluru Airport*

AERA in its own order no. 27/2023-24 in the matter of first control period tariff of MoPA (Goa) has opined as follows:

"13.4.8 The Authority has noted the comments made by FIA and IATA on GIAL's proposal to collect UDF on disembarking passengers. The Authority notes the situation in Goa is unique with two airports operating in close vicinity. This provides option for passengers to disembark at one airport and embark from the other.

Further, the Authority as detailed in its earlier Orders, notes that levying some port of UDF on the disembarking passengers helps in reducing Aeronautical tariff determined towards Landing

Business Class & Economy Class: The GST is required to be passengers in accordance with the statutes of India, it doesn't require any response from DIAL. It is the responsibility of the Airlines to appropriate the charges towards UDF at the time of upgrades"

13.4.15 In response to AOC's comments regarding Variable Tariff Plan, DIAL submitted that,

"As MOCA has desired and aspired for Delhi airport to become a global hub airport, DIAL is working towards same direction, and the proposed Tariff plan has been designed to support the same.

Firstly, there is no discount provided for any category of the passenger or the airlines. Further, the variable tariff plan is available to all the airlines without discrimination between any airlines and hence does not violates the ICAO standards. The variable tariff plan is aimed to promote new routes at the IGI airport which will increase the passenger and other income. Such an increase will benefit the airline and passenger by bringing the overall tariff lower as the incremental passenger will reduce the overall yield."

13.4.16 In response to BAOA's comments regarding Transparent and Efficient Slot allocation, DIAL submitted that,

"This comment is not relevant towards the tariff determination of the DIAL for the 4th Control Period vide consultation paper dated 31.01.2025. It may be noted that DIAL is complying with OMDA provisions towards Slot Allocation."

13.4.17 In response to DACAAI's comments regarding Cargo Tariff, DIAL submitted that,

"The DACAAI comments are very generic and presented with lack of data in regard to the same with respect to the Indira Gandhi International Airport. In addition to that current MYTP application and consultation paper are pertaining to tariff determination of IGI Airport but not intermediary services provider i.e., Cargo, Ground Handling & Fuel Farm. The Authority has provided the separate guidelines with regard to the same.

Further, the Hon'ble TDSAT vide judgement dated 13.01.2023, adjudicated that the Cargo Operations and Ground Handling Operations of DIAL are Non-Aeronautical Services in accordance with the OMDA (Concession provided by the Government of India). Thus, the same are not subject to tariff regulation by the Authority."

13.4.18 In response to FIA's comments regarding Compliance with NCAP, DIAL submitted that,

"We have gone through the responses and the responses are very generic in nature and does not require comment from DIAL.

In the case of alignment with NCAP 2016, DIAL is governed by the Concession provided by the Government of India (OMDA, SSA etc.)"

13.5 Authority's analysis on Stakeholders' comments on Target Revenue for the Fourth Control Period

13.5.1 The Authority notes the comments of DIAL with regards to economic viability of DIAL before finalizing the Target Revenue.

In this regard, the Authority has carried out detailed analysis and due diligence of all the regulatory building blocks forming part of Target Revenue. The analysis resulted in rationalization of the building blocks to arrive at the Target Revenue for the Fourth Control Period. While carrying out the exercise, the Authority has ensured that it has followed tariff determination principles and complied with the provisions of SSA and OMDA.

13.5.2 The Authority notes the comments of AOC, ATA and BAOA on the Annual Tariff Proposal (ATP) wherein DIAL has proposed higher charges in the next 2 FYs and comparatively lower charges in the last 2 FYs of the Control Period and the counter comments from DIAL in this regard.

The Authority would like to submit that generally it follows an approach wherein the aeronautical tariff has a staggered increase over the years in the Control Period for which tariff is determined.

The Authority's view is that the idea of higher charges in the initial years and lower charges in the subsequent years would prima facie put undue burden on the passengers without any corresponding tangible benefit. However, at the same time, the Authority also takes note of the financial position of DIAL and the need to shore up cash flows to meet the debt obligations in FY 2027 as the same will have an impact on the economic viability of DIAL.

Further, the Authority also notes that FY 2025, the first year of the Control Period is already over and DIAL needs to recoup the lower Aeronautical Tariff and consequent lower Aeronautical Revenue in FY 2025 through higher tariff in the balance years to ensure that the Target Revenue for the Control Period is recovered in its entirety.

