फा. सं. ऐरा/20010/एमवाईटीपी/दिल्ली/सीपी- IV/2023-24

F. No. AERA/20010/MYTP/Delhi/CP-IV/2023-24

परामर्श पत्र सं. 07/2024-25

Consultation Paper No: 07/2024-25

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

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)

जारी करने की तारीख: 31 जनवरी, 2025

Date of Issue: 31st January, 2025

तृतीय तल/ 3rd Floor,

उड़ान भवन/ Udaan Bhawan,

सफदरजंग हवाईअड्डा/ Safdarjung Airport

नई दिल्ली/New Delhi – 110003

STAKEHOLDER'S COMMENTS

Indira Gandhi International Airport (IGIA) is a Major Airport as per the definition outlined in Section 2 (i) of the AERA Act 2008 read with AERA (Amendment) Acts of 2019 and 2021, based on annual passenger throughput volume. It had passenger throughput of about 73.7 MPPA in FY 2024 and is witnessing a steady growth in traffic post COVID-19 pandemic.

IGIA was operated by Airports Authority of India (AAI), which then entered into Operation, Management and Development Agreement (OMDA) with the current Airport Operator (Delhi International Airport Limited) on 04th April 2006, for the Operation, Management and Development of IGIA for a period of 30 years from the Effective Date.

As per the provisions of the AERA Act 2008, OMDA and SSA, DIAL has submitted their Multi Year Tariff Proposal (MYTP) which constituted the following:

- True up submission for the First Control Period, Second Control Period and Third Control Period.
- MYTP for the Fourth Control Period from 01st April 2024 to 31st March 2029.

During the preparation of this Consultation Paper, the Authority has considered the audited financial statements submitted by DIAL for the five years in the Third Control Period (FY 2020-24).

The Authority has issued this Consultation Paper enumerating its proposals as part of the tariff determination exercise for the Fourth Control Period for IGIA. The Authority shall consider written evidence-based feedback, comments and suggestions from all the stakeholders on the proposals made in this Consultation Paper and will pass the Final Order with regards to the aeronautical tariff for IGIA taking on board the feedback from the stakeholders, on merit.

The Authority would like to emphasize that the timelines for consultation process are sacrosanct and hereby requests the stakeholders to provide their comments/inputs within the timelines specified in this Consultation Paper, beyond which the same will not be considered by the Authority.

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, if so considered appropriate and in public interest.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 07/2024-25 dated 31st January 2025, are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA)
Udaan Bhawan, 3rd Floor, D Block, Rajiv Gandhi Bhawan
Safdarjung Airport
New Delhi – 110003.
Email: director-ps@aera.gov.in, rajan.gupta1@aera.gov.in copy to secretary@aera.gov.in

Stakeholder's consultation meeting	17th February 2025
Last Date for submission of comments	3rd March 2025
Last Date for submission of counter comments	13th March 2025

Comments and Counter-comments will be posted on AERA's website: www.aera.gov.in.

For any clarification/ information, Director (P&S, Tariff) may be contacted at Tel: 011-24695043.

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
DG	Diesel Generator

Abbreviation	Expansion
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
LoA	Letter of Award
LoI	Letter of Intent

Abbreviation	Expansion
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
SSA	State Support Agreement
TAMP	Tariff Authority for Major Ports
TCV	Threat Containment Vessel

Abbreviation	Expansion
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:

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

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 Consultation Paper.

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's 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 Submission of MYTP by DIAL 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 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.

1.8.6 The Authority, as mentioned under para 1.6.3 of this Consultation Paper, proposes 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 is issuing this Consultation Paper to facilitate the Stakeholder Consultation process as part of the tariff determination exercise.

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 3: 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

S. No	Nature of Services	Name of Related Party	Description of Relationship
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
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

S. No	Nature of Services	Name of Related Party	Description of Relationship
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.

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 the Consultation Paper

1.10.1 The Consultation paper is structured under various chapters with the background on DIAL, Sequence of past events, Hon'ble Supreme Court and Hon'ble TDSAT Orders and the timelines with regards to determination of tariff for the Fourth Control Period forming First Chapter.

1.10.2 The second chapter 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 and followed by the Authority's examination and proposals regarding the true up for the First Control Period as part of the tariff determination for the Fourth Control Period.

1.10.3 The third chapter lists out 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 and followed by the Authority's examination and proposals regarding the true up for the Second Control Period as part of the tariff determination for the Fourth Control Period.

1.10.4 The fourth chapter lists out 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 and followed by the Authority's examination and proposals regarding true up for the Third Control Period as part of the tariff determination for the Fourth Control Period.

1.10.5 The balance chapters bring out DIAL's submissions regarding various building blocks pertaining to the Fourth Control Period including Traffic Projections, Capital Expenditure, Depreciation and additions to Aeronautical RAB, Weighted Average Cost of Capital, Inflation, Aeronautical Operation and Maintenance expenses, Revenue from Revenue Share Assets, Aeronautical Taxes, Quality of Service and Target Revenue along with the Authority's examination and proposals regarding the same.

1.10.6 Post the analysis and discussion on various building blocks including true up for earlier control periods, the revised Target Revenue as determined by the Authority based on the proposals as considered by the Authority is presented along with the proposed adjustment in Tariff for the Fourth Control Period in the penultimate chapter, followed by the Summary of the Authority's proposals regarding each of the building blocks in the final chapter.

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 Consultation Paper, 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 proposes 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 proposes 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 4: 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

2.2.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes 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 Consultation Paper, the Authority proposes 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 5: WACC proposed to be considered by the Authority for True up of the First Control Period

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%**

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.

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 6: 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 7: 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

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 Consultation Paper, the Authority proposes to retain the decisions taken at the time of tariff determination for the Third Control Period.

