

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

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

परामर्श पत्र सं. 08/2024-25

Consultation Paper No: 08/2024-25



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

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

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

जारी करने की तारीख: 10 मार्च, 2025

Date of Issue: 10th March, 2025

तृतीय तल/ 3rd Floor,
उड़ान भवन/ Udaan Bhawan,
सफदरजंग हवाईअड्डा/ Safdarjung Airport
नई दिल्ली/New Delhi – 110003

STAKEHOLDERS' COMMENTS

Chhatrapati Shivaji Maharaj International Airport (CSMIA) 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 a passenger throughput of about 52 MPPA in the FY 2023-24 and it is witnessing a steady growth in traffic post COVID-19 pandemic.

CSMIA was operated by Airports Authority of India (AAI), which then entered into Operation, Management and Development Agreement (OMDA) with the current Airport Operator (Mumbai International Airport Limited) on 02nd March 2006, for the Operation, Management and Development of CSMIA for a period of 30 years from the Effective Date.

As per the provisions of the OMDA, MIAL has submitted their Multi Year Tariff Proposal (MYTP) which constituted the following;

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

For this Consultation Paper, the Authority has considered the audited figures submitted by MIAL for the financial years of the Third Control Period (FY 2020-24) and projections for the Fourth Control Period (FY 2025-29).

The Authority, after considering the entire information currently available, the views of the Airport Operator, industry bodies such as IATA, ACI and other expert agencies on air traffic, has issued this Consultation Paper enumerating its proposals as part of the tariff determination process for the Fourth Control Period for CSMIA.

The Authority shall consider written evidence-based feedback, comments and suggestions from all the stakeholders on the proposals made in the Consultation Paper and pass a suitable Order determining the Tariff for aeronautical services. The Authority would like to emphasize that the consultation process timelines 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 can be reviewed and revised.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, 2008, the written comments on Consultation Paper No. 08/2024-25 dated 10th March, 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),

3rd Floor, Udaan Bhawan

Safdarjung Airport

New Delhi – 110003

Email: director-ps@aera.gov.in, rajan.guptal@aera.gov.in, inderpal.s@aera.gov.in copy to secretary@aera.gov.in

Stakeholder Consultation Meeting	25 th March 2025
Last Date for submission of comments	9 th April 2025
Last Date for submission of counter comments	19 th April 2025

Comments and Counter Comments will be posted on the Authority's (AERA) website: www.aera.gov.in.

For any clarification/information, Director (P&S, Tariff) may be contacted at Telephone Number: +91-11-24695048.

LIST OF ABBREVIATIONS

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

LIST OF ABBREVIATIONS

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

LIST OF ABBREVIATIONS

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

LIST OF ABBREVIATIONS

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

TABLE OF CONTENT

STAKEHOLDERS' COMMENTS	2
LIST OF ABBREVIATIONS	4
TABLE OF CONTENT	8
LIST OF TABLES	12
LIST OF FIGURES	24
1. BACKGROUND	26
1.1 INTRODUCTION.....	26
1.2 PROFILE OF CHHATRAPATI SHIVAJI MAHARAJ INTERNATIONAL AIRPORT (CSMIA)	27
1.3 FUEL FARM SERVICES AND INTO PLANE SERVICES.....	28
1.4 TARIFF SETTING PRINCIPLES.....	29
1.5 AUTHORITY'S ORDERS APPLIED IN THE TARIFF PROPOSALS IN THIS CONSULTATION PAPER (CP).....	32
1.6 SEQUENCE OF SIGNIFICANT PAST EVENTS IN THE TARIFF DETERMINATION PROCESS.....	32
1.7 HON'BLE SUPREME COURT DIRECTIONS REGARDING THE DECISIONS TAKEN BY THE AUTHORITY FOR THE FIRST CONTROL PERIOD.....	33
1.8 HON'BLE TDSAT DIRECTIONS REGARDING THE DECISIONS TAKEN BY THE AUTHORITY FOR THE SECOND AND THE THIRD CONTROL PERIOD.....	34
1.9 MULTI YEAR TARIFF PROPOSAL SUBMISSIONS BY MIAL FOR THE FOURTH CONTROL PERIOD.....	34
1.10 CONSTRUCT OF THIS CONSULTATION PAPER.....	39
2. TRUE UP OF THE FIRST CONTROL PERIOD	41
2.1 ISSUES RAISED BY MIAL PERTAINING TO THE TRUE UP FOR THE FIRST CONTROL PERIOD.....	41
2.2 TRUE UP OF REGULATORY ASSET BASE (RAB).....	41
2.3 TRUE UP OF DEPRECIATION ON REGULATORY ASSET BASE (RAB).....	44
2.4 TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND S FACTOR.....	45
2.5 TRUE UP OF AERONAUTICAL TAX.....	48
2.6 TRUE UP OF THE TARGET REVENUE OF THE FIRST CONTROL PERIOD.....	51
2.7 AUTHORITY'S PROPOSALS REGARDING TRUE UP FOR THE FIRST CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD.....	53
3. TRUE UP OF THE SECOND CONTROL PERIOD	54
3.1 ISSUES PERTAINING TO THE TRUE UP FOR THE SECOND CONTROL PERIOD.....	54
3.2 TRUE UP OF REGULATORY ASSET BASE (RAB).....	55
3.3 TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE.....	57
3.4 TRUE UP OF DEPRECIATION ON REGULATORY ASSET BASE.....	58
3.5 TRUE UP OF FAIR RATE OF RETURN.....	61
3.6 TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND 'S' FACTOR.....	62
3.7 TRUE UP OF THE AERONAUTICAL TAX.....	64
3.8 TRUE UP OF OPERATING EXPENSES.....	66
3.9 TRUE UP OF TARGET REVENUE FOR THE SECOND CONTROL PERIOD.....	68

3.10	AUTHORITY PROPOSALS REGARDING TRUE UP FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD.....	71
4.	TRUE UP OF THE THIRD CONTROL PERIOD	72
4.1	BACKGROUND.....	72
4.2	ISSUES RAISED BY MIAL PERTAINING TO TRUE UP FOR THE THIRD CONTROL PERIOD.....	72
4.3	TRUE UP OF TRAFFIC.....	73
4.4	TRUE UP OF REGULATORY ASSET BASE.....	75
4.5	TRUE UP OF ASSET ALLOCATION	87
4.6	TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE	92
4.7	TRUE UP OF DEPRECIATION	94
4.8	TRUE UP OF FAIR RATE OF RETURN.....	96
4.9	TRUE UP OF OPERATING EXPENSES	101
4.10	TRUE UP OF NON-AERONAUTICAL REVENUE	127
4.11	TRUE UP OF AERONAUTICAL TAX.....	135
4.12	TRUE UP OF AERONAUTICAL REVENUE	137
4.13	TRUE UP OF THE TARGET REVENUE FOR THE THIRD CONTROL PERIOD	139
4.14	AUTHORITY'S PROPOSALS REGARDING TRUE UP FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD	142
5.	TRAFFIC FOR THE FOURTH CONTROL PERIOD.....	145
5.1	MIAL SUBMISSIONS ON TRAFFIC FOR THE THIRD CONTROL PERIOD FOR THE FOURTH CONTROL PERIOD.....	145
5.2	AUTHORITY'S EXAMINATION REGARDING THE TRAFFIC FOR THE FOURTH CONTROL PERIOD.....	146
5.3	AUTHORITY'S PROPOSALS REGARDING TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD.....	149
6.	CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD	150
6.1	BACKGROUND.....	150
6.2	MASTER PLAN 2024	151
6.3	CAPITAL EXPENDITURE FOR THE FOURTH CONTROL PERIOD.....	159
6.4	ASSET ALLOCATION OF CAPEX FOR THE FOURTH CONTROL PERIOD	261
6.5	DEPRECIATION FOR THE FOURTH CONTROL PERIOD	266
6.6	HRAB FOR THE FOURTH CONTROL PERIOD	269
6.7	REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD.....	272
6.8	AUTHORITY'S PROPOSAL REGARDING CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD.....	273
7.	FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD	274
7.1	MIAL SUBMISSIONS ON FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD.....	274
7.2	AUTHORITY'S EXAMINATION RELATING TO FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD.....	276

7.3	AUTHORITY'S PROPOSALS RELATING TO FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD.....	278
8.	INFLATION FOR THE FOURTH CONTROL PERIOD.....	279
8.1	BACKGROUND.....	279
8.2	MIAL'S SUBMISSIONS REGARDING INFLATION FOR THE FOURTH CONTROL PERIOD.....	279
8.3	AUTHORITY'S EXAMINATION REGARDING INFLATION FOR THE FOURTH CONTROL PERIOD.....	279
8.4	AUTHORITY'S PROPOSAL REGARDING INFLATION FOR THE FOURTH CONTROL PERIOD.....	279
9.	OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD.....	280
9.1	MIAL'S SUBMISSION REGARDING OPERATING AND MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD.....	280
9.2	AUTHORITY'S EXAMINATION REGARDING O&M EXPENSES FOR THE FOURTH CONTROL PERIOD.....	283
9.3	AUTHORITY'S EXAMINATION REGARDING THE AERONAUTICAL PORTION OF O&M EXPENSES FOR THE FOURTH CONTROL PERIOD.....	306
9.4	AUTHORITY'S PROPOSALS REGARDING AERONAUTICAL O&M EXPENSES FOR THE FOURTH CONTROL PERIOD.....	313
10.	NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD.....	314
10.1	MIAL SUBMISSION REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD.....	314
10.2	AUTHORITY'S EXAMINATION REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD.....	318
10.3	AUTHORITY'S PROPOSALS REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD.....	325
11.	TAXATION FOR THE FOURTH CONTROL PERIOD.....	327
11.1	MIAL'S SUBMISSION ON TAXATION FOR THE FOURTH CONTROL PERIOD.....	327
11.2	AUTHORITY'S EXAMINATION REGARDING TAXATION FOR THE FOURTH CONTROL PERIOD.....	327
11.3	AUTHORITY'S PROPOSAL REGARDING THE AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD.....	329
12.	QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD.....	330
12.1	MIAL'S SUBMISSION REGARDING QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD.....	330
12.2	AUTHORITY'S EXAMINATION REGARDING QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD.....	330
12.3	AUTHORITY'S PROPOSAL REGARDING QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD.....	332
13.	TARGET REVENUE FOR THE FOURTH CONTROL PERIOD.....	333
13.1	MIAL'S SUBMISSION ON TARGET REVENUE FOR THE FOURTH CONTROL PERIOD.....	333
13.2	AUTHORITY'S EXAMINATION OF TARGET REVENUE FOR THE FOURTH CONTROL PERIOD.....	333
13.3	AUTHORITY'S PROPOSAL REGARDING TARGET REVENUE FOR THE FOURTH CONTROL PERIOD.....	337
14.	SUMMARY OF AUTHORITY'S PROPOSALS.....	338

CHAPTER 2: TRUE-UP OF THE FIRST CONTROL PERIOD338

CHAPTER 3: TRUE-UP OF THE SECOND CONTROL PERIOD338

CHAPTER 4: TRUE-UP OF THE THIRD CONTROL PERIOD338

CHAPTER 5: TRAFFIC FOR THE FOURTH CONTROL PERIOD339

CHAPTER 6: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET
BASE (RAB) FOR THE FOURTH CONTROL PERIOD339

CHAPTER 7: FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD339

CHAPTER 8: INFLATION FOR THE FOURTH CONTROL PERIOD339

CHAPTER 9: OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH
CONTROL PERIOD339

CHAPTER 10: NON-AERONAUTICAL REVENUES FOR THE FOURTH CONTROL PERIOD ...339

CHAPTER 11: TAXATION FOR THE FOURTH CONTROL PERIOD339

CHAPTER 12: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD340

CHAPTER 13: TARGET REVENUE (TR) FOR THE FOURTH CONTROL PERIOD340

15.STAKEHOLDERS’ CONSULTATION TIMELINE341

16.ANNEXURES342

 16.1 ANNEXURE - 1 – ASSETS IDENTIFIED IN THE SELF-CONTAINED NOTE BY THE
 AUTHORIZED INVESTIGATION AGENCY342

17.APPENDIX349

 17.1 APPENDIX 1 – MINUTES OF THE AIRPORTS’ USERS CONSULTATION COMMITTEE
 (AUCC)349

LIST OF TABLES

Table 1: Shareholding pattern of MIAL	26
Table 2: Actual Traffic achieved in the Third Control Period - as submitted by MIAL	27
Table 3: Technical and Terminal Building details – as submitted by MIAL	27
Table 4: Tariff Orders issued by the Authority for MIAL.....	33
Table 5: Timeline of Various Submissions made by MIAL	35
Table 6: Related Parties of MIAL from July 2021 (managed by Adani Group).....	36
Table 7: Related Parties of MIAL from April 2019 to July 2021 (managed by GVK Group).....	37
Table 8: Comparison of adjustment to RAB as per the Authority and as per the audited accounts.....	42
Table 9: Closing RAB of the First Control Period computed by MIAL as per the audited DF capitalization schedule.....	42
Table 10: Computation of asset allocation of FY 2013-14 by MIAL	42
Table 11: Computation of closing RAB of FY13-14 by changing aeronautical allocation from 83.97% to 86.17% - as submitted by MIAL.....	43
Table 12: Computation of asset allocation of FY 2013-14 by the Authority in the Second Control Period Order..	43
Table 13: RAB proposed to be considered by the Authority for the True up of the First Control Period	44
Table 14: Depreciation for the First Control Period considering change in DF assets capitalization schedule and 86.17% aeronautical allocation for FY 2013-14	44
Table 15: Depreciation on RAB computed by the Authority for the First Control Period in the Second Control Period Order	45
Table 16: Computation of revised ‘S’ factor of the First Control Period in line with the Hon’ble TDSAT Order – as submitted by MIAL.....	47
Table 17: ‘S’ Factor as proposed by the Authority for the True up of the First Control Period	48
Table 18: Computation of ‘T’ for the First Control Period as submitted by MIAL - in line with the Hon’ble Supreme Court and Hon’ble TDSAT Order.....	49
Table 19: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the First Control Period	50
Table 20: Computation of ‘T’ for the True up of the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period	50
Table 21: Computation of Target Revenue of the First Control Period as submitted by MIAL for the MYTP of the Fourth Control Period.....	51
Table 22: True up of the Target Revenue of the First Control Period as decided in the Tariff Order for the Third Control Period	51
Table 23: True up of the Target Revenue for the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period.....	52
Table 24: RAB as submitted by MIAL for the true up of the Second Control Period in the MYTP for the Fourth Control Period	55
Table 25: RAB as considered by the Authority for the Second Control Period in the Third Control Period Order	56

Table 26: RAB as proposed by the Authority for the True up of Second Control Period.....	56
Table 27: Value of the Assets identified from the Fixed Asset Register (FAR) in the Self-Contained Note	57
Table 28: HRAB as submitted by MIAL for True up of the Second Control Period.....	57
Table 29: HRAB as decided by the Authority for the Second Control Period in the Third Control Period Order ..	57
Table 30: HRAB proposed by the Authority for the True up of the Second Control Period as part of the Tariff Determination for the Fourth Control Period	58
Table 31: Depreciation on Revised RAB as submitted by MIAL for the True up of the Second Control Period....	58
Table 32: Depreciation on HRAB as submitted by MIAL for the True up of the Second Control Period	59
Table 33: Depreciation on RAB as decided by the Authority for True up of the Second Control Period in the Third Control Period Order	59
Table 34: Depreciation on HRAB of MIAL as proposed by the Authority for True up of the Second Control Period in the Third Control Period Order.....	59
Table 35: Aeronautical Depreciation as computed by the Authority for the Second Control Period on the assets identified in the SCN of AIA.....	60
Table 36: Depreciation on RAB of MIAL as proposed by the Authority for True up of the Second Control Period as part of the Tariff Determination exercise for the Fourth Control Period	60
Table 37: Depreciation on HRAB of MIAL as proposed by the Authority for True up of the Second Control Period as part of the Tariff Determination exercise for the Fourth Control Period.....	60
Table 38: FRoR decided by the Authority for the True up for the Second Control Period in the Third Control Period Order	61
Table 39: Computation of revised ‘S’ factor for the true up of the Second Control Period in line with TDSAT Judgement as submitted by MIAL.....	63
Table 40: Non-Aeronautical Revenue as decided by the Authority for the True up of the Second Control Period in the Third Control Period Order	63
Table 41: ‘S’ factor as proposed by the Authority for the true up of the Second Control Period	64
Table 42: Computation of ‘T’ for true up of the Second Control Period in line with SC and TDSAT Judgement as submitted by MIAL	64
Table 43: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Second Control Period	65
Table 44: Computation of ‘T’ for the True up of the Second Control Period as proposed by the Authority.....	65
Table 45: O&M expenses for the Second Control Period submitted by MIAL for True up	66
Table 46: Additional Operating expenses for the Second Control Period submitted by MIAL for True up.....	67
Table 47: Year wise Adjusted Aeronautical Operating and Maintenance Expenses as decided by the Authority for True up of the Second Control Period in the Third Control Period.....	67
Table 48: Computation of Target Revenue of the Second Control Period after incorporating changes in various Building Blocks.....	68
Table 49: True up of the Target Revenue for the Second Control Period as decided in the Third Control Period Order.....	68

Table 50: Change in Return on RAB for the Second Control Period as proposed by the Authority based on the SCN	69
Table 51: True up of Target Revenue as proposed by the Authority for the True up of the Second Control Period	70
Table 52: MIAL's submission for True up of Traffic for the Third Control Period in MYTP for the Fourth Control Period.....	73
Table 53: Passenger/ATM Traffic considered by the Authority during tariff determination for the Third Control Period.....	73
Table 54: Comparison of Traffic as per MIAL submission and as per data in AAI website for the Third Control Period.....	74
Table 55: Variance between Traffic approved in the Third Control Period Order with the Traffic submitted by MIAL for true-up for the Tariff Determination of the Fourth Control Period	75
Table 56: MIAL's submission on CAPEX incurred during the Third Control Period.....	75
Table 57: MIAL's submission on proportionate capitalization and RAB for the true up of the Third Control Period	76
Table 58: RAB as approved by the Authority in the Third Control Period Tariff Order	76
Table 59: Summary of variance in capex approved by the Authority in the Third Control Period and Capex incurred by MIAL in the Third Control Period as submitted in the MYTP of the Fourth Control Period.....	78
Table 60: Projects executed with a scope change.....	78
Table 61: Projects completed at a lower cost	80
Table 62: Projects Carried Forwarded to the Next Control Period	81
Table 63: Projects which were approved in the Third Control Period Order on an incurrence basis	83
Table 64: Additional projects undertaken in the Third Control Period	83
Table 65: Projects not undertaken	85
Table 66: Cost incurred by MIAL in the Third Control Period towards Runway Recarpeting Works	86
Table 67: Comparison of cost submitted by MIAL and proposed by Authority for the True-up of the Third Control Period	86
Table 68: Value of the Assets identified to be adjusted from the Third Control Period additions in the Self-Contained Note extracted from the FAR of MIAL as on 1 st April 2024	87
Table 69: Cumulative Summary of Area occupied / to be occupied for Commercial (Non-Aeronautical) Use in Terminal 2, Terminal 1 and GA Terminal.....	88
Table 70: Asset Allocation used by MIAL for the assets capitalized in the Third Control Period	89
Table 71: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as computed by MIAL	89
Table 72: Revised allocation ratios proposed by the Authority for assets capitalized in the Third Control Period.....	89
Table 73: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as proposed by the Authority	91
Table 74: Aeronautical CAPEX as proposed by The Authority for True up of Third Control Period.....	91

Table 75: RAB as proposed by the Authority for True up of the Third Control Period.....	91
Table 76: Statement of Proportionate Addition during the Third Control Period.....	91
Table 77: HRAB as submitted by MIAL for True up of the Third Control Period.....	92
Table 78: HRAB Computation by the Authority for the Second Control Period after the removal of the old Terminal 2	93
Table 79: HRAB as decided by the Authority during the tariff determination of the Third Control Period order ..	93
Table 80: HRAB Computation for the Second Control Period after the removal of the old Terminal 2 based on Revised Depreciation.....	93
Table 81: HRAB proposed by the Authority for the True up of the Third Control Period	93
Table 82: Depreciation on RAB and HRAB as submitted by MIAL for the true up of the Third Control Period...	94
Table 83: Depreciation on RAB and HRAB decided by the Authority during Tariff determination for the Third Control Period	94
Table 84: Aeronautical Depreciation as computed by the Authority on the assets identified in SCN for the Third Control Period	95
Table 85: Asset class-wise summary of Differential Depreciation between depreciation rates claimed by MIAL and in the Order No. 35.....	95
Table 86: Depreciation on RAB as proposed by the Authority for the True up of the Third Control Period as a part of the Tariff Determination exercise for the Fourth Control Period.....	95
Table 87: Depreciation on HRAB as proposed by the Authority for True up of the Third Control Period as part of the Tariff Determination exercise for the Fourth Control Period.....	96
Table 88: Computation of weighted average cost of debt for the Third Control Period – as submitted by MIAL..	97
Table 89: Computation of weighted average cost of debt if MIAL had continued with existing debt facility throughout the Third Control Period – as submitted by MIAL.....	98
Table 90: Computation of FRoR for the Third Control Period as submitted by MIAL.....	98
Table 91: Computation of FRoR for the true up of the Third Control Period as submitted by MIAL.....	99
Table 92: O&M expenses submitted by MIAL for the true up of the Third Control Period.....	101
Table 93: Comparison of Costs Centers being used by MIAL for segregation purposes	105
Table 94: Aeronautical allocation ratios of O&M expenses submitted by MIAL in the Third Control Period	105
Table 95: Aeronautical O&M expenses submitted by MIAL for the true-up of the Third Control Period.....	105
Table 96: Aeronautical Operating and Maintenance Expenditure decided by the Authority during the tariff determination of the Third Control Period	106
Table 97: Employee Count as submitted by MIAL for True up of the Third Control Period.....	107
Table 98 : Comparison of Employee Cost as submitted by MIAL for true-up and as approved by the Authority in the Third Control Period.....	108
Table 99: Average Employee Cost as submitted by MIAL.....	108
Table 100: Electricity Cost as submitted by MIAL for the True up of the Third Control Period	109
Table 101: Water Cost as submitted by MIAL for the True up of the Third Control Period.....	109

Table 102: Comparison of Utilities Expenses as submitted by MIAL for True up and as approved by the Authority for the Third Control Period	109
Table 103: Comparison of Repairs and Maintenance Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order	110
Table 104: Comparison of Rents, Rates and Taxes Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order	111
Table 105: Comparison between advertisement cost as submitted by MIAL for True up and as Approved in the Third Control Period Order	112
Table 106: Comparison between Administrative Expenses submitted by MIAL for True up and as approved by the Authority in the Third Control Period	112
Table 107: Administrative Expenses proposed by the Authority for True up of the Third Control Period	113
Table 108: Comparison of Airport Operator Fees as submitted by MIAL for true up and as approved in the Third Control Period	114
Table 109: Comparison of Insurance Expenses as submitted by MIAL for True up and as approved in the Third Control Period	114
Table 110: Comparison of Consumable Stores Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order	115
Table 111: Comparison of Operating Contract Expenses as submitted by MIAL for true up and as approved in the Third Control Period.....	116
Table 112: Working Capital Interest Requirement Computation by Authority for Analysis.....	117
Table 113: Working Capital Loan and Interest as submitted by MIAL for the Third Control Period True up.....	117
Table 114: Comparison between Financing Charges as submitted by MIAL for True up and as approved in the Third Control Period Order	118
Table 115: Breakup of Financing Charges as submitted by MIAL for True up of the Third Control Period.....	118
Table 116: Financing Charges as proposed by the Authority for the True up of the Third Control Period.....	119
Table 117: Comparison of Runway Recarpeting Cost as submitted by MIAL for True up and as approved in the Third Control Period Order	120
Table 118: Carrying Cost on Runway Recarpeting as submitted by MIAL.....	120
Table 119: Runway Recarpeting and Carrying Cost on Runway Recarpeting as proposed by the Authority for True up of the Third Control Period.....	120
Table 120: Carrying Cost on Runway Recarpeting computation by the Authority.....	120
Table 121: Cost Allocation from AAHL as submitted by MIAL.....	121
Table 122: Cost Allocation from AEL as submitted by MIAL	122
Table 123: Corporate Cost as submitted by MIAL for True up of the Third Control Period.....	122
Table 124: Corporate Cost as proposed by the Authority for the True up of the Third Control Period.....	123
Table 125: Other Expenses as submitted by MIAL for the True up of the Third Control Period.....	123
Table 126: Operating Expenses as proposed by the Authority for True up of the Third Control Period.....	124

Table 127: Segregation Logic proposed by the Authority for allocation of Operating and Maintenance expenses for the True up of the Third Control Period	124
Table 128: Aeronautical allocation of O&M expenses as proposed by the Authority for the Third Control Period	126
Table 129: Aeronautical Operating and Maintenance Expenditure proposed by the Authority for the True up of the Third Control Period.....	126
Table 130: Revenue from Revenue Share Assets as submitted by MIAL for the True up of the Third Control Period.....	127
Table 131: Computation of ‘S’ factor for True up of the Third Control Period as submitted by MIAL.....	128
Table 132: Non-aeronautical revenues as decided by the Authority in the Third Control Period Tariff Order	128
Table 133: Comparison of Retail Licenses NAR for True up of 3 rd CP between MIAL’s submission and Authority’s decision in the Third Control Period order.....	130
Table 134: Comparison of Rents and Services NAR for True up of 3 rd CP between MIAL’s submission and Authority’s decision in the Third Control Period order.....	131
Table 135: Comparison of Cargo NAR for True up of 3 rd CP between MIAL’s submission and Authority’s decision in the Third Control Period order.....	132
Table 136: Total Non-Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period	133
Table 137: Total Non-Aeronautical Revenue proposed by the Authority for the True up of the Third Control Period.....	133
Table 138: Non-Aeronautical Revenue as proposed by the Authority for the True up of the Third Control Period	134
Table 139: Computation of Aeronautical Tax for the True up of the Third Control Period as submitted by MIAL	135
Table 140: Income Tax Re-imburement considered by the Authority during the tariff determination of the Third Control Period	135
Table 141: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Third Control Period	136
Table 142: Computation of the ‘T’ element for the True up of the Third Control Period as proposed by the Authority	136
Table 143: Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period	137
Table 144: Aeronautical Revenue as approved by the Authority during the Tariff determination of the Third Control Period Tariff Order.....	137
Table 145: Comparison between Aeronautical Revenue as submitted by MIAL for true up and as approved in the Third Control Period.....	138
Table 146: Aeronautical Revenue as proposed by the Authority for the true up of the Third Control Period.....	138
Table 147: Computation of Target Revenue for the true up of the Third Control Period as submitted by MIAL	139
Table 148: Target Revenue as decided by the Authority in the Tariff Order of the Third Control Period	139

Table 149: Change in Return on RAB for the Third Control Period as proposed by the Authority	140
Table 150: Computation of Target Revenue for the True up of the Third Control Period as proposed by the Authority	141
Table 151: Historical Traffic at Mumbai Airport as submitted by MIAL.....	145
Table 152: Projected Traffic for the Fourth Control Period as submitted by MIAL.....	146
Table 153: Details of Passengers and ATMs for the First, Second and Third Control Periods along with CAGR	146
Table 154: Passenger/ATM Traffic as proposed by the Authority for the Fourth Control Period.....	149
Table 155: Summary of Capital Expenditure projects submitted by MIAL for CSMIA for the Fourth Control Period.....	160
Table 156: Project wise CAPEX as submitted by MIAL for CSMIA for the Fourth Control Period.....	161
Table 157: Summary of Projects proposed by MIAL for Airside Improvement Works (A):	164
Table 158: Cost proposed by the Authority towards Recarpeting of RWY 09-27.....	166
Table 159: Cost proposed by the Authority towards Taxiway West to RWY 14-32	170
Table 160: Cost proposed by the Authority towards Construction of Additional Aircraft Parking Stand (V1+ V2)	171
Table 161: Cost proposed by the Authority for Reconstruction of Apron C (Tier1) and Taxiway W6.....	173
Table 162: Cost proposed by the Authority for Construction of Additional stands on southern side of RWY 09-27	175
Table 163: Cost proposed by the Authority for Reconstruction of Perimeter Road.....	176
Table 164: Cost proposed by the Authority for Reconstruction of Airside Drain.....	179
Table 165: Cost proposed by the Authority for Aircraft Maintenance Hangar	181
Table 166: Airside improvement works less than Rs. 50 Crores not proposed to be considered as part of CAPEX by the Authority.....	183
Table 167: Airside improvement works less than Rs. 50 Crores partly proposed to be considered as part of CAPEX by the Authority.....	183
Table 168: Airside improvement works less than Rs. 50 Crores proposed to be considered as part of CAPEX by the Authority, subject to certain adjustments in cost.....	184
Table 169: Inflation-adjusted normative rate considered for Apron and taxiway	188
Table 170: Cost proposed by the Authority for Airside Improvement Works	188
Table 171: Cost proposed by MIAL for Passenger Terminal & Associated works	190
Table 172: Area of Terminal 1 Building as submitted by MIAL and as proposed by the Authority	198
Table 173: Details of Inflation-adjusted Normative rates derived by the Authority for Passenger Terminal Building.....	199
Table 174: Cost proposed by the Authority for Reconstruction of Terminal T1:	200
Table 175: Cost proposed by the Authority for Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3) and Terminal 2 Expansion Project.....	203

Table 176: Cost proposed by the Authority for E-6 Crew Terminal	203
Table 177: Cost proposed by the Authority for Passenger Terminal & Associated works	205
Table 178: Cost Proposed by MIAL for Kerbside Improvement Works	205
Table 179: Cost proposed by the Authority for External Landscape & Horticulture with irrigation system including new trees, transplanted of trees and removal of trees.....	209
Table 180: Cost proposed by the Authority for At-Grade Road widening for International Airport Road	210
Table 181: Cost proposed by the Authority for Kerbside Improvement Works:	211
Table 182: Cost proposed by MIAL for External Connectivity Improvement Works	211
Table 183: Cost proposed by the Authority for External Connectivity Improvements	214
Table 184: Cost proposed by MIAL for Ancillary Building Development Works	214
Table 185: Area proposed by the Authority for Airport Management Corporate Office Building	217
Table 186: Cost proposed by the Authority for Construction of Airport Management Corporate Office Building	218
Table 187: Cost proposed by the Authority for Ancillary Building Development Works.....	222
Table 188: Cost proposed by the Authority for Refurbishment of Washrooms at Terminal 2	227
Table 189: Category wise operational capex proposed by MIAL for the Fourth Control Period for projects costing less than Rs. 50 Crores	230
Table 190: Operational Capex proposed by MIAL for the Fourth Control Period (for projects costing less than Rs. 50 crores).....	230
Table 191: Authority's evaluation of certain projects proposed under the category "Safety"	246
Table 192: Capital Expenditure proposed by the Authority for operational capex under category "Safety"	248
Table 193: Authority's evaluation of certain projects proposed under the category "Information Technology" ..	248
Table 194: Capital Expenditure proposed by the Authority for operational capex under category "Information Technology"	249
Table 195: Capital Expenditure proposed by the Authority for operational capex under category "E&M"	249
Table 196: Capital Expenditure proposed by the Authority for operational capex under category "BHS, Airside operations and Terminal operations"	249
Table 197: Capital Expenditure proposed by the Authority for operational capex under Rs. 50 Crores	250
Table 198: Cost proposed by the Authority for Operational Capex	250
Table 199: Cost proposed by MIAL towards indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and interest during construction.....	251
Table 200: Projects for which the Authority proposes not to consider indexation.....	251
Table 201: Capital Expenditure proposed by the Authority for the Fourth Control Period	253
Table 202: Capital Expenditure proposed by the Authority on an incurrence basis, subject to cost efficiency and reasonableness, for the Fourth Control Period:	258
Table 203: GST Input Tax Credit proposed by the Authority for the Fourth Control Period:	259

Table 204: Capital Expenditure proposed by the Authority for the Fourth Control Period after adjusting GST Input Tax Credit:	260
Table 205: Asset category-wise total Capital Expenditure Cash Flow Phasing proposed by the Authority for the Fourth Control Period.....	260
Table 206: Broad basis for Asset Allocation ratios considered by MIAL for the Fourth Control Period.....	261
Table 207: Changes to asset allocation proposed by the Authority.....	261
Table 208: Aeronautical capital expenditure proposed by the Authority for the Fourth Control Period	263
Table 209: Depreciation submitted by MIAL for CSMIA for the Fourth Control Period	266
Table 210: Comparison of technical useful life assessment by the valuer vis-a-vis that as per Order 35/2017-18	267
Table 211: Aeronautical Depreciation as computed by the Authority for the Fourth Control Period on the assets identified in the SCN.....	268
Table 212: Depreciation proposed by the Authority for the Fourth Control Period.....	268
Table 213: HRAB for the Fourth Control Period as submitted by MIAL.....	270
Table 214: Terminal area and Airside proportion in HRAB pre-demolition of T2.....	271
Table 215: Computation of Closing HRAB as proposed by the Authority on account of the Terminal 1 demolition	271
Table 216: HRAB as proposed by the Authority for the Fourth Control Period.....	272
Table 217: RAB submitted by MIAL for CSMIA for the Fourth Control Period.....	272
Table 218: RAB proposed to be considered by the Authority for the Fourth Control Period.....	273
Table 219: RAB and HRAB proposed to be considered by the Authority for the Fourth Control Period	273
Table 220: Risk Factor as computed by MIAL	274
Table 221: Cost of Equity for different gearing ratios as determined by MIAL.....	274
Table 222: External Commercial Borrowing and cost of its debt for the Fourth Control Period.....	275
Table 223: Intercompany loan and cost of its debt for the Fourth Control Period	275
Table 224: MIAL's Calculation of Weighted Average Cost of Debt for the Fourth Control Period	275
Table 225: Computation of weighted average cost of debt by MIAL if it had continued with existing debt facility throughout the Third Control Period	275
Table 226: FRoR as submitted by MIAL	276
Table 227: Authority's proposal for FRoR for the Fourth Control Period	277
Table 228: CPI index used for Control Periods.....	279
Table 229: Inflation rates proposed by the Authority for the Fourth Control Period.....	279
Table 230: Terminal Area Details	280
Table 231: Area to be used for Cost Computation	280
Table 232: Total Operating and Maintenance (O&M) expenditure submitted by MIAL for the Fourth Control Period.....	280

Table 233: MIAL’s estimation, rationale and growth on Operating Expenses for the Fourth Control Period	281
Table 234: Aeronautical O&M expenses submitted by MIAL for the Fourth Control Period.....	282
Table 235: Comparison of Actual CAGR for the Second & the Third Control Periods vis-à-vis estimated CAGR for the Fourth Control Period	284
Table 236: Employee Count for the Fourth Control Period as submitted by MIAL	285
Table 237: Employee Expenses as submitted by MIAL for the Fourth Control Period.....	286
Table 238: Employee Expenses proposed by the Authority for the Fourth Control Period.....	286
Table 239: Electricity expenses as submitted by MIAL for the Fourth Control Period	287
Table 240: Comparison of per unit electricity rate between Adani Electricity and Tata Power	287
Table 241: Electricity Cost as proposed by the Authority for the Fourth Control Period.....	288
Table 242: Water expenses as submitted by MIAL for the Fourth Control Period.....	288
Table 243: Water Charges proposed by the Authority for the Fourth Control Period	289
Table 244: Repairs & Maintenance Expenses as submitted by MIAL for the Fourth Control Period	289
Table 245: Repairs & Maintenance Expenses proposed by the Authority for the Fourth Control Period	290
Table 246: Repairs & Maintenance Expenses comparison with the standard method vs proposed by the Authority for the Fourth Control Period	290
Table 247: Rents, Rates & Taxes as submitted by MIAL for the Fourth Control Period	291
Table 248: Rents, Rates & Taxes proposed by the Authority for the Fourth Control Period.....	292
Table 249: Operating Contract Expenses as submitted by MIAL for the Fourth Control Period	292
Table 250: Operating Contract Expenses proposed by the Authority for the Fourth Control Period	293
Table 251: Administrative Expenses as submitted by MIAL for the Fourth Control Period.....	293
Table 252: Administrative Expenses as proposed by the Authority for the Fourth Control Period.....	294
Table 253: Advertisement Expenses as submitted by MIAL for the Fourth Control Period	294
Table 254: Advertisement Expenses proposed by the Authority for the Fourth Control Period.....	295
Table 255: Consumable Stores Expenses as submitted by MIAL for the Fourth Control Period.....	295
Table 256: Consumable Stores Expenses proposed by the Authority for the Fourth Control Period	295
Table 257: Insurance Expenses submitted by MIAL for the Fourth Control Period.....	295
Table 258: Insurance Expenses proposed by the Authority for the Fourth Control Period.....	296
Table 259: Total Working Capital Interest as submitted by MIAL for the Fourth Control Period.....	296
Table 260: Working Capital Interest proposed by the Authority for the Fourth Control Period	297
Table 261: Financing Charges as submitted by MIAL for the Fourth Control Period.....	298
Table 262: ECB Loan Details.....	299
Table 263: Amortization Schedule for transaction Cost of USD of 14.06 Mn (Rs. 107.52 Crs) based on EIR method.....	299
Table 264: Upfront Fees of 1.50% on Future Debts (Drawdown for Capex Projected)	299

Table 265: Financing Charges as proposed by the Authority for the Fourth Control Period.....	300
Table 266: Runway Recarpeting Cost as submitted by MIAL for the Fourth Control Period.....	300
Table 267: Runway Recarpeting Cost proposed by the Authority for the Fourth Control Period	300
Table 268: Carrying Cost on Runway Recarpeting as submitted by MIAL for the Fourth Control Period.....	301
Table 269: Carrying Cost on Runway Recarpeting proposed by the Authority for the Fourth Control Period	301
Table 270: Corporate Cost as submitted by MIAL for the Fourth Control Period.....	301
Table 271: Corporate Cost proposed by the Authority for the Fourth Control Period.....	302
Table 272: Digitalization Costs submitted by MIAL for the Fourth Control Period	303
Table 273: Digitalization Costs as proposed by the Authority for the Fourth Control Period	305
Table 274: Other Expenses proposed by the Authority for the Fourth Control Period	306
Table 275: Operating and Maintenance Expenditure computed by the Authority for the Fourth Control Period ..	306
Table 276: Employee Cost - Aeronautical Allocation as proposed by the Authority	307
Table 277: Digitalization Costs submitted by MIAL	308
Table 278: Digitalization Cost Allocation – Multi Criteria Decision Analysis Approach – Score card based on functionalities available in Adani One App	309
Table 279: Digitalization Cost Allocation – Reasoning for the Scores provided under the Multi Criteria Decision Analysis Approach	309
Table 280: Digitalization Cost Aeronautical Allocation as proposed by the Authority	310
Table 281: Allocation of Digitalization Costs as computed by the Authority.....	311
Table 282: Rationale behind Aeronautical % of Operating Expenses.....	311
Table 283: Aeronautical Portion of Total Operating and Maintenance Expenditure proposed by the Authority for the Fourth Control Period.....	312
Table 284: Terminal Area Details	314
Table 285: Passenger Traffic Projected for the Fourth Control Period	314
Table 286: Retail licenses revenue -Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP.....	315
Table 287: Rent & Services Revenue - Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP.....	315
Table 288: Retail licenses revenue - Cargo – Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP	316
Table 289: Non-Aeronautical Revenue/ Revenue Share Assets projections submitted by MIAL for the Fourth Control Period	316
Table 290: ‘S’-Factor projections submitted by MIAL for the Fourth Control Period	317
Table 291: Growth rates assumed by MIAL for Non-Aeronautical Revenue.....	317
Table 292: CAGR for all the Four Control Periods as submitted by MIAL in the MYTP of the Fourth Control Period.....	319

Table 293: Retail Licenses Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period	319
Table 294: Rent & Services Revenue -Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period	320
Table 295: Cargo Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period	321
Table 296: Growth rates considered by the Authority for the Non-Aeronautical Revenue	322
Table 297: Non-Aeronautical Revenues as proposed by the Authority for the Fourth Control Period.....	324
Table 298: ‘S’-Factor as proposed by the Authority for the Fourth Control Period	325
Table 299: Aeronautical Taxation as submitted by MIAL for the Fourth Control Period	327
Table 300: Interest Expenses as proposed by the Authority for the Fourth Control Period.....	328
Table 301: Aeronautical Taxation as proposed by the Authority for the Fourth Control Period	328
Table 302: ASQ Rating achieved by MIAL from CY 2019-2024	331
Table 303: Target Revenue submitted by MIAL for the Fourth Control Period.....	333
Table 304: Change in Return on RAB for the Fourth Control Period as proposed by the Authority based on the SCN	334
Table 305: Summary of Impact on Depreciation and Return on RAB based on the request of Authorized Investigation Agency.....	335
Table 306: Target Revenue as proposed by the Authority for the Fourth Control Period	335
Table 307: List of the Assets identified in the SCN in the Second Control Period.....	342
Table 308: List of the Assets identified in the SCN in the Third Control Period.....	348

LIST OF FIGURES

Figure 1 – Ownership Structure	27
Figure 2 - SBI – 1 Year MCLR ranging from March 2019 to September 2024.....	100
Figure 3 – Repair and Maintenance Expenses – Comparison what was done in the Third Control Period Order to how it should have been done	111
Figure 4 – Existing CSMIA Land Use Plan	154
Figure 5 – Proposed CSMIA Land Use Plan.....	154
Figure 6 – MIAL’s response letter to MoCA (1/3)	157
Figure 7 – MIAL’s response letter to MoCA (2/3)	158
Figure 8 – MIAL’s response letter to MoCA (3/3)	158
Figure 9 – Proposed location of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 (labeled 1-1).....	167
Figure 10 – Closer view of the land required for construction of Taxiway M extension (East Side) including Taxiway bridge over Mithi river (labeled 1-2).....	168
Figure 11 – Proposed location of Taxiway West to RWY 14-32 (labeled 1-10)	169
Figure 12 – Apron C (Tier1) and Taxiway W6 (labeled 1-8).....	172
Figure 13 – Proposed location of Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 (labeled 1-19).....	174
Figure 14 – Location and alignment of Airside Tunnel	177
Figure 15 – Location of Aircraft Maintenance Hangar (labeled 1-28).....	180
Figure 16 – Overview of the existing T1.....	191
Figure 17 – Indicative layout of proposed T1 building	193
Figure 18 – Indicative floor plan at Arrival Level.....	193
Figure 19 - BMA Area of existing T1-B Building	194
Figure 20 – BMA Area and AHU Room of existing T1-B Building	194
Figure 21 – Terrace and Mezzanine Floor of existing T1-B Building	194
Figure 22 –First Floor and Canteen of existing T1-B Building.....	195
Figure 23 – Demolished T1-B in 2019-20 as per Struckwel Report	195
Figure 24 – T1 B – Check-in area	195
Figure 25 – T1 A – Departure Area (First Floor)	196
Figure 26 – T1 A – Arrival Area (Ground Floor).....	196
Figure 27 – T1 A – Arrival (GF), AHU (Terrace).....	196
Figure 28 – Proposed expansion of T2.....	201
Figure 29 – Indicative Plan of T2 NW Pier & Crew Terminal with Level 1 (2,160 sqm), Level 2 (2,160 sqm) and Level 3 (2,160 sqm).....	202
Figure 30 – Indicative Plan of Expansion of T2.....	202
Figure 31 –Proposed location GA Terminal (labeled 2-1).....	204

Figure 32 –Location access roads to T1 (labeled 4-1).....	206
Figure 33 – Proposed location of at-grade road development over existing nallah in front of T2 MLCP (labeled 4-3).....	207
Figure 34 –Proposal for external landscape and horticulture with irrigation system including new trees, transplantation of trees and removal of trees	208
Figure 35 –Location of at-grade International Airport Road (labeled 4-4)	209
Figure 36: Proposed Overpass (labeled 5-1)	212
Figure 37: Proposed Underpass (labeled 5-2)	213
Figure 38: Another view of proposed overpass and underpass	213
Figure 39: Details of Airport Management Corporate Office Building as submitted by MIAL	215
Figure 40: Planned location of Airport Management Corporate Office building (labeled 3-1)	216
Figure 41: 5-year Corporate Bond Spread – Data Source: FIMMDA.....	277
Figure 42: Trendline depicting growth in major cost heads in the last 15 years	284
Figure 43: MIAL’s estimation vis-à-vis actual incurrence of cost for the Third Control Period	284
Figure 44: Digitalization App – Overview of the Services Offered.....	303
Figure 45: Category wise NAR for the 1 st CP, 2 nd CP and 3 rd CP	318
Figure 46: Comparison of Projected and Actual Non-Aeronautical Revenue.....	318
Figure 47: Category wise Non-Aeronautical Revenue for the Fourth Control Period	319
Figure 48: ASQ Rating achieved at CSMIA in the last few years as submitted by MIAL	330

1. BACKGROUND

1.1 INTRODUCTION

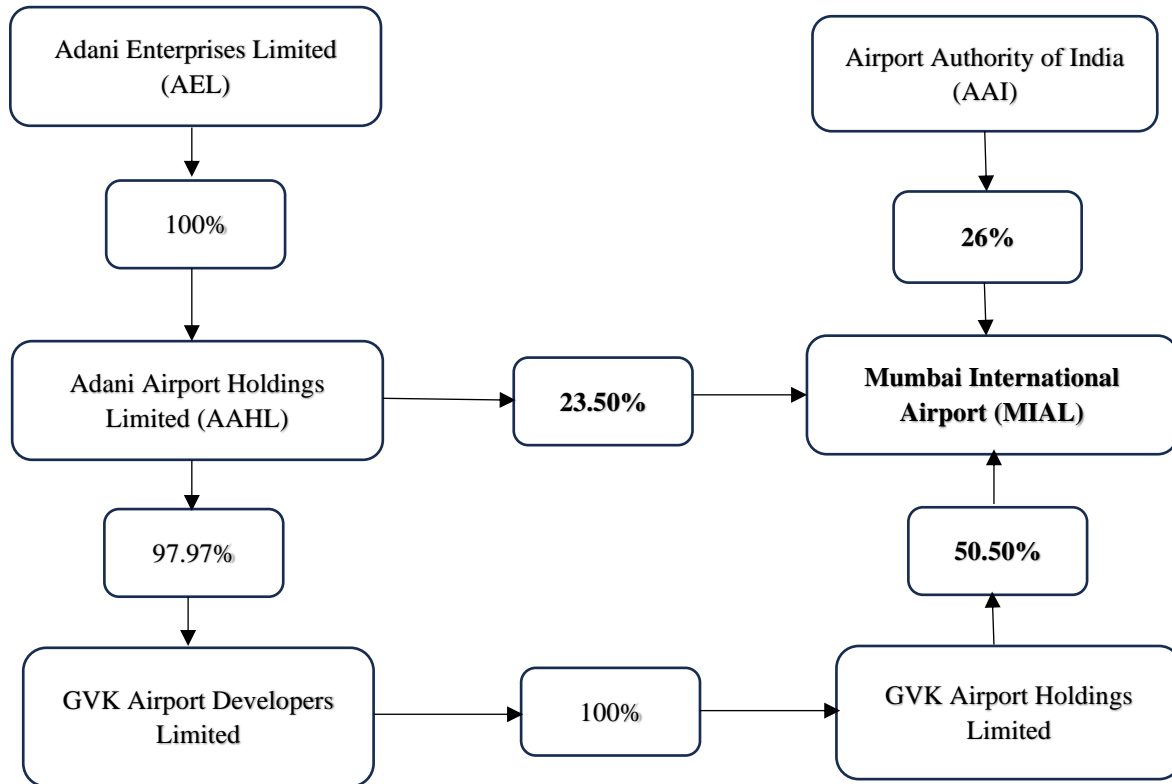
- 1.1.1 Mumbai International Airport was incorporated as a special purpose vehicle on 2nd March 2006 with AAI retaining 26% stake in it. A consortium led by the GVK Group was awarded the contract for operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji Maharaj International Airport (CSMIA) at Mumbai with 74% equity stake holding being acquired by members of the consortia.
- 1.1.2 The GVK consortia comprised of GVK Airport Holding Pvt Ltd, ACSA Global Limited and Bid Services Division (Mauritius) Ltd. On 4th April 2006, MIAL signed the Operation, Management and Development Agreement (OMDA) with AAI, whereby AAI granted to MIAL the exclusive right and authority during the term to undertake the functions of operations, maintenance and development of the CSMIA and to perform services and activities constituting aeronautical services and non-aeronautical services excluding reserved activities, defined in OMDA. MIAL took over the operations of CSMIA on 3rd May 2006. The OMDA has a term of 30 years, wherein MIAL has been granted the right to extend the agreement for a further period of 30 years, subject to its satisfactory performance under various provisions governing the arrangement between MIAL and AAI.
- 1.1.3 In addition to the OMDA, MIAL also entered into State Support Agreement (SSA) dated 26th April 2006 with the Government of India acting through the Ministry of Civil Aviation (MoCA) and MIAL, which outlined the support from the GoI. Besides the OMDA and the SSA, MIAL also entered into Shareholder Agreement, CNS-ATM Agreement, Airport Operator Agreement, State Government Support Agreement, Lease Deed, Substitution Agreement and the Escrow Agreement. MIAL took over operations at CSMIA on 3rd May 2006.
- 1.1.4 Adani Airport Holdings Limited (AAHL), a wholly owned subsidiary of Adani Enterprises Limited (AEL), took over the management control of MIAL from GVK Group on 13th July 2021. The current shareholding pattern and ownership structure of MIAL is given below:

Table 1: Shareholding pattern of MIAL

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

* Refer ownership structure in Figure 1

Figure 1 – Ownership Structure



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

1.2 PROFILE OF CHHATRAPATI SHIVAJI MAHARAJ INTERNATIONAL AIRPORT (CSMIA)

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

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

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

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

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

Particulars	Details
Total Airport Land Area	1,951.84 Acres

Particulars	Details
Terminal Building Area	Terminal 1 – 1,03,131 sqm Terminal 2 – 4,48,432 sqm GA Terminal – 890 sqm
Designated Passenger Handling Capacity	T1 – 15 MPPA T2 – 40 MPPA
Peak Hour Passenger (two-way)	T1 – 4,403 T2 – 9,910
Runway Orientation & Length – 09/27	3,448 x 60m
Runway Orientation & Length – 14/32	2,871 x 45m
Taxiway	49 Nos.
No. of Apron Bays	131 Nos.
Boarding Gates/Aero Bridges	51 Nos.
Check-in Counters	205 Nos.
Emigration / Immigration Counters	Emigration 80 Nos. Immigration- 60 Nos.
Custom Counters	3 Nos.
Departure Conveyor	22 Nos.
Arrival Conveyor	19 Nos.
Security Gates	51 Nos.

1.3 FUEL FARM SERVICES AND INTO PLANE SERVICES

Fuel farm services

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

The Integrated Facility mainly consists of:

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

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

Into plane services

1.3.2 There are two concessionaires handling the Into Plane Services in MIAL, namely, Bharat Stars Services Private Limited (BSSPL) and Indian Oil Skytanking Private Limited (IOSPL), both involved in

implementing in “Open Access” model in Fuel Farm Operations and Single Man Refueling India. The revenue earned from the Into Plane Services for FY 24 is Rs 3.02 crores.

- 1.3.3 Both these concessionaires are in the business of handling Jet Fuel for Airlines on behalf of the suppliers and have started providing Into Plane Services from FY 2015 onwards at CSMIA.
- 1.3.4 The Into Plane Revenues, as submitted by MIAL, have been incorporated into the Target Revenue computation of MIAL as a component of Aeronautical Revenues.

1.4 TARIFF SETTING PRINCIPLES

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

- (i) To determine the tariff for aeronautical services taking into consideration:
- a) The capital expenditure incurred and timely investment in improvement of airport facilities.
 - b) The service provided, its quality and other relevant factors.
 - c) The cost for improving efficiency.
 - d) Economic and viable operation of Major Airports.
 - e) Revenue received from services other than the Aeronautical services.
 - f) The concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and
 - g) Any other factor which may be relevant for the purpose of the Act.
- Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified in sub-clauses (i) to (vii).
- (ii) To determine the amount of the development fees in respect of Major Airports.
- (iii) To determine the amount of the passengers’ service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
- (iv) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.
- (v) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and
- (vi) To perform such other functions relating to the tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act, 2008.

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

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

(iii) Air Navigation Services.

1.4.3 AAI shall be handling the Air Navigation Systems (ANS) at MIAL. Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses, and revenues from ANS.

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

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

“12.1 Tariff

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

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

12.4 Passenger Service Fees

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

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

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

1.4.7 The Authority has been following the framework after analyzing the provisions of SSA as well as other relevant documents viz. OMDA etc. The Authority examined the covenants of SSA and OMDA in respect of MIAL for its implications on principles and mechanics of tariff fixation and has accordingly considered these provisions while determining the aeronautical tariff in respect of CSMIA. The Authority’s examination of these covenants has been detailed in its Order No. 32/2012-13 dated 15th January 2013 and Order No.

13/2016-17 dated 23rd September 2016 in the matter of Determination of Aeronautical Tariff in respect of CSMI Airport for the First and the Second Control Periods respectively.

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

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

where,

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

$$RB_i = RB_{i-1} - D_i + I_i$$

where,

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

- the Book Value of the Aeronautical Assets in the books of MIAL and

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

1.5 AUTHORITY'S ORDERS APPLIED IN THE TARIFF PROPOSALS IN THIS CONSULTATION PAPER (CP)

- 1.5.1 Normative approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.
- (i) The Authority issued Order No. 07/2016-17 dated 06th June 2016, in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.
 - (ii) Normative Approach Order is applicable to CSMIA as it is a major airport and will be appropriately applied by the Authority in tariff determination process.
- 1.5.2 Determination of useful life of airport assets
- (i) The Authority issued Order No. 35/2017-18 dated 12th January 2018 and Amendment No.1 to Order No.35/2017-18 dated 9th April 2018, in the matter of determination of useful life of airport assets.
 - (ii) The Authority proposes to consider Order No. 35/2017-18 along with amendment in its determination of aeronautical tariff in respect of CSMIA.

1.6 SEQUENCE OF SIGNIFICANT PAST EVENTS IN THE TARIFF DETERMINATION PROCESS

- 1.6.1 Pursuant to the AERA Act, 2008, the Authority issued guidelines for determining aeronautical tariffs at major airports. MIAL submitted Multi-Year Tariff Proposals (MYTP) for the control periods, based on which the Authority determined the aeronautical tariffs as detailed below:
- (i) For the First Control Period (1st April 2009 – 31st March 2014), the Authority determined the aeronautical tariff vide Order No. 32/2012-13 dated 15th January 2013. The Authority determined the X-factor for the First Control Period at -154.89% on the aeronautical tariff.
 - a) The Tariff Order No. 32/2012-13 was challenged by MIAL before the Hon'ble TDSAT tribunal in the AERA Appeal No. 4 of 2013 and the same was decided by the Tribunal.
 - b) The order passed by the Tribunal was further challenged before the Hon'ble Supreme Court of India in Civil Appeal No. 5401 of 2019 under Section 31 of the AERA Act in respect to the Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai. The appeal was decided by the Hon'ble Supreme Court on the 11th of July 2022.
 - (ii) For the Second Control Period (1st April 2014 – 31st March 2019), the Authority issued multiple interim orders extending the First Control Period tariffs. The aeronautical tariff was finalized vide Order No. 13/2016-17 dated 23rd September 2016, effective from 1st November 2016. The Authority determined the X-factor for the Second Control Period at +9.65% on the aeronautical tariff.
 - a) The Tariff Order No. 13/2016-17 was challenged by MIAL before the Hon'ble TDSAT tribunal in the AERA Appeal No. 9 of 2016 and the same was decided by the Tribunal and the outcome was pronounced on the 6th of October 2023.

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

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

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

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

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

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

Table 4: Tariff Orders issued by the Authority for MIAL

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

1.7 HON'BLE SUPREME COURT DIRECTIONS REGARDING THE DECISIONS TAKEN BY THE AUTHORITY FOR THE FIRST CONTROL PERIOD

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

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

1.7.3 As per the decision of the Hon'ble Supreme Court Order, the corporate taxes on earnings pertaining to Aeronautical services has to be computed solely on regulatory accounts prepared by the Authority for the Target Revenue. Article 3.1.1 of the SSA mandates that Annual Fee paid/payable to AAI shall not be

considered as a cost in relation to provision of Aeronautical Services. Thus, Annual Fee payable by MIAL shall not be treated as an expense while calculating the corporate taxes on earnings pertaining to aeronautical services.

1.8 HON'BLE TDSAT DIRECTIONS REGARDING THE DECISIONS TAKEN BY THE AUTHORITY FOR THE SECOND AND THE THIRD CONTROL PERIOD

1.8.1 MIAL filed Appeal No. 9/2016 and 2/2021, against the Tariff Orders issued by the Authority for the Second and the Third Control Period, respectively. The Hon'ble TDSAT vide its judgement dated 6th October 2023 has disposed these Appeals. Additionally, the Hon'ble TDSAT also vide its order dated 21st July 2023 has disposed of the Appeals filed by DIAL against the Tariff Orders issued by the Authority for the Second and the Third Control Periods. Further, the Hon'ble TDSAT vide its order dated 14th February 2024 has disposed of the Appeals filed by GHIAL against the Tariff Order issued by the Authority for the Third Control Period. In all these judgements, certain issues have been decided in favor of the Airport Operators and certain issues have been decided in favor of the Authority. The decisions of the Hon'ble TDSAT decided in favor of the Airport Operators (MIAL, DIAL and GHIAL) have been factored by MIAL in the Multi Year Tariff Proposal (MYTP) submission for the Fourth Control Period.

1.9 MULTI YEAR TARIFF PROPOSAL SUBMISSIONS BY MIAL FOR THE FOURTH CONTROL PERIOD

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

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

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

1.9.4 The Authority has carefully examined the issue of implementation of the above-mentioned orders of the Hon'ble TDSAT. The Authority has utmost regards for the directions of the Appellate Authority. However, the Authority has challenged these orders in Hon'ble Supreme Court under section 31 of AERA Act, 2008, and Hon'ble Supreme Court is presently hearing the matter. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matter. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT order without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected

considering MIAL's submissions on the basis of Hon'ble TDSAT judgments for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as MIAL will start recovery of increased tariff from the Airport users. If at a later stage, the Civil Appeals filed by the Authority are upheld or decided in its favor, then it will not be possible to refund the excess charges collected from the Airport users during this period on account of the increase in tariff. Due to all these factors, MIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering MIAL submissions of giving effects to Hon'ble TDSAT judgements without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, public interest would be better served if Authority takes the decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

- 1.9.5 Considering the above and in public interest, the Authority proposes to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision regarding the issues raised by the Authority in the Civil Appeal will be taken once the matter attains finality in the proceedings before the Hon'ble Supreme Court.
- 1.9.6 The Authority, as mentioned in para 1.7.3, proposes to implement the Hon'ble Supreme Court judgment dated 11th July 2022 with regard to corporate taxes on earnings pertaining to Aeronautical services and compute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense while computing the Aeronautical Taxes as per the directions contained in the said judgement of the Hon'ble Supreme Court.
- 1.9.7 The Authority has appointed an Independent Consultant, M/s PKF Sridhar & Santhanam LLP, to assess the MYTP submitted by MIAL for CSMIA for the Fourth Control Period. The independent consultant assisted the Authority in verifying the data from various supporting documents submitted by MIAL such as audited financial statements, Fixed Assets Register (FAR), construction contracts, expense register and submissions made on the basis of various judgements of Hon'ble TDSAT and Hon'ble Supreme Court. The independent consultant also assisted the Authority in ensuring that the treatment provided to various Regulatory Building Blocks is consistent with the Authority's methodology and approach.
- 1.9.8 The Authority, through its Independent Consultant, has examined the MYTP submitted by MIAL, including obtaining clarifications on the information shared by MIAL from time to time, to review the appropriateness of the classification of assets, the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure and other building blocks, for finalizing this Consultation Paper.
- 1.9.9 MIAL has sought a TR of Rs. 38,724.19 crores (translating to an of NPV of Rs. 32,156.61 crores) for 5 years and one time increase of 675.72% for determination of aeronautical tariffs in the first year with an annual inflationary adjustment at the CPI (as per OMDA) inflation rate of 4.50% for each subsequent year.
- 1.9.10 The timelines of various submissions made by MIAL with regards to the Multi Year Tariff Proposal are as below:

Table 5: Timeline of Various Submissions made by MIAL

S. No	Activity	Date
1	MYTP Submission	6 th June 2024
2	Introductory Meeting with MIAL	14 th June 2024
3	Initial Set of Queries Sent to MIAL	2 nd July 2024
4	Online Discussion presentation by MIAL Team on Capex	10 th July 2024

S. No	Activity	Date
5	Submission of Audited General Purpose Financial Statements by MIAL	22 nd July 2024
6	Discussion Operating Expenses data related queries and additional data requirement (In person)	26 th July 2024
7	Discussion Capital Expenditure data related queries and Capital Expenditure of the Fourth Control Period plan discussion (In Person)	8 th Aug 2024
8	Discussion on pending information and Operating Expenses related queries with MIAL (Virtual meeting)	24 th Aug 2024
9	Clarifications with respect to Capital Expenditure	28 th Aug 2024
10	Site visit for Capital Expenditure inspection	30 th Aug 2024 and 31 st Aug 2024
11	Clarification relating to Capital Expenses	10 th Sep 2024
12	Clarifications related to Operating Expenses	19 th Sep 2024
13	Clarifications relating to Operating Expenses and Non-Aeronautical Revenues	15 th Oct 2024
14	Clarifications relating to Legal Expenses	28 th Oct 2024
15	Clarification relating to Related Party Transactions	30 th Oct 2024
16	Discussion on Digitalization App (Virtual meeting)	5 th Nov 2024
17	Clarifications related to Operating Expenses	12 th Nov 2024
18	NATS Study Report	18 th Jan 2025
19	GST ITC Details	3 rd Feb 2025

1.9.11 After reviewing the various submissions made by MIAL along with MYTP, the Authority is releasing this Consultation Paper to initiate the Stakeholder Consultation as part of the tariff determination process.

RELATED PARTY TRANSACTIONS

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

Table 6: Related Parties of MIAL from July 2021 (managed by Adani Group)

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

S. No.	Nature of Services	Name of Related Party	Description of Relationship
15	Aero Sales	Karnavati Aviation Private Limited	Entities Controlled by Directors
16	Training Related Services	Adani Institute for Education and Research	Entities Controlled by Directors

Table 7: Related Parties of MIAL from April 2019 to July 2021 (managed by GVK Group)

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

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

- (i) Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee of the Board of MIAL whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve Related Party Transactions.
- (ii) Further, if the Audit Committee of the Board of MIAL determines that a Related Party Transaction should be brought before the Board, or where Audit Committee does not approve of the transaction, it shall make its recommendation to the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction.

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

“Contracts, Leases and Licenses

i. Sub-Contracting, Sub-Leasing and Licensing

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

- b. *AAI hereby recognizes the right of JVC to sub-lease and license any part (but not whole) of the Airport Site to third parties for the purpose of performance of its obligations hereunder.*
- c. *Before entering into contracts or granting any sub-lease or license, the JVC will:*
- d. *Without prejudice to the foregoing, every contract entered into by the JVC shall be on an arms-length basis (and comply with contracting procedures set forth in Schedule 12), and shall contain an express provision allowing the transfer of the rights and obligations of the JVC under such contract to the AAI in the event of termination or expiry hereof. Every contract (including any sub-lease or license arrangement) entered into by the JVC shall contain an express provision recognizing the right of the AAI to acquire the Transfer Assets and the Non-Transfer Assets (including reversion of underlying land) in the manner provided herein, and contain an undertaking by the counter-party (ies), licensee/ sub-lessees, or owners of the relevant asset, as the case may be to transfer the relevant Transfer Asset and/ or the Non-Transfer Asset (including the reversion of the underlying land), as the case may be, upon the exercise of such right by AAI. JVC shall further procure that any contracts entered into by any counter-party (ies), licensees/ sub-lessees, as the case may be and relating to any Transfer Asset and/ or the Non-Transfer Asset shall also recognize the right of the AAI to acquire the Transfer Assets and the Non-Transfer Assets in the manner provided herein, and contain an undertaking by the counter-party (ies), sub-licensee, sub-sub-lessees, as the case may be to transfer the relevant Transfer Asset and/ or the Non-Transfer Asset, as the case may be, upon the exercise of such right by AAI.*
- e. *JVC shall ensure that any sub-contract, license or sub-lease granted in relation to the Airport expires on the thirtieth (30th) anniversary of Effective Date. JVC shall further procure that any contracts entered into by any counter-party (ies), licensees/ sub-lessees, as the case may be and relating to the Airport shall also expire on the thirtieth (30th) anniversary of Effective Date.*
- f. *The JVC shall prior to entering into or modifying any contract with a Group Entity of the JVC or any of its shareholders (other than AAI), inform AAI about the key terms of such contract and disclose the draft contract to the AAI. In relation to such contracts, AAI shall have the right to object to any key terms that it can reasonably demonstrate are not equitable, are inconsistent with or contrary to the letter or spirit of this Agreement or not on arms-length, and the JVC shall address the reasonable concerns of AAI prior to execution of such contracts. The JVC shall further ensure that any contract with a Group Entity of the JVC or any of its shareholders (other than AAI) shall only be entered into after the board of directors of the JVC (the "Board") duly approves such contract itself and the same is not approved by any sub-committee of the Board or by delegation to any person whatsoever. The Board shall have the right to consider and comment on the terms and conditions of such contracts and suggest modifications thereto. The Board shall be entitled to seek a report on the terms of contracts from the Independent Engineer. The Board shall approve any such contract only if it is satisfied that the terms thereof are no less favorable to the JVC than those which could have been obtained from bona fide non-Group Entities/ non-shareholders on arms-length commercial basis. The rights and obligations of the Board hereunder shall be incorporated into the Articles of Association of the JVC prior to Effective Date."*

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

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

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

- (i) For any contract entered into by MIAL with a Group Entity, AAI shall have the right to object to any key terms if it can reasonably demonstrate that they are not equitable, are inconsistent with or contrary to the letter or spirit of this agreement or are not on an arm’s-length basis.
- (ii) Any contract with a Group Entity or any of its shareholders (excluding AAI) shall only be executed after obtaining approval from MIAL’s Board. The Board shall approve such contracts only if it is satisfied that the terms are on an arm’s-length commercial basis.
- (iii) MIAL shall ensure that transactions with Related Parties adhere to arm’s-length pricing principles and comply with the contracting procedures outlined in Schedule 12 of the OMDA.

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

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

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

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

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

1.10 CONSTRUCT OF THIS CONSULTATION PAPER

1.10.1 This Consultation Paper has been developed in the order of the events and as explained above. Chapter-wise details have been summarized as follows:

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

- (ii) Chapter 2 sets forth MIAL's submissions as part of the current MYTP regarding various issues related to the true-up for the First Control Period. The chapter outlines the Authority's earlier analysis and decisions in the Third Control Period Tariff Order, followed by the Authority's current examination and proposals concerning the true-up for the First Control Period as part of the Fourth Control Period tariff determination.
- (iii) Chapter 3 presents MIAL's submissions related to the true-up for the Second Control Period. The Authority's earlier analysis and decisions, as documented in the Third Control Period Tariff Order, are detailed alongside the Authority's current examination and proposals for the true-up for the Second Control Period as part of the Fourth Control Period Tariff Determination.
- (iv) Chapter 4 lists MIAL's submissions regarding the true-up for the Third Control Period, focusing on specific issues. The chapter also summarizes the Authority's analysis and decisions regarding the building blocks for the Third Control Period as per the Third Control Period Tariff Order, followed by the Authority's current examination and proposals on the same issues as part of the Fourth Control Period tariff determination.
- (v) Chapter 5 addresses the submissions made by MIAL concerning traffic projections for the Fourth Control Period. The chapter includes the Authority's examination of these submissions and its proposals on traffic projections for the Fourth Control Period.
- (vi) Chapter 6 includes MIAL's submissions regarding Capital Expenditure (CAPEX), Depreciation, Hypothetical Regulatory Asset Base (HRAB) and the Regulatory Asset Base (RAB) for the Fourth Control Period. The chapter outlines the Authority's detailed examination, adjustments, rationalization, and proposals regarding aeronautical CAPEX, depreciation, HRAB and RAB for the Fourth Control Period.
- (vii) Chapter 7 to 12 includes MIAL's submissions on various regulatory building blocks for the Fourth Control Period, including the Fair Rate of Return, inflation, operating and maintenance expenses, non-aeronautical revenue, taxation, and quality of service. Each chapter also incorporates the Authority's examination and proposals regarding these matters.
- (viii) Chapter 13 provides the Authority's determination of Target Revenue for the Fourth Control Period, derived from its examination of the regulatory building blocks and proposals outlined in preceding chapters.
- (ix) Chapter 14 summarizes the Authority's proposals put forward for consultation.
- (x) In Chapter 15, the Authority invites views from all the stakeholders regarding proposals put forward for tariff determination for the Fourth Control Period in the Consultation Paper.

2. TRUE UP OF THE FIRST CONTROL PERIOD

2.1 ISSUES RAISED BY MIAL PERTAINING TO THE TRUE UP FOR THE FIRST CONTROL PERIOD

- 2.1.1 MIAL raised the following issues relating to the First Control Period for the True up in MYTP for the Fourth Control Period:
- (i) Regulatory Asset Base: DF Assets Capitalization, Aeronautical Asset Allocation Ratio
 - (ii) Depreciation changes consequent to changes in RAB
 - (iii) Revenue from Revenue Share Assets: Other Income, Revenue from Existing Assets and Annual Fees in the demised premises and annual fees paid to AAI should be excluded in the computation of 'S' Factor
 - (iv) Aeronautical Tax to be recomputed as per the Hon'ble Supreme Court and TDSAT Orders
- 2.1.2 MIAL has raised these issues after factoring in the decisions of the Hon'ble TDSAT on various issues and of the Hon'ble Supreme Court judgement on the issue of corporate tax pertaining to earnings from Aeronautical services.
- 2.1.3 For each of the issues raised, the Authority has analyzed submissions made by MIAL issue-wise in the following order:
- (i) Recording and understanding MIAL's submission in the MYTP
 - (ii) Recap of decision taken by the Authority for these matters as part of the True up for the First Control Period
 - (iii) Examination and proposal regarding these matters as part of tariff determination for the current control period
- 2.1.4 In view of the Authority's analysis provided in para's from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.
- 2.1.5 Further, the Authority proposes implementing the Hon'ble Supreme Court judgement dated 11th July 2022 as detailed in para 1.7.3 and recomputing the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fee paid to AAI during the control period as an expense while computing the Aeronautical Taxes.

The following paragraphs explain these issues in detail:

2.2 TRUE UP OF REGULATORY ASSET BASE (RAB)

MIAL'S SUBMISSION ON THE TRUE UP OF RAB FOR THE FIRST CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 2.2.1 The Authority, in the Second Control Period tariff order adjusted the entire DF amount of Rs. 3,400 crores (as allowed by the Authority vide Order No. 32/2012-13) by FY 2013-14 while calculating RAB for the First Control Period. It is to be noted that only a part of the new Terminal 2 was commissioned in FY 2013-14, while other facilities and balance Terminal 2 were commissioned only in FY 2015-16.

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

Table 8: Comparison of adjustment to RAB as per the Authority and as per the audited accounts

(Rs. in crores)

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

- 2.2.3 MIAL has given effect to the above directions of the Hon'ble TDSAT in the current MYTP. Higher adjustment of DF, as considered by the Authority, has a direct impact on reducing the RAB of all the years of the First Control Period.
- 2.2.4 Based on the above, revised RAB of the First Control Period computed by MIAL considering DF adjustment as per the audited accounts is given below:

Table 9: Closing RAB of the First Control Period computed by MIAL as per the audited DF capitalization schedule

(Rs. in crores)

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

- 2.2.5 Further, the Hon'ble TDSAT vide its order dated 6th October 2023 directed the Authority to consider asset allocation of 86.17% for FY 2013-14 by applying asset allocation ratio only to common assets of Terminal 2. The Authority had computed asset allocation at 83.97% by applying the ratio to the total cost of Terminal 2 in the First Control Period.
- 2.2.6 It is to be noted that MIAL commissioned a study by the Indian Register of Shipping (IRS) which carried out an independent verification of areas built at new T2 and submitted that total non-aeronautical Services area is 14.43% of the total area of new T2. Using this allocation ratio to allocate the common assets between Aeronautical Assets and Non-Aeronautical Assets already identified, the overall asset allocation was 86.17% as shown below:

Table 10: Computation of asset allocation of FY 2013-14 by MIAL

(Rs. in crores)

Asset Allocation as per MIAL	Ref	Total Assets	Asset Allocation	Aero Assets
Terminal 2 Assets				
Aero	a	1,578	100.00%	1,578
Non-Aero	b	30	0.00%	-
Common	c	4,583	85.60%	3,922

TRUE UP OF THE FIRST CONTROL PERIOD

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

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

- 2.2.7 MIAL submits that if aeronautical asset allocation is changed from 83.97% to 86.17%, closing RAB of FY 2013-14 will change from Rs. 5,531 crores (computed in Table 10 above) to Rs. 5,766 crores and consequently the same will become the opening RAB of FY 2014-15.

Table 11: Computation of closing RAB of FY13-14 by changing aeronautical allocation from 83.97% to 86.17% - as submitted by MIAL

(Rs. in crores)

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE FIRST CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE SECOND CONTROL PERIOD

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

Table 12: Computation of asset allocation of FY 2013-14 by the Authority in the Second Control Period Order

(Rs. in crores)

Asset Allocation as per the Authority	Ref	Total Assets	Asset Allocation	Aero Assets
Terminal 2 Assets				
Aero	a	1,578	85.60%	1,351
Non-Aero	b	30	85.60%	26
Common	c	4,583	85.60%	3,923
Other Assets				
Aero	a1	3,583	100.00%	3,583
Non-Aero	b1	814	0.00%	-
Common	c1	377	84.10%	317
Total Assets				

TRUE UP OF THE FIRST CONTROL PERIOD

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

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF RAB FOR THE FIRST CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 2.2.9 The Authority noted that MIAL has submitted the revised values for RAB consequent to the adjustment in DF assets as per the audited financial statements, and recalculating the overall asset allocation ratio for FY 2013-14 by considering asset allocation ratio to only Common Assets.
- 2.2.10 With regards to the change in RAB due to DF adjustment and the changes in Asset Allocation, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 2.1.4 of this Consultation Paper.
- 2.2.11 Consequently, after excluding the TDSAT impact factored in by MIAL, the RAB for the First Control Period is as follows:

Table 13: RAB proposed to be considered by the Authority for the True up of the First Control Period
(Rs. in crores)

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

- 2.2.12 In view of the above, the Authority proposes to consider the same RAB as considered in the Third Control Period Tariff Order (as mentioned in Table 13 above) for the True up of the First Control Period.

2.3 TRUE UP OF DEPRECIATION ON REGULATORY ASSET BASE (RAB)

MIAL'S SUBMISSION ON THE TRUE UP OF DEPRECIATION ON RAB FOR THE FIRST CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

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

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

(Rs. in crores)

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE FIRST CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE SECOND CONTROL PERIOD

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

Table 15: Depreciation on RAB computed by the Authority for the First Control Period in the Second Control Period Order

<i>(Rs. in crores)</i>						
Particulars	FY10	FY11	FY12	FY13	FY14	Total
Depreciation on RAB	53.69	83.84	107.43	123.22	141.88	510.06

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF DEPRECIATION ON RAB FOR THE FIRST CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

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

2.4 TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND S FACTOR

MIAL'S SUBMISSION ON THE TRUE UP OF REVENUE SHARE ASSETS AND S FACTOR FOR THE FIRST CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

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

- 2.4.2 MIAL in their MYTP for the Fourth Control Period has excluded Other Income, Revenue from Existing Assets and Annual Fee payable to AAI from the calculation of ‘S’ factor. MIAL 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 $TR = RB \times WACC + OM + D + T - S$.

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

Annual fee in the calculation of Revenue from Revenue Share Assets

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

"2. Establishment of Escrow Account and Declaration of Trust

2.1 Establishment of the Accounts

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

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

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

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

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

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

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

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

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

demised premises), property and structures thereupon acquired or leased during the Term in relation to such non-aeronautical assets.

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

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

- (i) MIAL has excluded "Other Income" from the computation of revenue derived from Revenue Share Assets.
- (ii) The Hon’ble TDSAT ruled that revenue generated from existing assets or demised premises by the appellant cannot be considered as part of revenue from "Revenue Share Assets" for the determination of the ‘S’ factor – To take the effect of the mentioned order on Existing Assets, MIAL appointed a firm to calculate the Revenue accruing from the Existing Assets from ‘S’ factor in determining the Target Revenue.
- (iii) The Hon’ble TDSAT has also directed the Authority to exclude the Annual Fee paid to AAI on Gross Revenue generated by the JVC from Revenue Share Assets in the calculation of the ‘S’ factor.

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

Table 16: Computation of revised ‘S’ factor of the First Control Period in line with the Hon’ble TDSAT Order – as submitted by MIAL

(Rs. in crores)

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE FIRST CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 2.4.5 The Authority, vide its decision in para 7.7.4 of the Third Control Period Order, had included other income while computing Revenue from Revenue Share Assets, used for computation of ‘S’ Factor. It was decided to be trued up in the next control period.
- 2.4.6 The Authority, in the Third Control Period Order, has included the revenue from existing assets / demised premises as part of the Revenue from Revenue Share Assets and had not excluded the Annual Fee paid to AAI on Gross Revenue in its computation of the ‘S’ Factor.

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF REVENUE SHARE ASSETS AND 'S' FACTOR FOR THE FIRST CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 2.4.7 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 2.1.4 of this Consultation Paper.
- 2.4.8 Consequently, the Authority proposes the following for the calculation of the 'S' factor:
- (i) Not to exclude Other Income
 - (ii) Not to reduce the revenue from existing assets
 - (iii) Not to exclude the annual fee paid to AAI.
- 2.4.9 Accordingly, the Authority proposes the 'S' factor for the true up of the First Control Period as per the table below:

Table 17: 'S' Factor as proposed by the Authority for the True up of the First Control Period

(Rs. in crores)

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

- 2.4.10 In view of the above, the Authority proposes to consider the same 'S'-Factor as considered in the Third Control Period Tariff Order (as mentioned in Table 17 above) for the True up of the First Control Period.

2.5 TRUE UP OF AERONAUTICAL TAX

MIAL'S SUBMISSION ON THE TRUE UP OF AERONAUTICAL TAX FOR THE FIRST CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 2.5.1 As per MIAL, the Hon'ble Supreme Court vide its judgment dated 11th July 2022 has decided that Component 'T' in the formula of Target Revenue (TR) in SSA has to be computed based solely on regulatory accounts for the TR formula. Corporate Tax has to be calculated based on provisions of the SSA, and Annual Fees paid to AAI needs to be excluded from the Aeronautical Expenses to compute aeronautical tax.
- 2.5.2 Further TDSAT vide its order dated 6th October 2023 has held that amount equal to "S factor" partakes the color of aeronautical revenue and also looking to the definition of 'T' in SSA, which is, "Corporate taxes is on earnings pertaining to aeronautical services" and it is not on Target Revenue. Accordingly, TDSAT has directed 'S' factor should be added to aeronautical revenues to compute 'T'.
- 2.5.3 In addition to the above, MIAL has claimed depreciation as per the Companies Act for the tax computation in the First Control Period True up and has adjusted for the Interest cost based on the allowances for Return on RAB, i.e., RAB * Actual Gearing Ratio * Cost of Debt.
- 2.5.4 Based on the above Hon'ble Supreme Court and Hon'ble TDSAT Judgements and additional submissions, MIAL has revised the calculation of Aeronautical Tax for the First Control Period as shown below:

Table 18: Computation of ‘T’ for the First Control Period as submitted by MIAL - in line with the Hon’ble Supreme Court and Hon’ble TDSAT Order*(Rs. in crores)*

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

*Interest Cost = RAB X Gearing X Cost of Debt

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE FIRST CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 2.5.5 The Authority vide its decision for computation of the true up of tax for the First Control Period in the Third Control Period Order had:
- Considered the annual fees paid to AAI as an expense.
 - Not considered the ‘S’ factor for revenue computation.
 - Considered Depreciation as per the Income Tax Act.
 - Calculated Interest expense at the actual interest paid on the existing debt.
- 2.5.6 Based on the above, the tax for the true up of the First Control Period in the Third Control Period Order was decided as “NIL” by the Authority.

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF AERONAUTICAL TAX FOR THE FIRST CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 2.5.7 The Authority examined the submissions made by MIAL for the true up of aeronautical taxes and noted that MIAL has considered ‘S’ Factor as part of the revenue base (based on the Hon’ble TDSAT order dated 21st July 2023) and has not considered Annual Fee paid to AAI as an expense for the purpose of determination of Aeronautical PBT and consequently the Aeronautical Taxes (based on the Hon’ble Supreme Court order dated 11th July 2022).
- 2.5.8 With regards to the submissions made by MIAL, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 2.1.4 of this Consultation Paper with regards to the treatment of ‘S’ Factor for computation of Aeronautical Taxes.

TRUE UP OF THE FIRST CONTROL PERIOD

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

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

Table 19: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the First Control Period

(Rs. in crores)

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

Table 20: Computation of 'T' for the True up of the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Aeronautical Revenue	A	476.44	486.11	507.16	621.84	1,280.26	3,371.81
Aeronautical Operating Expenses	B	374.98	190.58	311.46	382.04	502.71	1,761.76
EBITDA	C=A-B	101.45	295.53	195.70	239.81	777.55	1,610.04
Depreciation	D	53.69	83.84	107.43	123.22	141.88	510.06
Interest Expense-aeronautical	E	57.48	88.53	123.87	146.30	219.62	635.79
Profit Before Tax	F=C-D-E	(9.71)	123.16	(35.61)	(29.70)	416.05	464.19
Opening Accumulated (Losses)	G	-	(9.71)	-	(35.61)	(65.31)	
Current (Losses)	H	(9.71)	-	(35.61)	(29.70)		
Current Year Set Off	I	-	123.16	-	-	416.05	
Closing Accumulated (Losses)	J=G+H-I	(9.71)	113.45	(35.61)	(65.31)	350.74	
Profit for Taxation	K	-	113.45	-	-	350.74	464.19
Tax Rate	L	33.99%	33.22%	32.45%	32.45%	33.99%	
Tax	M=K*L	-	37.68	-	-	119.22	156.90

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

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

2.6 TRUE UP OF THE TARGET REVENUE OF THE FIRST CONTROL PERIOD**MIAL'S SUBMISSION ON THE TRUE UP OF TARGET REVENUE OF THE FIRST CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD**

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

Table 21: Computation of Target Revenue of the First Control Period as submitted by MIAL for the MYTP of the Fourth Control Period

(Rs. in crores)

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

AUTHORITY'S RECAP REGARDING THE TRUE UP OF THE TARGET REVENUE OF THE FIRST CONTROL PERIOD AS PER TARIFF ORDER FOR THE THIRD CONTROL PERIOD

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

Table 22: True up of the Target Revenue of the First Control Period as decided in the Tariff Order for the Third Control Period

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Landing Charges	A	268.72	285.21	298.07	341.43	624.41	1,817.84
Parking Charges	B	16.18	11.01	9.03	11.41	33.53	81.16
Passenger X- Ray Charges	C	20.11	-	-	-	-	20.11
PSF	D	98.25	109.93	117.11	96.33	2.19	423.81
Aerobridge Charges	E	-	-	-	4.15	29.88	34.03
UDF	F	-	-	-	67.07	482.79	549.86
Unauthorised Overstay	G	-	-	-	5.70	5.81	11.51
Aircraft Refuelling	H	73.17	79.96	82.95	95.76	101.66	433.49
Into Plane Revenue	I	-	-	-	-	-	-
Total Aeronautical Revenues	J=Sum(A:I)	476.44	486.11	507.16	621.84	1,280.26	3,371.81
Target Revenue							
Regulatory Base							
Avg. Regulatory Base	K	833.51	1,329.78	1,724.83	1,950.45	2,844.24	
Avg. HRAB	L	944.93	899.98	852.12	804.22	768.43	
Total	M=K+L	1,778.44	2,229.76	2,576.95	2,754.67	3,612.67	
FRoR	N	12.18%	12.18%	12.18%	12.18%	12.18%	
Return on RAB	O=M*N	216.61	271.58	313.87	335.52	440.02	1,577.61

TRUE UP OF THE FIRST CONTROL PERIOD

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

AUTHORITY'S EXAMINATION REGARDING THE TRUE UP OF TARGET REVENUE FOR THE FIRST CONTROL PERIOD AS PART OF THE TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

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

Table 23: True up of the Target Revenue for the First Control Period as proposed by the Authority as a part of the Tariff Determination exercise for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Total Aeronautical Revenues	A	476.44	486.11	507.16	621.84	1,280.26	3,371.81
Regulatory Base							
Avg. Regulatory Base	B	833.51	1,329.78	1,724.83	1,950.45	2,844.24	
Avg. HRAB	C	944.93	899.98	852.12	804.22	768.43	
Total	D=B+C	1,778.44	2,229.76	2,576.95	2,754.67	3,612.67	
FRoR	E	12.18%	12.18%	12.18%	12.18%	12.18%	
Return on RAB	F=D*E	216.61	271.58	313.87	335.52	440.02	1,577.61
O&M - Operation & Maintenance Cost	G	374.98	190.58	311.46	382.04	502.71	1,761.77
Depreciation - RAB	H	53.69	83.84	107.43	123.22	141.88	510.06
Depreciation - HRAB	I	42.21	47.69	48.03	47.79	23.79	209.49
Total Depreciation	J=H+I	95.90	131.53	155.46	171.00	165.67	719.55
Tax	K	-	37.68	-	-	119.22	156.90
Share of Revenue from Revenue Share Assets	L	154.61	206.44	240.45	255.40	264.93	1,121.84
Target Revenue	M=F+G+J-L	532.89	424.93	540.34	633.16	962.69	3,094.00
Determination of true up amount							
Future Value Factor	N (at FRoR of 12.18%)	1.78	1.58	1.41	1.26	1.12	

TRUE UP OF THE FIRST CONTROL PERIOD

Particulars	Ref	FY10	FY11	FY12	FY13	FY14	Total
Under Recovery / (Over Recovery)	O=M-A	56.45	(61.18)	33.18	11.32	(317.57)	(277.81)
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2014	P	100.28	(96.89)	46.84	14.24	(356.25)	
True Up for the First Control Period as on 01.04.2014	Q=Sum(P)	(291.78)					

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

2.7 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:

- 2.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 2.7.2 To consider True up of Aeronautical Taxes as per Table 20.
- 2.7.3 To consider the True up for the First Control Period as per Table 23.
- 2.7.4 To consider the over-recovery of Rs. 291.78 crores during the True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period.