In this regard, the Authority after careful analysis of the matter and based on the provisions of the SSA as outlined in the earlier para 1.3.3 of this Tariff Order has decided to undertake a balanced approach thereby achieving the twin objective of not putting undue burden on the passengers as well as enabling DIAL to operate the Airport in a viable and efficient manner. Accordingly, the Authority has decided to consider a constant Tariff Rate Card for the Fourth Control Period wherein the Tariff fixed for FY 2026 will remain constant till the end of the Control Period which has also been adopted in the case of some of the major AAI airports as well. The Tariff Rate Card of IGIA for the Fourth Control Period is provided in Annexure 1A – Tariff Rate Card.

Based on the Tariff Rate Card decided to be considered by the Authority for the Fourth Control Period, the Yield per Departing Passenger works out to Rs. 432 per Departing Passenger.

13.5.3 The Authority acknowledges the comment of IATA and states that the Aeronautical Tariff is determined based on the tariff determination guidelines while also ensuring that the interest of all stakeholders is protected.

13.5.4 The Authority acknowledges the comment of IATA on various issues viz. losses claimed by DIAL, hybrid till approach, higher revenue share payable to AAI etc. and the counter-comment from DIAL in this regard.

The Authority states that the Aeronautical Tariff is determined based on the tariff setting principles provided in the SSA while also ensuring that the interest of all stakeholders is protected.

Further, the Authority has carried out proper due diligence of all the regulatory building blocks forming part of Target Revenue. The analysis resulted in rationalizing the building blocks to arrive at the Target Revenue for the Fourth Control Period. While carrying out the exercise, the Authority has ensured that it has followed tariff determination principles and complied with the provisions of SSA and OMDA.

Accordingly, the Authority has no comments on the efficiency of Hybrid Till/ Single Till approach as these are not relevant for the current tariff determination exercise.

With regard to the impact of NIA on the Traffic for IGIA, the Authority has also noted that the ICF study has taken into consideration the possible impact of the upcoming Noida International Airport (NIA) which shall also cater to a material portion of the traffic at the National Capital Region. The observations of ICF in this regard has already been detailed under para 5.2.4 of this Tariff Order.

13.5.5 The Authority acknowledges the support of IATA on the decision of the Authority with regards to true up during application of BAC+10% as the tariff. The Authority has been consistently following this approach.

The Authority held the view that only by ensuring the over recovery is properly accounted for and recovered, the Authority shall be able to ensure the provisions of the Schedule 1 of the SSA are honoured. The same shall however not impinge on the Airport Operator's entitlement to collect BAC

plus 10% at the least as per Schedule 6 of the SSA which shall continue to remain as the safety net for the Airport Operator.

As regards DIAL's counter-comments on the same, the Authority notes that the matter is sub-judice before Hon'ble Supreme Court and considering the interest of all Stakeholders, 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 Hon'ble Supreme Court.

13.5.6 The Authority notes the comment and counter-comment from IATA and DIAL respectively on the matter of Annual Tariff Proposal and Differential pricing proposed by DIAL in the ATP.

The Authority after careful consideration of the matter submits the following:

Landing Charges based on Aircraft Type

The Authority notes that as per the existing Tariff Card of IGIA, the Landing Charges are charged based on the weight of the aircraft i.e. MTOW. Accordingly, the Authority is of the view that the Landing Charges based on the type of the aircraft is an extension of the current classification based on the weight of the aircraft as one of the most defining features of wide body aircraft is its higher MTOW compared with that of the narrow body aircraft. Further, it is pertinent to note that the wide body aircrafts require larger runways and puts more pressure on the runways thereby requiring higher maintenance than the narrow body aircrafts. Hence, the Authority is of the view that the proposal of DIAL on differential Landing Charges based on the type of aircraft is reasonable.

UDF on Embarking and Disembarking Passengers and based on Travel Segment (Domestic/International)

The Authority notes the situation in Delhi is unique (except for Mopa, Goa) with two airports expected to operate in close vicinity. This provides options for passengers to disembark at one airport and embark from the other.

Further, the Authority, as detailed in its earlier Orders, notes that levying some portion of UDF on the disembarking passengers helps in reducing Aeronautical Tariff charged under other heads especially Landing charges (which constitute the largest portion of Aeronautical Revenue). The process may also help in recovering Target Revenue for this Control Period while putting lesser burden on the Airlines and other Airport Users. Even levying UDF on disembarking passengers is also based on the 'user pays principle' of ICAO that each Airport user has to pay their full and fair share in an equitable basis.

Further, Airport facility is used by both embarking and disembarking passengers. However, the facility used by disembarking passengers is comparatively less as compared to those used by embarking passengers and hence the Authority is of the view that lesser UDF may be levied on the disembarking passengers. Hence, the Authority has decided to structure the UDF to be levied by the airport operator on the embarking and disembarking passengers in the ratio of approximately 70:30.