2.3.11 Accordingly, the Authority proposes 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 7) for True Up for the First Control Period as part of the tariff determination for the Fourth Control Period.

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 8: 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 9: 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

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 Consultation Paper, the Authority proposes 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 Consultation Paper, the Authority proposes 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 proposes 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 10: Aeronautical Taxes proposed to be considered by the Authority for True Up for the First 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**
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 9 has not been treated as an expense (Refer para 2.4.6).

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

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 11: 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**

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
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**

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

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 12: 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**
True up for the First Control Period						**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.

<u>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</u>

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 10 is shown in the table below:

Table 13: True up proposed to be considered by the Authority for the First 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)	-	-	-	-	213.66	**213.66**

FY ending March 31 (Rs. Cr)	2010	2011	2012	2013	2014	Total
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						**855.32**

2.5.5 Based on the above, the Authority proposes to consider true up for the First Control Period as Rs. 855.32 Cr as per Table 13.

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.

2.6 Authority's Proposals regarding True up for the First Control Period as part of tariff determination exercise for the Fourth Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding 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.

2.6.2 To consider Aeronautical Taxes as per Table 10.

2.6.3 To consider True Up for the First Control Period as per Table 13.

2.6.4 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.

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 Consultation Paper, 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 proposes 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 14: 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%**

<u>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</u>

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%.

<u>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</u>

3.2.4 The Authority consistent with the decision taken during the Tariff determination for the Third Control Period proposes 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 Consultation Paper, the Authority proposes 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 15: WACC Proposed to be considered by the Authority for True Up for the Second Control Period

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%**

3.3 <u>True up of Aeronautical Operation and Maintenance Expenses for the Second Control Period</u>

<u>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</u>

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 16: 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

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 Consultation Paper, the Authority proposes to retain the decisions taken at the time of tariff determination for the Third Control Period.

3.3.6 Accordingly, the Authority proposes 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.

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 Consultation Paper.

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

Table 17: 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**

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

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 18: 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

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 Consultation Paper, the Authority proposes 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 proposes 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 proposes 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 18) for True Up for the Second Control Period as part of the tariff determination for the Fourth Control Period.

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:

Table 19: 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**

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

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 20: 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

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 Consultation Paper, the Authority proposes 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 Consultation Paper, the Authority proposes 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 Consultation Paper proposes 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 21: Aeronautical Taxes proposed to be considered by the Authority for True Up for the Second 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**
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 20 has not been treated as an expense (Refer para 3.5.7).

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

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 22: 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**

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 23: 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.

<u>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</u>

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 13 and revision in Aeronautical Taxes for the Second Control Period as per Table 21 is shown in the table below:

Table 24: True up proposed to be considered by the Authority for the Second 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 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						**(3,256.61)**

3.6.5 Based on the above, the Authority proposes to consider true up for the Second Control Period as negative Rs. 3,256.61 Cr as per Table 24:

3.6.6 The over recovery of Rs. 3,256.61 Cr till the Second Control Period is proposed to be considered for true up in the Third Control Period as part of tariff determination exercise for the Fourth Control Period.

3.7 <u>Authority's Proposals regarding True up for the Second Control Period as part of tariff determination exercise for the Fourth Control Period</u>

Based on the material before it and based on its examination, the Authority proposes 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.

3.7.2 To consider Aeronautical Taxes as per Table 21.

3.7.3 To consider True up for the Second Control Period as per Table 24.

3.7.4 To consider 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.

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.

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 Consultation Paper, 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 proposes 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 25: 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 26: 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

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 27: 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 28: 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 proposes to consider the Actual Traffic submitted by DIAL as per Table 25 towards True Up for the Third Control Period.

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 the 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 29: 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 30: 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
	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 31: 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-19 between March 20 and May 21 and the delay of 2 months as set out 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 32: 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 33: 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 34: 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 35: 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 36: 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 37: 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**
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 38: 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 37. *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:

Table 39: 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 40 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 40: 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 41: 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.*

<u>Authority's Examination regarding True up of Capital Expenditure, Depreciation and Regulatory Asset Base for the Third Control Period</u>

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.

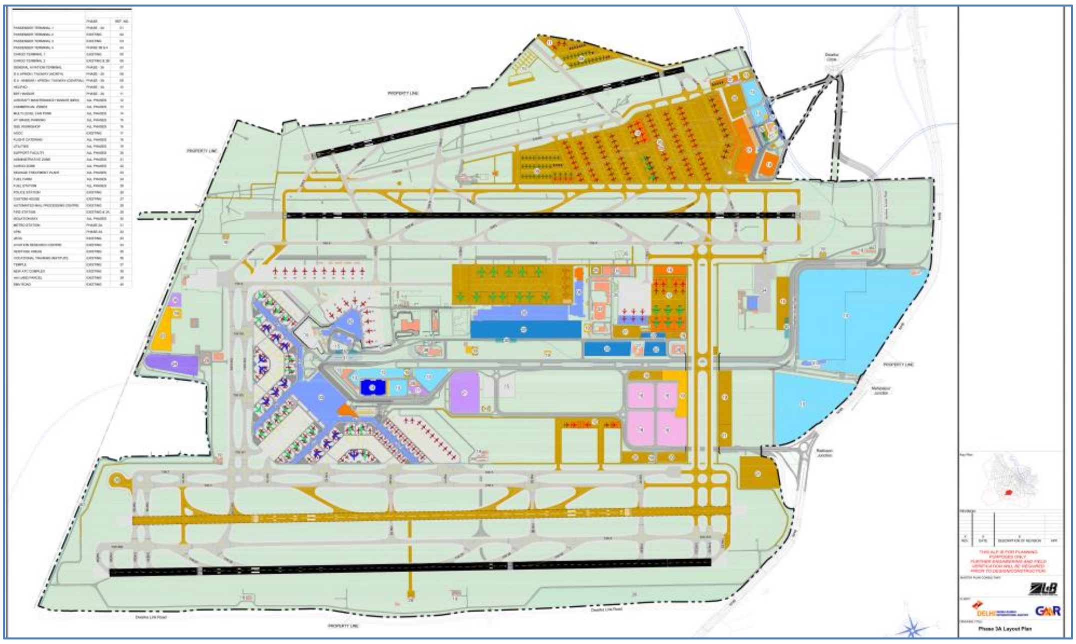
4.4.43 The below figure shows the Google Earth image of the layout of the airport and the major facilities before the expansion was undertaken for Phase 3A.