3. TRUE UP OF THE SECOND CONTROL PERIOD

3.1 ISSUES PERTAINING TO THE TRUE UP FOR THE SECOND CONTROL PERIOD

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

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

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

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

- (i) Recording and understanding MIAL's submission in the MYTP;
- (ii) Recap of decision taken by the Authority for these matters as part of True up for the Second Control Period;
- (iii) Examination and proposal regarding these matters as part of tariff determination for the current control period.

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

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

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

"In view of the aforesaid facts revealed during investigation, you are hereby requested to kindly adjust the excess amount of tariff of Rs. 305 /- Crores claimed by M/s. MIAL in the 3rd Control Period (01.04.2019 to 31.03.2024). The same has to be trued up during the tariff determination of M/s MIAL (Airport Operator of CSMIA, Mumbai) for the 4th Control Period which will be starting from 1st April 2024."

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

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

Accordingly, the Authority, through its Independent Consultant, in compliance of the above mentioned SCN, has given effect to this request by adjusting the excess amounts of tariff claimed by MIAL under the heads Depreciation (Refer Table 35) and Return on RAB (Refer Table 50) in the True Up of the Second Control Period and subsequent control periods subject to the final outcome in the matter.

3.2 TRUE UP OF REGULATORY ASSET BASE (RAB)

MIAL'S SUBMISSION ON THE TRUE UP OF RAB FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 3.2.1 The True-Up of RAB as discussed in the First Control Period True up with respect to DF assets and revised aeronautical allocation will have an impact on RAB of the Second Control Period as well.
- 3.2.2 Further, MIAL submits that the calculation of Proportionate closing RAB done by the Authority in Table 52 of the Third Control Period Order is based on proportionate addition of assets considering the actual date of capitalization, but disposal of assets has been considered on first day of the year without considering the actual date of disposal of assets.
- 3.2.3 MIAL has mentioned in their MYTP that during the course of hearings of the Third Control Period matters before TDSAT, the Authority has clarified that the true up of the return on disposed of assets would be carried out proportionately in the subsequent control period.
- 3.2.4 Based on the above-mentioned changes, MIAL has computed closing RAB for the Second Control Period as follows:

Table 24: RAB as submitted by MIAL for the true up of the Second Control Period in the MYTP for the Fourth Control Period

(Rs. in crores)

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 25: RAB as considered by the Authority for the Second Control Period in the Third Control Period Order*(Rs. in crores)*

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF RAB FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 3.2.6 The Authority noted that the submission by MIAL for revised values for the Second Control Period true up of RAB is based on the adjustment in DF assets and asset allocation ratio made in the First Control Period. MIAL has also adjusted the proportionate RAB on account of disposal of assets for computation of the closing RAB.
- 3.2.7 The revision in the values for true up of the Second Control Period of RAB by MIAL is based on the TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023.
- 3.2.8 With regards to the change in RAB due to DF adjustment and the changes in Asset Allocation, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach as mentioned in para 3.1.4 of this Consultation Paper.
- 3.2.9 Thus, the Authority is retaining the RAB for the True up of the Second Control Period except for giving adjustment to the depreciation expenses (Refer Table 36) as per the SCN as mentioned in para 3.1.6.

Table 26: RAB as proposed by the Authority for the True up of Second Control Period*(Rs. in crores)*

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Opening RAB	A	5,198.79	4,640.61	5,342.80	6,129.58	5,961.56	
Add: Proportionate Capitalization during the year	B	(216.01)	851.31	197.53	239.79	110.19	1,182.81
Balance to be carried forward for the year	C	211.56	1,026.66	59.80	151.84	150.89	1,600.75
Add: Brought forward balance to be added to RAB	D	-	211.56	1,026.66	59.80	151.84	1,449.86
Less: Depreciation (Refer Table 36)	E	342.17	360.68	437.40	467.60	482.52	2,090.38
Proportionate Closing RAB	F=A+B+D-E	4,640.61	5,342.80	6,129.58	5,961.56	5,741.07	

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

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

Table 27: Value of the Assets identified from the Fixed Asset Register (FAR) in the Self-Contained Note

(Rs. in crores)

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

**The difference between the value in FAR and the value derived in the SCN is because of the carrying cost attached to the value of the asset in the FAR. A list of these assets is enclosed in Annexure 1 (Refer 16.1).*

3.2.11 In compliance to para 12 of SCN dated 30.08.2023 referred at above para 3.1.6, the Authority, through its Independent Consultant, has computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Return on RAB and Depreciation as reflected in Table 51.

3.2.12 In view of the above, the Authority proposes to consider the RAB as per Table 26 for the True up of the Second Control Period.

3.3 TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE

MIAL'S SUBMISSION ON TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

Table 28: HRAB as submitted by MIAL for True up of the Second Control Period

(Rs. in crores)

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 29: HRAB as decided by the Authority for the Second Control Period in the Third Control Period Order

(Rs. in crores)

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE FOR THE THIRD CONTROL PERIOD AS PART OF THE TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 3.3.3 The Authority observes that MIAL has submitted the HRAB for the true up of Second Control Period as decided by the authority in the Third Control Period.
- 3.3.4 The Authority complying with the directions of the Authorized Investigation Agency as explained in para 3.1.6. has adjusted the depreciation computation as mentioned in para 3.4.8. This adjustment has subsequently impacted the HRAB, as shown in the table below:

Table 30: HRAB proposed by the Authority for the True up of the Second Control Period as part of the Tariff Determination for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	756.54	697.75	650.24	595.57	541.33	
Depreciation (Refer Table 37)	B	58.79	47.51	54.67	54.23	52.16	267.36
Closing HRAB	C = A-B	697.75	650.24	595.57	541.33	489.17	
Average HRAB	D = (A+C)/2	727.14	673.99	622.91	568.46	515.26	

- 3.3.5 In view of the above, the Authority proposes to consider the HRAB as per Table 30 for the True up of the Second Control Period.

3.4 TRUE UP OF DEPRECIATION ON REGULATORY ASSET BASE

MIAL'S SUBMISSION ON THE TRUE UP OF DEPRECIATION FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 3.4.1 TDSAT Directions to the Authority as per Order dated October 6th, 2023 mentions the following:
- To account for the impact of reclassifying the Shivaji Statue from non-aeronautical to aeronautical assets.
 - To reflect changes in the aeronautical asset allocation of common assets in Terminal 1, based on the revised floor area of non-aeronautical activities, which has been adjusted from 10.64% to 10.03%.
 - To treat General Aviation (GA) terminal assets as common assets within the total gross asset allocation of 82.58%, as computed by the Authority as of March 31, 2019.
- 3.4.2 The above orders impact on the asset allocation ratio, which gets revised from 82.58% to 82.78%.
- 3.4.3 MIAL has recomputed the depreciation after giving effect to the change in the asset allocation ratio as below:

Table 31: Depreciation on Revised RAB as submitted by MIAL for the True up of the Second Control Period

(Rs. in crores)

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

Table 32: Depreciation on HRAB as submitted by MIAL for the True up of the Second Control Period*(Rs. in crores)*

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 33: Depreciation on RAB as decided by the Authority for True up of the Second Control Period in the Third Control Period Order*(Rs. in crores)*

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Total Depreciation	A	688.70	666.47	799.55	851.80	920.16	3,926.68
Depreciation on Upfront Fee	B	5.14	5.14	5.14	5.14	5.14	25.70
Aeronautical assets %	C	0.83	0.83	0.83	0.83	0.83	4.13
Depreciation on Aeronautical DF Funded Assets	D	211.63	171.57	198.83	201.14	206.76	989.93
Depreciation on Disallowed Capitalized Assets	E	2.88	4.57	5.32	5.38	5.53	23.68
Depreciation on runway recarpeting work proposed to be considered as part of Operating Expenditure	F	2.91	2.38	6.71	16.75	20.86	49.61
Depreciation on RAB as proposed by the Authority in CP 35	$G=[(A-B)*C]-D-E-F$	347.05	367.60	445.17	475.89	522.47	2,158.18
Add: Change in Depreciation due to revision in average rate of Depreciation pursuant to changes in capital expenditure allowance for the Second Control Period in Tariff Order	H	1.11	0.30	0.74	1.85	5.87	9.87
Less: Aeronautical portion of additional Depreciation claimed by MIAL based on technical opinion obtained by it.	I					35.16	35.16
Aeronautical Depreciation as decided by the Authority	J=G+H-I	348.16	367.90	445.91	477.74	493.18	2,132.89

Table 34: Depreciation on HRAB of MIAL as proposed by the Authority for True up of the Second Control Period in the Third Control Period Order*(Rs. in crores)*

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Aeronautical assets	A	5,622.53	7,333.64	7,729.15	8,328.98	8,936.64	37,950.95

TRUE UP OF THE SECOND CONTROL PERIOD

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF DEPRECIATION ON RAB FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 3.4.5 The Authority notes that MIAL has submitted revised depreciation values for the Second Control Period, reflecting changes due to change in asset allocation of aeronautical assets as per the TDSAT Order dated 6th October 2023.
- 3.4.6 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 3.1.4 of this Consultation Paper, except for complying with the directions of the Authorized Investigation Agency as explained in para 3.1.6.
- 3.4.7 The Authority has computed the adjustment to depreciation as mentioned in para 3.1.6 as below:

Table 35: Aeronautical Depreciation as computed by the Authority for the Second Control Period on the assets identified in the SCN of AIA

(Rs. in crores)

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

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

Table 36: Depreciation on RAB of MIAL as proposed by the Authority for True up of the Second Control Period as part of the Tariff Determination exercise for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Aeronautical Depreciation as decided by the Authority in the Third Control Period Order (Refer Table 33)	A	348.16	367.90	445.91	477.74	493.18	2,132.89
Aeronautical Depreciation on the non-existent assets identified in SCN (Refer Table 35)	B	5.98	7.23	8.50	10.14	10.66	42.51
Final Aeronautical Depreciation proposed as true-up	C = A-B	342.17	360.68	437.40	467.60	482.52	2,090.38

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

(Rs. in crores)

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Aeronautical assets	A	5,622.53	7,333.64	7,729.15	8,328.98	8,936.64	37,950.95

TRUE UP OF THE SECOND CONTROL PERIOD

Particulars	Ref	FY15	FY16	FY17	FY18	FY19	Total
Depreciation on aeronautical assets (Refer Table 36)	B	342.17	360.68	437.40	467.60	482.52	2,090.38
Average rate of Depreciation on aeronautical assets %	C=B/A	6.09%	4.92%	5.66%	5.61%	5.40%	
HRAB	D	966.03	966.03	966.03	966.03	966.03	
Depreciation on HRAB	E=D*C	58.79	47.51	54.67	54.23	52.16	267.36

3.4.9 In view of the above, the Authority proposes to consider the Depreciation as per Table 36 and Table 37 for RAB and HRAB respectively for the True up of the Second Control Period.

3.5 TRUE UP OF FAIR RATE OF RETURN

MIAL'S SUBMISSION ON THE TRUE UP OF FAIR RATE OF RETURN FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

- (i) Profits have been recalculated by excluding the depreciation amount related to the re-carpeting of Runway/Apron/Taxiway. The Authority had previously reduced the expenditure from the Regulatory Asset Base (RAB) and increased O&M expenditure but had not adjusted the depreciation in the Profit and Loss computations. This error, which impacted the gearing ratio and FRoR computation, has now been rectified.
- (ii) TDSAT directed that accumulated reserves and surplus must not be adjusted against subsequent losses when determining the Fair Rate of Return (FRoR). The Authority's earlier approach of protecting only the paid-up Equity Share Capital rather than the Net Worth (which includes equity share capital and accumulated reserves and surplus) for FRoR calculation has been set aside.
- (iii) As per the TDSAT order, a return equivalent to the Cost of Equity has been allowed on Refundable Security Deposits, replacing the Authority's earlier provision of only allowing the Cost of Debt on RSD.

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 38: FRoR decided by the Authority for the True up for the Second Control Period in the Third Control Period Order

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Opening Cumulative Debt	Do	5,450.98	5,900.98	6,256.13	6,616.60	6,515.99
Closing Cumulative Debt	Dn	5,900.98	6,256.13	6,616.60	6,515.99	6,273.60

(Rs. in crores)

TRUE UP OF THE SECOND CONTROL PERIOD

Particulars	Ref	FY15	FY16	FY17	FY18	FY19
Average Cumulative Debt	D = Avg (Do, Dn)	5,675.98	6,078.55	6,436.37	6,566.29	6,394.79
Opening Equity	Eo	2,255.32	1,888.93	1,803.90	1,644.24	1,524.76
Closing Equity	En	1,888.93	1,803.90	1,644.24	1,524.76	1,586.10
Average Equity	E = Avg (Eo, En)	2,072.12	1,846.41	1,724.07	1,584.50	1,555.43
Opening RSD	RSDo	100.00	100.00	166.00	169.14	366.47
Closing RSD	RSDn	100.00	166.00	169.14	366.47	366.47
Average RSD	R = Avg (RSDo, RSDn)	100.00	133.00	167.57	267.81	366.47
Average Capital Employed	C=D+E+R	7,848.10	8,057.97	8,328.01	8,418.60	8,316.70
Average Debt %	D%=D/C	72.32%	75.44%	77.29%	78.00%	76.89%
Average Net Worth %	NW%= E/C	26.40%	22.91%	20.70%	18.82%	18.70%
Average RSD %	R%= R/C	1.27%	1.65%	2.01%	3.18%	4.41%
Cost of Capital (%)						
Weighted Avg Gearing %				76.04%		
Weighted Avg Equity %				21.44%		
Weighted Avg RSD %				2.53%		
Cost of Debt %		11.64%	11.21%	10.93%	9.99%	9.66%
Weighted Average Cost of Debt %				10.66%		
Cost of Equity %				16.00%		
Cost of RSD %				10.66%		
FRoR %				11.80%		

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF FAIR RATE OF RETURN OF MIAL FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 3.5.4 The Authority examined the revised submission by MIAL for the Fair Rate of Return and noted that changes made by MIAL in FRoR is as per the TDSAT judgements.
- 3.5.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 3.1.4 of this Consultation Paper.
- 3.5.6 Consequently, the Authority proposes to consider the FROR for the true up of the Second Control Period as approved by the Authority in the Third Control Period Order as per Table 38 above.

3.6 TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND 'S' FACTOR

MIAL'S SUBMISSION ON THE TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND 'S' FACTOR FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 3.6.1 All adjustments claimed by MIAL in the true-up of the First Control Period (Refer para 2.4.2) are claimed for the Second Control Period as well.
- 3.6.2 In line with the true up of the First Control Period, MIAL has excluded "Other Income" and "Revenue from Existing Assets" in the calculation of 'S' factor and has also not considered Annual Fee to AAI as an expense in the computation of 'S' factor. Therefore, the revised non-aeronautical revenues and 'S' Factor for the true up of the Second Control Period is as below:

Table 39: Computation of revised ‘S’ factor for the true up of the Second Control Period in line with TDSAT Judgement as submitted by MIAL*(Rs. in crores)*

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

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 40: Non-Aeronautical Revenue as decided by the Authority for the True up of the Second Control Period in the Third Control Period Order*(Rs. in crores)*

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF REVENUE FROM REVENUE SHARE ASSETS AND ‘S’ FACTOR FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

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

- 3.6.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same as mentioned in para 3.1.4 of this Consultation Paper.
- 3.6.6 Consequently, the Authority proposes the following:
- (i) Not to exclude Other Income
 - (ii) Not to reduce the revenue from existing assets.
 - (iii) Not to exclude the annual fee paid to AAI from the calculation of the 'S' factor.

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

Table 41: 'S' factor as proposed by the Authority for the true up of the Second Control Period

(Rs. in crores)

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

- 3.6.8 In view of the above, the Authority proposes to consider the same 'S' Factor as considered in the Third Control Period Tariff Order (as mentioned in Table 41 above) for the True up of the Second Control Period.

3.7 TRUE UP OF THE AERONAUTICAL TAX

MIAL'S SUBMISSION ON THE TRUE UP OF AERONAUTICAL TAX FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

Table 42: Computation of 'T' for true up of the Second Control Period in line with SC and TDSAT Judgement as submitted by MIAL

(Rs. in crores)

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

*Interest Cost = RAB X Gearing X Cost of Debt

RECAP OF DECISION TAKEN BY THE AUTHORITY THE REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

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

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF AERONAUTICAL TAX OF MIAL FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

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

3.7.5 With regards to the submissions made by MIAL, the Authority consistent with the decisions taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 3.1.4 of this Consultation Paper with regards to the treatment of 'S' Factor for computation of Aeronautical Taxes.

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

Table 43: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Second Control Period

(Rs. in crores)

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

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

Table 44: Computation of 'T' for the True up of the Second Control Period as proposed by the Authority

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Aeronautical Revenue	A	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	8,211.14
Aeronautical Operating Expenses	B	820.12	592.10	721.53	858.69	788.92	3,781.37
EBITDA	C=A-B	556.07	919.92	918.65	927.86	1,107.27	4,429.78

TRUE UP OF THE SECOND CONTROL PERIOD

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Depreciation (Refer Table 36)	D	342.17	360.68	437.40	467.60	482.52	2,090.38
Interest Expense-Aeronautical	E	397.74	461.82	529.59	475.22	438.37	2,302.74
Profit Before Tax	F=C-D-E	(183.84)	97.42	(48.33)	(14.96)	186.37	36.65
Opening Accumulated (Losses)	G	-	(183.84)	(86.43)	(134.76)	(149.72)	
Current (Losses)	H	(183.84)	-	(48.33)	(14.96)	-	
Current Year Set Off	I	-	97.42	-	-	186.37	
Closing Accumulated Profit / (Losses)	J=G+H+I	(183.84)	(86.43)	(134.76)	(149.72)	36.65	
Profit for Taxation	K	-	-	-	-	36.65	36.65
Tax Rate	L	33.99%	34.61%	34.61%	34.61%	34.94%	
Tax	M=K*L	-	-	-	-	12.81	12.81

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

3.7.8 In view of the above, the Authority proposes to consider the Aeronautical Taxes as per Table 44 for the True up of the Second Control Period.

3.8 TRUE UP OF OPERATING EXPENSES

MIAL'S SUBMISSION ON TRUE UP OF OPERATING EXPENSES FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

Table 45: O&M expenses for the Second Control Period submitted by MIAL for True up

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Employee Cost	123.73	135.39	169.28	173.34	180.73	782.46
Utilities Expenses	102.23	97.90	91.77	108.46	106.58	506.94
Repair & Maintenance Expense	76.82	72.44	91.43	105.80	129.87	476.36
Rents, Rates & Taxes	24.28	3.30	27.68	42.20	69.78	167.24
Advertisement Expense	5.58	6.51	7.84	7.13	7.68	34.74
Administrative Expenses	48.34	74.86	74.15	59.92	72.36	329.63
AOA Fees	6.69	7.28	7.29	7.34	8.01	36.61
Insurance Expense	4.25	3.82	3.25	3.43	4.08	18.83
Consumable stores	3.96	6.57	8.12	5.79	6.31	30.74
Operating cost	84.44	106.53	118.60	124.95	131.30	565.83
Bad debts written off	-	-	-	-	0.05	0.05
Working Capital Interest	5.21	8.93	15.29	5.40	7.74	42.57
Financing charges	7.38	21.35	23.70	28.33	33.49	114.26
VRS exp	17.31	16.75	16.61	16.24	15.97	82.88
Loss on scrapping of Asset	242.22	1.94	1.45	-	-	245.61
Provision for PSF (exp)	9.75	-	13.59	-	-	23.33
Exchange gain and loss	10.71	12.30	(16.12)	0.20	0.35	7.43
CWIP – Written off	-	13.54	-	-	-	13.54
Runway Recarpeting	-	-	67.56	168.46	59.20	295.21
Carrying cost on runway recarpeting	-	-	-	5.77	5.81	11.58

TRUE UP OF THE SECOND CONTROL PERIOD

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Total Aeronautical Operating Expenditure	772.89	589.42	721.49	862.74	839.30	3,785.84

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

Table 46: Additional Operating expenses for the Second Control Period submitted by MIAL for True up

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Total Corporate Overheads Cost as per the Authority	47.80	108.69	58.47	74.35	96.91	386.22
Change in asset allocation	0.20%	0.20%	0.20%	0.20%	0.20%	
Change in Corporate Overheads (A)	0.10	0.22	0.12	0.15	0.19	0.77
Total Airport Common Cost as per the Authority	52.75	57.86	63.36	77.36	142.23	393.56
Change in area asset allocation	0.13%	0.13%	0.13%	0.13%	0.13%	
Change in Airport Common Cost (B)	0.07	0.08	0.08	0.10	0.18	0.51
Aeronautical Operating Expenditure (C) (From Grand Total of Table 45)	772.89	589.42	721.49	862.74	839.30	3,785.84
Operating Expenditure for Target Revenue (A+B+C)	773.06	589.71	721.69	862.99	839.68	3,787.12

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE TRUE UP FOR THE SECOND CONTROL PERIOD AT THE TIME OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 47: Year wise Adjusted Aeronautical Operating and Maintenance Expenses as decided by the Authority for True up of the Second Control Period in the Third Control Period

(Rs. in crores)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Employee Cost	123.73	135.39	169.28	173.34	181.01	782.75
Utilities Expenses	102.23	97.90	91.77	110.32	108.87	511.10
Repair & Maintenance Expense	76.82	72.44	91.43	105.80	129.87	476.36
Rents, Rates & Taxes	24.28	3.30	27.68	42.20	69.73	167.19
Advertisement Expense	5.58	6.51	7.84	7.13	7.68	34.74
Administrative Expenses	48.34	74.86	74.15	59.79	73.53	330.67
AOA Fees	6.69	7.29	7.30	7.34	8.01	36.63
Insurance Expense	4.25	3.81	3.25	3.43	4.08	18.81
Consumable stores	3.96	6.57	8.12	5.79	6.31	30.74
Operating cost	84.44	106.53	118.60	124.95	131.30	565.83
Bad debts written off	-	-	-	-	0.05	0.05
Working Capital Interest	5.21	25.47	15.29	5.29	7.72	58.98
Financing charges	7.38	7.48	23.74	28.34	33.49	100.43
VRS exp	17.31	16.75	16.61	16.23	15.97	82.87
Loss on scrapping of Asset	242.22	1.94	1.45	-	-1.02	244.59
Provision for PSF (exp)	9.75	-	13.59	-	-	23.33
Exchange gain and loss	10.71	12.30	(16.12)	0.20	0.35	7.43
CWIP – Written off	-	13.54	-	-	-	13.54
Runway Recarpeting	47.22	-	67.56	168.46	11.98	295.22

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Total Aeronautical Operating Expenditure	820.12	592.10	721.53	858.69	788.92	3,781.37

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF OPERATING EXPENSES OF MIAL FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

- 3.8.4 The Authority noted that MIAL has submitted the revised values for the Operating Expenses based on the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023 for the Second Control Period.
- 3.8.5 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, as mentioned in para 3.1.4 of this Consultation Paper.
- 3.8.6 Therefore, the Authority proposes to consider the Operating Expenses for the true up of the Second Control Period as decided in the Third Control Period Order i.e. as per Table 47.

3.9 TRUE UP OF TARGET REVENUE FOR THE SECOND CONTROL PERIOD

MIAL'S SUBMISSION REGARDING TRUE UP OF TARGET REVENUE FOR THE SECOND CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

Table 48: Computation of Target Revenue of the Second Control Period after incorporating changes in various Building Blocks

(Rs. in crores)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Return on RAB and HRAB	731.23	780.88	846.61	817.88	782.98	3,959.59
Add: Operating Expenses	773.06	589.71	721.69	862.99	839.68	3,787.12
Add: Depreciation	409.36	417.69	503.24	534.85	548.33	2,413.47
Add: Aeronautical Taxes	-	73.17	45.59	68.06	135.29	322.11
Less:30% Revenue Share Assets	(92.47)	(118.46)	(159.78)	(187.81)	(220.29)	(778.81)
True up for the 1 st Control Period	1,357.53	-	-	-	-	1,357.53
Target Revenue	3,178.71	1,742.99	1,957.35	2,095.97	2,085.99	11,061.01
Actual Aero Revenues	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	8,211.14
True-up/true-down	1,802.51	230.97	317.17	309.41	189.80	2,849.86
Carrying Cost @ 12.22%	12.22%	12.22%	12.22%	12.22%	12.22%	
Years	5.00	4.00	3.00	2.00	1.00	
True-up with carrying cost	3,207.43	366.24	448.18	389.63	212.99	4,624.47

AUTHORITY'S RECAP REGARDING THE TARGET REVENUE FOR THE SECOND CONTROL PERIOD AS PER THE TARIFF ORDER FOR THE THIRD CONTROL PERIOD

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

Table 49: True up of the Target Revenue for the Second Control Period as decided in the Third Control Period Order

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Landing charges	A	648.17	691.95	940.09	1,335.23	1,391.30	5,006.75
Parking charges	B	28.66	29.36	47.85	63.75	65.53	235.15

TRUE UP OF THE SECOND CONTROL PERIOD

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

AUTHORITY 'S EXAMINATION REGARDING THE TRUE UP OF TARGET REVENUE FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

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

Table 50: Change in Return on RAB for the Second Control Period as proposed by the Authority based on the SCN

(Rs. in crores)

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

TRUE UP OF THE SECOND CONTROL PERIOD

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

3.9.5 The True Up of the Target Revenue for the Second Control Period as proposed by the Authority is as per Table 51 below:

Table 51: True up of Target Revenue as proposed by the Authority for the True up of the Second Control Period

(Rs. in crores)

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Landing charges	A	648.17	691.95	940.09	1,335.23	1,391.30	5,006.75
Parking charges	B	28.66	29.36	47.85	63.75	65.53	235.15
Aerobridge	C	42.10	45.92	71.67	87.14	89.56	336.39
UDF	D	547.25	629.77	442.26	119.58	160.42	1,899.28
Unauthorised Overstay	E	5.92	6.85	9.18	11.98	12.87	46.80
Aircraft refuelling	F	103.78	106.65	127.53	167.02	174.17	679.14
Into Plane Revenue	G	0.32	1.53	1.60	1.85	2.34	7.65
Total Aero Revenue	H = Sum (A:G)	1,376.20	1,512.03	1,640.18	1,786.55	1,896.19	8,211.14
Target Revenue							-
Average RAB	I	4,640.61	5,342.80	6,129.58	5,961.56	5,741.07	
Average HRAB	J	727.14	673.99	622.91	568.46	515.26	
Total	K = I + J	5,367.75	6,016.79	6,752.49	6,530.02	6,256.34	
FRoR	L	11.80%	11.80%	11.80%	11.80%	11.80%	
Return on RAB	M = K x L	633.39	709.98	796.79	770.54	738.25	3,648.96
Impact on Return on RAB due to non-existent assets as per SCN	N (As per Table 50)	12.14	14.06	17.69	21.65	23.58	89.11
Net Return on RAB	O = M-N	621.26	695.93	779.11	748.89	714.67	3,559.85
OM - Efficient Operation & Maintenance Cost	P	820.12	592.10	721.53	858.69	788.92	3,781.37
Total Depreciation (Refer Table 36 and Table 37)	Q	400.96	408.19	492.07	521.84	534.68	2,357.75
Tax	R	-	-	-	-	12.81	12.81
Non-Aeronautical Revenue	S	1,020.13	1,246.58	1,433.47	1,682.00	1,832.23	7,214.41
Share of Revenue from Revenue Share Assets	T = S x 30%	306.04	373.98	430.04	504.60	549.67	2,164.32
True up for the 1 st Control Period	U	(291.78)	-	-	-	-	(291.78)
Target Revenue	V = O + P + Q + R - T + U	1,244.53	1,322.24	1,562.66	1,624.82	1,501.41	7,255.67
Future Value Factor	W (at FRoR of 11.80%)	1.75	1.56	1.40	1.25	1.12	
Under Recovery / (Over Recovery)	X = V - H	(131.67)	(189.78)	(77.52)	(161.73)	(394.78)	(955.48)

TRUE UP OF THE SECOND CONTROL PERIOD

Particulars	Ref	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	Y	(229.58)	(296.50)	(108.32)	(202.15)	(441.36)	
True Up for the Second Control Period as on 01.04.2019	Z = Sum(Y)	(1,278.32)					

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

3.10 AUTHORITY PROPOSALS REGARDING TRUE UP FOR THE SECOND CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

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

- 3.10.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 3.10.2 To consider the Aeronautical Taxes as per Table 44.
- 3.10.3 To consider the impact on depreciation as per Table 35 and Return on RAB as per Table 50 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).
- 3.10.4 To True up the Target Revenue for the Second Control Period as per the Table 51.
- 3.10.5 To consider the over-recovery of Rs. 1,278.32 crores during the True up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period.

4. TRUE UP OF THE THIRD CONTROL PERIOD

4.1 BACKGROUND

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

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

4.2 ISSUES RAISED BY MIAL PERTAINING TO TRUE UP FOR THE THIRD CONTROL PERIOD

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

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

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

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

- (i) Recording and understanding MIAL's submission in the MYTP;
- (ii) Recap of decision taken by the Authority for these matters at the time of tariff determination for the Third Control Period;
- (iii) Examination and proposal regarding these matters as part of tariff determination for the current control period.

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

- (i) Tariff Order for the Third Control Period (Order No. 64/2020-21) dated 27th February 2021.
- (ii) Multi Year Tariff Proposal (MYTP) submitted by MIAL for the Fourth Control Period.
- (iii) AERA Guidelines and Orders.
- (iv) The Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.

(v) Hon'ble Supreme Court and Hon'ble TDSAT orders.

- 4.2.5 In view of the Authority's analysis provided in para from 1.9.2 to 1.9.5, with regards to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.
- 4.2.6 Further, the Authority proposes implementing the Hon'ble Supreme Court judgement dated 11th July 2022 and recomputing the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fee associated with Aeronautical Revenues as an expense while computing the Aeronautical Taxes.
- 4.2.7 Additionally, as explained in Para 3.1.6, the Authority has dealt with this issue identified in SCN under the True up of Regulatory Asset Base (Detailed in section 4.4).

4.3 TRUE UP OF TRAFFIC

MIAL'S SUBMISSION ON TRUE UP OF TRAFFIC FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

Table 52: MIAL's submission for True up of Traffic for the Third Control Period in MYTP for the Fourth Control Period

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

RECAP OF DECISION TAKEN BY THE AUTHORITY AS PART OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 53: Passenger/ATM Traffic considered by the Authority during tariff determination for the Third Control Period

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

TRUE UP OF THE THIRD CONTROL PERIOD

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

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF TRAFFIC FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

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

Table 54: Comparison of Traffic as per MIAL submission and as per data in AAI website for the Third Control Period

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

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

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

- (i) The trend of actual recovery of Passenger traffic in the Third Control Period is broadly aligned with the traffic projections made by the Authority at the time of tariff determination for the Third Control Period.
- (ii) The variation in Pax Traffic between the traffic projected by the Authority at the time of tariff determination for the Third Control Period and the actual as submitted by MIAL is as shown in the table below:

Table 55: Variance between Traffic approved in the Third Control Period Order with the Traffic submitted by MIAL for true-up for the Tariff Determination of the Fourth Control Period

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

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

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

4.3.7 Based on the above, the Authority proposes to consider the Actual Traffic for the True Up of the Third Control Period as per Table 52.

4.4 TRUE UP OF REGULATORY ASSET BASE

MIAL'S SUBMISSION ON TRUE UP OF REGULATORY ASSET BASE FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

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

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

Table 56: MIAL's submission on CAPEX incurred during the Third Control Period*(Rs. in crores)*

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

Table 57: MIAL's submission on proportionate capitalization and RAB for the true up of the Third Control Period

(Rs. in crores)

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

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Capitalization during the year*	194.55	3.32	150.74	181.51	777.52	1,307.64
Less: Carried forward to next year	74.54	2.64	125.22	55.86	538.05	
Proportionate Capitalization during the year	120.01	0.68	25.51	125.65	239.47	
Add: Brought forward balance to be added to RAB	150.89	74.54	2.64	125.22	55.86	
Total Capitalization during the year	270.90	75.22	28.15	250.88	295.33	920.48
*Difference between Rs. 1,188.24 in Table 56 and Rs. 1,307.64 is due to Runway Recarpeting included as part of RAB by MIAL	-	0.60	3.80	-	115.00	119.40

RECAP OF DECISION TAKEN BY THE AUTHORITY AS PART OF THE TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

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

Table 58: RAB as approved by the Authority in the Third Control Period Tariff Order

(Rs. in crores)

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

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

- 4.4.4 The Authority decided to True up the aeronautical additions to Regulatory Asset Base for the Third Control Period and resultant asset allocation as per the actual additions on the basis of a certificate from the statutory auditors certifying the line-by-line classification of additions into aeronautical and non-aeronautical based on the broad framework provided by the independent study undertaken for the Second Control Period.
- 4.4.5 The Authority also decided to re-adjust the project cost by 1% and the applicable carrying cost in the Target Revenue at the time of Tariff Determination for the Fourth Control Period in case of non-completion of the project as per the proposed timelines due reasons which are unjustified.

AUTHORITY'S EXAMINATION OF THE ISSUES RAISED BY MIAL REGARDING THE TRUE UP OF REGULATORY ASSET BASE FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD:

- 4.4.6 The Authority, through its Independent Consultant / Aviation Expert, has undertaken a detailed review of MIAL's Capex true-up submissions to trace the changes between the costs approved in the Third Control Period Order and the actual amounts incurred by MIAL. The Authority sought detailed submissions from MIAL on the actual Capex incurred, along with supporting documentation and reconciliation of these figures with the Fixed Asset Register.
- 4.4.7 The Authority, through its independent consultant, reconciled the Capex true-up submissions line item-wise with the FAR while examining the quantum and narration of each line item in the FAR to verify their alignment with the approved scope of works and project descriptions. The Authority has also reviewed few purchase orders, work orders, contracts, and invoices to verify the costs incurred. Additionally, few physical verifications of assets were conducted during site visits.
- 4.4.8 The Authority notes that an amount of Rs 1,938.88 Crores was approved as capex in the Third Control Period and observes that MIAL has claimed Rs. 1,443.40 Crores as true-up of the Third Control Period as part of its MYTP submission of the Fourth Control Period.
- 4.4.9 The Authority, through its Independent Consultant / Aviation Expert analyzed the variance between the approved Capex in the Third Control Period and the actual expenditure incurred by MIAL by taking into consideration of the following:
- (i) Identifying cost escalations or reductions in completed projects and seeking justifications for the same.
 - (ii) Scrutinizing unapproved projects to evaluate their necessity, relevance, and alignment with the airport's operational requirements.
 - (iii) Projects that have not been executed and reasons thereof.
- 4.4.10 The Authority, through its Independent Consultant / Aviation Expert, segregated MIAL's Capex submissions into the following categories:
- A. Projects executed with a scope change / cost overrun:** Projects where the actual expenditure incurred exceeded the approved cost estimates (Table 60).
 - B. Projects executed at a lower cost:** Projects completed at a cost lower than the approved estimates (Table 61).
 - C. Projects carried forward to the next control period:** Projects either not completed fully and carried forwarded to next control period or entirely carried forwarded to next control period (Table 62).
 - D. Projects executed which were approved on an incurrence basis:** Projects where costs were approved by the Authority on an incurrence basis during the Third Control Period (Table 63).
 - E. Projects approved in the Third Control Period but dropped by MIAL:** Projects that were approved during the Third Control Period but were subsequently not executed (Table 65).
 - F. Additional projects executed in the Third Control Period:** Projects undertaken during the Third Control Period which were not part of the proposal during the Third Control Period Order (Table 64).

Table 59: Summary of variance in capex approved by the Authority in the Third Control Period and Capex incurred by MIAL in the Third Control Period as submitted in the MYTP of the Fourth Control Period*(Rs. in crores)*

Particulars	Amount
Amounts approved in 3 rd CP	1,938.27*
Add: Change in scope / cost overruns (refer Table 60)	184.68
Less: Projects completed at a lower cost (refer Table 61)	(240.33)
Less: Project Carry forward to next control period (refer Table 62)	(734.69)
Add: Projects approved on incurrence basis executed (refer Table 63)	21.02
Add: Additional projects executed (refer Table 64)	144.28
Less: Projects not undertaken (refer Table 65)	(126.56)
Cost proposed by MIAL for true-up (refer Table 67)	1,186.67
Add: Runway recarpeting works (refer Table 66)	256.73
Total	1,443.40

Note: MIAL in its MYTP has submitted an aero capitalization of Rs 1,445.14 Crores but has only submitted project-wise details for Rs 1,443.40 Crores. Accordingly, Authority proposes to only consider Rs 1,443.40 Crores for the purpose of true-up.

*MIAL has only submitted a project wise CAPEX of Rs. 1,938.27 Crs against the Rs. 1,938.88 approved in the Third Control Period Tariff Order. Accordingly, the Authority proposes to only consider Rs. 1,938.27 Crores for the purpose of comparison given in this table.

Authority's examination of the matters regarding true up of cost overrun projects for the Third Control Period as part of Tariff Determination for the Fourth Control Period

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

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

Table 60: Projects executed with a scope change*(Rs. in crores)*

Project Name	Project Cost approved in 3 rd CP Order (A)	Actual Cost (B)	Variance (Cost Overrun) (A-B)	Reason for variance provided by MIAL
Projects where variance is > Rs. 5 Crores				
VDGS for Charlie, Delta & Romeo Apron at T1 & T2	10.00	61.92	(51.92)	The initial plan was to replace VDGS only in Charlie and Delta aprons. However, due to aircraft safety considerations, MIAL has installed it in all aprons.
Ground Service Equipment Common Infra	22.58	34.45	(11.87)	In the 3 rd CP, the CWIP as of March 2019 was omitted to be included in the cost estimate submitted by MIAL.
Tech refresh of CCTV at T1, T2 Customs & CA	16.23	31.28	(15.05)	In the Third Control Period, only the replacement of 600 CCTVs were proposed. However, on account of security considerations, MIAL has replaced 1400 CCTVs.
Additional SBD machines	6.10	25.08	(18.98)	With the intention to increase passenger throughput inside the Terminal, MIAL has introduced 25 SBDs during the Third Control

TRUE UP OF THE THIRD CONTROL PERIOD

Project Name	Project Cost approved in 3 rd CP Order (A)	Actual Cost (B)	Variance (Cost Overrun) (A-B)	Reason for variance provided by MIAL
				Period. This was done for passenger convenience and operational efficiency.
Vehicles	1.03	21.62	(20.59)	MIAL had introduced various EVs at airside and landside basis MOCA's direction to be net zero by 2029. A total of 104 vehicles were purchased.
HLC Revamp	7.78	16.50	(8.72)	In the 3 rd CP, the CWIP as of March 2019 was omitted to be included in the cost estimate submitted by MIAL.
Dual View X-BIS - ILBS	5.93	13.81	(7.88)	To comply with the BCAS circular which mandated installation of dual view XBIS machines.
GA Terminal (Refurbishment/Expansion)	2.12	7.97	(5.85)	The scope was enhanced considering the increasing trend of using bigger Charter flights at GA Terminal.
Explosive Trace Detectors - ILBS	1.84	7.41	(5.57)	On safety considerations, 36 out of life ETDs were replaced in 3 rd CP.
Tech refresh of Desktops/ Laptops	0.08	6.26	(6.18)	In 3 rd CP, the Authority had inadvertently allowed Rs. 0.08 Crores instead of Rs. 8 Crores. Refer Appendix 10 (Pg no. 400) in the 3 rd CP Order
Projects costing > Rs. 10 Crores where variance is < Rs. 5 Crores				
CPWD Offices - Kanenagar	33.00	33.38	(0.38)	CPWD office which was located in Airport land has been relocated in Kane Nagar to make land available for airport development. Accordingly, Authority allowed in the 3 rd CP. Deviation is within limits.
Reconstruction Taxiway K3	26.64	27.75	(1.11)	Deviation within limits.
Relocation of MT Building Civil stores to address Non-Compliance	24.29	27.73	(3.44)	This work was taken up to comply DGCA CAR requirement. Excess cost incurred due to a delay in execution of work on account of Covid-19.
Rapid Exit Taxiway W5 from Runway 32 and connecting Taxiway K3	13.94	15.28	(1.34)	Deviation within limits.
Tech refresh of Wi-Fi, VOIP & Switches	10.31	11.13	(0.82)	Deviation within limits.
Tech refresh of FIDS – T2	10.01	11.06	(1.05)	Deviation within limits.
Other Projects				
Miscellaneous	53.43	77.33	(23.90)	Comprising 47 projects, most of which were completed in the second half of the Control Period due to Covid-19, which resulted in cost escalations.
Total	245.31	429.99	(184.68)	

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

B. Projects Completed at a Lower Cost

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

Table 61: Projects completed at a lower cost

(Rs. in crores)

Project Name	Project Cost approved in 3 rd CP Order (A)	Actual Cost (B)	Variance (Cost Saving) (A-B)	Project Status	Reason for variance provided by MIAL
Reconstruction of Apron "A" & TWY L	100.51	34.80	65.71	Completed	Reduction in the scope of work has resulted in cost reduction.
Miscellaneous - Engineering & Maintenance	66.90	62.28	4.62	Completed	Deviation within limits.
Reconstruction of TWY K1	52.44	51.37	1.07	Completed	Deviation within limits.
Construction of Parking Stand V3	40.39	30.84	9.55	Completed	Cost reduction due to negotiated rates.
Procurement of Disabled aircraft Removal kit	26.10	14.74	11.36	Completed	Due to lower procurement cost.
Tech refresh of AODB infra	23.52	11.03	12.49	Completed	Cost reductions due to negotiated rates.
Cyber security setup & Tech refresh of NW infra	19.28	18.54	0.74	Completed	Cost reduction via vendor negotiation and review.
Reconstruction of Access Road - T1 & T2 & Elevated Road	18.89	11.83	7.06	Completed	The work has been executed as per site requirement with a scope reduction.
Reconstruction of Junction of TWY N and K1	16.23	13.25	2.98	Completed	Deviation within limits.
Refurbishment of BHS-T2	15.28	11.57	3.71	Completed	Deviation within limits.
Check in Counter and conveyors belts	13.62	1.09	12.53	Completed	Reduction in scope.
Ceremonial Lounge (Refurbishment)	13.36	8.64	4.72	Completed	Cost reduction due to negotiated rates.
Upgradation of Runway 32 beginning	10.03	10.03	-	Completed	-
Other Projects- Less than 10 crores	187.35	83.57	103.78	Completed	Comprising 128 projects where there was cost saving due to negotiated rates / reduction in scope.
Total	603.90	363.57	240.33	Completed	

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

C. Projects Carried Forwarded

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

Table 62: Projects Carried Forwarded to the Next Control Period

(Rs. in crores)

Project Name	Project cost approved in 3 rd CP Order (A)	Actual Cost (B)	Variance [Unutilized / (Overutilized)] (A-B)	Project Status	MIAL's justification for projects carried forward
Construction of eastern taxiway (Between E5 and E7) parallel to RWY 14-32	263.56	-	263.56	Carried forward	Could not be taken up since the land was not available.
CT EDS Machine- T1 & T2	153.04	63.56	89.48	Carried forward	Around 6 machines provided in 3 rd CP and balance carried forward.
Reconstruction of parking stand of Apron C	71.20	49.64	21.56	Carried forward	Only part of Tier 2 is constructed, as TWY W6 is used for operations.
Integrated security check - T2 (Civil, ATRS, Body Scanner)	62.24	29.26	32.98	Carried forward	Part scope executed. BCAS has not finalized the specifications for Body Scanners.
Construction of Parking Stand V2	51.44	1.86	49.58	Carried forward	Land was not available for construction of Parking Stand V2.
New Fire Station	42.00	-	42.00	Carried forward	The existing fire station is located in the area of the proposed Taxiway M extension. This work is scheduled to commence immediately prior to the construction of Taxiway M extension. Since the work relating to Taxiway M extension was not taken up in 3 rd CP, this was also deferred.
Procurement of Crash Fire Tenders (CFT's)	35.78	5.81	29.97	Carried forward	1 CFT was purchased, other CFT's were not purchased since their replacements were not due.
Reconstruction of Perimeter Road	34.52	22.28	12.24	Carried forward	Work Partly done in the Third Control Period as per site requirement.

TRUE UP OF THE THIRD CONTROL PERIOD

Project Name	Project cost approved in 3 rd CP Order (A)	Actual Cost (B)	Variance [Unutilized / (Overutilized)] (A-B)	Project Status	MIAL's justification for projects carried forward
Construction of RET E6	29.16	-	29.16	Carried forward	Work was not taken up since land was not available.
Fire Compliance for T1B	27.47	9.83	17.64	Carried forward	Part of the work (related to essential items) has been completed.
Installation of standby cable for AGL of RWY 14-32	23.51	15.57	7.94	Carried forward	Partial work was executed and the balance to be undertaken along with balance recarpeting of Runway 14-32.
Reconstruction of Taxiway U	22.18	-	22.18	Carried forward	Not taken up in the Third Control Period due to operational constraint. Proposed to be taken up in the Fourth Control Period.
Replacement of Trolleys	16.96	3.30	13.66	Carried forward	Only the required trolley replacement were done.
Reconstruction of Compound wall	16.51	10.93	5.58	Carried forward	Multiple locations (in patches) completed as per the requirement and site conditions.
Replacement of ILS RWY 09 & 14	15.46	6.51	8.95	Carried forward	Civil and Electrical Infrastructure works by MIAL completed in July 2024.
Reconstruction of GA Apron	15.11	-	15.11	Carried forward	Could not be taken up since GA Hangars were not removed.
Tech refresh of Video Wall	14.23	1.35	12.88	Carried forward	Partially executed and balance carried forward.
Reconstruction of drain along TWY K1	11.09	-	11.09	Carried forward	Execution level approval from DGCA was required.
Other Projects- Less than 10 crores	57.04	7.91	49.13	Carried forward	Comprising 11 Projects which were only partially undertaken based on requirement and balance carried forward.
Total	962.50	227.81	734.69	Carried forward	

4.4.16 From the above table, the Authority notes that some projects could not be completed due to non-availability of land, and MIAL submitted that only essential CAPEX was undertaken during the Covid affected periods.

Consequently, MIAL has carried forward these projects to the Fourth Control Period. The Authority proposes considering Rs. 227.81 Crores as a part of the true-up of the Third Control Period's CAPEX.

D. Projects On Incurrence Basis

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

Table 63: Projects which were approved in the Third Control Period Order on an incurrence basis
(Rs. in crores)

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

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

E. Additional projects undertaken in the Third Control Period

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

Table 64: Additional projects undertaken in the Third Control Period
(Rs. in crores)

Project Name	Capitalization Date	Actual Cost	MIAL's Submission
Airside-RWY strip - CBR Upgradation - RWY 14-32	30-11-2023	36.22	As per the observations from DGCA Inspection conducted in March 2021, sinking and rolling resistance data for Basic Strip was not maintained as per regulatory requirements. Hence, MIAL has undertaken a project to enhance CBR (California Bearing Ratio) of RWY 14-32 to comply with DGCA CAR (Civil Aviation Requirement) 4B1 requirements.
Runway End Safety Area Development	31-03-2024	26.92	As pointed out by DGCA in their inspection in March 2021, Runway 09 RESA CBR was to be maintained as per CAR. Accordingly, MIAL has upgraded the CBR value of RESA -09 to comply with DGCA CAR 4B1. The same is included by MIAL in the action report submitted to DGCA as well.
PIDS Installation	31-03-2024	18.85	PIDS are advanced sensors designed to alert security authorities to any attempts at intrusions through the airport's boundary walls. BCAS AVSEC Circular No. 03/2022, dated June 6, 2022, mandated the installation of

TRUE UP OF THE THIRD CONTROL PERIOD

Project Name	Capitalization Date	Actual Cost	MIAL's Submission
			Perimeter Intrusion Detection Systems (PIDS) at all hyper-sensitive airports by December 31, 2023.
T1B Forecourt Development	30-11-2023	14.32	The old arrival forecourt required a facelift due to worn-down vitrified tiles, causing frequent maintenance costs of approximately Rs. 2 lakhs per month, and water accumulation during monsoons, which inconvenienced passengers. MIAL undertook this redevelopment to address these issues, ensuring smooth movement for passengers and their greeters while enhancing overall usability and convenience.
Pax Flow Management System	31-03-2024	8.97	The project, approved by the Authority as part of the tariff determination under 3 rd CP (referenced as Passenger Queue Analytics in Annexure 6 (Pg no 387) of the 3 rd CP Order), was mistakenly omitted from the total capital expenditure list.
Landside-4 MLD STP-sewerage treatment-IAD colony	30-11-2023	8.87	MIAL has constructed 4 MLD STP in AAI Colony since it is proposed to connect the nearby Air India hangars to this STP. Additionally, during the redevelopment of T1, temporary administrative offices for approximately 200 people will be housed in porta cabins at this location, with the STP catering to the development's needs. Accordingly, this project was undertaken in the 3 rd CP.
Feature Wall - Chhatrapati Shivaji Statue	01-09-2023	6.08	As part of the airport's development, MIAL constructed a grand Shivaji Smarak, including a statue of Chhatrapati Shivaji Maharaj, at the CSMIA entrance. Responding to local representatives' requests and respecting community sentiments, MIAL initiated a project to add a Maratha-style architectural backdrop to strengthen ties with the local community, key stakeholders in the airport's development.
Central Store Utility Building	30-09-2023	3.97	This facility was constructed to serve as a centralized hub for storing airside and landside maintenance materials, including consumables like chemicals, fuels, and spares essential for daily airport operations. It also houses an underground fire tank for cargo fire services.
ARFF-Customized/Fabricated Ambulance	30-11-2023	2.72	The project is a mandatory operational requirement involving the replacement of current vehicles, along with an additional Rs. 1.88 Crore allocated to extend the lifespan of Crash Fire Tenders (CFT) by five years.
Other Projects less than 2.50 crores	Various	17.34	Projects include ESG Projects, T1- Meeting / Training room revamp, Airside Driving Simulator System, SAP IT related projects, Vile Parle Police Station, ARFF - Forward Mobile Command Post Vehicle.
Total		144.28	

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

F. Projects not undertaken

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

Table 65: Projects not undertaken*(Rs. in crores)*

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

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

“...From the above table, it is noted that MIAL had a trend of proposing capex in one control period and postponing the same to future Control Periods without execution. This leads to services not being available to passengers who have paid up. This trend does not further instill any confidence in the Authority that large projects which were proposed in earlier Control Periods nor the large new projects proposed by MIAL would be completed on time. In order to discourage this trend, the Authority proposed to introduce a re-adjustment of cost clause whereby if the project is committed to be completed by MIAL in each control period and if the same was not completed, then the ARR / target revenue shall be reduced by 1% as re-adjustment of the total project cost...”

However, the Authority notes that a portion of the Third Control Period was impacted by the unprecedented COVID-19 pandemic, which created widespread uncertainty and disruptions across the globe. In view of

the black swan event which has affected almost all aspects of the supply chain and commercial activities, the Authority is not evaluating this 1% cost re-adjustment as a penal measure during this control period.

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

Table 66: Cost incurred by MIAL in the Third Control Period towards Runway Recarpeting Works
(Rs. in crores)

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

- 4.4.24 On review of the submission made by MIAL, the Authority, through its Aviation Expert conducted an independent comparison of the Pavement Classification Number values before and after the recarpeting exercise using information available on the AAI website.
- 4.4.25 Since there is no increase in PCN value was noted after the recarpeting exercise, the Authority proposes to consider the runway recarpeting expenses under Operation and Maintenance Expenses in the current control period as detailed in Authority's Order 35 in the matter of 'Determination of Useful Life of Airport Assets'. Accordingly, the Authority has examined the same under Operation and Maintenance Expenses (Refer **4.9.96**).
- 4.4.26 Based on the above discussions, the CAPEX for the Third Control Period as submitted by MIAL in MYTP for the Fourth Control Period viz-a-viz the CAPEX proposed to be considered by the Authority is presented below:

Table 67: Comparison of cost submitted by MIAL and proposed by Authority for the True-up of the Third Control Period

(Rs. in crores)

Particulars	Cost submitted by MIAL	Cost proposed by Authority
Projects as per Table 60	429.99	429.99
Projects as per Table 61	363.57	363.57
Projects as per Table 62	227.81	227.81
Projects approved on Incurrence Basis as per Table 63	21.02	21.02
Additional Projects undertaken as per Table 64	144.28	144.28
Runway recarpeting works as per Table 66	256.73	-
Total	1,443.40	1,186.67

- 4.4.27 In view of the above, the Authority proposes to consider the CAPEX incurred of Rs. 1,186.67 as per Table 67 for the True up of the Third Control Period.

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

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

Table 68: Value of the Assets identified to be adjusted from the Third Control Period additions in the Self-Contained Note extracted from the FAR of MIAL as on 1st April 2024*(Rs. in crores)*

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

* A list of these assets is enclosed in Annexure I (Refer 16.1).

- 4.4.29 In compliance to para 12 of SCN dated 30.08.2023 referred at above para 3.1.6, the Authority, through its Independent Consultant, has computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Depreciation (Refer Table 84) and Return on RAB (Refer Table 149) and as reflected in the Target Revenue (Table 150).
- 4.4.30 The Authority notes that all these assets amounting to Rs. 174.34 Crores as mentioned in the above table are categorized as non-aeronautical assets, therefore the Authority proposes not to give any effect to them.

4.5 TRUE UP OF ASSET ALLOCATION

RECAP OF AUTHORITY'S DECISION ON ASSET ALLOCATION IN THE THIRD CONTROL PERIOD ORDER

- 4.5.1 In the determination of RAB, a factor of relevance is the allocation of CAPEX into Aeronautical and Non-aeronautical assets. The exercise of allocation of assets into Aero and Non-Aero takes into consideration multiple factors like nature, location and use, revenues derived, area occupied etc.
- 4.5.2 The Authority had commissioned an independent study on the Allocation of Assets ("Independent Study on Asset Allocation") at the time of tariff determination for the Third Control Period, and same was carried out by R. Subramaniam and Company LLP. The key methodology, principles, and salient features of this asset allocation study are outlined below:
- (i) The Independent Study on Asset Allocation segregated the total assets of the airport under the following categories:
 - a) Aeronautical: All assets that are exclusively utilized for activities covered under Schedule 5 of the OMDA are tagged as "Aeronautical" assets. Examples - Runways, drainage and culverts, taxiways, aprons and bays, airfield ground lighting, etc.
 - b) Non-aeronautical: All assets that are exclusively utilized for non-aeronautical activities covered under Schedule 6 of OMDA are treated as non-aeronautical assets. Examples - Development of the Retail Stores, Cargo assets, Metro Station Development.
 - c) In-Admissible Asset: Upfront Fee paid to AAI (Rs. 154 crores) and retirement compensation payable (Rs. 317 Crores) to AAI employees in line with OMDA have been capitalized as Intangible assets. The upfront fee capitalized is not an admissible asset as it is not a pass-through item in the State Support Agreement. Retirement Compensation is allowed by the Authority on a payment basis therefore not considered as part of the asset base.
 - d) Common Assets: Assets which are not directly allocable to either Aeronautical or Non-aeronautical are classified as Mixed assets/Common assets and allocated based on the nature of assets, location, usage and criteria defined under relevant documents. Common assets are further classified into the following categories:

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

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

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

Table 69: Cumulative Summary of Area occupied / to be occupied for Commercial (Non-Aeronautical) Use in Terminal 2, Terminal 1 and GA Terminal

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

MIAL'S SUBMISSION ON ASSET ALLOCATION FOR THE THIRD CONTROL PERIOD

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

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

Table 70: Asset Allocation used by MIAL for the assets capitalized in the Third Control Period

Cost Centre	Cost Driver for Segregation of common expenses
Aeronautical Assets	100% Aero
Non-Aeronautical Assets	100% Non-Aero
Common Assets situated inside the Terminal Building	Weighted Average terminal Floor Area Ratio of the Terminal 87.43%
Common Assets situated outside the Terminal Building	Gross Aeronautical Fixed Assets Ratio based on Closing Gross Block of FY24 – 83.40%

Table 71: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as computed by MIAL

3 rd CP – Asset Allocation	2019-20	2020-21	2021-22	2022-23	2023-24
Asset Allocation (%)	82.83%	82.83%	82.94%	82.94%	83.40%

AUTHORITY’S EXAMINATION ON THE ASSET ALLOCATION SUBMITTED BY MIAL FOR THE TRUE UP OF THE THIRD CONTROL PERIOD

- 4.5.6 The Authority notes that instead of adopting the values for each year as per the above Table 71, MIAL has used the FY 2023-24 allocation percentage of 83.40% commonly for all the five years for the purpose of computing depreciation in the true up of the Third Control Period. This has been further discussed in Para 4.7.5 on aeronautical depreciation.
- 4.5.7 The Authority, through its Independent Consultant, obtained the Fixed Asset Register from MIAL and reviewed the assets capitalized during the Third Control Period. This evaluation included considerations of the asset description, location revenue streams and the intended use.
- 4.5.8 The Authority analyzed the asset allocation used on a case-to-case basis and proposes revising the allocation ratios for the following assets:

Table 72: Revised allocation ratios proposed by the Authority for assets capitalized in the Third Control Period

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
T1B Forecourt Development-Civil	Building	12.36	Common - 83.40%	Common - 73.30%	MIAL has submitted that ~597 sq.m. out of total forecourt area of 2,236 sq.m. is occupied by Non-Aero Concessionaires. Accordingly, this gross floor ratio of 73.30% has been considered as aero.
T1B Forecourt Development-MEP	Plant & Machinery	3.59	Common - 83.40%	Common - 73.30%	
GA Terminal Refurbishment and related works	Building	3.51	Common - 95.30%	Non-Aero	As per Part I of Schedule 6 of OMDA, General Aviation is non-aeronautical
GA Terminal Refurbishment and related works	Electrical Installations	0.74	Common - 95.30%	Non-Aero	

TRUE UP OF THE THIRD CONTROL PERIOD

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
	and Equipment				
GA Terminal Refurbishment and related works	Furniture and Fixtures	2.55	Common - 95.3%	Non-Aero	
GA Terminal Refurbishment and related works	Office Equipment	0.74	Common - 95.3%	Non-Aero	
GA Terminal Refurbishment and related works	Plant & Machinery	0.55	Common - 95.3%	Non-Aero	
Integrated SHA-Civil-T2	Building	2.82	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Runway intersection overlay works	Runways, Taxiways & Aprons	2.18	Aero	Considered as Aero Opex	No increase in PCN value
Server for WIFI System at MCR 2 Terminal 2	Servers & Network	0.82	Aero	Common - T2 86.84%	Since it is a part of Terminal
Server for WIFI System at MCR 1 Terminal 1	Servers & Network	0.71	Aero	Common - T1 89.93%	Since it is a part of Terminal
Re-branding signages at Various Location	Furniture and Fixture	0.69	Common 87.43%	Common – Overall	Since it is both within and outside Terminal
T2 Content Management Software E-Gate & ATRS System	Servers & Network	0.45	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
T1B-LED fixtures Departure SHA and Arrival area	Electrical installations	0.44	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
T1 Refurbishment of Washroom SHA/T1/AOG	Building	0.42	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
T1-Air Curtains	Office Equipment's	0.31	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Customized Lamination Roll for Biometric System	Computer - End Users	0.30	Aero	Common – Overall	Since it is a part of Terminal Building
Baby Stroller cum shopping trolley - T2	Furniture and Fixture	0.30	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Waterproofing works pump room -T1A	Building	0.20	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Landside- Nursery Shed With irrigation system	Building	0.10	Aero	Common – Overall	Being a common landside area
TERMINAL 1C - HVAC	Plant And Machinery	0.08	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Electrical Work at MIAL training center-T-1	Electrical Installations & Equipment	0.10	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
Light fittings at SHA1 and Back-office Area-T1	Electrical installations	0.07	Aero	Common - T1 89.93%	Since it is a part of Terminal Building
MIAL Nursery - Portable Greenwall	Plant & Machinery	0.10	Aero	Common – Overall	Being a common landside area

TRUE UP OF THE THIRD CONTROL PERIOD

Asset description	Asset Category	Actual Cost in FAR	Allocation used by MIAL	Allocation proposed by Authority	Reason for Change
Smart Timer Switch Street light-T2	Electrical Installations & Equipment	0.10	Aero	Common - T2 86.84%	Since it is a part of Terminal Building
Lamps & Fans MLCP (T2)	Office Equipment	0.02	Common 86.84%	Non-Aero	Since it is at the MLCP
AGL Intersection Overlay	Electrical Installations & Equipment	0.01	Aero	Considered as Aero Opex	No increase in PCN value

4.5.9 Based on the reclassification of certain assets in Para 4.5.8 from the asset additions submitted by MIAL for the Third Control Period, the revised Aeronautical portion (%) of asset additions proposed to be considered by the Authority for the Third Control Period is as follows:

Table 73: Ratio of Gross Fixed Assets (also used allocation of Common Assets outside the Terminal Building) for the Third Control Period as proposed by the Authority

3 rd CP – Asset Allocation (%)	2019-20	2020-21	2021-22	2022-23	2023-24
Asset Allocation as submitted by MIAL (From Table 71)	82.83%	82.83%	82.94%	82.94%	83.40%
Less: Change in % as per Authority's analysis	-	-	0.02%	0.02%	0.02%
Asset Allocation as proposed by the Authority	82.83%	82.83%	82.92%	82.92%	83.38%

4.5.10 Considering the ratios given in Table 73, the Aeronautical CAPEX proposed by the Authority for the Third Control Period is given in the table below:

Table 74: Aeronautical CAPEX as proposed by The Authority for True up of Third Control Period
(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Capitalization as per Authority	194.44	2.74	146.88	171.09	660.33	1,175.48
Addition considered on Pro-rata basis	117.76	0.63	22.36	67.00	145.98	353.74
Adjustments carried forward to next year on Pro-rata basis	76.68	2.10	124.52	104.09	514.35	821.74

Table 75: RAB as proposed by the Authority for True up of the Third Control Period
(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening RAB	A	5,741.07*	5,511.74	5,112.02	4,741.03	4,542.24	
Add: Addition based on proportionate capitalization (Refer Table 76)	B	268.65	77.31	24.47	191.52	250.08	812.02
Less: Depreciation (Refer Table 86)	C	497.99	477.03	395.46	390.31	355.90	2,116.69
Closing RAB	D = A+B-C	5,511.74	5,112.02	4,741.03	4,542.24	4,436.41	

*Refer Table 26 for Opening RAB of FY 20.

Table 76: Statement of Proportionate Addition during the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Aeronautical Capitalization during the year	A	194.44	2.74	146.88	171.09	660.33	1,175.48

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Less: Carried forward to next year	B	76.68	2.10	124.52	104.09	514.35**	821.74
Proportionate capitalization during the year	C = A-B	117.76	0.63	22.36	67.00	145.98	353.74
Add: Brought forward balance to be added to RAB	D	150.89*	76.68	2.10	124.52	104.09	458.28
Total Capitalization during the year	E = C+D	268.65	77.31	24.47	191.52	250.08	812.02

* Refer Table 26 for brought forward balance of FY 20

** Rs 514.35 Crores is carried forward to the Fourth Control Period

4.5.11 In view of the above, the Authority proposes to consider the RAB as per Table 75 for the True up of the Third Control Period.

4.6 TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE

MIAL'S SUBMISSION ON TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

4.6.1 The Authority while determining tariff for the Third Control Period decided not to consider the cost attributable to the old demolished T2 as part of HRAB and accordingly reduced the HRAB by Rs. 194.74 crores as on 1st April 2019, along with a reduction in carrying cost of Rs. 64.09 Crores, resulting in a net impact to the Target Revenue of Rs 258.83 Crores (Refer 4.4.14 of the Third Control Period Order).

4.6.2 TDSAT vide order dated 6th October 2023 has directed the Authority not to reduce HRAB on account of demolition of old T-2. Hence, MIAL has not considered the one-time impact of Rs. 258.83 crores computed by the Authority on account of reduction in HRAB for the purpose of calculation of true-up of the Third Control Period.

4.6.3 MIAL has submitted revised HRAB for the Third Control Period as follows:

Table 77: HRAB as submitted by MIAL for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	483.81	430.34	379.15	337.22	295.68	
Depreciation	B	53.47	51.19	41.93	41.54	37.60	225.73
Closing HRAB	C = A-B	430.34	379.15	337.22	295.68	258.08	
Average HRAB	D = Avg (A, C)	457.07	404.74	358.19	316.45	276.88	

RECAP OF DECISION TAKEN BY THE AUTHORITY REGRADING THE HYPOTHETICAL REGULATORY ASSET BASE AS PART OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

4.6.4 While computing the HRAB for the Third Control Period, the Authority reduced the cost of the demolished old Terminal 2 amounting to Rs. 194.74 crores.

4.6.5 This reduction affects the depreciation on HRAB and the return on HRAB for the period from FY 2013-14 to FY 2018-19. The total impact, including the carrying cost as on 1st April 2019, amounts to Rs. 258.83 crores.

4.6.6 The following table shows the value of HRAB computed by the Authority for the Third Control Period.

Table 78: HRAB Computation by the Authority for the Second Control Period after the removal of the old Terminal 2*(Rs. in crores)*

Particulars	Ref	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	780.32	561.80	517.38	481.39	440.00	398.86	
Reduction due to removal of old T2	B	194.74						194.74
Depreciation	C	23.79	44.42	35.99	41.39	41.15	39.59	226.32
Closing HRAB	D = A-B-C	561.80	517.38	481.39	440.00	398.86	359.26	
Average HRAB	E = Avg (A, D)	671.06	539.59	499.38	460.70	419.43	379.06	

Table 79: HRAB as decided by the Authority during the tariff determination of the Third Control Period order*(Rs. in crores)*

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	359.26	320.10	283.39	252.30	222.56	
Depreciation	B	39.16	36.72	31.08	29.74	27.60	164.30
Closing HRAB	C = A-B	320.10	283.39	252.30	222.56	194.97	
Average HRAB	D = Avg (A, C)	339.68	301.74	267.84	237.43	208.76	

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF HYPOTHETICAL REGULATORY ASSET BASE FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE CURRENT CONTROL PERIOD

- 4.6.7 As mentioned in para 4.2.5 of this Consultation Paper, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, based on which HRAB proposed by the Authority for True up of the Third Control Period is as per the below table:

Table 80: HRAB Computation for the Second Control Period after the removal of the old Terminal 2 based on Revised Depreciation*(Rs. in crores)*

Particulars	Ref	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Opening HRAB	A	780.32	561.80	518.14	482.86	442.26	401.99	
Reduction due to removal of old T2	B	194.74						
Depreciation	C	23.79	43.66	35.28	40.60	40.27	38.73	222.33
Closing HRAB	D = A-B-C	561.80	518.14	482.86	442.26	401.99	363.26	
Average HRAB	E = Avg (A,D)	671.06	539.97	500.50	462.56	422.13	382.62	

Table 81: HRAB proposed by the Authority for the True up of the Third Control Period*(Rs. in crores)*

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening HRAB	A	363.26	324.14	287.23	257.12	227.93	
Depreciation (Refer Table 87)	B	39.12	36.90	30.12	29.18	24.90	160.22
Closing HRAB	C = A-B	324.14	287.23	257.12	227.93	203.04	
Average HRAB	D = (A+C)/2	343.70	305.68	272.17	242.52	215.48	

- 4.6.8 In view of the above, the Authority proposes to consider HRAB as per Table 81 for the True up of the Third Control Period.

4.7 TRUE UP OF DEPRECIATION**MIAL'S SUBMISSION ON DEPRECIATION FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD**

- 4.7.1 Depreciation on the Regulatory Asset Base of the Third Control Period, based on the actual capitalization and depreciation on HRAB as submitted by MIAL after excluding the impact of the removal of the old Terminal 2, is as follows:

Table 82: Depreciation on RAB and HRAB as submitted by MIAL for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aero Allocation Ratio for Depreciation	83.40%	83.40%	83.40%	83.40%	83.40%	
Aeronautical Depreciation on RAB	512.94	491.21	408.93	412.93	404.08	2,230.09
Depreciation on HRAB	53.47	51.19	41.93	41.54	37.60	225.73

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE DEPRECIATION AS PART OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 4.7.2 The Authority in the Third Control Period Order had decided to True up the depreciation based on the actual capital expenditure incurred and actual date of capitalization of assets.
- 4.7.3 The depreciation as considered by the Authority for the Third Control Period is as follows:

Table 83: Depreciation on RAB and HRAB decided by the Authority during Tariff determination for the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Depreciation on RAB (Refer Table 135 of 3 rd CP Order)	512.62	512.77	451.92	441.69	418.40	2,337.40
Depreciation on HRAB	39.16	36.72	31.08	29.74	27.60	164.30

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING TRUE UP OF THE DEPRECIATION FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 4.7.4 The Authority, through its Independent Consultant reviewed the submission by MIAL for Depreciation of the Third Control Period and has also reviewed the audited financial statements of MIAL, especially on the accounting policy followed by MIAL for Depreciation. The Authority noted that for certain classes of assets, MIAL has adopted different useful lives than that prescribed in Order No.35/2017-18. The Authority proposes to adopt the rates of depreciation laid out in Annexure-I of the said Order for the purpose of calculation of depreciation on aeronautical assets in the Third Control Period.
- 4.7.5 The Authority, through its Independent Consultant / Aviation Expert also notes that, for the purpose of computing aeronautical depreciation, MIAL has applied the Gross Fixed Asset Ratio of FY 2023-24 (i.e., 83.40%) across all the five years of the Third Control Period. The Authority notes that Gross Fixed Asset Ratio specific to each year should be applied for allocation as per Table 71.
- 4.7.6 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same decisions as mentioned in para 4.2.5 of this Consultation Paper, except for complying with the directions of the Authorized Investigation Agency as explained in para 4.2.7.

4.7.7 The Authority has computed the depreciation on the assets identified in the SCN by AIA as mentioned in para 3.1.6 as below:

Table 84: Aeronautical Depreciation as computed by the Authority on the assets identified in SCN for the Third Control Period

(Rs. in crores)

Particulars	Third Control Period – Depreciation					Total Depreciation
	FY 20	FY 21	FY 22	FY 23	FY 24	
Aeronautical Depreciation	10.63	10.42	8.61	8.06	7.54	45.26

4.7.8 The Authority has recomputed the depreciation for the Third Control Period after adjustment set out below:

- (i) removing depreciation 614-line items where MIAL had claimed depreciation rates higher than those prescribed in Order No. 35/2017-18 and has restricted the depreciation rates to those specified in the order.
- (ii) removing Depreciation on the re-carpeting of Runway 14/32, which was submitted by MIAL as capital expenditure but was reclassified as Operating Expenditure by the Authority.
- (iii) revising the asset allocation ratio based on Table 71.
- (iv) adjusting the depreciation impact on consequent to the SCN as per Table 84.
- (v) non-consideration of depreciation on Right of Use Assets in FY 2022-23 and FY 2023-24

Table 85: Asset class-wise summary of Differential Depreciation between depreciation rates claimed by MIAL and in the Order No. 35

(Rs. in crores)

Particulars	No. of Line Items	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Building	25	0.00	0.00	0.15	0.21	0.32	0.68
Electrical Installations	4	-	-	0.01	0.06	0.06	0.13
Furniture and Fixture	10	-	-	0.02	0.13	0.14	0.29
Office Equipment's	12	-	0.00	0.00	0.01	-0.00	0.02
Plant & Machinery	563	1.73	1.87	3.60	8.19	20.87	36.26
Total additional Depreciation claimed by MIAL based on technical opinion obtained by it (a)	614	1.73	1.88	3.78	8.60	21.39	37.38
% of aeronautical assets (b)		82.83%	82.83%	82.92%	82.92%	83.38%	
Aeronautical portion of Additional Depreciation claimed by MIAL Based on Technical opinion obtained by it (c = a x b)		1.43	1.56	3.13	7.13	17.84	31.09

Table 86: Depreciation on RAB as proposed by the Authority for the True up of the Third Control Period as a part of the Tariff Determination exercise for the Fourth Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Depreciation as per Books (does not include depreciation on upfront fees paid to AAI)	690.33	670.89	552.41	547.50	537.01	2,998.14
Less: Depreciation on ROU Assets*	-	-	-	4.21	4.21	8.42
Depreciation after deduction of depreciation on ROU Assets	690.33	670.89	552.41	543.29	532.79	2,989.71

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aero Allocation Ratio for Depreciation	82.83%	82.83%	82.92%	82.92%	83.38%	
Aeronautical Depreciation as per FAR	571.79	555.71	458.07	450.51	444.25	2,480.34
Less: Higher depreciation in books as compared to the Authority (614-line items)	1.43	1.56	3.13	7.13	17.84	31.09
Less: Runway recarpeting amortize separately as O&M	56.89	62.13	47.13	41.39	59.89	267.43
Less: Depreciation on disallowed projects**	4.85	4.58	3.74	3.62	3.09	19.87
Less: Depreciation Impact on non-existent assets as per SCN	10.63	10.42	8.61	8.06	7.54	45.26
Aeronautical Depreciation	497.99	477.03	395.46	390.31	355.90	2,116.69

* On 29th April 2022 MIAL acquired 100% of equity shares of Regency Convention Centre and Hotels Private Limited for total consideration of Rs. 64 Crores. MIAL in its submissions claimed depreciation on this ROU asset as a part of Aeronautical Depreciation. However, the Authority notes that this is only an investment in equity shares and does not form part of RAB. Accordingly, the Authority proposes not to consider the depreciation on this asset as a part of Aeronautical Depreciation.

**Depreciation of Rs. 19.87 Crores on 7-line items with Gross Book value of Rs. 122.18 Crores not considered in RAB during the First and the Second Control Periods excluded. See Table 57 in the Third Control Period Order.

4.7.9 The Authority also noted that the average depreciation rate in the Third Control Period will vary from the average rate considered by MIAL based on allocation ratio, the adjustments in depreciation calculations made by the Authority and adjustment made due to the depreciation on runway recarpeting reclassified as an operating expenditure.

4.7.10 Accordingly, the Depreciation on HRAB was revised. In view of this, the Authority has estimated the Depreciation on HRAB as follows:

Table 87: Depreciation on HRAB as proposed by the Authority for True up of the Third Control Period as part of the Tariff Determination exercise for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical assets	A	9,131.76	9,272.39	9,419.85	9,594.77	10,255.10	
Depreciation on aeronautical assets (Refer Table 86)	B	497.99	477.03	395.46	390.31	355.90	2,116.69
Average rate of Depreciation on aeronautical assets %	C=B/A	5.45%	5.14%	4.20%	4.07%	3.47%	
HRAB	D	717.36	717.36	717.36	717.36	717.36	
Depreciation on HRAB	E=D*C	39.12	36.90	30.12	29.18	24.90	160.22

4.7.11 In view of the above, the Authority proposes to consider the Depreciation on RAB and HRAB as per Table 86 and Table 87 respectively for the True up of the Third Control Period.

4.8 TRUE UP OF FAIR RATE OF RETURN

MIAL'S SUBMISSION ON FAIR RATE OF RETURN FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

Cost of Equity:

4.8.1 MIAL considered the Cost of Equity as approved by the Authority in the tariff order for the Third Control Period i.e. 15.13%.

Cost of Debt:

4.8.2 MIAL's submission on the Cost of Debt for the True-Up of FRoR for the Third Control Period is as given below:

“As a part of Consultation Paper proposals for the Third Control Period, AERA initially proposed adjusting Cost of Debt by allowing an increase of 0.50% (50 bps) – raising it from 10.30% to a maximum of 10.80%. However, when finalizing the Tariff Order, based on Stakeholder Comments, AERA decided to strictly cap the Cost of Debt fixed at 10.30%, without allowing any increase for the Control Period.”

4.8.3 During the tariff determination process of the Third Control Period, MIAL had submitted the letter from State Bank of India dated 20th December 2019 to the Authority which stated that on account of downgrade in the external rating of MIAL by India Ratings from A+ to A-, the existing pricing on all the credit facilities has been increased by 0.50% w.e.f. 9th August 2019, effective rate of interest being 10.30% p.a.

4.8.4 Subsequently, MIAL's financial profile was severely impaired by the outbreak of COVID-19, the resultant lockdowns, and the continued restrictions on airlines' operations starting from March 2020.

4.8.5 MIAL's liquidity crisis was aggravated in FY 2020-21 as total passengers handled plummeted from 45.9 MN in FY 2019-20 to 10.5 MN in FY 2020-21 resulting in constrained operating cash flow.

4.8.6 In July 2021, MIAL, with the support from AAHL and AEL, refinanced its existing debt with short term bridge to bond facility which was mix of 11% Non-Convertible Debentures redeemable at the end of one year and Term Loans with interest rate of MCLR plus spread of 4.65% (effective interest rate of 11%) repaid at the end of one year in March 2022 of Rs. 7,250 Crs.

4.8.7 In April 2022, MIAL raised USD 750 million (~Rs 5,500 crores) through 7.25-year USD Notes/Bonds through US Private Placement (USPP). Funds raised through Private placement along with additional borrowings from Adani Airport Holdings Limited (AAHL) were used for refinancing of existing short term bridge loan of Rs. 7,250 crores as on 31 March 2022. It is to be noted that only ~75% of existing debt was refinanced from USD notes and balance was refinanced by inter-company loan from AAHL.

4.8.8 USD Notes are repayable in 7.25 years on the last day of Tenor (Bullet Repayment on last date of Tenor). As per the existing loan agreements, the effective interest rate is ~11.5% (7.25% effective coupon rate + 3.8% hedging cost+6% TDS Gross up on coupon payments).

4.8.9 The intercompany loan from AAHL is unsecured and subordinated to the senior debt. It carries interest 12.5% per annum.

4.8.10 The year wise cost of debt and weighted average cost of debt for the Third Control Period is as follows:

Table 88: Computation of weighted average cost of debt for the Third Control Period – as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Outstanding Debt	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Outstanding Debt	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt	6,206.00	6,107.02	6,629.32	7,648.52	8,428.57
Interest Cost	615.75	635.17	732.62	907.30	954.57
Cost of Debt	9.92%	10.40%	11.05%	11.86%	11.33%
Weighted Avg Cost of Debt	10.98%				

- 4.8.11 The Authority had finalized the process of tariff determination of MIAL for the Third Control Period in February 2021 with consultation process getting completed in November 2020. There were significant changes in the global economy post this period. Interest rates surged sharply globally post December 2020.
- 4.8.12 Since May 2022, the Reserve Bank of India has increased Repo Rate by 2.50% leading to cost of domestic borrowing becoming dearer in India.
- 4.8.13 Even if MIAL had continued with the existing debt facility, the increase in interest rate for FY 2022-23 would have been 1.25% (since average interest rates increased gradually) and 2.5% for FY 2023-24 considering only the overall increase in interest rates in the economy. Based on the above, the weighted average rate of interest for the Third Control Period would have been 11.17% as given hereunder:

Table 89: Computation of weighted average cost of debt if MIAL had continued with existing debt facility throughout the Third Control Period – as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Outstanding Debt	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Outstanding Debt	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt	6,206.00	6,107.02	6,629.32	7,648.52	8,428.57
Cost of Debt	10.30%	10.30%	10.30%	11.55%	12.80%
Weighted Avg Cost of Debt	11.17%				

- 4.8.14 TDSAT vide judgement dated 6th October 2023 has ruled that Authority ought to allow actual cost of debt incurred by MIAL especially looking into fact that debt availed is from reputed lenders.
- 4.8.15 FRoR: As per the weighted average cost of debt of 10.98% for the Third Control Period and cost of equity of 15.13% and normative gearing ratio of 48:52 as decided by the Authority in the Third Control Period tariff order, calculation of revised FRoR for the Third Control Period is as follows:

Table 90: Computation of FRoR for the Third Control Period as submitted by MIAL

Calculation of FRoR for the Third Control Period	
Cost of Debt	10.98%
Cost of Equity	15.13%
Gearing	48.00%
FRoR for the Third Control Period	13.14%

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE FAIR RATE OF RETURN AS PART OF TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 4.8.16 The Authority in the Third Control Period Order decided to consider Cost of Equity at 15.13% and Debt Equity Ratio of 48%:52% as per the recommendations / outcome of the Independent Study Report (Refer Para 5.2.5 of the Third Control Period Order).
- 4.8.17 The Cost of Debt was considered at 10.30% and decided to be trued up subject the cap of 10.30%. The Cost of Debt was applied across total debt, irrespective of the source, i.e., both on Debt and Refundable Security Deposit (RSD).
- 4.8.18 Accordingly, the Authority had considered FRoR at 12.81% considering Cost of Debt at 10.30% to be trued up subject to cap, Cost of Equity of 15.13% and the gearing ratio of 48:52.