Further, the differential UDF on Domestic and International passengers is currently being levied at many airports across the country. Hence, the proposal of DIAL on differential UDF on embarking and disembarking passengers as well as based on travel segment (domestic and international) is justified.

UDF based on Time of Travel (Peak/Off-Peak)

The Authority notes that an Airport Operator is required to efficiently utilize the airport assets/ facilities especially the Terminal and Runway for better utilization and passenger convenience. The Authority currently is of the view that the idea of differential pricing based on time of travel is a step towards

efficient utilization of airport facilities. The Authority also brings attention to the time-based tariff adopted in Power sector in India wherein the tariffs are higher during the Peak hours and lower in the Off-Peak hours. The Authority also notes that the same has been in practice in other international airports including Manchester International Airport, UK, wherein the Passenger Facilities Charges are levied based on the peak and off-peak time of the day as well as season of the year. Further, lower UDF in non-peak hours will drive the demand for traffic in the non peak hours and attract travelers who are more price conscious.

However, the Authority also acknowledges the following concerns of IATA mentioned above with regard to differential pricing based on time of travel.

- Aircraft Operators have limited leeway to adjust the schedules due to the complexity of their operations and connections for their passengers.
- Differential UDF based on time of travel impact the passengers based on the airline slots at IGIA, where the slots themselves are based on longstanding historicity and principles of worldwide slot guidelines and have no relation to DIAL's definitions of peak or non-peak hours.
- In the absence of an independent slot coordinator or the set up of an airport-based coordination committee (as espoused in MoCA's guidelines for slot allocation), differential UDF based on time of travel gives additional powers to the Airport Operator for slot determination.
- The introduction of peak and off-peak charges exacerbates the differential treatment of airlines, undermining the slot coordinator's ability to remain neutral and non-discriminatory.

The Authority notes that time-based tariff in the Airport sector is a new concept in India and the Authority agrees with the views of IATA regarding operational challenges in implementing the same especially when the Airport Operator themselves determine the slot for the Airlines.

Further, the Authority has decided to retain the existing tariff in the case of domestic embarking passengers who form the bulk of the Passenger traffic. Since the tariff is relatively lower, introducing further bifurcation into peak and non-peak hour UDF would not be appropriate when compared with the operational challenges faced due to the new system. Further, the implementation of this system will involve changes to Airport and Airlines IT/invoicing systems and the Authority is not sure if Airlines are prepared for such a change at a short notice.

Considering the above, the Authority decides that it is presently premature to consider differential pricing based on time of travel in view of the implementation issues and lack of clarity on the conflict-of-interest aspect during slot allocation.

UDF based on Class of Travel (Economy/Business)

The Authority notes that there are additional services/ facilities offered to a Business Class passenger by Airport Operators viz. separate lane for check-in, security clearance, immigration and boarding gate. Accordingly, the Authority is of the view that it is natural to charge higher rate for Business Class passenger for the additional services/ facilities provided which are not available to an Economy class passenger. It is also pertinent to note that the Airlines also provide additional services/ facilities to Business Class passengers and in turn charge higher Base Airfare on Business Class passengers than Economy Class passengers. The similar practice has also been followed in other international airports like Hong Kong wherein differential pricing is charged based on the class of passenger and distance of travel. The Authority also agrees with DIAL on compliance with ICAO Doc 9082. However, given the fact that the percentage of business class passengers under domestic travel is miniscule viz-a-viz

international travel, the Authority has decided to consider differential Tariff amongst business class and economy passengers only in the case of International Passengers.

Based on the above, the Authority notes that the differential pricing proposed by DIAL in its Annual Tariff Proposal is non-discriminatory, justified and reasonable with an overall intention to efficiently utilize the Airport Assets and reduce the burden on the passengers based on the services/facilities availed by the passengers.

13.5.7 The Authority notes the comment of BIAL, APAO, ATA and CUTS on the Tariff Rate Card proposed by DIAL and the views of the Authority are provided under para 13.5.2 and 13.5.6 of this Tariff Order.

13.5.8 The Authority notes the comment of Air India regarding incentives under Variable Tariff Plan for increasing I to I traffic at IGIA. The Authority after careful examination decides to consider the Variable Tariff Plan as proposed by DIAL in the Tariff Rate Card.

13.5.9 The Authority notes the comments of Air India pertaining to reduction of Landing charges for long haul and ultra long-haul flights and waiver of Landing charges and reduction in UDF for utilisation of wide body aircraft for domestic purpose.