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 42: 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
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

No	Particulars	Functional Area
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 43: 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 44: 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 45: 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 proposes 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 46: 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 proposes 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 47: 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
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, proposes 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 proposes 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 48: EPC Cost proposed to be considered by the Authority for the Third Control Period

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:

Table 49: 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

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)**
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 50: 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.

Particulars	Escalation (Rs. Cr)	Reasons for Increase as submitted by the Airport Operator
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**	

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 51: 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

Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
			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 proposes 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.
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

Particulars	**Submission in MYTP for 4th CP**	**Proposed to be considered by the Authority**	**Remarks**
			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 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 proposes to consider the same.

Particulars	**Submission in MYTP for 4th CP**	**Proposed to be considered by the Authority**	**Remarks**
AECOM	41.43	41.43	Cost submitted is found to be reasonable as confirmed by Aviation Expert. The Authority proposes 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 proposes to consider the same.
Master Plan by L&B	8.12	8.12	Review of Master Plan through a consultant. The Authority proposes to consider the same.
ECT Design by NACO	7.31	7.31	Required for detailed design of ECT. The Authority proposes 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, • 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.

Particulars	Submission in MYTP for 4th CP	Proposed to be considered by the Authority	Remarks
			The Authority proposes 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 proposes 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, proposes 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 31. 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 proposes 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 52: 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 53: 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 54: 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.*

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes to consider the total impact of Rs. 358.60 Cr on account of price increase as evaluated by DIAL.

<u>Total Impact</u>

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 55: EPC claims proposed 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**	**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 proposes to consider an amount of Rs. 525.60 Cr towards various claims from the EPC Contractor without considering the impact of GST. The Authority proposes 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 56: 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 57: 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 Consultation Paper, the Authority proposes to retain the decisions taken at the time of tariff determination for the Third Control period and proposes 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 proposes 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 58: 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 proposes 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 proposes 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 proposes 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 proposes the final cost as mentioned in the table below:

Table 59: Project cost for Phase 3A Expansion proposed 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	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 proposes 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 60: Capitalization of Phase 3A Expansion Capex proposed to be considered by the Authority for Third Control Period

Particulars	Amount (Rs. Cr)
Total Phase 3A Expansion Capex proposed to be considered by the Authority as per Table 59 (A)	12,079.41
Less: Value of Assets funded through Lease Finance* (B)	437.11
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

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 61: 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 62: 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 63: 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.
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 64: 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 62 (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 Analysis 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 65: General Capex proposed to be considered by the Authority in the Third Control Period

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

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 through the decision of the Hon'ble TDSAT dated April 23, 2018 (E.g. Fuel Farm).

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. It may be noted that Cargo and Ground Handling services are treated as Non-aeronautical services as per Schedule 6 of OMDA.

- 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 66: 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 67: 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 37] (A)	229.92	192.77	984.79	1,022.04	10,399.98	**12,829.50**
Aeronautical Asset Additions* [Table 37] (B)	220.18	163.05	925.80	993.89	9,833.07	**12,135.99**
Non-Aero Asset Additions [Table 37] (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 68] (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**
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 68: 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:

Table 69: Adjustments in Additions to RAB 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 Asset Additions as per the Authority's Analysis on Reclassification of Assets [Refer Table 67] (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 59]						
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 65] (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 67] (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 proposes the following adjustments to the Aeronautical asset deletions submitted by DIAL based on the analysis of the FAR submitted by DIAL.

Table 70: 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 Analysis 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 71: 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 69 proposes to consider proportionate adjustment in depreciation as follows:

Table 72: Depreciation proposed 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	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 Analysis of Aeronautical Regulatory Asset Base (RAB) and Depreciation for the Third Control Period

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 67 and Table 69, 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 73: Aeronautical Depreciation and RAB proposed 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	4,003.20	4,603.91	
Addition considered on Pro-Rata basis# [Refer Table 69*](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 69*] (C)*	*393.32^*	*114.26*	*70.05*	*757.91*	*547.79*	***1,883.33***
Deletions [Refer Table 70] (D)	*15.65*	*0.29*	*0.07*	*6.46*	*46.15*	***68.62***
DF Adjustment (E)	*232.05*	-	-	-	-	***232.05***
Depreciation [Refer Table 72*] (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 72*] (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 69*, 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 69*, 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.

<u>Authority's Proposals regarding Aeronautical Depreciation and RAB for the Third Control Period</u>

Based on the material before it and based on its examination, the Authority proposes the following with regards to Regulatory Asset Base (RAB) and Depreciation for the Third Control Period:

4.4.160 To consider Phase 3A Expansion Capex and General Capex as per Table 59 and Table 65 respectively.

4.4.161 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 (presently considered as Rs. 295 Cr) based on actuals is proposed to 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 is proposed to 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.

4.4.162 To consider the Aeronautical Depreciation and RAB for the Third Control Period as per Table 73.

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 74: 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 75: 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.

<u>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</u>

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 proposes 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 proposes 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 proposes to consider RSD as part of the notional debt to arrive at WACC.