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF FAIR RATE OF RETURN FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION FOR THE FOURTH CONTROL PERIOD

- 4.8.19 The Authority notes that MIAL has submitted the True up of FRoR for the Third Control Period based on the TDSAT judgement as explained in para 1.8.1.
- 4.8.20 The Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same as mentioned in para 4.2.5 of this Consultation Paper.
- 4.8.21 Additionally, the Authority observed MIAL's and analyzed it further. The following table lists the loan position of MIAL throughout the five years in the Third Control Period:

Table 91: Computation of FRoR for the true up of the Third Control Period as submitted by MIAL

Particulars	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Interest
Project Term Loan – SBI	5,665	5,560	5,714	-	-	-	MCLR+1.80=10.30%
Term Loans From banks – SCB & DB	-	-	-	4,100	-	-	11%
Term loan from financial institution – Aseem Infra Finance	-	-	-	250	-	-	11%
Non-convertible debentures (NCD)	-	-	-	2,900	-	-	11%
ECB – Apollo Group	-	-	-	-	6,201	6,339	Coupon EIR-7,25
Inter corporate loans – AAHL	-	-	-	113	2,093	2,584	12.50%
Real Estate loan	609	287	288	-	-	-	9.30 % to 11.95%
Working Capital Loan	322	291	74	-	-	-	9.25%
Total Borrowing Considered in MYTP	6,596	6,138	6,076	7,363	8,294	8,923	

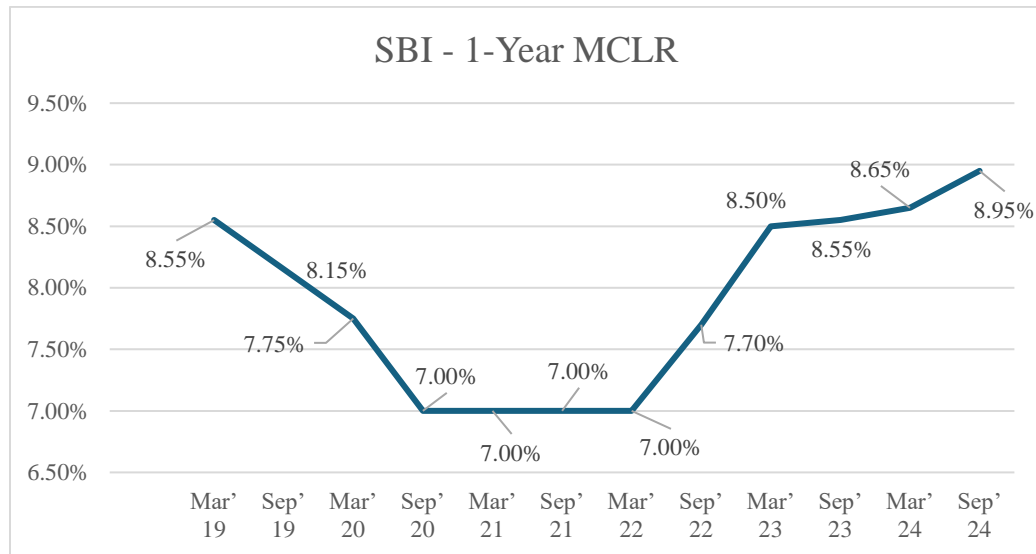
- 4.8.22 From the above table, it is evident that MIAL initially relied on a Loan from SBI at a relatively lower interest rate MCLR + 1.80% (10.30%). However, over time, this borrowing was replaced with other higher-cost sources, reflecting a more expensive shift in funding.
- 4.8.23 The SBI loan was phased out through borrowings from Azeem Infra Finance, NCD and Term Loans from other Banks at a higher interest rate of 11%, which was further replaced in the next year (FY 2021-22) by

a combination of loans, i.e., an External Commercial Borrowing Facility at 11.50% and an intercorporate loan from AAHL at 12.50% p.a, both of which were at higher rates of interest.

4.8.24 The Authority's examination is summarized below:

- (i) MIAL states that it had to restructure the borrowing arrangement with SBI due to defaulting loans under the previous management. MIAL stated that even if it had continued with the borrowings from SBI, the rate of interest would have been substantially higher and would have resulted in a weighted average cost of borrowing of 11.17% as stated in Para 4.8.13. The Authority analyzed the movement in SBI MCLR in the table below:

Figure 2 - SBI – 1 Year MCLR ranging from March 2019 to September 2024



From the above figure, it is clearly seen that the SBI MCLR rate experienced a significant decline from the beginning of FY 20 and remained at those levels for about two years before returning to its pre-covid range by FY 24. This indicates that if MIAL had continued with the same debt facility during this period, it could have benefitted from the reduced interest rates, resulting in lower borrowing costs for most part of the Third Control Period. Based on the movement of SBI MCLR, even considering the highest interest rate, the Authority finds that cost of debt would have only increased to 10.15% (MCLR – 8.65% + 1.50% Spread) as per **Figure 2**.

- (ii) The Authority also notes the inter-corporate loan being availed at the highest rate of 12.50%, is quite high in the context of funding available in the Indian market at that relevant time for the infrastructure sector. The trend of SBI MCLR in **Figure 2** clearly indicates that finance was available to MIAL at a substantially lower rate than its current borrowing rate. Therefore, availing the inter-corporate loan from AAHL at 12.50% has increased the cost of debt substantially when compared to the borrowing from SBI.
- (iii) In view of the foregoing analysis and reasoning, the Authority proposes not to consider the weighted average costs of debt and is continuing with its decision to apply the cap on the interest rate at 10.30% as decided in the Third Control Period.

4.8.25 Consequently, the Authority proposes not to make any change to the decisions made in the Third Control Period Order for the Fair Rate of Return. Therefore, the FRoR as decided in the Third Control Period Order (Ref para 5.6.5) is proposed to be continued for the True up of the Third Control Period.

4.9 TRUE UP OF OPERATING EXPENSES

MIAL'S SUBMISSION ON OPERATING EXPENSES FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

4.9.1 MIAL has submitted the O&M expenses for the true-up of the Third Control Period based on actuals incurred during the period.

4.9.2 The component wise breakup of Operating and Maintenance expenditure submitted by MIAL for the Third Control Period is as follows:

Table 92: O&M expenses submitted by MIAL for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total	(+) / (-) % as per MIAL's submission from the 3 rd Control Period Tariff Order
Employee Cost	217.68	220.79	168.02	146.12	159.37	911.98	18.39%
Utilities Expenses	120.95	63.53	73.40	108.40	132.75	499.03	15.44%
Repair & Maintenance Expenses	179.53	127.17	164.41	205.41	180.29	856.81	-24.06%
Rent, Rates and Taxes	45.97	43.84	48.05	53.88	57.25	248.99	27.88%
Advertisement Expenses	5.17	2.28	3.06	8.17	3.58	22.26	10.96%
Administrative Expenses	78.80	59.33	23.87	41.79	59.82	263.60	32.33%
AOA Fees	10.53	8.81	-	-	-	19.34	62.32%
Insurance Expenses	9.15	15.54	15.13	16.05	17.83	73.70	-85.83%
Consumption of Stores	8.63	5.12	9.05	20.41	17.47	60.68	-44.34%
Operating Expenditure	159.30	150.12	127.61	161.58	174.71	773.32	5.83%
Interest on Working Capital	24.98	28.00	27.23	17.50	17.50	115.21	
Financing Charges	24.74	14.98	162.64	38.93	27.77	269.06	-169.06%
Runway Recarpeting along with Carrying Cost on Unamortised Portion	52.32	56.21	51.13	45.92	29.51	235.10	1.86%
Corporate Cost Allocation	-	-	91.47	100.10	76.00	267.57	
Provision for Bad Debts	6.08	36.39	3.24	15.09	0.43	61.23	
Bad Debts Written Off	1.41	-	10.66	19.46	0.71	32.24	

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total	(+) / (-) % as per MIAL's submission from the 3 rd Control Period Tariff Order
Loss on Scrapping of Asset	2.35	-0.03	-	-	-	2.32	
Collection Charges over DF	2.96	2.75	0.41	5.52	5.77	17.41	
CSR Cost	0.48	0.04	-	-	-	0.52	
Exchange Gain and Loss	0.03	0.12	-	0.37	-0.14	0.38	
CWIP - Written Off	-	-	8.65	-	-	8.65	
Investment Written Off	-	-	0.06	-	-	0.06	
Total	951.06	834.99	988.09	1,004.70	960.63	4,739.46	-6.23%

4.9.3 MIAL has stated that it was able to achieve savings in various heads of O&M like Employee Expenses, Utilities, Rates and Taxes, Advertisement, Administrative Expenses and Operating expenses over the cost approved by the Authority in the Third Control Period. However there has been an increase in expenses for some heads of expenditure as well, like Repairs and Maintenance, Insurance, Working Capital, and Financing Charges, for which MIAL has provided reasons as detailed below:

Reasons for increase in various heads of expenditure as per MIAL:

Corporate allocation costs from AEL and AAHL resulting in higher Administration Costs

4.9.4 Adani Enterprises Ltd (AEL), through its subsidiary Adani Airport Holdings Ltd (AAHL), acquired Mumbai International Airport Ltd (MIAL) in July 2021, adding MIAL to its portfolio of eight airports, including Navi Mumbai International Airport and six others. AEL is the flagship company of the Adani Group, promoting various sectors such as airports, power, renewable energy, and logistics. AEL and AAHL have centralized strategic functions, including finance, legal, procurement, and human resource management, providing corporate support services across Adani Group companies, including airports. These services are essential for efficient airport operations and are provided on a cost-to-cost basis, without a markup, to avoid duplication of expenses at each airport.

4.9.5 MIAL, after its acquisition by Adani, discontinued payments for services previously made to GVK Power and Infra Ltd and ACSA, resulting in cost savings. The cost allocation to MIAL by AEL and AAHL is consistent with other Adani airports and has been accepted by the Authority for airports like Ahmedabad, Mangalore, and Lucknow.

4.9.6 TDSAT directed the Authority to include corporate costs in MIAL's operating expenses, following an appeal by MIAL after these costs were excluded during the Third Control Period tariff determination process. The judgment requires the Authority to allow the true-up of these costs in the final tariff determination (Fourth Control Period).

Repair and Maintenance Costs

4.9.7 The Authority, in its Third Control Period projection, approved repair and maintenance (R&M) costs based on 1.1% of the opening gross block for a given year. However, an error was made in calculating R&M

expenses, as the Authority used only the aeronautical gross block rather than the total gross block. This led to an underestimation of the actual R&M costs for MIAL.

- 4.9.8 The closing gross block for FY 2018-19 was Rs. 15,046.88 Crores, as confirmed in the Authority's independent study. MIAL has further stated that, the R&M expenses should have been computed on the total gross block of assets, and then the portion pertaining to aeronautical expense should have been worked out on that base.
- 4.9.9 MIAL used to incur AMC costs for security equipment, which were reimbursed by NASFT. However, NASFT revised its list of allowable expenditures in January 2021, excluding AMC/CAMC for security equipment. As a result, MIAL has not been reimbursed for these expenses since July 2019. Hence, this cost has been considered as R&M by MIAL.
- 4.9.10 Despite these issues, MIAL's total actual R&M expenses for the Third Control Period were Rs. 856.81 Cr, which is lower than the projected amount and also well below the 6% of opening RAB, a benchmark often used in the recent Authority's tariff orders.

Increase in costs related to Financing Charges

- 4.9.11 During the tariff determination process for the Third Control Period, the Authority approved financing costs based on the average yearly costs incurred in the Second Control Period. These financing charges encompass recurring costs such as upfront fees, arranger fees for banks, bank guarantee commissions, and other bank charges.
- 4.9.12 In November 2020, MIAL requested the Authority to approve a one-time restructuring/refinancing cost of Rs. 55 Cr, based on preliminary estimates. Due to a significant reduction in revenue and a liquidity crisis, MIAL faced challenges in fulfilling its debt obligations, leading to a request for loan restructuring as per RBI guidelines. In December 2020, MIAL's credit rating was downgraded from C to D (default).
- 4.9.13 In this challenging economic environment, MIAL decided to refinance its existing loans with long-term bonds, but due to financial instability and uncertainty caused by the COVID pandemic, it could not raise funds. In July 2021, MIAL, with support from AAHL and AEL, refinanced its debt through a short-term bridge-to-bond facility, incurring one-time financing charges of Rs. 158 Crs.
- 4.9.14 Although MIAL initially requested a one-time restructuring cost of Rs. 55 Cr, this amount was lower than the actual costs incurred. Given the circumstances that necessitated the refinancing for the airport's survival, MIAL seeks to have these one-time costs recognized as allowable financing charges. Furthermore, TDSAT's judgment on October 6, 2023, directed the Authority to include these financing charges in MIAL's operating expenses and to allow true-up in the final tariff determination for the Fourth Control Period.

Interest on Working Capital

- 4.9.15 During the tariff determination of the Third Control Period, the Authority noted that if working capital was needed, it would be reviewed in the Fourth Control Period based on actual costs and justification. MIAL had historically incurred working capital interest of Rs. 71.42 crores during the Second Control Period, which was approved by the Authority. The need for working capital became more crucial during the pandemic-induced liquidity crunch.
- 4.9.16 At the start of the Third Control Period, MIAL had a cash credit/working capital limit of up to Rs. 330 crores, with average utilization ranging from Rs. 180 to Rs. 200 crores. Interest payments of Rs. 17.56 crores and Rs. 17.76 crores were made in FY 2019-20 and FY 2020-21, respectively. TDSAT, in its October 6th,

2023 Judgment, directed the Authority to include MIAL's working capital interest during the Third Control Period in operating expenses and true it up in the First Control Period.

- 4.9.17 In July 2021, MIAL refinanced its existing debt, including Rs. 180 crores in outstanding working capital debt, with a short-term bridge-to-bond facility. The new facility included 11% Non-Convertible Debentures and term loans with an effective interest rate of 11%, replacing the previous working capital facility.
- 4.9.18 MIAL paid Rs. 3.77 crores in interest on working capital debt until July 2021. For FY 2021-22, FY 2022-23, and FY 2023-24, the interest on working capital is estimated at Rs. 17.5 crores annually, based on historical usage and average utilization of Rs. 180 crores. This amount is accounted for when calculating the FRoR by adjusting the total interest cost and outstanding debt.

Insurance Expenses

- 4.9.19 As per OMDA provisions, MIAL is required to maintain various insurance policies covering aspects like physical loss, business interruption, and employee insurance. The Authority had approved insurance costs for the Third Control Period.
- 4.9.20 There was a significant rise in insurance expenses in FY 2019-20 and FY 2020-21 due to factors like increased insurance rates by reinsurers, reinstatement of asset values, and higher premiums for the Industrial All Risk Policy, particularly due to COVID-19.
- 4.9.21 Since these insurance expenses are mandatory and determined by insurance companies regulated by IRDAI, they are beyond MIAL's control. MIAL has requested the Authority to consider the actual insurance costs incurred during the Third Control Period.
- 4.9.22 TDSAT, in its October 6, 2023, judgment, directed the Authority to include the actual insurance expenses incurred by MIAL during the Third Control Period as part of operating expenses, with a true-up to be given in the tariff determination for the Fourth Control Period.

AERONAUTICAL ALLOCATION OF OPERATING EXPENSES AS SUBMITTED BY MIAL:

- 4.9.23 Expenses have been allocated by MIAL based on an independent study of Operation and Maintenance expenses of the Second Control Period during tariff determination of the Third Control Period. The principles determining the segregation of Operation and Maintenance costs in Aeronautical and Non-Aeronautical expenses for the purpose of tariff determination is discussed below. The process of segregation broadly involved the following steps:
- 4.9.24 As per the independent study, segregation of various costs into Aeronautical, Non-Aeronautical and Common were done based on review of the cost centers.
- 4.9.25 Methodology for allocation of common cost is as below:
- (i) Common costs related to Terminal operations are apportioned between Aeronautical and Non-Aeronautical activities based on the weighted average terminal floor space ratio.
 - (ii) Corporate Overheads (Costs incurred outside the Terminal Building) are apportioned between Aeronautical & Non-Aeronautical activities based on the adjusted gross fixed assets ratio.
- 4.9.26 Based on the above-mentioned segregation logic as per the independent study, aeronautical allocation percentages of various expenses of the Third Control Period using above allocation principles is given below:

Table 93: Comparison of Costs Centers being used by MIAL for segregation purposes

Cost Centre	Description	Classification for regulatory purposes	Cost Driver for Segregation of common expenses
Aeronautical Common	For cost common to Aeronautical activities	Aeronautical	100% Aero
Airport Common	For costs common to Aeronautical and Non-Aeronautical Activities	Common	Weighted average terminal floor area ratio of the terminal 87.43%
Non-Aeronautical Common	For costs common to Non-aeronautical Activities	Non-aeronautical	0% Aero
Corporate Overheads	For allocation of corporate overheads applicable at the entity level	Common	83.40% (Gross Aeronautical fixed assets ratio of closing gross block of FY24)

4.9.27 Basis on the above-mentioned allocation method, the aeronautical operation and maintenance percentages allocated by MIAL for each cost head is as follows:

Table 94: Aeronautical allocation ratios of O&M expenses submitted by MIAL in the Third Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	As Applied by the Authority in the 3 rd Control Period
Employee Cost	89.69%	89.43%	88.07%	88.41%	88.41%	86.50%
Utilities Expenses	99.04%	98.60%	98.18%	98.85%	98.85%	98.60%
Repair & Maintenance Expense	93.56%	98.94%	93.27%	96.83%	95.82%	86.90%
Rents, Rates & Taxes	91.22%	91.18%	90.95%	84.80%	94.26%	81.90%
Advertisement Expense	92.53%	95.15%	89.21%	83.90%	86.48%	91.40%
Administrative Expenses	76.07%	83.08%	78.78%	82.57%	82.57%	77.50%
AOA Fees	83.40%	83.40%	0.00%	0.00%	0.00%	82.60%
Insurance Expense	83.40%	83.40%	83.40%	83.40%	83.40%	82.60%
Consumable Stores	87.90%	87.95%	87.72%	87.43%	87.30%	93.70%
Operating Cost	87.40%	87.11%	91.00%	90.91%	98.90%	91.20%
Bad Debts Written Off	100.00%	0.00%	61.18%	0.00%	0.00%	
Working Capital Interest	83.40%	83.40%	83.40%	83.40%	83.40%	82.60%
Financing Charges	83.40%	83.40%	83.40%	83.40%	83.40%	78.30%
Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Carrying Cost on Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%	
Corporate Cost Allocation	89.69%	89.43%	88.07%	88.41%	88.41%	

4.9.28 Aeronautical Portion of various expenses of the Third Control Period using above allocation principles is given below:

Table 95: Aeronautical O&M expenses submitted by MIAL for the true-up of the Third Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	195.23	197.46	147.98	129.19	140.90	810.75

(Rs. in crores)

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Utilities (net of recoveries)	119.78	62.64	72.07	107.15	131.23	492.87
Repair & Maintenance Expenses	167.97	125.82	153.34	198.89	172.76	818.78
Rent, Rate and Taxes	41.93	39.97	43.70	45.69	53.97	225.27
Advertisement Expenses	4.78	2.17	2.73	6.85	3.10	19.63
Administrative Expenses	59.94	49.29	18.81	34.51	49.39	211.93
AOA Fees	8.78	7.35	-	-	-	16.13
Insurance Expenses	7.63	12.96	12.62	13.39	14.87	61.47
Consumption of store	7.59	4.50	7.94	17.85	15.25	53.12
Operating Expenditure	139.23	130.78	116.13	146.89	172.79	705.82
Interest on Working Capital	20.83	23.35	22.71	14.60	14.60	96.09
Financing Charges	20.63	12.49	135.64	32.47	23.16	224.40
Runway Recarpeting along with carrying cost on unamortised portion	52.32	56.21	51.13	45.92	29.51	235.10
Corporate Cost Allocation	-	-	80.56	88.50	67.19	236.25
Provision for Bad Debts	-	-	-	-	-	-
Bad debts written off	1.41	-	6.52	-	-	7.93
Loss on scrapping of Asset	-	-	-	-	-	-
Collection charges over DF	-	-	-	-	-	-
CSR cost	-	-	-	-	-	-
Exchange gain and loss	0.03	-	-	-	-	0.03
CWIP - Written off	-	-	-	-	-	-
Investment written off	-	-	-	-	-	-
Total	848.08	724.99	871.87	881.89	888.72	4,215.56

RECAP OF DECISION TAKEN BY THE AUTHORITY REGRADING THE OPERATION AND MAINTENANCE EXPENDITURE AS PART OF THE TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

4.9.29 In the tariff determination of the Third Control Period order, “The Authority decides to true up operating and maintenance expenditure for the current control period, at the time of tariff determination for the next control period, after evaluation of the reasonableness and efficiency of the costs incurred.”

4.9.30 The Authority has considered the following Aeronautical Operating Expenses at the time of tariff determination for the Third Control Period.

Table 96: Aeronautical Operating and Maintenance Expenditure decided by the Authority during the tariff determination of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	201.73	201.73	218.89	237.50	257.70	1,117.55
Utilities Expenses	147.30	92.14	79.38	128.83	142.48	590.12
Repair & Maintenance Expense	128.19	133.06	139.52	143.82	146.04	690.62
Rents, Rates & Taxes	46.26	46.92	76.41	87.40	88.28	345.27
Advertisement Expense	5.00	5.00	5.00	5.00	5.00	25.00
Administrative Expenses	83.10	68.22	73.80	79.40	85.02	389.54
AOA Fees	9.88	10.07	10.26	10.46	10.66	51.34
Insurance Expense	4.58	8.19	8.56	8.96	9.37	39.64
Consumption and Store Expenses	6.34	7.11	8.13	10.00	10.46	42.03
Operating Expenditure	149.72	156.65	163.90	171.49	179.43	821.20
Financing Charges	20.00	20.00	20.00	20.00	20.00	100.00
VRS Expenses	1.47	-	-	-	-	1.47
Collection Charges over DF	2.72	2.72	2.72	-	-	8.16

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Works claimed by MIAL as part of Operational Capex allowed as Opex	13.74	59.45	59.45	59.45	47.46	239.55
Total Aeronautical Opex	820.03	811.25	866.01	962.31	1,001.89	4,461.49

4.9.31 The Authority had decided to True up the Aeronautical Operating and Maintenance Expenditure for the Third Control Period, at the time of determination of tariff for the Fourth Control Period, after evaluation of the reasonableness and efficiency of the costs incurred.

AUTHORITY’S EXAMINATION AND PROPOSAL REGARDING THE TRUE UP OF OPERATING AND MAINTENANCE EXPENDITURE FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

4.9.32 As part of the true-up exercise, the Authority has reviewed the O&M expenditure by undertaking the following steps:

- (i) Obtaining a party-wise / ledger-wise breakup and other internal records of expenses to assess the composition of costs.
- (ii) Reconciling the expenses with the financial statements audited, wherever possible.
- (iii) Examining the reasons for variances between the costs submitted by MIAL for true-up and those approved by the Authority in the Third Control Period.

The Authority has examined the expenditure component wise, which is discussed below:

Employee Costs:

4.9.33 The Authority notes that the employee cost includes salaries, wages, social security benefits, bonus, perquisites (such as medical reimbursement), gratuity paid to employees and fees paid to retainers.

4.9.34 The employee count of MIAL and the comparison of costs submitted by MIAL for true-up and as approved by the Authority in the Third Control Period is given in Table 97:

Table 97: Employee Count as submitted by MIAL for True up of the Third Control Period

Name of the Department (Employee Count)	Classification	FY20	FY21	FY22	FY23	FY24
Land Management and Slum Rehabilitation	Common	10	9	11	6	4
CSD	Non-Aero	-	-	-	10	16
Project Operations	Aero	93	80	23	39	35
CEO/MD Office	Common	10	9	6	8	6
Operations Procurement	Aero	24	30	14	19	15
Finance and Accounts	Common	45	47	31	38	34
Information Technology	Common	21	21	14	12	12
Terminal Operations	Aero	71	70	71	71	65
Administration	Common	13	13	6	7	6
Guest Relations	Common	28	26	21	18	16
Jaya He	Aero	6	4	4	2	2
Security	Aero	361	364	339	376	356
Landside Operations	Aero	15	13	11	10	9
Commercial	Non-Aero	12	13	19	28	27
Legal	Common	8	6	6	7	7
Human Resources	Common	16	17	8	10	13
Aero Commercial	Aero	9	5	3	3	3

TRUE UP OF THE THIRD CONTROL PERIOD

Name of the Department (Employee Count)	Classification	FY20	FY21	FY22	FY23	FY24
Horticulture	Aero	11	11	8	6	6
Aerodrome Rescue & Fire Fighting	Aero	162	159	152	156	176
Airport Operations Services	Aero	34	35	30	38	35
Airside & Ground Maintenance	Aero	12	11	11	11	10
Airside Operations	Aero	9	8	6	4	3
Airside Safety	Aero	44	45	37	43	45
Baggage Operations	Aero	26	26	25	25	26
Engg & Maint	Aero	65	76	65	75	77
Environment	Aero	4	3	1	2	3
Facilities	Common	28	28	24	23	19
Health & Safety	Aero	5	4	3	5	5
Joint Control Centre	Aero	5	5	5	5	5
Quality and Customer Care	Aero	92	89	65	52	44
Medical Services	Aero	3	3	3	3	3
Corporate Communication	Common	8	7	2	3	4
Corporate Relations	Common	4	5	3	1	1
Corporate Aviation Terminal	Aero	16	16	14	12	10
Cargo	Non-Aero	8	9	7	7	7
Air Transport Services	Aero	-	-	-	-	-
Regulatory	Aero	6	2	-	-	-
Chairman's Office	Common	5	5	-	-	-
Airport Services	Non-Aero	38	33	25	18	-
Urban Planning	Common	25	18	-	-	-
Total		1,352	1,325	1,073	1,153	1,105

Table 98 : Comparison of Employee Cost as submitted by MIAL for true-up and as approved by the Authority in the Third Control Period

(Rs. in crores)

Employee Costs	FY 20	FY 21	FY 22	FY 23	FY 24	Total
As submitted by MIAL (a)	217.68	220.79	168.02	146.12	159.37	911.98
As approved in the Third Control Period Order (b)	201.73	201.73	218.89	237.50	257.70	1,117.55
Difference (b-a)	(15.95)	(19.06)	50.87	91.38	98.33	205.57

4.9.35 The Authority notes that the cost incurred by MIAL is lower than the cost approved in the Third Control Period, since MIAL has stated that many of the administrative functions are being outsourced from AEL and AAHL and included as part of the Corporate Costs.

Table 99: Average Employee Cost as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Average Employee Cost	0.16	0.17	0.16	0.13	0.14

4.9.36 The Authority observes that the average employee headcount has decreased, and the average employee cost has reduced initially and thereafter sustained during the Third Control Period. Accordingly, the Authority considers the employee cost of Rs. 911.98 crores as mentioned in Table 98 for the purpose of the true up of the Third Control Period.

Utilities Expenses:

- 4.9.37 The Authority reviewed MIAL's submission regarding utility expenses for the Third Control Period. It was observed that utility expenses comprise electricity, water, and fuel charges, primarily related to lighting, HVAC systems, and other airport equipment. These expenses also include utility costs incurred by non-aeronautical concessionaires, such as retail outlets, food shops, beverage stores, and cargo operations. For cost computation purposes, MIAL has adjusted the utility consumption attributed to these non-aeronautical concessionaires.
- 4.9.38 The Authority reviewed the utility costs submitted by MIAL for the true-up of the Third Control Period, along with the costs approved in the Third Control Period Order. The Authority has analyzed the average consumption, average rates, and net recovery from concessionaires as provided by MIAL in the table below:

Table 100: Electricity Cost as submitted by MIAL for the True up of the Third Control Period*(Rs. in crores)*

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Gross Consumption (KwH)	A	16.19	9.93	12.06	15.15	16.43	69.76
Recoveries (KwH)	B	5.09	2.67	3.77	4.86	5.42	21.81
Net Consumption (KwH)	C=A-B	11.1	7.26	8.29	10.29	11.01	47.95
Rate per KwH	D	11.33	8.98	8.68	10.17	11.58	
Gross Amount	E=C*D	125.82	65.15	71.94	104.68	127.48	495.07
Other Credit and Recoveries	F	12.41	6.44	5.7	4.68	4.91	34.14
Net Amount	G=E-F	113.41	58.71	66.24	100	122.57	460.93

Table 101: Water Cost as submitted by MIAL for the True up of the Third Control Period*(Rs. in crores)*

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Consumption (KL)	A	0.16	0.1	0.13	0.16	0.15	0.70
Recoveries (KL)	B	0.04	0.02	0.03	0.04	0.01	0.14
Net Consumption (KL)	C=A-B	0.12	0.08	0.1	0.13	0.14	0.56
Rate per KL	D	88.38	94.45	99.95	107.00	108.20	
Gross Amount	E= C*D	10.49	7.32	10.02	13.58	14.72	56.12
Savings due to recycled water	F	3.02	2.5	3.28	5.06	4.67	18.52
Net Amount	G= E-F	7.47	4.82	6.74	8.52	10.05	37.60

- 4.9.39 The comparison of cost submitted by MIAL for true-up and as approved by the Authority in the Third Control Period is given in the table below:

Table 102: Comparison of Utilities Expenses as submitted by MIAL for True up and as approved by the Authority for the Third Control Period*(Rs. in crores)*

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Electricity Cost	A	113.41	58.71	66.24	100.00	122.57	460.93
Water Cost	B	7.47	4.82	6.74	8.52	10.05	37.60
Fuel Cost	C	0.07	0.00	0.42	(0.12)	0.13	0.50
Utilities Cost as submitted by MIAL	D = A+B+C	120.95	63.53	73.40	108.40	132.75	499.03
Utilities Cost as approved in the Third Control Period Order	E	147.30	92.14	79.38	128.83	142.48	590.12
Difference	F = E-D	26.35	28.61	5.98	20.43	9.73	91.09

4.9.40 The Authority notes that the Utility charges (net of recoveries) incurred by MIAL in the Third Control Period are substantially lower than the charges approved by the Authority in the Third Control Period. Therefore, the Authority proposes to allow utility expenses of Rs. 499.03 Crores submitted by MIAL as per Table 102.

Repair and Maintenance Expenses

4.9.41 The Authority notes that repair and maintenance expenses include cost incurred towards repair and maintenance (including annual maintenance contracts) in nature of:

- (i) Civil Works at the passenger, terminal, cargo areas, etc,
- (ii) Electrical Works such as aerobridges, airside ground lighting, air conditioning equipment, power supply and degeneration sets, etc,
- (iii) Plant and Machinery,
- (iv) IT & Electronics,
- (v) Vehicles,
- (vi) Furniture's and Fixtures.

4.9.42 The Authority has reviewed the costs submitted by MIAL for the true-up of the Third Control Period and compared them with the costs approved in the Third Control Period Order.

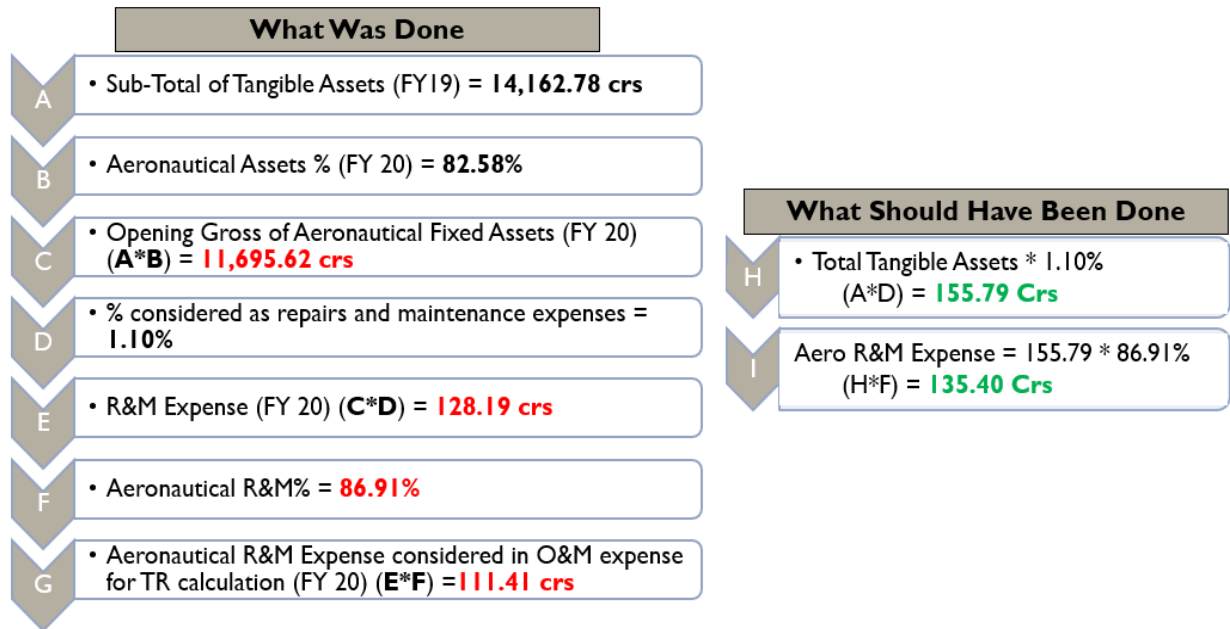
Table 103: Comparison of Repairs and Maintenance Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Civil Works	62.50	22.18	27.28	25.82	13.45	151.22
Electrical Works	85.52	77.74	78.65	91.07	50.49	383.48
Plant & Machinery	8.32	4.93	13.50	59.76	67.49	154.00
IT & Electronics	21.53	21.18	43.73	22.12	35.06	143.63
Security Automation Expenses	-	-	-	2.54	5.03	7.57
Vehicles	1.16	1.00	1.12	3.35	0.32	6.95
Furniture's and Fixtures	0.49	0.13	0.13	0.75	0.37	1.88
Others	-	-	-	-	8.07	8.07
R&M Expenses as submitted by MIAL (a)	179.53	127.17	164.41	205.41	180.29	856.81
R&M Expenses as approved in the Third Control Period Order (b)	128.19	133.06	139.52	143.82	146.04	690.62
Difference (b-a)	(51.34)	5.89	(24.89)	(61.59)	(34.25)	(166.19)

4.9.43 The Authority notes that the cost incurred by MIAL is higher than the amount approved by the Authority in the Third Control Period by Rs. 166.19 Crores. This excess is attributed to a variance in the tariff order of the Third Control Period as stated by MIAL in para's from 4.9.7 and 4.9.8, which is explained with an example below:

Figure 3 – Repair and Maintenance Expenses – Comparison what was done in the Third Control Period Order to how it should have been done



4.9.44 Apart from the above, R&M expenses has increased due to discontinuation of AMC costs for security equipment by NASFT.

4.9.45 It is further noted that R&M expenses incurred by MIAL is less than benchmark 6% of opening RAB.

4.9.46 Accordingly, the Authority proposes to consider the cost of Rs 856.81 Crores submitted by MIAL as per Table 103 for the True up of Repair and Maintenance Expenses.

Rents, Rates and Taxes:

4.9.47 The Authority notes that the Rents, Rates and Taxes include rental paid for accommodating custom offices, guest house rentals, property taxes, non-agricultural tax, and other levies of similar nature.

4.9.48 The Authority has analyzed the cost submitted by MIAL for the True up of the Third Control Period and also compared it with the cost approved in the Third Control Period Order in the below table:

Table 104: Comparison of Rents, Rates and Taxes Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Rents	9.87	8.60	11.77	13.79	11.30	55.33
Other Rates and Taxes	0.12	0.09	0.02	-	-	0.23
Property Tax	15.18	16.74	17.28	0.35	25.78	75.33
Non-Agricultural Tax	20.80	18.41	18.98	39.74	20.17	118.11
Rent, Rates and Taxes as submitted by MIAL (a)	45.97	43.84	48.05	53.88	57.25	248.99
Rent, Rates and Taxes as approved in the Third Control Period Order (b)	46.26	46.92	76.41	87.41	88.28	345.26
Difference (b-a)	0.29	3.08	28.36	33.53	31.03	96.27

4.9.49 The Authority observes that the expense incurred by MIAL is lower than cost approved in the Third Control Period on account of the following:

- (i) Increase in Agricultural Tax, which was originally estimated to increase 3 times once in every 5 years, was much lower due to the Covid-19 pandemic.
- (ii) The increase in Property Tax, which was originally expected to be around 40%, was much lower due to the Covid-19 pandemic.

4.9.50 The Authority also reviewed the few tax challan documents and found MIAL's submission satisfactory, therefore the Authority has decided to consider the cost of Rs 248.99 Crs as submitted for True up by MIAL for the Third Control Period as per Table 104.

Advertisement Expenses:

4.9.51 The Authority notes that advertisement expenses include expenses towards general advertisement, retention of a PR agency and surveys relating to customer satisfaction.

Table 105: Comparison between advertisement cost as submitted by MIAL for True up and as Approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
As submitted by MIAL (a)	5.17	2.28	3.06	8.17	3.58	22.26
As approved in the Third Control Period Order (b)	5.00	5.00	5.00	5.00	5.00	25.00
Difference (b-a)	(0.17)	2.72	1.94	(3.17)	1.42	2.74

4.9.52 The Authority had capped the Advertisement Expenses at Rs. 5 Crores/year in the Third Control Period Order and notes that the total expenses incurred by MIAL is lower than the amount approved in the Third Control Period Order. The Authority on its examination noted that:

- (i) MIAL has exceeded the cap in FY 2019-20 by Rs. 0.17 Crores and by Rs. 3.17 Crores in FY 2022-23. The total expenditure is however within the overall cap for the Third Control Period.

4.9.53 Consequently, the Authority proposes considering the advertisement expenditure of Rs 22.26 Crores submitted for true-up by MIAL as per Table 105.

Administrative Expenses:

4.9.54 The Authority notes that the administrative expenses include legal fees, professional fees, travelling and lodging expenses, telephone expenses, business development, conveyance, printing & stationery, subscription / membership fees and hospitality expenses.

4.9.55 The Authority examined the Administrative Expenses submitted by MIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 106: Comparison between Administrative Expenses submitted by MIAL for True up and as approved by the Authority in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Miscellaneous Expenses	8.72	4.75	2.60	11.27	7.14	34.48
Travelling and Conveyance	4.84	3.76	1.87	2.02	1.70	14.19
Communication Expenses	1.15	1.30	0.96	1.51	0.79	5.71
Director's Sitting Fees	0.34	0.29	0.45	0.31	0.36	1.75

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Donation	1.71	-	-	-	-	1.71
Professional Charges	47.23	29.33	5.26	4.96	23.70	110.48
Remuneration to Auditors	0.96	0.53	1.50	0.63	1.19	4.81
Legal Expenses	13.85	19.37	11.23	21.09	24.94	90.48
Administrative Expenses as submitted by MIAL (a)	78.80	59.33	23.87	41.79	59.82	263.60
Administrative Expenses as approved in the Third Control Period Order (b)	83.10	68.22	73.80	79.40	85.02	389.54
Difference (b-a)	4.30	8.89	49.93	37.61	25.20	125.94

- 4.9.56 The Authority observes that MIAL has included donation expenses of Rs. 1.71 Crores as part of Administrative Expenses. However, since donations are not related to airport operations, the Authority proposes not to consider the same.
- 4.9.57 The Authority further notes that the Administrative Expenses submitted by MIAL for true-up is lower than the cost approved by the Authority for the Third Control Period by Rs. 125.94 Crores (32.33%), primarily due to variances in Travelling & Conveyance expenses (lower by Rs. 56 Crores) and Professional Fees (lower by Rs. 59 Crores) on account of Covid-19.
- 4.9.58 Accordingly, the Authority proposes to consider the costs of Rs 261.89 Crores for the true up of Administrative Expenses as per Table 107 for the Third Control Period, after excluding donation expenses of Rs 1.71 Crores.

Table 107: Administrative Expenses proposed by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Miscellaneous Expenses	8.72	4.75	2.60	11.27	7.14	34.48
Travelling and Conveyance	4.84	3.76	1.87	2.02	1.70	14.19
Communication Expenses	1.15	1.30	0.96	1.51	0.79	5.71
Director's Sitting Fees	0.34	0.29	0.45	0.31	0.36	1.75
Professional Charges	47.23	29.33	5.26	4.96	23.70	110.48
Remuneration to Auditors	0.96	0.53	1.50	0.63	1.19	4.81
Legal Expenses	13.85	19.37	11.23	21.09	24.94	90.48
Administrative Expenses	77.09	59.33	23.87	41.79	59.82	261.89

Airport Operator Fees:

- 4.9.59 In line with the requirements of OMDA, MIAL entered into an airport operator agreement with ACSA Global Limited on 28.04.2006 to leverage their expertise in airport operations as mentioned in the extract below:

Extract from Schedule 8 of OMDA:

"Form of Airport Operator Agreement (AOA)

The Joint Venture Company is required to enter into an AOA with the Airport Operator (AO), who is a member of the consortium (nominated if more than one AO are in the consortium) which contractually sets out the role, responsibilities, accountabilities and financial arrangements between the AO and the JVC."

“The term of the AOA must be for a minimum term of seven (7) years from the Effective Date of OMDA with any change of AO subject to the approval of the AAI.”

- 4.9.60 MIAL has submitted the AOA Cost as part of true-up of the Third Control Period, and the same has been compared with the cost approved in the Third Control Period Order as per table below:

Table 108: Comparison of Airport Operator Fees as submitted by MIAL for true up and as approved in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
AOA Fees as submitted by MIAL (a)	10.53	8.81	-	-	-	19.34
AOA Fees as approved in the Third Control Period Order (b)	9.88	10.07	10.26	10.46	10.66	51.34
Difference (b-a)	(0.65)	1.26	10.26	10.46	10.66	32.00

- 4.9.61 MIAL has stated that, “*Airport Operator Fee has been discontinued post the acquisition of MIAL by Adani Group.*” The Authority has noted that OMDA has permitted engaging a Airport operator for the first seven years from the commencement of the Airport (Refer the relevant extract from **OMDA** in para 4.9.59) and this has been consistently included in the operating costs in the previous controls periods. The Authority further notes that the Airport Operator Arrangement fees has been discontinued since FY 22 onwards.
- 4.9.62 Since the cost submitted by MIAL for true-up is as per the provisions of OMDA, the Authority proposes to consider it as a part of operating expenditure for true up.

Insurance Expenses:

- 4.9.63 The Authority notes that insurance expenses include premium paid for Mega Risk Policy, Airport Operator’s Liability Policy and for Cyber Policy.
- 4.9.64 The Authority examined the Insurance Cost submitted by MIAL for the true up of the Third Control Period with the cost approved by the Authority in the Third Control Period Order in the table below:

Table 109: Comparison of Insurance Expenses as submitted by MIAL for True up and as approved in the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Mega Risk Policy	7.73	12.97	10.49	10.92	11.78	53.89
Airport Operators Liability Insurance Policy	0.36	1.37	1.57	2.31	2.42	8.03
Cyber Crime Policy	0.25	0.61	0.99	2.33	2.37	6.55
Terrorism Premium Policy	0.23	0.38	0.33	0.46	0.57	1.97
Industry All Risk Policy	0.54	-	-	-	0.00	0.76
Vehicle Insurance Policy	0.11	0.02	0.02	0.11	0.24	0.44
Others	-	0.20	1.74	0.13	0.42	2.27
Insurance Expenses as submitted by MIAL (a)	9.15	15.54	15.13	16.05	17.83	73.70
Insurance Expenses as approved in the Third Control Period Order (b)	4.58	8.19	8.56	8.96	9.37	39.64
Difference (b-a)	(4.57)	(7.35)	(6.57)	(7.09)	(8.46)	(34.06)

4.9.65 The Authority has reviewed the insurance expenses incurred by MIAL during the Third Control Period and notes that the actual expenses totaled is higher than the cost approved in the Third Control Period Order by 34.06 Crores (85.92%).

4.9.66 MIAL was asked to submit details justifications for the variance, the summary of which is given below:

- (i) Variance of approximately Rs. 27 Crores is primarily on account of a significant increase in insurance rates post-COVID, attributable to the heightened risk awareness and an increase in the frequency of claims globally.
- (ii) Additionally, MIAL has introduced a new Cyber Crime Policy during FY 2022-23, incurring an insurance premium cost of Rs. 6.55 crores. This policy was implemented to address the growing threat of cyberattacks, which have increasingly targeted airports worldwide.

4.9.67 After examination, the Authority finds the explanations provided by MIAL to be satisfactory and proposes to consider the insurance costs of Rs 73.70 Crores submitted by MIAL as per Table 109 for the true-up for the Third Control Period.

Consumable Stores Expenses:

4.9.68 Consumable Store Expenses include expenses towards purchase and consumption of facility stores including engineering stores, cleaning chemicals and other consumables.

4.9.69 The Authority has analyzed the Consumable Store Expenses submitted by MIAL for True up of the Third Control Period with the cost approved in the Third Control Period Order as per the table below:

Table 110: Comparison of Consumable Stores Expenses as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Consumable Stores as submitted by MIAL (a)	8.63	5.12	9.05	20.41	17.47	60.68
Consumable Stores as approved in the Third Control Period Order (b)	6.34	7.11	8.13	10.00	10.46	42.03
Difference (b-a)	(2.29)	1.99	(0.92)	(10.41)	(7.01)	(18.65)

4.9.70 The Authority notes that the consumable expenses submitted by MIAL for true-up is approximately 44% higher than the expenses approved by the Authority in the Third Control Period, with majority of the variance observed in FY 2022-23 and FY 2023-24.

4.9.71 The Authority sought detailed justifications from MIAL for this variance. MIAL submitted that there is an increase due to a reclassification of certain expenses post takeover by the new management (Adani Group). Items such as gels, lubricants, and similar materials used for runway sweeping machines, fire alarm systems, and other equipment, which were previously classified as Repair and Maintenance Expenses, were reclassified to Consumable Store Expenses.

4.9.72 Considering the increase is on account of an accounting reclassification, and also reviewing the breakup provided by MIAL, the Authority finds the explanation satisfactory, and proposes to consider MIAL's submission of Rs 60.68 Crores as per Table 110 for the true-up of consumable expenses for the Third Control Period.

Operating Contracts

4.9.73 The Authority analyzed MIAL's submission regarding Operating Contracts (which includes cleaning, security, horticulture, trolley, medical emergencies, etc.) for the True up of the Third Control Period with the cost approved in the Third Control Period Order as per table below:

Table 111: Comparison of Operating Contract Expenses as submitted by MIAL for true up and as approved in the Third Control Period

<i>(Rs. in crores)</i>						
Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Security Contracts	21.43	18.47	14.45	0.04	-	54.39
Gardening Contracts	8.11	5.45	6.44	5.84	6.60	32.44
Cleaning Contracts	67.35	45.99	49.09	65.29	70.21	297.94
Trolley Contracts	15.25	8.46	8.77	12.12	13.80	58.40
Other Operating Contracts	47.16	71.75	48.86	78.29	84.10	330.16
Operating Contracts Cost as submitted by MIAL (a)	159.30	150.12	127.61	161.58	174.71	773.32
Operating Contracts Cost as approved in the Third Control Period Order (b)	149.72	156.65	163.90	171.49	179.43	821.20
Difference (b-a)	(9.58)	6.53	36.29	9.91	4.72	47.88

4.9.74 The Authority observes that MIAL has reclassified certain expenses, such as certain security, gardening and cleaning contracts, to the "Other Operating Contracts" category, particularly in FY 2023-24. It is observed that this is only an internal sub-category reclassification within the head "operating contracts".

4.9.75 The Authority notes that the Operating Contract Expense submitted by MIAL is lower than the cost approved in the Third Control Period Order by 47.88 Crores (5.83%), which MIAL submits is because of lower expenditure incurred during the periods affected by the Covid-19 pandemic.

4.9.76 The Authority proposes to consider the cost of Rs 773.32 Crores as per Table 111 as submitted by MIAL for the True up of the Third Control Period.

Working Capital Interest:

4.9.77 The Authority has reviewed MIAL's submission regarding the True-up of Working Capital Interest for the Third Control Period.

4.9.78 It is noted that in the Third Control Period Order, the Authority did not allow any costs for Working Capital Interest, as MIAL had not included the same in its submissions at that time. However, MIAL had indicated that such costs might be required if the tariff was set at a lower rate. The Authority had concluded that this matter would be reviewed during the Fourth Control Period, based on the actual incurrence of costs and submission of proper justification.

4.9.79 The Authority observes that MIAL had a separate working capital loan during FY 2019-20, FY 2020-21, and part of FY 2021-22, for which interest was paid at a rate of 9.25%. Following the refinancing of its project loan through an External Commercial Borrowing (ECB) facility, MIAL surrendered this working capital facility in FY 2021-22.

4.9.80 The Authority notes MIAL's submission in its current MYTP,

“At the start of the Third Control Period, MIAL has cash/credit working capital limits of upto Rs. 330 Crores which it used for working capital purposes. The average utilization of these facilities varied with time depending on business requirements and average utilization was in the range of Rs. 180 to Rs. 200 Crores.”

- 4.9.81 Thus, based on the above, MIAL has now submitted a working capital loan interest at a cost of Rs. 17.50 crores per year, for the remaining part of FY 2021-22, and the whole years of FY 2022-23, and FY 2023-24. This is worked out on a working capital loan of Rs. 180 crores at an implied interest rate of approximately 9.72% per annum.
- 4.9.82 Upon reviewing MIAL’s financial statements, the Authority notes the need for a working capital facility for the last three financial years in the Third Control Period, as summarized in the table below:

Table 112: Working Capital Interest Requirement Computation by Authority for Analysis

(Rs. in crores)

Particulars	Ref	FY 22	FY 23	FY 24
Total Current Assets	a1	1,646.23	2,117.97	1,718.64
Cash & Equivalents	a2	581.64	467.19	508.90
Current Investments	a3	-	70.11	283.48
Net Current Assets	A = a1-a2-a3	1,064.59	1,580.67	926.26
Total Current Liabilities	b1	9,715.12	2,603.20	1,272.12
WC Loan / Short Term Borrowings	b2	8,493.00	800.05	-
Capital Creditors	b3	286.84	254.46	276.40
Interest Accrued but Not Due	b4	0.64	171.73	174.32
Net Current Liabilities	B = b1-b2-b3-b4	934.64	1,376.96	821.40
Net Working Capital Required	C = A-B	129.95	203.71	104.85

- 4.9.83 The Authority observes that the average working capital requirement for the three financial years (FY 22, FY 23 and FY 24) is approximately Rs. 150 Crores based on the figures reported as of the respective balance sheet dates as presented in the table above. However, it is recognized that the closing balance sheet figures may not accurately reflect the actual utilization of the working capital during the year, as they are derived from year end balances. Actual utilization may differ due to efforts typically undertaken at the year-end to minimize receivables, while interim requirements and delays in realization may result in higher working capital usage.
- 4.9.84 MIAL has currently claimed a notional working capital of around Rs. 180 Crores Y-o-Y. As highlighted in MIAL’s submission (Refer para 4.9.80), the historically availed working capital facility has generally been within the same range as the amount currently requested by MIAL.
- 4.9.85 Consequently, the need for a Working Capital Loan has been established as per the above table and is proposed to be approved by the Authority. The Authority has reviewed the basis of the working capital claimed by MIAL as summarized in the table below:

Table 113: Working Capital Loan and Interest as submitted by MIAL for the Third Control Period True up

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Working Capital Loan as submitted by MIAL	A	290.73	74.45	180.00	180.00	180.00	
Working Capital Loan Interest as submitted by MIAL	B	24.98	28.00	27.23	17.50	17.50	115.21

4.9.86 The Authority notes that the notional working capital interest claimed by MIAL is lower than the Cost of Debt with a cap of 10.30% approved in the Third Control Period Order. Accordingly, the Authority proposes to consider MIAL's submission of Rs 115.21 Crores as working capital interest for the True up of the Third Control Period.

Financing Charges:

4.9.87 The Authority has reviewed the submission by MIAL for the True up of Financing Charges for the Third Control Period and compared it with the cost approved in the Third Control Period order in the table below:

Table 114: Comparison between Financing Charges as submitted by MIAL for True up and as approved in the Third Control Period Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Financing Charges as submitted by MIAL (a)	24.74	14.98	162.64	38.93	27.77	269.06
Financing Charges as approved in the Third Control Period Order (b)	20.00	20.00	20.00	20.00	20.00	100.00
Difference (b-a)	(4.74)	5.02	(142.64)	(18.93)	(7.77)	(169.06)

4.9.88 The Authority observes that MIAL's submission for financing charges substantially exceed the costs approved in the Third Control Period order, primarily due to two refinancing charges incurred during the Third Control Period:

- (i) an interim arrangement (Bridge-to-Bond Loan) in FY 2021-22 of Rs. 7,250 Crs.
- (ii) a long-term (i.e., 7.25 years) ECB Loan in FY 2022-23 of Rs. 8,294 Crs. The financing charges for this ECB loan is being amortized over the loan period.

Table 115: Breakup of Financing Charges as submitted by MIAL for True up of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Upfront Fees on Amortization of SBI Loan	A	16.01	6.78	54.34	-	-	77.13
One-time refinancing fee on short term loan	B	-	-	100.94	-	-	100.94
Amortization of One-time refinancing fee on ECB loan	C	-	-	-	18.81	12.17	30.98
DF Loan Charges		-	-	2.41	-	-	2.41
ADF Loan Advisory Fees – Barclays	D	-	-	-	11.35	12.30	23.65
Exchange Rate Differential on Financial Instruments	E	-	-	-	3.72	-	3.72
Bank Guarantee / Commission / Other Charges	F	8.73	8.20	4.94	5.05	3.30	30.22
Financing Charges as submitted by MIAL	G = Sum (A:F)	24.74	14.98	162.64	38.93	27.77	269.06

4.9.89 MIAL submitted the following details for refinancing charges incurred:

- (i) MIAL paid re-financing charges of Rs 100.94 Crores for an interim bridge-to-bond loan. This was acquired partly as a Non-Convertible Debenture and partly as a Short-Term Loan at an interest rate of 11%. The arrangement was funded by lenders including Standard Chartered Bank, Aseem Infrastructure Finance Limited, Deutsche Bank AG, DB International (Asia) Limited, J.P. Morgan Securities India Pvt. Ltd., J.P. Morgan Securities Asia Pvt. Ltd., and Arka Fincap Limited. MIAL paid an upfront fee of 1.39%, increasing the effective cost of this borrowing to 11.16%.
- (ii) Additionally, MIAL paid refinancing charges of Rs. 107.52 crores (being 1.70% of the ECB Loan of USD 75 million), which is being amortized over the tenure of the loan of 7.25 years starting July 2022.

4.9.90 The Authority notes that the bridge-to-bond refinancing arrangement was executed at a notably high cost, which is considered inefficient. While the Authority has allowed refinancing charges in cases where they lead to more efficient borrowing, this arrangement presents a high-cost structure. The total upfront charges (100.94 + 107.52 = Rs. 208.46 Crores) for the total borrowing, which comes to almost 3.28%, exceeds industry benchmarks. The upfront fee of Rs. 100.94 crore incurred in FY 2021-22 represents 11.74% of MIAL's total operating expenditure for the year, which is considered very high.

4.9.91 The Authority observes that financing costs in India typically range from 9.5% to 10.15%. By comparison, MIAL's refinancing charges during the Second Control Period (FY 2016-17) amounted to Rs. 50 Crores, which reflected a more cost-effective arrangement. Given the critical importance of financing efficiency for large projects, the Authority proposes to exclude the one-time refinancing fee of Rs. 100.94 crores, considering it inefficient.

4.9.92 The Authority further observes:

- (i) The ADF Loan Advisory Fees of Rs. 23.65 crores (Ref 'd' in Table 115) pertain to assets funded through DF and cannot be included in the tariff computation.
- (ii) The Exchange Rate Differential of Rs. 3.72 crores (Ref 'e' in Table 115) is a notional cost related to financial instruments, which is ultimately included in interest and finance costs upon settlement. Therefore, it cannot be considered under operating expenditure.

4.9.93 Based on the analysis, the Authority proposes considering Rs. 138.33 Crores out of the Rs. 269.06 Crores claimed by MIAL, as detailed in the table below:

Table 116: Financing Charges as proposed by the Authority for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Financing Charges	24.74	14.98	59.28	23.86	15.47	138.33

Runway Recarpeting and Carrying Cost of Runway Recarpeting

4.9.94 The Authority reviewed MIAL's submission regarding Runway Recarpeting Expenses, including the carrying cost, and compared it with the expenses approved in the Third Control Period Order.

4.9.95 It is further noted that in the Third Control Period Order, the Authority did not allow the inclusion of carrying costs for runway recarpeting, as the amortization of these expenses over five years was intended to ensure tariff stability, rather than to provide returns on such expenditures.

Table 117: Comparison of Runway Recarpeting Cost as submitted by MIAL for True up and as approved in the Third Control Period Order*(Rs. in crores)*

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Runway Recarpeting as submitted by MIAL (a)	39.56	39.56	39.66	39.66	27.67	186.11
Runway Recarpeting as approved in 3 rd CP Order (b)	13.74	59.45	59.45	59.45	47.46	239.55
Difference (b-a)	(25.82)	19.89	19.79	19.79	19.79	53.44

Table 118: Carrying Cost on Runway Recarpeting as submitted by MIAL*(Rs. in crores)*

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Carrying cost on runway recarpeting as submitted by MIAL (a)	12.76	16.65	11.48	6.27	1.84	48.99
Carrying cost on runway recarpeting as approved in the Third Control Period Order (b)	-	-	-	-	-	-
Difference (b-a)	(12.76)	(16.65)	(11.48)	(6.27)	(1.84)	(48.99)

- 4.9.96 The Authority observes that the actual runway recarpeting costs submitted by MIAL for the true-up of the Third Control Period are lower than those approved in the Third Control Period Order due to shifting of the completion dates. However, the Authority finds that the overall cost incurred is in line with the industry benchmark and proposes to allow the cost of runway recarpeting as submitted by MIAL in Table 117.
- 4.9.97 Regarding the carrying cost for runway recarpeting, the Authority notes that MIAL has submitted this cost in line with the TDSAT Order (Refer para 1.8.1). The Authority, taking note of its decisions in other recent tariff orders, proposes to consider the carrying cost for the true-up of the Third Control Period,
- 4.9.98 The Authority further observes that the costs incurred for the recarpeting of Runway 14/32 and Runway 09/27 have been reclassified from Capital Expenditure (Refer Table 66) to Operating Expenditure, of which the amortization for recarpeting Runway 09/27 is already included in MIAL's submission for Operating Expenditure. The Authority proposes to consider the amortization of Runway 14/32 of Rs. 114.68 Crores over a period of 5 years starting from FY 2023-24 with carrying cost based on the FRoR of 12.81% (Refer 4.8.25).

Table 119: Runway Recarpeting and Carrying Cost on Runway Recarpeting as proposed by the Authority for True up of the Third Control Period*(Rs. in crores)*

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Runway Recarpeting	39.56	39.68	40.44	40.44	51.46	211.59
Carrying cost on runway recarpeting	12.44	16.23	11.38	6.45	7.93	54.44

Table 120: Carrying Cost on Runway Recarpeting computation by the Authority*(Rs. in crores)*

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Opening unamortized amount	47.94	146.27	107.17	70.55	30.11	
Add: Addition	137.89	0.58	3.83	-	115.02	
Less: Amortized During the year	39.56	39.68	40.44	40.44	51.46	
Closing unamortized amount	146.27	107.17	70.55	30.11	93.66	

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average unamortized amount (a)	97.10	126.72	88.86	50.33	61.89	
FRoR (b)	12.81%	12.81%	12.81%	12.81%	12.81%	
Carrying cost on runway recarpeting (c = a*b)	12.44	16.23	11.38	6.45	7.93	54.44

4.9.99 Based on the above, the Authority proposes to allow Runway Recarpeting cost and carrying cost on runway recarpeting as per Table 119 above.

Corporate Cost:

4.9.100 The Authority notes that MIAL submitted Corporate Cost of Rs. 338.39 Crores in its MYTP for the Third Control Period, but the same was not allowed by the Authority then as it did not find merit in MIAL's request for separate allowance of corporate costs (Refer Para 6.4.10 of the Third Control Period Order).

4.9.101 As part of the true-up of the Third Control Period submitted as part of the MYTP of the Fourth Control Period, MIAL has once again submitted corporate costs of Rs. 267.57 Crores as part of their operating expenses. MIAL submits that these are towards support services received from the Holding Companies, namely AEL and AAHL.

4.9.102 AEL provides various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, human resource management, etc., and also includes various leadership functions. AAHL through its corporate structure, provides expertise and specialist domain knowledge in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Hospitality, Customer management, Cargo Development and management, Airline Marketing, Non-Aeronautical etc.

4.9.103 AEL and AAHL incur costs at the corporate level to provide these services and support to various Group Companies (including Airports) and Airport companies. The major composition of these costs includes salaries and administrative costs. These costs (except shareholders services and non-Aeronautical services) are recovered by AEL and AAHL through a pre-determined, appropriate allocation method.

4.9.104 Similar corporate cost allocation process is used by other private airport operators' holding entities, such as GMR Infrastructure Limited (GIL) and GMR Airports Limited (GAL), which provide corporate administration services to DIAL and GHIAL, and their costs are allocated based on suitable drivers. Similarly, AAI also allocates its Central Head Quarters (CHQ) / Regional Head Quarters (RHQ) costs to various airports based on appropriate cost drivers. The detailed break-up of the actual cost along with the basis of allocation submitted by MIAL is given below:

Table 121: Cost Allocation from AAHL as submitted by MIAL

(Rs. in crores)

Cost Allocation from AAHL	FY 22	FY 23	FY 24	Allocation Basis approved in Board meeting dated 15 th Mar 22
Human Resource	9.05	8.37	3.6	Ratio of No of MIAL Employees: Total No of employee in airport grp
CEO's Office	4.75	5.33	5.89	Ratio of Per Pax Revenue of MIAL to Per Pax Revenue of all airports
Finance Tax & Internal Audit	2.06	5.78	2.61	Ratio of Debt raised for MIAL to total Debt raised for Airport Group & Ratio of Turnover
IT	2.06	4.48	2.25	Ratio of Number of IT users in MIAL to total IT users in all airports
Inhouse Legal Team	0.83	1.05	1.70	Ratio of Legal of MIAL to Total Legal of all airports

Cost Allocation from AAHL	FY 22	FY 23	FY 24	Allocation Basis approved in Board meeting dated 15 th Mar 22
Total	18.76	25.01	16.05	

Table 122: Cost Allocation from AEL as submitted by MIAL*(Rs. in crores)*

Cost Allocation from AEL	FY22	FY23	FY24	Allocation Basis approved in Board meeting dated 15 th Mar 22
Human Resource	23.3	14.72	28.46	Ratio of No. of MIAL Employees: Total No. of Adani Group Employees
Finance Tax, & Internal Audit	17.81	20.82	14.96	Ratio of Debt raised for MIAL to total Debt raised for Adani group & Ratio of Turnover
IT	15.42	10.51	8.81	Ratio of Number of IT users in a MIAL to total Group users
Legal Services	0.67	1.02	0.30	Ratio of Legal of MIAL to Total Legal of all airports
CMD Office	9.11	19.81	8.26	Ratio of a MIAL PBT to Group PBT
Land and Estate	0.31	-	-	Ratio of a MIAL PBT to Group PBT
Central Procurement Cell	0.08	-	-	Ratio of Turnover of a MIAL to Total Group Turnover
Total	66.72	66.88	60.78	

Note: MIAL has wrongly grouped some portion of the corporate cost under Professional Expenses in the Head Administrative expenses- Rs 5.99 Crores in FY22 and Rs 8.12 Crores in FY23.

Table 123: Corporate Cost as submitted by MIAL for True up of the Third Control Period*(Rs. in crores)*

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Corporate Cost Allocation	-	-	91.47	100.10	76.00	267.57

4.9.105 MIAL has submitted that the activities of certain Functions such as Finance, HR & Admin and IT are performed both centrally at Corporate (AEL, AAHL) and at individual Airports. The same has been detailed as follows:

- (i) Activities performed at the Corporate level: These are strategic, decision-making activities that are carried out across the Group such as:
 - a) Designing policies and procedures, benchmarking and standardization of processes across the Group
 - b) Monitoring annual budgeting process
 - c) Implementation of ERP for the Group (particularly Finance and HR functions)
 - d) Reviewing performance of the Group and providing guidance to Group Companies
 - e) Maintaining Adani Airports Information Repository, standards in software development and networking.
 - f) Identifying new revenue generating IT services, technologies and solutions.
- (ii) Activities performed at the Airport: These are operational in nature which includes:
 - a) Recording of Financial data in ERP
 - b) Preparation of monthly MIS for presenting it to corporate team
 - c) Financial due diligence of various proposals.
 - d) Conducting interviews at site level for hiring of manpower and managing manpower at the site.

- e) Executing Performance appraisal process and providing feedback to corporate team.
- f) Executing day-to-day IT requirements at the Airport.
- g) Maintaining airport related IT assets such as AODB, FIDS, software used in AOCC, etc.
- h) Support HO/Corporate IT team in the areas of IT Strategy, delivery, and Governance.

4.9.106 The Authority notes that AEL on an overall basis, extends support and guidance to various Group Companies and AAHL provides expertise and specialist domain knowledge to the Airport Companies, which are essential for the sustainable operations of the business. The major composition of the costs of these services includes salaries and administrative costs that are recovered by AEL and AAHL through an appropriate allocation method. Further, this process is consistent with the approach followed by other PPP airports such as DIAL, GHIAL etc. for allocation of corporate costs to the Airports. Based on the above factors, the Authority considers the apportionment of costs of AEL and AAHL to MIAL as reasonable.

4.9.107 In view of the above, the Authority proposes to consider the Corporate Cost Allocation sought by MIAL. However, the Authority observes that the aforementioned cost includes the allocated costs of legal team of AEL (Rs. 1.99 Crores) and AAHL (Rs. 3.58 Crores), which is in addition to the cost of employees of Legal department available at MIAL, already considered under the employee expenses (Refer Table 97 above) and is not justified. Hence, the Authority proposes to exclude these legal costs of Rs. 5.67 Crores and consider only the remaining amount submitted by MIAL.

Table 124: Corporate Cost as proposed by the Authority for the True up of the Third Control Period
(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Corporate Cost as submitted by MIAL	-	-	91.47	100.10	76.00	267.57
Less: Legal Expenses	-	-	1.50	2.17	2.00	5.67
Corporate Cost as proposed by the Authority	-	-	89.97	97.93	74.00	261.90

Other Expenses:

4.9.108 The Authority notes that MIAL in its MYTP has submitted the following miscellaneous expenses:

Table 125: Other Expenses as submitted by MIAL for the True up of the Third Control Period
(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Provision for Bad Debts	6.08	36.39	3.24	15.09	0.43	61.23
Bad Debts Written off	1.41	-	10.66	19.46	0.71	32.24
Loss on Scrapping of Assets	2.35	-	-	-	-	2.35
Collection Charges over DF	2.96	2.75	0.41	5.52	5.77	17.41
CSR Cost	0.48	0.04	-	-	-	0.52
Exchange Gain and Loss	0.03	0.12	-	0.37	(0.14)	0.38
CWIP Written off	-	-	8.65	-	-	8.65
Investment Written off	-	-	0.06	-	-	0.06
Total Other Expenses	13.31	39.30	23.02	40.44	6.77	122.84

4.9.109 The Authority notes that, while all of these expense are non-aeronautical in nature, MIAL has considered a portion of Bad Debts Written Off as Aeronautical Expenditure. MIAL has explained that the reason for this to be as majority of the bad debts arise from unreconciled amounts for services rendered to Air India Ltd.

4.9.110 The Authority observes that MIAL has failed to reconcile these receivables and collect its dues, resulting in the recovery of inefficient costs through the tariff. Based on this assessment and upon review, the Authority

has determined that all these expenses listed in Table 125 related to non-core services and all of these services are non-aeronautical in nature. Therefore, the Authority proposes to reject MIAL's claim and has not considered these expenses for tariff computation.

4.9.111 Based on the above analysis, the Authority proposes operating and maintenance expenses for the true up of the Third Control Period as provided below:

Table 126: Operating Expenses as proposed by the Authority for True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	217.68	220.79	168.02	146.12	159.37	911.98
Utilities (net of recoveries)	120.95	63.53	73.40	108.40	132.75	499.03
Repair & Maintenance Expenses	179.53	127.17	164.41	205.41	180.29	856.81
Rent, Rate and Taxes	45.97	43.84	48.05	53.88	57.25	248.99
Advertisement Expenses	5.17	2.28	3.06	8.17	3.58	22.26
Administrative Expenses	77.09	59.33	23.87	41.79	59.82	261.89
AOA Fees	10.53	8.81	-	-	-	19.34
Insurance Expenses	9.15	15.54	15.13	16.05	17.83	73.70
Consumption of store	8.63	5.12	9.05	20.41	17.47	60.68
Operating Expenditure	159.30	150.12	127.61	161.58	174.71	773.32
Interest on Working Capital	24.98	28.00	27.23	17.50	17.50	115.21
Financing Charges	24.74	14.98	59.28	23.86	15.47	138.33
Runway Recarpeting along with carrying cost on unamortized portion	52.00	55.91	51.83	46.89	59.39	266.03
Corporate Cost Allocation	-	-	89.97	97.93	74.00	261.90
Total	935.72	795.42	860.91	947.99	969.43	4,509.47

Aeronautical Allocation of Operating and Maintenance Expenses proposed by the Authority

4.9.112 The Authority has aligned the segregation principles and aero allocation methodology with the independent study conducted in the Third Control Period Order. Authority notes that MIAL has also adopted a similar approach (Refer Table 93). The ratios considered by the Authority are as follows:

- (i) Common costs incurred within the terminal building (T1 & T2) - 87.43%
- (ii) Corporate Overheads (Gross Fixed Assets ratio) - as determined in Table 73.

4.9.113 The segregation logic proposed by the Authority is detailed below:

Table 127: Segregation Logic proposed by the Authority for allocation of Operating and Maintenance expenses for the True up of the Third Control Period

Cost Head	Particulars
Employee Cost	Segregation of man-power expenses is done based on department wise actual gross cost to company. Employee costs of departments engaged in Aeronautical activities have been taken as Aeronautical. Employees of departments engaged in non-aeronautical activities have been taken as non-aeronautical. Employee costs of common departments have been segregated based on the gross fixed assets ratio
Utilities Expenses	Electricity, water, and gas consumed by the concessionaires is charged from them and reduced from the gross consumption charges. Utility expenses (net of recovery) have been taken as fully Aeronautical other than expenses attributable to non-aeronautical activities.

TRUE UP OF THE THIRD CONTROL PERIOD

Cost Head	Particulars
Repair & Maintenance Expenses	<p>Segregation has been done on expense-by- expense basis.</p> <p>Repairs relating to Aeronautical assets have been classified as Aeronautical and those relating to non-aeronautical assets classified as non-aeronautical.</p> <p>Common expenses other than corporate overheads have been segregated based on the weighted average floor area ratio of the terminals.</p> <p>Corporate overheads have been segregated based on gross fixed assets ratio</p>
Rents, Rates and Taxes	<p>Rent expenses have been segregated based on the usage of the premises.</p> <p>Property tax (net of recovery) has been considered wholly Aeronautical.</p> <p>Non-Agricultural Tax has been considered as common and segregated using the floor area ratio.</p> <p>Common expenses other than corporate overheads have been segregated based on the weighted average floor area ratio of the terminals.</p> <p>Corporate overheads have been segregated based on gross fixed assets ratio</p>
Advertisement Expenses	<p>Promotional expenses relating to the company in general has been classified as common expenses/ corporate overheads.</p> <p>Promotional expenses relating to Aeronautical marketing have been classified as Aeronautical.</p> <p>Promotional expenses relating to non-aeronautical activities/service lines have been classified as Non-Aeronautical.</p> <p>Common expenses other than corporate overheads have been segregated based on the weighted average floor area ratio of the terminals.</p> <p>Corporate Overheads have been segregated based on adjusted Gross Fixed Assets ratio</p>
Administrative Expenses	<p>Major items in administrative expenses are legal fees, professional fees, corporate allocation, travelling.</p> <p>Legal expenses have been considered as Corporate Overheads</p> <p>Professional fees have been segregated based on the nature of the expense.</p> <p>Common expenses other than corporate overheads have been segregated based on the weighted average floor area ratio of the terminals.</p> <p>Corporate overheads have been segregated based on the Gross Fixed Assets ratio.</p>
AOA Fees	Airport Operator Agreement (AOA) fee (till FY21) has been segregated based on gross fixed assets ratio.
Insurance Expense	Insurance expenses have been segregated based on gross fixed assets ratio
Consumable Stores	Consumables have been classified by MIAL based on their usage.
Operating Contracts	<p>Operating Contract Services include cleaning, security, horticulture, trolley, medical emergencies etc.</p> <p>Trolley contracts are classified as fully aeronautical.</p> <p>Security and Cleaning is classified as Aeronautical except when deployed for wholly non-aeronautical activities.</p> <p>Horticulture is considered Aeronautical except when relating to wholly non-aeronautical activities.</p> <p>Common expenses other than corporate overheads have been segregated based on the weighted average floor area ratio of the terminals.</p> <p>Corporate overheads have been segregated based on gross fixed assets ratio.</p>
Working Capital Interest	Working capital interest has been considered as a corporate overhead and has been segregated using the gross fixed assets ratio
Financing Charges	Financing charges have been classified as corporate overhead. Segregated based on gross fixed assets ratio
Runway Recarpeting and its Carrying Cost	Since these are core Aeronautical activities, considered as fully Aero.
Corporate Cost Allocation	The Corporate Cost Allocation has been allocated in the ratio applied for employee cost.

4.9.114 Based on the above-mentioned allocation principles, the Authority computed the Allocation ratios as per the table below:

Table 128: Aeronautical allocation of O&M expenses as proposed by the Authority for the Third Control Period

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Employee Cost	89.69%	89.43%	88.07%	88.41%	88.41%
Utilities Expenses	99.04%	98.60%	98.18%	98.85%	98.85%
Repair & Maintenance Expense	93.56%	98.94%	93.27%	96.83%	95.82%
Rents, Rates & Taxes	91.22%	91.18%	90.95%	84.80%	94.26%
Advertisement Expense	92.53%	95.15%	89.21%	83.90%	86.48%
Administrative Expenses	76.07%	83.08%	78.78%	82.57%	82.57%
AOA Fees	82.83%	82.83%	0.00%	0.00%	0.00%
Insurance Expense	82.83%	82.83%	82.92%	82.92%	83.38%
Consumable Stores	87.90%	87.95%	87.72%	87.43%	87.30%
Operating Cost	87.40%	87.11%	91.00%	90.91%	98.90%
Bad Debts Written Off	100.00%	0.00%	61.18%	0.00%	0.00%
Working Capital Interest	82.83%	82.83%	82.92%	82.92%	83.38%
Financing Charges	82.83%	82.83%	82.92%	82.92%	83.38%
Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%
Carrying Cost on Runway Recarpeting	100.00%	100.00%	100.00%	100.00%	100.00%
Corporate Cost Allocation	89.69%	89.43%	88.07%	88.41%	88.41%

4.9.115 The Authority proposes the following Aeronautical Portion of Operating Expenses for the True up of the Third Control Period based on the Aeronautical Allocation ratios detailed in the above table:

Table 129: Aeronautical Operating and Maintenance Expenditure proposed by the Authority for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Employee Cost	195.23	197.46	147.98	129.19	140.90	810.75
Utilities (net of recoveries)	119.78	62.64	72.07	107.15	131.23	492.87
Repair & Maintenance Expenses	167.96	125.14	153.34	198.89	172.77	818.10
Rent, Rate and Taxes	41.92	39.96	43.69	45.69	55.89	227.16
Advertisement Expenses	4.78	2.17	2.72	6.82	3.09	19.58
Administrative Expenses	58.64	49.29	18.81	34.51	49.39	210.63
AOA Fees	8.72	7.30	-	-	-	16.02
Insurance Expenses	7.58	12.87	12.55	13.31	14.87	61.17
Consumption of store	7.59	4.50	7.94	17.85	15.25	53.12
Operating Expenditure	139.21	130.76	116.12	146.89	172.79	705.77
Interest on Working Capital	20.69	23.19	22.58	14.51	14.59	95.57
Financing Charges	20.49	12.41	49.16	19.79	12.90	114.74
Runway Recarpeting along with carrying cost on unamortized portion	52.00	55.91	51.83	46.89	59.39	266.03
Corporate Cost Allocation	-	-	79.24	86.58	65.42	231.24
Total	844.59	723.60	778.01	868.07	908.49	4,122.76

4.9.116 In view of the above, the Authority proposes to consider Aeronautical Operating and Maintenance Expenditure of Rs. 4,122.76 crores as per Table 129 for the True up of the Third Control Period as against MIAL's submission of Rs. 4,193.07 Crores. The Authority notes the variance is mainly due to aligning the expenditure in line with the practice consistently adopted by the Authority as below:

- (i) As explained from para's 4.9.89 to 4.9.93, financing charges rationalized and included on an amortized basis.
- (ii) Runway recarpeting expenses claimed by MIAL as part of Capex have been reclassified as Operating Expenditure.

4.10 TRUE UP OF NON-AERONAUTICAL REVENUE

MIAL'S SUBMISSION ON NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

4.10.1 MIAL has submitted the Non-Aeronautical Revenue for the Third Control Period (i.e., Revenue from Revenue Sharing Asset) as per the table below:

Table 130: Revenue from Revenue Share Assets as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues						
F&B	138.46	18.88	59.33	138.25	184.43	539.35
Flight Kitchen	25.15	6.08	14.31	36.80	55.09	137.43
Retail Concession	152.54	25.78	72.64	158.08	159.90	568.94
Foreign Exchange, Banks & ATM	61.24	4.34	15.43	62.38	71.29	214.68
IT & Communication	52.42	4.62	2.58	37.44	164.68	261.74
Car Rental & Hotel Reservation	24.66	5.20	10.39	24.78	25.51	90.54
Duty Free Shops	351.70	31.97	66.95	207.48	316.30	974.40
Advertising Income	155.02	32.05	113.43	187.35	218.87	706.72
Car Parking	33.42	4.89	41.01	51.27	56.38	186.97
Ground Handling	108.06	39.78	78.64	129.92	141.81	498.21
Others	45.23	21.57	68.20	69.26	54.33	258.58
Total (A)	1,147.90	195.16	542.91	1,103.02	1,448.59	4,437.58
Rent & Service Revenues						
Land Rent & Lease	96.23	91.89	97.65	151.72	185.34	622.83
Hanger Rent	18.01	15.01	20.06	25.67	33.01	111.76
Terminal Building Rent	63.41	59.50	65.85	76.96	108.77	374.49
Cute Counter Charges	12.85	3.57	6.13	12.07	13.98	48.60
Lounges	73.07	17.70	72.73	115.66	151.64	430.80
Cargo Building Rent & Other Building Rent	28.26	27.66	29.75	29.00	35.08	149.75
Total (B)	291.83	215.33	292.17	411.09	527.82	1,738.24
Cargo Revenues						
Domestic Cargo	32.28	25.85	32.85	37.80	30.74	159.52
International Cargo	202.55	202.00	221.49	231.84	311.39	1,169.27
Perishable Cargo	21.72	24.36	25.77	25.76	34.72	132.33
Courier Services	20.42	11.34	18.06	17.54	19.60	86.96
Others	25.15	16.61	25.17	28.53	31.36	126.82
Total (C)	302.12	280.16	323.34	341.46	427.81	1,674.89
Revenue from Other than Revenue Share Assets (i.e., Non-Transfer Assets) **	13.75	14.83	15.30	15.81	19.13	78.82
Grand Total Revenues from RSA (A+B+C)	1,741.85	690.65	1,158.42	1,855.57	2,404.22	7,850.70

**Revenue other than revenue share assets has not been included in NAR for Target Revenue Computation as per the provisions of OMDA

- 4.10.2 MIAL submitted a revised true up of Revenue from Revenue Share Assets by taking into consideration Hon'ble TDSAT order dated 6th October 2023. The Hon'ble TDSAT vide its order has pronounced that Other Income, Annual Fee payable to AAI and revenue from Existing assets are required to be excluded from the calculation of the 'S' factor. The relevant TDSAT excerpts have been discussed in detail under the section 2.4 under the True up for the First Control Period in this Consultation Paper.

Table 131: Computation of 'S' factor for True up of the Third Control Period as submitted by MIAL
(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Non-Aero Revenues	a	1,741.85	690.65	1,158.48	1,855.57	2,404.22	7,850.76
Revenues from existing assets	b	524.70	341.99	413.66	592.61	592.61	2,465.57
Revenues from RSA	c=a-b	1,217.14	348.66	744.82	1,262.96	1,811.61	5,385.19
Annual Fee on above	d=38.7%*c	471.03	134.93	288.24	488.77	701.09	2,084.07
Revenues from RSA after annual fee paid to AAI	e=c-d	746.11	213.73	456.57	774.19	1,110.52	3,301.12
S Factor as 30% of Revenue from RSA	f=30%*e	223.83	64.12	136.97	232.26	333.16	990.34

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE NON-AERONAUTICAL REVENUE AS PART OF THE TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 4.10.3 The Authority had included Other Income as a part of the Non-Aeronautical Revenue in FY 2019-20 in the tariff determination for the Third Control Period order, alongside the otherwise projected non-aeronautical revenue.
- 4.10.4 The Non-Aeronautical Revenue forecasted during the tariff determination of the Third Control Period is as follows:

Table 132: Non-aeronautical revenues as decided by the Authority in the Third Control Period Tariff Order

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues						
F&B	138.00	23.31	65.83	111.55	126.85	465.53
Flight Kitchen	38.73	7.44	21.01	35.60	40.48	143.25
Retail Concession	154.00	26.37	74.47	126.20	143.51	524.55
Foreign exchange, Banks & ATM	73.33	3.24	14.33	17.68	19.98	128.55
IT & Communication	61.66	-	-	70.00	79.60	211.26
Car Rental & Hotel Reservation	24.00	6.17	18.93	25.63	27.61	102.35
Duty Free Shops	370.00	22.41	151.35	253.42	290.73	1,087.92
Advertising Income	165.36	32.20	90.88	154.00	175.12	617.55
Car Parking	33.40	7.70	23.80	32.00	34.10	131.00
Ground Handling	126.93	35.02	71.20	114.85	131.99	479.98
Others (mainly relating to SEIS)	60.29	12.36	34.89	59.12	67.23	233.89
Total (A)	1,245.70	176.22	566.70	1,000.03	1,137.20	4,125.84
Rent & Service Revenues						
Land Rent & Lease	113.29	47.40	86.77	129.66	135.62	512.75
Hanger Rent	15.30	8.20	18.51	28.42	48.57	119.00
Terminal Building Rent	74.38	27.75	53.15	80.43	84.13	319.84

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Cute counter charges	13.71	6.85	10.27	13.70	14.94	59.47
Lounges	80.00	41.76	65.40	91.03	103.52	381.71
Cargo Building Rent & Other Building rent	35.74	15.37	28.91	44.40	47.73	172.17
Total (B)	332.43	147.33	263.01	387.64	434.51	1,564.93
Cargo Revenues						
Domestic Cargo	36.11	17.65	28.89	41.09	45.21	168.95
Cargo Handling Revenue	26.78	13.95	21.85	30.42	34.26	127.26
Perishable Cargo	19.96	20.22	20.50	21.22	24.33	106.24
Courier Revenue	20.51	11.35	17.08	23.30	26.64	98.88
International Cargo Revenue	228.88	88.43	154.32	264.94	287.99	1,024.56
Total (C)	302.12	280.16	323.34	341.46	427.81	1,674.89
Grand Total Revenues from RSA (A+B+C)	1,880.25	603.71	1,153.05	1,729.13	1,999.52	7,365.66
Less: Revenue from Other than Revenue Share Assets (i.e., Non- Transfer Assets)	13.75	14.83	15.30	15.81	19.13	78.82
Add: Other Income	22.31					22.31
Grand Total	1,918.93	460.32	1,057.05	1,752.84	1,971.01	7,160.15
Cross subsidization (30% of above)	575.68	138.10	317.12	525.85	591.30	2,148.05

4.10.5 The Authority has decided to True up the non-aeronautical revenues for the Third Control Period on actuals, at the time of determination of tariff for the Fourth Control Period.

AUTHORITY’S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

4.10.6 The Authority, has examined the Non-Aeronautical Revenue (“NAR”) as follows:

- (i) Agreed with the Gross NAR submitted by MIAL in comparison with the audited financial statements of MIAL.
- (ii) Obtained and reviewed few contracts / vouchers / invoices / other relevant documents and records supporting the NAR.
- (iii) Reviewed the variance between the NAR approved by the Authority in the Third Control Period Order with the NAR submitted by MIAL for the true-up of the Third Control Period.

4.10.7 The Authority proposes to reclassify the Revenue earned from the Fuel Farm Facility from NAR to Aeronautical Revenue. This is in alignment with the Authority’s consistent position of classifying all Fuel related activities as aeronautical (as per Schedule 5 of OMDA), a classification that has been upheld by the Hon’ble Supreme Court in their Order dated 11th July 2022 ruling out that all revenue related to Fuel and Into Plane Services are Aeronautical in nature. Thus, the Authority proposes to re-classify the revenue from the Fuel Farm Facility (Refer 4.10.9 and Table 137) from NAR and add it to the Aeronautical Revenue portion (Refer Table 146 and para 4.12.6).