The Authority after analysis of all the regulatory building blocks of the Target Revenue and based on the views provided under para 13.5.2 and 13.5.6 of this Tariff Order has decided to consider the Tariff Rate Card as provided in Annexure 1A – Tariff Rate Card.

13.5.10 The Authority notes the comment of ATA that charges to be collected only from the actual users of those facilities and the Authority's views in this regard are provided under para 13.5.2 and 13.5.6 of this Tariff Order.

13.5.11 The Authority notes the comment of CUTS regarding higher UDF for business class passengers proposed by DIAL in the ATP and the Authority's views in this regard are provided under para 13.5.2 and 13.5.6 of this Tariff Order.

13.5.12 The Authority notes the comment of CUTS on the affordability of air travel for lower income and budget conscious travellers and DIAL's counter comments on the same.

The Authority pointed out that the Aeronautical Tariff for DIAL is determined as per the tariff setting principles set out under Schedule 1 of the SSA wherein Target Revenue is computed after necessary due diligence and analysis of each of the Regulatory Building Blocks.

Based on the analysis, the Target Revenue determined by the Authority shall be recovered by the Airport Operator through various charges viz. Landing and Parking Charges, UDF etc. Further, DIAL in its ATP has proposed differential UDF based on time of travel (peak/off-peak) and class of passenger (economy/business) and the views of the Authority in this regard are provided under para 13.5.2 and 13.5.6 of this Tariff Order.

13.5.13 The Authority notes the comment of AOC on differential Landing Charges proposed by DIAL in the ATP based on the type of aircraft and the Authority's views in this regard are provided under para 13.5.2 and 13.5.6 of this Tariff Order.

13.5.14 The Authority notes the comment of AOC regarding reconsideration of Parking Charges and DIAL's counter-comment on the same.

The Authority after analysis of all the regulatory building blocks of the Target Revenue and based on the views provided under para 13.5.2 and 13.5.6 of this Tariff Order has decided to consider the Tariff Rate Card as provided in Annexure 1A – Tariff Rate Card.

13.5.15 The Authority notes the comments of AOC regarding reconsideration of X-ray Baggage Charges based on Aircraft type.

In this regard, the Authority submits that the X-ray Baggage Charges are already part of the Base Airport Charges wherein Charges are levied based on the capacity of the flight. The Authority based on the perusal of the comments has no reasons to deviate from standard followed practice and has hence decided to structure the Tariff Card consistent with the earlier Tariff structure.

13.5.16 The Authority notes the comment of AOC on the ATP proposed by DIAL to levy UDF on both departing and arriving passengers and also differential UDF for business and economy class passengers and the Authority's views in this regard are provided under para 13.5.2 and 13.5.6 of this Tariff Order..

13.5.17 The Authority notes the comment of AOC on the Variable Tariff Plan proposed by DIAL in the ATP.

The Authority notes that the Variable Tariff Plan (VTP) is in force at many airports across the country. Under the VTP, the rates/discounts are generally based on the weight of the aircraft i.e. MTOW. Accordingly, the Authority is of the view that the VTP based on the type of the aircraft is an extension of the current classification based on the weight of the aircraft as one of the most defining features of wide body aircraft is its higher MTOW than the narrow body aircraft.

The Authority has examined the VTP submitted by DIAL and notes that the purpose of introducing VTP is to bring additional Traffic and revenue, which will help to reduce Aeronautical Charges in the long run. The Authority agrees to accept the VTP proposed by DIAL and notes that the same is non-discriminatory.

13.5.18 The Authority notes the comments of BAOA regarding implementing online system to optimise slot allocation and promote fair & efficient access for all stakeholders at busy public airports.

The Authority would like to point out that the slot allocation is not under the purview of the Authority and hence the same could be taken up at the appropriate forum for resolution.

13.5.19 The Authority acknowledges the comments and counter-comments made by DACAAI and DIAL respectively on the Cargo Tariffs at IGIA.

The Authority notes that the present proposal for determination of Aeronautical Tariff for IGIA doesn't cover the tariff determination exercise pertaining to Cargo and Ground Handling operations and requests DACAAI to raise these points at the appropriate forum for resolution of the issues raised.

13.5.20 The Authority acknowledges the comments submitted by FIA regarding the long-term sustainability of the Aviation sector.