4.5.14 The Authority proposes 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 76: WACC proposed to be considered by the Authority towards true up for the Third Control Period

Particular	Cost of Funds	Gearing	Effective rate
Equity	15.41%	52.00%	8.02%
Debt	10.37%	48.00%	4.97%
WACC			**12.99%**

<u>Authority's Proposal regarding WACC for the Third Control Period</u>

Based on the material before it and based on its examination, the Authority proposes the following with regard to WACC for the Third Control Period:

4.5.15 The Authority proposes to consider WACC for True Up for the Third Control Period as per Table 76.

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 77: 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 78: 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 79: 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 80: 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:

Table 81: 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 82: 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**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
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

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 81.

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 Consultation Paper. 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 83: 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 67]	0.11	0.12	(1.93)	(2.26)	(2.33)
Reclassification of Assets (Aeronautical to Common/ Aeronautical to Non- Aeronautical) (C) [Refer Table 67]	5.04	7.80	9.57	11.30	2.93
Adjustments in Deletion (D) [Refer Table 70]	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 2nd CP 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 Consultation Paper. The ratios for segregation of common O&M expenses within the Terminal Building across all the Terminals are as per the table below:

Table 84: 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), proposes 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 83 and Table 84 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 85: 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 Costs, Advertising and Sales Promotion, Corporate Cost Allocation, Loss on sale of assets/Assets discarded, Other Admin Expenses	Common	Expenses outside the terminal are segregated based on Gross Fixed Assets Ratio & expenses incurred within terminal building are segregated based on Terminal Building Ratio	Common	Expenses outside the terminal are segregated based on Gross Fixed Assets Ratio & expenses incurred 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

Expense Category	Expense Sub-Category / Description	Expense classification by DIAL	Allocation as per DIAL*	Expense classification by the Authority	Allocation proposed by the Authority
					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
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 proposes 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 86: 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 87: 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 proposes 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 88: 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 89: 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 90: 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 proposes 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 proposes 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 91: 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 92: 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 93: 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 proposes 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 94: 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 95: 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 96: 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 97: 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 proposes to allocate the Legal expenses based on proportion of aeronautical revenue amongst the total income of DIAL in the respective years as follows:

Table 98: 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 99: 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 proposes 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 100: 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 101: 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**
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 102: 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 103: 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**

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
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 104: 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 105: 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 106: 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**

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
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 107: 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 proposes 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 108: 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 proposes to allocate expenses other than chartering costs based on GFA/Terminal Building ratio, as applicable as mentioned in the table below:

Table 109: 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 110: 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**
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 111: 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 the 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 112: 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 113: 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 to be considered 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 114: 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 115: 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 proposes 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 116: 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 117: 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 proposes 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 118: 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 119: 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 120: 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 121: 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**
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 proposes 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 122: 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 123: 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 Consultation Paper, the Authority proposes 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 proposes 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 124: 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 125: 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 126: 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 127: 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**

FY Ending March 31, (Rs. Cr)	2020	2021	2022	2023	2024	Total
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 proposes to consider the amortization of borrowing costs, redemption premium, routine bank transaction charges and interest on OD facilities as mentioned in Table 126.

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 proposes 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 proposes 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 128: 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 129: 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 130: 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 131: 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**
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 proposes not to consider the forex losses under Other admin expenses.

4.6.117 The Authority proposes 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 132: 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 133: Aeronautical Admin & General 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
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**
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 134: 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 135: 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**

FY Ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
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 proposes 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 136: 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 137: 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 138: 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 proposes to allocate the expenses based on GFA ratio. The expenses proposed to be considered by the Authority are as follows:

Table 139: 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.

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 140: 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 141: 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 proposes 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 142: 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 143: 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 144: 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 proposes 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 145: 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 146: 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 147: 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 proposes 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 148: 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 149: 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
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 proposes 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 150: 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 151: 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 proposes 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 152: 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 153: Aeronautical Operating 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
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**

FY ending March 31 (Rs. Cr)	2020	2021	2022	2023	2024	Total
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 154: 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 155: 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**
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 proposes 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 156: 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 157: 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 158: 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, proposes 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 159: 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 160: 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 proposes 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 proposes 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 proposes 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 proposes 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 161: 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 proposes to consider property tax on actual payment basis for the Third Control Period. Further, the Authority proposes 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 162: 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 163: Aeronautical Operation and 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
Manpower Expenses [Refer Table 88]	188.93	189.71	204.80	228.44	267.96	**1,079.84**
Admin & General Expense [Refer Table 133]	208.29	144.92	186.40	206.58	253.04	**999.23**
Operating Expenses [Refer Table 153]	347.94	375.08	370.17	390.32	443.20	**1,926.72**
Utility Expenses [Refer Table 156]	69.70	29.60	44.42	76.50	69.20	**289.43**
Airport Operator Fee [Refer Table 159]	29.63	28.47	12.00	18.82	28.13	**117.06**
Forex	-	-	-	-	-	-
Property tax [Refer Table 162]	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**

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 Consultation Paper.

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

Table 164: 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 165 : 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**
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

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 166: 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 167: 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 hence proposes 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 Consultation Paper, the Authority proposes 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 proposes 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 proposes 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 proposes 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 168: 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:

Table 169: Revenue from Revenue Share Assets proposed to be considered by Authority towards True up for the Third 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**
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**

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 170: 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

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 168 and hence proposes 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.

4.8.5 Accordingly, the Authority proposes 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 171: Revised Aeronautical Revenues 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 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**

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 172: 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 173: 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)**
Effective Tax rate as per projected financials (H)	-	-	-	-	-	-
Aeronautical Taxes (Max of 0 or G X H)	**-**	**-**	**-**	**-**	**-**	**-**

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

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 Consultation Paper, the Authority proposes 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 Consultation Paper, the Authority proposes 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 Consultation Paper proposes 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 proposes that the Aeronautical Taxes for True Up for the Third Control Period would be Nil as shown in the table below:

Table 174: 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 171]	952.57	402.76	627.40	939.45	1,066.56	**3,988.74**
Aeronautical O&M (B) [Refer Table 163]	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 72]	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 173 has not been treated as an expense (Refer para 4.9.7).