4.10.8 The comparison of Non-Aeronautical Revenues (NAR) for True up of 3rd CP between MIAL’s submission and Authority’s decision in the Third Control Period order is given in the below three tables:

Table 133: Comparison of Retail Licenses NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order*(Rs. in crores)*

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Reasons for Variance
A.	Retail Licenses				
1	Duty Free Shops	1,088	974	(114)	Basis of Forecast: Embarking International Passengers and Inflation (4.60%). Reasons for Variance: Embarking international passengers lower than forecasted by 1.73 Mn i.e., 7.3%, primarily due to Covid impact until FY 23. Hence NAR from duty free shops lower by ~ 10%.
2	Advertising Income	618	707	89	Basis of Forecast: Total Passenger numbers and Inflation (4.60%). Reasons for Variance: Though actual no. of passengers lower than forecast by 2.8%, advertising income higher by 14.40% due to higher rates.
3	Retail Concession	525	569	44	Basis of Forecast: Estimated Revenue Per Total Embarking Passenger and Inflation (4.60%). Reasons for Variance: Though actual no. of passengers lower than forecast by 2.8%, retail income higher by 8.38% due to higher rates.
4	Ground Handling	480	498	18	Basis of Forecast: Total International ATM and Inflation. Reasons for Variance: Though actual International ATM was lower than forecast by 18.95%, the ground handling revenue higher by 3.75% due to higher rates.
5	F&B	466	539	74	Basis of Forecast: Estimated Revenue Per Total Embarking Passenger and Inflation (4.60%). Reasons for Variance: Though actual number of Embarking Passengers lower than forecast by 1.99%, F&B revenue higher by 15.67% due to higher rates.
6	IT & Communication	211	262	50	Basis of Forecast: Forecasts were based on Revenue per Embarking Passenger. However, FY21 and FY22 revenue forecast was nil revenue as estimated passenger numbers were below the sustenance level (due to COVID-19). Reasons for Variance: Significant increase in FY 24 NAR (Rs. 164 Crores against Rs. 80 Crores forecasted) since MIAL took over IT operations from Wipro.

TRUE UP OF THE THIRD CONTROL PERIOD

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Reasons for Variance
7	Flight Kitchen	143	137	(6)	Basis of Forecast: Forecasted based on Total Embarked Passengers. Reasons for Variance: Since traffic was lower by 2.8%, flight kitchen income lower by ~ 4%.
8	Car Parking	131	187	56	Basis of Forecast: Forecasted based on Per Total Passenger Revenue, along with Inflation (4.60%). Reasons for Variance: Significant increase in Parking revenue in last 3 years of the 3 rd Control Period (148 Crores against 90 Crores forecasted).
9	Foreign Exchange, Banks & ATM	129	215	86	Basis of Forecast: Foreign Exchange – Total International Passengers Banks & ATM – Total Passengers Reasons for Variance: Forecast was on the lower side due to uncertainties of covid. But due to strong recovery in the last 2 years of the 3 rd Control Period, revenue higher overall by 66.67%.
10	Car Rentals & Taxi Service	102	91	(12)	Basis of Forecast: Forecasted based on Total Disembarking Passengers and Inflation (4.60%). Reasons for Variance: Major variance due to FY 22, where traffic was much lower than forecast.
11	Others	234	259	25	Basis of Forecast: Forecasted based on Passenger Traffic & Inflation (4.60%). Reasons for Variance: Revenue from Passenger Facilities and Meet & Assist Services higher than forecast.
	Total	4,126	4,438	312	

Table 134: Comparison of Rents and Services NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order

(Rs. in crores)

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
B.	Rents & Services Revenue				
1	Land Rent & Lease	513	623	110	Basis of Forecast: Forecasted on Inflation. Reasons for Variance: The actuals were higher due to new leases.
2	Lounges	382	431	49	Basis of Forecast: Forecasted over Total Embarking Passengers. Reasons for Variance: There has been a significant increase in lounge revenue in the last 2 years.

TRUE UP OF THE THIRD CONTROL PERIOD

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
3	Terminal Building Rent	320	374	54	Basis of Forecast: Forecasted on the Average Rate Per Square Meter, and Inflation. Reasons for Variance: Rent rates have increased FY 24 onwards.
4	Cargo Building Rent & Other Building Rent	172	150	(22)	Basis of Forecast: Authority increased the rent by 7.5% Y-O-Y which was much higher than MIAL's submission during the Third Control Period MYTP. Reasons for Variance: Increase in rent was lower than 7.5% and hence the variance.
5	Hangar Rent	119	112	(7)	Basis of Forecast: Authority increased rent by 7.5% Y-O-Y. Reasons for Variance: Very small variance.
6	Cute Counter Charges	59	49	(10)	Basis of Forecast: Forecasted on Total ATMs, Reasons for Variance: Due to International ATM's being lower than forecast, revenue is also lower, since International ATMs are generally charged 3 times as that of Domestic ATMs.
	Total	1,565	1,738	174	

Table 135: Comparison of Cargo NAR for True up of 3rd CP between MIAL's submission and Authority's decision in the Third Control Period order

(Rs. in crores)

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
C.	Cargo Revenue				
1	International Cargo Revenue	1,025	1,169	144	Basis of Forecast: Forecasted based on Terms of the Contract. Reasons for Variance: International Cargo Rates increased significantly during the control period, thereby increasing revenue significantly.
2	Domestic Cargo	169	160	(9)	Basis of Forecast: Forecasted based on Inflation (4.60%). Reasons for Variance: During the 3 rd CP, there was a change in concessionaire whose revenue share is lower than the previous one. MIAL submits that each time a concessionaire is changed, the capex (interiors and P&M) has to be borne by the concessionaire. Usually, a lower revenue share % is quoted in bid for initial years to recover capex cost. Hence actuals lower than forecast.

TRUE UP OF THE THIRD CONTROL PERIOD

S. No.	Particulars	3 rd CP Order (a)	MIAL's Submission (b)	Difference (c = b-a)	Authority's Inference
3	Cargo Handling	127	126	(1)	Basis of Forecast: Forecasted over Inflation. No major variance.
4	Perishable Cargo	106	132	26	Basis of Forecast: Forecasted based on Terms of the Contract. Reasons for Variance: FY 24's revenue has increased due to rates.
5	Courier Revenue	99	87	(12)	Basis of Forecast: Projected on Inflation and Expected Courier Volume Growth %. Reasons for Variance: This revenue is ancillary to international cargo revenue. Since international cargo rates were increased, courier rates were not increased by much in the Third Control Period. Hence revenue lower than forecast.
6	Others	-	1	1	Includes X-Ray, Carting, Packing and others. No major variance.
	Total	1,526	1,675	149	

Table 136: Total Non-Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues (A)	1,147.90	195.16	542.91	1,103.02	1,448.59	4,437.58
Rent & Service Revenues (B)	291.83	215.33	292.17	411.09	527.82	1,738.24
Cargo Revenues (C)	302.12	280.16	323.34	341.46	427.81	1,674.89
Grand Total Revenues from RSA (D=A+B+C)	1,741.85	690.65	1,158.42	1,855.57	2,404.22	7,850.70

4.10.9 The Authority has reviewed the reasons for variances summarized in the table above and proposes considering MIAL's submission for the True up of the Non-Aeronautical Revenue for the Third Control Period. However, the Authority proposes to consider the Revenue generated from the Fuel Farm Facility (constituted under Land, Rents & Leases), as Aeronautical Revenue (Refer para's 4.10.7, 4.12.6 and Table 146) as per Table 137.

Table 137: Total Non-Aeronautical Revenue proposed by the Authority for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Retail License Revenues (A)	1,147.90	195.16	542.91	1,103.02	1,448.59	4,437.58
Rent & Service Revenues as submitted by MIAL (b)	291.83	215.33	292.17	411.09	527.82	1,738.24
Land Rent & Leases Revenue as submitted by MIAL (b1)	96.23	91.89	97.65	151.72	185.34	622.83
Revenue Generated from Fuel Farm Facility (b2)	13.70	14.42	14.06	13.65	8.59	64.42
Net Land Rent & Leases Revenue (b3 = b1-b2)	82.53	77.47	83.59	138.07	176.75	558.41
Net Rent & Service Revenues (B = b-b2)	278.13	200.91	278.11	397.44	519.23	1,673.82

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Cargo Revenues (C)	302.12	280.16	323.34	341.46	427.81	1,674.89
Grand Total Revenues from NAR (D=A+B+C)	1,728.15	676.23	1,144.36	1,841.92	2,395.63	7,786.28

4.10.10 The Authority noted that MIAL in line with the submission made in the First and the Second Control Period has submitted the revised computation of 'S' Factor based on the Hon'ble TDSAT Order AERA Appeal No. 9 of 2016 dated 6th October 2023 for the Third Control Period.

4.10.11 With regards to the Revenue Share Assets and subsequently the 'S' Factor derived, as mentioned in para 4.2.5 of this Consultation Paper, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same methodology.

4.10.12 Consequently, the Authority proposes the following:

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

4.10.13 The Authority also notes that MIAL has earned a dividend income (forming part of Other Income) of Rs. 10.58 Crores from the Fuel Farm Facility in FY 2024. As mentioned in para 4.10.7, the Authority proposes to reclassify the revenue earned from the Fuel Farm Facility from NAR to Aeronautical Revenue. Therefore, the Authority proposes to reduce the said income from NAR as shown in Table 138 and add it to the Aeronautical Revenue of MIAL for the True up of the Third Control Period as shown in Table 146.

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

Table 138: Non-Aeronautical Revenue as proposed by the Authority for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Revenue from RSA (A) (From Table 136)	1,728.15	676.23	1,144.36	1,841.92	2,395.63	7,786.28
Other Income with dividend from Fuel Farm Facility (b1)	13.91	37.24	80.19	32.38	60.62	224.34
Dividend Income earned from the Fuel Farm Facility (b2)	-	-	-	-	10.58	10.58
Net Other Income (B = b1-b2)	13.91	37.24	80.19	32.38	50.04	213.76
Grand Total (C=A+B)	1,742.06	713.47	1,224.55	1,874.30	2,445.67	8,000.04
Cross subsidization (30% of 'C')	522.62	214.04	367.36	562.29	733.70	2,400.01

4.10.15 In view of the above, the Authority proposes to consider Non-Aeronautical Revenue (NAR) of Rs. 8,000.04 Crores and the derived 'S' Factor of Rs. 2,400.01 Crores as per Table 138 for the True up of the Third Control Period as against MIAL's submission of NAR of Rs. 7,850.70 Crores and the derived 'S' Factor of Rs. 990.34 Crores. The Authority notes the reasons for the variance as below:

- (i) Fuel Farm Facility being reclassified from NAR as Aeronautical Revenue.

- (ii) As explained in para's 4.10.11 and 4.10.12, the Authority has not given effect to the judgement of Hon'ble TDSAT and therefore has not excluded the revenue from existing assets, Other Income and the Annual Fee paid to AAI from the calculation of the 'S' Factor.

4.11 TRUE UP OF AERONAUTICAL TAX

MIAL'S SUBMISSION ON AERONAUTICAL TAX FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

- 4.11.1 MIAL has been computed 'T' – Tax reimbursement after considering the Impact of Hon'ble TDSAT judgment dated 6th October 2023 and the Hon'ble Supreme Court Judgment dated 11th July 2022 as follows:

Table 139: Computation of Aeronautical Tax for the True up of the Third Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aero Revenues	1,721.98	882.24	668.05	1,225.41	1,500.95	5,998.62
Add: 'S' Factor (30% of RSA)	223.83	64.12	136.97	232.26	333.16	990.34
Total Revenues	1,945.81	946.35	805.02	1,457.67	1,834.11	6,988.96
Less: Aero Expenses	847.96	720.94	871.78	881.65	870.74	4,193.07
Less: Aero Depreciation	512.94	491.21	408.93	412.93	404.08	2,230.09
Less: Interest Cost*	269.32	261.55	257.71	267.39	249.38	1,305.34
Net Profit (P)	315.60	(527.34)	(733.39)	(104.31)	309.91	(739.53)
Tax Rate (T)	34.94%	34.94%	34.94%	25.17%	25.17%	
Aero Taxation (P x T)	110.28	-	-	-	78.00	188.28

*Interest Cost = RAB X Gearing X Cost of Debt

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE AERONAUTICAL TAXES AS PART OF THE TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

- 4.11.2 The Authority vide its decision in para 8.5.4, for computation of tax in the Third Control Period Order has:

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

- 4.11.3 Based on the above, the tax for the Third Control Period was decided by the Authority as shown in the table below:

Table 140: Income Tax Re-imburement considered by the Authority during the tariff determination of the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Revenue	1,708.50	696.95	777.18	1,342.19	1,526.96	6,051.78
Total Income for Aeronautical Tax Computation	1,708.50	696.95	777.18	1,342.19	1,526.96	6,051.78
Annual Fee to AAI	661.19	269.72	300.77	519.43	590.94	2,342.05
Aeronautical Expenses	723.15	716.61	761.01	852.13	886.25	3,939.15
EBITDA	324.16	(289.38)	(284.60)	(29.37)	49.77	(229.42)
Depreciation as per Income Tax – Aeronautical	606.97	607.17	603.59	571.54	535.91	2,925.18
Interest Expense - Aeronautical	468.43	462.03	429.93	392.32	350.75	2,103.45

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Profit before Tax	(751.24)	(1,358.57)	(1,318.12)	(993.23)	(836.89)	(5,258.05)
Tax Rate	34.94%	34.94%	34.94%	34.94%	34.94%	
Tax	-	-	-	-	-	-

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF AERONAUTICAL TAXES FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

- 4.11.4 The Authority examined the submissions made by MIAL for true up of aeronautical taxes and noted that MIAL has considered 'S' Factor as part of the revenue base (based on the Hon'ble TDSAT order dated 21st July 2023) and has not considered Annual Fee to AAI as an expense for the purpose of determination of Aeronautical PBT and consequently for the Aeronautical taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).
- 4.11.5 With regards to the submission made by MIAL, the Authority consistent with the decision taken during the tariff determination for the Third Control Period proposes to retain the same approach, with regards to the TDSAT order on treating the 'S' Factor as a revenue base for the computation of Aeronautical Tax as mentioned in para 4.2.5 of this Consultation Paper.
- 4.11.6 As mentioned in para 4.2.6 of this Consultation Paper, the Authority proposes to implement the Hon'ble Supreme Court judgement dated 11th July 2022, and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense towards True Up of the Third Control Period as per the directions contained in the judgement of Hon'ble Supreme Court.
- 4.11.7 Accordingly, the Authority has recomputed the applicable interest and Tax as below:

Table 141: Interest Expenses computed by the Authority for the calculation of Aeronautical Tax for the Third Control Period

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average RAB (Refer Table 75)	A	5,511.74	5,112.02	4,741.03	4,542.24	4,436.41	
Normative Gearing Ratio	B	48.00%	48.00%	48.00%	48.00%	48.00%	
Interest Rate	C	10.16%	10.30%	10.30%	10.30%	10.30%	
Aeronautical Interest Expense	D=A*B*C	268.79	252.74	234.40	224.57	219.34	1,199.83

Table 142: Computation of the 'T' element for the True up of the Third Control Period as proposed by the Authority

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Aeronautical Revenue	A	1,735.68	896.66	682.11	1,239.06	1,520.12	6,073.62
Aeronautical Operating Expenses	B	844.59	723.60	778.01	868.07	908.49	4,122.76
EBITDA	C=A-B	891.09	173.05	(95.90)	370.99	611.63	1,950.86
Depreciation (Refer Table 86)	D	497.99	477.03	395.46	390.31	355.90	2,116.69
Interest Expense-aeronautical	E	268.79	252.74	234.40	224.57	219.34	1,199.83

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Profit Before Tax	F=C-D-E	124.31	(556.71)	(725.75)	(243.89)	36.39	(1,365.65)
Opening Accumulated (Losses)	G	-	-	(556.71)	(1,282.47)	(1,526.36)	
Current (Losses)	H	-	(556.71)	(725.75)	(243.89)	-	
Current year Set Off	I	124.31	-	-	-	36.39	
Closing Accumulated (Losses)	J=G+H-I	-	(556.71)	(1,282.47)	(1,526.36)	(1,489.97)	
Profit for Taxation	K	124.31	-	-	-	-	
Tax Rate	L	34.94%	34.94%	34.94%	25.17%	25.17%	
Tax	M=K*L	43.44	-	-	-	-	43.44

Note: As per the order of the Hon'ble Supreme Court, the Annual Fee as reflected in Table 140 has not been treated as an expense (Refer para 3.1.5).

4.11.8 In view of the above, the Authority proposes to consider the Aeronautical Taxes as per Table 142 for the True up of the Third Control Period.

4.12 TRUE UP OF AERONAUTICAL REVENUE

MIAL'S SUBMISSION ON THE TRUE UP OF AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD IN MYTP

4.12.1 MIAL submitted the following Aeronautical Revenue for the True up of the Third Control Period in MYTP:

Table 143: Aeronautical Revenue as submitted by MIAL for the True up of the Third Control Period

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	499.79	580.46	991.57	1,224.13	4,555.21
Parking & Housing Revenue	79.59	167.14	32.08	62.08	59.24	400.12
User Development Fee (UDF) Revenue	151.26	16.6	22.64	93.81	117.25	401.56
Aerobridge Charges	95.61	43.69	20.57	63.78	70.25	293.90
FTC Revenue	114.93	-	-	-	-	114.93
ITP Revenue	2.01	0.84	1.08	2.03	3.02	8.98
Unauthorized Overstay Charges	19.31	22.99	11.22	12.14	27.06	92.72
Additional Landing Domestic and International	-	131.2	-	-	-	131.20
Total Aero Revenue	1,721.98	882.24	668.05	1,225.41	1,500.95	5,998.62

RECAP OF DECISION TAKEN BY THE AUTHORITY REGARDING THE AERONAUTICAL REVENUE DURING THE TARIFF DETERMINATION FOR THE THIRD CONTROL PERIOD

4.12.2 The Authority had considered the following aeronautical revenue in the Third Control Period Order.

Table 144: Aeronautical Revenue as approved by the Authority during the Tariff determination of the Third Control Period Tariff Order

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	590.78	658.78	1,145.28	1,303.30	4,957.41
Parking & Housing Revenue	79.59	25.65	28.61	50.00	56.72	240.58
Aerobridge Charges	95.61	23.96	26.72	47.25	54.05	247.58

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY20	FY21	FY22	FY23	FY24	Total
User Development Fee (UDF) Revenue	151.30	47.91	53.43	90.00	103.25	445.88
Others (FTC, ITP and Overstay Charges)	122.73	8.66	9.65	9.65	9.65	160.34
Total Aeronautical Revenues	1,708.50	696.95	777.18	1,342.19	1,526.96	6,051.79

Note: Actual Revenue earned by MIAL was taken during the tariff determination of the Third Control Period for FY 20.

AUTHORITY’S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

4.12.3 The Authority compared the above revenues submitted by MIAL of Rs. 5,998.62 crores (as per MIAL’s financial statements) with the aeronautical revenues of Rs.6,051.79 crores as approved in the Third Control Period Order in (Refer Table 232 of the 3rd CP order).

Table 145: Comparison between Aeronautical Revenue as submitted by MIAL for true up and as approved in the Third Control Period

(Rs. in crores)

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
Aeronautical Revenue as approved in the Third Control Period Order	A	1,708.50	696.95	777.18	1,342.19	1,526.96	6,051.79
Aeronautical Revenue submitted by MIAL for true-up	B	1,721.98	882.24	668.05	1,225.41	1,500.95	5,998.62
Difference	C = B-A	13.48	185.29	-109.13	-116.78	-26.01	-53.17
Difference %	D = C/A	0.78%	26.59%	-14.04%	-8.70%	-1.70%	-0.88%

4.12.4 The Authority noted the major significant shortfall in revenue against the projection is in FY 2021-22 and FY 2022-23 which is on account of the global pandemic outage. Since the Covid-19 generally affected the economy of all major countries and restricted air travel to a larger extent, the Authority proposes to True up Aeronautical Revenue for the Third Control Period as per MIAL’s submission.

4.12.5 Since the variance between MIAL’s submission of Aeronautical Revenue and those approved by the Authority in the Third Control Period Order is very insignificant (~ 0.88%), the Authority proposes to consider MIAL submission of the aeronautical revenues of Rs.5,998.62 crores as the True up of the Third Control Period.

4.12.6 Additionally, the Authority proposes to re-classify the revenue earned from the Fuel Farm Facility from Non-Aeronautical Revenue to Aeronautical Revenue. This decision aligns with the Authority’s consistent position of classifying Fuel Farm activity (as per Schedule 5 of OMDA) as aeronautical, a classification upheld by the Hon’ble Supreme Court of India in their Order dated 11th July 2022. Consequently, the Authority has removed the revenue share earned from the Fuel Farm Facility from NAR (Refer para’s 4.10.7, 4.10.9 and Table 137) and has included it as a part of the Aeronautical Income of MIAL.

4.12.7 Thus, the Aeronautical Revenue proposed by the Authority to be True up for the Third Control Period is as follows:

Table 146: Aeronautical Revenue as proposed by the Authority for the true up of the Third Control Period

(Rs. in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Landing Revenue	1,259.27	499.79	580.46	991.57	1,224.13	4,555.21

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	FY20	FY21	FY22	FY23	FY24	Total
Parking & Housing Revenue	79.59	167.14	32.08	62.08	59.24	400.12
User Development Fee (UDF) Revenue	151.26	16.6	22.64	93.81	117.25	401.56
Aerobridge Charges	95.61	43.69	20.57	63.78	70.25	293.90
FTC Revenue	114.93	-	-	-	-	114.93
ITP Revenue	2.01	0.84	1.08	2.03	3.02	8.98
Unauthorized Overstay Charges	19.31	22.99	11.22	12.14	27.06	92.72
Additional Landing Domestic and International	-	131.2	-	-	-	131.20
Revenue from Fuel Farm Facility	13.70	14.42	14.06	13.65	8.59	64.42
Dividend Income earned from Fuel Farm Facility	-	-	-	-	10.58	10.58
Total Aero Revenue	1,735.68	896.66	682.11	1,239.06	1,520.12	6,073.62

4.12.8 In view of the above, the Authority proposes to consider Aeronautical Revenue of Rs. 6,073.62 crores as per Table 146 for the True up of the Third Control Period.

4.13 TRUE UP OF THE TARGET REVENUE FOR THE THIRD CONTROL PERIOD

MIAL'S SUBMISSION ON TRUE UP OF TARGET REVENUE FOR THE THIRD CONTROL PERIOD IN MYTP FOR THE FOURTH CONTROL PERIOD

4.13.1 Based on the above changes in various building blocks, MIAL has submitted the Target Revenue for the true up of the Third Control Period as below:

Table 147: Computation of Target Revenue for the true up of the Third Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Return on RAB and HRAB	803.02	741.49	685.35	658.57	639.08	3,527.51
Add: Operating Expenses	847.96	720.94	871.78	881.65	870.74	4,193.07
Add: Depreciation	566.41	542.39	450.86	454.47	441.68	2,455.81
Add: Aeronautical Taxes	110.28	-	-	-	78.00	188.28
Less: 30% Revenue Share Assets	(223.83)	(64.12)	(136.97)	(232.26)	(333.16)	(990.34)
True-up for the 2 nd Control Period	4,624.47	-	-	-	-	4,624.47
Target Revenue	6,728.31	1,940.70	1,871.01	1,762.43	1,696.34	13,998.81
Actual Aero revenues	1,721.98	882.24	668.05	1,225.41	1,500.95	5,998.62
True-up/true-down	5,006.33	1,058.47	1,202.96	537.02	195.39	8,000.18
Carrying Cost @ 13.15%	13.14%	13.14%	13.14%	13.14%	13.14%	
Years	5.00	4.00	3.00	2.00	1.00	
True-up with carrying cost	9,280.46	1,734.27	1,742.14	687.41	221.07	13,665.34

AUTHORITY'S RECAP REGARDING THE TARGET REVENUE FOR THE THIRD CONTROL PERIOD AS PART OF THE TARIFF DETERMINATION OF THE THIRD CONTROL PERIOD

Table 148: Target Revenue as decided by the Authority in the Tariff Order of the Third Control Period

(Rs. in crores)

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
Control Period Year		1	2	3	4	5	

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	Ref	FY20	FY21	FY22	FY23	FY24	Total
RAB & HRAB	A	6,159.13	6,147.41	6,148.83	5,988.22	5,750.76	
FRoR	B	12.81%	12.81%	12.81%	12.81%	12.81%	
Return on RAB	C = AxB	789.08	787.58	787.76	767.19	736.76	3,868.38
HRAB Impact	D	(258.83)	-	-	-	-	(258.83)
Depreciation	E	551.78	549.49	483.00	471.43	446.00	2,501.70
O & M Expense	F	723.15	716.61	761.01	852.13	886.25	3,939.15
Taxes	G	-	-	-	-	-	-
Gross Target Revenue (GTR)	H = C+D+E+F+G	1,805.18	2,053.68	2,031.77	2,090.75	2,069.01	10,050.39
Less: Cross subsidy from Revenue Share Assets (NAR)	I	575.68	138.10	317.11	525.85	591.30	2,148.04
Net Target Revenue for the 3rd Control Period (NTR = GTR – NAR)	J = H-I	1,229.50	1,915.58	1,714.66	1,564.90	1,477.71	7,902.35
True up of the 1 st and 2 nd Control Periods (cumulative)	K	(1,462.58)	-	-	-	-	(1,462.58)
Adjusted Net Target Revenue (ANTR)	L = J+K	(233.07)	1,915.58	1,714.66	1,564.90	1,477.71	6,439.77
Discounting Factor	M	0.89	0.79	0.70	0.62	0.55	
Discounted ANTR	N = LxM	(206.61)	1,505.20	1,194.31	966.21	808.76	4,267.87
Computation of Total Aeronautical Revenues							
Total Landing Revenues	O	1,259.27	590.78	658.78	1,145.28	1,303.30	4,957.41
Total Parking Revenues	P	79.59	25.65	28.61	50.00	56.72	240.58
Total Aerobridge Revenues	Q	95.61	23.96	26.72	47.25	54.05	247.58
Total User Development Fee (UDF) Revenues	R	151.30	47.91	53.43	90.00	103.25	445.88
Others (FTC, ITP and Overstay Charges)	S	122.73	8.66	9.65	9.65	9.65	160.34
Total Aeronautical Revenues	T = O+P+Q+R+S	1,708.50	696.95	777.18	1,342.19	1,526.96	6,051.79
Discounting Factor	U	0.89	0.79	0.70	0.62	0.55	
Discounted Total Aeronautical Revenues	V = TxU	1,514.47	547.64	541.33	828.70	835.73	4,267.87
X Factor (%)				(38.37%)			

AUTHORITY'S EXAMINATION OF THE MATTERS REGARDING THE TRUE UP OF THE THIRD CONTROL PERIOD AS PART OF TARIFF DETERMINATION EXERCISE FOR THE FOURTH CONTROL PERIOD

4.13.2 The Authority has computed the return on RAB as per the SCN as mentioned in para 4.2.7 as below:

Table 149: Change in Return on RAB for the Third Control Period as proposed by the Authority

(Rs. in crores)

Particulars	Ref	Third Control Period - Return on RAB					Total
		FY 20	FY 21	FY 22	FY 23	FY 24	
WDV Value as of previous year	A	194.52	183.89	173.47	164.86	156.80	
WDV Value as on current year	B	183.89	173.47	164.86	156.80	149.26	

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	Ref	Third Control Period - Return on RAB					Total
		FY 20	FY 21	FY 22	FY 23	FY 24	
Return on RAB Impact as per SCN	C = Average (a,b) * FRoR (12.81%)	24.24	22.89	21.67	20.60	19.60	109.00

4.13.3 Based on the discussion above, summarized below are the key changes made for the true up of the Third Control Period:

- (i) **Depreciation:** Adjustments have been made due to higher depreciation rates applied by MIAL compared to those prescribed in Order 35, as well as reclassification of the re-carpeting cost of Runway 14/32. While MIAL submitted this cost as capital expenditure, the Authority has amortized it as Operating Expenditure. (Table 86).
- (ii) **Asset Allocation Ratio:** MIAL has calculated the asset allocation ratio for all the five years of the Third Control Period. However, they have applied the FY 2023-24 ratio in all the five years of the Third Control Period. The Authority has re-calculated and applied the ratio for each year of the Third Control Period. (Refer para 4.5.9).
- (iii) **RAB (Regulatory Asset Base):** Adjustments have been made to RAB based on the re-classification of the runway re-carpeting cost as operating expenditure (Refer Table 75).
- (iv) **Operating Expenditure:** Changes have been made to reflect the actual expenditure data submitted by MIAL. (Refer Table 129).
- (v) **Non-Aeronautical Revenue:** Updated based on the actual revenue values provided by MIAL (Refer Table 138).
- (vi) **Self-Contained Note (SCN):** Changes in depreciation and return on RAB and the true up of the previous control period as per the SCN as mentioned in para 4.2.7.
- (vii) In addition to the above changes, the Authority has not accounted for the impact of the TDSAT judgments on the computation of Target Revenue (TR) as explained in para 4.2.5.

4.13.4 Considering the above, the Authority proposes the Target Revenue for the True up of the Third Control Period as below:

Table 150: Computation of Target Revenue for the True up of the Third Control Period as proposed by the Authority

(Rs. in crores)

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Average RAB	A	5,511.74	5,112.02	4,741.03	4,542.24	4,436.41	
Average HRAB	B	343.70	305.68	272.17	242.52	215.48	
Total	C = A + B	5,855.43	5,417.70	5,013.20	4,784.76	4,651.90	
FRoR	D	12.81%	12.81%	12.81%	12.81%	12.81%	
Return on RAB	E = C x D	750.17	694.09	642.27	613.00	595.98	3,295.53
Impact on Return on RAB due to non-existent assets as per the SCN	F (As per Table 149)	24.24	22.89	21.67	20.60	19.60	109.00
Net Return on RAB	G = E-F	725.94	671.21	620.60	592.40	576.38	3,186.53
HRAB Impact	H	(259.00)	-	-	-	-	(259.00)
OM - Efficient Operation & Maintenance cost	I	844.59	723.60	778.01	868.07	908.49	4,122.76

TRUE UP OF THE THIRD CONTROL PERIOD

Particulars	Ref	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total Depreciation (Refer Table 86 and Table 87)	J	537.11	513.93	425.57	419.50	380.80	2,276.90
Tax	K	43.44	-	-	-	-	43.44
Non-Aeronautical Revenue	L	1,742.06	713.47	1,224.55	1,874.30	2,445.67	8,000.04
Share of Revenue from Revenue Share Assets	M = L x 30%	(522.62)	(214.04)	(367.36)	(562.29)	(733.70)	(2,400.01)
True up for the 2 nd Control Period	N	(1,278.32)					(1,278.32)
Target Revenue	O = G + H + I + J + K - M + N	91.14	1,694.70	1,456.82	1,317.68	1,131.97	5,692.39
Future Value Factor	P (at FRoR of 12.81%)	1.83	1.62	1.44	1.27	1.13	
Aeronautical Revenue	Q (From Table 146)	1,735.68	896.66	682.11	1,239.06	1,520.12	6,073.62
Under Recovery / (Over Recovery)	R = O-Q	(1,644.54)	798.04	774.71	78.62	(388.15)	(381.23)
Under Recovery / (Over Recovery) on PV Terms as on 01.04.2019	S	(3,004.78)	1,292.54	1,112.14	100.05	(437.88)	
Projected Over Recovery pending to be Trued Up as on 01.04.2019	Sum (T)			(937.84)			

4.13.5 Based on the above, the over-recovery of Rs. 937.84 Crores for the Third Control Period as determined by the Authority is proposed to be considered for true up in the subsequent Control Periods as part of tariff determination process for the Fourth Control Period.

4.14 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 for the True up for the Third Control Period as part of tariff determination for the Fourth Control Period:

- 4.14.1 To consider the Traffic for True up for the Third Control Period based on actuals as per Table 52.
- 4.14.2 To consider RAB as per Table 75 and HRAB as per Table 81 for the True up of the Third Control Period.
- 4.14.3 To consider Aeronautical Depreciation for the True up of the Third Control Period as per Table 86 and Table 87.
- 4.14.4 To consider the FRoR for the True up for the Third Control Period, i.e., 12.81%.
- 4.14.5 To consider Aeronautical Operation and Maintenance Expenses for the True Up for the Third Control Period as per Table 129.
- 4.14.6 To consider Non-Aeronautical Revenue for the True up for the Third Control Period as per Table 138.
- 4.14.7 To consider Aeronautical Revenues for the True up of the Third Control Period as per Table 146.

- 4.14.8 To consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 4.14.9 To consider Aeronautical Taxes for the True up of the Third Control Period as per Table 142.
- 4.14.10 To consider the impact on depreciation as per Table 84 and Return on RAB as per Table 149 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).
- 4.14.11 To consider over-recovery of Rs. 937.84 crores (as per Table 150) for the tariff determination exercise for the Fourth Control Period.

**Examination of MYTP for the Fourth
Control Period**

5. TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.1 MIAL SUBMISSIONS ON TRAFFIC FOR THE THIRD CONTROL PERIOD FOR THE FOURTH CONTROL PERIOD

- 5.1.1 MIAL, in its MYTP submission, has stated that Mumbai Airport is a land locked and constrained single runway airport and is also the most efficiently managed airport holding a world record for maximum movements on a single runway in a single day.
- 5.1.2 Historically, traffic has increased 5-6% on yearly basis which is attributed to increase in ATMs and Average Load Factor. Due to capacity constraint at Airside and the average load factor nearing to maximum planning position of 85%, the growth expected in future is almost negligible.

Table 151: Historical Traffic at Mumbai Airport as submitted by MIAL

Year	Passengers (MPPA)			ATM's (000's)		
	Dom Pax	Intl Pax	Total	Dom ATM	Intl ATM	Total
FY10	17.37	8.23	25.61	164.63	65.17	229.80
FY11	20.00	9.08	29.07	173.98	68.68	242.66
FY12	21.04	9.70	30.75	179.31	72.21	251.51
FY13	20.28	9.93	30.21	173.25	71.26	244.51
FY14	21.88	10.34	32.22	188.31	72.36	260.67
FY15	25.21	11.43	36.63	195.37	74.09	269.46
FY16	30.05	11.62	41.67	220.25	76.38	296.63
FY17	32.72	12.43	45.15	224.90	80.57	305.47
FY18	34.85	13.65	48.50	234.61	86.08	320.69
FY19	34.09	14.74	48.83	232.65	88.62	321.26
FY20	33.57	12.36	45.92	228.68	75.99	304.68
FY21	9.84	1.22	11.05	91.81	23.18	114.98
FY22	18.56	3.18	21.75	150.75	34.90	185.65
FY23	32.72	11.21	43.92	221.86	67.78	289.64
FY24	38.50	14.32	52.82	241.81	83.15	324.96
CAGR 5 years from FY15 to FY20 (pre-COVID)	5.90%	1.57%	4.62%	3.20%	0.51%	2.49%
CAGR 10 years from FY10 to FY20 (pre-COVID)	6.81%	4.14%	6.01%	3.34%	1.55%	2.86%

- 5.1.3 MIAL has proposed to re-construct Terminal 1, which is currently handling approx. 15 MPPA domestic traffic. It is expected that once the operations at the existing Terminal 1 are halted for demolition and re-construction purposes, a portion of the traffic will be accommodated in Terminal 2. The remaining traffic is expected to shift to the upcoming Navi Mumbai International Airport, which is likely to commence operations in the early part of 2025. Once T1 reconstruction is completed, it will cater to the available demand in the Mumbai Metropolitan Region (MMR).
- 5.1.4 MIAL based its projections of Traffic for the Fourth Control Period on an Independent Traffic Study Report conducted by ICF (Inner City Fund – ICF International Inc.) for CSMIA. This study considered the overall traffic demand in the Mumbai Metropolitan Region (MMR) and various supply-side constraints.
- 5.1.5 The study report analyzed GDP-Traffic relationships from multiple points of views with the base intention of assuming that the peak hour ATMs will grow from the current 46 to 55 ATMs per hour in FY 34. To explore this, the report adapts regression analysis for three different scenarios, as detailed below. It studied how the number of passengers (the outcome) is influenced by two primary factors, i.e., the country's economic growth (GDP) and ticket prices. The three scenarios analyzed by ICF are listed below:

- (i) Unconstrained Passenger Forecast for MMR –To estimate the growth rate that would fit best for CSMIA during the constrained period, ICF compared passenger growth rates between FY17 – FY23 for Delhi & Tier 1 airports. Based on the comparison, Tier 1 growth rates were considered to project the unconstrained MMR traffic forecast.
- (ii) Unconstrained Passenger Forecast for CSIA –Y-o-Y passenger growth rates from MMR unconstrained forecast were used to estimate an unconstrained passenger forecast of CSIA FY24 onwards. Further, based on LF and Seats per ATM assumptions, a forecast for pax per ATM by region was estimated. Pax per ATM estimates were then applied to unconstrained CSIA passengers to get unconstrained ATMs by regions at CSIA from FY24 onwards.
- (iii) Constrained view of CSMIA –Constrained Annual ATM forecast was used to constrain the passengers at CSIA. This is because while the passenger capacity at an airport can go beyond its stated capacity because of better LFs and higher seats per ATM by airlines, the total number of ATMs that an airport can handle can only be maximized to a certain level because of the constraints at runway. Within this constrained perspective, ICF assumed one alternate scenario as well, that being a conservative one – where it has assumed a peak hour ATM of 52 ATMs per hour instead of the 55 ATMs assumed in the other scenarios.

5.1.6 The Authority notes that MIAL has adopted this conservative projection of traffic of 52 peak hour ATMs for their traffic forecasts in their MYTP submission as per (iii) above.

5.1.7 Based on this, the likely traffic to be handled at the CSMIA in the Fourth Control Period as submitted by MIAL is as follows:

Table 152: Projected Traffic for the Fourth Control Period as submitted by MIAL

Year	Passengers (Mn)			ATM ('000's)		
	Domestic	International	Total	Domestic	International	Total
FY25	38.60	14.11	52.72	250.73	81.18	331.91
FY26	33.61	11.01	44.62	214.36	63.02	277.37
FY27	31.49	9.54	41.04	200.03	54.13	254.16
FY28	32.83	9.63	42.46	207.62	54.13	261.75
FY29	38.63	9.72	48.34	243.17	54.13	297.30

5.2 AUTHORITY’S EXAMINATION REGARDING THE TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.2.1 The Authority analyzes the CAGR of Traffic (both Passengers and ATMs) for the past Three Control Periods as given below:

Table 153: Details of Passengers and ATMs for the First, Second and Third Control Periods along with CAGR

Particulars (Mn)	FY10	FY11	FY12	FY13	FY14	Total
Domestic Pax	17.37	20.00	21.04	20.28	21.88	100.57
<i>Domestic Y-o-Y Growth %</i>		<i>15.14%</i>	<i>5.20%</i>	<i>(3.61%)</i>	<i>7.89%</i>	
International Pax	8.23	9.08	9.70	9.93	10.34	47.29
<i>International Y-o-Y Growth %</i>		<i>10.32%</i>	<i>6.82%</i>	<i>2.37%</i>	<i>4.13%</i>	
Total Pax	25.61	29.07	30.75	30.21	32.22	147.86
% Yearly increase		13.51%	5.78%	(1.76%)	6.65%	
Five Year CAGR					5.91%	
Domestic ATM	164.63	173.98	179.31	173.25	188.31	879.48

TRAFFIC FOR THE FOURTH CONTROL PERIOD

Particulars (Mn)	FY10	FY11	FY12	FY13	FY14	Total
<i>Domestic Y-o-Y Growth %</i>		5.68%	3.06%	(3.38%)	8.69%	
International ATM	65.17	68.68	72.21	71.26	72.36	349.68
<i>International Y-o-Y Growth %</i>		5.39%	5.14%	(1.32%)	1.54%	
Total ATM	229.8	242.66	251.52	244.51	260.67	1,229.16
% Yearly increase		5.60%	3.65%	(2.79%)	6.61%	
Five Year CAGR					3.20%	

Particulars (Mn)	FY15	FY16	FY17	FY18	FY19	Total
Domestic Pax	25.21	30.04	32.72	34.85	34.09	156.91
<i>Domestic Y-o-Y Growth %</i>	15.22%	19.16%	8.92%	6.51%	(2.18%)	
International Pax	11.43	11.62	12.44	13.65	14.74	63.88
<i>International Y-o-Y Growth %</i>	10.54%	1.70%	6.93%	9.79%	8.04%	
Total Pax	36.64	41.67	45.16	48.50	48.83	220.79
% Yearly increase	13.72%	13.73%	8.38%	7.40%	0.68%	
Five Year CAGR					7.44%	
Domestic ATM	195.37	220.25	224.90	234.61	232.65	1,107.77
<i>Domestic Y-o-Y Growth %</i>	3.75%	12.73%	2.11%	4.32%	(0.84%)	
International ATM	74.09	76.38	80.57	86.08	88.62	405.73
<i>International Y-o-Y Growth %</i>	2.39%	3.09%	5.48%	6.84%	2.95%	
Total ATM	269.46	296.63	305.47	320.69	321.26	1,513.51
% Yearly increase	3.37%	10.08%	2.98%	4.98%	0.18%	
Five Year CAGR					4.49%	

Particulars (Mn)	FY20	FY21	FY22	FY23	FY24	Total
Domestic Pax	33.57	9.84	18.56	32.72	38.50	133.19
<i>Domestic Y-o-Y Growth %</i>	(1.52%)	(70.69%)	88.62%	76.29%	17.68%	
International Pax	12.36	1.22	3.18	11.21	14.32	42.29
<i>International Y-o-Y Growth %</i>	(16.15%)	(90.13%)	160.66%	252.52%	27.77%	
Total Pax	45.92	11.05	21.75	43.92	52.82	175.47
% Yearly increase	(5.96%)	(75.94%)	96.83%	101.93%	20.25%	
Five Year CAGR					3.56%	
Domestic ATM	228.68	91.81	150.75	221.86	241.81	934.91
<i>Domestic Y-o-Y Growth %</i>	(1.71%)	(59.85%)	64.20%	47.17%	8.99%	
International ATM	75.99	23.18	34.90	67.78	83.15	285.00
<i>International Y-o-Y Growth %</i>	(14.25%)	(69.50%)	50.56%	94.21%	22.68%	
Total ATM	304.68	114.98	185.65	289.64	324.96	1,219.92
% Yearly increase	(5.16%)	(62.26%)	61.46%	56.01%	12.19%	
Five Year CAGR					1.62%	

- 5.2.2 The Authority observes that while ATM and Passenger growth was significant during the First Control Period, it slowed towards the end of the Second Control Period and was further impacted by COVID-19 in the Third Control Period, ultimately returning to pre-COVID levels by FY24. In this background, the Authority feels it is pertinent to also review the current and projected airside and terminal capacities, in order to take a holistic view of the traffic, projections submitted for the Fourth Control Period.
- 5.2.3 The Authority 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:

- (i) *The industry's total Revenue Passenger-Kilometer (RPK) increased by 8.1% YoY in November, continuing to exceed historical records. Available Seat-Kilometer (ASK) rose by 5.7% YoY lagging demand growth.*
- (ii) *The Passenger Load Factor (PLF) improved by 1.9 percentage points compared to the previous year, reaching 83.4%, an all-time high for November.*
- (iii) *Domestic traffic overall grew by 3.1% YoY. India led the main markets this month with a 13.3% rise in RPK. All monitored markets showed stable demand growth, although seat capacity in some areas plateaued.*
- (iv) *International passenger traffic for the industry surged by 11.6% YoY in November. Carriers in the Middle East and Asia Pacific experienced higher growth, significantly contributing to global momentum. International RPK in Asia Pacific is now just 0.5% below pre-pandemic levels.*

5.2.4 The Authority notes the peak-hour runway movement capacity in FY 24 is 46 for the primary runway 09/27 and 36 for the secondary runway 14/32, and with a total designated passenger handling terminal capacity of around 55 MPPA (15 MPPA in Terminal 1 and 40 MPPA in Terminal 2).

5.2.5 With the current airside constraints, CSMIA was able to handle 52.82 MPPA in FY 2024 at a total of 324,960 ATMs, being the highest traffic ever recorded.

5.2.6 However, the Authority notes MIAL's submission on the proposed demolition and reconstruction of T1 (Refer from para 6.3.105), which would constraint the overall passenger handling capacity at terminal side. As mentioned in para 5.1.3, the Authority notes that some of the traffic from Terminal 1 will be accommodated at Terminal 2. On the Authority's recommendation, MIAL commissioned a study to estimate the designed handling capacity at Terminal 2 post capacity enhancement initiatives proposed as part of the Fourth Control Period. This report, prepared by M/s Jacobs, estimated the revised passenger handling capacity at Terminal 2 to be 44.79 MPPA against the current 39.56 MPPA.

5.2.7 With this background, the Authority notes the following observations on the traffic projections of MIAL:

- (i) The traffic projected by MIAL for FY 25 is broadly consistent with the actual traffic levels achieved in FY 24.
- (ii) T1 is proposed to be demolished on Oct-25 and is expected to be completed in Sep-28. During this period, MIAL has restricted the traffic based on the passenger handling capacity at T2. The traffic estimated for this period is in the range of 40 MPPA to 45 MPPA, in line with the passenger handling capacity estimated for T2 (refer para 5.2.5).
- (iii) Once the reconstruction is completed, i.e., Oct-28 onwards, MIAL estimates that the traffic will gradually ramp-up.

5.2.8 Based on the above, the Authority could infer that Passenger Traffic (Pax) in both India and global markets has rebounded significantly from the pandemic-induced lows. Furthermore, current traffic levels have not only recovered but have also surpassed pre-pandemic benchmarks. It is projected that passenger traffic will fully realign with its original pre-pandemic growth trajectory within the next two to three years, marking a complete recovery from the impacts of Covid-19.

5.2.9 Based on above discussions, the Authority proposes to accept MIAL's traffic projections based on the study as per the table below:

Table 154: Passenger/ATM Traffic as proposed by the Authority for the Fourth Control Period

Particulars (Mn)	FY25	FY26	FY27	FY28	FY29	Total
Domestic Pax	38.60	33.61	31.49	32.83	38.63	175.16
International Pax	14.11	11.01	9.54	9.63	9.72	54.01
Total Pax	52.72	44.62	41.04	42.46	48.34	229.18
Domestic Increase %		(12.93%)	(6.31%)	4.26%	17.67%	
International Increase %		(21.97%)	(13.35%)	0.94%	0.93%	
Total Increase %		(15.36%)	(8.02%)	3.46%	13.85%	

Particulars ('000's)	FY25	FY26	FY27	FY28	FY29	Total
ATM- Domestic	250.73	214.36	200.03	207.62	243.17	1,115.91
ATM- International	81.18	63.02	54.13	54.13	54.13	306.58
Total	331.91	277.37	254.16	261.75	297.30	1,422.49
Domestic Increase %		(14.51%)	(6.68%)	3.79%	17.13%	
International Increase %		(22.37%)	(14.11%)	0.00%	0.00%	
Total Increase %		(16.43%)	(8.37%)	2.98%	13.58%	

5.3 AUTHORITY’S PROPOSALS REGARDING TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

Based on the available facts and analysis thereupon, the Authority proposes the following regarding the Traffic Projections for the Fourth Control Period:

5.3.1 To consider Traffic for the Fourth Control Period for CSMIA as per Table 154, which shall be trued up based on actuals at the time of tariff determination the tariff 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 RAB is an essential element in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Target Revenue for an Airport Operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment is provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.
- 6.1.2 Given this context, the Authority notes that MIAL has proposed capital expenditure for the Fourth Control Period based on its plan to develop CSMIA Airport to increase the annual passenger throughput capacity (domestic and international), along with ancillary facilities as per traffic demand projections.
- 6.1.3 The Authority, through its Independent Consultant, undertook a site visit to assess the capital expenditure proposed for the Fourth Control Period. During the site visit, the Independent Consultant engaged with the technical team of MIAL to understand the challenges in the existing airport infrastructure, traffic estimation methodologies, and the short, medium, and long-term development plans for the Airport.
- 6.1.4 As part of the exercise, discussions were held with the design and planning teams of MIAL to understand the scope of capital expenditure proposed by MIAL for the Fourth Control Period. These discussions included a review of the project plan, tentative drawings, and the phasing of projects to align with projected passenger traffic and operational needs.
- 6.1.5 The Independent Consultant conducted a physical survey of the land earmarked for new projects within the airport premises and reviewed existing infrastructure and physical assets where upgrades and refurbishments have been proposed. The technical feasibility, including spatial constraints and infrastructure integration, was assessed to validate the need and alignment of these projects with the airport's growth plans.
- 6.1.6 Further, interactions were held with the costing team of MIAL to examine the basis of cost estimation, including unit rates, contingency provisions, escalation factors, and benchmarking against industry standards for similar infrastructure projects. The Authority also conducted an independent assessment of project timelines and proposed procurement strategies. The assessment also factored in the considerations for obtaining regulatory approval which are required for project completion.
- 6.1.7 The Independent Consultant performed an analysis of the submissions made by MIAL regarding CAPEX. In this respect, the Independent Consultant has performed the following functions:
- (i) Sought and verified various technical and study reports provided by MIAL, Drawings and Plans, BOQs, cost estimates and break-up, detailed justification and explanation, Copies of Letter of Intent (LOI), Letter of Award (LOA), Purchase Orders and Work Orders, etc. as applicable, provided by MIAL.
 - (ii) Sought documentary evidence and verified the process of approval of CAPEX projects including competitive bidding process for award of various work orders, where applicable, to the contractors for such projects.

(iii) Analyzed the reasonableness of the proposed cost with reference to the Tentative Ceiling decided by the Authority vide order No. 7/2016-17 dated 13.06.2016 and based on the details of the rates and quantity as per Government / Industry approved norms.

6.1.8 With this background, the Authority has examined the capital expenditure proposed by MIAL for the Fourth Control Period, considering the historical traffic trends and future traffic estimates such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the Fourth Control Period with a view to encourage the investment and maintain a balanced approach between the sustainable operations of MIAL and the interest of the airport users. Further, the Authority, along with the necessity of the capex, has also assessed the feasibility of implementing the proposed capex within the remaining years in the Fourth Control Period. It is imperative that MIAL completes the proposed capex within the time frame as otherwise the airport users would end up bearing the burden of the capex funding requirement in the form of higher tariff, without having access to the facilities.

6.1.9 Towards this objective, the Authority, through its independent consultant / aviation expert, has examined in detail the Aeronautical Capital Expenditure, Aeronautical Depreciation, HRAB and RAB submitted by MIAL.

6.1.10 The Authority has sought and examined MIAL's submission based on the following details/criteria:

- (i) Nature of the expenditure
- (ii) Necessity/requirement of the expenditure
- (iii) Business plan and Master plan for all projects
- (iv) Airside capacity – present and projected
- (v) Number of passengers, both at present and projected, for the Fourth Control Period
- (vi) Terminal Capacity, both at present and projected for the Fourth Control Period
- (vii) Other short-term and long-term plans of MIAL
- (viii) Sustainability of airport operations
- (ix) Passenger service considerations
- (x) Safety and security of the airport
- (xi) Process of approval and sanction for various work orders/purchase orders

6.1.11 Based on the above, the Authority has rationalized the capital expenditure for some of the projects based on verification of item rates and optimization of the capacity augmentation proposed by MIAL and accordingly proposes capital additions for the Fourth Control Period. However, if the project is mandated by regulatory requirements or are incurred for improving operational efficiency, the Authority will true up the costs on an actual incurrence basis, subject to evaluation of reasonableness and efficiency at the time of determination of tariff for the next Control Period.

6.2 MASTER PLAN 2024

6.2.1 The Master Plan of the Airport provides the strategic framework for long-term airport growth, and the CAPEX proposal outlines the investments needed to achieve these objectives.

6.2.2 As per Clause 3.5.1 of the State Support Agreement, MIAL is required to prepare and submit a Master Plan based on realistic traffic forecasts, as assessed by an independent expert. The Master Plan shall be updated every 10 years, provided the same can be updated at shorter intervals if the JVC finds that the traffic growth is such as to require more frequent updates, or at such intervals as may be notified by the

AAI or GOI or in the event the airport reaches passenger capacity, cargo capacity or other capacity constraints.

Relevant clauses from the State Support Agreement regarding the Master Plan (Clauses 3.5.2 to 3.5.5)

Clause 3.5.2 of the SSA:

"...Within thirty (30) days of the JVC submitting to GOI the Master Plan in accordance with Clause 3.5.1 hereinabove, GOI shall provide (in writing) to the JVC any comments or suggested changes that GOI may have vis-à-vis the Master Plan, to the extent GOI feels that such Master Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.5.1 hereinabove are not satisfied. In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the Master Plan in accordance with the provisions of this Clause 3.5.2, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to the Master Plan and the Master Plan submitted by the JVC in accordance with Clause 3.5.1 shall be deemed to be the final Master Plan, which shall be binding on the JVC and shall regulate the operation, management and development of the Airport in accordance with the OMDA.

Clause 3.5.3 of the SSA:

In the event GOI provides any comments and/or suggestions to the Master Plan pursuant to Clause 3.5.2 hereinabove, the JVC shall, within fifteen (15) days of receiving any such comments or suggested changes, submit to GOI a revised Master Plan, incorporating reasonable comments and/or changes suggested by GOI.

Clause 3.5.4 of the SSA:

Within fifteen (15) days of the JVC re-submitting the Master Plan in accordance with Clause 3.5.3 hereinabove, GOI shall provide any comments and/or suggested changes that GOI may have vis-à-vis the revised Master Plan, to the extent GOI feels that such Master Plan is in breach of the provisions set out under the OMDA and/or the parameters set out in Clause 3.5.1 hereinabove are not satisfied. In the event GOI does not, for whatsoever reason, submit any comments and/or suggested changes to the revised Master Plan in accordance with the provisions of this Clause 3.5.4, within the prescribed time limit, it shall be deemed that GOI has no comments and/or suggested changes to the revised Master Plan and the revised Master Plan submitted by the JVC in accordance with Clause 3.5.3 shall be deemed to be the final Master Plan, which shall be binding on the JVC and shall regulate the operation, management and development of the Airport in accordance with the OMDA.

Clause 3.5.5 of the SSA:

In the event GOI provides any comments and/or suggestions to the revised Master Plan pursuant to Clause 3.5.4 hereinabove, the JVC shall, within fifteen (15) days of receiving any such comments or suggested changes, submit to GOI the final Master Plan, incorporating reasonable comments and/or changes suggested by GOI. The Parties hereby acknowledge and agree that the final Master Plan submitted by the JVC shall be binding on the JVC and shall govern the operations, management and development of the Airport in accordance with the OMDA..."

Relevant clauses from the OMDA regarding the Master Plan

As per Clause 8.3.1 of the OMDA,

“...The JVC shall prepare a Master Plan for the Airport setting out the proposed development for the entire Airport, planned over a 20 year time horizon. The Master Plan shall include traffic forecasts for this period and link all planned major development to these forecasts..”

Further, as per Clause 8.3.7 of the OMDA,

“...(a) All developments (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets) at the Airport shall be as per the then existing Master Plan;

(b) No development (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets or Non-Transfer Assets) that is not envisaged in the Master Plan shall be allowed to be undertaken; and

(c) The Airport, inclusive of aeronautical and non-aeronautical developments, Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets shall at all times comply with the then existing Master Plan...”

6.2.3 The Master Plan of CSMIA was last updated in 2019. As per the Master Plan submitted in 2019, the traffic forecast was estimated at 55 MPPA. CSMIA has surpassed 90% capacity of this target, handling 52.82 MPPA in FY 2023-24.

6.2.4 Accordingly, MIAL has prepared and submitted an updated Master Plan to Ministry of Civil Aviation for their comments and review, and to AAI for information in September 2024. This Master plan of CSMIA is prepared in compliance to section 8.3.5 of OMDA, which states:

“...the JVC hereby undertakes to submit the initial Master Plan to the AAI for its information, and to the Ministry of Civil Aviation (“MoCA”) for its review and comments before the expiry of six (6) months from the date of execution of this Agreement, which thereafter must be updated and resubmitted to the AAI for its information and to the MCA for its review and comments periodically, every 10 years. Provided however that the Master Plan shall be updated at shorter intervals, if the JVC finds that the traffic growth is such as to require more frequent updates or for any other reasonable reason, or at such intervals as may be notified by AAI or MCA in the event the Airport reaches passenger capacity, cargo capacity and other capacity restraints...”

6.2.5 MIAL has prepared and submitted the updated Master Plan in 2024 and the main objective of the Master Plan 2024 is for achieving and sustaining airport capacity of 65+ MPPA, 1M+ tonnage of cargo handling and 52+ air traffic movements in peak hours.

6.2.6 Some of such projects identified for implementation for enabling the airport to cater to 65MPPA capacity are as below:

- (i) Reconstruction of T1 to enhance the capacity from 15 MPPA to 20MPPA
- (ii) Terminal 2 NW Pier (Check in Facilities, Construction of Bus boarding Gates(V3)) Terminal T2 Expansion etc., to enhance the capacity to 45MPPA
- (iii) Additional Aircraft Parking Stands in the Southern side of RWY 09-27
- (iv) Construction of Parking Stand V2+V1
- (v) Additional Aircraft Parking stand adjacent Apron J
- (vi) Construction of Airside Tunnel
- (vii) Construction of Eastern taxiway (between E5 and E7) parallel to RWY 14-32

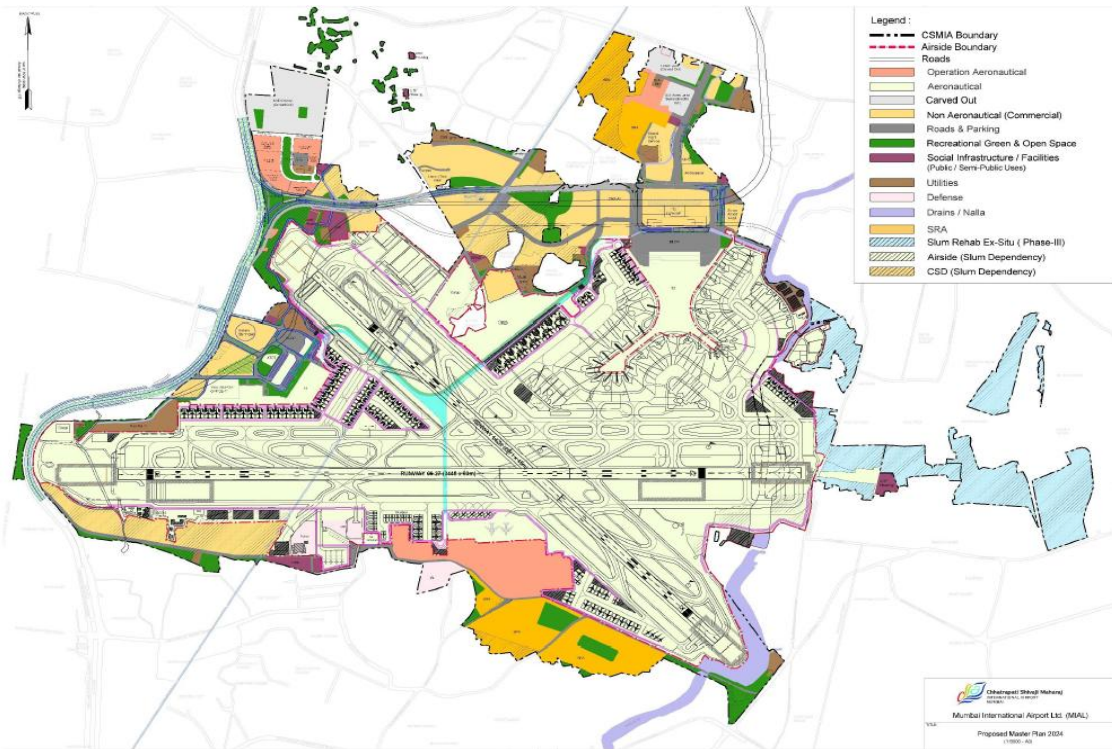
CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

- (viii) Extension of Taxiway M
- (ix) TWY West to 14-32
- (x) TWY W1 parallel TWY to 14-32 West
- (xi) Construction of RET E6
- (xii) Construction of RET W3
- (xiii) Construction of Taxiway S
- (xiv) Kerbside improvements in front of T1 and T2 etc.,

Figure 4 – Existing CSMIA Land Use Plan



Figure 5 – Proposed CSMIA Land Use Plan



6.2.7 MIAL submitted updated Master plan of CSMIA to MoCA on 5th September 2024. The Authority, through its independent consultant, directed MIAL to confirm the status of approval from MoCA, and MIAL submitted the following:

“...Mumbai Airport had submitted updated Master plan of CSMIA to MoCA on 5th September 2024. However, no comments have been received and hence same is deemed as approved as per provision 3.5.2 of State Support agreement. Communication to this effect has been shared with MoCA as well...”

6.2.8 The Authority has reviewed the capital expenditure submitted by MIAL in the context of the Airport’s Master Plan and proposed development.

Capacity Assessment as per Master Plan 2024

6.2.9 As part of the Master Plan 2024, various new projects were identified to enhance operational efficiency of CSMIA and enhancing the airport capacity with peak hour runway operations in excess of 52 ATMs and enabling airport to cater to minimum of 65 MPPA.

6.2.10 As per the IMG norms, capacity creation in case of big airports with > 5 MPPA shall be from the 7th year from Planning Year. As per Traffic Study Report, based on unconstrained projections, if traffic continues to grow at same pace, traffic forecast of Mumbai Metropolitan Region will reach 65.6 MPPA by 2025. Based on constrained projections, traffic at CSMIA likely to be 60.4 MPPA by 2032 (i.e., 7th year of planning).

6.2.11 Presently, the passenger handling capacity at Terminal 1 is 15 MPPA and at Terminal 2 is 40 MPPA. MIAL as part of its Master Plan 2024 has proposed the reconstruction of Terminal 1 (majorly from safety point of view to mitigate structural issues), with the reconstructed Terminal 1 having a capacity of 20 MPPA. MIAL has also proposed various capacity enhancements at Terminal 2 as part of the CAPEX of the Fourth Control Period, and had engaged M/s. Jacobs to undertake a capacity assessment study. As per the study, the following capacity enhancement initiatives are instrumental in increasing the passenger throughput at Terminal including:

- (i) A dedicated crew facility and Bus Boarding Gates in Northwest Pier Extension.
- (ii) Addition of Check-in desk (SBDs) at each Island.
- (iii) Reconfiguration Customs Handbag Screening Facility

6.2.12 Post these capacity enhancement, M/s Jacobs had identified the limiting factors for each category of passengers. For international passengers, the limiting infrastructure was noted to be immigration on arrivals, with 6 MPPA one-way capacity or 12 MPPA two-way capacity, an increase of around 0.5 million compared to existing capacity. For domestic passengers, security was the most constrained facility, providing a one-way annual capacity of 16 MPPA or 32 MPPA for two-way, an increase of 2 MPPA compared to existing capacity. Consequently, the enhanced capacity at Terminal 2 is expected to be 45 MPPA. Overall, the combined passenger handling capacity at the terminal side (T1+T2) is expected to be 65 MPPA.

6.2.13 Since the traffic at CSMIA is constrained due to airside, MIAL (as requested by AERA) in consultation with AAI has engaged independent consultant NATS to undertake an airside capacity assessment, after taking into consideration the planned CAPEX in the Fourth Control Period, and to determine potential future peak-hour ATM.

- 6.2.14 MIAL in its master plan has submitted that the peak hour ATMs at CSMIA grew from 42 ATMs in FY13 to 47 in FY15. With 49 ATMs, peak hour ATMs maxed out in FY17. However, starting FY18, no growth in peak hour ATMs was observed and hence can be considered as the year when constraints finally hit the airport. The current declared capacity of CSMIA is 46 ATM per hour. Due to available slots over the last years, the number of movements have grown steadily with a maximum 48 to 50 movements reached in certain hours.
- 6.2.15 As per Master Plan 2024, the hourly airport capacity is expected to increase to 52-55 ATMs, after implementation of proposed improvements to airfield infrastructure and ATC procedures. It is also expected that the peaks will spread further throughout the day and late night, beyond current peak periods.
- 6.2.16 NATS, in their study, have mentioned that a reduction in Arrival-Departure-Arrival spacing could increase theoretical balanced runway demand capacity from 48 movements per hour to 52-55 movements per hour at CSMIA. However, it is further noted that Navi Mumbai International Airport is being developed approximately 10NM to the Southeast of CSMIA. Two parallel runways are planned, oriented in the direction 08/26, almost parallel to 09/27 at CSMIA. There are common waypoints used by inbound and outbound routes to both airports and as traffic increases, more arrivals and departures will be routed through these points, leading to possible congestion and potential conflicts. NATS has recommended that a CONOPs is produced for both airports that takes into consideration optimal usage of airspace.
- 6.2.17 MIAL, vide email dated 18th December 2024, had confirmed that the draft NATS Study Report has been shared with the AAI ATM Team for their comments / views, being the sole ANS service provider at CSMIA. The Authority, vide its letter dated 6th January 2025, had also requested AAI to review / examine the Study Report and furnish their comments / observations.
- 6.2.18 AAI, vide its letter dated 30-Jan-25 to AERA, submitted the following:

“...MIAL to coordinate with all airlines and other stake holders to ensure Air Traffic Movements (ATM) of 44 during period of High Intensity Runway Operations (HIRO) and 42 Movements in Non-HIRO periods with two (02) General Aviation / Non-Scheduled Flights permissible in every Non-HIRO hours. The issue of air space congestion after any change may be addressed to.

MIAL is to ensure that all Developments (Aeronautical Assets, Non-Aeronautical Assets, Transfer Assets and Non-Transfer Assets) at the Airport shall be as per existing Master Plan and no Development that is not envisaged in the Master Plan shall be undertaken as per Article 8.3.7 of OMDA...”

Authority’s examination of Master Plan and capacity at CSMIA:

- 6.2.19 The Authority, as part of the examination, observes that:
- (i) MIAL had submitted Master Plan 2024 to Ministry of Civil Aviation (MoCA) in September 2024 for their comments or suggested changes. MoCA, vide OM No. AV-24011/9/2019-AD dated 07.02.2025 has written to different Ministry/agencies/departments to bring to the notice of MoCA by 28.02.2025 any deviation/violation of OMDA & SSA provisions.
 - (ii) In response to MIAL’s letter dated 28.01.2025 regarding intimation of complete closure of operations at Terminal 1 at Mumbai Airport., MoCA vide letter no. AV-24032/41/2015-AD dated 11th February, 2025 sought clarifications from MIAL on phase wise timeline for T-1 demolition and construction, its impact on airside facilities, Terminal side capacity addition after reconstruction of new Terminal,

year wise (till 2030) projected demand and how it will be catered through Mumbai and Navi Mumbai International Airport.

The Airport Operator has submitted his reply vide letter dated 24.02.2025 which is reproduced below:

“... ”

Figure 6 – MIAL’s response letter to MoCA (1/3)

With reference to MOCA letter dated 11th February, 2025 please refer below point-wise response for your perusal:

- (i) **Detailed phase-wise timeline for T-1's demolition and construction plan:**
Reconstruction of Terminal-1 is estimated to be completed in 3 years. Demolition activity for the existing Terminal-1 is planned to commence in November 2025 and construction of the new Terminal-1 is likely to be completed by September 2028. These timelines are subject to various approvals and stakeholder consultations.
- (ii) **With the demolition of existing Terminal 1 at MIAL, whether there would be any impact on airside facilities including runways or flights would be disrupted in any manner along with details thereof:**
Reconstruction of Terminal-1 will not have any impact on airside operations (including Runway)
- (iii) **Terminal side capacity addition after construction of new Terminal:**
The project is being undertaken by MIAL to redefine passenger experience and set an unprecedented standard in sustainability and innovation. Once complete, the new terminal will be able to manage 20 million passengers, annually,
- (iv) **Keeping in view the past traffic trend and increasing demand for air travel where Navi Mumbai Greenfield Airport is also scheduled for commissioning this year, a tabular statement of the projected traffic demand of Mumbai/Navi Mumbai upto year 2030 and how it would be catered through Mumbai and Navi Mumbai Airports be furnished in both the scenarios, (a) when existing Terminal-1 at MIAL remains operational and (b) when existing Terminal 1 at MIAL is demolished, so as to avoid any congestion at Mumbai airport :**

T1 complex consists of T1A, T1B and T1C buildings. T1 complex is built over the last 60 years, part of T1B was constructed in 1960s, T1A in 1992 while T1C was built in 2010. It may be noted that T1A, T1B and T1C are not complete/full-scale terminals independently. Since the terminal building has lived its economic service life and will require frequent structural strengthening and extensive repairs works in future, the existing Terminal-1 will be completely shut down and

Figure 7 – MIAL’s response letter to MoCA (2/3)

is planned to be non-operational from November 2025 onwards for execution of the Terminal 1 redevelopment.

Below table shows the capacity of CSMIA and Navi Mumbai Airport and projected demand that will be handled by two airports for the period FY’24-25 to FY’29-30:

Capacity and Demand Assessment (mppa)	FY’24-25	FY’25-26	FY’26-27	FY’27-28	FY’28-29	FY’29-30
MIAL T2	40	45	45	45	45	45
MIAL T1	15	-	-	-	20*	20
MIAL Capacity (T2 + T1) (A)	55	45	45	45	65	65
NMIA Capacity (B)	-	20	20	20	20	50*
Total Capacity (A + B)	55	65	65	65	85	115
MIAL Traffic Projections	54	45	41	42	48	55
NMIA Traffic projections		12	19	22	22	34
Traffic likely to be handled by MIAL and NMIAL	54	57	60	64	70	89

**Expected to be operationalized in the middle of the respective year.*

Figure 8 – MIAL’s response letter to MoCA (3/3)

CSMIA is having current capacity of 55 mppa (T1 15 mn + T2 40 mn) which is almost fully utilized. Navi Mumbai Airport is expected to be operationalized in 2025, and it will have an initial capacity of 20 mppa. MIAL has initiated various projects which are at different stages of implementation and these projects once completed will enhance the capacity of Terminal 2 from 40 mppa to 45 mppa.

By FY’29-30, CSMIA and Navi Mumbai Airport are expected to have a joint capacity of 115 mppa to cater to the growing demands of Mumbai City and the Mumbai Metropolitan Region.

...”

The final view of MoCA as on date is not known to the Authority.

- (iii) As per the Master plan 2024, Terminal 1 is planned for reconstruction on account of structural defects identified and verified by IIT Mumbai, lack of segregation of arrival and departure passengers and capacity expansion. Accordingly, MIAL has proposed reconstruction for a passenger handling capacity of 20 MPPA, which the Authority has reviewed and dealt with in its analysis.
- (iv) MIAL (as requested by the Authority) has engaged NATS to provide an independent high-level review of the infrastructure and forecast demand contained in CSMIA Master Plan. NATS has done a study and has confirmed the peak hour theoretical capacity of 55 ATM’s based on its analysis benchmarking with other busy single runway airports like Gatwick but in respect to taxiway

infrastructure, it has stated that the “Master plan changes appear to offer significant benefits, but they require more detailed assessment to confirm. The phasing of the taxiway infrastructure changes should be reviewed to ensure that sufficient capacity is provided as demand grows”

(v) As per Schedule 1, Principle 8 of the State Support Agreement,

“Master Plan and Major Development Plans: AERA will accept the Master Plan and Major Development Plan as reviewed and commented by the GOI and will not seek to question or change the approach to development if it is consistent with these plans. However, the AERA would have the right to assess the efficiency with which capital expenditure is undertaken.”

(vi) AAI’s comment on the Authority’s request on the NATS study report as re-produced at the above para 6.2.18 would show that there is no categorical viewpoint given by AAI on the recommendations in the report but it has just mentioned Air Traffic Movements (ATM) during High Intensity Runway Operations (HIRO) and during Non-HIRO periods, while at the same time saying that the Airport Operator has to ensure development as per existing Master Plan as provided in the relevant article of OMDA. It is pertinent that Schedule 1, Principle 8 of SSA has stipulated the obligation of AERA in respect of Master Plan, the extract of which is given at above para 6.2.19(v). Hence, there is a need for clarity on this issue by AAI.

6.2.20 In view of the foregoing, although a need has been felt for demolition and reconstruction of Terminal 1 at CSMIA from a safety aspect, considering the air side constraints and Navi Mumbai International Airport getting built, the Authority in the light of the factors mentioned at above para 6.2.19 would require further clarity on the aforesaid issues based on the inputs from the stakeholders, including AAI and MoCA in order to take an informed decision in this matter. Accordingly, in the interim, the Authority has included the reconstruction of T1 with some area and cost rationalization in this Consultation Paper as discussed in para 6.3.105 to para 6.3.133 . However, a final view will be taken on the basis of updated status and comments by Airport Operator and other stakeholders on the following:

- (i) NATS Study
- (ii) Master Plan
- (iii) Requirement of T1 demolition and reconstruction

The Authority seeks stakeholder inputs on these to ensure a well-informed assessment of capacity creation at CSMIA, in order to balance long-term traffic projections, airside constraints, and terminal expansion plans.

6.2.21 AUCC – MIAL has submitted that, pursuant to the provisions contained in the Authority’s (AERA) Guidelines, stakeholders were invited to attend a consultation meeting to discuss the capex proposal above Rs. 50 Crores planned in the Fourth Control Period. The meeting was held on 13th March 2024 and the Project Information File with respect to planned capex projects was also shared with the stakeholders. The minutes of this meeting is given in Appendix 1 (Refer 17.1).

6.3 CAPITAL EXPENDITURE FOR THE FOURTH CONTROL PERIOD

MIAL SUBMISSION REGARDING CAPEX FOR THE FOURTH CONTROL PERIOD

6.3.1 MIAL has proposed total capital expenditure of Rs. 17,439.38 Crores for the Fourth Control Period for CSMIA. MIAL has provided a phasing plan and calculated the related aeronautical depreciation on these assets, determining the closing Regulatory Asset Base accordingly. Additionally, MIAL has computed and

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

sought depreciation on HRAB based on their calculations. The Authority has organized the discussion in this chapter in the following order:

- (i) Capital expenditure proposed for the Fourth Control Period
- (ii) Aeronautical allocation of capital expenditure for the Fourth Control Period
- (iii) Aeronautical depreciation for the Fourth Control Period
- (iv) Regulatory Asset Base for the Fourth Control Period
- (v) Hypothetical Regulatory Asset Base for the Fourth Control Period

6.3.2 MIAL's capex proposal for the Fourth Control Period includes several projects aimed at upgrading and enhancing the airport's infrastructure. The primary objective of these Capex proposals is to cater to the increasing traffic demand, improve operational efficiency and maintain compliance with regulatory and safety standards. MIAL's Capex plan for the Fourth Control Period is divided into various categories, including airside improvement works, passenger terminal works, ancillary building development, kerbside improvements, and operational capital works.

6.3.3 The Authority, through its independent consultant / aviation expert, has undertaken a comprehensive analysis of the Capex proposals submitted by MIAL. This analysis includes an assessment of the necessity, feasibility, and cost-effectiveness of each proposed project, with a particular focus on ensuring that the proposed expenditure aligns with the long-term interests of airport users and other stakeholders.

6.3.4 In the following sections, the Authority presents its analysis of the capex projects proposed by MIAL as given in the table below:

Table 155: Summary of Capital Expenditure projects submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in Crores)

S. No.	Particulars	Cost proposed by MIAL	Number of Projects
1	Airport Project Capex		
1.A	Airside Improvement Works	3,188.79	38
1.B	Passenger Terminal & Associated works	3,496.11	5
1.C	Kerbside Improvements	280.20	5
1.D	External Connectivity Improvements	58.87	2
1.E	Ancillary Building Development Works	2,152.06	10
2	Operational / Sustaining / Minor Capex Works	3,109.48	251
3	Indexation, Technical consultancy, contingencies, pre-operative cost, design cost, PMC, preliminary expenses & Interest During Construction	5,153.85	-
TOTAL		17,439.38	311

6.3.5 Basis of capital expenditure considered in preparing the estimation as submitted by MIAL is as follows:

- (i) **Block Cost Estimate** – Block Cost estimation for works / projects as included in each category of capex is based on the Schedule of Rates published by various Departments of Govt. of Maharashtra / Delhi Schedule of Rates (DSR) published by CPWD / MoRTH, Govt. of India / Plinth Area Rates (PAR) / Market rate analysis at price level valid including all necessary Taxes, duties, levies etc. as applicable. For certain projects where applicable, cost is considered based on Contract / Work Order / PO / LOA / Budgetary Quotation.

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

- (ii) **Indexation** @ 5% per annum has been considered based on the cash flow projections being made in the respective years of the Control Period.
- (iii) **Soft Costs** of approx. 16% covering contingencies, design cost and PMC.
- (iv) **Interest During Construction (IDC)** – IDC is calculated on the proposed capital expenditure based on construction phasing and capitalization of assets. The amount is calculated considering debt funding of 70% at an interest rate of 11.93%.

AUTHORITY’S EXAMINATION REGARDING CAPITAL EXPENDITURE (CAPEX) FOR THE FOURTH CONTROL PERIOD

6.3.6 The Authority has analyzed MIAL’s submissions regarding CAPEX for the Fourth Control Period as submitted in the MYTP. The Authority has grouped the proposed CAPEX for the Fourth Control Period based on the categories submitted by MIAL for evaluation along with the respective base costs as detailed below. Further, the indexation increase based on expenditures across different years, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses, and IDC are presented separately as a total for all proposed capital expenditures at the end of the table.

Table 156: Project wise CAPEX as submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in Crores)

S. No.	Projects	Base Cost*	Start Date	Completion Date
1	PROJECT CAPEX PROPOSALS	9,176.04		
A	Airside Projects	3,188.79		
A1	Runway Improvement Works			
A1-1	Recarpeting of RWY 09-27	148.71	Oct-27	May-28
A2	Taxiway Improvement Works			
A2-1	Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32	73.59	Oct-27	Mar-28
A2-2	Construction of Taxiway M Extension (East side)	60.99	Oct-26	Mar-28
A2-3	Construction of TWY W (North-West side, parallel to RWY 14-32)	161.65	Oct-26	Mar-28
A3	Apron Improvement Works			
A3-1	Construction of Additional Aircraft Parking Stands (V1+V2)	113.26	Oct-26	Mar-28
A3-2	Reconstruction of Apron C (Tier1) and Taxiway W6	53.16	Oct-25	Mar-27
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12	Oct-25	Mar-27
A4 to A9	Other Airside Works			
A4	Reconstruction of Perimeter Road	202.50	Apr-24	Mar-29
A5	Construction of Airside Tunnel	894.23	Oct-25	Mar-29
A6	Reconstruction of Airside Drain	498.80	Apr-24	Mar-29
A7	Aircraft Maintenance Hangar	92.76	Oct-25	Mar-28
A8	Parking Stands at NEC Hangar	120.00	Apr-24	Mar-25
A9	Airside improvement works less than Rs. 50 Crores	716.02	Apr-24	Mar-29
B	Passenger Terminal Improvement & Associated Works	3496.11		
B1	Reconstruction of T1	3,129.23	Apr-24	Sep-28
B2	Terminal 2 Expansion Project	141.88	Apr-25	Mar-27
B3	GA Terminal Expansion	225.00	Apr-24	Oct-25
C	Kerbside Improvement Projects	280.21		
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80	Oct-25	Oct-26
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48	Oct-26	Mar-

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

S. No.	Projects	Base Cost*	Start Date	Completion Date
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80	Oct-25	Mar-28
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00	Apr-25	Mar-28
C3-2	At-Grade Road widening for International Airport Road	19.13	Oct-25	Mar-27
D	External Connectivity Improvement Project	58.87		
E	Ancillary Building Development Works	2,152.06		
E1	Construction of Airport Management Corporate Office Building	1,229.36	Apr-24	Mar-29
E2	Construction of NAD Colony	282.65	Apr-24	Mar-28
E3	Mumbai Metro Line 3: Construction of 3 Metro Stations at CSMIA	216.00	Apr-24	Mar-28
E4	Sewage Treatment Plant and associated works	16.41	Apr-28	Mar-29
E5	Development of T2 Forecourt	124.80	Apr-24	Mar-28
E6	Crew Terminal	98.70	Oct-24	May-26
E7	Relocation of ATC Technical Block	184.14	Apr-25	Mar-27
2	OPERATIONAL CAPEX PROPOSALS	3,109.48		
2A	CT Handbag X-ray	320.00	Apr-24	Mar-29
2B	Full Body Scanner	69.00		
2C	Crash Fire Tender	50.00		
2D	Refurbishment of Washrooms at T2	189.00		
2E	Transfer Hub Initiatives at Baggage Handling Systems at T2	190.00		
2F	Follow the Greens	200.00		
2G	Self-Bag Drops at T2	222.00		
2H	CT-EDS	78.00		
2I	Operational Capex Projects less than Rs. 50 Crores	1,791.48		
	SUB-TOTAL (Project Capex + Operational Capex) (1+2)	12,285.52		
3	SOFT COSTS	5,153.85		
3A	Indexation @5% as per cash flow	1,703.07	Apr-24	Mar-29
3B	Technical consultancies, contingencies, pre-operative Cost, design cost, PMC, preliminary expenses @16%	2,238.17	Apr-24	Mar-29
3C	IDC at 11.93% Cost of Debt considering 70% Debt funding	1,212.61	Apr-24	Mar-29
	TOTAL (Project Capex + Operational Capex + Soft Costs) (1+2+3)	17,439.38		

**The base cost for each project line item excludes respective indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and IDC which are given separately from 3A to 3C.*

6.3.7 **AUCC** - The Authority notes that MIAL conducted an Airport Users Consultative Committee (AUCC) meeting on 13th March 2024 with all the stakeholders and discussed the CAPEX proposals above Rs. 50 Crores planned to be undertaken during the Fourth Control Period effective from FY 2024-25 to FY 2028-29. The meeting was attended by various aviation stakeholders including International Air Transport Association (IATA), Federation of Indian Airlines (FIA), Maharashtra Metro Rail Corporation Limited (MMRCL), Airline Partners, and DGCA.

6.3.8 As per the minutes of the meeting (Refer 17.1), the Authority observed that MIAL had broadly discussed the following with the stakeholders:

- (i) Brief about Adani airport strategy, aviation outlook and a background of CSMIA along with the milestones achieved by the airport in last few years.
- (ii) Overview of the traffic forecast for the next 10 years and traffic drivers.

- (iii) Presentation on challenges and bottlenecks in the existing infrastructure
- (iv) Master Plan of the Airport along with CAPEX projects proposed to be executed in the Fourth Control Period.

6.3.9 Certain observations made by stakeholders:

- (i) Federation of Indian Airlines (FIA) raised concerns about the downward trend in MIAL's traffic forecast methodology. They suggested that certain airlines have projected a progressive increase in traffic, calling for an explanation of the rationale behind the current forecasts.
- (ii) IATA requested additional detailed information about the capital expenditure projects, particularly timelines, dependencies, and benefits expected from the projects to enable more informed feedback.
- (iii) IATA mentioned that the claims of increasing aircraft movements from 46 to 50+ ACMs per hour must be substantiated with thorough research.
- (iv) IATA also wanted to know T1 closure and re-provision impact, how the displaced demand will be provided in T2 and the assumptions regarding relocation of airlines to Navi Mumbai International Airport. They also wanted to understand the details of how the Fourth Control Period capital plan specifically accounts for capacity enhancement on account of the likely completion of Navi Mumbai International Airport in Summer 2025.

MIAL has given its responses to these observations and the same is enclosed (Refer 17.1).

6.3.10 The Authority, through its independent consultant, examined the cost estimate submitted by MIAL and noted that they are generally based on CPWD DSR / PAR rates & MoRTH (exceptions noted to this have been detailed in the respective sections). The Authority has the following observations:

- (i) MIAL has considered 10% additional cost towards working in operational areas, in certain BOQ line items. However, the Authority is of the view that the provision made by MIAL towards additional cost for working in operational area is high and therefore proposes to consider the allowance for extra cost over applicable rates for working in operational areas to the maximum allowable level, i.e. 5% as considered in other airports, in the BOQ items where MIAL has claimed 10% additional cost for operational area works.
- (ii) MIAL has included costs for the diversion of existing utilities and infrastructure either as a lump sum or as a percentage of the total project cost. However, the Authority observes that the percentage varies from 2% to 10% across different projects. To ensure consistency and cost efficiency, the Authority proposes to rationalize these costs by applying a standard rate of 2% where diversion of utilities is deemed necessary subject to considering a lump sum in cases where the cost of utility diversion is significantly high or disallowing the cost altogether where utility diversion is not considered essential.
- (iii) MIAL has included 15% of the overall taxiway and apron costs for Airfield Ground Lighting (AGL) in the costing estimates of airside projects. The Authority, through its independent consultant / aviation expert, observes that AGL systems typically account for around 10% of the total taxiway and apron costs for similar projects. This includes the cost of installation, equipment, and electrical infrastructure required for safe ground operations. Given this industry standard, the Authority proposes considering only 10% of the overall taxiway and apron costs towards AGL.
- (iv) MIAL has included the demolition cost of existing structures as an enabling cost, where projects involve demolition of structures. However, the Authority observes that demolition of structures typically involves the recovery of salvageable materials, such as steel, concrete, and other reusable components. These materials have a residual value and can be sold as scrap, generating a net inflow

for the operator. In most cases, contractors engaged for demolition can offset their costs through the resale of these materials, and hence the operator would not incur costs for demolition of structures. Hence, the Authority proposes not to consider demolition costs of buildings as enabling costs in the overall cost estimate.