13.5.21 Based on the Authority's detailed analysis of the Stakeholders' comments and the changes to various regulatory building blocks forming part of Target Revenue, the Authority decides the following Target Revenue and Yield Per Pax for the Fourth Control Period:

Table 348: Target Revenue decided to be considered by the Authority for the Fourth Control Period

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Regulatory Asset Base (A) [Refer Table 255]	**14,064.78**	**13,840.22**	**13,629.46**	**13,576.16**	**13,712.17**	
WACC (B) [Refer Table 259]	12.89%	12.89%	12.89%	12.89%	12.89%	
Return on RAB (C=A*B)	1,812.28	1,783.34	1,756.18	1,749.31	1,766.84	**8,867.96**
Aeronautical Depreciation (D) [Refer Table 254]	952.66	926.31	888.52	916.59	954.33	**4,638.42**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Aeronautical O&M Expenses (E) [Refer Table 310]	1,379.25	1,390.19	1,500.91	1,625.81	1,702.82	**7,598.97**
Aeronautical Taxes (F) [Refer Table 344]	-	-	-	-	-	-
Less: S Factor (30% of Revenue from Revenue Share Assets) (G) [Refer Table 341]	1,061.71	1,177.95	1,298.86	1,442.70	1,588.56	**6,569.77**
Target Revenue (H=C+D+E+F-G)	**3,082.48**	**2,921.89**	**2,846.76**	**2,849.01**	**2,835.44**	**14,535.58**
True up for the Third Control Period (I) [Refer Table 189]	**(817.69)**					**(817.69)**
Adjusted Target Revenue (J=H+I)	**2,264.79**	**2,921.89**	**2,846.76**	**2,849.01**	**2,835.44**	**13,717.89**
Projected Aeronautical Revenue (K)	1,138.60	2,981.52	3,219.14	3,374.61	3,510.42	**14,224.28**
Discount Factor (L)	0.89	0.78	0.70	0.62	0.55	
PV of Adjusted Target Revenue as on 1st April 2024 (J*L)	2,006.28	2,292.92	1,978.97	1,754.47	1,546.80	**9,579.45**
PV of Projected Aero Revenue as on 1st April 2024 (K*L)	1,008.63	2,339.72	2,237.84	2,078.14	1,915.02	**9,579.45**
Sum of PV of Target Revenue (M)						9,579.45
Total Passenger Traffic (MPPA) (N) [Refer Table 198]						443.35
Yield per Passenger on Total Traffic (Rs.) (M/N)						**216.07**
Total Departing Passenger Traffic (MPPA) (O)						221.68
Yield per Departing Passenger (Rs.) (M/O)						**432.14**

13.5.22 The Target Revenue decided to be considered by the Authority for the Fourth Control Period works out to Rs. 13,717.89 Cr (Rs. 9,579.45 Cr on PV basis) as against Target Revenue of Rs. 13,655.41 Cr (Rs. 9,541.62 Cr on PV basis) proposed at the Consultation Stage. The variance is on account of Authority's decision:

- To consider IDC of Rs. 1,692.30 Cr for Phase 3A Expansion Capex as against notional IDC of Rs. 1,396.77 Cr proposed at the Consultation Stage for true up for the Third Control Period (Refer para 4.4.170 of this Tariff Order).
- To consider GST of Rs. 70.96 Cr on EPC Claims pertaining to Phase 3A Expansion Capex as against Nil GST on the EPC Claims proposed at the Consultation Stage for true up for the Third Control Period (Refer para 4.4.171 of this Tariff Order).
- To consider adjustments to Expansion Capex for the Fourth Control Period based on the estimated GST ITC (Refer para 6.6.38 of this Tariff Order).
- To consider capitalization schedule for Capex for the Fourth Control Period based on the current status of the capex proposed in FY 2025 (Refer para 6.6.39 of this Tariff Order).
- To consider finance lease payments as per para 4.6.195 of this Tariff Order.
- To consider revised Traffic for the Fourth Control Period as per Table 198 of this Tariff Order.
- To consider Inflation rate of 4.8% for FY 2025 and 4.3% for rest of the years in the Control Period as per Table 262 of this Tariff Order.

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13.5.23 The Authority, based on the revised Target Revenue and accordingly the Aeronautical Tariff decided by it, computed the projected Aeronautical Revenue for IGIA for the Fourth Control Period as follows:

Table 349: Projected Aeronautical Revenues decided by the Authority for the Fourth Control Period

FY ending March 31, (Rs. Cr)	2025	2026	2027	2028	2029	Total
Landing- Domestic	229.47	523.55	569.95	600.98	627.04	**2,550.99**
Landing - International	329.74	847.02	910.57	949.86	984.17	**4,021.36**
Parking Charges	33.40	136.31	146.29	152.15	158.23	**626.38**
Passenger Service Fee (FC)	278.83	12.04	-	-	-	**290.87**
User Development Fee	163.23	1,269.91	1,385.85	1,455.83	1,517.07	**5,791.89**
Baggage X-ray Charges	95.18	183.55	196.95	205.84	213.55	**895.07**
Fuel Farm	8.76	9.13	9.53	9.94	10.36	**47.72**
Total	**1,138.60**	**2,981.52**	**3,219.14**	**3,374.61**	**3,510.42**	**14,224.28**