4.9.10 In view of the above, the Authority proposes to consider the Aeronautical Taxes as Nil towards True Up for the Third Control Period.

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 175: 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 176: 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

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:

Table 177: 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 73]	4,720.24	4,432.27	4,161.88	4,739.69	8,370.98	
WACC (B) [Refer Table 76]	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 72]	526.88	488.96	485.81	564.18	681.42	**2,747.24**
Aero O&M Expense (E) [Refer Table 163]	862.33	776.82	829.60	927.80	1,137.03	**4,533.58**
Aero Taxes (F) [Refer Table 174]	-	-	-	-	-	-
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 169]	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 171]	**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 24]	(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						**(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 59 and Table 65.

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 Consultation Paper) 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.

4.11 Authority's Proposals 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 proposes 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 25.

4.11.2 To consider the Aeronautical Depreciation and RAB for true up for the Third Control Period as per Table 73.

4.11.3 To consider the WACC for true up for the Third Control Period as per Table 76.

4.11.4 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per Table 163.

4.11.5 To consider Revenue from Revenue Share Assets for true up for the Third Control Period as per Table 169.

4.11.6 To consider Aeronautical Revenues for true up for the Third Control Period as per Table 171.

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

4.11.8 To consider Aeronautical Taxes as Nil for the Third Control Period as per Table 174.

4.11.9 To consider over recovery of Rs. 852.04 Cr (as per Table 177) till the Third Control Period for the tariff determination for the Fourth Control Period.

EXAMINATION OF MYTP FOR THE FOURTH CONTROL PERIOD

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.

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 178: 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 179: 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.

5.2 Authority's Examination regarding Traffic Projections for the Fourth Control Period

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.

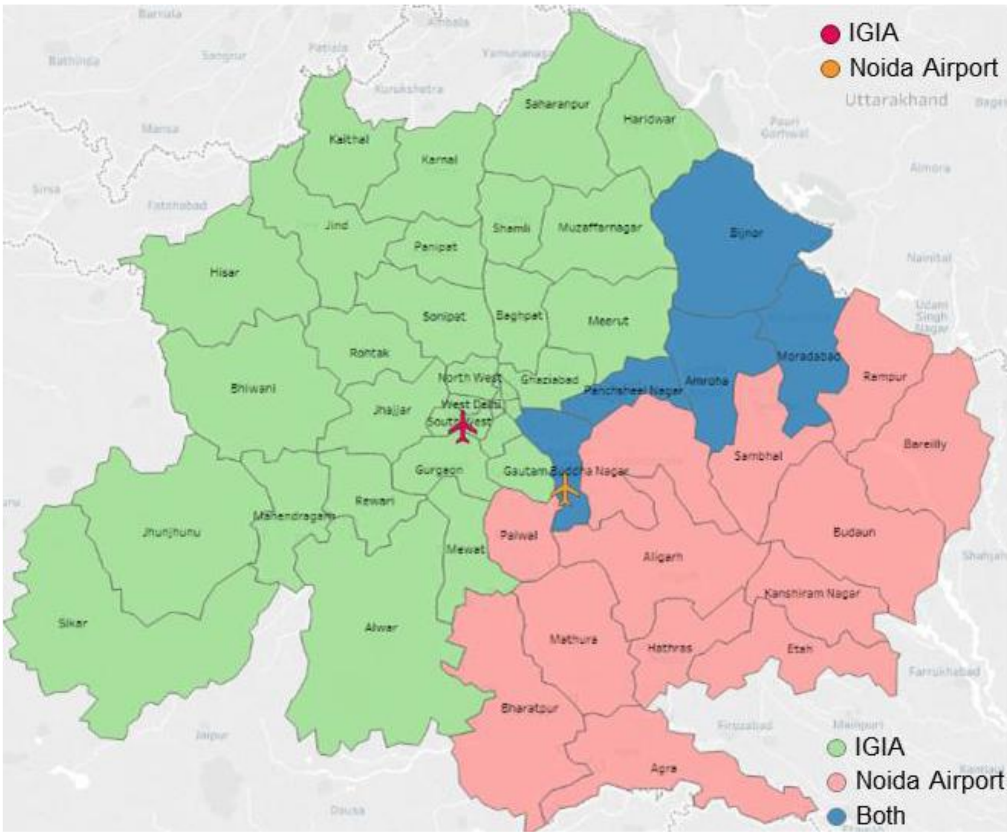
5.2.4 The Authority has also noted that the ICF study has taken into consideration the possible impact of the upcoming Noida International Airport (NIA) which shall also cater to a material portion of the traffic at the National Capital Region. The Authority has taken cognizance of the following observations 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 180: 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 181: 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 proposes 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 182: 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 183: 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 proposes 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 184: Traffic proposed 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 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)						
As submitted by DIAL*						

FY ending March 31	2025	2026	2027	2028	2029	Total
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**
As proposed by the Authority	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
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 Authority's Proposal regarding Traffic Projections for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Traffic projections for the Fourth Control Period:

5.3.1 To consider Traffic as per Table 184 for the Fourth Control Period which shall be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

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 185: Overall 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 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 proposes 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 186: 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 proposes 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 proposes 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 proposes 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 187: 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.

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 Terminal 3. 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).
- The scope includes Airport Systems and Apron Lighting as well.

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 188: 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 189: 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 190: 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 proposes 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 191: 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 192: 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

S. No	Item Description	Amount (Rs. Cr)
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
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 proposes 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:

Table 193: 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 194: 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 195: 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 196: 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**

<u>Depreciation</u>

6.2.31 For the assets to be capitalized in the Fourth Control Period, DIAL proposes 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 197: 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**

<u>Regulatory Asset Base for the Fourth Control Period</u>

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 198: 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

6.3.1 The Authority has noted the overall capex plan submitted by DIAL for the Fourth Control Period as follows:

Table 199: 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 proposes 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 4^{th} CP.