- (v) MIAL has included costs for Project Management Consultancy (PMC), contingency, and indexation within certain individual project cost estimates. Since these costs have already been proposed separately for all projects as a whole, the Authority proposes not to include them within the individual CAPEX projects, and has dealt with these items separately for all projects together in Paras 6.3.277 to 6.3.288.

6.3.11 The Authority, through its independent consultant, interacted with the technical team of MIAL on the aspects of airport planning, traffic estimation, designing and its short, mid and long term impact on Airport Economics. The Authority has considered various applicable factors such as current capacity, traffic estimates, normative cost benchmarks, need assessment etc. together with the need for phased development of facilities, and has rationalized the Capital Expenditure proposed.

6.3.12 The Authority observes that MIAL has submitted various Operational Capex Proposals under different heads consisting of numerous sub-projects/procurements planned to be carried out over the Fourth Control Period. The Authority notes that for certain Operational Capex Proposals, MIAL has provided POs and BOQs for only a portion of the cost. For the remaining amounts, which consist of multiple line items, only a broad level cost estimate has been submitted to justify the proposed costs. In the absence of such details, it is not possible to assess the reasonableness of these expenses. Thus, the Authority proposes to rationalize the capital expenditure for some of the projects / capital items at this stage. In the event that such projects are necessary and critical to airport operations, MIAL may incur the remaining amounts and the same would be taken into due consideration on an actual incurrence basis subject to evaluation of efficiency and reasonableness, by the Authority, at the time of determination of tariffs for the Fifth Control Period.

6.3.13 The Authority has reviewed the projects proposed by MIAL (refer Table 156), with a project-wise analysis provided in the following paragraphs. The cost mentioned represents the base cost of each item, while the evaluation of soft costs added to the base cost.

6.3.14 The Authority, through its independent consultant / aviation expert, has also examined the individual line items under each project and classified them based on the nature of the project into aeronautical, non-aeronautical and common. The common assets were further bifurcated using the Terminal Area Ratio as applicable. Accordingly, only the aeronautical portion of the cost has been considered as part of aeronautical capital expenditure.

A - Airside Improvement Works (Rs. 3,188.79 Crores)

- 6.3.15 MIAL has proposed the following Airside Improvement Works in the Fourth Control Period in order to:
- (i) create additional aircraft parking stands and associated GSE areas
 - (ii) increase and sustain the ATM capacity of Runway 14-32 by providing parallel taxiways
 - (iii) reconstruct the outlived and damaged taxiways and apron areas
 - (iv) ensure overall operational efficiency, airside safety and enhance airside capacity

Table 157: Summary of Projects proposed by MIAL for Airside Improvement Works (A):

(Rs. in Crores)

S. No.	Project Name	Cost proposed by MIAL
A1 - Runway Improvement Works		

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

S. No.	Project Name	Cost proposed by MIAL
A1-1	Recarpeting of RWY 09-27	148.71
A2 - Taxiway Improvement Works		
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	73.59
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	60.99
A2-3	Taxiway West to RWY 14-32	161.65
A3 - Apron Improvement Works		
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	113.26
A3-2	Reconstruction of Apron C (Tier 1) and Taxiway W6	53.16
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12
A4 to A9 - Other Airside Works		
A4	Reconstruction of Perimeter Road	202.50
A5	Construction of Airside Tunnel	894.23
A7	Aircraft Maintenance Hangar	92.76
A6	Reconstruction of Airside drain	498.80
A8	Parking Stands at NEC Hangar	120.00
A9	Airside Projects less than 50 Crores	716.02
TOTAL		3,188.79

A1 – Runway Improvement Works

A1-1 Recarpeting of RWY 09-27 (Rs 148.71 Crores)

MIAL’s submission:

- 6.3.16 MIAL has proposed the recarpeting of RWY 09-27, which is the primary runway at CSMIA and used approximately 94% of the time for aircraft operations. The last recarpeting of this runway was undertaken in 2019, and MIAL has projected that the next round of recarpeting will be necessary in 2027, which is in line with the typical recarpeting cycle of every 7 to 10 years for high-traffic runways.
- 6.3.17 The proposed work involves recarpeting of runway surface over an area of 3,27,983 Sqm which will consist of three layers:
- (i) One layer of 75 mm Dense Bituminous Macadam (DBM),
 - (ii) Two layers of 50 mm Bituminous Concrete (BC).
- 6.3.18 MIAL has represented that recarpeting is essential for maintaining good riding surface and surface friction necessary for safe aircraft operations, particularly in the monsoon season when the runway is subject to heavy use under wet conditions. The project also includes the resurfacing of taxiways that connect to RWY 09-27 and fall under the runway clearance area.

Authority’s examination regarding recarpeting of RWY 09-27

- 6.3.19 The Authority, through its independent consultant / aviation expert, has examined the submission of MIAL and is of the view that periodic recarpeting of primary RWY 09-27 is necessary to ensure the continued safety and operational efficiency of the airport. The primary RWY 09-27 is 3,448m long and 60m wide, and the total area is 3,27,983 sqm, considered by MIAL for recarpeting includes the primary runway, runway shoulders on both sides, inter-section of RWY 09-27 and RWY 14-32 and the taxiways leading to and from RWY 09-27 up to the runway strip. MIAL has proposed this recarpeting with three layers of bituminous work, as explained in Para 6.3.17 above.

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

- 6.3.20 The Authority, through its independent consultant / aviation expert, observes that, typically, recarpeting works at other airports involve the use of only two layers of Bituminous Concrete. In line with industry standards and practices followed at other airports, the Authority proposes to consider the cost for two layers of BC, as against the cost for three-layers proposed by MIAL.
- 6.3.21 Based on the MoRTH analysis and considering only 2 layers of BC, the cost / sqm recomputed by the Authority works out to Rs. 3,350 for the primary runway as against Rs 4,440 proposed by MIAL, and Rs. 2,470 for the runway shoulders as against Rs 3,850 proposed by MIAL.
- 6.3.22 Further, the Authority, through its independent consultant / aviation expert, notes that MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that this cost is very high since only the runway edge lights have to be made available for operations during the recarpeting work, and accordingly proposes to consider only 2% as detailed in para 6.3.10(ii).
- 6.3.23 Based on the above discussions, the adjustments to Recarpeting of RWY 09-27 as proposed by the Authority is given in the table below:

Table 158: Cost proposed by the Authority towards Recarpeting of RWY 09-27

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Resurfacing of Runway - Rigid Pavement	A	115.56	87.19	28.37	Cost rationalized considering only 2 layers of BC instead of 3 layers proposed by MIAL
Resurfacing of shoulders - Flexible Pavement	B	26.07	16.73	9.34	Cost rationalized considering 1 layer of DBM & 1 layer BC instead of 3 layers proposed by MIAL.
Diversion of Existing Utilities & Infrastructure	C	7.08	2.08	5.00	Lumpsum provision reduced to 2% from 5% proposed by MIAL.
Total	D = SUM (A:C)	148.71	106.00	42.71	

- 6.3.24 The Authority has also referred to its decision in Order No. 35/2017-18 dated 12th January 2018 in the matter of ‘Determination of Useful Life of Airport Assets’, which states that: “...Resurfacing & runway: The cost of resurfacing & runway leading to restoration of original PCN value would be amortized over 5 years for the purpose of tariff computation...”
- 6.3.25 The Authority notes that MIAL has not provided sufficient evidence to indicate that the proposed recarpeting will result in an increase in the Pavement Classification Number (PCN) of the runway, and accordingly proposes that the recarpeting should be treated as Operation and Maintenance expenses and amortized over a period five years as per Table 267.

Based on the above examination, the Authority proposes to consider Rs. 106.00 Crores for Recarpeting of RWY 09-27.

A2 Taxiway Improvement works

A2-1 Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 (Rs 73.59 Crores)

MIAL's submission

- 6.3.26 MIAL has submitted that full-length parallel taxiways are currently unavailable on both the eastern and western side of RWY 14-32. As a result, its peak hour ATM capacity (35 ATMs per hour) is significantly lower compared to RWY 09-27 (46 ATMs per hour). This limitation causes considerable congestion and flight delays whenever the primary RWY 09-27 is closed for maintenance or due to adverse weather conditions. Additionally, on the eastern side, aircraft's operating to and from T2 are required to backtrack on RWY 14-32, resulting in increased fuel consumption.
- 6.3.27 In view of the above, MIAL proposes to construct Taxiway E (29,989 Sqm) to reduce Runway Occupancy Time (ROT) for aircrafts landing on RWY 32 and proceeding towards T2 apron. This project was approved by the Authority in the Third Control Period, but MIAL could not execute the project due to external dependencies. MIAL has now proposed this in the Fourth Control Period.

Figure 9 – Proposed location of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32 (labeled 1-1)



Authority's examination regarding construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32

- 6.3.28 The Authority, in its examination through the Independent Consultant, noted that the project is needed for improving the airside operations at CSMIA. However, the Authority notes that this construction is dependent on the following enabling works:
- Relocation of the ATC Technical Block,
 - Relocation of the pump house, water tank, cargo sheds, and cargo buildings.
- 6.3.29 The Authority observes that the relocation of the ATC Technical Block is contingent on the conclusion of ongoing discussions with AAI. This dependency is critical, as the relocation is a prerequisite for executing this project. Given that the ATC Technical Block falls under the purview and operational control of AAI, its relocation is outside the immediate control of the Airport Operator.
- 6.3.30 In view of these external dependencies, the Authority proposes not to consider this project cost at this stage as part of additions to RAB. If the project is commissioned and put to use in the fourth control period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A2-2 Taxiway M extension (East side) including Taxiway bridge over Mithi river (Rs 60.99 Crores)

MIAL's submission

6.3.31 MIAL has proposed extending the existing taxiway M to link it with the physical beginning of RWY 27, including the construction of a bridge over the Mithi river. The proposed Taxiway M extension will create an additional holding area for aircraft from Apron of T2 entering Runway 27. It will be designed for Code F aircraft.

Authority's examination regarding Taxiway M extension (East side) including Taxiway bridge over Mithi river

6.3.32 The Authority notes that this project was allowed in the Third Control Period only on an incurrence basis, considering the external dependencies like acquisition of land and the need for vacation of encroachments from the vicinity of RWY 09-27.

6.3.33 The Authority also observes, based on the physical site inspection, that these encroachments still remain to be shifted from the vicinity of RWY 09-27 as can be seen from Figure 10.

Figure 10 – Closer view of the land required for construction of Taxiway M extension (East Side) including Taxiway bridge over Mithi river (labeled 1-2)



6.3.34 In view of these external dependencies, the Authority proposes not to consider this project cost at this stage as part of additions to RAB. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A2-3 Taxiway West to RWY 14-32 (Rs 161.65 Crores)

MIAL's submission

6.3.35 MIAL has submitted that full-length parallel taxiways are currently unavailable on the western side of RWY 14-32. The aircrafts operating from T1 apron and Kalina (Western side) are required to cross active RWY 14-32. Further, large aircrafts landing using RWY 32 are required to backtrack, increasing Runway Occupancy Time (ROT) and defeating the objective of achieving environmental sustainability.

6.3.36 In view of the above, MIAL proposes to construct Taxiway W (1,04,301 Sqm) to reduce ROT, and also to function as a buffer area during departure peaks, freeing up space on the congested domestic apron (i.e. T1 apron).

Figure 11 – Proposed location of Taxiway West to RWY 14-32 (labeled 1-10)



6.3.37 MIAL submitted a cost estimate of Rs. 161.65 Crores for construction of Taxiway West to RWY 14-32. The taxiway area considered by MIAL is 59,649 sqm of rigid pavement and 44,652 sqm of flexible pavement for shoulders.

Authority’s examination regarding Taxiway West to RWY 14-32

6.3.38 The Authority notes the importance of this project in enhancing operational efficiency, particularly during the use of Runway 14-32 and for aircraft utilizing the Apron near T1.

6.3.39 The Authority notes the following observations regarding the cost proposed by MIAL:

- (i) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (ii) MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that this cost is very high and hence proposes to include lumpsum provision as detailed in para 6.3.10(ii).
- (iii) MIAL has included a 15% mark-up on cost for AGL. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise cost for AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.
- (iv) MIAL has included the cost of constructing a portion of the compound wall, which is also separately included in Project A9-16. To avoid duplication, the Authority proposes not to consider this cost as part of this project.

6.3.40 The Authority further notes that MIAL is proposing a parallel taxiway with a length of approximately 1,800m with four connections to RWY 14-32. Out of these, three connections are proposed within the land available with MIAL, and one connection at the end of RWY 14-32 is proposed on the land currently under encumbrance. After a review of the land requirements as part of the site visit, the Authority observed that a significant portion of the project can be carried out at present, except for approximately 200m of taxiway connection as explained above, which is contingent upon removal of encumbrance. The Authority further notes that this portion of 200m is only proposed as a redundant and additional parking space for one aircraft queuing for take-off while using RWY 14-32, and notes that the rest of the taxiway can be made operational even without this strip. Considering this, the Authority proposes to only consider 90% of the project cost after making the aforementioned adjustments to cost.

6.3.41 Based on the above, the cost estimate proposed to be considered by the Authority is given in table below:

Table 159: Cost proposed by the Authority towards Taxiway West to RWY 14-32

(Rs. In Crores)

Particulars	Ref	Base cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost – Demolition	A	41.25	21.84	19.41	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5%. Demolition cost of buildings / structures not considered for 10 buildings of G+2 concrete structures, and a slum area covering 20 sqm.
Enabling Cost - New Construction of Compound Wall	B	0.81	-	0.81	<ul style="list-style-type: none"> Compound wall separately considered in project A9-16.
New Construction - Rigid Pavement	C	78.14	70.98	7.16	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
New Construction - Flexible Pavement	D	35.72	32.60	3.13	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
Diversion of Existing Utilities & Infrastructure	E	5.73	1.00	4.73	<ul style="list-style-type: none"> Lumpsum provision considered.
Total	F = SUM (A:E)	161.65	126.42	35.23	
90% of the project cost as explained above	G = F * 90%		113.78		

6.3.42 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR and MoRTH rates and thus proposes considering Rs.113.78 Crores (i.e., 90% of Rs.126.42 Crores) for this project in this control period.

A3 Apron Improvement Works

A3-1 Construction of Additional Aircraft Parking Stand (V1+ V2) (Rs 113.26 Crores)

MIAL's submission

6.3.43 MIAL has proposed the construction of additional parking stands, associated GSE areas and Taxiway Z extension adjoining T2. This is expected to meet the increasing demand of overnight halt by Indian domestic carriers, and for additional flights by foreign carriers during peak periods at night.

Authority's examination regarding construction of Additional Aircraft Parking Stand (V1+ V2)

6.3.44 The Authority notes the need for this project to meet demand for aircraft parking stands. MIAL had proposed the construction of Parking stand V1, V2 & V3 in the Third Control Period. The Authority had allowed the proposal for the construction of Parking Stand V2 and V3, but deferred the construction of V1 stand as the land was not readily available. The Authority observes that MIAL has constructed parking stand V3 during the Third Control Period but was unable to construct parking stand V2 due to non-availability of land.

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

- 6.3.45 The land identified for the proposed construction of parking stands V1 and V2 was previously occupied by the structures and buildings of AI Assets Holding Limited (“AIAHL”). MIAL has now taken over the possession of these buildings and structures by compensating AIAHL for the book value of Rs 23.39 Crores (Refer Project A9-26 which is considered as an enabling cost). For this purpose, MIAL has executed a Handing Over and Taking Over Note (“HOTO Note”) dated 12th January 2024 with AIAHL. These existing buildings / structures have been subsequently demolished to enable the construction of these parking stands. The Authority has also physically inspected the availability of land through the site inspection conducted by the independent consultant.
- 6.3.46 The Authority notes that MIAL has issued the work order for construction of parking stand V2 at a cost of Rs 34.92 Crores.
- 6.3.47 The Authority notes the following observations on cost proposed by MIAL for construction of parking stand V1 over a total area of approx. 50,269 sqm:
- (i) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
 - (ii) MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that these costs are high and proposes to consider a lump sum amount as detailed in para 6.3.10(ii).
 - (iii) MIAL has included the cost of constructing a portion of the compound wall, which is again separately included in Project A9-16. To avoid duplication, the Authority proposes to not consider the cost under this project.
 - (iv) MIAL has included the demolition cost of existing structures as an enabling cost. The authority proposes not to consider these as detailed in para 6.3.10(iv) on the BOQ items.
- 6.3.48 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 160: Cost proposed by the Authority towards Construction of Additional Aircraft Parking Stand (V1+ V2)

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Parking Stand V1					
Enabling Cost - Demolition	A	8.54	1.65	6.89	Revision of costs for working in operational areas from 10% to 5%. Demolition costs of buildings / structure not considered for 4 buildings of concrete structure and for the steel truss structure access gate to cargo.
Enabling Cost - New Construction of Compound Wall	B	1.17	-	1.17	New construction of compound wall considered separately in project A9-16.
New Construction - Rigid pavement	C	67.26	61.33	5.93	Revision of costs for working in operational areas from 10%

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

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
					to 5% and for AGL from 15% to 10%.
Diversion of existing utilities & infrastructure	D	1.37	0.5	0.87	Lumpsum provision considered.
Total - V1	E = SUM (A:D)	78.34	63.48	14.86	
Parking Stand V2	F	34.92	34.92	-	Based on awarded cost
Total - V2	G = E + F	113.26	98.40	14.86	

6.3.49 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposes considering Rs. 98.40 crores for this project in this control period.

A3-2 Reconstruction of Apron C (Tier 1) and Taxiway W6 (Rs. 53.16 Crores)

MIAL’s Submission

6.3.50 MIAL has submitted that Apron C (Tier 1 and Tier 2) is situated in front of T1 and is the busiest apron in CSMIA having 3 Tiers of Parking stands. Tier 1 and Tier 2 of Apron C are made of Pavement Quality Concrete (PQC). These aforementioned Tiers have served the design life and are severely damaged, having developed signs of serious deterioration and full depth cracks, leading to safety issues.

6.3.51 To address this issue, MIAL proposed for reconstruction of Tier 1 and Tier 2 of Apron C to ensure the airside operations safety and submits that this apron after reconstruction will meet Code E and Code F compliance.

Authority’s examination regarding reconstruction of Apron C (Tier 1) and Taxiway W6

6.3.52 The Authority notes that this project was already approved in the Third Control Period and a part of the Tier 2 was constructed by MIAL. The Authority observes that the balance portion of Tier 2 (which could not be constructed to keep Taxiway W6, which is in between Tier 1 and Tier 2, operational) along with Tier 1, is now proposed for reconstruction.

Figure 12 – Apron C (Tier1) and Taxiway W6 (labeled 1-8)



6.3.53 The Authority notes that the reconstruction is required to ensure operational safety at airside. This reconstruction involves rigid pavement of 16,271 sqm for taxiway and 12,606 sqm for Apron.

6.3.54 The Authority notes the following observations regarding the cost proposed by MIAL:

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

- (i) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (ii) MIAL has included a 15% mark-up on cost for AGL. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise cost for AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.
- (iii) MIAL has included a provision for miscellaneous works at 15% of pavement cost. Since all relevant costs have already been factored in cost estimate, the Authority proposes not to include these costs.
- (iv) MIAL has included costs for the diversion of existing utilities and infrastructure at 10% of the total project cost. The Authority is of the view that since this work is of reconstruction and not expected to have any diversion of utilities. The Authority hence proposes not to include these costs.

6.3.55 Based on the above, the cost proposed to be considered by the Authority is given in the table below:

Table 161: Cost proposed by the Authority for Reconstruction of Apron C (Tier1) and Taxiway W6

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost - Demolition	A	6.86	5.83	1.03	Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
New Construction - Rigid Pavement	B	36.6	33.42	3.18	Revision of costs for AGL from 15% to 10%.
Miscellaneous costs relating to construction of pavement	C	5.49	-	5.49	No miscellaneous works expected being reconstruction of Apron.
Diversion of existing utilities & infrastructure	D	4.21	-	4.21	Not considered necessary being a reconstruction project.
Total	E=SUM(A:D)	53.16	39.25	13.91	

6.3.56 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and thus proposes considering Rs.39.25 crores for this project in this control period.

A3-3 Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 (Rs 53.12 Crores)

MIAL's Submission

6.3.57 MIAL submits that there is increasing demand for parking stands from various airlines and there is requirement of 155 stands against 114 stands present available (17 stands out of existing 131 stands are occupied by disabled Aircrafts and cannot be used actively).

6.3.58 Further, presently, the GA Apron on the southern side of RWY 09-27 is being used by GA Aircrafts. Aircraft parked in this apron infringe the Obstacle Limitation Surface (OLS) and the GA hangars adjacent to this Apron also infringe the OLS. The DGCA has granted only temporary exemption and this needs to be rectified immediately.

6.3.59 MIAL has submitted that the lease term of the GA Hangars expired in the month of September 2024, and that action has been initiated by MIAL for shifting/relocating these GA hangars to Navi Mumbai International Airport. Consequently, MIAL proposes constructing additional parking stands (6 code C and 14 Code B) on the southern side of RWY 09-27 in the existing GA Apron after removing the GA Hangars.

Figure 13 – Proposed location of Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27 (labeled 1-19)



Authority’s examination regarding Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27

6.3.60 The Authority notes that this project was approved in the Third Control Period for Rs 15.11 Crores. MIAL has now proposed to develop the entire GA apron on the southern side of Runway 09-27 (including existing hangars) of 47,666 sqm with rigid pavement, to be used as additional parking stands.

6.3.61 Considering the need for the additional parking stands and MIAL’s submission that the Hangars will be vacated, the Authority notes that the site will be available for construction. Accordingly, Authority proposes to consider this project in the Fourth Control Period.

6.3.62 The Authority notes the following observations regarding the cost proposed by MIAL:

- (i) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (ii) MIAL has included a 15% mark-up on cost for AGL. The Authority is of the view that the provision made by MIAL is high and therefore proposes to reduce the cost for the AGL area to 10% as detailed in para 6.3.10(iii) on the BOQ items on which MIAL has claimed 15% additional cost.
- (iii) MIAL has included the demolition cost of existing structures as an enabling cost. The authority proposes not to consider these as detailed in para 6.3.10(iv) on the BOQ items.

6.3.63 Based on the above, the cost proposed to be considered by the Authority is given in the table below:

Table 162: Cost proposed by the Authority for Construction of Additional stands on southern side of RWY 09-27

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Enabling Cost – Demolition	A	7.36	-	7.36	• Demolition of buildings / hangar sheds not considered.
New Construction - Rigid Pavement	B	45.76	41.95	3.81	• Revision of costs for working in operational areas from 10% to 5% and for AGL from 15% to 10%.
Total	C = SUM (A:B)	53.12	41.95	11.17	

6.3.64 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposes considering Rs. 41.95 Crores for this project in this control period.

Other airside projects

A4 – Reconstruction of Perimeter Road (Rs 202.50 Crores)

MIAL’s submission

6.3.65 MIAL has stated that the Perimeter Road at CSMIA comprises of a bituminous pavement, which is prone to damage during monsoon. Over the years, due to wear and tear, this Perimeter Road has significantly degraded. This has led to severe safety issues. There are numerous incidents of near-miss accidents by GSE vehicles, which have damaged nearby properties. Further the poor condition of the roads causes great damage to the airside and GSE vehicles. MIAL also submits that various complaints are received from Airlines especially during Monsoon period and has also provided a copy of few letters to the Authority. To ensure airside safety, MIAL proposes to reconstruct the existing bituminous Perimeter Road as Pavement Quality Concrete (PQC) roads, with proper crust layers to ensure longevity.

6.3.66 Further, due to certain proposed modifications at airside (addition of Parallel Taxiway, Aprons, etc.), re-alignment of the Perimeter Roads is also proposed in certain areas.

6.3.67 MIAL has submitted that stretches which are expected to be permanent in nature are proposed to be constructed with PQC (approx. 1,39,060 Sqm) and stretches where other airside infrastructure is expected to come up in subsequent phases as per the Master Plan are proposed to be constructed with bituminous layers (approx. 60,900 Sqm).

Authority’s examination regarding reconstruction of Perimeter Road

6.3.68 The Authority notes that this project was earlier approved in the Third Control Period, and MIAL has only undertaken the portions where immediate reconstruction was required. It is observed that only the balance area covering a stretch of 14 kms is proposed in this control period.

6.3.69 The Authority has reviewed the submissions made by MIAL and has undertaken a physical inspection of the perimeter road through its independent consultant / aviation expert. The Authority notes, after site inspection, that a major portion of road measuring 8.5 kms (approximately) is in good condition, and that reconstruction of road is required only for 2 km (approximately) like the head of stand road and road where

movement of GSE vehicles are frequent. In all other areas, routine maintenance activity would be sufficient.

6.3.70 Further, the Authority notes that the immediate realignment of the Perimeter Road, as outlined in the Master Plan, is necessary for 3.5 km (approximately) to accommodate the proposed additions / modifications to the Apron and Taxiways.

6.3.71 Accordingly, the Authority proposes to consider only 40% of the area planned by MIAL (i.e only 5.5 kms out of the entire stretch of 14 kms).

6.3.72 The Authority notes the following observations regarding the cost proposed by MIAL:

- (i) The Authority, through its Independent Consultant / Aviation Expert has verified the BOQ and found that estimate considered is as per CPWD DSR / MoRTH rates.
- (ii) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (iii) MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that this cost is very high and proposes to make a lumpsum provision as detailed in para 6.3.10(ii).

6.3.73 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 163: Cost proposed by the Authority for Reconstruction of Perimeter Road

(Rs. In Crores)

Particulars	Ref	Base cost as per		Variance	Remarks
		MIAL	Authority		
Demolition works	A	33.81	12.88	20.93	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5%. • Only 40% of the perimeter road considered for reconstruction. • Lumpsum provision considered.
New construction - Rigid Pavement	B	116.81	44.56	72.25	
New construction - Flexible Pavement	C	43.85	16.59	27.26	
Diversion of utilities	D	8.03	1.00	7.03	
Total	E = SUM (A:D)	202.50	75.03	127.47	

6.3.74 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposes considering Rs. 75.03 Crores for this project in this control period.

A-5- Construction of Airside Tunnel (Rs. 894.23 Crores)

MIAL's submission

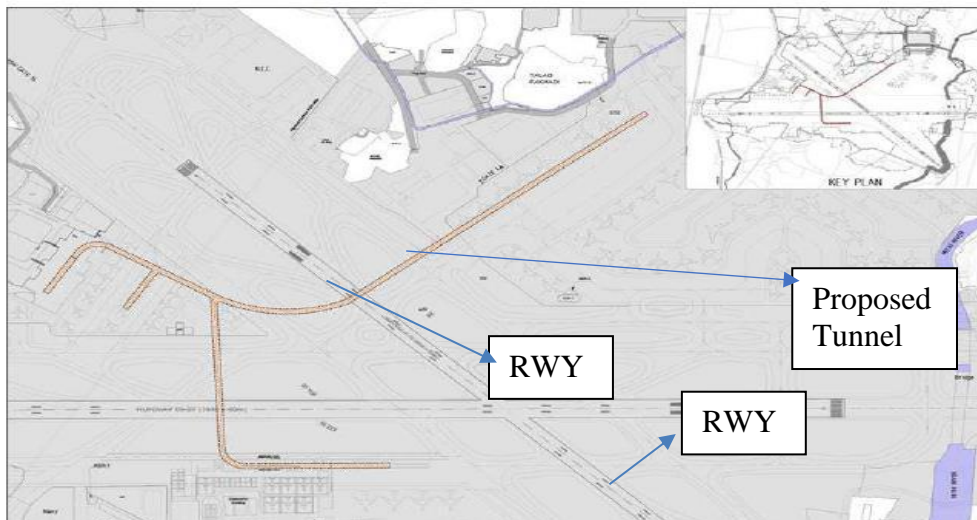
6.3.75 MIAL has proposed the construction of Airside Tunnel below Runway between T1 & T2 Apron also connecting proposed additional parking stands on the Southern Side of RWY 09-27, since there is strong operational inter-dependence between T1 and T2. During nighttime, some of the flights operating at T2

are required to be parked at the T1 apron due to shortage of stands at T2. When the flights are parked at T1 apron, passengers and baggage are required to be transported between T1 apron and T2 apron via the perimeter road around RWY 14-32, which takes a considerable time. The situation becomes especially adverse during monsoon season as the adverse weather significantly delays transportation of baggage and passengers between these aprons. MIAL has submitted that in the past, CSMIA has received numerous complaints/ grievances in this regard.

6.3.76 MIAL further stated that:

- (i) T1 is proposed to be reconstructed in the Fourth Control Period and accordingly, all operations will be shifted to T2.
- (ii) To access the aircraft parking stands in T1, it is imperative that a direct connectivity is established through an underground tunnel, to ensure operational efficiency (movement of staffs, GSE vehicles, etc.) and passenger convenience.
- (iii) Additional aircraft parking stands are proposed on the Southern side of the RWY 09-27, it is imperative to connect this apron with T1/T2 apron. In view of the above-mentioned strong interdependence among various aprons and to reduce transit time among them, it is proposed to construct a tunnel.
- (iv) The alignment of Tunnel proposed as below:
 - T1 and T2 apron: alignment is underneath RWY 14-32; and
 - T1 apron and the proposed new Southern apron: alignment is underneath RWY 09-27.
 - Proposed length of the tunnel is 3.042 kms.

Figure 14 – Location and alignment of Airside Tunnel



Authority's examination regarding Airside Tunnel

6.3.77 The Authority observes that MIAL had proposed the construction of an S shaped tunnel in the Third Control Period connecting only apron T1 to apron T2 (710 m long below RWY 14-32) at a cost of Rs. 401 Crores. The Authority proposed to consider this on an incurrence basis in the Third Control Period.

- 6.3.78 The Authority notes that this project will be an enhanced feature for passenger convenience with the proposed tunnel spanning 3,042m against the 710m proposed in the Third Control Period, especially during monsoon season, and is expected to improve airside efficiency and support future capacity enhancements. However, the Authority notes that MIAL only prepared a concept level design with consultant M/s Jacobs and is yet to undertake further technical feasibility study for execution of this project, with required technical evaluation for tunnelling below active Runway and continuous operations thereafter. Further, the Authority notes that various approvals from DGCA and BCAS are required to be obtained before commencing construction.
- 6.3.79 In view of these external dependencies, the Authority proposes not to consider this project at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

A6- Reconstruction of Airside Drain (Rs. 498.80 Crores)

MIAL's submission

- 6.3.80 MIAL has proposed the reconstruction of Airside drains with RCC and has given the following justification:
- (i) The existing storm water drains (SWDs) are made of brick / stone masonry. At many places, the SWDs have collapsed, leading to severe flooding issues. Frequent damages at multiple locations lead to various operational mis-happenings and challenges. In a place like Mumbai which receives heavy rainfall, it is proposed to reconstruct the SWDs with RCC.
 - (ii) In addition to existing storm water drains, the proposed airside development (with paved surface areas e.g. addition of Aircraft Parking Stands, Taxiways, etc.) will result in an increase in storm water run-off in the existing drainage network, so enhancement of existing airside storm water drainage system will be required.
 - (iii) Runway 09 and certain portions of the Taxiway get flooded during monsoon. Also, water from T1 apron and the Runway aggravates this situation. In order to mitigate this, it is proposed to reroute the drain and connect to the river/stream on the opposite side.

Accordingly, MIAL proposes to construct approx. 44,821 meters of RCC storm water drains to avoid flooding of operational area and effectively protect the airside.

Authority's examination regarding Airside Drain

- 6.3.81 The Authority during site inspection conducted through the independent consultant, notes that the major portion of airside drain appears to be in good condition, except in few locations where damages to the drain walls observed. The Authority also observed that it would be difficult to modify the culverts below active Taxiways.
- 6.3.82 In view of the above, the Authority proposes to consider the reconstruction of the airside drain only for the area where reconstruction is required i.e., around 9 km length of drain against proposed 44 km (i.e. only 20%) as detailed below:
- (i) To avoid flooding of area near RWY 09, re-routing the drain towards Mithi river ~ 3.8km approximately

- (ii) Realignment required due to Taxiway and Apron works proposed ~ 3.5km approximately
- (iii) Reconstruction of damaged area ~ 1.7km approximately

6.3.83 The Authority notes the following on the cost proposed by MIAL:

- (i) MIAL has considered reinforcement steel of 150 kg per cum of RCC which appears to excessive for reconstruction of drain. The Authority proposes to consider the cost only for 120 kg per cum as per standard engineering practice.
- (ii) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (iii) MIAL has included costs for the diversion of existing utilities and infrastructure at 2% of the total project cost. The Authority is of the view that this cost is very high and proposes to make a lumpsum provision as detailed in para 6.3.10(ii).
- (iv) The Authority, through its Independent Consultant / Aviation Expert has checked the BOQ and found that estimate considered is as per CPWD DSR rates.

6.3.84 Based on the above, the cost estimate proposed by the Authority is given in the table below:

Table 164: Cost proposed by the Authority for Reconstruction of Airside Drain

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
RCC open drain	A	208.12	39.54	168.58	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5%. • Only 20% of drain is considered for reconstruction.
RCC closed drain	B	280.90	53.30	227.60	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% • Only 20% of drain is considered for reconstruction.
Diversion of utilities	C	9.78	1.00	8.78	<ul style="list-style-type: none"> • Lumpsum provision considered.
Total	D = SUM(A:C)	498.80	93.84	404.96	

Accordingly, the Authority proposes a cost of Rs 93.84 Crores for this project in this control period.

A7 – Aircraft Maintenance Hangar (Rs. 92.76 Crores)

MIAL’s submission

6.3.85 MIAL proposes to construct one common Hangar (approx. 10,000 Sqm) in the Southern side of RWY 09-27, in lieu of the existing Hangars which are non-compliant since they infringe the Obstacle Limitation Surfaces. MIAL submits that DGCA has given only temporary exemption for these obstacles until December 2025. To ensure compliance with DGCA norms, MIAL has already served notices to the hangar operators and represents that the hangar lease term came to an end by September 2024. MIAL has also confirmed that the shifting / relocation of the GA hangars to Navi Mumbai International Airport is expected to commence in June 2025, once the new Navi Mumbai International Airport is operationalized.

6.3.86 MIAL submits that presently there is no common hangar available at CSMIA for undertaking maintenance work and accordingly proposes an aircraft maintenance hangar for parking of aircrafts which require long-term maintenance work. The modality of usage and allocation to Airlines is yet to be determined by MIAL.

Figure 15 – Location of Aircraft Maintenance Hangar (labeled 1-28)



Authority’s examination regarding construction of Aircraft Maintenance Hangar

6.3.87 The Authority notes that, while hangars are categorized as “Non-Aeronautical Services” as per Part I of Schedule 6 of OMDA, the proposal for an aircraft maintenance hangar is to be further examined in detail. Accordingly, the Authority sought further clarification regarding the necessity of the proposed aircraft maintenance hangar, the projected revenue from its usage, and the criteria differentiating it from other hangars which are classified as non-aeronautical. The airport operator's submissions in this regard are provided below:

(i) MIAL’s submission on need for an aircraft maintenance hangar:

“...Currently maintenance activities of the aircraft of scheduled airlines are carried out by the respective airlines in the open parking stand. However given the constraint airside at CSMIA, this is not a safe practice especially when aircrafts are stranded for long period of time. Hence common maintenance hangar has been proposed which can be used for long term parking of the aircraft for carrying out maintenance activities...”

(ii) MIAL’s submission on revenue proposed to be collected from the usage of the aircraft maintenance hangar:

“...Annual revenue will be function of the parking charges approved by AERA. Except from parking charges, no other revenue will be collected by MIAL...”

“...MIAL will not provide maintenance services. Airlines will be responsible for carrying out these maintenance activities...”

(iii) MIAL’s submission on the criteria differentiating the aircraft maintenance hangar from other hangars which are classified as non-aeronautical:

“...Revenue earned by Airport Operator from Maintenance facilities/Hangar provided by Airport Operator to MRO operator which provides aircraft maintenance services to Airlines as a distinct line of business will be classified as Non-Aero as per the provisions of OMDA. However, in our case, the hangar is not for MRO operator, but it is for Airlines which will do basic maintenance for their own aircraft and

airport operator does not earn any revenue from these activities. MIAL is responsible for providing only appropriate infrastructure to airlines to carry out aircraft maintenance work... ”

6.3.88 The Authority notes that, as per MIAL’s submissions, the aircraft maintenance hangar is proposed be used exclusively for aeronautical activities and all revenues collected in this regard will be aeronautical. The airport operator has also demonstrated why this aircraft maintenance hangar does not squarely fall into the definition of hangars under Part I Schedule 6 of OMDA. Accordingly, the Authority finds the submissions of MIAL satisfactory and proposes to consider this as an aeronautical asset.

6.3.89 The Authority notes the following on the cost proposed by MIAL:

- (i) MIAL has considered structural steel of 170 kg per sqm which appears to be excessive for the pre-engineered structure of hangar. The Authority proposes to consider the cost only for 100 kg per sqm as per standard engineering practice.
- (ii) MIAL has included the demolition cost of existing structures as an enabling cost. The Authority proposes not to consider these as detailed in para 6.3.10(iv) on the BOQ items.
- (iii) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items on which MIAL has claimed 10% additional cost.
- (iv) MIAL has included costs for the diversion of existing utilities and infrastructure at 5% of the total project cost. The Authority is of the view that there are no utilities that require diversion and accordingly has not considered the cost for diversion of existing utilities & infrastructure as detailed in para 6.3.10(ii).

6.3.90 Based on the above, the cost estimate proposed by the Authority is given in the table below:

Table 165: Cost proposed by the Authority for Aircraft Maintenance Hangar

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Demolition of structures	A	0.43	-	0.43	• Demolition of structures not considered.
New Construction- Structure (PEB Truss Hangar)	B	68.90	48.60	20.30	• Revision of costs for working in operational areas from 10% to 5% • Reduction in quantity of structural steel from 170kg/sqm to 100kg/sqm
New Construction - Building	C	18.20	17.25	0.95	• Revision of costs for working in operational areas from 10% to 5%
New Construction - Site Circulation	D	0.83	0.83	-	• Estimate considered reasonable
Diversion of existing utilities & infrastructure	E	4.40	-	4.40	• Not considered necessary
Total	F = SUM (A : E)	92.76	66.68	26.08	

6.3.91 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with the CPWD DSR and MoRTH rates and accordingly proposes considering Rs. 66.68 Crores for this project in this control period.

6.3.92 The Authority proposes to take this into account the hangar charges while evaluating the annual tariff plan after the finalization of Target Revenues. Additionally, MIAL is directed to submit the modalities for allocation of this aircraft maintenance hangar to airlines.

A8 – Parking Stands at NEC Hangar (Rs. 120 Crores)

MIAL’s submission

6.3.93 MIAL states that currently there is a shortage of aircraft parking stands at CSMIA (requirement of 155 stands against available 114 stands) and is not able to meet the increasing demand of night parking from airlines. In order to increase airside capacity, MIAL plans to acquire the NEC hangar from AIESL, which can accommodate 8 additional parking stands. MIAL submits that the written down value of the NEC Hangar is expected to be Rs. 120 Crores.

Authority’s examination regarding parking stands at NEC Hangar

6.3.94 During the site visit by the Independent Consultant, it was observed that the existing New Engineering Complex (NEC) hangar, presently with Air India Engineering Services Limited (AIESL), houses a rigid pavement which can accommodate 8 code C Aircrafts. MIAL has submitted that AIESL is willing to vacate and hand over this NEC Hangar, provided MIAL compensates the written down value of existing structures. MIAL further submits that there has been a preliminary discussion held with AIESL, during which AIESL has indicated the written down value of structures to be approximately Rs.120 Crores.

6.3.95 While the Authority notes the need for additional parking stands at CSMIA, it is also observed that no agreement / MOU has been executed between MIAL and AIESL till date, and no further discussion / communication have been held post the preliminary discussion.

6.3.96 In view of the above, the Authority proposes not to consider the construction of additional parking stands at NEC Hangar, at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of reasonableness and efficient usage.

A9 – Airside improvement works less than Rs. 50 Crores (26 projects aggregating to Rs. 716.02 crores)

6.3.97 MIAL has submitted 26 airside projects, under Rs. 50 Crores each, for improving airside safety and operational efficiency.

6.3.98 The Authority has categorized and examined all these projects in the following manner:

- (i) Table 166 –Projects not proposed to be considered as part of CAPEX by the Authority.
- (ii) Table 167- Projects partly proposed to be considered as part of CAPEX by the Authority.
- (iii) Table 168 – Projects proposed to be considered as part of CAPEX by the Authority, subject to certain adjustments on cost.

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

All estimates / BOQs were prepared by MIAL based on per CPWD DSR / PAR, MoRTH / Market rates, the same has been verified by independent consultant and found to be reasonable, except for the following rationalizations proposed by the Authority through its independent consultant / aviation expert:

Table 166: Airside improvement works less than Rs. 50 Crores not proposed to be considered as part of CAPEX by the Authority

(Rs. In Crores)

S. No	Project /Item Name	Base cost as per		Remarks
		MIAL	Authority	
A9-10	Recarpeting of balance portion of RWY 14-32	21.89	-	Since the cost of resurfacing is not proven to lead to increase over the original PCN value, this cost is proposed to be considered as Opex. Refer Table 267.
A9-13	Runway intersection overlay works	20.97	-	This runway intersection area has already been included in the scope of project "A1-1 Recarpeting of Runway 09-27."
TOTAL		42.86	-	

Table 167: Airside improvement works less than Rs. 50 Crores partly proposed to be considered as part of CAPEX by the Authority

(Rs. In Crores)

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
A9-16	Airport Boundary Wall (New Construction) including demolition of existing wall	41.78	19.85	<ul style="list-style-type: none"> During the site visit conducted by the independent consultant appointed by the Authority, it was observed that a major portion of the boundary wall is in good condition, while damages were noted in locations such as the additional stands near Apron J, Taxiway W parallel to Runway 14-32, and Parking Stand V1. In some cases, realignment of the boundary wall is required on account of proposed airside projects. Based on these observations, the Authority proposes to consider only 50% of the area for the Fourth Control Period. The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR rates and accordingly proposes considering Rs. 19.85 crores for this project in this control period.
A9-24	Construction of Emergency Service Road	45.02	10.58	<ul style="list-style-type: none"> MIAL states that the emergency service road is provided from the Fire Station connecting the Taxiways for the movement of fire tenders and operational vehicles whenever required, and is made of asphalt which requires regular maintenance work every monsoon. MIAL plans to demolish the existing asphalt road and construct a concrete road which will avoid the annual recurring maintenance expenditure. During the site visit conducted by the consultant appointed by the Authority, it was observed that the majority of this road is in good condition, except for some small patches. The Authority further notes that there is no specific

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

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				<p>necessity for Rigid Pavement at present for these areas. Accordingly, the Authority proposes to consider only 25% of the area and recommends MIAL to focus on areas with water stagnation, damaged sections, or where realignment is necessary.</p> <ul style="list-style-type: none"> • Further, Authority proposes revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i) and not to consider diversion of existing utilities & infrastructure as same is not expected to be required. • The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR and MoRTH rates and accordingly proposes considering Rs. 10.58 crores for this project in this control period.
TOTAL		86.80	30.43	

Table 168: Airside improvement works less than Rs. 50 Crores proposed to be considered as part of CAPEX by the Authority, subject to certain adjustments in cost

(Rs. In Crores)

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
A9-1	Taxiway M Extension West Side	19.74	17.27	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i) • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) • Non consideration of diversion of existing utilities & infrastructure as same is not expected to be required.
A9-2	Taxiway M	45.98	39.09	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv). • Non consideration of diversion of existing utilities & infrastructure as same is not expected to be required.
A9-3	Taxiway N1	26.39	23.48	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). • Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). • Non consideration of diversion of existing utilities & infrastructure as same is not expected to be required
A9-4	Taxiway N7	21.66	19.12	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i).

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

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				<ul style="list-style-type: none"> Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). Non consideration of diversion of existing utilities & infrastructure as same is not expected to be required
A9-5	Re-Construction of Taxiway U	20.83	18.41	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). Non consideration of diversion of existing utilities & infrastructure as this is a reconstruction project
A9-6	Taxiway W1 Parallel Taxiway to RWY14-32 West	49.36	38.38	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii). Compound wall cost not considered as it is given separately in Project A9-16. Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv)
A9-7	Construction of RET E6	34.86	34.86	<ul style="list-style-type: none"> Based on awarded cost
A9-8	Construction of RET W3	31.72	31.72	<ul style="list-style-type: none"> Based on awarded cost
A9-9	Construction of Taxiway S	44.01	40.17	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) Non consideration of diversion of existing utilities & infrastructure as same is not expected to be required
A9-11	CBR for RWY 09-27	46.80	43.70	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of diversion of existing utilities & infrastructure as this is a new project.
A9-12	Replacement of ILS RWY 14	5.05	5.05	<ul style="list-style-type: none"> This work is for providing civil and electrical infrastructure for ILS for runway 14 which allows aircraft to conduct a precision approach, providing azimuth and vertical guidance to aircraft. The current ILS for runway 14 is an end-of-life product. The current equipment is 20 years old, and AAI upgraded the current 14 aperture LLZ antennae to 20 aperture antennae to provide better and more accurate coverage. Considering the quantum of work involved, the awarded cost appears to be reasonable.
A9-14	Construction of New Fire Station	44.67	37.22	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i).

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

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				<ul style="list-style-type: none"> Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv) Reduction of AC Tonnage from 211 TR to 143 TR (considering 85% of building except CFT parking area). Non consideration of diversion of existing utilities & infrastructure as same is not considered necessary.
A9-15	Construction of New Fire Sub Station	13.15	11.90	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of diversion of existing utilities & infrastructure as this is a new project.
A9-17	CISF Staff Quarters	36.78	29.46	<ul style="list-style-type: none"> MIAL has proposed the construction of residential quarters of 30 numbers for the gazetted officers of CISF in the Airport land, instead of hiring accommodation outside which is an expensive affair in Mumbai City. Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv) Non consideration of diversion of existing utilities & infrastructure as this is a new project Non consideration of enhancement to project cost by 20% in the absence of any substantiation.
A9-18	New Retaining Wall including demolition of existing retaining wall	24.06	23.05	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i).
A9-19	Airside CISF Watch Tower (14 Nos.) & Goomties (30 Nos.)	3.35	2.96	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv).
A9-20	Refurbishment of Gate 8	4.12	3.52	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of demolition costs as enabling costs as detailed in para 6.3.10(iv). Non consideration of construction of temporary roads for diversion of roads / traffic as this is a new project. Non consideration of the cost of road (flexible pavement) since this is not considered necessary for this project.
A9-21	Additional Aircraft Parking stand adjacent to Apron J	47.20	20.05	<ul style="list-style-type: none"> MIAL has proposed a cost of Rs 47.20 Crores, but has provided detailed cost breakup for only Rs 23.08 Crores. The Authority has considered only the cost estimate provided by MIAL for further analysis.

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

S. No	Project /Item Name	Base Cost as per		Remarks
		MIAL	Authority	
				<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Revision of costs for AGL from 15% to 10% as detailed in para 6.3.10(iii) Non consideration of diversion of existing utilities & infrastructure as this is a new project
A9-22	Reconstruction of drain along TWY K1	30.17	25.85	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of diversion of existing utilities & infrastructure as this is a new project. Reduction in quantities of reinforcement steel from 150 kg/cum to 120 kg/cum of RCC.
A9-23	Relocation of existing Airside Fire Tank	8.60	7.42	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i). Non consideration of diversion of existing utilities & infrastructure as this is outside operational area
A9-25	Perimeter Intrusion Detection System (PIDS)	4.48	3.92	<ul style="list-style-type: none"> MIAL proposed a cost of Rs 4.12 Crores in the MYTP, but later submitted a cost breakup of Rs 4.48 Crores. The Authority has considered the cost estimate provided by MIAL for further analysis. Revision of costs for working in operational areas from 10% to 5% as detailed in para 6.3.10(i)
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	23.40	23.40	<ul style="list-style-type: none"> Based on awarded cost.
TOTAL		586.38	499.98	

6.3.99 The Authority, through its Independent Consultant, has verified the rates adopted for computing the cost and found it to be in accordance with CPWD DSR / CPWD PAR / MoRTH rates (as applicable) and thus proposes considering these costs for these projects in the above table for this control period.

6.3.100 As discussed in Table 166, Table 167 and Table 168, the Authority proposes to consider Rs.530.41 Crores against Rs.716.02 Crores proposed by MIAL.

6.3.101 The Authority has, after detailed analysis, issued its Order on Normative cost vide Order No. 07/2016-17 on 13th June 2016 where in the normative cost was given as Rs. 4,700 per sqm. The Authority, through its Independent Consultant / Aviation Expert notes that the cost mentioned is inclusive of taxes applicable at that time, which is 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Therefore, the Authority has rationalized the normative cost submitted by MIAL and computed the inflation adjusted normative cost by considering an additional 6% thereby resulting in total GST of 18% as given below:

Table 169: Inflation-adjusted normative rate considered for Apron and taxiway

Financial Year	CPI Inflation %	Inflation adjusted Cost	Inflation adjusted normative cost @18% GST	Reference
FY16		4,700**	4,952	As per RBI Bulletin*
FY17	4.50%	4,912	5,175	As per RBI Bulletin*
FY18	3.60%	5,088	5,361	As per RBI Bulletin*
FY19	3.40%	5,261	5,543	As per RBI Bulletin*
FY20	4.76%	5,512	5,807	As per RBI Bulletin*
FY21	6.18%	5,852	6,166	As per RBI Bulletin*
FY22	5.51%	6,175	6,506	As per RBI Bulletin*
FY23	6.70%	6,589	6,942	As per RBI Bulletin*
FY24	5.40%	6,944	7,316	As per RBI Bulletin*
FY25	4.50%	7,257	7,646	As per 90th Round CPI Headline Rate FY 24-25
FY26	4.40%	7,576	7,982	As per 90th Round CPI Headline Rate FY 24-25
FY27	4.40%	7,909	8,333	As per 90th Round CPI Headline Rate FY 24-25
FY28	4.40%	8,258	8,700	As per 90th Round CPI Headline Rate FY 24-25

* Source: https://www.rbi.org.in/scripts/bs_viewbulletin.aspx

** Base amount as per Order No.7/2016-17 dated 13th June 2016 which is inclusive of prevalent tax of 12%

Note:

Inflation adjusted base amount (inclusive of 12% GST) (A)	= Rs. 4,700 per sqm
Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112)	= Rs. 4,196 per sqm
Add GST @ 18% (C=B*18%)	= Rs. 755 per sqm
Normative cost including GST (D = B+C)	= Rs. 4,952 per sq

6.3.102 The Authority has compared the cost proposed by MIAL for apron and taxiway works and observes that the cost proposed by MIAL is lower than / in line with the inflation-adjusted normative cost for apron and taxiway.

6.3.103 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Airside Improvement Works is given in the table below:

Table 170: Cost proposed by the Authority for Airside Improvement Works

(Rs. In Crores)

S. No	Project Name	Base Cost as per		Variance	Remarks
		MIAL	Authority		
A1-1	Recarpeting of RWY 9-27	148.71	-	148.71	<ul style="list-style-type: none"> Considered as part of Operation & Maintenance Expenses
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	73.59	-	73.59	<ul style="list-style-type: none"> To be considered on an actual incurrence basis, subject to relocation of facilities
A2-2	Taxiway M Extension East Side incl Taxiway bridge over Mithi river	60.99	-	60.99	<ul style="list-style-type: none"> To be considered on an actual incurrence basis, subject to relocation of facilities
A2-3	Taxiway West to RWY 14-32	161.65	113.78	47.87	<ul style="list-style-type: none"> Revision of costs for working in operational areas from 10% to

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

S. No	Project Name	Base Cost as per		Variance	Remarks
		MIAL	Authority		
					<ul style="list-style-type: none"> 5% and provision for AGL from 15% to 10% • Non consideration of demolition costs as enabling costs • Non consideration of cost of construction of Boundary wall
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	113.26	98.40	14.86	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Non consideration of demolition costs as enabling costs • Cost of construction of Boundary wall considered in separate item.
A3-2	Reconstruction of Apron C (Tier 1) and Taxiway W6	53.16	39.25	13.91	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Cost of miscellaneous works and diversion of utilities not considered.
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.12	41.95	11.17	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Non consideration of demolition costs as enabling costs
A4	Reconstruction of Perimeter Road	202.50	75.03	127.47	<ul style="list-style-type: none"> • Revision of costs for working in operational areas from 10% to 5% and provision for AGL from 15% to 10% • Provision of only 40% of length of road considered for reconstruction in this control period based on site inspection.
A5	Construction of Airside Tunnel	894.23	-	894.23	<ul style="list-style-type: none"> • Not considered currently. Will be considered on actual incurrence basis, subject to due approvals
A6	Reconstruction of Airside drain	498.80	93.84	404.96	<ul style="list-style-type: none"> • Only 20% of drain considered for reconstruction in this control period based on site inspection.
A7	Aircraft Maintenance Hangar	92.76	66.68	26.08	<ul style="list-style-type: none"> • Revision of costs for working in operational areas - 10% to 5% • Quantity of steel rationalized from 170 kg to 100 kg per sqm
A8	Parking Stands at NEC Hangar	120.00	-	120.00	<ul style="list-style-type: none"> • Considered on an incurrence basis due to pending MoU with AIESL for transfer/handing over of Hangar.
A9	Airside Projects less than 50 Crores	716.02	530.41	185.61	<ul style="list-style-type: none"> • As explained in Table 166, Table 167 and Table 168.

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

S. No	Project Name	Base Cost as per		Variance	Remarks
		MIAL	Authority		
TOTAL		3,188.79	1,059.34	2,129.45	

B – Passenger Terminal & Associated works (Rs. 3,496.11 Crores)

6.3.104 MIAL has proposed the following Passenger Terminal & Associated works in the Fourth Control Period with the objective of increasing passenger handling capacity from 55 MPPA to 65 MPPA. These developments are planned to cater to growing passenger traffic, enhance service quality, and ensure improved convenience and facilities for passengers.

Table 171: Cost proposed by MIAL for Passenger Terminal & Associated works

(Rs. In Crores)

S. No	Project	Cost proposed by MIAL
B1	Reconstruction of Terminal T1	3,129.23
B2-1	New Terminal 2 NW Pier	23.10
B2-2	New Terminal 2 NW Pier BUS BOARDING GATE (V3)	4.78
B2-3	TERMINAL T-2 EXTENSION	113.99
B3	GA Terminal Expansion	225.00
TOTAL		3,496.11

B 1 – Reconstruction of Terminal T1 (Rs. 3129.23 Crores)

Need for reconstruction of Terminal Building T-1

6.3.105 MIAL proposes to demolish the entire T1 complex (comprising T1A, T1B & T1C) and reconstruct a new Terminal 1 building of 2,01,074 sqm which will have the same feel and comfort of T2, with an objective to ensure passenger safety and convenience. MIAL has given the following justification for the proposed reconstruction of Terminal 1:

“The existing T1 building at Santacruz comprises of T1A, T1B and T1C. Currently, T1B and T1C are used for domestic operations (T1A was decommissioned after shifting of some domestic airlines to T2).

T1B building is more than 65 years old – it was constructed between 1957 and 1964, and the structure has developed various defects / distresses and seepage / leakage, which cannot be addressed by repair activities. Structural Audit conducted through third party independent agency has recommended demolition of a significant portion of the building.

T1C currently houses the Security Hold Area (SHA) – however, the current spatial arrangement of the building leads to mix of departure and arrival passengers, which is in violation of security regulations. Segregation of departure and arrival passengers will call for addition of floors, which will necessitate major alteration of the existing structure. Hence there is a need for comprehensive reconstruction of T1 to ensure safety of passengers and compliance with security regulations”.

6.3.106 In the Third Control Period, MIAL proposed the reconstruction of T1B for 72,414 sqm with a two level building, stating that one part of the structure is very old and unsafe. The Authority had allowed the reconstruction of T1B considering the structural safety aspect at a cost of Rs. 832 Crores at the Consultation Paper Stage. However, MIAL later deferred the project due to the impact of Covid and consequent reduction in traffic.

6.3.107 To assess the interdependence of T1A, T1B and T1C, the Authority sought details from MIAL on the current usage of all parts of Terminal 1. MIAL provided the following note:

“...CSMIA has two terminals T1 and T2, wherein T1 complex consists of T1A, B and C buildings. T1 complex is built over last 60 years, part of T1B was constructed in 1960s, T1A in 1992 while T1C was built in 2010. Various domestic airlines like Indigo, Spice Jet and Akasa operate from T1.

T1 B has 74 check-in counters, 3 Security X-Ray machines for SHA 1 and 5 Security X-Ray machines for SHA 2 and 5 belts in baggage claim hall. T1 B has 20 bus gates and is connected to T1C for contact gates through security gates.

T1 C on the other hand does not have any check in counters but only security check area and 6 contact gates only. Passengers using T1C have to use T1B check in hall at present. There are no check in counters in T1C.

T1 A is isolated as passengers from T1B or T1C cannot use T1A landside due to various constraints like lack of depth of drop off ramp and lack of parking facilities due to vicinity of metro station. Further equipment at T1A like check in counters, X-ray machines are beyond repair and have outlived their useful life. Due to these reasons T1A is not presently in use.

As such it can be noted that T1 A, B and C are not complete/full-scale terminals independently. The demand is managed between T1B SHA2, T1 C and T1B SHA1. The complexity of fragmented operations between these terminals leads in inefficiency of operations and constraints optimization of assets. This also impacts passenger service quality as passengers are restricted to individual security hold areas and are unable to use facilities provided elsewhere...”

Figure 16 – Overview of the existing T1



6.3.108 MIAL has also submitted the report of structural study recently conducted by IIT Mumbai, where it is mentioned that Terminal T1A and T1B buildings show signs of distress and would need structural and non-structural measures to improve its serviceability. Terminal T1C building is generally free from any structural distress. The extract from the report is given below:

“...The Terminal T1A is presently disused building. It is approximately 30 years old. Although, the structure was unkempt, no major structural distress was observed in the building. Deteriorations in the paint and plaster of the structure were seen at many places. Some vegetation was also observed, and the steel elements had corroded. Lateral cracks were observed in the exposed columns, indicating corrosion in the tie bars.

The terminal T1B is more than 50 years old building. Most of the interior of the building is covered in claddings and false ceilings. The terrace at the first floor had brick bat coba with China mosaic as the water proofing. At another location on the first-floor terrace, had signs of being repaired with membrane.

Both of these appeared to be damaged. The steel structural elements had corroded and spalling with exposed rebars was observed on the chajjas. The first-floor terrace had several installations. The waterproofing consisted of membrane waterproofing. The reinforced concrete structural elements on the terraces were severely deteriorated and longitudinal cracks, due to corrosion, were evident on them. At one location the rebar loss on the column was more than 50%. On the first-floor ceiling, extensive repairs on the columns were visible. Spalled concrete with exposed rebar was seen on one beam. Signs of seepage and leakages were also observed on the walls and structural members. On the ground floor, longitudinal cracks on columns and spalled concrete was seen on the exposed structural members. Some spalling of the beams and cracking due to corrosion was also seen on the airside structural members. Deterioration of paint and plaster was also seen at many places. At some places the kerb stones have been dislodged and concrete at the plinth level was severely damaged due to corrosion.

The terminal TIC building was mostly free from any structural and non-structural defects.

The canopies outside the terminal appeared in sound condition. In general, no corrosion is observed on the connections. At one location, excessive debris was observed on the chute. At few other locations, vegetation was seen to have overgrown on the canopy, which may overload the canopy edges, especially during the rains.

The UPV results of the terminal TIA building show that the concrete is of poor structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is very high. This indicates a high probability of loss of the passive layer on the rebars and increases the chances of corrosion of steel. As per IS 516 (Part 5/Sec 4):2020, carbonation can overestimate the Rebound Hammer test results upto 50% in extreme cases.

The UPV results of the terminal TIB building show that the concrete is of poor structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is very high. This indicates a high probability of loss of the passive layer on the rebars and increases the chances of corrosion of steel. As per IS 516 (Part 5/Sec 4):2020, carbonation can overestimate the Rebound Hammer test results upto 50% in extreme cases. The corrosion analysis shows more than 90% chances of corrosion in the structural members.

The UPV results of the terminal TIC building show that the concrete is of good structural integrity. The rebound hammer results show that the concrete is of good quality. The carbonation results on the columns indicate that the carbonation depth is low, indicating that the passive layer is intact. ...”

6.3.109 MIAL also stated that T1 and T2 of CSMIA handled 52.8 million passengers in FY 2023-24 and is expected to handle similar number of passengers in FY 2024-25. However, from FY 2025-26, with the operationalization of Navi Mumbai International Airport, reduction in passenger traffic at CSMIA is expected. Further, certain modifications and additions are proposed in T2 to increase the capacity to 45 MPPA from the present 40 MPPA.

6.3.110 Taking the above into consideration, MIAL has stated that this will be the most appropriate time for undertaking the reconstruction of T1 as there will be minimum operational difficulty and passenger inconvenience can also be minimized. After reconstruction, the passenger handling capacity of T1 will increase by 5 MPPA i.e., from 15 MPPA to 20 MPPA. Overall capacity of CSMIA will become 65 MPPA (T1-20 MPPA & T2-45 MPPA) and can cater to additional traffic.

The proposed plan of T1 is shown below:

Figure 17 – Indicative layout of proposed T1 building

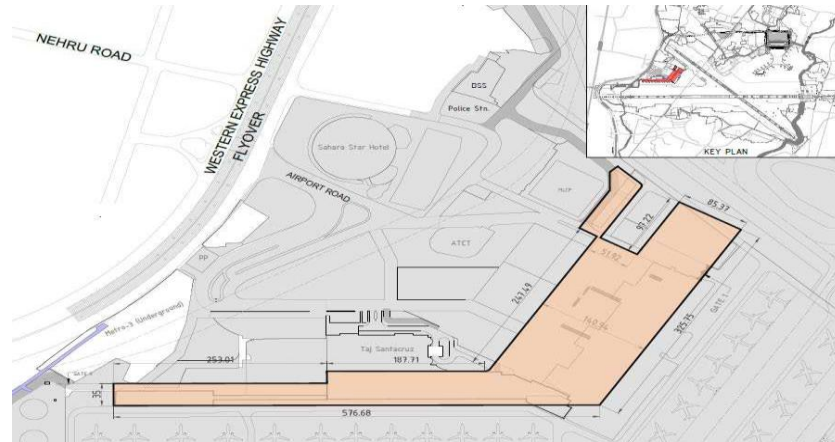
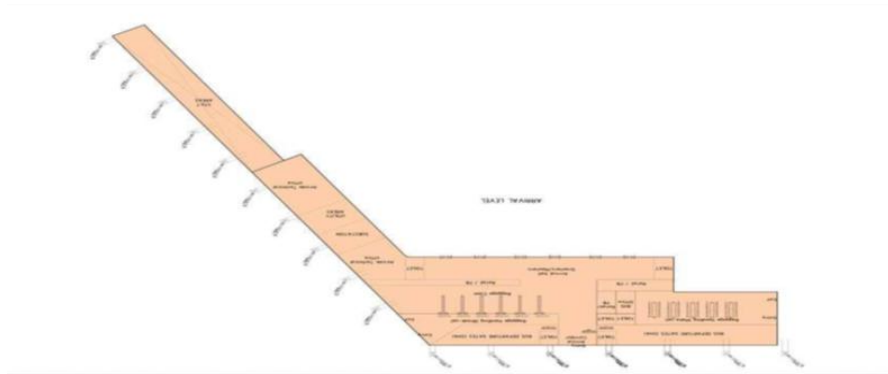


Figure 18 – Indicative floor plan at Arrival Level



6.3.111 MIAL has proposed to commence the reconstruction work in October / November 2025 and is expected to complete it by September 2028. Post completion, the passenger handling capacity will increase to 20 MPPA from the present 15 MPPA.

Authority's Examination regarding Reconstruction of Terminal Building T-I

Current location and usage of T1A and T1B

6.3.112 The Authority, through its independent consultant, conducted a site walkthrough with the terminal operations and the engineering team of MIAL. During this site visit, the Authority noted that T1 consists of 3 buildings viz., T1A, T1B and T1C. T1A is a two storied building of 36,716 sqm which is constructed in 1992 with departure at first floor level and arrival at ground floor level. This Terminal was not in use after all airlines shifted their operations to T2 in 2015. Also, the entrance ramp of T1A cannot be used as it falls in the alignment of the upcoming metro station. T1B is housing the check-in-area, security hold area (Gate 1 to 20) with arrival in Ground floor, and offices of MIAL, airlines and CISF in the first and second floor. A part of T1B (the RCC Structure) was constructed in the 1960s (around 30,000 sqm). The front portion, where check-in-processes are being handled, was constructed in 2005 and is only a steel structure with one floor.

6.3.113 Further, during this site visit, the Authority has observed that T1A and T1B buildings have several structural and nonstructural distresses related to corrosion, leakage and seepage, which have resulted in the formation of longitudinal cracks and spalling of concrete at several places on the building. Sample pictures taken during the site visit are given below:

Figure 19 - BMA Area of existing T1-B Building



Figure 20 – BMA Area and AHU Room of existing T1-B Building



Figure 21 – Terrace and Mezzanine Floor of existing T1-B Building



Figure 22 –First Floor and Canteen of existing T1-B Building



Figure 23 – Demolished T1-B in 2019-20 as per Struckwel Report



Figure 24 – T1 B – Check-in area



Figure 25 – T1 A – Departure Area (First Floor)

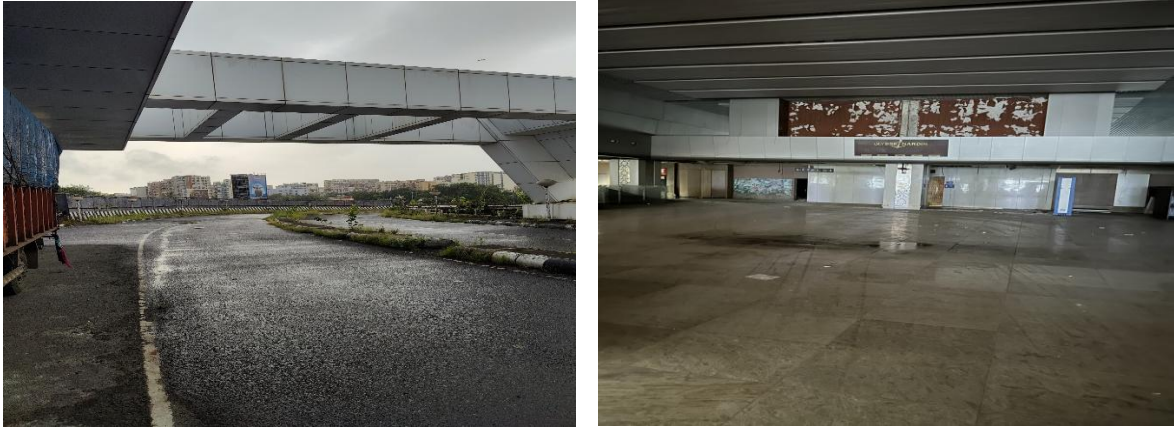


Figure 26 – T1 A – Arrival Area (Ground Floor)



Figure 27 – T1 A – Arrival (GF), AHU (Terrace)



Current location and usage of T1C

6.3.114 T1C is housing the security hold area and airside corridor connecting PBBs on the first floor, and the BMA and utilities on the ground floor. T1C building is around 20,600 sqm in area and was constructed in 2010.

6.3.115 The Authority also notes that since T1C does not have any check-in facility, and the passengers after checking in at T1B proceed to the security check / security hold area through the link corridor in the cityside T1C, in order to access the Boarding gates 21 to 28. The airside corridor on the first floor in T1C is used for both arrival and departing passengers who use the PBBs. On account of this, there is a possibility of passengers arriving from one flight mixing with departing from another flight while moving through this corridor (i.e. adjacent to SHA-1C - Boarding Gates 21 to 28), violating BCAS guidelines as outlined in Circular No. 28/2006. MIAL has also submitted various letters from CISF, where instances of such incidents have been recorded.

Authority's examination of proposed reconstruction of T1

6.3.116 The Authority, with respect to T1 reconstruction, notes that there are various critical assessments and deliberations are currently underway and are essential for determining the optimal infrastructure development at the airport as detailed in Para 6.2.20. The Authority reiterates its position that only the infrastructure necessary / essential to cater to the future projected traffic should be developed.

6.3.117 The Authority, through its independent consultant, has engaged in discussions with MIAL's design team to explore the feasibility of a modular approach to T1 reconstruction with an initial Phase for 10 MPPA and later expanding to 20 MPPA based on the actual traffic assessment after opening of the Navi Mumbai International Airport. This approach, if viable, would allow for phased development in response to demand fluctuations while optimizing capital investment. However, MIAL has clarified that due to the specific spatial constraints and the shape of the available land parcel, modular construction is not feasible.

6.3.118 Therefore, the Authority proposes to accept, tentatively, MIAL's submission that the reconstruction of the entire Terminal 1 is necessary for ensuring the safety and security for smooth conduct of the Airport operation and in compliance to BCAS directives, and based on the justification provided in the above para.

In view of the above, the Authority expects stakeholders (including AAI and MoCA) to provide valuable inputs which will enable a comprehensive and balanced evaluation of the necessity, scope, and timing of the proposed reconstruction, and ensure that the final decision aligns with the capacity requirement, operational feasibility and long-term infrastructure planning at CSMIA. Accordingly, the Authority will take a final view on this issue at tariff order stage based on comments / views received from the stakeholders during the consultation process.

6.3.119 The Authority also directs the Airport Operator to ensure that the reconstruction of T1 be performed in a seamless manner, ensuring that only the essential activities are carried out in the upgradation process avoiding all capex that can be avoided/deferred.

Evaluation of area

6.3.120 The Authority notes that MIAL has proposed an area of 2,01,074 sqm for the new Terminal 1 with separate levels for arrival and departure. As per the OMDA, the terminal building is to be constructed as per the IATA norms. It was observed that the area proposed by the Airport operator for Terminal 1 was slightly higher than the requirements for 7,000 PHP (as per IATA norms). As informed by MIAL, they have proposed this additional area due to recent circulars/directives of BCAS on reducing queuing time in

check-in and security. It was observed that MIAL has not provided details of usage of an area of 11,691 sqm. Accordingly, the Authority has considered terminal building area of 1,89,383 sqm for Terminal 1.

6.3.121 The Authority has reviewed the proposal of reconstruction of T1 considering the feedback awaited from stakeholders on the airside capacity and the operationalization of new Airport at Navi Mumbai in 2025. The Authority has also considered the proposed enhancement of approximately 5 MPPA of T2 by way of additions, modifications and automations etc., and the traffic projections made by MIAL for this control period.

6.3.122 Presently, the Authority has considered the construction of Terminal 1 with a capacity of 20 MPPA considering the constraints projected by MIAL for modular construction. Out of which, 10 MPPA shall be a complete terminal with all utilities and furnishes and the balance 10 MPPA with core shell and without equipment, in order to ensure optimal utilization of resources and avoid overcapacity. The installation of additional processing capacities and building finishes can be undertaken progressively, based on actual traffic growth and demand requirements in the future. However, the Authority will take a final decision on this matter at tariff order stage based on comments / views received from the stakeholders (including AAI and MoCA) during the consultation process.

6.3.123 The Authority notes that MIAL has projected to start the work in November 2025 and proposed to complete construction by September 2028. It is seen that the proposal is still under a concept/design stage and necessary approvals are yet to be obtained. MIAL has further confirmed that they are planning to close operations at T1 by November 2025.

Evaluation of cost estimates

6.3.124 MIAL has proposed a construction cost of Rs 3,094.43 Crores (Terminal Building at a cost of Rs.2,992.25 Crores for built-up area of 1,89,383 sqm at Rs. 1,58,000 per sqm, terminal extension at a cost of Rs.71.55 Crores for built-up area of 11,691 sqm at Rs. 61,200 per sqm, and the cost for construction of temporary roads / temporary barricading, signages, diversion of existing utilities etc. at a cost of Rs. 30.63 Crores) along with demolition cost of Rs 34.79 Crores.

6.3.125 MIAL has not provided adequate justification for the proposed terminal extension area of 11,691 sqm. Therefore, the Authority proposes not to consider it for the cost and consider only for 1,89,383 sqm.

Table 172: Area of Terminal 1 Building as submitted by MIAL and as proposed by the Authority

Particulars	Ref	Area in Sqm proposed by MIAL	Proposed by the Authority
Total Area: Superstructure	A	1,67,197	1,67,197
Level 0 – Arrivals		64,529	64,529
Level 1- Arrivals Mezzanine		29,264	29,264
Level 2- Departure		73,404	73,404
Total Area: Fore Court	B	22,186	22,186
Level 0 - Arrivals Forecourt		8,886	8,886
Level 2- Departure Forecourt		13,300	13,300
Terminal Building Extension	C	11,691	-
Total Built-up Area	D = A + B + C	2,01,074	1,89,383

6.3.126 The Authority is of the view that demolition of structures typically involves the recovery of salvageable materials generating a net inflow as detailed in para 6.3.10(iv) and accordingly proposes to not include the costs proposed by MIAL for demolition works.

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

6.3.127 The Normative cost approved by the Authority vide its Order No. 07 / 2016-17 dated 6th June 2016 for Terminal Buildings is Rs. 65,000 per sqm. The cost of following items of specification have been considered for analysis of the prescribed rate per sqm - cost of terminal building, air conditioning, fire-fighting system, water supply, sanitary, substation equipment for power supply including stand by system, passenger facilities viz FIDS, Furniture, Signages and Security surveillance, airlines related services viz Check-in, CUTE, CUSS and Baggage Reconciliation System, In-line X ray screening, Standalone screening, BHS for arrival and departure, Escalators, Elevators, Travelators and PBB are included.

6.3.128 In respect of Terminal construction, the Authority notes that it has considered a normative cost of Rs. 1,00,000 per sqm for FY 2020-21 in some of the recent tariff orders of Ahmedabad, Lucknow, Patna, Thiruvananthapuram etc, based on the superior specifications, processes and the architectural features of modern Terminal Buildings. Further, the Authority feels that as the work on Terminal Building projected by MIAL would be carried out over the Fourth Control Period, it would be reasonable and justifiable to derive the project cost based on inflation-adjusted normative cost up to FY 2028-29 (using CPI inflation index) to address the time value of money.

6.3.129 The Authority has derived the inflation adjusted normative rates for Terminal Building for the current Control Period by considering the rate of inflation in the table below:

Table 173: Details of Inflation-adjusted Normative rates derived by the Authority for Passenger Terminal Building

Financial Year	CPI Inflation %	Inflation adjusted Cost	Inflation adjusted normative cost at 18% GST	Reference
FY21		1,00,000	1,05,357	
FY22	5.51%	1,05,510	1,11,162	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY23	6.70%	1,12,579	1,18,610	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY24	5.40%	1,18,658	1,25,015	All India Consumer Price Index as per the Reserve Bank of India Bulletin
FY25	4.50%	1,23,998	1,30,641	As per 90th Round CPI Headline Rate FY 24-25
FY26	4.40%	1,29,454	1,36,389	As per 90th Round CPI Headline Rate FY 25-26
FY27	4.40%	1,35,150	1,42,390	As per 90th Round CPI Headline Rate FY 25-26
FY28	4.40%	1,41,097	1,48,655	As per 90th Round CPI Headline Rate FY 25-26
FY29	4.40%	1,47,305	1,55,196	As per 90th Round CPI Headline Rate FY 25-26

*Note

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 1,00,000 per sqm

Inflation adjusted base amount (inclusive of 12% GST) (B = A*100/112) = Rs. 89,286 per sqm

Add GST at 18% (C = B*18%) = Rs. 16,071 per sqm

Normative Cost including GST (D = B+C) = Rs. 1,05,357 per sqm

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

6.3.130 The Authority accordingly proposes to consider the cost of Rs. 1,55,196 per sqm as the normative cost for the expansion proposed against Rs. 1,58,000 per sqm considered by MIAL for the main terminal building.

6.3.131 The cost proposed to be considered by the Authority is worked out in the table below:

Table 174: Cost proposed by the Authority for Reconstruction of Terminal T1:

Description of Item	Ref	As per MIAL			As per the Authority			Remarks
		Rate	Quantity in Sqm	Amount in Crores	Rate	Quantity in Sqm	Amount in Crores	
Demolition Works	A	4,500	77,311	34.79	-	-	-	Building demolition cost not considered.
New Construction- Passenger Terminal Building T1 including Forecourt	B	1,58,000	2,01,074	2,992.25	1,55,196	1,89,383	2,939.15	On Normative cost basis
New Construction- Terminal Building extension	C	61,200	11,691	71.55	-	-	-	Not considered as details of usage not provided
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities etc	D			30.64			5.00	Cost proposed by MIAL rationalized.
Less: 50% of the cost of passenger processing and security equipment (Refer Para 6.3.122)	E						(378.76)*	Equipment cost considered only for 10 MPPA
Less: 50% of the cost of envelope and interior finishes (Refer Para 6.3.122)	F						(142.63)**	Envelope and interior finishes considered only for 10 MPPA
Total Cost (Rs.)	G = SUM (A:F)			3,129.23			2,422.75	

*MIAL estimates the cost of passenger processing and security equipment for 20 MPPA to be Rs 757.53 Crores (comprising airport systems at Rs.568.15 Crores and ICT Systems at Rs.189.38 Crores). From this, the Authority has reduced the cost associated with 10 MPPA considering only 50% of the cost, i.e, Rs. 378.76 Crores.

** MIAL estimates the cost of envelope and interior finishes for 20 MPPA to be Rs 285.26 Crores (comprising envelope at Rs.161.57 Crores and interior finishes at Rs.123.69 Crores). From this, the Authority has reduced the cost associated with 10 MPPA considering only 50% of the cost, i.e, Rs. 142.63 Crores.

6.3.132 Accordingly, the Authority proposes to consider the cost of reconstruction of T1 of 20 MPPA (10 MPPA complete terminal with all utilities and finishes and balance 10 MPPA with core shell without equipment's / fitouts) at Rs 2,422.75 Crores.

6.3.133 As elaborated in paras from 6.2.9 to 6.2.20 and as mentioned in the above paras 6.3.105 onwards, the Authority reiterates that the decision to include Terminal 1 reconstruction cost in the tariff computations at this stage is tentative and the Authority will make a final decision after taking into account all the comments from the stakeholders, including AAI and MoCA and accordingly the same will be reflected in the final tariff order.

B2-1, B2-2 & B2-3 - Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3), Terminal 2 Expansion Project (Rs. 141.88 Crores) along with examination of & E-6 Crew Terminal (Rs. 98.70 Crores) included under Ancillary Building Development Works

MIAL's proposal

MIAL proposes extending the pier on the Northwest on airside (along with the construction of V2 Parking stand) which will be housing Bus gates, contact gates, a dedicated crew Terminal and extension of T2 southside facing main Apron on airside with integrated passenger amenities area (as shown in Figure 29), as part of proposed additions to increase the passenger handling capacity of T2.

- (i) B2-1 and B2-2 Northwest Pier Extension along with bus boarding gate: MIAL has proposed constructing the balance portion of the North-West Pier (V1, V2, V3), which will increase the passenger handling capacity. The pier will be constructed as per the original design of T2, with gate and other associated terminal facilities for efficient terminal processing.
- (ii) B2-3 Terminal 2 Expansion Project: MIAL submits that, currently, various passenger amenities are scattered in T2 Security Hold Area (SHA) in Level 3 and Level 4. With several initiatives being taken, CSMIA is set to transform itself as a major transfer hub, this will also require creation of appropriate passenger amenities comparable with global Hubs. Accordingly, MIAL proposes construction of approx. 13,080 Sqm of additional floor space to facilitate this.
- (iii) E6 Crew Terminal: MIAL proposes construction of a Crew Terminal of approximately 3,000 sqm, since at present, air crew (approximately 2,000 numbers per day) are using common passenger security. If separate facilities are created for crew, the passenger's throughput at security check level will increase and result in operational efficiency.

Figure 28 – Proposed expansion of T2

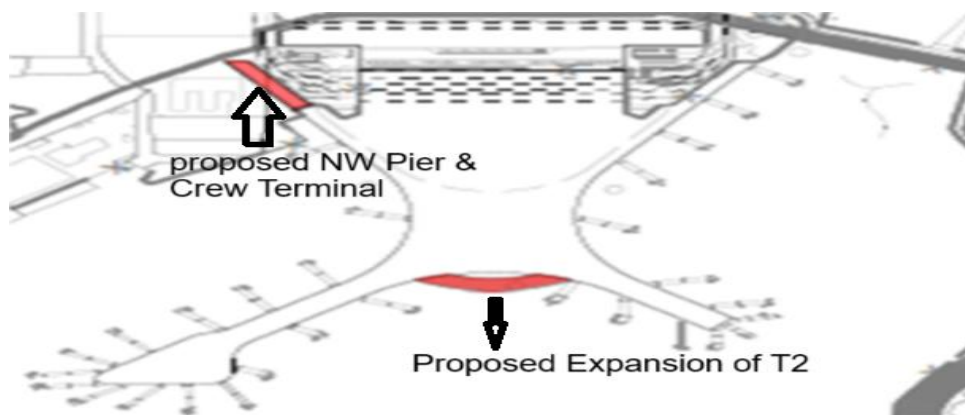
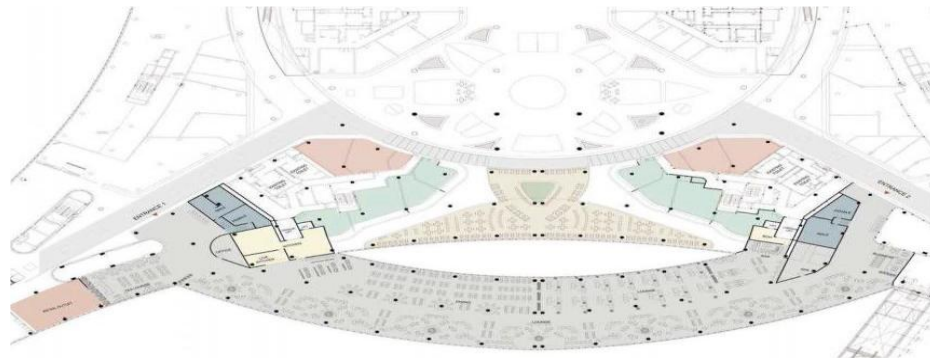


Figure 29 – Indicative Plan of T2 NW Pier & Crew Terminal with Level 1 (2,160 sqm), Level 2 (2,160 sqm) and Level 3 (2,160 sqm)



Figure 30 – Indicative Plan of Expansion of T2



6.3.134 MIAL submits that the concept design is finalized, and the tender action is being initiated. MIAL intends to start construction by June 2025, with the Terminal 2 NW Pier Bus Boarding Gate (V3) and Crew Terminal expected to be completed by May 2026, and the Terminal 2 extension and Terminal 2 NW Pier works expected to be completed by March 2027.

Authority’s examination regarding Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3), Terminal 2 Expansion Project and E-6 Crew Terminal

6.3.135 The Authority notes that this expansion will be required for having contact gates for parking stands V2 and V3 and would also improve the passenger facility and passenger handling capacity of Terminal 2.

6.3.136 The Authority notes the following observations regarding the cost proposed by MIAL:

- (i) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i) on the BOQ items.
- (ii) In the case of T2 Extension (Project B2-3), a new project, diversion of existing utilities & infrastructure is not considered necessary. Accordingly, the Authority proposes not to consider the same in the proposed cost.
- (iii) MIAL has estimated the cost of Crew Terminal including civil works, interior works, mechanical, electrical, plumbing, and equipment installations with a construction rate of Rs.2.82 lakhs per square meter, which is higher than the normative cost for Passenger Terminal Building. Hence, the Authority proposes to consider the cost of the Crew Terminal at the normative cost of Passenger Terminal

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

Building. The Authority, through its Independent Consultant / Aviation Expert, has checked the BOQ and found that the estimate considered is as per normative cost of passenger terminal building, as the Crew Terminal is an extension of T2 (below the V3 Bus Boarding Gate) and is required to have similar aesthetics as is required in case of T1 and T2.