13.6 Authority's decisions regarding Target Revenue for the Fourth Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to Target Revenue for the Fourth Control Period:

13.6.1 To consider the Target Revenue and YPP for the Fourth Control Period for DIAL in accordance with Table 348.

13.6.2 To consider projected Aeronautical Revenue for DIAL for the Fourth Control Period as per Table 349.

13.6.3 To consider Tariff Rate Card for DIAL for the Fourth Control Period effective from April 16, 2025 as per Annexure 1A – Tariff Rate Card.

13.6.4 To consider Variable Tariff Plan effective from April 16, 2025 as per Annexure 1B - Variable Tariff Plan.

13.6.5 To direct DIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.6.6 To direct DIAL to keep a separate record of accounts for incentives granted, रा.वि.आ.वि.प्रा. to take a considered view for determination of Aeronautical Tariff for subsequent Control Period.

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14. SUMMARY OF THE AUTHORITY'S DECISIONS FOR THE FOURTH CONTROL PERIOD

CHAPTER 2: TRUE UP FOR THE FIRST CONTROL PERIOD

2.6.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and consider Aeronautical Taxes as per Table 11 consistent with the Hon'ble SC judgement.

2.6.2 To consider True Up for the First Control Period as per Table 14.

2.6.3 To consider under recovery of Rs. 855.32 Cr during the true up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period.

CHAPTER 3: TRUE UP FOR THE SECOND CONTROL PERIOD

3.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes and consider Aeronautical Taxes as per Table 22 consistent with the Hon'ble SC judgement.

3.7.2 To consider True up for the Second Control Period as per Table 25.

3.7.3 To claw back over recovery of Rs. 3,256.61 Cr during the True Up for the Third Control Period as part of the tariff determination exercise for the Fourth Control Period.

CHAPTER 4: TRUE UP FOR THE THIRD CONTROL PERIOD

4.11.1 To consider Traffic for true up for the Third Control Period based on actuals as per Table 26.

4.11.2 To consider the Capex, Aeronautical Depreciation and RAB for true up for the Third Control Period as per Table 80.

4.11.3 To consider the WACC for true up for the Third Control Period as per Table 83.

4.11.4 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per Table 173.

4.11.5 To consider Revenue from Revenue Share Assets for true up for the Third Control Period as per Table 179.

4.11.6 To consider Aeronautical Revenues for true up for the Third Control Period as per Table 181.

4.11.7 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes consistent with the Hon'ble SC judgement and consider Aeronautical Taxes as Nil for the Third Control Period as per Table 185.

4.11.8 To claw back over recovery of Rs. 817.69 Cr (as per Table 189) during the tariff determination for the Fourth Control Period.

CHAPTER 5: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

5.6.1 To consider Traffic as per Table 198 for the Fourth Control Period which shall be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

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CHAPTER 6: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

6.7.1 To consider Capex, Depreciation and RAB for the Fourth Control Period as per Table 255.

6.7.2 To allow IDC for Expansion Capex for the Fourth Control Period as per Table 225 and Table 229.

6.7.3 To reduce (adjust) 1% of uncapitalized project cost from the Target Revenue in case any particular capital project is not completed/capitalized as per approved capitalization schedule, as mentioned in Table 251. The same will be examined at the time of tariff determination for the next Control Period.

6.7.4 To consider GST on Capex (including CWIP) for the Fourth Control Period on actual incurrence basis.

6.7.5 To examine the accounting of input tax credits 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.

6.7.6 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 mentioned in Table 255 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: WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

7.6.1 To consider cost of equity, efficient cost of debt, notional debt-equity ratio and WACC for the Fourth Control Period as per Table 259.

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 Table 262.

CHAPTER 9: AERONAUTICAL OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

9.6.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 310.

9.6.2 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: REVENUE FROM REVENUE SHARE ASSETS FOR THE FOURTH CONTROL PERIOD

10.6.1 To consider Revenue from Revenue Share Assets and S Factor for the Fourth Control Period as per Table 341.

10.6.2 To true up Revenue from Revenue Share Assets at the time of the tariff determination for the next Control Period if the Revenue from Revenue Share Assets for the Fourth Control Period are higher than that decided to be considered by the Authority in Table 341.