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 200: 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 proposes 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 201: 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*

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes to consider the same cost as submitted by DIAL for these activities.

6.3.53 Based on the above, the Authority proposes 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 proposes to exclude the contingency expenses in its examination. DIAL has considered 8% as Design and PMC works, which looks reasonable. Hence the Authority proposes 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 202: Cost proposed to be considered by the Authority towards T3 Pier C Conversion to International

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 proposes 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 203: 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 proposes 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 proposes 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 Proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 204: Cost proposed to be considered by the Authority towards Refurbishment of T2

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 205: 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 proposes 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 proposes 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 proposes 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 206: Cost proposed to be considered by the Authority towards Construction of Code C Stands

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 207: 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 proposes to consider the same.

6.3.83 The Authority proposes to consider cost of Rs. 126.04 Cr for the above-mentioned activity as shown in the table below:

Table 208: Cost proposed to be considered by the Authority towards Construction of Code E Stands

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 proposes 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 209: Cost Proposed to be considered by the Authority for Code C and Code E stands

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. of stands	56	47	
	Cost for proposed stands	**392.26**	**329.00**	**-63.26**

No	Particulars (Rs. Cr)	Cost submitted by DIAL (A)	Cost proposed to be considered by the Authority (B)	Difference (B – A)
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 proposes 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 proposes 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 as shown in the table below:

Table 210: 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 211: 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 212: 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 proposes 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 proposes 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 proposes 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 proposes 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 213: 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**

<u>Means of Finance and Interest During Construction for Pier E</u>

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 proposes 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 214: 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 215: Means of Finance for Pier E proposed to be considered by the Authority

Particulars	Amount (Rs. Cr)
Pier E	
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 216: Cost proposed to be considered by the Authority for Expansion Capex for the Fourth Control Period

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 217: 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 proposes 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 218: Cost proposed to be considered by the Authority for Project & Engineering under General Capex

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 proposes to consider 44 machines for the Fourth Control Period. Further, based on vendor quote, the Authority proposes 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

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				submitted by a Vendor (M/s Rapiscan). The Authority based on the analysis through its independent consultant/aviation expert is of the view that cost is reasonable and hence proposes 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 proposes to consider only 22 Body Scanners (i.e. ratio of 1:2). Further, based on vendor quote, the Authority proposes 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 proposes 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 proposes to segregate the cost between the Fourth and Fifth Control Period and hence has considered Rs. 25 Cr for the Fourth Control Period.

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes to consider the same cost as DIAL's submission.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
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 proposes 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 proposes 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 past purchase orders adjusted for WPI and hence proposes to consider the same amount as DIAL’s submission.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
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 proposes 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 proposes 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 proposes 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 estimated a cost of Rs. 12 Cr for completion of this activity.

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				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 proposes 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 proposes 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 proposes 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 orders adjusted for WPI and hence

S. No	Particulars (Rs. Cr)	Cost submitted by DIAL	Cost Proposed to be considered by the Authority	Rationale/ Remarks
				proposes 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 proposes 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 proposes 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

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 proposes 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

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 proposes 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 proposes 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, proposes 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 219: Cost proposed to be considered by the Authority for Operations under General Capex

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes to consider the cost without moderation.

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 proposes 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 proposes 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 proposes 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 proposes 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.

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes cost of Rs. 110 Cr. Detailed analysis for each activity under Finishes is shown in the table below:

Table 220: Cost proposed to be considered by the Authority for Finishes under General Capex

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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, proposes 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 proposes to allow only refurbishment of Government office and proposes 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 proposes 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 proposes cost of Rs. 89.08 Cr. Detailed analysis for each activity under Security & Vigilance is shown in the table below:

Table 221: Cost proposed to be considered by the Authority for Security & Vigilance under General Capex

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes to moderate the cost to Rs. 100.50 Cr. Detailed analysis for each activity under IT is shown in the table below:

Table 222: Cost proposed to be considered by the Authority for IT infrastructure under General Capex

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 proposes 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 proposes 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 proposes 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
				proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes not to consider the same.

Table 223: Cost proposed to be considered by the Authority for Facility Management Services and Marketing & Passenger experience under General Capex

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 proposes 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 proposes 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 224: General Capex proposed to be considered by the Authority for the Fourth Control Period

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 225: 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 Consultation Paper has proposed that IDC would not be allowed for Phase 3A Expansion Capex beyond March 31, 2024.

6.3.133 Accordingly, the Authority proposes 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 226: 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 227: 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 228: Overall Capex proposed to be considered by the Authority for the Fourth Control Period

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**

<u>Capitalization Schedule for Capex for the Fourth Control Period</u>

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 229: 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 proposes that the capitalization schedule as per Table 229 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 Stakeholder's 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 proposes 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 proposes 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 83) with regard to allocation of assets pertaining to conversion of T3 Pier C to international, refurbishment of T2 and Carry Forward Capex.

Table 230: 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 231: 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 232: 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 Propety 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 proposes 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 proposes to revise the depreciation as provided below:

Table 233: 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 234: Aeronautical Depreciation and RAB proposed 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)	13,911.95*	14,045.49	13,504.72	12,984.81	13,459.14	
Capex Additions (B) [Refer Table 232]	*1,066.68*	*368.11*	*337.99*	*1,360.51*	*782.45*	***3,915.73***
Depreciation (C) [Refer Table 233]	*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 233]	*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 73. #carried forward from closing HRAB balance of FY 2024 in the Table 73.*

6.3.159 The Authority proposes to consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period. The Authority proposes 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 Authority's Proposals regarding Capex, Depreciation and RAB for the Fourth Control Period

Based on the material before it and based on its examination, the Authority proposes the following with regards to Capex, Depreciation and RAB for the Fourth Control Period

6.4.1 To consider Aeronautical Depreciation and RAB for the Fourth Control Period as per Table 234.

6.4.2 To allow IDC for Expansion Capex for the Fourth Control Period as per Table 210 and Table 214.

6.4.3 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 229. The same will be examined at the time of tariff determination for the next Control Period.