6.3.137 Based on the above, the cost estimate proposed to be considered by the Authority is given in the table below:

Table 175: Cost proposed by the Authority for Terminal 2 NW Pier extension, Terminal 2 NW Pier Bus Boarding Gate (V3) and Terminal 2 Expansion Project

(Rs. In Crores)

Particulars	Reference	Base Cost as per		Variance	Remarks
		MIAL	Authority		
TERMINAL 2 NW PIER					
Enabling Cost - Demolition	A	0.22	-	0.22	Building demolition cost is not considered.
New Construction	B	22.66	21.52	1.14	Revision of costs for working in operational area-10% to 5%.
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities, etc	C	0.23	0.22	0.01	Considered at 1% post above mentioned adjustments.
Total	D = SUM (A:C)	23.10	21.74	1.37	
CONSTRUCTION OF BUS BOARDING GATE (V3)					
Enabling Cost - Demolition	A	0.11	-	0.11	Building demolition cost is not considered.
New Construction	B	4.63	4.39	0.24	Revision of costs for working in operational areas-10% to 5%
Diversion of existing utilities & infrastructure	C	0.05	0.04	0.00	Considered at 1% post above mentioned adjustments.
Total	D = SUM (A:C)	4.78	4.44	0.35	
TERMINAL 2 EXPANSION PROJECT					
New Construction	A	108.56	107.26	1.31	Revision of costs for working in operational areas-10% to 5%
Diversion of existing utilities & infrastructure	B	5.43	-	5.43	Not considered necessary, since this is only an extension.
Total	C = SUM (A:B)	113.99	107.26	6.74	

Table 176: Cost proposed by the Authority for E-6 Crew Terminal

Description of Item	Ref	As per MIAL			As per Authority			Remarks
		Rate	Quantities in Sqm	Amount in crores	Rate	Quantities in Sqm	Amount in crores	
Construction of Crew Terminal	A	2,82,000	3,000	84.60	1,42,390	3,000	42.71	On Normative cost basis

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

Description of Item	Ref	As per MIAL			As per Authority			Remarks
		Rate	Quantities in Sqm	Amount in crores	Rate	Quantities in Sqm	Amount in crores	
Other Equipment's (IFRA and Enabling Works, Furniture & Fixtures, FIDS and TV etc.)	B			14.11			-	Included in normative cost
Total Cost (Rs.)	C = A+B			98.70			42.71	

6.3.138 The Authority, through its Independent Consultant / Aviation Expert, has reviewed the BOQ and found that the estimated costs align with the CPWD PAR rates, and considers them appropriate and reasonable.

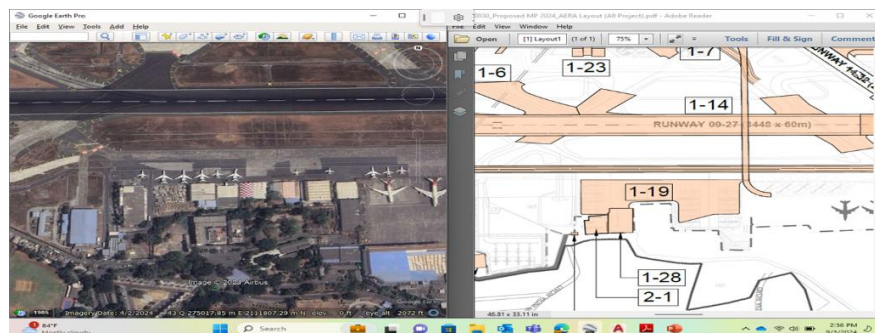
B3 – GA Terminal Expansion (Rs. 225.00 Crores)

MIAL's submission

6.3.139 MIAL proposes to expand the existing GA Terminal by constructing another approx. 9,893 Sqm of Gross Floor Area. In this regard, MIAL submits the following:

- (i) CSMIA experiences high demand for GA. In FY 2022-23, it recorded 12,444 GA ATMs in FY 2022-23, and in FY 2023-24, it recorded 13,831 GA ATMs (average of 38 ATMs per day).
- (ii) The existing size and facilities in the GA Terminal are not sufficient to handle the GA Traffic and spread over Gross Floor Area of 890 Sqm only resulting in highly constrained operations. In addition to GA flights, there is an increasing trend for using bigger Charter flights (Code C equivalent, with 180 average seating capacity) by the Corporates, which are currently being operated from T2. Also, the current GA Terminal does not have any provision to handle International Passengers and they are being handled through T2 only.
- (iii) To cater to the growing demand for GA and Charter flights with larger capacity, it is proposed to extend the existing GA Terminal, so that the Terminal is equipped to house the increased number of passengers from Charter flights. Also, it is proposed to have an Integrated Terminal for handling both Domestic as well as International Passengers from this Terminal without mixing of passengers.

Figure 31 –Proposed location GA Terminal (labeled 2-1)



Authority’s examination regarding GA Terminal Expansion

6.3.140 The Authority notes that there is increased demand for GA flights to Mumbai, especially from business travelers. Also, there is increased movement of International Charter flights, which justifies the need for expansion of GA Terminal.

6.3.141 The Authority notes that as per Part 1 of Schedule 6 of the OMDA, “General Aviation” is considered as a non-aeronautical service. Accordingly, the Authority proposes consider this project as non-aeronautical asset for the purpose of Tariff determination.

6.3.142 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Passenger Terminal & Associated works is given in the table below:

Table 177: Cost proposed by the Authority for Passenger Terminal & Associated works

(Rs. In Crores)

S. No.	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
B1	Reconstruction of Terminal T1	3,129.23	2,422.75	706.48	Terminal Building of area 1.89 lakh sqm inflation adjusted normative cost, rationalized for envelope, interior finishes and passenger processing / security equipment only for 10 MPPA considered, against area of 2.01 lakhs sqm for processing 20 MPPA proposed by MIAL.
B2-1	New Terminal 2 NW Pier	23.1	21.74	1.36	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of dismantling & diversion of utilities not considered.
B2-2	New Terminal 2 NW Pier Bus Boarding Gate (V3)	4.78	4.44	0.34	
B2-3	Terminal T-2 Extension	113.99	107.26	6.73	
B3	GA Terminal Expansion	225.00	-	225.00	Considered as Non-Aeronautical asset
TOTAL		3,496.11	2,556.18	939.93	

C- Kerbside Improvement Works (Rs. 280.20 Crores)

6.3.143 MIAL has proposed the following Kerbside Improvement Works in the Fourth Control Period:

Table 178: Cost Proposed by MIAL for Kerbside Improvement Works

(Rs. In Crores)

S. No	Project	Base Cost Proposed by MIAL
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00
C3-2	At-Grade Road widening for International Airport Road	19.13

S. No	Project	Base Cost Proposed by MIAL
Total		280.20

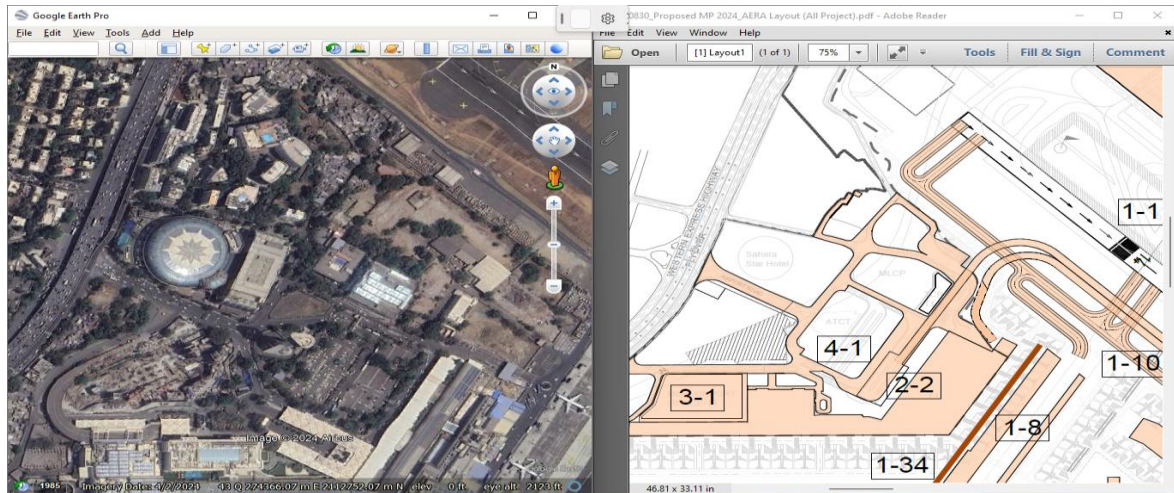
C1-1 - New T1 Access Road (At-Grade) including demolition of existing pavement and C1-2 New T1 Access Road (Elevated Departure Driveway for T1) (Rs. 130.28 Crores)

MIAL’s submission

6.3.144 Terminal 1 is proposed to be reconstructed with departures and arrivals segregated at different levels. To facilitate this, MIAL proposes the construction of the following Kerbside access roads for Terminal 1:

- (i) New At-Grade Access Road (Rs. 27.80 Crores): This involves the demolition of the existing pavement and construction of a new at-grade access road at the arrival level, covering approximately 27,253 sqm.
- (ii) Elevated Departure Driveway (Rs. 102.48 Crores): This involves constructing a new elevated road with ramps at the departure level, covering approximately 14,725 sqm. This elevated road will separate the departures and arrivals, ensuring smoother traffic flow and improving passenger convenience.

Figure 32 –Location access roads to T1 (labeled 4-1)



6.3.145 MIAL has submitted that design consultants have been appointed, and construction of the at-grade road is scheduled to start in October / November 2025 along with Terminal 1, and the elevated road expected to start by October 2026. The at-grade road is expected to be completed by October 2026 and the elevated road is expected to be completed by March 2028.

Authority’s examination regarding Access Roads

6.3.146 The Authority, through the examination conducted by the independent consultant / aviation expert, is of the view that MIAL's assessment regarding the separation of departure and arrival levels through the construction of kerbside roads is essential for efficient terminal operations. The proposed elevated departure driveway and at-grade arrival road will ensure that passenger drop-off and pick-up areas are clearly segregated, reducing congestion and improving accessibility to T1. Given T1’s proposed reconstruction, the Authority observes that these kerbside improvements are necessary to align with standard airport design.

6.3.147 The Authority notes that the cost estimate provided by MIAL are based on CPWD DSR and MoRTH rates which includes the cost of bituminous road, horticulture in central median portion, roadside drainage and road signage gantries, and RCC structure for elevated road portion. On comparison with industry benchmarks, the cost per sqm of Rs.7,200 for the at-grade roads and Rs. 83,000 for the elevated road appear reasonable. However, the Authority notes that MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i).

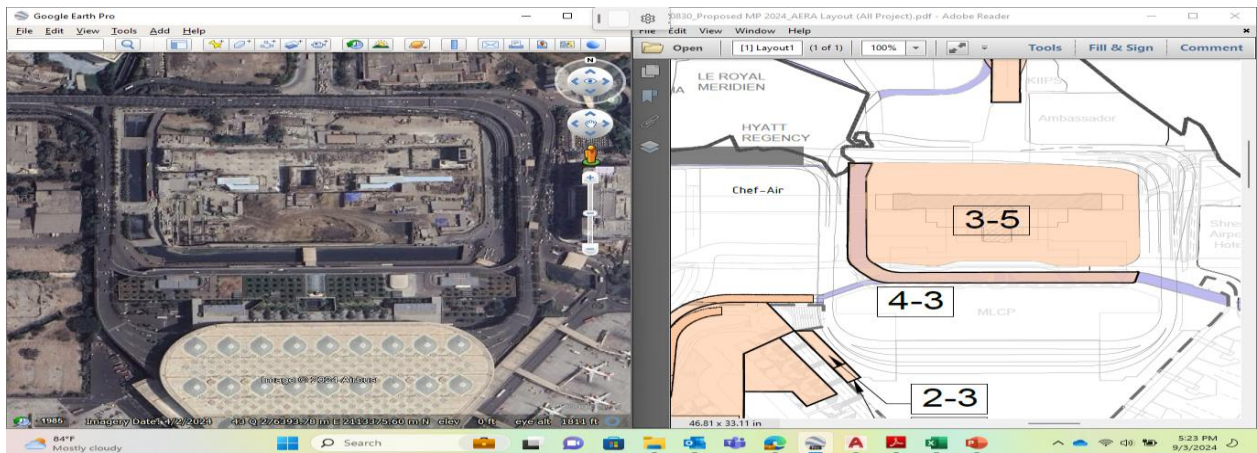
6.3.148 Accordingly, the Authority proposes considering Rs 130.01 Crores as cost of construction of kerbside roads for T1 as against Rs 130.28 Crores proposed by MIAL.

C2 - At-Grade Road development over existing nallah in front of T2 MLCP (Rs. 81.80 Crores)

MIAL's submission

6.3.149 MIAL has proposed the construction of an at-grade road over the existing nallah in front of Terminal 2, covering an approximate area of 12,818 sqm. The purpose of this project is to accommodate the increased vehicular traffic volume at T2 and streamline traffic circulation in the forecourt area. The new road will reduce congestion and improve traffic flow, enhancing the overall efficiency of vehicular movement in front of the terminal. The project is currently in the concept stage, with construction expected to commence in October 2025 and completion projected by March 2027.

Figure 33 – Proposed location of at-grade road development over existing nallah in front of T2 MLCP (labeled 4-3)



Authority's examination regarding at-grade road development over existing nallah in front of T2 MLCP

6.3.150 The Authority reviewed MIAL's submission and noted the potential benefits of constructing the proposed at-grade road over the existing nallah to streamline traffic in front of T2. However, based on an analysis of the current traffic flow, there does not appear to be significant congestion in this area at present. The Authority, therefore, directs MIAL to carefully consider the timing and necessity of this project at the time of execution.

6.3.151 The Authority notes that approval from MMRDA requires intense study on the flow of water in the Nallah River. Further, extensive coordination with State Government / MMRDA is necessary to ensure smooth

traffic management during construction of this bridge over the Nallah River. As such, any delays in obtaining this approval could impact on the project's schedule and overall viability.

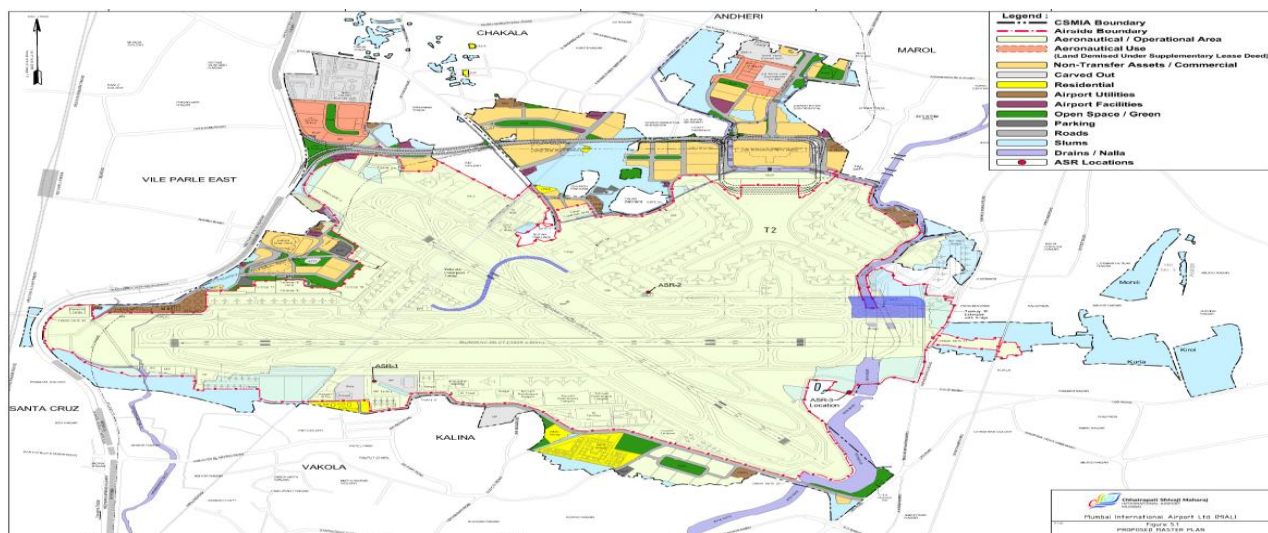
6.3.152 The Authority is also of the view that the portion of this road will also cater to the planned T2 forecourt, which is a non-aeronautical asset. Accordingly, only 50% of the project cost is proposed to be considered as aeronautical infrastructure, on an actual incurrence basis subject to evaluation of efficiency and reasonableness. The project should be subject to further review and analysis based on evolving traffic conditions.

C3-1 - External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees (Rs. 49.00 Crores)

MIAL's submission

6.3.153 MIAL has proposed the External Landscape and Horticulture project as part of the master plan to comply with environmental sustainability guidelines. The project involves the development of an irrigation system, planting new trees, transplantation of existing trees, and the removal of decayed plants and trees across the airport premises. This development is intended to enhance the aesthetic appeal of the airport and support environmental sustainability initiatives.

Figure 34 –Proposal for external landscape and horticulture with irrigation system including new trees, transplantation of trees and removal of trees



Authority's examination regarding external landscape & horticulture with irrigation system including new trees, transplantation of trees and removal of trees

6.3.154 The Authority has reviewed this project and fully supports environmental sustainability initiatives. However, upon reviewing the existing landscape around the airport, especially near the Chhatrapati Shivaji Maharaj Statue in front of T2 and within the T2 premises, the Authority observes that the existing landscape is in a good condition, and only replacements of decayed plants and shrubs may be required, which can be claimed as operating expenditure as and when incurred.

6.3.155 Additionally, the Authority considers that landscape planning for the T1 area should be taken up as part of the T1's reconstruction itself. The balance landscaping area proposed of approximately 40 acres appears excessive. Moreover, the hardscape costs proposed by MIAL includes the cost for granite, vitrified

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

flooring, and paver blocks aggregating to Rs. 37.70 Crores, which has not been fully justified, and the cost-benefit analysis has not been sufficiently provided by MIAL.

6.3.156 Given the large scale of this project and the lack of clear necessity for certain elements, the Authority proposes to disallow the hardscape cost due to the absence of detailed area justification, and recommends considering only Rs. 6 Crores for tree plantation and related landscape improvements as given in the table below:

Table 179: Cost proposed by the Authority for External Landscape & Horticulture with irrigation system including new trees, transplantation of trees and removal of trees

(Rs. In Crores)

Particulars	Ref	Base Cost as per		Variance	Remarks
		MIAL	Authority		
Landscape and horticulture with irrigation system	A	46.37	9.09	37.28	Cost of hardscaping not considered due to lack of sufficient justification.
New trees	B	0.75	0.75	-	Estimate considered reasonable, subject to rationalization.
Transplantation of trees	C	1.34	1.34	-	
Remove trees	D	0.55	0.55	-	
Total	E = SUM(A:D)	49.00	11.72	37.28	
Proposed Amount			6.00		

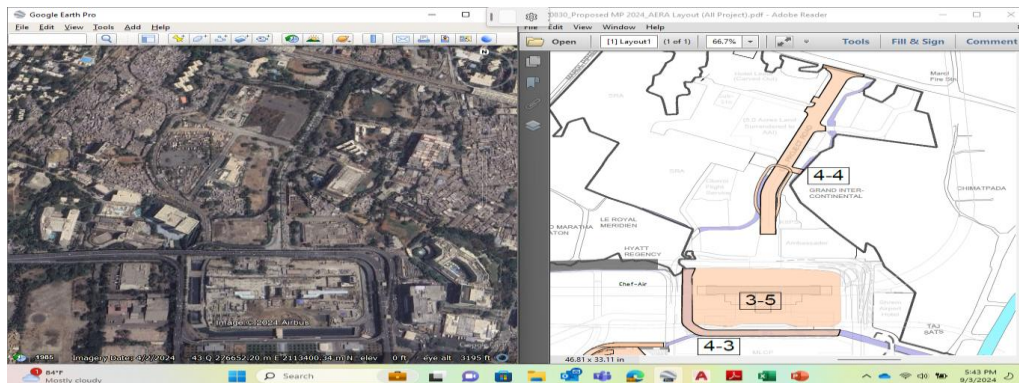
Accordingly, the Authority proposes a cost of Rs 6.00 Crores, based on the prevailing market rates, towards this project.

C3-2 - At-Grade Road widening for International Airport Road (Rs. 19.13 Crores)

MIAL’s submission

6.3.157 MIAL has proposed the At-Grade Road Widening project for the International Airport Road to support improved traffic management and facilitate better passenger flow. The project is also intended to enhance connectivity between the upcoming Metro Line 3 and Metro Line 7 stations and Terminal 2 at Sahar. The widening of the road will ease vehicular movement and reduce congestion in the area, ensuring smoother access for passengers traveling to and from T2.

Figure 35 –Location of at-grade International Airport Road (labeled 4-4)



6.3.158 MIAL has estimated the cost for the project at Rs. 19.13 Crores in its MYTP submission. As part of subsequent submissions, MIAL provided a cost breakup of Rs 21.26 Crores, which included demolition costs for approximately 15,037 sqm of the existing road at a cost of Rs. 6.6 Crores, demolition of 1,400

sqm of existing compound wall at a cost Rs. 1.2 Crores and construction of new road with compound wall, street lights, drains and temporary barricading, signages, etc at a cost of Rs 13.46 Crores.

Authority’s examination regarding at-grade road widening for International Airport Road

6.3.159 The Authority has reviewed the project and notes the following observations on cost:

- (i) Upon reviewing the project’s specifics, the Authority has determined that the demolition of 15,037 sqm of existing road included in MIAL's cost estimate may not be required. Since the objective of the project is only to widen the existing road, the demolition costs appear excessive and unnecessary for the scope of this project. Accordingly, the Authority proposes not to consider demolition cost of Rs. 6.6 Crores proposed by MIAL.
- (ii) MIAL has included a 10% mark-up on costs for working in operational areas. The Authority is of the view that the provision made by MIAL is high and therefore proposes to revise the extra cost over approved rates for working in operational area to 5% as detailed in para 6.3.10(i).
- (iii) The Authority also proposes not to include the cost diversion of existing utilities & infrastructure as it may not be required for widening the road.

Table 180: Cost proposed by the Authority for At-Grade Road widening for International Airport Road

(Rs. In Crores)

Particulars	Ref	Amount submitted by MIAL as cost estimate	Amount proposed by the Authority	Variance	Remarks
Demolition Works	A	7.81	1.15	6.66	Revision of costs for working in operational areas from 10% to 5%. Demolition of roads not considered necessary.
New Main T1 & T2 Access Road Carriageway (Flexible Pavement)	B	8.67	8.67	-	Estimate found to be reasonable by the independent consultant
New Structure - Compound Wall and Street Lights	C	1.98	1.98	-	Estimate found to be reasonable by the independent consultant
New Road Drain	D	2.17	2.17	-	Estimate found to be reasonable by the independent consultant
Construction of temporary roads for diversion of traffic,	E	0.64	-	0.64	Not considered necessary.

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

Particulars	Ref	Amount submitted by MIAL as cost estimate	Amount proposed by the Authority	Variance	Remarks
temporary barricading, Signages, Diversion of Existing utilities etc					
Total	F = SUM(A:E)	21.26	13.96	7.30	

6.3.160 The Authority, through its Independent Consultant / Aviation Expert has checked the BOQ and found that the estimate considered is as per CPWD DSR / MoRTH rates, considering it to be reasonable.

6.3.161 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Kerbside improvement works is given in the table below:

Table 181: Cost proposed by the Authority for Kerbside Improvement Works:

(Rs. In Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	27.80	27.80	-	Considered reasonable based on CPWD DSR and MoRTH rates
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	102.48	102.21	0.27	Working restraints considered at 5% instead of 10%
C2	At-Grade Road development over existing nallah in front of T2 MLCP	81.80	-	81.80	To be considered on an incurrence basis, subject to due approvals.
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	49.00	6.00	43.00	Estimate cost of hard scaping like Granite, Vitrified tile flooring and paver block etc., not considered. Only 50% of soft scaping proposed in this control period.
C3-2	At-Grade Road widening for International Airport Road	19.13	13.96	5.16	Estimate cost of dismantling of pavements and diversion of utilities not considered.
Total		280.20	149.98	130.23	

D - External Connectivity Improvement Works (Rs 58.87 Crores)

6.3.162 MIAL has proposed the following External Connectivity Improvement Works in the Fourth Control Period:

Table 182: Cost proposed by MIAL for External Connectivity Improvement Works

(Rs. In Crores)

S. No	Project	Cost Proposed by MIAL
D-1	Construction of Overpass including roadway ramps	17.39
D-2	Construction of Underpass below WEH at T2 elevated road	41.48
Total		58.87

D-1 Construction of Overpass including roadway ramps and D-2 Construction of Underpass below WEH at T2 elevated road (Rs. 58.87 Crores)

MIAL's submission

6.3.163 MIAL has proposed two projects under the External Connectivity Improvement Works to enhance traffic flow between T1 and T2 at CSMIA. The distance between T1 and T2 is approximately 5 kilometers, and due to heavy vehicular congestion on the Western Express Highway (WEH) and other adjoining roads, the travel time between the terminals can take up to 30-45 minutes. To address this issue and reduce travel time, MIAL has proposed two projects:

- (i) Construction of an Overpass (VOP) at a cost of Rs. 17.39 Crores - To reduce travel time between T1 and T2 by means of allowing quick access to the North-bound flyover located near T1 on Western Express Highway. This flyover has direct access to the already existing T2 elevated road entry underpass. All three signalized junctions on the existing route can be bypassed with reduced travel distance. Implementation of the VOP is possible with limited traffic management measures during construction on the Western Express Highway.
- (ii) Construction of an Underpass (VUP) at a cost of Rs. 41.48 Crores – A 2 lane underpass is proposed at T2 elevated road on the Western Express Highway. This will facilitate North-bound movement of T2 exit traffic. For traffic movement between T2 and T1, the stretch between T2 elevated road and Nehru Road on the Western Express Highway becomes congested currently mainly due to ongoing flyover construction at T1 and North-bound traffic from T2 coming up to Nehru Road for U turn movement. Grade separation at T1 along with this underpass will help relieve traffic congestion on the Western Express Highway and provide faster connection from T2 to T1. The proposed underpass has been designed in such a manner that it will meet the existing underpass at its highest point with limited length of ramps. Further, existing landscaping will not be hampered.

Figure 36: Proposed Overpass (labeled 5-1)

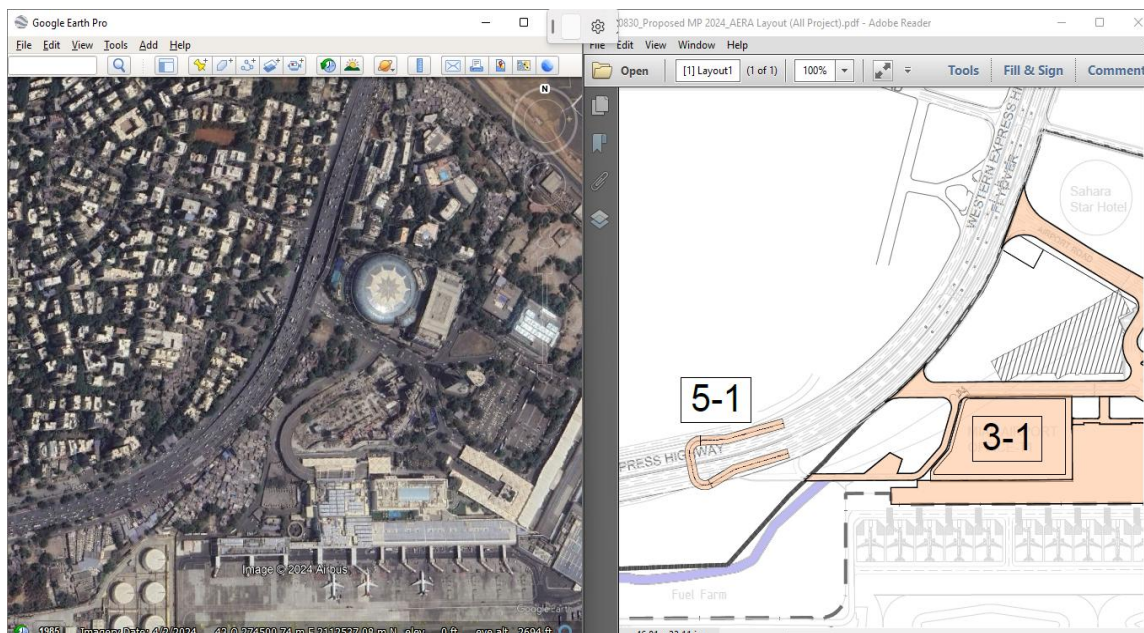


Figure 37: Proposed Underpass (labeled 5-2)

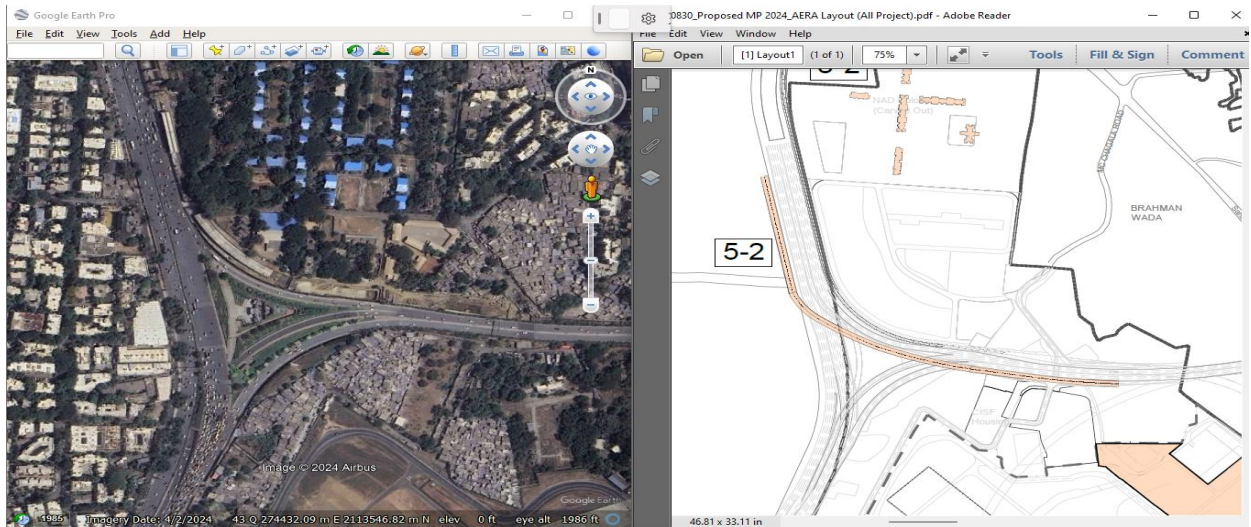


Figure 38: Another view of proposed overpass and underpass

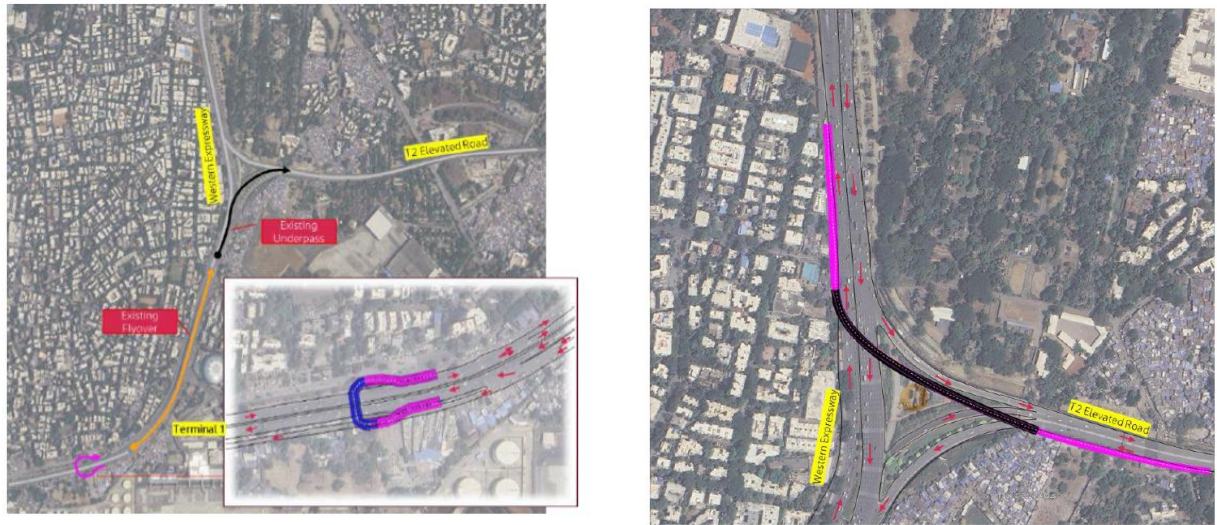


Figure: Proposed Vehicular Overpass on Western Express Highway

Figure: Proposed Vehicular Underpass on Western Express Highway at T2 Elevated Road

6.3.164 MIAL has based its cost estimates on CPWD DSR and MoRTH rates, using tentative drawings for determining the quantities. The construction of these projects is planned to begin in April 2026 for the Overpass and October 2025 for the Underpass, with both projects expected to be completed by March 2028.

Authority’s examination regarding construction of overpass including roadway ramps and construction of underpass below WEH at T2 elevated road

6.3.165 The Authority notes the necessity of improving connectivity between T1 and T2 to reduce travel time and alleviate the traffic burden on the Western Express Highway. These improvements will enhance operational efficiency and passenger convenience, particularly given the high volume of passenger transfers between the terminals.

6.3.166 The Authority, however, notes that MMRDA approval is required for the execution of these projects. Further, since these are proposed in public roads / expressway, extensive coordination with State Government / MMRDA is necessary to ensure smooth traffic management during construction. As such, any delays in obtaining this approval could impact on the project's schedule and overall viability.

6.3.167 Hence, the Authority proposes to consider these projects on an incurrence basis, subject to evaluation of efficiency and reasonableness.

6.3.168 Based on the above discussions, the cost estimate proposed to be considered by the Authority for External Connectivity Improvements is given in the table below:

Table 183: Cost proposed by the Authority for External Connectivity Improvements

(Rs. in Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
D-1	Construction of Overpass including roadway ramps	17.39	-	17.39	Will be considered on an actual incurrence basis, subject to due approvals
D-2	Construction of Underpass below WEH at T2 elevated road	41.48	-	41.48	
Total		58.87		58.87	

E. Ancillary Building Development Works (Rs. 2,152.06 Crores)

6.3.169 MIAL has proposed the following Ancillary Building Development Works in the Fourth Control Period to meet the evolving demands at CSMIA. These projects are proposed to strengthen the backend infrastructure that supports the airport's functions, ensuring that essential staff and critical operations have adequate and modern facilities to meet the growing demands.

Table 184: Cost proposed by MIAL for Ancillary Building Development Works

(Rs. in Crores)

S. No	Project	Cost proposed by MIAL
E-1	Construction of Airport Management Corporate Office Building	1,229.36
E-2	Construction of NAD Colony	282.65
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00
E-4-1	Sewage Treatment Plant for new Terminal T2	12.00
E-4-2	Hazardous Waste Storage	1.13
E-4-3	Distribution network for Utilities	3.28
E-5	Development of T2 forecourt (Metro Station)	124.80
E-6	Crew Terminal	98.70
E-7	Relocation of ATC Technical block	184.14
Total		2,152.06

E1 - Construction of Airport Management Corporate Office Building (Rs. 1,229.36 Crores)

MIAL's submission

6.3.170 MIAL has submitted that currently, most of its staff are scattered across various small office spaces, including Terminal T1-B, Terminal T2, and the Apron Control Building. However, the T1-B office, which houses a significant portion of MIAL's employees, is scheduled for demolition in 2025 as explained in the section on project "B1 New Construction of Terminal T1" under Passenger Terminal & Associated works. MIAL proposes consolidating its employees into one centralized Corporate Office to streamline airport

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

operations and improve staff efficiency. The office building is also planned to address the growing operational and administrative needs of the airport and of MIAL.

6.3.171 The building is proposed to be designed as a G+6 structure with a total area of 1,20,203 sqm, consisting of 70,073 sqm of office space and 50,130 sqm of basement area reserved for parking and utilities. The office will accommodate apart from 1,500 employees of MIAL, Customs, AAI, airlines, CISF, and other airport-related entities, with an average of 15-20 sqm allocated per staff member.

6.3.172 In addition to on-payroll employees, MIAL anticipates the need for off-payroll staff, consultants, subject matter experts, and third-party contractors who will work closely with MIAL in critical areas such as Detailed Design, Project Management, Master Planning, Slum Rehabilitation, and Terminal Operations. These off-payroll staff will require working space within the new office. Once these works are concluded in 5-7 years, MIAL estimates off-payroll staff will be replaced by additional MIAL staff since passenger capacity at CSMIA is expected to increase from 55 MPPA to 65 MPPA. MIAL has proposed this building with the intent of housing 1,500 employees over the present 1,200 employees.

6.3.173 MIAL has provided a detailed space breakdown for the building, which will feature modern amenities such as auditoriums, an Airside Operations Simulator Room, and dedicated workstations for different teams. The breakdown includes 43,660 sqm of office area, divided into workstations, meeting rooms, conference rooms, training rooms, and storage areas as detailed below:

Figure 39: Details of Airport Management Corporate Office Building as submitted by MIAL

Office Space Allocation of MIAL Corporate Office											
Sr. No.	Floor	Office Area	Toilet Area	Parking	Staircase & Lift core area	Services Area	Corridor Area	Kitchen & BOH Area	Terrace	Staff Amenities	Total Area (sq.m.)
1	Ground Floor Plan	4254	270		657	490	1403	1707		1023	9803
2	1st Floor Plan	5044	320		657	352	796	0		1180	8348
3	2nd Floor Plan	6873	436		657	352	739	0	190	1180	10426
4	3rd Floor Plan	6873	436		657	352	739	0		1180	10236
5	4th Floor Plan	6873	436		657	352	739	0		1180	10236
6	5th Floor Plan	6873	436		657	352	917	0		1180	10414
7	6th Floor Plan	6873	436		657	352	917	0	190	1180	10604
	Total	43660	2772		4597	2601	6248	1707	380	8102	70067
9	Basement 1			15102	1205	403					16710
10	Basement 2			15102	1205	403					16710
11	Basement 3			15102	1205	403					16710
	Total			45306	3616	1208					50130

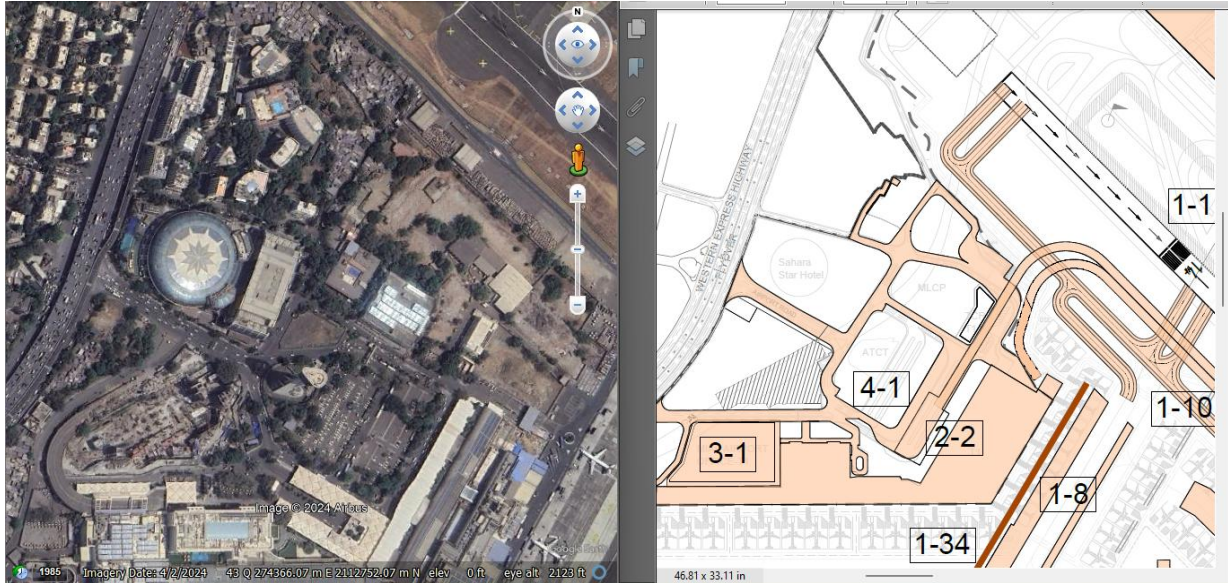
The building is planned to be G+6 level with 3 basement parking. As can be seen in above table, 70,000 sq.m. area is reserved for Office area along with various associated utilities like washrooms, staircase, corridors, kitchen and staff amenities etc.

Further break up of 43660 sq.m. of Office area is as below:

Breakup of Office Area	
Workstation	21830
Meeting Room	6549
Conference Room	2183
Cabin	4366
Storage	4366
Training Room	2183
Breakout Space	1746
Reception	437
Total	43660

6.3.174 MIAL also stated that, currently, employees are using MLCP for parking vehicles as there is no dedicated parking space for employees. Hence, it is proposed to construct the basements for staff parking. Basements will also be used for providing utility services like Electrical substation, AC unit etc., required for the building.

Figure 40: Planned location of Airport Management Corporate Office building (labeled 3-1)



Authority’s examination regarding construction of Airport Management Corporate Office Building

6.3.175 The Authority notes the need for MIAL to consolidate its operations in a centralized Corporate Office, particularly in light of the upcoming demolition of the T1-B building (where the staff are currently seated). The Authority has reviewed MIAL’s space allocation and staff growth projections. The Authority notes that the proposed allocation per staff appears excessive. MIAL was asked to submit the current area being used as office space. MIAL has submitted as follows

“Current area used for office space in T1 building is. 10,000 Sq.m. approx of which 7,000 Sq.m. area is being used by MIAL employees and balance by CISF. It is to be noted that MIAL employees also sit at other airport locations like Terminal 2, Apron control building, fire station, which will be another 5000 sqm. ”

6.3.176 After reviewing MIAL's submission on current office space usage, and considering the operational requirements of the airport, the Authority deems it sufficient to consider 25,370 sqm (approximately) of office space. i.e., G+2 floors and terrace. This takes into account that not all employees require dedicated office space, as many staff are stationed at the terminal building or at the airside, and some work on a shift basis. This proposed space allocation is expected to accommodate MIAL staff, along with other critical operations. Any future vertical expansion requirements may be considered in future based on demonstrated operational needs.

6.3.177 The Authority notes that MIAL has indicated, due to the absence of dedicated parking facilities, employees currently park vehicles in the MLCP. Additionally, the basement is expected to house critical utility services such as the electrical substation and AC units. In view of this, the Authority proposes to consider

the entire basement area of 50,130 sqm for staff parking and utilities. This structured approach provides ample space for current needs while allowing for future expansion of office area.

Table 185: Area proposed by the Authority for Airport Management Corporate Office Building

Particulars	Proposed by MIAL (area in sqm)	Proposed by Authority (area in sqm)	Reasons for Variance
Basement 3	17,593	17,593	Only G+2 floors of office space considered based on estimated requirement for office space, along with entire basement.
Basement 2	17,360	17,360	
Basement 1	15,177	15,177	
Total basement area (A)	50,130	50,130	
Ground Floor	8,600	8,600	
1st Floor	7,758	7,758	
2nd Floor	8,290	8,290	
3rd Floor	8,882	-	
4th Floor	8,612	-	
5th Floor	9,075	-	
6th Floor	8,793	-	
7th Floor	9,342	-	
Terrace	720	720	
Total office area (B)	70,006	25,370	
Total built up area (C = A + B)	1,20,203	75,500	

6.3.178 MIAL's cost estimate for the building is based on PAR rates and market rates, calculated at Rs. 99,600 per sqm for 1,20,203 sqm, amounting to Rs 1,197.22 Crores, along with site circulation of Rs. 9.27 Crores, cost for construction of temporary roads, temporary barricading, signages, etc of Rs. 12.06 Crores along with Rs. 10.81 Crores for demolition of existing structures. The Authority has reviewed the project cost submitted by MIAL, which is based on PAR and market rates, and notes the following observations:

- (i) In this estimate, MIAL has included superior interior finishes / façade items at a cost of Rs. 43,000/sqm amounting to Rs. 341.33 Crores. After reviewing the costs, the Authority adjusted the estimate for superior interior finishes / façade items to Rs. 20,000/sqm based on prevailing market rates.
- (ii) MIAL has included a 10% mark-up on costs for working in airside areas amounting to Rs. 107.63 Crores. The Authority is of the view that the office building is proposed to be outside of the operational area except for a small corridor which is likely to be connected to the reconstructed Terminal 1. Accordingly, the Authority proposes not to consider any cost for working restraints in airside area.
- (iii) MIAL has proposed 1% of the overall cost of project for temporary road for diversion of traffic and others which appears to be on higher side. The Authority proposes to instead include a lumpsum amount as detailed in para 6.3.10(ii) on BOQ items.
- (iv) MIAL has included the demolition cost of existing structures as an enabling cost. The authority proposes not to consider this cost in the cost estimate as detailed in para 6.3.10(iv) on the BOQ items.

6.3.179 Based on the above discussions, the cost proposed by the Authority is as given in the table below:

Table 186: Cost proposed by the Authority for Construction of Airport Management Corporate Office Building

Description of Item	Ref	Proposed by MIAL			Proposed by Authority			Remarks
		Rate	Qty in Sqm	Amt in Crs	Rate	Qty in Sqm	Amt in Crs	
Demolition Works	A	4,500	24,017	10.81	-	-	-	Demolition cost is not considered necessary.
New Construction-Structure								
Corporate Office Building	B	99,600	1,20,203	1,197.22	60,600	75,500	457.52	Reduced cost of superior finishes from 43,000 to 20,000 per sqm and 10% working restraints. Area considered as per Table 185.
Site Circulation	C	4,600	20,160	9.27	4,300	20,160	8.67	Rationalized cost of drain
Construction of temporary roads for diversion of traffic, temporary barricading, Signages, Diversion of Existing utilities etc	D	1.00%		12.06	-	-	2.00	Lumpsum amount considered
TOTAL	E = SUM(A:D)			1,229.36			468.19	

6.3.180 The Authority, through its Independent Consultant / Aviation Expert, has checked the BOQ and found that the estimate considered is as per CPWD DSR, PAR and market rates, considering it to be appropriate and reasonable.

E2 Construction of NAD Colony (Rs. 282.65 Crores)

MIAL's submission

6.3.181 MIAL submits the redevelopment plan for NAD Colony as a carry-forward project from the Third Control Period. Initially approved by the Authority at Rs. 107 Crores in the First Control Period, the project cost was revised and enhanced to Rs. 208 Crores on an incurrence basis during the Third Control Period. However, this could not be executed in the Third Control Period due to delays caused by government permissions and COVID-19.

6.3.182 The current proposal includes the construction of 488 units in seven buildings over a total area of 44,243 sqm. The land of approximately 25 acres obtained through compact redevelopment of NAD Colony is proposed to be used for various aeronautical uses and support functions / infrastructure / utilities.

6.3.183 MIAL has submitted that core aeronautical functions such as the Airport Maintenance Compound, P&T Sorting Office, Aviation Training Centre, and parking are planned in this area. MIAL also notes that 1 acre of land has been provided to MMRDA for the construction of Metro Line-7.

Authority's examination regarding construction of NAD Colony

6.3.184 The Authority has reviewed various submissions made by MIAL and the Supplementary Lease Deed was executed between AAI and MIAL on 15th May 2009. As per Clause C of this deed, the lease is taken pursuant to clause Section 2.6.3 of the OMDA which states:

"...With respect to land underlying the Carved Out Assets, the Parties further agree that if, at any time during the Term, the JVC requires the said land for providing any Aeronautical Services or developing and/or constructing any Aeronautical Assets, the Parties shall come together to negotiate in good faith the terms and conditions on which the AAI shall lease to the JVC, and the JVC shall take on lease from the AAI, the said land..."

6.3.185 The Authority further referred to the submission in the Master Plan and notes the below as per Clause 4.7.2:

"...Part area of NAD Colony – 1,01,175.00 Sqm / 25 Acre - This land area is proposed to be used for aeronautical uses like Airport Maintenance Compound, P & T Sorting Office, Aviation Training Centre with Guest facilities, Simulator, Fire Station, IT & Telecom, Inter Terminal transit facility, Parking and other aeronautical uses along with required roads, drainage, and open space, etc. It may be noted that approx. close to an acre of land area has been provided as right of way to MMRDA for construction of Metro Line-7 by AAI from demised premises of MIAL. This has reduced demised premises to MIAL..."

6.3.186 The Authority has also reviewed the planned use of space out of which activities are being relocated to the densified NAD Colony. MIAL submitted that the facilities which will be shifted include Airport Maintenance Compound (currently situated at Airside and needs to be relocated to free up the space at already constrained airside), P&T Sorting Office (located on landside of T1 and relocation is required to improve the accessibility of passengers to T1). The Aviation Training Centre with Guest facilities, Simulator, Fire Station, IT & Telecom, and Inter Terminal transit facility are new facilities.

6.3.187 The Authority takes notes of MIAL's submission that NAD Colony is designated entirely for aeronautical use, and this has been confirmed by the Master Plan and MIAL has indicated that the land will be utilized for aeronautical functions, in compliance with the Supplementary Lease Deed and AAI mandate.

6.3.188 MIAL has submitted that the work is being carried out in a phased manner and has awarded the contract for 4 out of 7 buildings. The Authority notes that this award is a part of EPC contract which has various other works. The NAD colony is awarded at a cost of approximately Rs. 74,879 per sqm. After reviewing the approved drawings, verifying the awarded contract, and considering the additional works involved (like lift, firefighting, fire alarm works etc.), the Authority considers the cost estimates to be reasonable.

6.3.189 Accordingly, the Authority proposes to consider Rs 282.65 Crores as the cost of construction of NAD Colony.

E-3-1 Cost of 3 levels of basements for 2 metro stations and E-3-2 Additional Cost of T-1 Metro Station payable to MMRC (Rs. 216 Crores)

MIAL's submission

6.3.190 MIAL has submitted that the following 3 Stations are proposed at CSMIA as a part of the Mumbai Metro Line 3:

- (i) T1 Terminal Forecourt Station.
- (ii) T2 Terminal Forecourt Station.
- (iii) Sahar Road Station (considered non-aeronautical)

6.3.191 MIAL submits that as per the Memorandum of Understanding signed between Mumbai Metro Rail Corporation (MMRC) and MIAL dated 16-Sep-2015 and as amended on 31-Aug-2017, MIAL is required to bear the costs with respect to development of these metro stations. This cost has already been appropriately considered for the purposes of tariff determination in the previous control periods.

6.3.192 In the Fourth Control Period, MIAL submits that the cost to be paid to MMRC for change in design of T1 station as per BCAS directions is Rs. 75.00 Crores. MIAL also submits that it is required to construct underground basements for two stations for structural stability purposes, since the basements will act as dead load to ensure stability to the metro stations. The cost of constructing these basements is estimated to be Rs. 141.00 Crores. MIAL has also submitted as follows:

"...Refer communication from MMRC ... which states that construction of three basement floors is required to form a full covered box for smooth functioning of metro operations, and to provide protection against storm water ponding, flotation of the station box, health and safety, smooth access to the station, firefighting, etc...."

Authority's examination regarding cost of 3 levels of basements for 2 metro stations and additional cost of T-1 metro station payable to MMRC

6.3.193 The Authority has examined the correspondence with MMRC, and the cost estimate submitted by MIAL for the construction of basements. The Authority notes that this is necessary for the smooth operations of the metro stations. Accordingly, the Authority proposes to consider the cost of Rs 216.00 Crores towards the construction of Metro Stations and basements at CSMIA.

6.3.194 Though the Authority notes that the basement work is required for ensuring the structural stability, it is observed that the planned usage of these basements has not been provided by MIAL. In the Authority's view, it is likely that this basement space will be used for non-aeronautical activities in the future. Accordingly, the Authority proposes to consider 50% of the basement cost as a non-aeronautical asset (refer Table 207 under the Section on Asset Allocation).

E-4 Sewage Treatment Plant and associated works ("STP") (Rs 16.41 Crores)

6.3.195 MIAL has proposed a Sewage Treatment Plant for T2 of 2MLD capacity along with Hazardous Waste Storage and Distribution network for utilities. This is a part of the masterplan and also to ensure environmental sustainability guidelines. The new STP will also cater to aircraft waste at airside.

6.3.196 The Authority, through its Independent Consultant, notes that this is necessary for the smooth operations at T2 and has also reviewed the cost considering the cost for civil infrastructure and associated equipment. Based on the estimates submitted by MIAL, the project cost appears to be reasonable and comparable with

CPWD & Market rates for similar works. Accordingly, the Authority proposes to consider the entire cost Rs 16.41 Crores proposed by MIAL.

E5 Development of T2 Forecourt (Rs. 124.80 Crores)

MIAL's submission

6.3.197 MIAL has proposed the development of the T2 forecourt area as part of the Fourth Control Period, with an objective to cater to passengers alighting from Metro Station Lines 3 and 7A. The proposed facility will include check-in and baggage drop facilities located at the Basement 1 level, streamlining passenger movement and reducing congestion within the terminal. MIAL has identified this project as critical for passenger convenience, particularly after the completion of the metro station, which is expected to increase footfall at T2.

6.3.198 The total project cost is estimated at Rs 124.80 Crores, based on detailed cost breakdowns provided by MIAL. The cost includes both baggage-related work and civil works. The baggage-related component is estimated at Rs. 85.00 Crores, which covers the cost for the tunnel, conveyors, hybrid self-bag drops, and screening machines. The civil works component, estimated at Rs. 39.80 Crores, includes design development, statutory building approvals, and construction costs and GST. Overall, the total area proposed for this project is 4,413 sq mts out of larger area of around 37,000 sq mts proposed for T2 forecourt.

Authority's examination regarding development of T2 forecourt

6.3.199 The Authority notes the need for the development of this facility at the metro stations once the route becomes operational. The inclusion of check-in and baggage drop facilities in the basement will ease the flow of passengers within the terminal and enhance the overall passenger experience.

6.3.200 The Authority notes that while the cost summary is provided, a detailed cost breakdown has not been provided by MIAL since the project is at the concept stage. Given the present stage project, the Authority recommends this project on an incurrence basis, subject to evaluation of efficiency and reasonableness.

E6 Crew Terminal (Rs. 98.70 Crores)

6.3.201 As detailed in Table 176 in the section on Passenger Terminal Building and associated works, the Authority proposes to consider the cost of Crew Terminal at Rs 42.71 Crores based on the normative cost of passenger terminal building, as the Crew Terminal is a part of the Terminal 2.

E7 Relocation of ATC Technical Block (Rs. 184.14 Crores)

MIAL's submission

6.3.202 MIAL has proposed the relocation of the existing ATC Technical block, currently situated north of Runway 14-32, as it will penetrate the obstacle limitation surface of the proposed taxiway E5-E7. The current location of the ATC Technical block would violate DGCA and ICAO clearance standards once project "A2-1 Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32" becomes operational. MIAL has proposed a new building with an area of approximately 15,900 sqm to be constructed on an alternative site. The total estimated project cost for this includes enabling and construction cost. MIAL submits that this project is necessary for the safe and compliant operation of the airport and awaits final approval from the AAI for execution.

Authority's examination regarding relocation of ATC Technical Block

6.3.203 The Authority notes the need for the relocation of the ATC Technical block to comply with the DGCA/ICAO clearance standards. It observes that the relocation is mandatory for the approval of the E5-E7 taxiway expansion. However, this project has been under discussion with AAI for many years, and a final decision on the location for the new technical block is still awaited. Therefore, the Authority recommends approving the project on an incurrence basis, subject to evaluation of efficiency and reasonableness and subject to final approval from AAI.

6.3.204 Based on the above discussions, the cost estimate proposed to be considered by the Authority for Ancillary Building Development Works is given in the table below:

Table 187: Cost proposed by the Authority for Ancillary Building Development Works

(Rs. in Crores)

S. No	Project	Base Cost as per		Variance	Remarks
		MIAL	Authority		
E-1	Construction of Airport Management Corporate Office Building	1,229.36	468.19	761.18	Estimate of extra cost over approved rates for working in operational area rationalized to 5%, cost of diversion of utilities rationalized, cost of superior finishes rationalized to reflect market rates and demolition of building not considered. Area considered only for G+2 floors with basement.
E-2	Construction of NAD Colony	282.65	282.65	-	Checked with awarded cost of building and CPWD PAR rates and found the estimate to be reasonable.
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00	141.00	-	Estimate found reasonable as per CPWD PAR and DSR rates
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00	75.00	-	Estimate found reasonable as per the estimate provided.
E-4-1	Sewage Treatment Plant for new Terminal T2	12.00	12.00	-	Estimate found reasonable as per market quotation/rates.
E-4-2	Hazardous Waste Storage	1.13	1.13	-	Estimate found reasonable as per market quotation/rates.
E-4-3	Distribution network for Utilities	3.28	3.28	-	Estimate found reasonable as per market quotation/rates.
E-5	Development of T2 forecourt (Metro Station)	124.80	-	124.80	To be considered on an incurrence basis.
E-6	Crew Terminal	98.70	42.71	55.99	Cost considered based on inflation adjusted normative cost of Passenger Terminal Building.
E-7	Relocation of ATC Technical block	184.14	-	184.14	To be considered on an actual incurrence basis, subject to due approvals.
Total		2,152.06	1025.97	1,126.10	

2 - Operational Capex Proposals (Rs 3,109.48 Crores)

6.3.205 MIAL has submitted a cost of Rs. 3,109.48 Crores for enhancing operational efficiency, and at the same time, ensuring safety of passengers and providing convenient and hygienic facilities. Several Operational Capex projects / works are proposed in the Fourth Control Period, with the overall aim of the following:

- (i) To comply with the directions / circulars of regulatory agencies such as BCAS for improving security of passengers and/or improving the overall security clearance process such as introducing CT Handbag X-Ray Machines, Full Body Scanners, etc.
- (ii) To ensure operational readiness, such as equipping the airport with suitable Aircraft Rescue and Response operations by replacing old end-of-life Crash Fire Tenders
- (iii) To ensure passenger hygiene by upgrading washrooms
- (iv) To enhance airside safety and improve operational efficiency through innovative technology solutions such as “Follow the Greens”
- (v) To improve existing passenger processing with smart solutions such as Self Bag Drops
- (vi) To overall upgrade and enhance the airport facilities

6.3.206 The Authority has reviewed the necessity of these projects, the proposed quantities, and has reviewed the associated costs based on quotations / purchase orders / budgetary offers / contracts / cost estimates as submitted by MIAL, and as per competitive market rates, comparative rates in other Airports and past procurements.

6.3.207 The Authority has also reviewed the tentative project completion timelines and independently assessed the current stage of each project to determine whether the timelines are achievable. For certain projects, the Authority has recommended a phased implementation approach. In the case of certain discretionary expenditures, the Authority has deferred a part of the projects, while for projects of non-aeronautical nature, the Authority has excluded them from the Regulatory Asset Base.

6.3.208 For proposals above Rs. 50 Crores, the Authority has conducted a project wise analysis which is given below.

6.3.209 Projects below Rs. 50 Crores have been further categorized based on their nature - such as security, safety, environment, electrical and mechanical, IT, etc., and the Authority has provided an analysis for each such category.

Operational Capex proposals above Rs 50 Crores

2A - CT Handbag X-ray (Rs. 320.00 Crores):

MIAL's submission

6.3.210 MIAL has submitted a proposal for the procurement and installation of 40 CT Handbag X-ray Machines at various Pre-embarkation Security Checkpoints (PESC) across the airport. The implementation is expected to span from FY 2024-25 to FY 2026-27, with 38 machines proposed to be installed at T2, and 1 machine each at the CISF Training Centre and the General Aviation Terminal.

6.3.211 MIAL has justified the need for these machines, stating that the current dual-view and single-view X-ray Baggage Inspection Systems (XBIS) in operation at the PESC points generate only 2D images, which necessitates the removal of electronic devices, liquids, and gels from passenger hand baggage. This process slows down the screening procedure, increases the number of trays required for security checks, and decreases passenger throughput. MIAL proposes to replace these systems with CT Handbag X-ray Machines, which utilize rotating gantry technology to generate high-quality 3D images, thereby eliminating the need for passengers to remove electronic devices and liquids from their hand baggage, and

help streamline the screening process, enhance security, improve operational efficiency, and provide a better customer experience.

6.3.212 MIAL further submits that the installation of CT machines is mandated by the Bureau of Civil Aviation Security (BCAS) for airports handling more than 5 million passengers per annum.

Authority's examination regarding CT Handbag X-ray

6.3.213 The Authority has reviewed MIAL's submission and notes the necessity of upgrading CT Handbag X-ray Machines to comply with BCAS directives and improve security standards. The Authority notes that this technology will streamline the screening process, enhance operational efficiency, and increase passenger throughput by reducing the time spent at security checkpoints.

6.3.214 However, with regard to the proposed number of machines, the Authority considers MIAL's plan to install 40 machines and notes that a phased implementation would be more appropriate, particularly given the traffic forecasts for the Fourth Control Period. The Authority proposes to consider the installation of 50% of the machines, i.e., 20 machines, for the purpose of tariff determination, with the remaining machines to be considered on an incurrence basis. Additionally, the Authority notes that the machine proposed for the GA Terminal is to be considered non-aeronautical as per OMDA, and the cost of this 1 machine is proposed to be excluded from the RAB.

6.3.215 MIAL has proposed a cost of Rs. 8 crores per machine, including installation and civil works. After examining the quotations provided, the Authority, through its Independent Consultant, finds the cost proposed by MIAL is not fully substantiated. Based on market rates and further analysis, the Authority proposes to consider a cost of Rs. 6 Crores per machine, inclusive of installation costs and inclusive of 10% for enabling works such as cabling and realignment of the Automated Tray Retrieval System.

6.3.216 The Authority, through its independent consultant and based on similar procurement cost at other airports in and around India, proposes to consider a cost of Rs. 6 Crores per machine for 20 machines at Rs.120 Crores. The cost for the balance 19 machines, if put to use in the Fourth Control Period, will be considered based on incurrence at the time of true up, subject to evaluation of efficiency and reasonableness.

2B - Full Body Scanner (Rs. 69 Crores)

MIAL's submission

6.3.217 MIAL has proposed the installation of 23 Full Body Scanners (FBS) across various PESC, with the project expected to be undertaken between FY 2024-25 and FY 2027-28. The is proposed on account of the current challenges in detecting non-metallic weapons and explosives by Walk-Through Metal Detectors (WTMD) and Hand-Held Metal Detectors (HHMD). MIAL submits that when a person carrying metallic objects passes through a WTMD, an audio alarm is triggered, but CISF personnel are unable to ascertain the exact location of the metal, requiring further manual frisking with HHMDs.

6.3.218 MIAL submits that FBS, by contrast, can detect both metallic and non-metallic objects, including weapons, explosives, and other prohibited items concealed under clothing or over the skin, thus significantly reducing frisking time. Further, BCAS has directed hypersensitive airports handling over 10 MPPA to install Full Body Scanners. MIAL proposes replacing all existing WTMDs with 23 FBS, 1 of which is designated for the General Aviation Terminal.

Authority's examination regarding Full Body Scanners

- 6.3.219 The Authority has reviewed MIAL's proposal and notes the need for Full Body Scanners in line with BCAS directives and for operational and security needs.
- 6.3.220 The Authority notes that 1 of the 23 proposed FBS machines is designated for the GA Terminal, which is non-aeronautical as per the provisions of OMDA. Therefore, the cost associated with this 1 machine is proposed to be excluded from RAB.
- 6.3.221 Further, the Authority proposes a phased implementation, with 50% of the Full Body Scanners, i.e., 11 units, to be installed during the Fourth Control Period, allowing for further assessment of operational requirements.
- 6.3.222 On the cost, MIAL has proposed Rs. 3 Crores per FBS unit, including Annual Maintenance Contracts (AMC) and Comprehensive Maintenance Contracts (CMC). After reviewing market rates and supplier quotations, the Authority, through its independent consultant and based on market survey, proposes to consider Rs 1.85 Crores per FBS unit along with 10% for enabling works such as installation and realignment, bringing the cost to Rs 2 Crores per FBS unit.
- 6.3.223 Accordingly, the Authority proposes a revised total cost of Rs. 2 Crores per FBS unit, resulting in a total cost of Rs. 22 Crores for the 11 FBS units to be installed in the Fourth Control Period. The cost for the balance 11 machines, if put to use in the Fourth Control Period, will be considered based on incurrence at the time of true up, subject to evaluation of efficiency and reasonableness. The maintenance cost of Rs. 0.51 crores per unit proposed by MIAL is to be considered as part of operating and maintenance expenditure.

2C - Crash Fire Tender (Rs. 50 Crores)

MIAL's submission

- 6.3.224 MIAL has proposed the procurement of four new Crash Fire Tenders (CFTs) to replace the aging fleet currently in operation. Of the seven CFTs available at the CSMIA, four are due for replacement. MIAL has already placed a purchase order for two conventional CFTs and proposes to procure the remaining two as electric vehicle (EV) models, aligning with its goal of achieving net zero emissions.

Authority's examination regarding Crash Fire Tender

- 6.3.225 The Authority has reviewed MIAL's proposal and notes the importance of replacing aging Crash Fire Tenders for effective Aircraft Rescue and Fire Fighting (ARFF) services and for responding to emergency situations, such as aircraft accidents or fire incidents, and ensuring airport safety.
- 6.3.226 While the Authority concurs with the need to replace the four CFTs, it has reservations regarding MIAL's proposal to procure two of them as EV models. The Authority's analysis indicates that while EV CFTs align with environmental goals, they carry higher initial costs and, given their low frequency of use, offer limited benefits in terms of emission reductions. Further, the technology for EV CFTs is relatively untested for heavy-duty, safety-critical operations like emergency response at airports. Concerns also arise regarding the limited range, charging requirements, and potential performance issues, such as reduced agility and power due to the additional weight of the batteries. In emergency situations, the proven reliability of conventional fuel-based CFTs makes them a safer and more dependable option.
- 6.3.227 The Authority, through its independent consultant and based on the above analysis, proposes the procurement of four conventional CFTs rather than adopting EV models at this stage.

6.3.228 The Authority finds the estimated cost of Rs 8.55 Crores per conventional CFT reasonable, based on the PO already placed for two CFTs. Therefore, the Authority proposes to consider a cost of Rs 34.20 Crores at Rs 8.55 Crores per CFT for four conventional CFTs during the Fourth Control Period.

2D – Refurbishment of Washrooms at Terminal 2 (Rs. 189 Crores):

MIAL’s submission

6.3.229 MIAL has proposed the refurbishment of staff, passenger and public washrooms at T2, citing the need for extensive renovation due to heavy usage and aging of facilities. MIAL highlights that the washrooms have been in use for over a decade, serving approximately 1.5 lakh passengers daily. The refurbishment aims to demolish and redevelop the washrooms with upgraded fittings and fixtures to enhance hygiene, create a touchless experience, and improve resource efficiency in terms of water and power consumption.

Authority’s examination regarding Refurbishment of Washrooms at Terminal 2

6.3.230 The Authority has reviewed MIAL’s proposal and agrees that there is heavy passenger traffic in certain zones of T2 and notes that the proposed refurbishment aligns with the airport’s broader objective of maintaining hygiene and improving resource efficiency.

6.3.231 During site visits conducted by the consultants appointed by the Authority, it was observed that public washrooms, particularly the ones near the forecourt, require full-scale renovation due to broken fixtures and water-seepage issues. While the condition of staff washrooms generally appeared better, the Authority identified areas where soft refurbishment may be required, such as the replacement of urinals and WC units. The Authority also notes that most passenger washrooms appear to be in good condition and may only require regular repair and maintenance.

6.3.232 In terms of cost, MIAL’s proposal is based on market rates for estimated quantities, including contingency provision of 10% on overall cost.

6.3.233 The Authority’s analysis is given for category-wise as detailed below:

Public Washrooms

6.3.234 MIAL proposes a refurbishment cost of Rs. 0.89 Crores per set for 14 sets of public washrooms, amounting to a total of Rs 12.46 Crores. The Authority recommends a cost per set to Rs. 0.81 crores after excluding contingency, resulting in a revised cost of Rs 11.37 Crores for 14 sets.

Staff Washrooms

6.3.235 MIAL proposes a refurbishment cost of Rs. 1.81 Crores per set for 36 sets of staff washrooms, totaling Rs. 65.16 Crores. The Authority notes that while staff washrooms require refurbishment, the level of wear and tear observed was not as severe as that seen in public washrooms. Hence, the Authority recommends refurbishment at 50% of the proposed cost after excluding contingency, at Rs. 0.82 Crores per set, resulting in a total cost of Rs. 29.69 crores for 36 sets of staff washrooms.

Passenger Washrooms

6.3.236 MIAL proposes a refurbishment of all passenger washrooms at a cost of Rs. 2.54 Crores per set for 41 sets, totaling Rs. 104.14 Crores. Based on the site visit, the Authority recommends a phased approach, focusing initially on high-priority areas such as arrival zones where passenger footfall is the highest, while deferring other zones to later phases. Accordingly, the Authority recommends a soft refurbishment of 14 sets in the

arrival zone at 50% of the proposed cost after excluding contingency, resulting in a revised cost of Rs. 1.15 Crores per set for 14 sets at a total cost of Rs 16.17 Crores.

BBA/BMA Washrooms

6.3.237 For BBA/BMA washrooms, MIAL proposes a cost of Rs. 0.45 crores per set for 18 sets, totaling Rs. 7.31 Crores. The Authority, through its Independent Consultant / Aviation Expert, finds the cost reasonable based on similar works / market rates, and proposes allowing the cost after excluding contingency, resulting in a revised cost of Rs. 0.41 Crores per set for 18 sets at a total cost of Rs 7.31 Crores.

The table below summarizes the Authority’s recommended costs for the refurbishment of various categories of washrooms at T2:

Table 188: Cost proposed by the Authority for Refurbishment of Washrooms at Terminal 2

(Rs. in crores)

Category	Cost / Unit	Number	Base Cost Proposed by the Authority
Public Washroom	0.81	14	11.37
Staff Washroom	0.83	36	29.69
Passenger Washroom	1.15	14	16.17
BBA/BMA Washroom	0.41	18	7.31
Cost recommended			64.54

2E - Transfer Hub Initiatives at Baggage Handling System at T2 (Rs. 190 Crores)

MIAL’s submission

6.3.238 As part of its effort to enhance its operations as an international hub, MIAL has proposed several initiatives aimed at improving the Baggage Handling System (BHS) at T2 aimed at streamlining the handling of passenger baggage and minimizing operational bottlenecks. These initiatives include the Auto Sortation of Inbound Bags for International-to-Domestic (I-D) Transfers and the Enhancement of Early Bag Store (EBS) Capacity and Process.

6.3.239 MIAL’s proposal for Auto Sortation of Inbound Bags is to address a key operational challenge. Currently, I-D transfer passengers are required to manually collect their baggage, clear customs, and re-drop the bags for onward domestic connections. This results in delays and increases Minimum Connect Time (MCT) for passengers. MIAL proposes the installation of an Auto Sortation System at a total cost of Rs. 100 Crores, which will automatically sort bags for I-D passengers and transfer them directly to the departure system after customs clearance. The system is expected to reduce MCT, enhance passenger convenience, and mitigate baggage mishandling risks, thereby improving the overall transfer experience.

6.3.240 MIAL has also proposed the enhancement of EBS capacity, which involves expanding the storage capacity at T2 from 715 bags to 2,500 bags. The current semi-automated process is unable to handle peak loads efficiently, especially during high traffic periods, where an average of 800-900 bags per hour are processed, and the maximum baggage load was recorded at 2,940 bags per day. The new fully automated EBS will facilitate the seamless storage, retrieval, and dispatch of bags, eliminating human errors and allowing for smoother operations, particularly for transfer passengers. The total cost for the EBS enhancement is estimated at Rs. 90 Crores.

Authority’s examination regarding transfer hub initiatives at baggage handling system at T2

6.3.241 The Authority, through its Independent Consultant / Aviation Expert notes the need to improve the baggage handling process at T2. The Auto Sortation system will benefit passengers by eliminating the manual

intervention required at multiple stages. The direct transfer of cleared baggage to the departure system enhances passenger experience and reduces potential baggage handling errors. The Authority notes that the project involves the installation of 18 conveyor belts, and after reviewing market quotations, notes that the cost per belt is approximately Rs. 5.6 Crores based on similar works at other airports, which brings the total project cost to Rs. 100 Crores.

6.3.242 Similarly, the EBS Enhancement project is expected to significantly improve operational efficiency by increasing capacity to handle up to 2,500 bags. MIAL has submitted that the current load on the semi-automated system often exceeds capacity, and the highest ever load was noted in July 2023 with 2,940 bags. The proposed automation will allow smoother handling of early bags and will support transfer operations at T2. On reviewing the cost, which includes civil works, conveyor systems, and integration with the BHS, the Authority finds the proposed cost of Rs. 90 Crores reasonable and justified based on market rates / quotations obtained.

6.3.243 Accordingly, the Authority proposes to consider the entire cost of Rs. 190 Crores for Transfer Hub Initiatives as discussed above.

2F - Follow the Green (Rs. 200 Crores)

MIAL's submission

6.3.244 MIAL has proposed the "Follow the Greens" initiative, an advanced AI-based platform aimed at enhancing airside operational efficiency and safety by guiding aircraft along the taxiway using green lights on the centerline. This system is designed to provide real-time, intelligent guidance to pilots and Air Traffic Controllers, identifying the most optimal and conflict-free route for aircraft to take between the runway and the terminal.

6.3.245 MIAL has highlighted that this system, already in use at major international airports, will reduce human errors, enhance airside safety—particularly during adverse weather conditions like monsoons—and optimize runway and taxiway utilization. By minimizing potential conflicts and hazards, the system aims to significantly increase Aircraft Movement efficiency, targeting over 50+ ATMs during peak hours. Additionally, the system is expected to reduce the workload on ATC personnel by automating multiple processes.

Authority's examination regarding Follow The Green

6.3.246 While the Authority supports new technology initiatives aimed at improving airside safety and efficiency, the Authority notes that this system is the first of its kind in India. The Follow the Greens system requires extensive integration with the existing infrastructure controlled by ATC, and MIAL has only held preliminary discussions with the AAI regarding the project. Given the complexity of the project, the need for regulatory approvals from the DGCA and concurrence from AAI, the Authority proposes not to consider the capitalization at this stage, as part of additions to RAB for the Fourth Control Period. If the project is commissioned and put to use in the Fourth Control Period, the same will be considered based on incurrence, at the time of true up, subject to evaluation of efficiency and reasonableness.

2G Self-Bag Drop (Rs. 222 Crores):

MIAL's submission

6.3.247 MIAL has proposed the installation of Self-Bag Drop (SBD) counters at T2 with conversion of all 201 conventional check-in counters into hybrid SBDs. This is to address challenges with conventional check-

in counters, such as dependency on airline staff, inefficiencies, and congestion during peak hours. MIAL states that SBD counters will enhance flexibility and improve overall check-in efficiency by reducing manual interventions and errors, particularly during periods of high passenger load.

6.3.248 MIAL submits that SBD implementation is expected to improve passenger throughput, reduce congestion, and upgrade the related baggage handling and IT infrastructure for seamless operations. However, MIAL has not provided a detailed cost-benefit analysis to substantiate its proposal.

Authority's examination regarding self-bag drops

6.3.249 The Authority has reviewed MIAL's submission and recognizes that the implementation of SBD counters aligns with the goal of improving passenger experience and efficiency at T2. However, during a site inspection and based on review of usage logs, it was observed that the current usage of the SBDs is relatively low, with passengers continuing to use traditional bag-drop counters.

6.3.250 The Authority also reviewed the cost estimation for the project. MIAL has obtained a quotation in the Third Control Period (in October 2023) for the supply of 25 SBDs at a cost of Rs. 0.84 Crores per unit. Based on review of the Fixed Asset Register as of 31st March 2024, the Authority notes that these SBDs were capitalized at a cost of Rs. 1 Crores per unit in FY 2023-24. In the Fourth Control Period, MIAL proposed a cost of Rs. 0.90 Crores per SBD for 201 machines, totaling Rs. 180 Crores, with an additional Rs. 21 Crores proposed for the modification of the existing baggage handling system and Rs. 20 Crores for IT network upgrades. The blended rate proposed in the Fourth Control Period comes to Rs 1.1 Crores.

6.3.251 Based on market assessments and recent installations, the Authority finds the quoted cost for SBD units to be reasonable. However, the Authority recommends a phased implementation approach, starting with 50 SBDs in this control period. This initial implementation will allow for testing and assessment of performance before scaling the deployment. Further deployment will be considered after reviewing the detailed usage logs and operational efficiency.

6.3.252 The Authority proposes the initial phase at a cost of Rs. 55 Crores for the installation of 50 SBD units, subject to further review upon completion of the initial phase.

2H - CT EDS (Rs.78 Crores)

MIAL's submission

6.3.253 MIAL proposes the replacement of existing EDT system to CT EDS to comply with the directives of BCAS vide Circular 11/2017.

6.3.254 MIAL has stated that the new system will be capable of generating 3D and sliced image of each bag scanned, threat alarms can be resolved one by one, image clearance will be issued only after all threats are cleared, automatic detection of explosives of all types by category such as Military, Commercial, Sheet & Density alert would be ensured and these CT-EDS machines will have TSA/ ECAC Standard-3 certified algorithm.

6.3.255 MIAL further stated that PO has already been placed for these items.

Authority's examination regarding CT-EDS

6.3.256 This Authority notes that this project was approved in the Third Control Period for an amount of Rs.153.04 Crores and MIAL has spent Rs.63.56 Crores and installed 6 machines against total requirement of 12

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

machines. MIAL has carried forward this project to the Fourth Control Period and proposed a cost of Rs.78 Crores for balance 6 machines.

6.3.257 The Authority noted the need for this period and observes that MIAL has capitalized certain CT-EDS Machines in FY 2023-24 at a cost of Rs 10.53 / machine. Accordingly, the Authority proposes to consider a cost of Rs 10.53 / machine for 6 machines, resulting in a total cost of Rs. 64 crores for 6 CT EDS machines in this control period.

2I - OPERATIONAL CAPEX PROPOSALS - PROJECTS LESS THAN RS. 50 CR (Rs 1,791.48 Crores)

6.3.258 MIAL has submitted various operational capex items below Rs. 50 Crores as per Table 189, aimed at improving the overall functionality and efficiency of the airport. These items have been categorized into Airside Operations, Baggage Handling Systems (BHS), Electrical & Mechanical (E&M), Environment, Facilities, Horticulture, Information Technology (IT), Joint Control Centre (JCC), Landside operations, Safety, Security and Terminal Operations.