CHAPTER 11: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

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

11.6.2 To consider Aeronautical Taxes for the Fourth Control Period as per Table 344 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 Aggregate Revenue Requirement/ Target Revenue on account of Quality of Service for the Fourth Control Period.

CHAPTER 13: TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

13.6.1 To consider the Target Revenue and YPP for the Fourth Control Period for DIAL in accordance with Table 348.

13.6.2 To consider projected Aeronautical Revenue for DIAL for the Fourth Control Period as per Table 349.

13.6.3 To consider Tariff Rate Card for DIAL for the Fourth Control Period effective from April 16, 2025 as per Annexure 1A – Tariff Rate Card.

13.6.4 To consider Variable Tariff Plan effective from April 16, 2025 as per Annexure 1B - Variable Tariff Plan.

13.6.5 To direct DIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.6.6 To direct DIAL 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 Period.

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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 tariffs to be levied at IGI Airport, New Delhi for the Fourth Control Period as seen 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 tariffs determined herein are the ceiling rates, exclusive of taxes, if any.

15.1.4 These rates are effective from **April 16, 2025.**

15.1.5 DIAL shall submit its MYTP submission to the Authority for the Fifth Control Period in a timely manner.

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By the Order and in the name of the Authority

(Suyash Narain)
Secretary

To,

Shri. Videh Kumar Jaipuriar, CEO
Delhi International Airport Limited
New Udaan Bhavan,
Opp. Terminal 3, IGI Airport,
New Delhi – 110 037

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Copy to,

1. **Secretary, Ministry of Civil Aviation**
   Rajiv Gandhi Bhawan,
   Safdarjung Airport,
   New Delhi – 110 003

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2. **Directorate General of Civil Aviation,** for issue of AIC.

16. ANNEXURE 1

16.1 Annexure 1A – Tariff Rate Card

Tariff Rate Card approved by the Authority for Indira Gandhi International Airport (IGIA), New Delhi for the Fourth Control Period – Applicable for the period from April 16, 2025 to March 31, 2029

Landing Charges:

Domestic **(in Rs. per MT)**

Particulars	April 16, 2025 to March 31, 2026	April 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029
Wide Body Aircraft	564	564	564	564
Narrow Body Aircraft	347	347	347	347

International **(in Rs. per MT)**

Particulars	April 16, 2025 to March 31, 2026	April 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029
Wide Body Aircraft	785	785	785	785
Narrow Body Aircraft	570	570	570	570

Notes:

1. Classification of Aircrafts:
   i. Wide Body Aircrafts refers to Code D, Code E and Code F as defined in Annex 14 of ICAO.
   ii. Narrow Body Aircrafts refers to Code A, Code B and Code C as defined in Annex 14 of ICAO and includes Helicopters handled by non-scheduled operators.
2. Weight of an aircraft mean Maximum Take-Off Weight (MTOW) in MT (i.e., 1,000 kg) as indicated in the Certificate of Airworthiness (CoA) issued by competent authority.
3. Landing Charges shall be calculated on the basis of next rounded off MT.
4. 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.
5. No landing charges shall be payable in respect of:
   i. Aircrafts with a maximum certified passenger capacity of less than 80 seats, being operated by domestic scheduled operators at the IGI 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.
6. Minimum Landing charges are Rs. 8,000/-.

Parking Charges

Remote Stands **(Rs. per MT per Hour)**

Particulars	April 16, 2025 to March 31, 2026	April 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029
>= 100 MT	18	18	18	18
< 100 MT	18	18	18	18

Contact Stands **(Rs. per MT per Hour)**

Particulars	April 16, 2025 to March 31, 2026	April 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029
>= 100 MT	36	36	36	36
< 100 MT	36	36	36	36

Notes:

1. The above tables shall be referred as Parking Charges for Remote Stands and Parking Charges for Contact Stands respectively and collectively referred as Parking Charges.
2. Weight of an aircraft mean 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 Charges shall be calculated on the basis of next rounded off MT and for calculating chargeable parking time, part of an hour shall be rounded off to the next hour.
4. No Parking Charges are levied for the first 2 hours. While calculating the free parking time, standard time of 15 minutes is added on account of time taken between touchdown and actual parking time on the parking stand. Another standard time of 15 minutes is added on account of taxiing time of aircraft from parking stand to take off point and collectively referred as free parking.
5. Parking Charges shall be calculated as follows:
   i. 0 hours to 4 hours after free parking : Rate as per Parking Charges
   ii. 4 hours to 12 hours after free parking : 2 times of rate as per Parking Charges
   iii. 12 hours to 24 hours after free parking : 4 times of rate as per Parking Charges
   iv. More than 24 hours after free parking : 5 times of rate as per Parking Charges
6. The Parking Charges for Aircraft on Ground (AoG) as on April 15, 2025 shall be charged in accordance with 5(i) above.