6.4.4 To consider GST on Capex (including CWIP) for the Fourth Control Period on actual incurrence basis.

6.4.5 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.

6.4.6 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 234 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.

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 235: 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 236: 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 237: 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%

FY ending March 31	**2025**	**2026**	**2027**	**2028**	**2029**
Weighted Average Cost of Debt for the Control Period	10.24%	10.24%	10.24%	10.24%	10.24%
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

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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 238: WACC proposed to be considered by the Authority for the Fourth Control Period

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 proposes 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 Authority's Proposals regarding WACC for the Fourth Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding Weighted Average Cost of Capital for the Fourth Control Period:

7.3.1 To consider cost of equity, efficient cost of debt, notional debt-equity ratio and WACC for the Fourth Control Period as per Table 238.

7.3.2 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 239: 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

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 proposes 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 proposes 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 240: Inflation rates proposed to be considered by the Authority for the Fourth Control Period

FY Ending March 31,	2025	2026	2027	2028	2029
CPI Inflation	4.6%	4.6%	4.6%	4.6%	4.6%

8.3 Authority's Proposal regarding Inflation for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Inflation for the Fourth Control Period:

8.3.1 To consider the inflation rates for the Fourth Control Period as per Table 240.

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 241: 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 149. 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 242: 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 243: 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

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 Consultation Paper 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 244: 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 proposes to consider inflation rate of 4.6% for the Fourth Control Period i.e. FY 2025 to FY 2029 as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 89" published by the RBI (Refer Table 240).

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 proposes 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 proposes 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 proposes to consider manpower growth factor of 14.53% as against 20.61% considered by DIAL in FY 2025. However, the Authority proposes 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 245: 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 proposes 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:

<u>Manpower Expenses:</u>

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 246: 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, proposes 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 proposes 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 247: 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 248: 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 proposes 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 249: 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 proposes 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 250: 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 251: 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.

S. No	Particulars	Amount (Rs. Cr)	Remarks
2	Consultancy charges – HR	14.32	Retainer consultants hired for business continuity.
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 252: 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 proposes 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 proposes to consider only the inflation rate of 4.6% p.a. for projecting Professional and Consultancy expenses for the Fourth Control Period and also proposes 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 100. 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 253: 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	61.44	70.70	81.34	93.59	107.69	**414.76**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
Professional & Consultancy expenses 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 proposes 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 254: 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 255: 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 proposes 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 256: 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 proposes 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 257: 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	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% and 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 258: 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 proposes 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 259: 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 by the Authority	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 Consultation Paper, the Authority proposes 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 Consultation Paper, the Authority proposes 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 260: 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)						

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
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 261: 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 proposes 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 262: 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 263: 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 264: 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 proposes 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 265: 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 266: 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**
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 267: 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 equipments 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 proposes 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 268: 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**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
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 proposes 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 269: 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 270: 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 proposes 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 271: 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 149. 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 272: 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 273: 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 proposes 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 proposes 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 274: 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 275: 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**

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
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 276: 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**

FY ending March 31	2020	2021	2022	2023	2024	4-Year CAGR	Total
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 proposes 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 proposes 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 proposes 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 proposes 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 277: 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 278: 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 proposes 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 279: 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 280: 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 281: 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 proposes to consider DIAL's projection of property tax for SDMC for the Fourth Control Period. With regard to DCB, the Authority proposes 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 proposes 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 proposes 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 282: 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 283: Aeronautical Operation & Maintenance 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
Manpower Expenses [Refer Table 247]	324.92	344.42	365.08	402.46	426.61	**1,863.49**
Admin & General Expense [Refer Table 266]	232.13	237.04	240.84	257.43	269.87	**1,237.31**
Operating Expenses [Refer Table 275]	599.86	627.91	656.50	713.76	747.05	**3,345.07**
Utility Expenses [Refer Table 278]	86.01	88.63	91.34	98.41	101.42	**465.80**
Airport Operator Fee [Refer Table 279]	31.85	33.46	84.61	93.78	103.17	**346.88**
Forex	-	-	-	-	-	-
Property tax [Refer Table 282]	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 Authority's Proposals 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 proposes the following regarding Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period:

9.3.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 283.

9.3.2 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.

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 degrowth 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 284: 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:						

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

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 proposes 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 240).

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 285: 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 286: 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 287: 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 proposes 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 288: 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 289: 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 290: 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 291: 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 proposes 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 292: 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 293: 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 294: 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 295: 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 296: 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 297: 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 298: 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 proposes 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 299: 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 300: 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 proposes 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 proposes 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 proposes 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 301: 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 302: 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 303: 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 304: 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 proposes 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 305: 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 306: 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 proposes to consider terminal area expansion factor as well in projecting the revenue from advertisements.

10.2.47 Based on the above, the Authority proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 proposes 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 138.

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 proposes 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 307: 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 308: 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 309: 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 310: 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 proposes 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 311: 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 proposes 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 proposes 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 312: 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 Consultation Paper, the Authority, consistent with the decision in the Tariff Order for the Third Control Period, proposes 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 313: Revenue from Revenue Share Assets 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 [Refer Table 295]						
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 301]						
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 305]	**739.74**	**825.53**	**925.94**	**1,031.92**	**1,142.26**	**4,665.38**
Contract Linked [Refer Table 307]						
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 311]						
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 312]	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 Authority’s Proposals regarding Revenue from Revenue Share Assets for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following for Revenue from Revenue Share Assets for the Fourth Control Period

10.3.1 To consider Revenue from Revenue Share Assets and S Factor for the Fourth Control Period as per Table 313.

10.3.2 To consider true up of Revenue from Revenue Share Assets based on the actuals for the Fourth Control Period at the time of tariff determination for the Fifth Control Period.