Table 189: Category wise operational capex proposed by MIAL for the Fourth Control Period for projects costing less than Rs. 50 Crores

(Rs. in crores)

S. No.	Category	Cost Proposed by MIAL	Number of Projects
1	Safety	183.10	22
2	IT	422.56	39
3	E & M	565.35	75
4	BHS	137.64	12
5	Airside operations	124.60	20
6	Environment	48.70	12
7	Facilities	58.30	4
8	Security	112.45	20
9	Terminal operations	108.87	21
10	Others – JCC, Horticulture and Landside Operations	29.90	17
	Total	1,791.48	242

Table 190: Operational Capex proposed by MIAL for the Fourth Control Period (for projects costing less than Rs. 50 crores)

(Rs in Crores)

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
1	2I-7	SITC of Windshear Detection & Warning System for RWY 09-27 & RWY 14-32	-	30.00	10.00	-	-	40.00	Safety
2	2I-17	Installation of Autonomous Runway Incursion Warning System for RWY 09-27 & RWY 14-32	5.00	5.00	5.00	5.00	5.00	25.00	Safety

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
3	2I-18	Installation of configuration - B RWY Guard Lights	3.00	3.00	3.00	3.00	3.00	15.00	Safety
4	2I-54	Development of ERP & Primary Aerodrome Emergency Control Center	-	15.00	-	-	-	15.00	Safety
5	2I-45	Construction of alternate Aerodrome Emergency Control Center	-	10.00	-	-	-	10.00	Safety
6	2I-47	Development of Miscellaneous Software for Digital Transformation	2.00	2.00	2.00	2.00	2.00	10.00	Safety
7	2I-50	Installation of Digital Bollards at Airside & Landside for enhancement of Safety	-	2.00	5.00	3.00	-	10.00	Safety
8	2I-63	Establishment of Safety Library & Safety Park	3.00	1.00	1.00	1.00	1.00	7.00	Safety
9	2I-65	SITC of Runway Condition Reporting Tool for (Software & Hardware) for RWY 14-32	3.00	1.00	1.00	1.00	1.00	7.00	Safety
10	2I-67	GPS & IoT Based Vehicle and Equipment Tracking System at Airside	-	3.60	3.00	-	-	6.60	Safety
11	2I-87	Development of Safety Videos and Safety Training Modules	1.00	1.00	1.00	1.00	1.00	5.00	Safety
12	2I-88	Development of VR (Virtual Reality) / AR (Augmented Reality) Training Center for Runway Incursion Awareness & Prevention.	-	3.00	2.00	-	-	5.00	Safety
13	2I-94	SITC of LIDAR based Vehicle Speed Tracking & Warning System with Cameras & Display Screen in Airside and Landside	2.00	3.00	-	-	-	5.00	Safety
14	2I-101	Development of Emergency Management Solution (Software & Hardware)	3.00	1.50	-	-	-	4.50	Safety
15	2I-110	Installation of Runway Threshold Identification Lights	1.00	1.00	1.00	1.00	-	4.00	Safety

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
16	2I-112	Procurement of Go-Kits for Emergency Response Team	1.00	1.00	1.00	1.00	-	4.00	Safety
17	2I-130	Software for Safety Management System	3.00	-	-	-	-	3.00	Safety
18	2I-141	Development of Software for BA Test Scheduling Monitoring and Reporting	2.50	-	-	-	-	2.50	Safety
19	2I-146	Procurement of Safety and Miscellaneous Equipment for Safety Department	0.50	0.50	0.50	0.50	0.50	2.50	Safety
20	2I-211	SITC of Lightning Warning System at CSMIA	1.00	-	-	-	-	1.00	Safety
21	2I-225	SITC of Automatic Weather Monitoring Stations for RWY 09 & RWY 32	0.50	-	-	-	-	0.50	Safety
22	2I-226	SITC of Vehicle mounted mobile RWY Water Depth Measuring Tool	0.50	-	-	-	-	0.50	Safety
		Safety						183.10	
23	2I-2	5G Implementation	49.80	-	-	-	-	49.80	IT
24	2I-3	Tech Refresh and new - Access Layer Switches	35.00	14.00	-	-	-	49.00	IT
25	2I-4	Digi Yatra	40.00	1.00	1.00	1.00	1.00	44.00	IT
26	2I-232	Video Walls and Tensa Top Displays for JCC, arrivals area and security check	40.00	-	-	-	-	40.00	IT
27	2I-10	Laptop/Desktops	9.40	7.00	6.90	7.00	6.00	36.30	IT
28	2I-15	2 new Networking zones - Core & Distribution Layer switches	24.00	3.00	-	-	-	27.00	IT
29	2I-22	Situational awareness for Airside & Terminal-APOC	20.00	-	-	-	-	20.00	IT
30	2I-28	Contribution to Digi Yatra Foundation	3.15	3.15	3.15	3.15	3.15	15.75	IT
31	2I-42	Smart Airport Platform	10.50	1.50	-	-	-	12.00	IT
32	2I-38	Airside Duct bank strengthening and secondary route for ATC.	6.00	2.00	2.00	1.20	-	11.20	IT
33	2I-30	Video Analytics	2.10	2.10	2.10	2.10	2.10	10.50	IT
34	2I-43	Digital Twin	2.00	4.00	4.00	-	-	10.00	IT
35	2I-46	Data center facility for hosting 5G backend	8.00	2.00	-	-	-	10.00	IT

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		equipment including 2G,3G & 4G							
36	2I-51	Passenger Flow Management system	6.00	4.00	-	-	-	10.00	IT
37	2I-57	Tech Refresh- New Optical Fibre network	-	4.00	4.00	-	-	8.00	IT
38	2I-62	Data Center for hosting Edge platforms	5.00	2.00	-	-	-	7.00	IT
39	2I-73	Tech Refresh - Firewalls and router	6.00	-	-	-	-	6.00	IT
40	2I-78	Web app frameworks with basic capabilities	3.30	2.20	-	-	-	5.50	IT
41	2I-95	Software License	1.00	1.00	1.00	1.00	1.00	5.00	IT
42	2I-96	Tech Refresh LED screen	2.00	2.00	1.00	-	-	5.00	IT
43	2I-97	Telecom Hub room revamp	1.00	4.00	-	-	-	5.00	IT
44	2I-108	IB Upgrade	4.00	-	-	-	-	4.00	IT
45	2I-109	IIOT+ Platform with Self service capability	3.00	1.00	-	-	-	4.00	IT
46	2I-117	Unified Communication	3.70	-	-	-	-	3.70	IT
47	2I-126	Existing Data Centre Hardware Upgrade	1.00	1.00	1.00	-	-	3.00	IT
48	2I-12	e-Passport Integration	0.50	0.50	0.50	0.50	0.50	2.50	IT
49	2I-140	Data Analytics	2.50	-	-	-	-	2.50	IT
50	2I-143	Tech Refresh of Ceremonial Lounge	2.50	-	-	-	-	2.50	IT
51	2I-158	Additional FIDS in Passenger Areas	0.40	0.40	0.40	0.40	0.40	2.00	IT
52	2I-159	Additional Phones-AED, Emergency and Help	2.00	-	-	-	-	2.00	IT
53	2I-162	Digital Transformation using IoT/AI enabled devices-SW/HW Licenses, Cloud, networking.	0.50	0.50	0.50	0.50	-	2.00	IT
54	2I-231	Mobility solution for staff	2.00	-	-	-	-	2.00	IT
55	2I-192	Data Storage	1.20	-	-	-	-	1.20	IT
56	2I-193	ASMGCS Interface development	1.20	-	-	-	-	1.20	IT
57	2I-197	Additional VoIP phones for Airlines and staff	0.50	0.50	-	-	-	1.00	IT
58	2I-204	Outdoor Wi-Fi Tech Extension for Passengers	0.50	0.50	-	-	-	1.00	IT
59	2I-228	Tech Refresh - Fiber backbone and passive	0.44	-	-	-	-	0.44	IT

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		Infrastructure for Network							
60	2I-229	Tech Refresh - Video wall screens in SOCC, BHS	0.30	-	-	-	-	0.30	IT
61	2I-242	PM Wani (Prime Minister's Wireless Access Network)	0.18	-	-	-	-	0.18	IT
		IT						422.56	
62	2I-1	Miscellaneous works - E&M	18.00	18.00	18.00	18.00	18.00	90.00	E&M
63	2I-8	E&M-4 Replacement of 129 AVDGS	40.00	-	-	-	-	40.00	E&M
64	2I-9	Replacement of chillers and cooling towers	2.75	-	5.68	30.00	-	38.43	E&M
65	2I-13	Rubber & Paint removal machine	15.00	15.00	-	-	-	30.00	E&M
66	2I-14	SITC of CCTV's for PBB safety and smooth operations control at CSMIA	29.00	-	-	-	-	29.00	E&M
67	2I-16	Conversion of conventional fuel vehicles/equipment into EVs	-	-	5.00	10.00	10.00	25.00	E&M
68	2I-21	Refurbishment of sliding doors	4.00	4.00	4.00	4.00	4.00	20.00	E&M
69	2I-233	ACDM [Training & Purchase of Software]	10.00	10.00	-	-	-	20.00	E&M
70	2I-234	Project Olakh Implementation at T2 PESC- Phase I	20.00	-	-	-	-	20.00	E&M
71	2I-29	Out of life replacement of HT/LT panels, UPS batteries, ATS, circuit breakers and other accessories	3.00	3.00	3.00	3.00	3.00	15.00	E&M
72	2I-48	Digitalization and provision of asset management system	3.00	3.00	2.00	5.00	2.00	15.00	E&M
73	2I-35	Out of life replacement and installation of additional lights & fixtures at CSMIA	2.40	2.40	2.40	2.40	2.40	12.00	E&M
74	2I-36	SITC of AHU for FLB at T2, CSMIA.	2.40	2.40	2.40	2.40	2.40	12.00	E&M
75	2I-55	Modification and building of new office spaces along with ancillary works	1.80	1.80	1.80	1.80	1.80	9.00	E&M
76	2I-56	Airside Pavement Analysis	-	2.00	2.00	2.00	2.00	8.00	E&M

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
77	2I-58	Casualty Center	8.00	-	-	-	-	8.00	E&M
78	2I-59	PBB (TKS make) canopy replacement-32 no's to enhance life	1.50	1.60	1.71	1.83	1.12	7.76	E&M
79	2I-60	Retrofit of Cooling Tower fan & gearbox with direct driven EC fan in chiller plant, Utility complex, CSMIA.	-	5.50	2.00	-	-	7.50	E&M
80	2I-66	Upgrade and Retrofit of primary, secondary and condenser pumps in chiller plant, Utility complex, T2, CSMIA.	3.00	-	4.00	-	-	7.00	E&M
81	2I-68	Retrofit of EC fan phase-IV for AHU at Terminal-2, CSMIA.	6.50	-	-	-	-	6.50	E&M
82	2I-70	Installation of Prepaid energy meter	0.30	1.50	1.50	1.50	1.50	6.30	E&M
83	2I-72	Refurbishment of roof at CSMIA	1.20	1.20	1.20	1.20	1.20	6.00	E&M
84	2I-76	PBB (Shinmaywa make) canopy replacement-25 no's to enhance life	0.97	1.05	1.12	1.20	1.28	5.62	E&M
85	2I-82	SITC of UF & RO membrane	1.24	-	-	-	3.92	5.16	E&M
86	2I-86	Construction of PSS at airside	5.00	-	-	-	-	5.00	E&M
87	2I-89	Energy Saving and ESG projects	1.00	1.00	1.00	1.00	1.00	5.00	E&M
88	2I-98	Upgradation of flooring within terminal	1.00	1.00	1.00	1.00	1.00	5.00	E&M
89	2I-236	T2 Ground level landside works	5.00	-	-	-	-	5.00	E&M
90	2I-102	Out of life replacement of all pumps at STP & T2 pumping system.	1.50	1.00	1.00	1.00	-	4.50	E&M
91	2I-113	Replacement of airside LT cables	-	2.00	2.00	-	-	4.00	E&M
92	2I-114	Upgradation of water feature and submersible pumps and motors	-	-	2.00	1.00	1.00	4.00	E&M
93	2I-116	Replacement of VESDA Controller (ELEX/FAS/02)	0.80	0.53	1.07	1.43	-	3.83	E&M
94	2I-119	Installation of additional UF plant in STP (For ZLD purposed)	-	-	-	3.50	-	3.50	E&M
95	2I-121	Replacement of DG sets at airside	-	-	1.60	1.60	-	3.20	E&M

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
96	2I-123	Out of life replacement - Automatic Rescue Device	1.40	1.61	-	-	-	3.01	E&M
97	2I-124	Civil Strengthening works of T1A	1.50	1.50	-	-	-	3.00	E&M
98	2I-125	Civil Strengthening works of T1B	1.50	1.50	-	-	-	3.00	E&M
99	2I-132	Upgradation of Automatic Rescue Device	1.00	1.00	1.00	-	-	3.00	E&M
100	2I-237	Waterproofing works at T2	3.00	-	-	-	-	3.00	E&M
101	2I-133	Purchase of new AWP machine	-	1.25	1.60	-	-	2.85	E&M
102	2I-135	Installation of Regenerative based drives in place of VFDs	0.65	1.30	0.84	-	-	2.79	E&M
103	2I-137	Out of life replacement of streetlight poles, fittings and feeder pillars	0.45	0.45	0.56	0.56	0.63	2.65	E&M
104	2I-142	Implementation of Cyber Security Compliance for SCADA/BMS/Chiller System	1.00	1.50	-	-	-	2.50	E&M
105	2I-145	New Transformer Pits, replacing old Transformer Pit covers, Cable trays.	-	1.00	1.50	-	-	2.50	E&M
106	2I-147	Replacement of transformers	-	-	-	1.00	1.50	2.50	E&M
107	2I-148	Structural repairs of Buildings in utility complex	1.00	1.50	-	-	-	2.50	E&M
108	2I-149	Supply and installation of F 900 grade FRP covers in place of old Gatic covers- 90 Nos in the Phase II	2.50	-	-	-	-	2.50	E&M
109	2I-238	DFMD Replacement with Networking OEM [NS 13-Sep]	2.50	-	-	-	-	2.50	E&M
110	2I-153	Provision of Additional VHF and Airband Base station, Handheld R/T as per operational requirement	0.80	0.50	0.50	0.50	-	2.30	E&M
111	2I-154	Provision of Public Health Engineering (PHE) and drainage modification works	0.45	0.45	0.45	0.45	0.45	2.25	E&M
112	2I-155	IOT based lighting system	-	-	-	0.60	1.50	2.10	E&M

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
113	2I-164	Implementation of IOT at Airside (AAMS) including geo tagging of assets	2.00	-	-	-	-	2.00	E&M
114	2I-166	Refurbishment of flexible pavement	2.00	-	-	-	-	2.00	E&M
115	2I-167	Replacement of 1000 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	2.00	-	-	-	-	2.00	E&M
116	2I-168	Replacement of Coarse & Fine Screen	1.00	1.00	-	-	-	2.00	E&M
117	2I-169	Retrofitting of Emission Control Device (RECD) in DG sets at Airside as per MPCB compliance at Airside.	1.00	1.00	-	-	-	2.00	E&M
118	2I-171	Upgradation of photometric equipment and workshop at CCR	-	1.00	-	-	1.00	2.00	E&M
119	2I-176	Replacement of 1010 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	1.75	-	-	-	-	1.75	E&M
120	2I-177	Replacement of 625 KVA DG set with 1500 KVA DG set & AMF panel at T1Cpower house	1.75	-	-	-	-	1.75	E&M
121	2I-179	Out of life replacement of high mast lights and other light fixtures	-	0.40	0.40	0.40	0.40	1.60	E&M
122	2I-184	Civil Strengthening works near bus boarding gate T1	1.50	-	-	-	-	1.50	E&M
123	2I-186	Replacement of Air compressors of STP plant	1.40	-	-	-	-	1.40	E&M
124	2I-187	Replacement of Door Panels in passenger & trolley elevators	1.00	0.10	0.10	0.10	-	1.30	E&M
125	2I-188	Provision of polycarbonate sheet at various locations at T2	1.30	-	-	-	-	1.30	E&M
126	2I-189	Provision of Sequential Flashing Light on RWY 09	1.30	-	-	-	-	1.30	E&M
127	2I-194	PLC system upgradation of STP plant	0.30	0.90	-	-	-	1.20	E&M
128	2I-198	Augmentation of the Essential panel at T1C	1.00	-	-	-	-	1.00	E&M
129	2I-199	CCR Workshop upgradation with all equipment	1.00	-	-	-	-	1.00	E&M

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
130	2I-200	Install IOT base LCMS system	0.50	0.50	-	-	-	1.00	E&M
131	2I-207	Reconstruction of critical junction from flexible to rigid pavement	1.00	-	-	-	-	1.00	E&M
132	2I-208	Replacement of AC units at CSMIA	0.20	0.20	0.20	0.20	0.20	1.00	E&M
133	2I-209	Replacement of old panels, circuit breakers and other accessories	-	-	-	0.50	0.50	1.00	E&M
134	2I-210	Replacement of UPS batteries	-	-	0.50	0.50	-	1.00	E&M
135	2I-213	Upgradation of CCR software's - ILCMS, ALCMS etc.	-	0.50	-	-	0.50	1.00	E&M
136	2I-214	Upgradation of MT workshop equipment	0.25	-	0.25	0.25	0.25	1.00	E&M
		E&M						565.35	
137	2I-6	Refurbishment of BHS mechanical, Electrical, Controls - EOL, wear & tear	5.00	5.00	10.00	10.00	10.00	40.00	BHS
138	2I-20	Energy management and predictive maintenance initiatives & redundancy building	4.50	4.50	4.50	4.50	4.50	22.50	BHS
139	2I-24	System/ Process improvements of BHS	5.00	5.00	5.00	2.00	2.00	19.00	BHS
140	2I-26	BHS-6_Creation of additional build up belts to enhance the make-up capacity to support additional flights	17.99	-	-	-	-	17.99	BHS
141	2I-34	BHS- IT: EOL replacements, Integrations with third party, Patch updates , Cyber requirements, etc	1.50	-	0.50	10.00	-	12.00	BHS
142	2I-44	Civil works in Baggage Hall (Concrete Panel Replacement, Fabric canopy , Refurbishment of screener's room)	2.00	2.00	2.00	2.00	2.00	10.00	BHS
143	2I-90	Integration with third party systems & digitization	1.00	1.00	1.00	1.00	1.00	5.00	BHS
144	2I-120	BHS-242-Ventilation in Baggage Make up hall- Exhaust and fresh air system	3.30	-	-	-	-	3.30	BHS
145	2I-122	QHSE requirements for BHS T2	2.00	0.50	0.20	0.20	0.20	3.10	BHS

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
146	2I-138	Baggage Tubs (Baggage Tubs including modification's & handling accessories)	0.50	0.50	0.50	0.50	0.50	2.50	BHS
147	2I-182	BHS-32_To modify BHS to integrate the new CTEDS machines when replaced as per BCAS compliance	1.50	-	-	-	-	1.50	BHS
148	2I-220	Refurbishment of centralized screening room of Customs	0.75	-	-	-	-	0.75	BHS
		BHS						137.64	
149	2I-11	ULD racking system	-	33.70	-	-	-	33.70	Airside Operations
150	2I-23	Flexi barrier for airside	20.00	-	-	-	-	20.00	Airside Operations
151	2I-32	Bird detection and deterrence system	12.75	-	-	-	-	12.75	Airside Operations
152	2I-39	Airside Video Surveillance	11.00	-	-	-	-	11.00	Airside Operations
153	2I-52	Simulator for ARFF	10.00	-	-	-	-	10.00	Airside Operations
154	2I-79	Canteen facility	5.40	-	-	-	-	5.40	Airside Operations
155	2I-84	ARFF control center	-	5.00	-	-	-	5.00	Airside Operations
156	2I-99	Airside Operations Equipment	1.00	1.00	1.00	1.00	1.00	5.00	Airside Operations
157	2I-128	Runway painting machine	3.00	-	-	-	-	3.00	Airside Operations
158	2I-129	Runway sweeping machine	3.00	-	-	-	-	3.00	Airside Operations
159	2I-195	Forward command post	2.50	-	-	-	-	2.50	Airside Operations
160	2I-151	Runway sweeping machine	2.45	-	-	-	-	2.45	Airside Operations
161	2I-160	Airport Surface Movement Application (ASMA) Phase 3	2.00	-	-	-	-	2.00	Airside Operations
162	2I-170	Runway surface friction testing machine	-	2.00	-	-	-	2.00	Airside Operations
163	2I-185	Stand cleaning machine	1.50	-	-	-	-	1.50	Airside Operations
164	2I-191	Runway friction tester	1.25	-	-	-	-	1.25	Airside Operations
165	2I-196	Procurement of Fire Hoses	0.35	0.25	0.15	0.15	0.15	1.05	Airside Operations
166	2I-206	Procurement of 02 Small Fire Tenders	-	1.00	-	-	-	1.00	Airside Operations
167	2I-215	Airside Video Surveillance (Phase 2)	1.00	-	-	-	-	1.00	Airside Operations

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
168	2I-216	SITC of Internal Modification of Follow Me vehicles	1.00	-	-	-	-	1.00	Airside Operations
		Airside Operations						124.60	
169	2I-19	Zero Liquid Discharge on STP water	25.00	-	-	-	-	25.00	Environment
170	2I-31	Noise Monitoring Station	5.70	-	-	-	-	5.70	Environment
171	2I-103	Roof top Solar on CSMIA	4.20	-	-	-	-	4.20	Environment
172	2I-107	Electric Vehicle Charging Stations (air side)	-	1.00	1.00	1.00	1.00	4.00	Environment
173	2I-157	Conversion of ACs and Water Coolers (R22 to R32, R134A and R410 A) to lower GWP (Global Warming Potential) version	1.00	0.25	0.25	0.25	0.25	2.00	Environment
174	2I-161	Bus - BDDS & DOG SQUAD	-	2.00	-	-	-	2.00	Environment
175	2I-178	Climate Risk Assessment Adaptation (Adaptation of Identified risk and opportunity)	0.10	0.50	0.50	0.50	-	1.60	Environment
176	2I-180	Biodiversity impact assessment adaptation (Adaptation of Identified risk and opportunity)	0.05	0.50	0.50	0.50	-	1.55	Environment
177	2I-212	SUV - QRT/Security (Bullet-proof)	-	1.00	-	-	-	1.00	Environment
178	2I-217	Water Conservation measures (Water harvesting, Optimization of fittings and fixtures etc.)	0.05	0.15	0.35	0.10	0.20	0.85	Environment
179	2I-222	Truck - Highlift 909	-	0.60	-	-	-	0.60	Environment
180	2I-230	Waste management certification and initiative (Waste management initiative.)	0.05	0.05	0.05	0.05	-	0.20	Environment
		Environment						48.70	
181	2I-5	Replacement of Carpet and Ceiling panels in T 2 Arrival corridor.	14.10	14.10	14.10	-	-	42.30	Facilities
182	2I-75	Refurbishment of flooring in Departure level	-	2.00	2.00	2.00	-	6.00	Facilities
183	2I-83	High Rise cleaning Machines	1.00	1.00	1.00	1.00	1.00	5.00	Facilities
184	2I-85	Cleaning Machines replacement	1.00	1.00	1.00	1.00	1.00	5.00	Facilities

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		Facilities						58.30	
185	2I-25	QRT Equipments As per AvSec Circular 04/2023 - 18 Nos of special QRT Equipment - Approx 15 Cr.FY25 Bullet proof jacket 362 nos. - 1.41 Cr. FY28 Bullet proof helmets 362 nos. - 0.31 Cr. FY28 Bullet proof jacket cover-Additional 362 nos. - 0.20 Cr. FY28 BR shield Morcha - 1.20 Cr. (0.60 Cr. considered in FY25 & FY26)	15.60	0.60	-	1.92	-	18.12	Security
186	2I-33	CISF and Operational requirement Mobile phone, Air conditioners, Mess utensils, RO plants, Refrigerator, Television, Chairs / Furniture, Metal Barricades, Metal Sign boards, Chairs/Furniture, Projector with screen & speakers, Waterfilled Plastic Barricades, Hot & Cold water dispenser, Cement barricades, Furniture & Fixtures, Carpeting of Floor, ATRs Trays, Almirah, Staff Lockers, Fans (ceiling, cabin, pedestrian & exhaust, tubelights), Garden Umbrella, SRI Box, etc.	2.50	2.50	2.50	2.50	2.50	12.50	Security
187	2I-40	Bollard / Barrier / Tyre killer Tyre killer per unit - 0.40 Cr. Bollard per unit - 0.60 Cr. Barrier per unit -0.03 Cr	3.18	2.12	1.06	3.18	1.06	10.60	Security
188	2I-53	CCTV Cameras	9.34	-	-	-	-	9.34	Security
189	2I-64	Refurbishment of SOCC (Security Operations Control Centre)	2.33	2.33	2.33	-	-	7.00	Security
190	2I-71	Dual View XBIS (4 No of Machines per	2.00	-	2.00	-	2.00	6.00	Security

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
		alternate year-per unit (0.50 Cr.)							
191	2I-74	PIDS - Razor Mesh for Perimeter	6.00	-	-	-	-	6.00	Security
192	2I-77	ATRS Trays	5.50	-	-	-	-	5.50	Security
193	2I-80	Relocation of ASTI	2.68	2.68	-	-	-	5.36	Security
194	2I-81	Miscellaneous	1.25	1.00	1.00	1.00	1.00	5.25	Security
195	2I-100	Security Equipment's (Explosive Trace Detector, Door Frame Metal Detector, Hand Held Metal Detector, Combined Test Piece & Operational Test Piece)	1.33	0.45	1.00	0.55	1.43	4.75	Security
196	2I-240	Access Control System	4.20	-	-	-	-	4.20	Security
197	2I-104	Refurbishment & Digitalization of ILBHS	4.01	-	-	-	-	4.01	Security
198	2I-136	Furniture & Fixtures_ CISF Duty Post, Security Hold Area & Secondary Ladder Point Check, etc	0.51	0.51	0.56	0.56	0.62	2.77	Security
199	2I-152	Security Infrastructure - Single storey duty post (20 Nos - 2.00 Cr), Bunker for storing explosives (0.20 cr) Washroom facility with water pipeline for airside gates & ghunti (40 Nos - 1.00 Cr). Refurbishment of Anti Hijacking Control Room, PortaCabin (40x10) 06 Nos & (10x10) - 02 Nos, Replacement of Morcha - 07 Nos.	0.46	0.65	0.53	0.46	0.20	2.31	Security
200	2I-156	BDDS Equipment Fiber Optics Surveillance Device (FOSD) - 01 No - 0.08 cr. FY25. Bomb Suit - 01 No. - 0.32 cr (FY26). NLJD - 01 No. - 0.10 cr (FY27). RTVS - 01 No.- 0.43 cr. (FY27). GSM & Frequency Jammer - 0.76 Cr (FY25) Recoilless Water Jet Distruptor - 0.36 (FY25)	1.20	0.32	0.53	-	-	2.05	Security

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
201	2I-241	ROIP-Radio over internet protocol to replace existing TMRS set up	2.00	-	-	-	-	2.00	Security
202	2I-172	Automation - RLCC using AI Module, Genetec licences,ISMS, MANTRA (VMS), ACPL	1.90	-	-	-	-	1.90	Security
203	2I-174	Expansion of T2 AEP Section	-	1.80	-	-	-	1.80	Security
204	2I-203	Network installation at CISF offices (Wifi)	1.00	-	-	-	-	1.00	Security
		Security						112.45	
205	2I-27	Signage Modification	10.00	7.00	-	-	-	17.00	Terminal Operations
206	2I-37	Customs Requirement-To detect Contraband stuff/Artificial Intelligence: 1) Full Body Scanner (2 Nos) 2) Millimeter Wave Body Sanner (2) 3)Narcotics Drugs Trace Detector (2) 4)Gold Spactrometer Device (2) 5) Artificial intelligence application/Soft Ware (motion sensor) 6) Artificial narcotics scent kit	-	5.00	5.00	1.40	-	11.40	Terminal Operations
207	2I-41	Replacement of Trolleys	5.25	5.25	-	-	-	10.50	Terminal Operations
208	2I-49	Furniture and Fixtures, for Customs & Immigration & Terminal	2.00	2.00	2.00	2.00	2.00	10.00	Terminal Operations
209	2I-61	RFID Tag Reader - Trolleys (Trolley management system)	-	3.70	3.70	-	-	7.40	Terminal Operations
210	2I-69	Boarding Gate passenger seating	6.50	-	-	-	-	6.50	Terminal Operations
211	2I-91	Interior works for Reserve Lounges	1.00	1.00	1.00	1.00	1.00	5.00	Terminal Operations
212	2I-92	Miscellaneous-Refurbishment	1.00	1.00	1.00	1.00	1.00	5.00	Terminal Operations
213	2I-235	Mesh (Additional Works)	5.00	-	-	-	-	5.00	Terminal Operations
214	2I-105	CT X Ray Machines of Customs Green Channel	4.00	-	-	-	-	4.00	Terminal Operations

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
215	2I-106	Customs Green Channel Screening area (Expansion)	4.00	-	-	-	-	4.00	Terminal Operations
216	2I-115	Terminal Operations (Equipment and Miscellaneous Capex)	0.80	0.80	0.80	0.80	0.80	4.00	Terminal Operations
217	2I-118	New Reserved lounges for Departing Pax	3.70	-	-	-	-	3.70	Terminal Operations
218	2I-127	Digital Standee	1.50	1.50	-	-	-	3.00	Terminal Operations
219	2I-139	Civil and Electrical work in existing spaces and new creation of spaces	0.50	0.50	0.50	0.50	0.50	2.50	Terminal Operations
220	2I-163	Hand baggage Trolleys	1.00	1.00	-	-	-	2.00	Terminal Operations
221	2I-173	Goodness Café 2.0/Airline cafeteria	1.82	-	-	-	-	1.82	Terminal Operations
222	2I-175	Vestibule Carpet mats (35 nos) (Replacement)	-	-	-	-	1.80	1.80	Terminal Operations
223	2I-183	Chairs (Slumber)	-	-	1.50	-	-	1.50	Terminal Operations
224	2I-239	Vestibule carpet	1.50	-	-	-	-	1.50	Terminal Operations
225	2I-190	Golf Carts	-	0.35	-	0.60	0.30	1.25	Terminal Operations
		Terminal Operations						108.87	
226	2I-111	New planters and landscape elements, horticulture material supply & its installations for CSMIA at various location.	0.50	0.50	1.00	1.00	1.00	4.00	Others - Horticulture
227	2I-131	Unique plants/ Accent plants/ plant supply for various locations of CSMIA.	0.50	0.50	0.50	0.70	0.80	3.00	Others - Horticulture
228	2I-150	Tree plantation drive.	0.50	0.50	0.50	0.50	0.50	2.50	Others - Horticulture
229	2I-165	Irrigation material, sensors & irrigation software & Mobile APP etc with installations.	0.30	0.30	0.30	0.30	0.80	2.00	Others - Horticulture
230	2I-181	Consultancy services & execution of Road network & infrastructure within plant nursery.	1.00	0.50	-	-	-	1.50	Others - Horticulture
231	2I-205	Portable green walls/ Hanging planters/ floating planters for commercial activities/ special event.	-	0.20	0.50	0.30	-	1.00	Others - Horticulture

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

S. No.	Ref.	Project /Item Name	FY25	FY26	FY27	FY28	FY29	Base Cost Proposed by MIAL	Category
232	2I-219	New nursery office container with interior and storage provision.	-	-	0.75	-	-	0.75	Others - Horticulture
233	2I-223	Greenwall structure for backup at nursery for T2 & GA terminal.	0.20	0.30	-	-	-	0.50	Others - Horticulture
234	2I-224	Hydraulic hand pallet trolley/rack/ nursery benches.	0.20	0.30	-	-	-	0.50	Others - Horticulture
235	2I-227	Solar Unit installations at nursery	0.50	-	-	-	-	0.50	Others - Horticulture
		Others - Horticulture						16.25	
236	2I-93	Replicating JCC for business continuity	-	5.00	-	-	-	5.00	Others - JCC
237	2I-201	Installation of video phones as Help Phones (about 40 help phones)	1.00	-	-	-	-	1.00	Others - JCC
		Others - JCC						6.00	
238	2I-134	SITC & Upgradation of UVSS (07 nos)	2.80	-	-	-	-	2.80	Others - Landside Operations
239	2I-144	Miscellaneous expenses - Landside (Seater benches, Heavy Duty Garden Umbrella, Mobile phones for shift Duty, Replacement of Light Fittings, Refurbishment of Porta Cabin)	0.50	0.50	0.50	0.50	0.50	2.50	Others - Landside Operations
240	2I-202	Major repair of Wall from Gate no. 9 to Airport Exit (Rs. 60,000/- for 166 mt)	1.00	-	-	-	-	1.00	Others - Landside Operations
241	2I-218	Metal Barricades (collapsible & fixed structure)- 150 nos each	-	0.23	-	0.25	0.27	0.75	Others - Landside Operations
242	2I-221	Development of new green fence including irrigation, civil & electrical work at T1 & T2	0.60	-	-	-	-	0.60	Others - Landside Operations
		Others - Landside Operations						7.65	

6.3.259 The Authority has reviewed MIAL’s submission on the need and cost for these projects. The Authority notes the importance of these projects, particularly in areas that ensure the continued safety and security of the airport’s operations. The Authority also fully supports the environmental and technological initiatives and with MIAL’s ambition to align with global standards.

6.3.260 However, after a review of the necessity, timing, and the scale of proposed capital expenditure, the Authority notes that MIAL’s capex proposals appear to be higher than anticipated requirements.

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

Considering that T1 is going under reconstruction in this control period, and considering Terminal 2 is only about 10 years old, the need for certain proposed projects is deemed less critical. The Authority is mindful of the substantial financial implications of these proposals and believes that MIAL’s capital expenditure needs to be managed efficiently without compromising the airport’s operations or passenger experience.

6.3.261 In this context, while the Authority supports the critical projects, it recommends that a phased approach be adopted. Projects linked to safety, security, and environmental compliance, which are of utmost importance, should be prioritized and completed without delay. Other projects, particularly those involving upgrades or enhancements that do not present immediate operational needs, can be deferred for later implementation in the next control periods.

6.3.262 The Authority has undertaken a review of the projects submitted by MIAL in each category. After careful consideration of the justifications provided, the Authority has identified certain projects that are either proposed to be deferred or proposed not considered for this Control Period. These projects are analyzed in detail in the respective sections of this Consultation Paper.

6.3.263 For the remaining projects within each category, the Authority proposes approving a percentage of the cost based on its assessment of the project's need and cost. The Authority has ensured that all approved projects are proportionately phased within the Control Period to ensure a balanced and efficient capital expenditure program.

6.3.264 The Authority directs MIAL to submit a work-item wise comparison between the operational capex submitted by MIAL as part of the MYTP of the Fourth Control Period and the actual operational capex incurred in the Fourth Control Period in its MYTP submission of the Fifth Control Period.

Operational Capex - Safety (Rs 183.10 Crores)

6.3.265 In the following table, the Authority highlights specific observations regarding the proposed projects under the category “Safety”:

Table 191: Authority’s evaluation of certain projects proposed under the category “Safety”

(Rs. in crores)

S. No.	Project Name	Base Cost	MIAL' Submission	Authority's Analysis
2I-17	Installation of Autonomous Runway Incursion Warning System for RWY 09-27 & RWY 14-32	25.00	The installation of an Autonomous Runway Incursion Warning System for Runway 09-27 and Runway 14-32 is imperative to enhance runway safety. This project aims to mitigate the risk of runway incursions, to minimize the number of RWY Incursion at CSMIA and ensuring proactive detection and warning mechanisms, thereby safeguarding runway operations and reducing the potential for aircraft incident / accidents.	The Authority has reviewed the proposal and recognizes the importance of enhancing runway safety. However, it notes that the current manual systems in place are deemed adequate for managing runway incursions at this time. Furthermore, the cost-benefit analysis provided by MIAL does not sufficiently justify the immediate need for an automated system. While the Authority notes the potential benefits of an autonomous system, it proposes considering this project in the next control period.

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

S. No.	Project Name	Base Cost	MIAL' Submission	Authority's Analysis
2I-45	Construction of alternate Aerodrome Emergency Control Center	10.00	The construction of an Alternate Aerodrome Emergency Control Center is imperative to enhance emergency response and business resilience by providing a back-up AECC in case of emergent requirements. This project ensures continuous and reliable emergency response capabilities, mitigates risks associated with unforeseen events, and strengthens the overall preparedness of the aerodrome, safeguarding both personnel and assets.	The Authority notes the importance of ensuring robust emergency response mechanisms. However, the Authority notes that the primary AECC proposed by MIAL is sufficient for handling current and foreseeable emergency requirements at the airport. Additionally, mobile setups could provide a more flexible and cost-effective alternative to serve as a backup AECC without the need for significant additional investment at this time. Given the adequacy of the existing infrastructure and the availability of alternative solutions, the Authority proposes considering this project to the next control period.
2I-50	Installation of Digital Bollards at Airside & Landside for enhancement of Safety	10.00	The installation of Digital Bollards at both airside and landside areas is essential for elevating safety standards. These smart bollards enhance security by integrating digital technology to monitor and control access / conflict points. They contribute to airside safety by preventing Aircraft / Vehicle collisions on the apron areas. On the landside, they manage vehicular and pedestrian traffic efficiently, reducing the risk of accidents. The digital aspect allows for real-time monitoring, alerts, and responsive control measures, fostering a proactive safety environment. This project ensures a comprehensive safety infrastructure, mitigating potential risks and ensuring the well-coordinated movement of personnel and vehicles in and around the airport.	The Authority notes the need for safety enhancement to strengthen access control and vehicle movement in critical areas. Digital technology integration could potentially improve security monitoring and prevent unauthorized access, particularly in sensitive zones. However, the Authority notes that MIAL has not provided a detailed cost breakdown for this project. Additionally, given the existing physical barriers and surveillance systems, the immediate need for digital bollards is not fully justified. The Authority proposes that MIAL conduct a thorough review of the current security measures to determine whether the installation of these bollards is a critical need at this point in time. Based on these considerations, the Authority proposes considering the project on an incurrence basis subject to evaluation of efficiency and reasonableness, while encouraging further evaluation to ensure the investment aligns with the airport's current and future security requirements.

6.3.266 Accordingly, the above projects are not proposed to be considered for the purpose of tariff determination of the Fourth Control Period.

6.3.267 Based on the Authority's review of MIAL's past trends, current infrastructure, and the immediate operational requirements, it recommends the approval of 75% of the remaining capex in this category. This ensures support for necessary and urgent projects, while ensuring that capital is allocated prudently. The recommended allocation ensures that operational efficiency is maintained while avoiding an excessive

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

financial burden in the short term. The phased implementation will allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 192: Capital Expenditure proposed by the Authority for operational capex under category "Safety"

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	183.10
Less: Reduction in cost as per Table 191	B	45.00
Cost proposed by MIAL for the remaining projects	C = A - B	138.10
Cost proposed by the Authority @ 75% of above	D = C * 75%	103.58

Operational Capex - Information Technology (Rs. 422.56 Crores)

6.3.268 In the following table, the Authority notes specific observations regarding the proposed projects under the category "Information Technology":

Table 193: Authority's evaluation of certain projects proposed under the category "Information Technology"

S. No.	Project Name	Base Cost	MIAL' Submission	Authority's Analysis
2I-2 & 2I-46	5G Implementation & data Center facility for hosting 5G backend Equipment	49.80 10.00	<p>Currently, internet infrastructure like 2G, 3G being managed by Telecom Companies. To enable 5G services, back-end infrastructure like Master Unit, BTS (base trans receiver), POI (point of interface) etc., required to be installed in airport.</p> <p>MIAL also proposes a separate Data center facility for hosting 5G backend equipment including 2G,3G & 4G.</p> <p>MIAL stated that they have obtained a virtual network operator license in August 2024.</p>	<p>The Authority recognizes the need for better internet facility to passengers. With the VNO license, MIAL can offer mobile network services, potentially leasing the infrastructure to telecom companies. This creates a revenue opportunity from telecoms. Premium connectivity services can also be provided to passengers and businesses at the airport.</p> <p>However, such revenues would be non-aeronautical in nature. Accordingly, the Authority considers this as Non-aeronautical asset and proposes not to consider this cost for RAB.</p>
2I-28	Contribution to Digi Yatra Foundation	15.75	MIAL also proposed a contribution of Rs.3.15 crores per year for Digi Yatra Foundation.	<p>Considering the Contribution to Digi Yatra Foundation is a recurring expenditure, the Authority proposes to consider this expenditure as OPEX as outlined in :</p> <p>Table 274.</p>

6.3.269 Based on the Authority's further review of MIAL's proposal in this category and considering the operational requirements, it recommends the approval of 75% of the remaining capex in this category. This phased implementation will allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 194: Capital Expenditure proposed by the Authority for operational capex under category "Information Technology"

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	422.56
Less: Reduction in cost as per Table 193	B	75.55
Cost proposed by MIAL for the remaining projects	C = A - B	347.01
Cost proposed by Authority @ 75% of above	D = C * 75%	260.26

Operational Capex - Engineering & Maintenance (Rs. 565.35 Crores)

6.3.270 The Authority has reviewed the submissions made by MIAL and has the following observations:

- (i) In some instances, the cost estimate workings do not match with the cost proposed (eg: Replacement of 129 AVDGS of Rs 40 Crores)
- (ii) In some instances, MIAL has factored a contingency and indexation factor in the cost estimate workings (e.g.: Replacement of chillers and cooling Towers of Rs 38.40 Crores)
- (iii) In some instances, the cost proposed by MIAL is almost twice the cost incurred by it in the previous control period (Rubber & paint removal machine Rs 30 Crores)

6.3.271 Based on the Authority's further review of MIAL's proposal in this category and considering the operational requirements, it is proposed to consider 50% of the capex in this category. The phased implementation will allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 195: Capital Expenditure proposed by the Authority for operational capex under category "E&M"

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	565.35
Cost proposed by the Authority at 50% of above	B = A * 50%	282.68

Operational Capex - Security, Environmental initiatives and Facilities (Rs. 219.45 Crores)

6.3.272 MIAL has proposed operational capex for Security (Rs. 112.45 Crs), Environmental initiatives (Rs. 48.70 Crores) and Facilities (Rs. 58.30 Crores). The Authority, after careful review of the works and considering the necessity, operational safety, proposes to allow entire cost of Rs. 219.45 Crores proposed by MIAL.

Operational Capex - BHS, Airside operations and Terminal operations (Rs. 371.11 Crores)

6.3.273 MIAL has proposed operational capex for BHS (Rs.137.64 Crores), Airside operations (Rs.124.60 Crores) and Terminal operations (Rs.108.87 Crores). The Authority, after careful review of these works and considering the requirement/necessity, proposes to consider these works at 50% of cost based on a phased implementation by MIAL. This phased implementation will allow MIAL to continue advancing critical projects while managing costs effectively over the control period.

Table 196: Capital Expenditure proposed by the Authority for operational capex under category "BHS, Airside operations and Terminal operations"

(Rs. in crores)

Particulars	Ref	Base Cost Proposed by the Authority
Cost proposed by MIAL	A	371.11
Cost proposed by the Authority at 50% of above	B = A * 50%	185.56

Operational Capex – Others being JCC, Horticulture and Landside Operations (Rs. 29.90 Crores)

6.3.274 MIAL has proposed operational capex for JCC (Rs.6.00 Crores), Horticulture (Rs.16.25 Crores) and Landside operations (Rs.7.65 Crores). The Authority, through its independent consultant / aviation expert, after careful review of these works and considering the immediate requirement/necessity, proposes to allow the entire cost of Rs 29.90 Crores.

6.3.275 Based on the discussions above, the cost proposed by the Authority for operational CAPEX under Rs. 50 Crores are as follows:

Table 197: Capital Expenditure proposed by the Authority for operational capex under Rs. 50 Crores

(Rs. in crores)

S. No.	Category	Base Cost Proposed by MIAL	Base Cost Proposed by the Authority
1	Safety	183.10	103.58
2	IT	422.56	260.26
3	E & M	565.35	282.68
4	BHS	137.64	68.82
5	Airside operations	124.60	62.30
6	Environment	48.70	48.70
7	Facilities	58.30	58.30
8	Security	112.45	112.45
9	Terminal operations	108.87	54.44
10	Others – JCC, Horticulture and Landside Operations	29.90	29.90
	Total	1,791.48	1081.42

6.3.276 Based on the above, the Authority, through its Independent Consultant, proposes the cost for operational capex for the Fourth Control Period as per the table below:

Table 198: Cost proposed by the Authority for Operational Capex

(Rs. in crores)

Sl. No.	Projects	Base Cost as per (in Rs.)		Variance	Remarks
		MIAL	Authority		
2	OPERATIONAL CAPEX PROPOSALS				
A	CT Handbag X-Ray	320.00	120.00	200.00	Based on quotation and proposed phasing of quantities.
B	Full Body Scanner	69.00	22.00	47.00	Based on quotation and proposed phasing of quantities.
C	Crash Fire Tender	50.00	34.20	15.80	Considered based on conventional CFTs over EV CFTs proposed by MIAL.
D	Refurbishment of Washrooms at T2	189.00	64.54	124.46	Adjusted for cost, contingency and proposed phasing of washrooms based on site inspection.
E	Transfer Hub Initiatives at Baggage Handling Systems at T2	190.00	190.00	-	Estimate considered reasonable based on quotation obtained / market rates
F	Follow the Greens	200.00	-	200.00	To be considered on incurrence basis, subject to approvals
G	Self-Bag Drops at T2	222.00	55.00	167.00	Based on quotation and proposed phasing of quantities.

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

Sl. No.	Projects	Base Cost as per (in Rs.)		Variance	Remarks
		MIAL	Authority		
H	CT-EDS	78.00	64.00	14.00	Based on the actual expenditure incurred in FY 24 for similar item.
I	Operational Capex projects less than Rs. 50 Crores	1,791.48	1,081.42	710.06	Considering the number of projects and cost involved in projects, it is proposed to consider a portion of cost submitted by MIAL based on the need and essential requirement for maintaining safe and smooth operations. Refer Table 197
	GRAND TOTAL	3109.48	1,631.16	1,478.32	

3 - Cost claimed towards indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and interest during construction (“Soft Cost”)

6.3.277 The Authority observes that MIAL has claimed Rs. 5,153.85 Crores as soft cost as given in the table below:

Table 199: Cost proposed by MIAL towards indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and interest during construction

(Rs. in Crores)

S. No	Particulars	Amount (in Rs.)
3A	Indexation	1,703.07
3B	Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses	2,238.17
3C	Interest During Construction (IDC)	1,212.61
TOTAL		5,153.85

Indexation

6.3.278 The Authority notes that MIAL has submitted the expenditure on various projects proposed in the Fourth Control Period by considering the cost of FY 2023-24 as the base. Based on the year-wise cashflow, MIAL had adjusted the expenditure to account for inflation in the years beyond FY 2023-24. MIAL had considered inflation at 5% and had computed indexation cost as Rs. 1,703.07 crores.

6.3.279 The Authority notes that for the following projects, the cost is already finalized / is inclusive of indexation and accordingly proposes not to separately consider indexation:

Table 200: Projects for which the Authority proposes not to consider indexation

(Rs. in Crores)

S. No	Project /Item Name	Base Cost	Reason for not providing indexation
A9-7	Construction of RET E6	34.86	Based on awarded cost
A9-8	Construction of RET W3	31.72	Based on awarded cost
A9-12	Replacement of ILS RWY 14	5.05	Based on awarded cost
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	23.40	Based on actual cost
B1	New Construction of Terminal T1	2,422.75	Based on inflation adjusted normative cost
E-2	Construction of NAD Colony	282.65	Based on awarded cost
E-3-1	Cost of 3 levels of basements for 2 metro stations	141.00	Based on awarded cost
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	75.00	Based on actual cost

6.3.280 For the rest of the projects, the Authority proposes to revise the indexation cost based on the rate of inflation proposed by it for the projects allowed for the Fourth Control Period (Refer Table 229: Inflation rates proposed by the Authority for the Fourth Control Period). Based on the above, the Authority has arrived at an Indexation cost of Rs. 366.90 Crores as against Rs 1,703.07 Crores claimed by MIAL.

Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses as proposed by MIAL

6.3.281 MIAL has submitted that the inclusion of technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses for the projects under the Fourth Control Period is based on established practices followed by both domestic and international airports. These proposed include components such as planning consultancy, project management consultancy, and other technical services, which are necessary for the efficient execution of infrastructure projects.

6.3.282 MIAL submits that, as per the CPWD SOP 2022 (dated 13.07.2022), the applicable technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses cost components for various projects are as follows:

- (i) Planning Consultancy: 4%
- (ii) Project Management Consultancy (PMC): 5%
- (iii) Other Technical Services: 7-24%, depending on the complexity and scale of the project
- (iv) Contingency Costs: 3% as a standard provision
- (v) ESI & EPF Contributions: Estimated at 2%

6.3.283 MIAL further states that as per accounting standards, the costs relating to the Project Team are required to be capitalized. These costs have been approved by the Authority in various orders for PPP and AAI Airports ranging between 2-3% of the project cost. The same is recognized by the Authority in its Guidelines. The overall costs based on the above is a minimum of 18-20%.

6.3.284 MIAL further submits that as per “Airport Capital Improvements: A Business Planning and Decision-Making Approach” study conducted by Airport Cooperative Research Program (ACRP), Transport Research Board (sponsored by US Government’s Federal Aviation Administration), these costs range between 10% to 30%.

6.3.285 MIAL cites the Tariff Order No. 27/2023-24 for Manohar International Airport (GOX), where the Authority approved costs ranging between 13% and 16% for design consultancy, PMC, and other pre-operative expenses. Similarly, in MIAL’s case, a blended cost of 16% has been proposed, which is in line with both domestic and international standards and with actual cost being incurred by Airport Operators.

6.3.286 The Authority has taken note on MIAL’s submission and observes the following:

- (i) Many of the CAPEX allowed to the AO are bought out items like crash fire tenders, SBDs, CT X-ray machines etc, wherein quotations are obtained / orders are placed on Supply, installation, Testing & Commissioning (SITC) basis. Hence, soft costs such as PMC, Design etc. are not required to be incurred on such items.
- (ii) The proposed CAPEX for the Fourth Control Period includes works on the airside. On air side works such as Apron, Taxiway etc., Design / PMC charges are normally only in the range of 1% to 3%.

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

- (iii) There are many projects like refurbishment of toilets etc. for which only a nominal consultant fee is required.
- (iv) Technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses claimed by the AO includes contingencies also, which do not come as a separate line item while capitalizing the assets and is not to be claimed without any contingent activity.

Hence, taking an overall view, cost for technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses @ an average 8% of total capital expenditure is reasonable and justified.

Interest During Construction (IDC)

6.3.287 IDC is calculated based on construction phasing, cash flows and proposed capitalization dates. The amount is calculated considering debt portion of 70% with actual cost of debt of ~11.9%.

6.3.288 The Authority has considered IDC to be provided on the debt portion of the value of average CWIP derived on the basis of revised Capitalization Schedule proposed by the Authority. Further, the Authority proposes to consider the ratio proposed by MIAL (debt-equity ratio of 70:30) subject to true-up on actuals, and cost of debt @ 10.15% (refer Table 227) for the Fourth Control Period for calculating the IDC. Based on the same, the Authority has derived an amount of Rs. 499.68 Crores and is inclined to allow the same as against Rs. 1,212.61 Crores claimed by the MIAL for the Fourth Control Period.

6.3.289 Based on the analysis detailed above, the Authority proposes the total Capital Expenditure for the Fourth Control Period as per the table below:

Table 201: Capital Expenditure proposed by the Authority for the Fourth Control Period

(Rs. in Crores)

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
A	Airside Projects		3,188.79	1,059.34	2,129.45	
A1	Runway Improvement Works					
A1-1	Recarpeting of RWY 09-27		148.71	-	148.71	Considered as part of Operation & Maintenance Expenses (Refer Para 6.3.25)
A2	Taxiway Improvement Works					
A2-1	Construction of Taxiway E (segment between E5 & E7), North-East side, parallel to RWY 14-32		73.59	-	73.59	To be considered on incurrence basis, subject to relocation of facilities (Refer Para 6.3.30)
A2-2	Construction of Taxiway M Extension (East side)		60.99	-	60.99	To be considered on actual incurrence basis, subject to relocation of facilities (Refer Para 6.3.34)
A2-3	Construction of TWY W (North-West side, parallel to RWY 14-32)	Table 159	161.65	113.78	47.87	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL

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

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
						reduced to 10%, demolition of building not considered.
A3	<i>Apron Improvement Works</i>					
A3-1	Construction of Additional Aircraft Parking Stands (V1+V2)	Table 160	113.26	98.40	14.86	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of diversion of utilities reduced, compound wall cost not considered, and demolition of building not considered.
A3-2	Reconstruction of Apron C (Tier1) and Taxiway W6	Table 161	53.16	39.25	13.91	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL reduced to 10%, cost of miscellaneous works and diversion of utilities not considered.
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	Table 162	53.12	41.95	11.17	Estimate of extra cost over approved rates for working in operational area reduced to 5%, provision of AGL reduced to 10%, cost of demolition of buildings not considered.
A4	Reconstruction of Perimeter Road	Table 163	202.50	75.03	127.47	Estimate of extra cost over approved rates for working in operational area reduced to 5%. Provision of only 40% of length of road considered. (Refer Para 6.3.71)
A5	Construction of Airside Tunnel		894.23	-	894.23	Will be considered on actual incurrence basis, subject to due approvals (Refer Para 6.3.79)
A6	Reconstruction of Airside Drain	Table 164	498.80	93.84	404.96	Only 20% of drain considered for reconstruction in this control period based after site inspection by the Independent Consultant (Refer Para 6.3.82).
A7	Aircraft Maintenance Hangar	Table 165	92.76	66.68	26.08	Revision of costs for working in operational areas from 10% to 5%.

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

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
						demolition of structures not considered, reduction in quantity of structural steel from 170kg/sqm to 100kg/sqm, Diversion of existing utilities & infrastructure not considered, and demolition of structures not considered.
A8	Parking Stands at NEC Hangar		120.00	-	120.00	Not considered currently. Will be considered on actual incurrence basis, subject to agreement/MoU with AIESL. (Refer Para 6.3.96)
A9	Airside improvement works less than Rs. 50 Crores	Table 166 Table 167 Table 168	716.02	530.41	185.61	As per tables referred.
B	Passenger Terminal Improvement & Associated Works		3,496.11	2,556.18	939.93	
B1	Reconstruction of T1	Table 174	3,129.23	2,422.75	706.48	Terminal Building of area 1.89 lakh sqm inflation adjusted normative cost, rationalized for envelope, interior finishes and passenger processing / security equipment only for 10 MPPA considered, against area of 2.01 lakhs sqm for processing 20 MPPA proposed by MIAL.
B2	Terminal 2 Expansion Project	Table 175	141.88	133.43	8.44	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of dismantling & diversion of utilities not considered.
B3	GA Terminal Expansion		225.00	-	225.00	As per OMDA GA Terminal is considered a Non-Aero asset. (Refer Para 6.3.141)
C	Kerbside Improvement Projects		280.21	149.98	130.23	

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

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement		27.80	27.80	-	Estimate considered reasonable based on CPWD DSR and MoRTH rates.
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)		102.48	102.21	0.27	Revision of costs for working in operational areas from 10% to 5%.
C2	At-Grade Road development over existing nallah in front of T2 MLCP		81.80	-	81.80	To be considered on an incurrence basis, subject to due approvals. (Refer Para 6.3.152)
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	Table 179	49.00	6.00	43.00	Estimate cost of hard scaping like Granite, Vitrified tile flooring and paver block etc., not considered, 50% of soft scaping proposed in this control period. (Refer Para 6.3.156)
C3-2	At-Grade Road widening for International Airport Road	Table 180	19.13	13.97	5.16	Estimate cost of dismantling of pavements not considered.
D	External Connectivity Improvement Project		58.87	-	58.87	Will be considered on actual incurrence basis, subject to due approvals (Refer para 6.3.167)
E	Ancillary Building Development Works		2,152.06	1,025.97	1,126.10	
E1	Construction of Airport Management Corporate Office Building	Table 186	1,229.36	468.19	761.17	Estimate of extra cost over approved rates for working in operational area reduced to 5%, cost of diversion of utilities rationalized, cost of superior finishes adjusted to reflect market rates and demolition of building not considered. Proposed area restricted to G+2 floors with entire basement.
E2	Construction of NAD Colony		282.65	282.65	-	Estimate considered reasonable based on awarded cost.
E3	Mumbai Metro Line 3: Construction of 3 Metro Stations at CSMIA		216.00	216.00	-	Only 50% of the cost of basements proposed to be considered as Aero (Refer Para 6.3.194)

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

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
E4	Sewage Treatment Plant and associated works		16.41	16.41	-	Estimate considered reasonable based on quotation / market rates.
E5	Development of T2 Forecourt		124.80	-	124.80	Will be considered on actual incurrence basis. (Refer Para 6.3.200)
E6	Crew Terminal	Table 176	98.70	42.72	55.98	Cost considered based on inflation adjusted normative cost of Passenger Terminal Building.
E7	Relocation of ATC Technical Block		184.14	-	184.14	To be considered on actual incurrence basis, subject to due approvals. (Refer Para 6.3.203)
	TOTAL (Project Capex A to E)		9,176.04	4,791.48	4,384.57	
2	Operational Capex Proposal		3,109.48	1,631.16	1,478.32	
2A	CT Handbag X-ray	Table 198	320.00	120.00	200.00	Cost adjusted based on quotation and proposed phasing of quantities
2B	Full Body Scanner	Table 198	69.00	22.00	47.00	Cost adjusted based on quotation and proposed phasing of quantities
2C	Crash Fire Tender	Table 198	50.00	34.20	15.80	Considered based on conventional CFTs over EV CFTs proposed by MIAL.
2D	Refurbishment of Washrooms at T2	Table 188	189.00	64.54	124.46	Cost adjusted for contingency and proposed phasing of washrooms based on site inspection.
2E	Transfer Hub Initiatives at Baggage Handling Systems at T2	Table 198	190.00	190.00	-	Estimate considered reasonable based on quotations / market rates.
2F	Follow the Green	Table 198	200.00	-	200.00	To be considered on incurrence basis.
2G	Self-Bag Drop at T2	Table 198	222.00	55.00	167.00	Cost adjusted based on quotation and proposed phasing of quantities
2H	CT EDS	Table 198	78.00	64.00	14.00	Based on spend in FY 24 for similar item.
2I	Operational Capex Projects less than 50 Crores	Table 198	1,791.48	1,081.42	710.06	Considering the number and cost involved in projects, a portion of cost submitted by MIAL is considered based on review of need.
3	Indexation, Technical consultancies, Cost		5,153.85	1,409.74	3,744.10	

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

Sl. No.	Projects	Table Reference	Base Cost as per		Variance	Remarks
			MIAL	Authority		
	and Interest During Construction					
3A	Indexation		1,703.07	366.90	1,336.17	Refer Para 6.3.280
3B	Technical consultancies		2,238.17	543.16	1,695.01	Refer Para 6.3.286
3C	Interest During Construction		1,212.61	499.68	712.92	Refer Para 6.3.288
TOTAL (SUM(1: 3))			17,439.38	7,832.38	9,607.00	

6.3.290 For all the above projects, the Authority, through its Independent Consultant / Aviation Expert has checked the BOQ / cost estimate and found that estimate considered is as per normative cost, wherever applicable or as per the CPWD DSR / PAR / MoRTH / Market rates (as applicable), considering it to be appropriate and reasonable.

6.3.291 Based on the above discussions, the Authority proposes the following capital additions on an incurrence basis, subject to evaluation of reasonableness and efficiency at the time of determination of tariff for the next Control Period:

Table 202: Capital Expenditure proposed by the Authority on an incurrence basis, subject to cost efficiency and reasonableness, for the Fourth Control Period:

(Rs. in Crores)

S. No	Project /Item Name	Project Category	Cost Proposed by MIAL
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	Airside Improvement Works	73.59
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	Airside Improvement Works	60.99
A5	Construction of Airside Tunnel	Airside Improvement Works	894.23
C2	At-Grade Road development over existing nallah in front of T2 MLCP	Kerbside Improvements	81.80
D-1	Construction of Overpass including roadway ramps	External Connectivity Improvements	17.39
D-2	Construction of Underpass below WEH at T2 elevated road	External Connectivity Improvements	41.48
E-5	Development of T2 forecourt (Metro Station)	Ancillary Building Development Works	124.80
E-7	Relocation of ATC Technical block	Ancillary Building Development Works	184.14
A8	Parking Stands at NEC Hangar (AIESL)	Airside Improvement Works	120.00
2F	Conversion of conventional lamps to LEDs - follow the green	Sustaining / Minor Capex Works	200.00
2I-50	Installation of Digital Bollards at Airside & Landside for enhancement of Safety	Sustaining / Minor Capex Works	10.00
	Total		1,808.42

Note: Further, 19 CTiX for Hand baggage's (Refer Project 2A) and 11 Full Body Scanners (Refer Project 2B) are proposed to be allowed on incurrence basis.

6.3.292 The Authority observed that in the past, the Airport Operator got the CAPEX approved but not executed within the timelines. Thereby, the Authority proposes to reduce (adjust) 1% of the uncapped project

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

cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of the MIAL or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The re-adjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by the AO and is also encouragement for the AO to commission/ capitalize the proposed assets as per the approved CAPEX plan/ schedule.

6.3.293 The Authority notes that MIAL would be eligible to claim GST Input Tax Credits (“ITC”) on procurement of certain movable items. Accordingly, the Authority had requested MIAL to submit details of the eligible GST ITC included in the proposed CAPEX for the Fourth Control Period.

6.3.294 In response, MIAL submitted the following:

“...Section 17(5)(d) of The Central Goods and Service Tax, 2017 states that input tax credit shall not be available in respect of goods or services, or both received by taxable person for construction of “immovable property”.

Most of the Project Capex proposed by MIAL in Fourth Control Period for various categories Airside Development, Passenger Terminal Building, Ancillary Building and External Connectivity Project would fall under the definition of “immovable property”. However, there are certain works under the above projects that would not fall under the category of immovable property and hence eligible for ITC claim .

In our assessment contracts like Airport Systems like PBB, VHT, BHS, Security Screening equipment etc. for Terminal Building and Finishes for Corporate Office Building with total contract value of ~Rs 750 Cr are eligible for ITC of Rs ~115 Cr. Computed ITC is ~2.6% of projects worth Rs. 4,300 Crs i.e. (Project Cost of Terminal Building Rs 3,100 Cr and Corporate Office (Rs 1,200 Cr).

Please note that above numbers will change in case of adjustment in the cost of the Projects (if any) is done by the Authority as part of ongoing tariff determination exercise... ”

6.3.295 Upon review, the Authority notes that MIAL’s submission does not account for certain eligible items, such as furniture and fixtures, HVAC systems, and electrical fittings, where ITC can be availed. Consequently, the Authority has recalculated the eligible Input Tax Credit from the CAPEX proposed by it for the Fourth Control Period, as detailed in the table below:

Table 203: GST Input Tax Credit proposed by the Authority for the Fourth Control Period:

(Rs. in Crores)

S. No	Project /Item Name	Project Categorization	Base cost proposed by the Authority	GST Input Tax Credit computed by the Authority
B1	New Construction of Terminal T1	Passenger Terminal & Associated works	2,422.75	125.44
E-1	Construction of Airport Management Corporate Office Building	Ancillary Building Development Works	468.19	20.67
Total				146.11

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

6.3.296 The Authority proposes adjusting this from the CAPEX from the figures reflected in Table 201. After this, the CAPEX proposed by the Authority is as follows:

Table 204: Capital Expenditure proposed by the Authority for the Fourth Control Period after adjusting GST Input Tax Credit:

(Rs. in Crores)

Particulars	Ref	Cost
CAPEX proposed by the Authority before adjusting Input Tax Credit - as per Table 201	A	7,832.38
Less: Input Tax Credit as per Table 203	B	146.11
Less: Consequential adjustment in Indexation, Technical consultancies, Cost and Interest During Construction	C	34.63
Final CAPEX proposed by the Authority	D = A - (B+C)	7,651.63

6.3.297 The Authority will consider the statutory payments relating to GST amount on Capex (including CWIP) for the Fourth Control Period, on actual incurrence basis against these indicative estimates, at the time of true up of the Fourth Control Period, while determining tariff for the Fifth Control Period.

6.3.298 Further, the Authority expects that MIAL would properly account for such credits in its submissions in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 at the time of true up of the RAB. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the Fifth Control Period.

6.3.299 The asset category wise CAPEX proposed by the Authority for the Fourth Control Period is as per the table below post allocation of the indexation, technical consultancies, contingencies, pre-operative cost, design cost, PMC, preliminary expenses and IDC to each project on a straight proportional basis:

Table 205: Asset category-wise total Capital Expenditure Cash Flow Phasing proposed by the Authority for the Fourth Control Period

(Rs in Crores)

Asset Category	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway, Taxiway and Apron	150.01	106.70	224.94	330.08	20.83	832.56
Terminal Building	290.19	626.88	955.81	879.56	335.22	3,087.65
Other Buildings	646.50	586.41	360.39	34.83	55.22	1,683.35
Boundary Wall	5.37	11.11	17.98	19.56	6.37	60.39
Access Road	20.50	40.27	93.69	111.70	32.26	298.43
Plant and Machinery	363.07	316.10	137.59	63.32	26.92	907.00
Electrical Installation and Equipment's	122.61	39.57	44.36	53.97	31.62	292.12
IT equipment	169.15	54.44	25.65	16.47	15.15	280.85
Furniture & fixtures	39.63	25.76	27.57	9.97	10.82	113.74
Vehicles	1.41	2.36	3.08	6.42	6.70	19.97
Computers - Servers & Networks	60.08	10.75	2.77	0.96	1.01	75.57
Total	1,868.50	1,820.35	1,893.81	1,526.84	542.13	7,651.63

6.3.300 The Authority proposes considering the CAPEX of MIAL for the Fourth Control Period as Rs. 7,651.63 Crores as per Table 205.

6.3.301 The Authority, based on its examination of the MYTP and review of the supporting documents relating to Capital Expenditure submitted by the MIAL from time to time, has rationalized the Capital Expenditure as detailed above. In this regard, the Authority expects quality input from all the Stakeholders on the proposals regarding CAPEX laid down in this Consultation Paper.

6.4 ASSET ALLOCATION OF CAPEX FOR THE FOURTH CONTROL PERIOD

MIAL'S SUBMISSION

- 6.4.1 In its MYTP submission, MIAL has considered the asset allocation ratio for the assets proposed for the Fourth Control Period as per the table below:

Table 206: Broad basis for Asset Allocation ratios considered by MIAL for the Fourth Control Period

Asset Category	Allocation Ratio	Remarks
Aeronautical Assets like Airside Works, Access Roads, BHS, etc.	100%	
Common Assets like Terminal, Office Building (New)	90%	Generally accepted Ratio of 90% Aero as used by the Authority in the recent orders of various Airports is applied for projection perspective. The ratio based on actual usage area is subject to true-up at the time of determination of tariff for next control period.
Common Assets like Terminal, Office Building (Old)	T1 - 86.84% T2 - 89.93% Overall – 87.43%	Based on IRCLASS Report
Common Assets like GA Business Centre	95.30%	As per aeronautical area allocation of existing GA terminal
Non-Aeronautical Assets like Aircraft Maintenance Hangar	0%	

AUTHORITY'S EXAMINATION OF ALLOCATION OF ASSET BETWEEN AERONAUTICAL AND NON-AERONAUTICAL

- 6.4.2 In reviewing the allocation of assets, Authority has taken into consideration multiple factors including nature of asset, intended location and use, revenues derived etc.
- 6.4.3 The Authority notes that the asset allocation submitted by MIAL for the CAPEX proposed in the Fourth Control Period is based on the methodology adopted in the asset allocation study report conducted in the Third Control Period Order. Assets are allocated based on their proposed functional use, proportional to the space and services they support.
- 6.4.4 The Authority has reviewed the asset allocation ratio submitted by MIAL and finds it largely consistent with the asset allocation study report. However, the Authority notes the following deviations in the asset allocation used by MIAL:

Table 207: Changes to asset allocation proposed by the Authority

S. No	Project /Item Name	Allocation Ratio		Remarks
		MIAL	Authority	
B3	GA Terminal Expansion	95.30%	0.00%	As per Part 1 of Schedule 6 of OMDA, General aviation services (other than those used for commercial air transport services ferrying passengers or cargo or a combination of both) are non-aeronautical.
A7	Aircraft Maintenance Hangar	0.00%	100.00%	MIAL submitted, vide email dated 23-Sep-2024, that:

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

S. No	Project /Item Name	Allocation Ratio		Remarks
		MIAL	Authority	
				<p>“...Aircraft Maintenance Hangar allocation of 0% is typo error in financial model. Same needs to be corrected to 100%. Hangar to be considered aeronautical asset as same will be used for long term parking of aircrafts...”</p> <p>The same has been corrected by the Authority.</p>
B1	New Construction of Terminal T1	90.00%	89.93%	<p>It was observed that MIAL has considered the aeronautical terminal building ratio in both the reconstructed T1 and the planned expansions to T2 in the ratio of 90:10. The Authority notes that the Terminal Building Area is planned in an airport considering the facilities to be provided for Aeronautical activities and provision of space for certain Non-Aeronautical activities such as Food & Beverage, Duty Free etc. In the case of PPP airports, the focus on Non-Aeronautical activities is expected to be more as these would generate revenues and a part of the same would also cross subsidize the Aeronautical charges. The Authority also noted that in other PPP airports such as DIAL, BIAL etc. and in MIAL’s existing T1 and T2, the area allocated for Non-Aeronautical activities are over 10%. IMG norms inter alia provides for non-aeronautical area to be between 8% and 12%, with the range being up to 20% in bigger airports.</p> <p>Based on these considerations, the Authority proposes to adopt the same terminal building ratio currently applicable to the existing T1 and T2, for the reconstructed T1 and expansions to T2, respectively. This allocation will be trued up in the next control period based on actual utilization. Given the additional space available in the reconstructed T1 compared to the existing T1, the Authority encourages MIAL to allocate a higher proportion of space for non-aeronautical initiatives.</p>
B2-1	New Terminal 2 NW Pier	90.00%	86.84%	
B2-2	New Terminal 2 NW Pier BUS BOARDING GATE (V3)	90.00%	86.84%	
B2-3	TERMINAL EXTENSION T-2	90.00%	86.84%	
E-1	Construction of Airport Management Corporate Office Building	90.00%	87.43%	<p>As per the Asset Allocation Study Report, the administrative office is to be allocated based on the Proportion of the Weighted Average Terminal Space.</p>

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

S. No	Project /Item Name	Allocation Ratio		Remarks
		MIAL	Authority	
E-3-1	Cost of 3 levels of basements for 2 metro stations	100.00%	50.00%	As explained in Para 6.3.194, since the planned usage of “E-3-1 - Cost of 3 levels of basements for 2 metro stations” has not yet been confirmed and since it is likely that this basement space will be used for non-aeronautical activities in the future, the Authority proposes to consider 50% of the basement cost as a non-aeronautical asset.

6.4.5 Considering the above ratios and principles for classification of assets, the aeronautical capital expenditure proposed by the Authority for the Fourth Control Period, after allocating the Indexation, Technical consultancies, and Interest During Construction to the project cost, is given in the table below:

Table 208: Aeronautical capital expenditure proposed by the Authority for the Fourth Control Period
(Rs. in crores)

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
Airside Improvement Works									
A1-1	Recarpeting of RWY 9-27	-	100.00%	-	-	-	-	-	-
A2-1	Construction of Eastern Taxiway (between E5 & E7) parallel to RWY 14-32	-	100.00%	-	-	-	-	-	-
A2-2	Taxiway M Extension East Side including Taxiway bridge over Mithi river	-	100.00%	-	-	-	-	-	-
A3-1	Construction of Additional Aircraft Parking Stand (V1+V2)	130.97	100.00%	-	-	-	130.97	-	130.97
A3-2	Reconstruction of Apron C (Tier1) & Taxiway W6	45.08	100.00%	45.08	-	-	-	-	45.08
A3-3	Reconstruction of Additional Aircraft Parking Stands in the Southern side of RWY 09-27	53.58	100.00%	-	-	53.58	-	-	53.58
A4	Reconstruction of Perimeter Road	92.47	100.00%	16.94	17.68	18.46	19.27	20.12	92.47
A5	Construction of Airside Tunnel	-	100.00%	-	-	-	-	-	-
A6	Reconstruction of Airside drain	116.6	100.00%	10.59	22.11	34.63	24.1	25.16	116.6
A7	Aircraft Maintenance Hangar	84.85	100.00%	-	-	84.85	-	-	84.85
A8	Parking Stands at NEC Hangar (AIESL)	-	100.00%	-	-	-	-	-	-
A9-1	Taxiway M Extension West Side	19.83	100.00%	19.83	-	-	-	-	19.83
A9-2	Taxiway M	48.79	100.00%	-	-	48.79	-	-	48.79
A9-3	Taxiway N1	26.97	100.00%	26.97	-	-	-	-	26.97
A9-4	Taxiway N7	21.96	100.00%	21.96	-	-	-	-	21.96
A9-5	Re-Construction of Taxiway U	22.07	100.00%	-	22.07	-	-	-	22.07

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

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
A9-6	Taxiway W1 Parallel Taxiway to RWY14-32 West	51.18	100.00%	-	-	-	51.18	-	51.18
A2-3	Taxiway West to RWY 14-32	151.74	100.00%	-	-	-	151.74	-	151.74
A9-7	Construction of RET E6	38.32	100.00%	-	-	-	38.32	-	38.32
A9-8	Construction of RET W3	34.86	100.00%	-	-	-	34.86	-	34.86
A9-9	Construction of Taxiway S	48.17	100.00%	-	48.17	-	-	-	48.17
A9-10	Recarpeting of balance portion of RWY 14-32	-	100.00%	-	-	-	-	-	-
A9-11	CBR for RWY 09-27	58.13	100.00%	-	-	-	-	58.13	58.13
A9-12	Replacement of ILS RWY 14	5.49	100.00%	5.49	-	-	-	-	5.49
A9-13	Runway intersection overlay works	-	100.00%	-	-	-	-	-	-
A9-14	Construction of New Fire Station	44.86	100.00%	-	44.86	-	-	-	44.86
A9-15	Construction of New Fire Sub Station	14.39	100.00%	-	14.39	-	-	-	14.39
A9-16	Airport Boundary Wall (New Construction) including demolition of existing wall	24.47	100.00%	4.48	4.68	4.88	5.1	5.32	24.47
A9-17	CISF Staff Quarters	35.68	100.00%	-	35.68	-	-	-	35.68
A9-18	New Retaining Wall including demolition of existing retaining wall	31.09	100.00%	-	-	-	31.09	-	31.09
A9-19	Airside CISF Watch Tower (14 Nos.) & Goomties (30 Nos.)	3.46	100.00%	3.46	-	-	-	-	3.46
A9-20	Refurbishment of Gate 8	4.21	100.00%	-	4.21	-	-	-	4.21
A9-21	Additional Aircraft Parking stand adjacent to Apron J	26.76	100.00%	-	-	-	26.76	-	26.76
A9-22	Reconstruction of drain along TWY K1	29.69	100.00%	29.69	-	-	-	-	29.69
A9-23	Relocation of existing Airside Fire Tank	8.89	100.00%	-	8.89	-	-	-	8.89
A9-24	Construction of Emergency Service Road	13.68	100.00%	-	-	13.68	-	-	13.68
A9-25	Perimeter Intrusion Detection System (PIDS)	4.83	100.00%	0.88	0.92	0.96	1.01	1.05	4.83
A9-26	Enabling cost of NW Pier, Additional Aircraft Parking Stands in the Southern side of RWY 09-27 and Taxiway West to RWY 14-32	31.56	100.00%	-	-	-	31.56	-	31.56
Passenger Terminal & Associated works									
B1	New Construction of Terminal T1	2,820.67	89.93%	-	-	-	-	2,536.63	2,536.63
B2-1	New Terminal 2 NW Pier	27.63	86.84%	-	-	23.99	-	-	23.99
B2-2	New Terminal 2 NW Pier Bus Boarding Gate (V3)	5.32	86.84%	-	4.62	-	-	-	4.62
B2-3	TERMINAL T-2 EXTENSION	137.91	86.84%	-	-	119.76	-	-	119.76
B3	GA Terminal Expansion	-	-	-	-	-	-	-	-

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

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
Kerbside Improvements									
C1-1	New T1 Access Road (At-Grade) including demolition of existing pavement	34.81	100.00%	-	-	34.81	-	-	34.81
C1-2	New T1 Access Road (Elevated Departure Driveway for T1)	136.31	100.00%	-	-	-	136.31	-	136.31
C2	At-Grade Road development over existing nallah in front of T2 MLCP	-	100.00%	-	-	-	-	-	-
C3-1	External Landscape & Horticulture with Irrigation system including new trees, transplantation of trees and removal of trees	7.39	90.00%	1.22	1.27	1.33	1.39	1.45	6.65
C3-2	At-Grade Road widening for International Airport Road	19.44	100.00%	-	-	-	-	19.44	19.44
External Connectivity Improvements									
D-1	Construction of Overpass including roadway ramps	-	100.00%	-	-	-	-	-	-
D-2	Construction of Underpass below WEH at T2 elevated road	-	100.00%	-	-	-	-	-	-
Ancillary Building Development Works									
E-1	Construction of Airport Management Corporate Office Building	578.57	87.43%	-	-	505.85	-	-	505.85
E-2	Construction of NAD Colony	326.95	100.00%	158.05	168.90	-	-	-	326.95
E-3-1	Cost of 3 levels of basements for 2 metro stations	152.28	50.00%	76.14	-	-	-	-	76.14
E-3-2	Additional Cost of T-1 Metro Station payable to MMRC	81	100.00%	81.00	-	-	-	-	81.00
E-4-1	Sewage Treatment Plant for new Terminal T2	16.61	100.00%	-	-	-	-	16.61	16.61
E-4-2	Hazardous Waste Storage	1.56	100.00%	-	-	-	-	1.56	1.56
E-4-3	Distribution network for Utilities	4.54	100.00%	-	-	-	-	4.54	4.54
E-5	Development of T2 forecourt (Metro Station)	-	100.00%	-	-	-	-	-	-
E-6	Crew Terminal	52.76	100.00%	-	-	52.76	-	-	52.76
E-7	Relocation of ATC Technical block	-	100.00%	-	-	-	-	-	-
Operational Capex Works									
2A	CTiX for Hand baggage's (40 nos.)	140.68	100.00%	33.86	88.37	18.45	-	-	140.68
2B	Full Body Scanner (23 no's)	26.44	100.00%	6.48	6.76	7.06	6.14	-	26.44
2C	Procurement of Crash Fire Tender - 04 Nos.	39.45	100.00%	19.3	20.15	-	-	-	39.45
2D	Refurbishment of Washrooms at T2	76.09	86.84%	21.08	22.01	22.98	-	-	66.08

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

S. No	Project /Item Name	Total Cost	Aero%	Aero Capitalization					
				FY25	FY26	FY27	FY28	FY29	Total
2.E-01	Transfer hub initiatives e.g. I-D Auto sortation for inbound bags	115.09	100.00%	62.07	53.02	-	-	-	115.09
2.E-02	Early Bag Store capacity & process enhancement	106.88	100.00%	28.22	29.46	49.2	-	-	106.88
2F	Conversion of conventional lamps to LEDs - follow the green	-	100.00%	-	-	-	-	-	-
2G	Provision of Self Bag Drops at T2	67.7	100.00%	-	21.6	22.55	23.54	-	67.70
2H	CT-EDS	72.23	100.00%	72.23	-	-	-	-	72.23
2I*	Operational Capex Projects less than Rs. 50 Crores	1,278.69	96.72%*	580.68	267.87	154.78	133.64	99.84	1,236.81
Total		7,651.63		1,325.70	907.69	1,273.36	846.98	2,789.87	7,143.61

*These projects contain multiple assets which have been allocated based on the ratios defined in the above paragraphs. The Aero % shown is the average aeronautical percentage of all the assets in the respective projects.

6.4.6 Accordingly, the Authority proposes to allow Aeronautical CAPEX of Rs. 7,143.61 Crores against Rs. 16,509.93 Crores proposed by MIAL.

6.4.7 The Authority directs MIAL to submit the current status of the works/capex proposed to be capitalized in FY 2025, i.e., 1st tariff year of the Fourth Control Period as a part of Stakeholder Consultation Process. The Authority proposes that capitalization schedule as per Table 208 may undergo changes based on updated status of works/capex to be submitted by MIAL at the time of issuance of the tariff order for the Fourth Control Period.

6.5 DEPRECIATION FOR THE FOURTH CONTROL PERIOD

MIAL SUBMISSION REGARDING DEPRECIATION FOR THE FOURTH CONTROL PERIOD

6.5.1 MIAL, in the MYTP, has taken cognizance of the rates of depreciation approved by the Authority in Order No. 35 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'. Accordingly, the rates of depreciation approved by the Authority have been applied by MIAL from FY 2018-19 onwards. Depreciation has been computed separately on opening block of assets and on the proposed additions.

6.5.2 The depreciation amount proposed for the Fourth Control Period has been given in the table below:

Table 209: Depreciation submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aero Allocation Ratio for Depreciation	83.40%	83.40%	83.40%	83.40%	83.40%	
Terminal Building	156.48	161.63	167.14	171.32	245.06	901.63
Runway, Taxiway and Apron	117.71	105.63	108.23	125.55	129.59	586.71
Cargo Building	-	-	-	-	-	-
Cargo Equipment	-	-	-	-	-	-
Boundary Wall	1.13	3.44	5.86	12.01	18.28	40.71
IT equipment	64.77	126.71	139.93	126.52	26.53	484.46
Security equipment	-	-	-	-	-	-
Plant and Machinery	73.73	112.56	140.84	154.51	161.57	643.21
Other Buildings	25.11	47.23	97.54	139.82	167.99	477.68

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

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Access Road	35.81	39.55	52.71	80.08	90.14	298.28
Fuel	-	-	-	-	-	-
Electrical Installation and Equipment's	35.03	42.74	44.99	56.28	63.83	242.87
Bridges	11.42	11.42	11.42	11.42	11.42	57.08
Computers - Servers & Networks	22.31	30.61	32.48	32.76	30.94	149.10
Office equipment	1.83	1.72	1.64	1.11	0.32	6.62
Furniture & fixtures	7.07	12.56	16.35	18.70	20.61	75.29
Vehicles	3.20	3.54	4.02	5.10	6.62	22.49
Total	555.59	699.35	823.13	935.17	972.87	3,986.11
Aeronautical Depreciation as per FAR	443.99	410.70	385.40	372.95	338.29	1,951.32
Add: Aeronautical Depreciation on New Additions	111.60	288.65	437.74	562.23	634.58	2,034.79
Total	555.59	699.35	823.13	935.17	972.87	3,986.11
Less: Runway recarpeting amortize separately as O&M	29.52	6.54	6.54	6.54	6.54	55.69
Less: Depreciation on disallowed projects	3.74	4.24	4.06	4.16	3.28	19.48
Depreciation on RAB (a)	522.34	688.56	812.53	924.47	963.05	3,910.94
Depreciation on HRAB (b)	39.44	44.80	42.88	43.93	34.59	205.63
Total Depreciation (a+b)	561.77	733.36	855.41	968.40	997.64	4,116.57

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

6.5.3 In compliance to para 12 of SCN dated 30.08.2023 referred at para 3.1.6, the Authority, through its Independent Consultant, has computed and accordingly adjusted the impact on account of the excess amount of tariff resulting from Return on RAB and Depreciation as reflected in Table 306.

AUTHORITY'S EXAMINATION OF DEPRECIATION FOR THE FOURTH CONTROL PERIOD

6.5.4 The Authority has reviewed the depreciation rates submitted by MIAL for the Fourth Control Period and compared them with the rates prescribed in Order 35. It was observed that MIAL calculated depreciation on capital expenditure proposed for the Fourth Control Period based on the useful life of assets as per the mentioned order. However, for the assets capitalized up to the Third Control Period, MIAL has computed depreciation based on useful life as assessed by technical experts.

6.5.5 For additions made in the Third Control Period, the Authority has compared useful life considered by MIAL vis-à-vis the useful life as per Order 35 and asset category wise comparison is given in below table.

Table 210: Comparison of technical useful life assessment by the valuer vis-a-vis that as per Order 35/2017-18

(Rs. in crores)

Category	Depreciation Rate as per MIAL (years)	Category as per Order 35/2017-18	Depreciation Rate as per Order 35/2017-18 (years)
Terminal Building	10	Terminal Building (Including VIP Terminal, Bus Terminal, Hajj Terminal)	30/60
Runway, Taxiway and Apron	3/7/20	Runway, Taxiway, Apron	5/30
Cargo Building	10	Building In Operational Area	30/60

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

Category	Depreciation Rate as per MIAL (years)	Category as per Order 35/2017-18	Depreciation Rate as per Order 35/2017-18 (years)
Boundary Wall	5	Main Access Roads, Roads in Operational Area, Boundary wall, Security fencing	5/10
IT equipment	3	Computers - End User Devices	3
Security equipment	7.5	X-Ray Machine, RT Set, DFMD, HHMD, Security Equipment	15
Plant and Machinery	7.5	Plant & Machinery	15
Other Buildings	10	Building In Operational Area	30/60
Electrical Installation and Equipment's	5	Electrical Installation and Equipment's - Electrical fittings, including Runway lighting system Gen-Set / Power Equipment	10
Computers - Servers & Networks	6	Computers - Servers and Networks	6
Office equipment	2	Office Equipment	5
Furniture & fixtures	3/5	Furniture & Fixtures - Other than trolleys	7

- 6.5.6 The Authority has identified discrepancies in 614-line items where higher depreciation is considered by MIAL. The Authority proposes to adjust the depreciation based on useful life determined in Order 35.
- 6.5.7 The Authority, through its Independent Consultant, is complying with the directions of the Authorized Investigation Agency as explained in para 6.5.3.
- 6.5.8 The Authority, through its Independent Consultant has computed the depreciation assets specified in the SCN as mentioned in para 6.5.3 as below:

Table 211: Aeronautical Depreciation as computed by the Authority for the Fourth Control Period on the assets identified in the SCN

(Rs. in crores)

Particulars	Second Control Period - Depreciation					Total Depreciation
	FY 25	FY 26	FY 27	FY 28	FY 29	
Aeronautical Depreciation	7.12	7.07	7.01	7.01	7.01	35.22

- 6.5.9 Based on changes in the asset allocation of opening gross block of assets, proposed capital expenditure, and reallocation of cost incurred on runway recarpeting of runway 9/27 and 14/32 submitted as Capital Expenditure by MIAL to Operating and Maintenance Expenditure, the Authority proposes the following depreciation for the Fourth Control Period:

Table 212: Depreciation proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aero Allocation Ratio for Depreciation	83.38%	83.38%	83.38%	83.38%	83.38%	
Terminal Building	155.51	159.08	162.47	165.37	208.16	850.60
Runway, Taxiway and Apron	114.48	98.51	99.24	108.54	101.78	522.56
Cargo Building	-	-	-	-	-	-
Cargo Equipment	-	-	-	-	-	-
Boundary Wall	0.54	1.63	2.78	7.08	11.44	23.47
IT equipment	40.26	72.98	79.03	53.77	23.71	269.75
Security equipment	-	-	-	-	-	-

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

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Plant and Machinery	65.56	84.27	94.82	98.37	99.84	442.86
Other Buildings	21.07	30.95	47.93	59.81	57.21	216.97
Access Road	34.18	34.59	35.80	45.91	46.44	196.92
Fuel	-	-	-	-	-	-
Electrical Installation and Equipment's	30.41	29.65	23.93	26.40	28.16	138.55
Bridges	11.41	11.41	11.41	11.41	11.41	57.06
Computers - Servers & Networks	20.23	25.69	26.70	26.84	24.94	124.39
Office equipment	1.83	1.72	1.64	1.11	0.32	6.62
Furniture & fixtures	5.96	9.96	12.91	14.55	15.83	59.21
Vehicles	3.10	3.32	3.59	4.05	4.71	18.78
Total	504.55	563.79	602.26	623.23	633.96	2,927.79
Aeronautical Depreciation as per FAR	443.69	410.44	385.14	372.69	338.09	1,950.05
Add: Aeronautical Depreciation on New Additions	60.86	153.35	217.12	250.54	295.87	977.74
Total	504.55	563.79	602.26	623.23	633.96	2,927.79
Less: Runway recarpeting amortize separately as O&M	56.57	30.37	34.01	33.88	32.98	187.81
Less: Depreciation on disallowed projects	3.19	3.57	3.46	3.41	2.93	16.57
Less: Higher depreciation in books as compared to the Authority (614-line items)	17.69	17.53	17.51	13.81	13.34	79.88
Less: Aeronautical Depreciation on the assets as per SCN	7.12	7.07	7.01	7.01	7.01	35.22
Aeronautical Depreciation on RAB (a)	419.98	505.25	540.26	565.13	577.70	2,608.31
Average Depreciation Rate	3.59%	4.01%	3.89%	3.83%	3.29%	
Aeronautical Depreciation on HRAB (b) – Refer Table 216	25.76	28.76	27.93	27.49	19.74	129.68
Total Aeronautical Depreciation (a+b)	445.73	534.01	568.19	592.62	597.44	2,737.99

6.6 HRAB FOR THE FOURTH CONTROL PERIOD

BACKGROUND

- 6.6.1 MIAL commenced operations in CSMIA as a brownfield airport. However, assets of AAI pertaining to Mumbai airport while were put in custody of the AO but were not transferred to MIAL's books of accounts at the time of commencement of operations.
- 6.6.2 Schedule I of SSA defined the computation of regulatory base for the first year of the First Control Period as follows:

"RB for the first regulatory period would be sum of

- (i) the Book Value of the Aeronautical Assets in the books of the JVC and
- (ii) the hypothetical regulatory base computed using the then prevailing tariff and the revenues, operation and maintenance cost, corporate tax pertaining to Aeronautical Services at the Airport, during the financial year preceding the date of such computation."

6.6.3 Hence, Hypothetical Regulatory Asset Base (HRAB) was required to be determined and added to the Regulatory Asset Base and return has to be provided to the AO on the Regulatory Asset Base computed for TR calculation.