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X-Ray Baggage Charges

Domestic **(in Rs.)**

Domestic Flights *Registered Baggage*	**April 16, 2025 to March 31, 2026**	**April 01, 2026 to March 31, 2027**	**April 01, 2027 to March 31, 2028**	**April 01, 2028 to March 31, 2029**
<= 25 Seats	220	220	220	220
26-50 seats	440	440	440	440
51-100 seats	990	990	990	990
101-200 seats	1,540	1,540	1,540	1,540
>= 201 seats	2,720	2,720	2,720	2,720

International **(in USD)**

International Flights *Registered Baggage*	**April 16, 2025 to March 31, 2026**	**April 01, 2026 to March 31, 2027**	**April 01, 2027 to March 31, 2028**	**April 01, 2028 to March 31, 2029**
Narrow body aircrafts (Code C) and all transit flights	260	260	260	260
Wide body aircrafts (Code D, Code E and Code F) turnaround flights	390	390	390	390

Note: For conversion of USD to INR, the RBI reference conversion rate as on the last date of the previous month for invoices issued in the first fortnight and rate as on 15th of the month for invoices issued in the second fortnight of the month shall be considered.

User Development Fee (UDF)

Domestic Passengers **(in Rs. Per Pax)**

Particulars	**April 16, 2025 to March 31, 2026**	**April 01, 2026 to March 31, 2027**	**April 01, 2027 to March 31, 2028**	**April 01, 2028 to March 31, 2029**
Embarking	129	129	129	129
Disembarking	56	56	56	56

International Passengers (Economy) **(in Rs. Per Pax)**

Particulars	**April 16, 2025 to March 31, 2026**	**April 01, 2026 to March 31, 2027**	**April 01, 2027 to March 31, 2028**	**April 01, 2028 to March 31, 2029**
Embarking	650	650	650	650
Disembarking	275	275	275	275

International Passengers (Business) **(in Rs. Per Pax)**

Particulars	**April 16, 2025 to March 31, 2026**	**April 01, 2026 to March 31, 2027**	**April 01, 2027 to March 31, 2028**	**April 01, 2028 to March 31, 2029**
Embarking	810	810	810	810
Disembarking	345	345	345	345

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*: All the tickets issued by the scheduled airline operator other than the Economy Class referred above at 1(i) including the business class, first class.

   Passengers travelling through non-scheduled flights / general aviation shall be charged at the Business Class rates irrespective of the class referred to in above.

2. **Collection Charges:**

   Collection Charges on UDF as per the agreement between DIAL and the Airlines.

3. **Applicability of UDF Charges:**

   The revised UDF Charges shall be applicable for the tickets issued on or after April 16, 2025.

4. **Exemption in payment of UDF:**

   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/PSF:

   i. Children (under-age of 2 years).

   ii. Holders of Diplomatic Passport.

   iii. Airlines crew on duty including sky marshals & 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. Persons 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").

   vii. Passengers departing from the IGI Airport, New Delhi due to involuntary re-routing i.e., technical problems or weather conditions.

General Condition

1. All the charges referred 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 operationalised 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 DIAL and Aircraft Operators.

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16.2 Annexure 1B - Variable Tariff Plan

The variable tariff plan with respect to Landing Charges mentioned above are proposed for scheduled international airline operator as follows:

Variable International Landing Charges (VILC):

Particulars	April 16, 2025 to March 31, 2026	April 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029
Wide Body Aircraft	-	-	-	-

To avail the Variable International Landing Charges referred above, the scheduled airline operators are required to satisfy all the following terms and conditions:

i. Scheduled airline operator shall operate a direct flight to new international destination (scheduled flights only) which was unserved at the IGI Airport in the previous 2 IATA seasons i.e. Summer'24 and Winter'24-25. The list of destinations which were served by the IGI Airport in the previous 2 IATA season would be provided to such airline operators upon request.

ii. The new international destination shall be at a distance more than or equal to 5,000 kms from IGI Airport.

iii. The new international destination shall be served only through Wide Body Aircraft as defined in the Landing Charges above.

Other Terms

i. The Variable International Landing Charges are applicable only for the period up to March 31, 2029 from the date of the commencement of scheduled flight referred to in above on or after April 16, 2025.

ii. The unit of kms refers to air kilometers for calculating the qualifying distance in accordance with the great circle path.

iii. The above charges shall be applicable only if the scheduled airline operator and DIAL have entered into a formal agreement / Memorandum of Understanding in this regard.

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