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 314: 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

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 Consultation Paper, the Authority proposes 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 Consultation Paper, the Authority proposes 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 Consultation Paper proposes 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 315: Aeronautical Taxes 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 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 283]	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 233]	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).

11.3 Authority's Proposal regarding Aeronautical Taxes for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Aeronautical Taxes for the Fourth Control Period:

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

11.3.2 To consider Aeronautical Taxes for the Fourth Control Period as per Table 315.

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

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 316: 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 DIAL has achieved ACI ASQ rating of 5.00 since CY 2019 as per Table 316 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 Authority's Proposal regarding Quality of Service for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Quality of Service for the Fourth Control Period:

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.

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 317: 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 198]	15,073.04	15,079.24	14,612.74	14,796.18	15,158.88	
WACC (B) [Refer Table 237]	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 198]	991.50	986.17	939.99	981.34	1,032.45	**4,931.46**
Aeronautical O&M Expenses (E) [Refer Table 243]	1,548.97	1,621.50	1,999.95	2,280.31	2,523.61	**9,974.33**
Aeronautical Taxes (F) [Refer Table 314]	-	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 284]	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 175]	**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

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 Consultation Paper 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 Consultation Paper, 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 proposes 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 177), 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 proposes the following Target Revenue and Yield Per Pax for the Fourth Control Period:

Table 318: 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 234]	14,072.69	13,848.96	13,299.80	13,258.93	13,407.24	
WACC (B) [Refer Table 238]	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 233]	953.85	928.39	876.02	904.22	942.12	**4,604.60**
Aeronautical O&M Expenses (E) [Refer Table 283]	1,372.84	1,383.53	1,491.40	1,619.90	1,703.23	**7,570.90**
Aeronautical Taxes (F) [Refer Table 315]	-	-	-	-	-	**-**
Less: S Factor (30% of Revenue from Revenue Share Assets) (G) [Refer Table 313]	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 177]	(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	

FY ending March 31 (Rs. Cr)	2025	2026	2027	2028	2029	Total
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**
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 184]						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 Consultation Paper.

13.3 Authority's proposal regarding Target Revenue for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Target Revenue for the Fourth Control Period:

13.3.1 To consider the Target Revenue and YPP for the Fourth Control Period for DIAL in accordance with Table 318.

13.3.2 To direct DIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

14. SUMMARY OF THE AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDER'S CONSULTATION

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.

2.6.2 To consider Aeronautical Taxes as per Table 10.

2.6.3 To consider True Up for the First Control Period as per Table 13.

2.6.4 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.

3.7.2 To consider Aeronautical Taxes as per Table 21.

3.7.3 To consider True up for the Second Control Period as per Table 24.

3.7.4 To consider 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 25.

4.11.2 To consider the Aeronautical Depreciation and RAB for true up for the Third Control Period as per Table 73.

4.11.3 To consider the WACC for true up for the Third Control Period as per Table 76.

4.11.4 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per Table 163.

4.11.5 To consider Revenue from Revenue Share Assets for true up for the Third Control Period as per Table 169.

4.11.6 To consider Aeronautical Revenues for true up for the Third Control Period as per Table 171.

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

4.11.8 To consider Aeronautical Taxes as Nil for the Third Control Period as per Table 174.

4.11.9 To consider over recovery of Rs. 852.04 Cr (as per Table 177) till the Third Control Period for the tariff determination for the Fourth Control Period.

CHAPTER 5: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

5.3.1 To consider Traffic as per Table 184 for the Fourth Control Period which shall be trued up based on actuals at the time of tariff determination for the Fifth Control Period.

CHAPTER 6: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

6.4.1 To consider Aeronautical Depreciation and RAB for the Fourth Control Period as per Table 234.

6.4.2 To allow IDC for Expansion Capex for the Fourth Control Period as per Table 210 and Table 214.

6.4.3 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 229. The same will be examined at the time of tariff determination for the next Control Period.

6.4.4 To consider GST on Capex (including CWIP) for the Fourth Control Period on actual incurrence basis.

6.4.5 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.

6.4.6 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 234 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

7.3.1 To consider cost of equity, efficient cost of debt, notional debt-equity ratio and WACC for the Fourth Control Period as per Table 238.

7.3.2 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

8.3.1 To consider the inflation rates for the Fourth Control Period as per Table 240.

CHAPTER 9: AERONAUTICAL OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

9.3.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 283.

9.3.2 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

10.3.1 To consider Revenue from Revenue Share Assets and S Factor for the Fourth Control Period as per Table 313.

10.3.2 To consider true up of Revenue from Revenue Share Assets based on the actuals for the Fourth Control Period at the time of tariff determination for the Fifth Control Period.

CHAPTER 11: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

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

11.3.2 To consider Aeronautical Taxes for the Fourth Control Period as per Table 315.

CHAPTER 12: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

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.

CHAPTER 13: TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

13.3.1 To consider the Target Revenue and YPP for the Fourth Control Period for DIAL in accordance with Table 318.

13.3.2 To direct DIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

15. STAKEHOLDER'S CONSULTATION TIMELINE

15.1.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 14 – Summary of the Authority's proposals read with the relevant discussion in the other chapters of this Consultation Paper is hereby put forth for Stakeholders' Consultation.

15.1.2 For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.

15.1.3 The Authority invites written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 3rd March 2025.

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(Chairperson)