MIAL’s SUBMISSION REGARDING HRAB FOR THE FOURTH CONTROL PERIOD

6.6.4 The Authority while determining tariff for the Third Control Period decided to remove value attributable to old T2 that was demolished from HRAB and computed impact of Rs. 258.83 crores as on 1st April 2019 on TR (refer table 232 of the Third Control Period Order).

6.6.5 TDSAT vide judgement dated 6th October 2023 has ruled that the decision of the Authority to reduce HRAB on account of demolition of old T-2 is not correct. Hence, MIAL has not considered the one-time impact of Rs. 258.83 crores computed by the Authority (Refer para 4.6.1) on account of reduction in HRAB for the purpose of calculation of true-up of the Third Control Period.

6.6.6 Based on the true-up values submitted by MIAL for the Third Control Period (Refer Table 77) MIAL has computed the HRAB for the Fourth Control Period as given in the table below:

Table 213: HRAB for the Fourth Control Period as submitted by MIAL

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening HRAB	258.08	218.64	173.84	130.97	87.04	
Depreciation for the year	39.44	44.80	42.88	43.93	34.59	205.63
Closing HRAB	218.64	173.84	130.97	87.04	52.45	
Average HRAB	238.36	196.24	152.41	109.00	69.74	

AUTHORITY’S EXAMINATION REGARDING HRAB FOR THE FOURTH CONTROL PERIOD

6.6.7 The Authority in its Third Control Period order has noted that HRAB of Rs. 966.03 crores determined in the First Control Period pertains to the value of assets that would have been in AAI’s books at the time of transfer of assets to MIAL, post privatization. The HRAB value so determined, thus included a portion of assets, attributable to the old T2 building. In the place of this old T2, a new T2 building was constructed in 2013-14.

6.6.8 In the opinion of the Authority, since the above-mentioned buildings and its related assets have already been demolished/proposed to be demolished, the operator ought not to get a return on these assets nor claim Depreciation reimbursement on the same. If both return on assets and Depreciation is continued to be allowed, then the operator gets a double benefit both on the non-existent assets and the new assets which are rebuilt. In order to ensure fairness, the Authority proposes that the cost which is attributable to old T2 which is included in the HRAB ought to be removed from the HRAB.

6.6.9 With regards to the TDSAT judgement on HRAB, the Authority based on the analysis provided in para’s from 1.9.2 to 1.9.5, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon’ble Supreme Court.

6.6.10 The Authority notes that the SSA does not specifically even allow for depreciation on HRAB. This is being allowed more as a practice during the period when the asset was in use. At the cost of repetition, the Authority wishes to reiterate that when the asset is demolished, it is logical and prescribed accounting practice and is also justified to remove such assets from the carrying value.

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

6.6.11 In the opinion of the Authority, since the above-mentioned buildings (Terminal-1) and its related assets are being allowed to demolish, the operator ought not to get a return on these assets nor claim Depreciation reimbursement on the same. Like mentioned in the Third Control Period Order in para 4.4.10,

“If both return on assets and Depreciation is continued to be allowed, then the operator gets a double benefit – both on the non-existent assets and the new assets which are rebuilt. In order to ensure fairness, the Authority proposes that the cost which is attributable to old T2 and T1B which is included in the HRAB ought to be removed from HRAB.”

6.6.12 The Authority notes that for Terminal-1 being demolished in this control period, it necessitates a corresponding reduction in the HRAB value from the time the Terminal-1 restarts functioning.

6.6.13 From the composition of assets of MIAL in 2012-13, i.e., before the capitalization of new T2 and when the entire assets of HRAB was existent, it is observed that, ‘runways, taxiways and apron’ constituted about 49% of the total asset cost. ‘Upfront Fees’ constitute about 1% of the total asset block. Hence, the balance of 50% of the remaining asset block pertained to terminal related assets. The area occupied by old T2 and T1 prior to demolishing old T2 was as follows:

Table 214: Terminal area and Airside proportion in HRAB pre-demolition of T2

Terminal Area	Ref	Proportion (% of Total)
Terminal 1	A	24.44%
Terminal 2	B	25.74%
GA Terminal	C	0.22%
Total Terminal Area	D = A+B+C	50.41%
Upfront Fees	E	4.32%
Intangible Assets	F	0.84%
Taxiways and Aprons	G	29.26%
Runways	H	15.17%
Total Airside and Other Assets	I = E+F+G+H	49.59%
Total HRAB Assets	J = D+I	100.00%

6.6.14 The necessary reduction in HRAB, on account of the demolition and re-construction of Terminal 1 has been detailed below:

Table 215: Computation of Closing HRAB as proposed by the Authority on account of the Terminal 1 demolition

(Rs. in crores)

Particulars	Ref	Amount
Opening HRAB as on 1 st April 2009	A	966.03
Percentage attributable to Terminal Area 1	B1	24.44%
Percentage attributable to Terminal Area 2	B2	25.74%
HRAB pertaining to T1	C1 = B1*A	236.14
HRAB pertaining to T2	C2 = B2*A	248.66
Opening HRAB of T1 as on 1 st April 2009	D = C1	236.14
Depreciation rates from FY 2010 to FY 2028 based on applicable depreciation rates for each year	E	87.02%
Accumulated Depreciation as of 31 st Mar 2028	F = D*E	205.50
Closing HRAB of T1 as on 31 st March 2028	G = D-F	30.64
Depreciation rate for FY 2029 [Refer Table 212]	H	3.29%
Depreciation for FY 2029	I = H*D	7.78

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

Depreciation for the first 6 months in FY 2029	$J = I / 2$	3.89
Closing HRAB of T1 as on 30th September 2028	$K = G - J$	26.75
Opening HRAB as on 1st April 2028 (Refer Closing HRAB of FY 28 in Table 216)	L	93.09
Depreciation on total HRAB for the first 6 months	$M = (A-C2) * H / 2$	11.82
Total HRAB as on 30th September 2028	$N = L - M$	81.27
Total HRAB as on 30 th September 2028 after adjusting T1	$O = N - K$	54.52
Depreciation on the total HRAB for the balance 6 months	$P = H * (A-C2-D) / 2$	7.93
Total Depreciation on HRAB for FY 2029	$Q = M+P$	19.74
Closing HRAB as on 31st March 2029	$R = O - P$	46.60

6.6.15 Thus, the necessary reduction has been applied to HRAB from mid-FY 2028-29 onwards as per the reconstruction completion date of Terminal 1. The Authority has done the HRAB computation along with the removal of Terminal 1 in the table below:

Table 216: HRAB as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening HRAB	203.03	177.27	148.51	120.58	93.09	
Depreciation for the year	25.76	28.76	27.93	27.49	19.74	129.68
Closing HRAB	177.27	148.51	120.58	93.09	46.60	
Average HRAB	190.15	162.89	134.55	106.83	69.84	

6.7 REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

MIAL SUBMISSION REGARDING RAB FOR THE FOURTH CONTROL PERIOD

6.7.1 MIAL submission on RAB for the Fourth Control Period for CSMIA is given in the table below:

Table 217: RAB submitted by MIAL for CSMIA for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,587.37*	7,017.23	8,381.34	11,027.60	12,126.64	
Add: Proportionate Capitalization during the year	2,414.14	2,052.67	3,458.78	2,023.51	6,563.45	16,512.55
Add: Brought Forward Balance (Refer Table 57)	538.05**	-	-	-	-	538.05
Less: Depreciation	522.33	688.56	812.53	924.47	963.05	3,910.94
Closing RAB	7,017.23	8,381.34	11,027.60	12,126.64	17,727.04	
Average RAB	5,802.30	7,699.29	9,704.47	11,577.12	14,926.84	

*Refer Table 57 for opening RAB of FY 25

**Brought Forward Balance from FY 24

AUTHORITY'S EXAMINATION REGARDING RAB FOR THE FOURTH CONTROL PERIOD

6.7.2 The Authority proposes to adopt the capitalization of Aeronautical Expenditure in accordance with Table 208 and the depreciation amounts in accordance with Table 212.

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

6.7.3 Based on the above, the RAB proposed to be considered by the Authority for determination of Aeronautical tariff for the Fourth Control Period is given in the table below:

Table 218: RAB proposed to be considered by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,436.41*	5,856.49	6,258.93	6,992.03	7,273.88	
Add: Capitalization during the year (Refer Table 208)	1,325.70	907.69	1,273.36	846.98	2,789.87	7,143.61
Add: Brought Forward Balance (Refer Table 76)	514.35**	-	-	-	-	514.35
Less: Aeronautical Depreciation (Refer Table 212)	419.98	505.25	540.26	565.13	577.70	2,608.31
Closing RAB	5,856.49	6,258.93	6,992.03	7,273.88	9,486.05	
Average RAB	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97	

*Refer Table 75 for opening RAB of FY 25

**Brought Forward Balance from FY 24

Table 219: RAB and HRAB proposed to be considered by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Average RAB (Refer Table 218)	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97
Average HRAB (Refer Table 216)	190.15	162.89	134.55	106.83	69.84
Total	5,336.60	6,220.60	6,760.02	7,239.79	8,449.81

6.8 AUTHORITY'S PROPOSAL REGARDING CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

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

- 6.8.1 To consider average RAB and average HRAB as per Table 219 for the Fourth Control Period.
- 6.8.2 To consider Depreciation as per Table 212 for the Fourth Control Period.
- 6.8.3 To reduce (adjust) 1% of the uncapitalized project cost from the TR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule, as mentioned in Table 208. The same will be examined at the time of Tariff Determination for the Fifth Control Period.
- 6.8.4 To consider Input Tax Credit for the Fourth Control Period as per Table 203, and to examine the accounting of input tax credit in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of tariff determination for the Fifth Control Period.
- 6.8.5 To consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period and to true-up the Aeronautical Capital expenditure, Depreciation and RAB based on actual additions to RAB on a pro-rata basis at the time of tariff determination for Fifth Control Period subject to the same being reasonable, efficient and justified.

7. FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

7.1 MIAL SUBMISSIONS ON FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

MIAL'S SUBMISSION FOR COST OF EQUITY

- 7.1.1 MIAL has submitted its Cost of Equity based on factors outlined in the Cost of Equity study conducted by PwC for Adani Group's Ahmedabad Airport in March 2021. This PwC report is based on a study conducted by IIM-Bangalore on the Determinants of Cost of Capital in December 2019, for the Third Control Period for MIAL.
- 7.1.2 MIAL has also incorporated an additional 1% premium of risk factor due to limited traffic growth in recent past as compared to all India growth or other PPP Airports growth (10%-16%). MIAL's market share as compared to all India traffic has been on declining trend (reduced from 21% to 13%) since last 10 years whereas for other Airports the trend is either increasing or remains stable. The same is attributable to the fact that Mumbai is an airside constrained airport. MIAL is of the view that this risk factor needs to be duly provided for while evaluating the cost of equity.

This "Additional Risk Premium" due to lower growth and capacity saturation is estimated as 1% based on below calculations: -

Table 220: Risk Factor as computed by MIAL

Particulars	Percentage
MIAL Market Share in 2009-10 (A)	21%
MIAL Market Share in 2014-15 (B)	19%
MIAL Market Share in 2019-20 (C)	13%
Annual % market share lost in 10 years (A — C) / 10	0.72%
Annual % market share lost in 5 years (B — C) / 5	1.16%
Risk factor considered for calculation purposes	1%

- 7.1.3 After considering the study and additional risk premium and incorporating Capital Asset Pricing Model (CAPM) equation, MIAL submitted the following table summarizing the sensitivity of the gearing ratio.

Table 221: Cost of Equity for different gearing ratios as determined by MIAL

Gearing Ratio	CoE
48:52	18.11% - 18.28%
60:40	20.55% - 20.76%
65:35	22.06% - 22.29%
70:30	24.07% - 24.34%

- 7.1.4 Accordingly, in view of the above, and given that the Authority has been considering gearing ratio of 48:52, MIAL submits that CoE should be allowed at 18.30%.

MIAL'S SUBMISSION FOR COST OF DEBT

- 7.1.5 As of date, MIAL has two outstanding loans and the same is also reflected in the Financial Statements.
- 7.1.6 **External Commercial Borrowing-** In April 2022, MIAL raised USD 750 million (~Rs 5,500 crores) through 7.25-year USD Notes/Bonds through US Private Placement (USPP). Funds raised through Private placement along with additional borrowings from Adani Airport Holdings Limited (AAHL) have been used for refinancing of existing short term bridge loan of Rs. 7,250 crores as of 31 March 2022. It is to be noted that only ~75% of existing debt was refinanced from USD notes and balance was refinanced by

FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

inter-company loan from AAHL. USD Notes are repayable in 7.25 years on the last day of Tenor (Bullet Repayment on last date of Tenor). As per the existing loan agreements, the effective interest rate is ~11.5% (7.25% effective coupon rate + 3.8% hedging cost + 6% TDS on coupon payments)

Table 222: External Commercial Borrowing and cost of its debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	6,339	6,339	6,339	6,339	6,339
Closing Debt Outstanding	6,339	6,339	6,339	6,339	6,339
Cost of Debt	11.50%	11.50%	11.50%	11.50%	11.50%

7.1.7 The intercompany loan from Adani Airport Holdings Limited is unsecured and subordinated to the senior debt. It carries an interest of 12.5% per annum.

Table 223: Intercompany loan and cost of its debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	2,584	2,928	3,318	3,760	4,260
Closing Debt Outstanding	2,928	3,318	3,760	4,260	4,827
Cost of Debt	12.50%	12.50%	12.50%	12.50%	12.50%

7.1.8 MIAL has estimated the average cost of debt to be 11.93% per annum for the Fourth Control Period as below:

Table 224: MIAL's Calculation of Weighted Average Cost of Debt for the Fourth Control Period

(Rs. in crores)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Debt Outstanding	8,743	12,622	15,415	18,760	21,741
Closing Debt Outstanding	12,622	15,415	18,760	21,741	23,374
Average Debt	10,683	14,018	17,088	20,251	22,557
Interest Cost	1,274	1,666	2,036	2,418	2,697
Cost of Debt	11.93%	11.88%	11.91%	11.94%	11.96%
Weighted Avg. Cost of Debt	11.93%				

7.1.9 MIAL, for availing a higher cost of debt has stated that the interest rates surged sharply post December 2020. Thus, continuing with the existing debt facility would have increased the interest rate by 1.25% for FY 2022-23 and 2.50% for FY 2023-24 and have provided the following computation to support this position:

Table 225: Computation of weighted average cost of debt by MIAL if it had continued with existing debt facility throughout the Third Control Period

(Rs. in crores)

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
Opening Debt (a)	6,273.60	6,138.40	6,075.64	7,183.00	8,114.04
Closing Debt (b)	6,138.40	6,075.64	7,183.00	8,114.04	8,743.10
Average Debt (c = (a+b)/2)	6,206.00	6,107.02	6,629.32	7,648.52	8,428.57
Cost of Debt (%) (d)	10.30%	10.30%	10.30%	11.55%	12.80%
Weighted Average Cost of Debt	11.17%				

7.1.10 As per MIAL, the weighted average cost of debt would have touched 11.17% if the same debt facility had continued throughout the Third Control Period.

MIAL'S SUBMISSION FOR GEARING RATIO

- 7.1.11 For calculating the Fair Rate of Return (FRoR), MIAL has assumed the same debt-equity ratio of 48%:52% as the Third Control Period, which is consistent with debt-equity ratio considered by the Authority in various recent tariff orders.

MIAL'S SUBMISSION FOR FAIR RATE OF RETURN

- 7.1.12 Based on the above parameters, the below table summarizes the FRoR for the Fourth Control Period as submitted by MIAL:

Table 226: FRoR as submitted by MIAL

Particulars	FY25	FY26	FY27	FY28	FY29
Cost of Debt	11.93%	11.88%	11.91%	11.94%	11.96%
Cost of Equity	18.30%	18.30%	18.30%	18.30%	18.30%
D/E Ratio	0.48:0.52	0.48:0.52	0.48:0.52	0.48:0.52	0.48:0.52
FRoR	15.24%				

7.2 AUTHORITY'S EXAMINATION RELATING TO FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD**AUTHORITY'S EXAMINATION OF COST OF EQUITY**

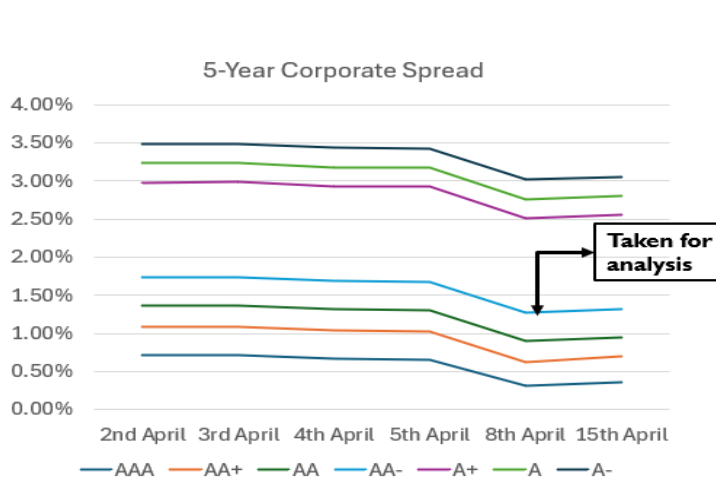
- 7.2.1 The Authority notes that MIAL has proposed 18.30% as cost of equity in MYTP based on the study conducted by PwC for Adani Group's Ahmedabad Airport.
- 7.2.2 The Authority in the Third Control Period had commissioned an independent study by IIM Bangalore on the determinants of Cost of Capital pertaining to Mumbai Airport. Vide this study, the Cost of Equity was determined to be 15.13% for MIAL, using the CAPM methodology.
- 7.2.3 The Authority proposes to consider the same cost of equity as decided in the Third Control Period i.e., 15.13% for the Fourth Control Period as against the cost of equity submitted by MIAL.
- 7.2.4 The Authority finds that the traffic has already reached pre-Covid levels at CSMIA, and also notes that all the potential and constraints of CSMIA was known to MIAL since the beginning of the concession. No new developments or anticipated events have arisen that would result in additional risk beyond the levels that have existed since the beginning, and which MIAL has taken into account while accepting the concession. Further the COE has been determined on an objective basis through an expert study (IIM Bangalore) which has taken into account all risks both favorable and unfavorable that MIAL faces. Therefore, the Authority is not inclined to accept MIAL's claim for a 1% upward risk adjustment in COE.

AUTHORITY'S EXAMINATION OF COST OF DEBT

- 7.2.5 The Authority noted that MIAL has estimated the weighted average cost of debt at 11.93% for the Fourth Control Period based on the two outstanding loans in its financial statements, which includes ECB loan @ 11.50% and Inter Company Loan from Adani Airport Holdings Limited @ 12.50%.
- 7.2.6 The Authority has re-worked the Cost of Debt that would have prevailed if MIAL had continued with the existing loan arrangement as at the start of the Third Control Period.
- (i) The old loan arrangement with SBI was based on an RBI mandated MCLR (8.50%) + Spread Rate (1.80%). Thus, continuing the same would have resulted in a lower interest rate for MIAL from March 2019 to May 2022, in which period the MCLR fell from 8.50% to 7.00%.
 - (ii) From May 2022, there was a gradual increase in the MCLR, which touched 8.65% by March 2024.

- 7.2.7 Recomputing the CoD based on the para above, the Authority notes that the rate would have been lower had MIAL continued with the original loan arrangement.
- 7.2.8 Therefore, the Authority has proposed not to consider MIAL’s submission regarding the cost of debt for the Fourth Control Period. Instead, it has determined the cost of debt based on the State Bank of India’s Marginal Cost of Funds-based Lending Rate (MCLR) as of March 2024, which is 8.65%.
- 7.2.9 The Authority has examined the spread relevant to MIAL’s credit rating based on data taken from Fixed Income Money Market Derivatives Association (FIMMDA), as of April 2024. Basis this, the spread applicable to MIAL’s credit rating of AA- is 150 basis points as shown in Figure 41.
- 7.2.10 Considering a spread of 150 basis points as per Para 7.2.9 and the MCLR as per Para 7.2.8, the total Cost of Debt for the Fourth Control Period is recalculated as follows: 8.65% (MCLR) + 1.50% (Spread for AA-) = 10.15%.

Figure 41: 5-year Corporate Bond Spread – Data Source: FIMMDA



- 7.2.11 Accordingly, the Authority proposes to consider the Cost of Debt at 10.15% for the Fourth Control Period. However, the Cost of Debt shall be trued up based on actual (or) SBI average 1-year MCLR plus 150 bps (whichever is lower) at the time of determination of tariff for the 5th Control Period.

AUTHORITY’S EXAMINATION REGARDING THE GEARING RATIO

- 7.2.12 The Authority has considered to accept MIAL’s submission of the debt-to-equity ratio as considered in the Third Control Period Order i.e., 48%:52%, which is in line with gearing ratio considered in the independent study of IIM Bangalore. As gearing of 48:52 (Debt:Equity) is efficient gearing, it will not be trued up.

FAIR RATE OF RETURN

- 7.2.13 Based on the revised CoD and CoE, the authority proposes to consider the following FRoR for the Fourth Control Period.

Table 227: Authority's proposal for FRoR for the Fourth Control Period

Particulars	Authority’s Proposal for Fourth Control Period
Efficient Cost of Debt	10.15%
Cost of Equity	15.13%
D/E Ratio	0.48:0.52
FRoR	12.74%

7.3 AUTHORITY'S PROPOSALS RELATING TO FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

Based on the materials before it and its analysis, the Authority proposes the following with respect to FRoR for the Fourth Control Period.

- 7.3.1 To consider Cost of Equity, efficient Cost of Debt, Notional Debt Equity Ratio and FRoR for the Fourth Control Period as per Table 227.
- 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 BACKGROUND

8.1.1 The Authority adopted CPI “mean” inflation indices while determining tariffs for all the three previous control periods. This was based on the Operation, Management and Development Agreement (OMDA) entered in between Airports Authority of India and Mumbai International Private Limited for Mumbai Airport on 4th April 2006.

8.1.2 The CPI indices used for the First, Second and Third Control Periods are given in the below table:

Table 228: CPI index used for Control Periods

Period	Basis	CPI Index
First Control Period	Average of quarterly median of CPI-IW for FY13	9.40%
First Control Period	Average of quarterly median of CPI-IW for FY14	7.80%
Second Control Period	Mean of annual average % change over next five years	5.00%
Third Control Period	Mean of annual average % change for FY25	4.50%

8.2 MIAL’S SUBMISSIONS REGARDING INFLATION FOR THE FOURTH CONTROL PERIOD

8.2.1 MIAL has submitted the following on CPI (as per OMDA) inflation rates for the Third Control Period:

Referring to the “Results of the survey of professional forecasters on macroeconomic indicators – Round 87”, MIAL has considered median CPI inflation of 4.60 % p.a. (Rounding it off to 5.00%) for Q4 of FY 2023-24 in financial projections for the Third Control Period.

8.3 AUTHORITY’S EXAMINATION REGARDING INFLATION FOR THE FOURTH CONTROL PERIOD

8.3.1 The Authority has reviewed MIAL’s submission regarding the CPI (as per OMDA) inflation. The Authority notes that CPI has been used by MIAL in forecasting revenue / cost where relevant.

8.3.2 The Authority proposes to consider the recent “Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 90th released on 9th Oct 2024 published by the Reserve Bank of India (RBI). Considering this, the Authority proposes to consider the Mean of CPI inflation forecasts (All Commodities) for FY 2024-25 till FY 2028-29.

Table 229: Inflation rates proposed by the Authority for the Fourth Control Period

Particular	FY25	FY26	FY27	FY28	FY29
Inflation	4.50%	4.40%	4.40%	4.40%	4.40%

8.4 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:

8.4.1 To consider the Mean CPI Inflation (as per the provisions of OMDA) for the Fourth Control Period for MIAL based on the 90th RBI Forecasters Survey as detailed in Table 229.

9. OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD**9.1 MIAL'S SUBMISSION REGARDING OPERATING AND MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD**

9.1.1 MIAL has projected operating expenses for the Fourth Control Period based on the following assumptions in their MYTP.

- (i) **Renovation of Terminal 1:** MIAL is planning to demolish Terminal 1 in FY 2025-26 for reconstruction, and the new T1 is expected to be completed by Sep 2028. This re-construction will increase the total Terminal area from 5,51,563 sqm to 6,49,506 sqm.

Table 230: Terminal Area Details

Terminal's	Existing (FY24)	FY26	FY29
T1	1,03,131	-	2,01,074
T2	4,48,432	4,48,432	4,48,432
Total	5,51,563	4,48,432	6,49,506

- (ii) MIAL has accounted for the impact in change (%) in the terminal area due to T1 demolition while forecasting operating expenses for the Fourth Control Period.

Table 231: Area to be used for Cost Computation

Terminal Area	Ref	FY 24 (Actual)	FY 25	FY 26	FY 27	FY 28	FY 29
T1 (SQM)	A	1,03,131	1,03,131	1,03,131	-	-	2,01,074
No. of months usage	B	12	12	6	-	-	6
T1 (SQM) – Area proportionated for the period of usage	C = A*(B/12)	1,03,131	1,03,131	51,566	-	-	1,00,537
T2 (SQM)	D	4,48,432	4,48,432	4,48,432	4,48,432	4,48,432	4,48,432
Total (SQM)	E = C+D	5,51,563	5,51,563	4,99,998	4,48,432	4,48,432	5,48,969
Change in Terminal Area (%)	F = (1 - (Current year's 'E' / Previous year's 'E')) * 100		0.00%	(9.35%)	(10.31%)	0.00%	22.42%

- (iii) **Base Year:** FY 2023-24 has been considered as the base year for all the expense heads, and the relevant growth percentages were applied to this base.
- (iv) **Inflationary increase:** MIAL has considered inflation as per the 87th round of RBI Forecasters Survey (4.60%) dated 5th April 2024 and rounded it off to 5% for all the expenses.
- (v) **Additional Increase:** Besides the inflationary increase, MIAL has also factored in an increase of an additional 5% for certain expense heads.
- (vi) **Adjustment to O&M due to Terminal Area reduction** – As per Table 231.

9.1.2 Total Operating Expense submitted by MIAL in MYTP for the Fourth Control Period is as follows:

Table 232: Total Operating and Maintenance (O&M) expenditure submitted by MIAL for the Fourth Control Period

<i>(Rs. in crores)</i>							
Sl. No.	Particulars	FY25	FY26	FY27	FY28	FY29	Total
1	Employee Costs	190.38	209.42	230.36	253.39	325.19	1,208.74

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Sl. No.	Particulars	FY25	FY26	FY27	FY28	FY29	Total
2	Utilities Expenses (net)	164.07	171.89	178.22	205.58	289.12	1,008.87
3	Repair & Maintenance Expenses	198.93	206.49	229.18	254.22	281.85	1,170.68
4	Rents, Rates & Taxes	72.04	73.28	74.65	78.20	79.86	378.04
5	Advertisement Expense	3.94	4.33	4.76	5.24	5.77	24.04
6	Administrative Expenses	65.8	72.38	79.61	87.58	96.33	401.70
7	Insurance Expenses	20.46	23.27	27.45	29.69	37.45	138.33
8	Consumable Stores	19.22	21.14	23.25	25.58	28.14	117.32
9	Operating Costs	214.13	222.11	228.59	256.7	340.11	1,261.65
10	Working Capital Interest	54.03	133.8	152.99	151.32	168	660.14
11	Financing Charges	70.91	58.15	67.22	62.41	42.75	301.44
12	Collection Charges over DF	5.76	-	-	-	-	5.76
13	Runway Re-carpeting	0.09	0.09	-	-	-	0.19
14	Carrying Cost on Runway Re-carpeting	0.02	0.01	-	-	-	0.03
15	Digitalization Cost	138.00	119.00	128.00	135.00	139.00	659.00
16	Corporate Cost Allocation	94.00	103.40	113.74	125.11	137.63	573.88
	Total	1,311.78	1,418.76	1,538.04	1,670.03	1,971.19	7,909.79

9.1.3 The summary of MIAL’s estimation, rationale year on year growth factored and resultant CAGR for the control period is as follows:

Table 233: MIAL’s estimation, rationale and growth on Operating Expenses for the Fourth Control Period

Cost Head	Estimation	Rationale	Y-o-Y Growth	Resultant CAGR
Employee Cost	Rate increase	MIAL has observed high attrition due to new upcoming airports and expansion works in other big airports in the country. MIAL has considered an increase of 10% YoY in average cost per employee.	10.00%	15.33%
	Headcount increase	95 new employees in the first FY of 2024-25 & hiring 200 new employees in the last FY of 28-29 once the new Terminal 1 start's functioning.	<ul style="list-style-type: none"> • 2024-25 -- >+95 • 2028-29 -- >+200 	
Utilities Expenses - Power	Rate increase	Electricity cost per unit is based on FY25 tariffs fixed as per the order of MERC & thereafter projected to increase by 10% YoY based on increase in rates for last 3 years.	10.00%	16.18%
	Consumption increase	MIAL is expecting that gross consumption of units will increase by 5% per annum during the Fourth Control Period.	5.00%	
Utilities Expenses - Water	Rate increase	Based on historical trend	7.00%	24.18%
	Consumption increase	Based on historical trend	5.00%	
Repairs & Maintenance Expense	5-Year CAGR (FY15–FY20)	Repairs and Maintenance cost for MIAL have increased at CAGR of 10.34% for 5 years (from FY15 to FY20) and trend is expected to remain the same in the future.	10.34%	9.35%
Rents, rates & taxes		Based on rental agreements entered and tax in force	10.00%	6.88%
Advertisement expenses	Rate increase	Advertisement costs are expected to increase by 10%, i.e., CPI+5% YoY	10.00%	10.00%
Administrative expenses	Rate increase	Administrative costs are expected to increase by 10%, i.e., CPI+5% YoY	10.00%	10.00%

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Cost Head	Estimation	Rationale	Y-o-Y Growth	Resultant CAGR
Insurance Expenses	Rate increase	Insurance expenses are projected as % of Gross Block Assets	Varies each year	16.00%
Consumable Stores	Rate increase	Consumable Stores Expenses are expected to increase by 10% i.e. CPI+5% YoY	10.00%	10.00%
Operating Cost	Rate increase	CAGR of total Operating cost from FY15 to FY20	12.30%	14.25%
Corporate Cost	Rate increase	Corporate Cost Allocation are expected to increase by 10%, i.e., CPI+5% Y-o-Y	10.00%	12.61%
Digitalization Cost	Fixed + Onboarding + Loyalty Costs	<ul style="list-style-type: none"> • Fixed Cost to Digital Service Provider • Onboarding Cost of Passengers • Loyalty Program Cost 	-	0.18%
Financing Charges	<ul style="list-style-type: none"> • Upfront fee of 1.5% to be paid on future debts • Bank Processing Fees 		-	9.01%

9.1.4 MIAL has stated that it has segregated Operating Expenses in accordance with the earlier methodology adopted by the Authority, between aeronautical and non-aeronautical services in the following manner:

- (i) Identification of directly attributable cost to aeronautical services, non-aeronautical services and common cost for each cost head
- (ii) Segregation of directly attributable cost based on its incurrence; and
- (iii) Allocation of common cost based on a specific methodology for each cost head.

9.1.5 Expenses allocation ratio and the resultant aeronautical expense on application of these ratios to the total estimated expenses as submitted by MIAL in MYTP as follows:

Table 234: Aeronautical O&M expenses submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Aero%	FY25	FY26	FY27	FY28	FY29	Total
Employee Costs	93.00%	177.05	194.76	214.23	235.66	302.34	1,124.04
Utilities Expenses	98.70%	161.94	169.66	175.91	202.92	285.37	995.80
Repair & Maintenance Expenses	94.93%	188.84	196.02	217.56	241.33	267.56	1,111.32
Rents, Rates & Taxes	88.33%	63.63	64.73	65.94	69.08	70.54	333.91
Advertisement Expenses	89.78%	3.54	3.89	4.28	4.71	5.18	21.58
Administrative Expenses	80.61%	53.04	58.35	64.18	70.6	77.66	323.82
Insurance Expenses	83.40%	17.06	19.41	22.9	24.76	31.24	115.36
Consumable Stores	91.38%	17.56	19.32	21.25	23.37	25.71	107.21
Operating Costs	89.43%	191.5	198.64	204.43	229.56	304.16	1,128.28
Working Capital Interest	83.40%	45.06	111.59	127.59	126.2	140.11	550.56
Financing Charges	83.40%	59.14	48.5	56.06	52.05	35.66	251.41
Runway Recarpeting	100.00%	0.09	0.09	-	-	-	0.19
Carrying Cost on Runway Recarpeting	100.00%	0.02	0.01	-	-	-	0.03
Digitalization Costs	90.00%	124.2	107.1	115.2	121.5	125.1	593.1
Corporate Cost Allocation	93.00%	87.42	96.16	105.78	116.36	127.99	533.71
Total		1,190.10	1,288.21	1,395.31	1,518.09	1,798.69	7,190.41

9.2 AUTHORITY'S EXAMINATION REGARDING O&M EXPENSES FOR THE FOURTH CONTROL PERIOD

- 9.2.1 The Authority has carefully examined MIAL's submissions on Operation and Maintenance (O&M) Expenses for the Fourth Control Period taking into account the tariff setting principles to ensure that only the efficient, justified and reasonable expenses are allowed on projection basis.
- 9.2.2 The Authority has reviewed the O&M Expenses and proposes to adopt the following broad methodology for determining the O&M expenses for the Fourth Control Period.:
- (i) **Base Year:** In order to form a basis of forecasting expense for the Fourth Control Period, the Authority has considered the O&M expense of FY 2024 as base year and applied growth percentage over it.
 - (ii) Adjustment to O&M due to **Terminal Area reduction** (Refer para 6.3.120).
 - (iii) **Inflationary increase:** MIAL has considered an inflationary increase towards expenses. The CPI (as per OMDA) inflation rate is considered based on the results of the 90th round of RBI Professional Forecasters Survey as mentioned in Section 8.3, except in the case of:
 - a) Employee costs and corporate costs, where inflation of 6% has been considered.
 - b) Repair and Maintenance cost, which is forecasted at a CAR rate and,
 - c) Digitalization Cost is considered at the cost submitted by MIAL.
 - (iv) **Re-allocation of the expenses** into aeronautical, non-aeronautical and common as explained in Section 10.3. Where there are variations to the methodology referred in Section 10.3, (in case of certain operating expenditure heads viz., Employee Costs, Corporate Cost, Digitalization Cost, Working Capital Interest and Financing Charges), the rationale for allocation is explained under the analysis of respective operating expenditure in the subsequent paragraphs of that Section.
 - (v) **Gross Fixed Asset Ratio:** The FY 24 gross fixed asset ratio of 83.38% (Refer Table 73) is taken as a base and used for projections for the fourth control period wherever applicable.
- 9.2.3 To understand the trend of the O&M expenses and estimation accuracy, the Authority has:
- (i) Reviewed the trend lines for the last 15 years on growth of O&M expense and,
 - (ii) Reviewed MIAL's efficiency in estimation of Third Control Period with actuals

Figure 42: Trendline depicting growth in major cost heads in the last 15 years

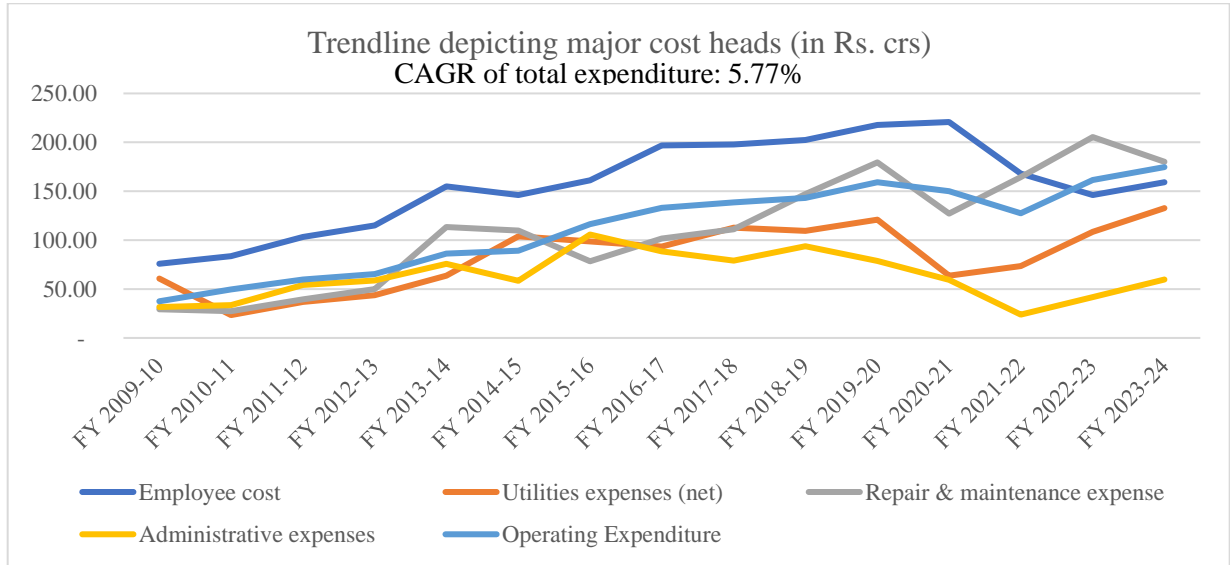
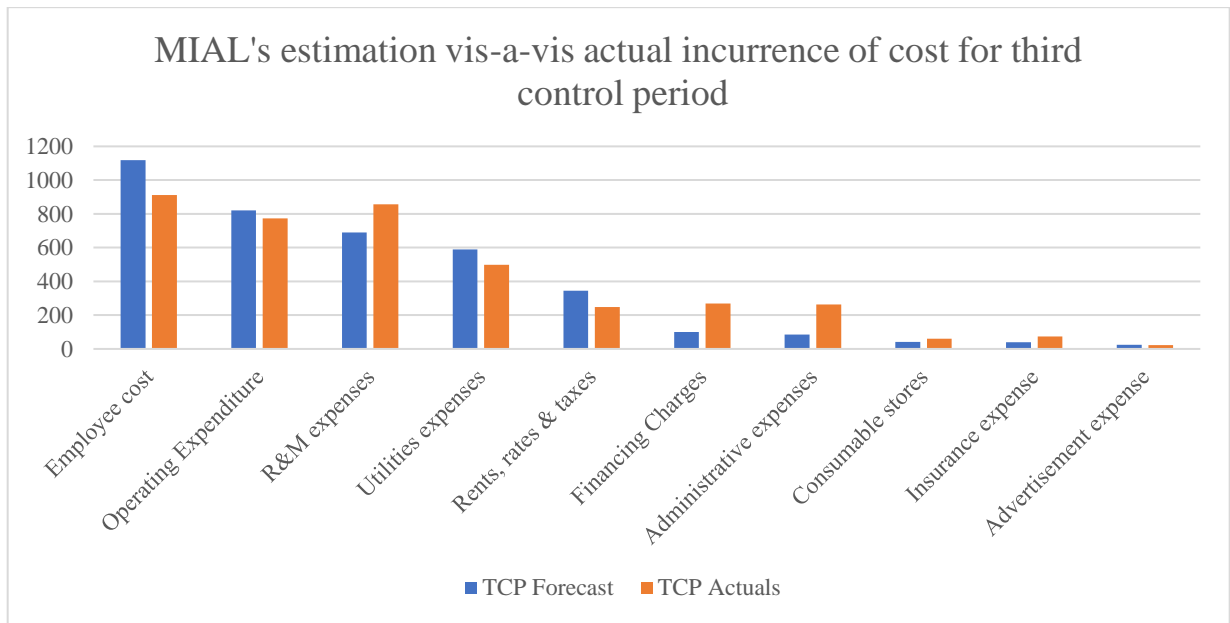


Figure 43: MIAL’s estimation vis-à-vis actual incurrence of cost for the Third Control Period



9.2.4 The Authority observes from the above analysis that MIAL’s estimation has been aggressive for employee costs, utilities expenses & other operating costs.

9.2.5 The Authority has compared the actual growth rate of expenditure in the Second and the Third Control Periods with the estimated growth rate submitted by MIAL for the Fourth Control Period in the table below:

Table 235: Comparison of Actual CAGR for the Second & the Third Control Periods vis-à-vis estimated CAGR for the Fourth Control Period

Cost Head	Actual CAGR for the Second Control Period	Actual CAGR for the Third Control Period	Estimated CAGR for the Fourth Control Period
Employee Costs	8.50%	(7.50%)	14.32%

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Cost Head	Actual CAGR for the Second Control Period	Actual CAGR for the Third Control Period	Estimated CAGR for the Fourth Control Period
Utilities Expenses (Net)	1.37%	2.35%	15.22%
Repair & Maintenance Expenses	7.62%	0.11%	9.10%
Administrative Expenses	12.53%	(6.66%)	10.00%
Operating Expenditure	12.54%	2.34%	12.26%
Rents, Rates & Taxes	33.12%	5.64%	2.61%
Advertisement Expenses	9.97%	(8.78%)	2.61%
AOA Fees	4.62%	-	-
Insurance Expenses	(0.99%)	18.15%	16.32%
Consumable Stores	10.42%	19.28%	10.00%
Financing Charges	44.87%	2.93%	(11.88%)
Digitalization Costs	-	-	0.18%
Corporate Costs	-	-	10.00%

9.2.6 The Authority notes that the CAGR for O&M expenses in the Third Control Period is not directly comparable due to the impact of the COVID-19 pandemic on operations and traffic.

9.2.7 The Authority has analyzed MIAL’s submission regarding total operating expenses for the Fourth Control Period and has presented its examination in the subsequent paragraphs:

Employee Costs:

9.2.8 MIAL has projected an increase of 90 employees in FY 25, bringing the total headcount from 1,105 employees in FY 2024 to 1,195 in FY 2025. MIAL has submitted that this increase is on account of the ongoing reconstruction of the T1 terminal. MIAL has indicated that the hiring is being undertaken proactively to facilitate employee training and enhance operational efficiency. Furthermore, upon the completion of the T1 reconstruction in Sep 2028 which will result in an additional 1 lakh sqm of operational area, MIAL estimates a further increase of 200 employees.

9.2.9 The Authority has examined MIAL’ submission and has also obtained a department wise headcount as per the below table:

Table 236: Employee Count for the Fourth Control Period as submitted by MIAL

Department Name	Classification	FY 24	FY25	FY26	FY27	FY28	FY29
Land Management and Slum Rehabilitation	Common	4	5	5	5	5	6
CSD	Non-Aeronautical	16	16	16	16	16	18
Project Operations	Aeronautical	35	88	88	88	88	101
CEO Office	Common	6	6	6	6	6	7
Operations Procurement	Aeronautical	15	16	16	16	16	18
Finance and Accounts	Common	34	38	38	38	38	44
Information Technology	Common	12	16	16	16	16	18
Terminal Operations	Aeronautical	65	67	67	67	67	87
Administration	Common	6	6	6	6	6	7
Guest Relations	Common	16	16	16	16	16	18
Jaya He	Aeronautical	2	2	2	2	2	2
Security	Aeronautical	96	96	96	96	96	110
Landside Operations	Aeronautical	9	9	9	9	9	10
Commercial	Non-Aeronautical	27	27	27	27	27	31
Legal	Common	7	9	9	9	9	10
Human Resources	Common	13	14	14	14	14	16
Aero Commercial	Aeronautical	3	3	3	3	3	3
Horticulture	Aeronautical	6	6	6	6	6	7

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Department Name	Classification	FY 24	FY25	FY26	FY27	FY28	FY29
Aerodrome Rescue & Fire Fighting	Aeronautical	176	178	178	178	178	205
Airport Operations Services	Aeronautical	35	38	38	38	38	44
Airside & Ground Maintenance	Aeronautical	10	10	10	10	10	12
Airside Operations	Aeronautical	3	5	5	5	5	6
Airside Safety	Aeronautical	45	45	45	45	45	52
Baggage Operations	Aeronautical	26	26	26	26	26	30
Engg & Maint	Aeronautical	77	80	80	80	80	104
Environment	Aeronautical	3	3	3	3	3	3
Facilities	Common	19	19	19	19	19	22
Health & Safety	Aeronautical	5	7	7	7	7	8
Joint Control Centre	Aeronautical	5	7	7	7	7	8
Quality and Customer Care	Aeronautical	44	46	46	46	46	53
Medical Services	Aeronautical	3	3	3	3	3	3
Corporate Communication	Common	4	4	4	4	4	5
Corporate Relations	Common	1	1	1	1	1	1
Operations – ILHBS	Aeronautical	260	266	266	266	266	306
Corporate Aviation Terminal	Aeronautical	10	10	10	10	10	12
Cargo	Non-Aeronautical	7	7	7	7	7	8
Total		1,105	1,195	1,195	1,195	1,195	1,395

9.2.10 The Authority has examined the major increases in headcount and notes that an increase of 53 employees in the Project Operations Department would be required in view of the proposal to reconstruct Terminal 1. Additionally, the increase of 20 employees in Terminal Operations in FY 2029 would be necessary to support operations when the reconstructed T1 becomes operational. Accordingly, the Authority proposes to consider the employee count as estimated by MIAL for the Fourth Control Period.

9.2.11 MIAL has projected Employee Salary cost at a y-o-y growth rate of 10% as stated in para 9.1.1.

Table 237: Employee Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Cost	190.38	209.42	230.36	253.39	325.19	1,208.74

9.2.12 The Authority analyzed this Employee salary cost growth submitted by MIAL as quite steep and instead proposes to rationalize the growth rate.

9.2.13 The Authority assessed the past CAGR of Employee expenses and found that the expenses grew at a CAGR of 8.50% during the Second Control Period. The Third Control Period's CAGR was not considered due to a negative value as a result of the inclusion of the Corporate Costs.

9.2.14 The Authority, after analysis of the submissions as well as past trend and in line with the recent tariff orders, proposes to consider a growth rate of 6% Y-o-Y over the base year of FY 24.

9.2.15 Based on the above, the employee cost recalculated by the Authority for the Fourth Control Period is as follows:

Table 238: Employee Expenses proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening No of employees (A)	1,105	1,195	1,195	1,195	1,195	

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Additional employees required (B)	90	-	-	-	200	
Closing employee count (C = A+B)	1,195	1,195	1,195	1,195	1,395	
Average Salary Cost -increased by 6% Y-O-Y (D)	0.15	0.16	0.17	0.18	0.19	
Employee Cost (E = C*D)	182.69	193.65	205.27	217.59	269.25	1,068.45

Utilities Expenses

MIAL’s submission of electricity cost

9.2.16 The Authority notes that for the Fourth Control Period, MIAL has projected units of consumption and recoveries based on actual consumption of FY 2024, adjustment for O&M based on terminal area reduction along with a growth rate of 5% Y-o-Y.

9.2.17 It is observed that Maharashtra Electricity Regulatory Commission (MERC), which fixes the electricity cost per unit, has already determined the rate for FY 25 at Rs. 12.65/unit. MIAL has considered this as the base, above with a 10% y-o-y increase has been factored.

9.2.18 The table below sets out the electricity expenses estimated by MIAL:

Table 239: Electricity expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (kWh in crores)	A	5.00%	17.25	18.11	19.02	19.97	20.97	95.33
Less: Impact due to T1 demolition (Refer Table 231)	B		-	(1.61)	(3.40)	(3.57)	(0.07)	(8.64)
Adjusted Gross Consumption (kWh in crores)	C=A-B		17.25	16.50	15.62	16.41	20.90	86.69
Recoveries (kWh units in crores)	D	5.00%	5.69	5.98	6.27	6.59	6.92	31.45
Less: Impact due to T1 demolition (Refer Table 231)	E		-	(0.53)	(1.12)	(1.18)	(0.02)	(2.85)
Adjusted Recoveries (kWh units in crores)	F=D-E		5.69	5.44	5.15	5.41	6.90	28.60
Net Consumption	G=C-F		11.56	11.06	10.47	10.99	14.01	58.09
Rate per Kwh	H	10.00%	12.65	13.92	15.31	16.84	18.52	
Net Amount	I=G*H		146.24	153.87	160.26	185.10	259.44	904.92

Authority’s examination regarding MIAL’s submission for electricity cost

9.2.19 Considering the electricity consumption pattern in the previous control periods, the Authority proposes to cap the consumption (net of recoveries) as that of FY 24, in line with the decision taken in the order for the Third Control Period, while providing inflationary increase on the rate as per Para 9.2.2.

9.2.20 The Authority noted that MIAL is procuring electricity from Adani Electricity Supply Company (AESL), a Related Party Transaction, being one of the Electricity distribution company in Mumbai, the other being Tata Power Ltd. The Authority compared the per unit rate of both these providers as below:

Table 240: Comparison of per unit electricity rate between Adani Electricity and Tata Power

Electricity Charges	UOM	Adani – FY 24	Tata Power – FY 24
Energy Charge	Rs. / KWH	7.74	8.60
Wheeling Charge	Rs. / KWH	1.14	1.40
Green Tariff	Rs. / KWH	0.66	0.66

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Electricity Charges	UOM	Adani – FY 24	Tata Power – FY 24
Total	Rs. / KWH	9.54	10.66
Fixed Charge	Rs. / KVA	400	400

9.2.21 Based on the above comparison done by the Independent Consultant, noting that the unit rate is regulatorily determined following the due process by the concerned sector Regulator, the Authority is proposing to use the unit rates adopted by MIAL based on its existing arrangement with AESL.

9.2.22 The Authority has also factored the impact of the demolition of Terminal 1 and proposes the following cost for electricity for the Fourth Control Period:

Table 241: Electricity Cost as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (kWh in crores)	A		16.43	16.43	16.43	16.43	16.43	82.15
Less: Impact due to T1 demolition (Refer Table 231)	B		-	(1.54)	(3.07)	(3.07)	(0.25)	(7.93)
Adjusted Gross Consumption (kWh in crores)	C=A-B		16.43	14.89	13.36	13.36	16.18	74.22
Recoveries (kWh units in crores)	D		5.42	5.42	5.42	5.42	5.42	27.10
Less: Impact due to T1 demolition (Refer Table 231)	E		-	(0.51)	(1.01)	(1.01)	(0.03)	(2.56)
Adjusted Recoveries (kWh units in crores)	F=D-E		5.42	4.91	4.41	4.41	5.39	24.54
Net Consumption	G=C-F		11.01	9.98	8.95	8.95	10.84	49.73
Rate per Kwh	H	4.40%	12.65	13.21	13.79	14.39	15.03	
Net Amount	I=G*H		139.28	131.81	123.42	128.85	162.92	686.28

MIAL’s submission for cost of water

9.2.23 The Authority notes that MIAL has submitted a 5% increase in the number of units consumed and an escalation of 7% in rates, while recoveries have been maintained at the same level as FY 2024.

9.2.24 MIAL has also accounted for the reduction in terminal area due to the demolition of Terminal 1.

9.2.25 The Authority notes the water consumption proposed by MIAL for the Fourth Control Period is as follows:

Table 242: Water expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (KL units in Crores)	A	5.00%	0.18	0.19	0.20	0.21	0.22	0.98
Less: Impact due to T1 demolition (Refer Table 231)	B		-	(0.02)	(0.03)	(0.04)	(0.01)	(0.09)
Adjusted Gross Consumption (KL units in Crores)	C=A-B		0.18	0.17	0.16	0.17	0.21	0.89
Recoveries (KL units in Crores)	D		0.04	0.04	0.04	0.04	0.04	
Net Consumption	E=C-D		0.14	0.13	0.12	0.13	0.18	0.70
Rate per KL	F	7.00%	128.23	137.21	146.81	157.09	168.08	
Net Amount	G=E*F		17.83	18.02	17.96	20.47	29.67	103.95

Authority's examination regarding MIAL's submission for Cost of Water

9.2.26 Considering the water consumption pattern in the previous control periods, the Authority proposes to cap the consumption (net of recoveries) as that of FY 24, in line with the decision taken in the order for the Third Control Period, while providing inflationary increase on the rate as per Para 9.2.2.

9.2.27 The Authority has also accounted for the impact of the demolition of Terminal 1 and accordingly proposes the Water Charges for the Fourth Control Period as per the table below:

Table 243: Water Charges proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Consumption (KL units in Crores)	A		0.18	0.18	0.18	0.18	0.18	0.89
Less: Impact due to T1 demolition (Refer Table 231)	B		-	(0.02)	(0.03)	(0.03)	(0.00)	(0.09)
Adjusted Gross Consumption (KL units in Crores)	C=A-B		0.18	0.16	0.14	0.14	0.17	0.80
Recoveries (KL units in Crores)	D		0.04	0.04	0.04	0.04	0.04	
Net Consumption	E=C-D		0.14	0.12	0.11	0.11	0.14	0.61
Rate per KL	F	4.40%	128.23	133.87	139.76	145.91	152.33	
Net Amount	G=E*F		17.83	16.39	14.80	15.45	20.76	85.24

Repairs and Maintenance Expenses**MIAL's submission for Repair and Maintenance Expenses**

9.2.28 The Authority notes that MIAL has estimated the R&M expenses for the Fourth Control Period by applying a Y-o-Y increase of 10.34% (pre-covid 5-year CAGR).

9.2.29 Additionally, MIAL has estimated the R&M pertaining to T1 at Rs. 13 Crores and has reduced this from the R&M expense for each year of the Fourth Control Period.

Table 244: Repairs & Maintenance Expenses as submitted by MIAL for the Fourth Control Period*(Rs. in crores)*

Particular	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Repairs and Maintenance @ CAGR – 10.34%	198.93	219.49	242.18	267.22	294.85	1,222.67
Less: Due to demolition of T1	0.00	13.00	13.00	13.00	13.00	52.00
Total R&M Expense	198.93	206.49	229.18	254.22	281.85	1,170.68

Authority's examination regarding MIAL's submission for Repair and Maintenance Expenses:

9.2.30 The Authority observes that Repair and Maintenance Costs were projected in the Third Control Period at 1.10% of the gross fixed assets for each year. The Authority notes that this rate would require a downward revision as most of the assets in the Airport are relatively new. Adopting the same rate would result in significantly higher costs.

9.2.31 Accordingly, the Authority proposes to consider the CAGR of 10.34% as submitted by MIAL, noting that this getting applied on the FY24 base year which was well within the estimate made in the Third Control Period Order.

9.2.32 The Authority notes that while the gross R&M expenses have been increased at a CAGR of 10.34%, the cost reduction due to the demolition of T1 has been considered at a constant rate, and therefore proposes to apply the same CAGR uniformly to the reduction in costs.

9.2.33 The expenditure proposed by the Authority for the Fourth Control Period is set out in the table below:

Table 245: Repairs & Maintenance Expenses proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB	4,436.41	5,856.49	6,258.93	6,992.03	7,273.88	
6% of Opening RAB (Refer para 9.2.34)	266.18	351.39	375.54	419.52	436.43	1,849.06
Repairs and Maintenance @ CAGR – 10.34%	198.93	219.49	242.18	267.22	294.85	1,222.67
Less: Due to demolition of T1 (increased @ 10.34%)	0	13.00	14.34	15.83	17.46	60.63
Total R&M Expense	198.93	206.49	227.84	251.39	277.39	1,162.04

9.2.34 The Authority also compared the computed R&M expenses with the standard estimation method, which assumes R&M expenses at 6% of Opening RAB. The comparison, as shown in the table below, revealed that the total projected R&M expenses were lower than this benchmark.

Table 246: Repairs & Maintenance Expenses comparison with the standard method vs proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening RAB (A)	4,436.41	5,856.49	6,258.93	6,992.03	7,273.88	
6% of Opening RAB (Refer para 9.2.34) (B)	266.18	351.39	375.54	419.52	436.43	1,849.06
R&M Expenses (From Table 245) (C)	198.93	206.49	227.84	251.39	277.39	1,162.04
Difference (D = C-B)	(67.25)	(144.90)	(147.70)	(168.13)	(159.04)	(687.02)

9.2.35 Therefore, based on the above, the Authority proposes to consider the R&M expenses of Rs. 1,162.04 Crores as per Table 245 for the Fourth Control Period.

Rents, Rates & Taxes

MIAL's submission for Rents, Rates and Taxes

9.2.36 The Authority notes that MIAL has estimated the Rent expenses for the Fourth Control Period by applying a Y-o-Y increase of 10% (based on actual rental agreements ranging from 6% - 27%) in its submission.

9.2.37 MIAL has submitted that it has received an additional land parcel of 31,000 sqm situated at Village Sahar and Marol Andheri east near Terminal 2, consequent a legal dispute that got resolved. Of this land parcel, 7,070 sqm has already been utilized for public purposes ie exclusive connectivity for Terminal 2 for the benefit of Airport users at large, leaving the balance of 23,930 sqm to be used by MIAL in accordance with the provisions of OMDA. The Authority has gathered from the letter from AAI on proposal for demise of land admeasuring 31,000 sqm dated May 22, 2024, the offer terms of the demise of land in favor of MIAL as below:

- (i) *“That MIAL to pay annual lease rent at the rate of 06% of Ready Reckoner rate of year 2024 for land measuring 23,930 sqm (31,000 sqm – 7,070 sqm used for elevated road) i.e. an amount of Rs.13,66,02,012/- per annum (Rupees Thirteen crores, Sixty-Six lacs, Two thousand and Twelve only) plus applicable GST/ taxes. The said amount shall be escalated @ 15% after every 03 years*

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

for the balance Term of OMDA w.e.f. FY 2024-25 onwards OR the revenue share of 38.70% generated from the said land, whichever is higher.

- (ii) *That usage and other terms & conditions as applicable for the aforesaid land shall be as per the provisions of OMDA and this condition will, inter-alia, form the part of Supplementary Lease Deed.*
- (iii) *That MIAL to keep separate books of accounts for the revenue accrued from 23,930 sqm and is also required to share these with AAI for working out the payable amount to AAI for the respective Financial year(s).*
- (iv) *That it be recorded in Supplementary Lease Deed that the area being demised now is 31,000 sqm and also indicating therein that the 7,070 sqm has already been utilized for public purposes i.e. exclusive connectivity for Terminal-2, for benefit of Airport users at large at Mumbai Airport.”*

9.2.38 The Authority has also observed that MIAL has also assumed the Property Tax & Non-Agricultural Tax at the same level of FY 24, due to uncertainty about the timing and quantum of these revisions.

Table 247: Rents, Rates & Taxes as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Rent – Others	10% YOY	12.43	13.67	15.04	16.54	18.20	75.88
Rent - AAI land at Sahar Road and Marol as per letter received from AAI	15% after every 3 years	13.66	13.66	13.66	15.71	15.71	72.40
Property Tax		25.78	25.78	25.78	25.78	25.78	128.90
Rates and Taxes - Others		-	-	-	-	-	-
Non-Agricultural Tax		20.17	20.17	20.17	20.17	20.17	100.85
Total Rents, Rates & Taxes		72.04	73.28	74.65	78.20	79.86	378.04

Authority’s examination regarding MIAL’s submission for Rents, Rates and Taxes:

9.2.39 The Authority notes that since rents are a component of cost-of-living index, the most applicable inflation factor would be the CPI (as per OMDA) rate. Accordingly, the Authority proposes to consider the inflation rate as per para 8.3.2.

9.2.40 The Authority further notes that AAI has given 23,930 sqm land to MIAL on lease rent of Rs. 13.66 Crores plus applicable taxes. The said amount shall be escalated at the rate of 15% after every three years. AAI has not intimated the purpose for which this land can be used. MIAL has stated that the supplementary lease deed is yet to be executed. As per MIAL, land will be used for common purpose and they have applied a ratio of 88.33% as aeronautical. However, AAI letter on this piece of land as reproduced at para 9.2.37 is not very clear on the actual usage or purpose allowed for this land, i.e., whether Aeronautical or not. The Authority would require further clarity on this issue from AAI and MIAL during the stakeholder consultation process. Hence, in the interim, the Authority tentatively proposes to apply an Aeronautical ratio of 50%, pending feedback from AAI and MIAL on the usage of the land. Accordingly, a final view on the issue will be taken at tariff order stage based on comments / views received from the stakeholders during the consultation process.

9.2.41 The Authority finds MIAL’s submission for the estimation for the cost of Property Tax and Non-Agricultural Tax reasonable and are as per actual payments in the previous years and proposes to use MIAL’s submission without any adjustment.

9.2.42 Based on the above analysis, the revised cost of Rent, Rates & Taxes is set out below:

Table 248: Rents, Rates & Taxes proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	Increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Rent - Others	CPI Inflation Rate	11.81	12.33	12.87	13.44	14.03	64.48
Rent - AAI land at Sahar Road and Marol as per letter received from AAI*	15% after every three years	13.66	13.66	13.66	15.71	15.71	72.40
Property Tax		25.78	25.78	25.78	25.78	25.78	128.90
Rates and Taxes - Others		-	-	-	-	-	-
Non-Agricultural Tax		20.17	20.17	20.17	20.17	20.17	100.85
Total Rents, Rates & Taxes		71.42	71.94	72.48	75.10	75.69	366.62

*As mentioned in para 9.2.40, only 50% has been applied as Aero portion on the rent pertaining to the said AAI land as the rest gets removed in the Aeronautical Allocation computation for TR.

Operating Contracts:**MIAL's submission for Operating Contracts:**

- 9.2.43 The Authority notes that MIAL has estimated the Operating Contracts at a 5-year pre-covid CAGR of 12.30% (FY15 - FY20).
- 9.2.44 The Authority also notes that the major Airport Operators have been directed by the Ministry of Civil Aviation (MoCA) to bear the Cost of Deployment of CISF personnel deployed at GA Terminal, Cargo & MRO. The said costs will be collected by the NASFT from the respective airport operators. The annual cost of Rs 17.94 Crores has been determined and conveyed to the airport operators for FY 2025.
- 9.2.45 MIAL has considered this expense as a part of the Operating Contracts Expenditure and is projecting a Y-o-Y increase at the same rate (12.30%) as that of the other contracts.

Table 249: Operating Contract Expenses as submitted by MIAL for the Fourth Control Period*(Rs. in crores)*

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gardening Contract & Expenses	A	12.30% CAGR (FY 15 - FY 20)	7.41	8.32	9.34	10.49	11.78	47.35
Cleaning Contract	B		78.85	88.54	99.43	111.65	125.38	503.84
Trolley Contract	C		15.50	17.40	19.54	21.95	24.65	99.04
Other Operating Contracts	D		94.44	106.05	119.09	133.73	150.17	603.46
Total Operating Contracts	E = sum (A:D)		196.19	220.31	247.40	277.82	311.89	1,253.69
Total Operating Contracts after the impact of T1 demolition (Refer Table 231)	F		196.19	201.97	205.97	231.30	311.59	1,147.02
Cost of deployment of CISF as per MoCA letter dated 27 th March 2024	G	12.30% CAGR	17.94	20.14	22.62	25.40	28.52	114.63
Total Operating Contracts	H = F+G		214.13	222.12	228.60	256.70	340.11	1,261.65

Authority's examination regarding MIAL's submission for Operating Contracts:

- 9.2.46 The Authority notes that all these costs under the operating contracts are labor related and therefore proposes to consider an increase based on the CPI (as per OMDA) Inflation Rate as per para 8.3.2 instead of the CAGR rate considered by MIAL.

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

9.2.47 On the cost of deployment of CISF personnel, the Authority notes that the letter the Ministry of Civil Aviation clearly states the following:

“In the above meeting, it was decided that expenditure towards Cost of Deployment of CISF personnel deployed at GA Terminal, Cargo and MRO to be borne by the Airport operator, and not to be charged to the ASF collected from embarking passengers under scheduled operation.”

9.2.48 The Authority notes that this additional cost is a Non-Aero expense and therefore will not form part of Aeronautical Operating Cost. The Authority has included this cost in the table below for the sake of completeness and to be consistent with other heads under which total cost is considered. The Authority, therefore proposes to apply the Aeronautical % on the row ‘F’ of the Table 250 (below) which is the total operating contracts cost excluding the cost of deployment of CISF personnel.

Table 250: Operating Contract Expenses proposed by the Authority for the Fourth Control Period
(Rs. in crores)

Particulars	Ref	Y-o-Y increase	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gardening Contract & Expenses	A	CPI Inflation Rate	6.90	7.20	7.52	7.85	8.19	37.65
Cleaning Contract	B		73.37	76.60	79.97	83.49	87.17	400.61
Trolley Contract	C		14.42	15.06	15.72	16.41	17.13	78.75
Other Operating Contracts	D		87.88	91.75	95.79	100.00	104.40	479.82
Total Operating Contracts	E = sum (A:D)		182.57	190.61	199.00	207.75	216.98	996.83
Total Operating Contracts after the impact of T1 demolition (Refer Table 231) – Considered for Aeronautical Cost Allocation	F		182.57	173.54	163.28	170.46	213.96	903.81
Cost of deployment of CISF as per MoCA letter dated 27 th March 2024*	G	6%	17.94	19.01	20.16	21.36	22.65	101.12
Total Operating Contracts (given only for consistency and completeness – not considered in Aeronautical costs)	H = F+G		200.51	192.55	183.43	191.83	236.60	1,004.93

* Cost of Deployment of CISF gets removed in the Aeronautical Allocation computation for TR since it is completely related to Non-Aero activities such as GA Terminal, Cargo.

Administrative Expenses

MIAL’s submission for Administrative Expenses:

9.2.49 The Authority notes that MIAL has estimated the Administrative Expenses considering an inflation rate of 10%.

Table 251: Administrative Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Miscellaneous Expenses	7.85	8.64	9.50	10.45	11.50	47.93
Travelling and Conveyance	1.87	2.06	2.26	2.49	2.74	11.42
Communication Expenses	0.87	0.96	1.05	1.16	1.27	5.31
Director's Sitting Fees	0.39	0.43	0.48	0.52	0.58	2.40
Professional Charges	26.07	28.68	31.54	34.70	38.17	159.16
Remuneration to Auditors	1.31	1.44	1.58	1.74	1.92	7.99
Legal Expenses	27.43	30.18	33.20	36.51	40.17	167.49

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Total Administrative Expenses	65.80	72.38	79.61	87.58	96.33	401.70

Authority’s examination regarding MIAL’s submission for Administrative Expenses:

- 9.2.50 The Authority observes that in the Third Control Period, MIAL has actually incurred only Rs. 263.60 Crores (Refer Table 106) as administrative expenses against the projected cost of Rs. 389.53 Crores (Refer Table 106). But, as mentioned in para 4.9.57, MIAL submits this reduction is on account of covid and hence it is not comparable. Therefore, the Authority proposes to estimate the administrative expenses based on the standard inflation rate for the Fourth Control Period.
- 9.2.51 The Authority also observes that Legal expenses incurred are not predominantly related to the airport operations. Further, there are legal officers who are on rolls of MIAL for handling operational matters, and their costs are being allowed under Employee costs. The Authority also finds that in the recent concession agreements entered by AAI, legal costs are not to be included as a part of the pass-through costs of Airport operations. Therefore, the Authority proposes not to consider legal costs as part of the Operating Expenses.
- 9.2.52 The Authority notes that an amount of Rs. 8.69 Crores of Legal charges has been inadvertently included in Professional Charges in FY 2024. Therefore, the Authority has adjusted the base cost of Professional Charges for FY 24 by this sum and proposes to only consider Rs. 15.01 Crores (Rs. 23.70 Crores – Refer Table 106 less Rs. 8.69 Crs) as the base for estimating the Professional Charges for the Fourth Control Period. The Administrative expenditure proposed by the Authority, as recomputed after aforesaid adjustments as below:

Table 252: Administrative Expenses as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Miscellaneous Expenses	7.46	7.79	8.13	8.49	8.86	40.73
Travelling and Conveyance	1.78	1.85	1.94	2.02	2.11	9.70
Communication Expenses	0.83	0.86	0.90	0.94	0.98	4.51
Director's Sitting Fees	0.37	0.39	0.41	0.43	0.44	2.04
Professional Charges	15.69	16.38	17.10	17.85	18.63	85.64
Remuneration to Auditors	1.24	1.30	1.36	1.42	1.48	6.80
Total Administrative Expenses	27.36	28.57	29.83	31.14	32.51	149.40

Advertisement Expenses

MIAL’s submission for Advertisement Expenses

- 9.2.53 MIAL has estimated the Advertisement Expenses at the inflation rate of 10% on the base cost of FY24.

Table 253: Advertisement Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Advertisement Expenses	3.94	4.33	4.76	5.24	5.77	24.04

Authority’s examination regarding MIAL’s submission for Advertisement Expenses:

- 9.2.54 The Authority proposes to consider the Advertisement Expenses at the standard inflation rate as explain in para 8.3.2, thus ensuring it grows proportionally with overall economic conditions, avoiding overly aggressive or conservative estimations.
- 9.2.55 The Advertisement costs proposed by the Authority for the Fourth Control Period is as follows:

Table 254: Advertisement Expenses proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Advertisement Expenses	3.74	3.91	4.08	4.26	4.44	20.43

9.2.56 The Authority additionally also takes into cognizance of the decision taken in the Third Control Period Order (Refer 6.8.8),

“The Authority decides to cap the advertisement cost at Rs. 5 crores per annum and consider advertisement cost only upto this ceiling limit subject to True up only if sufficiently justified.”

9.2.57 Thus, the Authority proposes to follow the above principle, by capping the Advertisement Expenses at a ceiling cost of Rs. 5 Crores/year for the Fourth Control Period.

Consumable Store Expenses

MIAL’s submission for Consumable Store Expenses:

9.2.58 The Authority notes that the Consumable Store expenses estimated by MIAL for the Fourth Control Period is increased by the inflation rate of 5% (rounded off) plus another 5% additional increase, totaling 10%.

Table 255: Consumable Stores Expenses as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Consumable Stores Expenses	19.22	21.14	23.25	25.58	28.14	117.32

Authority’s examination regarding MIAL’s submission for Consumable Store Expenses:

9.2.59 The Authority notes that Consumable Stores Expenses include purchase and consumption of facility stores including engineering stores, cleaning chemicals, petrol and lubes and other consumables.

9.2.60 The Authority notes that this is a regular day-to-day expense, therefore proposes to apply a CPI (as per OMDA) inflationary increase as explained in para 8.3.2. and recomputes this expenditure as set out below:

Table 256: Consumable Stores Expenses proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Consumable Stores Expenses	18.26	17.35	16.33	17.04	21.39	90.37

Insurance Expenses:

MIAL’s submission for Insurance Expenses

9.2.61 The Insurance Cost is based on the sum insured under various policies like All Risk Policy, Terrorism and Sabotage Risk Policy, Cyber Security Insurance and Airport Operator’s Liability Policy.

9.2.62 MIAL has projected Insurance Expenses as 0.11% of the Gross Block of Assets, in line with the actual trend noted in FY 2024.

Table 257: Insurance Expenses submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Fixed Assets	A	19,060.50	21,153.23	24,958.06	26,990.27	34,048.76	
Insurance Expense as a % of Gross Fixed Assets	B	0.11%					
Insurance Expenses	A*B	20.46	23.27	27.45	29.69	37.46	138.33

Authority's examination regarding MIAL's submission for Insurance Expenses

- 9.2.63 The Authority notes that the Insurance Expenses in FY 21, 22 & 23 are all approximately around 0.10% of the gross block and insurance rates are on the increase due to geopolitical tensions around the world and other market related factors. The Authority proposes to use the rate proposed by MIAL and to adopt the Gross fixed assets from the fixed assets register for computing the Insurance cost estimate.
- 9.2.64 As stated above, the Authority has recomputed the Insurance expense for the Fourth Control Period as per table below:

Table 258: Insurance Expenses proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Gross Fixed Assets	A	17,935.39	18,843.08	20,116.44	20,963.42	23,753.29	
Insurance Expense as a % of Gross Fixed Assets	B	0.11%					
Insurance Expenses	A*B	19.73	20.73	22.13	23.06	26.13	111.77

Working Capital Interest**MIAL's submission for Working Capital Interest Expense**

- 9.2.65 The Authority notes that MIAL has projected an Interest Expense on the general Working Capital required which pertains to the funds required to manage day-to-day operations. This is claimed by MIAL at an interest rate of 12% per annum on the average balance of working capital required.
- 9.2.66 Additionally, MIAL is also claiming a working capital interest on the concession fees it is obligated to pay to the AAI every year at the same rate of 12%.

Table 259: Total Working Capital Interest as submitted by MIAL for the Fourth Control Period*(Rs. in crores)*

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Working Capital (WC) Interest	A	45.62	111.61	126.56	124.62	136.71	545.12
WC Interest on Concession Fees	B	8.42	22.18	26.43	26.70	31.29	115.02
Total WC Interest	C = (A+B)	54.03	133.80	152.99	151.32	168.00	660.14

Authority's examination regarding MIAL's submission for Working Capital Interest Expense:

- 9.2.67 The Authority noted that MIAL has considered Total Revenue, i.e., on both Aero & Non-Aero. However, this approach is not inappropriate, as it would result in passengers having to bear the costs of non-aeronautical activities of the operator as well. Therefore, the Authority proposes to compute working capital interest only to the extent required for aeronautical operations i.e., using only aeronautical revenues and expenses.
- 9.2.68 The Authority finds MIAL computation of working capital interest on concession fees as a separate line item not appropriate, in view of the approach adopted by the Authority to reassess working capital requirement based on only aeronautical activities which is a comprehensive assessment of working capital. Therefore, the working capital interest claimed by MIAL on concession fees as a separate line item is excluded from the computation.
- 9.2.69 The Authority proposes to consider only the aeronautical income and expenditure to calculate the Working Capital requirement based on currently prevailing arrangements for collection of revenues from the Airline and payment to Trade payables. The Authority computation of working capital is as shown below:

Table 260: Working Capital Interest proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Trade Receivables	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
No of Receivable Turnover Days	A	45	45	45	45	45	
No of Days in a Period	B	365	365	365	366	365	
Total Aeronautical Revenue	C	1,610.90	1,369.03	1,280.59	1,359.83	1,533.97	7,174.31
Trade Receivables	D = (C*A/B)	198.60	168.78	157.88	167.19	191.59	884.05
Trade Payables	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
No of Payable Turnover Days	E	100	100	100	100	100	
No of Days in a Period	F	365	365	365	366	365	
Opex considered for financials	G	734.50	732.19	741.10	787.58	905.86	3,901.23
Trade Payables	H = (G*E/F)	201.23	200.60	203.04	215.18	248.18	1,068.24
Working Capital Requirement	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Trade Receivables	I	198.60	168.78	157.88	167.19	191.59	884.05
Trade Payables	J	201.23	200.60	203.04	215.18	248.18	1,068.24
Working Capital Requirement	K = I-J	(2.63)	(31.82)	(45.16)	(47.99)	(56.60)	(184.19)
Change in Working Capital	L	(2.63)	(29.19)	(13.35)	(2.83)	(8.60)	(56.60)
Working Capital Loan Balance	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening Balance	M	-	(2.63)	(31.82)	(45.16)	(47.99)	
Debt Drawdown	N=L	(2.63)	(29.19)	(13.35)	(2.83)	(8.60)	
Debt Repayments	O	-	-	-	-	-	
Closing Balance	P=M+N+O	(2.63)	(31.82)	(45.16)	(47.99)	(56.60)	
Average Working Capital Requirement	Q=Avg(M,P)	(1.31)	(17.22)	(38.49)	(46.58)	(52.29)	-
Interest on Working Capital	R=Q*10.15% [Refer para 7.2.11]	-	-	-	-	-	-

9.2.70 The working capital computed in the above Table 260, indicates that the working capital requirement is negative, clearly indicating that there is no necessity for a working capital loan for the whole control period. Consequently, the Authority proposes not to include any working capital interest expenses as part of the operating expenditure in the computation of TR for the Fourth Control Period. However, working capital interest, if any paid by the MIAL on aeronautical working capital shall be evaluated during the True up of the Fourth Control Period, subject to MIAL providing adequate justifications and demonstrating reasonableness.

Financing Charges:

MIAL's submission for Financing Charges:

9.2.71 The Authority notes that MIAL estimated Financing Charges include:

- (i) amortization of existing loan processing fees paid to bankers, arranger's fee and other upfront fees (Rs. 107.52 Crores) as per accounting standards,
- (ii) upfront fee of 1.5% to be paid on debt drawdown for Capex during the Fourth Control Period,

(iii) performance bank guarantee given to AAI as mandated under OMDA of Rs. 300 crores at 1.50% annual fees.

Table 261: Financing Charges as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Amortization of existing ECB loan	13.47	14.64	15.81	16.98	18.13	79.04
Commission on bank guarantee	4.50	4.73	4.96	5.21	5.47	24.87
Other finance charges	2.61	2.74	2.88	3.02	3.17	14.43
Upfront fee of 1.50% on future debts	50.32	36.04	43.56	37.20	15.98	183.11
Financing Charges	70.91	58.16	67.23	62.42	42.76	301.48

Authority's examination regarding MIAL's submission for Financing Charges:

9.2.72 The Authority has reviewed MIAL's submission regarding expenses related to the amortization of the existing ECB loan and associated finance charges, which are in line with the existing arrangements, and therefore the Authority proposes to include these charges as a part of the allowable costs.

9.2.73 With regards to the commission on bank guarantee fees, the Authority notes from Page No. 116, Schedule 8 of the OMDA,

"The AOA should contain an express provision requiring the AO to submit an unconditional and irrevocable performance bank guarantee from a scheduled commercial bank enforceable and encashable at New Delhi of Rs. 3,000,000,000 (Rupees Three Hundred Crore) in favour of the JVC (but encashable by AAI) valid for the duration of the AOA."

9.2.74 From the para above, it can be clearly understood that the bank guarantee fees is only applicable till the duration of the AOA (Airport Operator Agreement) and thereafter the agreement has been discontinued (Refer para 4.9.61).

9.2.75 At the same time of reviewing and understanding the above-mentioned provision as per OMDA, the Authority also observes MIAL's response to this matter, where the Authority has been informed that AAI has not yet released the performance bank guarantee and MIAL is protesting against the same. The extract of the letter from GVK to the Airports Authority of India (AAI) dated 31st May, 2021 is given below:

"We write to you pursuant to MIAL letter no. MIAL/CEO/024 dated 28th May, 2021.

We would like to reiterate and reaffirm our view that MIAL is not required to submit a Performance Bank Guarantee, due to the reasons given by MIAL, from time to time, and in the MIAL letter no. MIAL/CEO/009 dated 3rd May, 2021. However, in view of the stand taken by AAI that it will not release the Performance Bank Guarantee of ACSA, which is no more an Airport Operator, in spite of Performance Bank Guarantee submitted by ACSA expiring on 31st May, 2021, MIAL is hereby submitting the Performance Bank Guarantee, without prejudice and under protest.

Please find enclosed the Performance Bank Guarantee No ... dated 31st May, 2021 of Es. 300 crores from Yes Bank Ltd. with AAI as a beneficiary.

Kindly release the Performance Bank Guarantee of ACSA at the earliest, as ACSA is a foreign company, and any such delay may create negative impression about doing business in India."

9.2.76 In view of the above response of MIAL, the Authority proposes to allow the performance bank guarantee fees as submitted by MIAL.

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

9.2.77 The Authority has reviewed the computation of interest on finance charges and notes that MIAL has considered finance charges at the rate of 1.50% of the debt drawdown during the Fourth Control Period. The Authority proposes to consider the recomputed Finance charges set out in the below table for the Fourth Control Period as Operating Expenses.

Table 262: ECB Loan Details

Particulars	Details
Loan Amount (in USD Mn)	750.00
Transaction Cost (in USD Mn)	14.07
Transaction Cost %	1.88%
Effective Interest Rate (EIR)	7.59%
Interest Cost	6.60% to 8.60%
USD to INR rate	76.44

Table 263: Amortization Schedule for transaction Cost of USD of 14.06 Mn (Rs. 107.52 Crs) based on EIR method

(Rs. in crores)

Particulars	Ref	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total
Interest Cost (in USD Mn)	A	54.48	54.85	55.24	55.60	55.70	55.54	55.08	13.64	400.13
Interest Cost incl. Transaction Cost (in USD Mn)	B	55.96	56.46	57.00	57.51	57.77	57.76	57.46	14.26	414.19
Amortized Transaction Cost (in USD Mn)	C = B - A	1.49	1.62	1.76	1.92	2.07	2.22	2.37	0.62	14.07
Amortized Transaction Cost (in INR Crores)	D = C*76.44	11.36	12.37	13.47	14.64	15.81	16.98	18.13	4.75	107.52
Amortized Transaction Cost for the Fourth Control Period (in INR Crores)	E	N/A	N/A	13.47	14.64	15.81	16.98	18.13	N/A	79.04

Table 264: Upfront Fees of 1.50% on Future Debts (Drawdown for Capex Projected)

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Total Debt Drawdown	A	1,580.37	1,020.67	1,310.94	964.53	137.21	
Upfront Fees on Future Debt Drawdown	B = A*1.50%	4.50	4.73	4.96	5.21	5.47	24.87

Table 265: Financing Charges as proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Amortization of existing ECB loan (From Table 263)	13.47	14.64	15.81	16.98	18.13	79.04
Performance Bank Guarantee Fees	4.50	4.73	4.96	5.21	5.47	24.87
Other finance charges	2.61	2.74	2.89	3.02	3.17	14.43
Upfront fee of 1.50% on future debts	23.71	15.31	19.66	14.47	2.06	75.21
Financing Charges	44.29	37.42	43.32	39.68	28.83	193.54

Runway Recarpeting Expenses**MIAL's submission for Runway Recarpeting Expenses**

9.2.78 The Runway Recarpeting cost includes balance unamortized portion for runway 09/27 as per MIAL.

Table 266: Runway Recarpeting Cost as submitted by MIAL for the Fourth Control Period*(Rs. in crores)*

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting Cost – Runway 9/27 re-carpeting – Civil Works	0.09	0.09	-	-	-	0.19

Authority's examination regarding MIAL's submission for Runway Recarpeting Expenses

9.2.79 MIAL has proposed recarpeting of 09/27 during the Fourth Control Period under Capex which the Authority has proposed to be taken as operating expenditure since MIAL has not demonstrated any PCN value increase. [Refer Table 66 as part of Capex].

9.2.80 The Authority notes that the following runway recarpeting expenses have been carried forwarded from the previous control periods:

- (i) Runway 9/27: Rs. 1.53 crores incurred during FY 2022, Rs. 0.28 crores incurred during FY 2024.
- (ii) Runway 14/32: Current period amortization of Rs. 0.12 crores incurred during FY 2021, Current period amortization of Rs. 91.74 crores incurred during FY 2024.

9.2.81 Similarly, the Authority notes that the following runway recarpeting expenses are proposed to be incurred by MIAL starting from the Fourth Control Period:

- (i) Runway 9/27: Current period amortization of Rs. 21.20 to be incurred from FY 2029.
- (ii) Runway 14/32: Current period amortization of Rs. 13.13 to be incurred from FY 2027.

Table 267: Runway Recarpeting Cost proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Runway Recarpeting – 09/27	0.83	0.83	0.07	0.07	-	1.80
Runway Recarpeting – 14/32	23.05	22.94	22.94	22.94	-	91.86
Runway Recarpeting – 09/27	-	-	-	-	21.20*	21.20
Runway Recarpeting – 14/32	-	-	4.38	4.38	4.38**	13.13
Total Runway Recarpeting Cost	23.89	23.77	27.38	27.38	25.58	127.99

*Rs. 106 Crores pertaining to RWY 09/27 is amortized over 5 years as Rs. 21.20 Crores starting from FY 29 till FY 33.

**Rs. 21.89 Crores pertaining to RWY 14/32 is amortized over 5 years as Rs. 4.38 Crores starting from FY 27 till FY 31.

Carrying Cost on Runway Recarpeting Expenses

MIAL’s submission for Carrying Cost on Runway Recarpeting Expenses

9.2.82 MIAL has claimed the Carrying Cost on the Runway Recarpeting Expenses based on their claimed Runway Recarpeting expenses as follows:

Table 268: Carrying Cost on Runway Recarpeting as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Carrying Cost on Runway Recarpeting	0.02	0.01	-	-	-	0.03

Authority’s examination regarding MIAL’s submission for Carrying Cost on Runway Recarpeting Expenses

9.2.83 The Authority has calculated the Carrying Cost based on their revised Runway Recarpeting expenses.

Table 269: Carrying Cost on Runway Recarpeting proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Opening unamortized amount	93.66*	69.78	46.01	40.52	13.13	
Add: Addition	-	-	21.89	-	105.99	
Less: Amortized During the year (Runway Recarpeting Cost)	23.89	23.77	27.38	27.38	25.58	
Closing unamortized amount	69.78	46.01	40.52	13.13	93.55	
Average unamortized amount (a)	81.72	57.89	43.26	26.82	53.34	
FRoR (b)	12.74%	12.74%	12.74%	12.74%	12.74%	
Carrying Cost on Runway Recarpeting (a*b)	10.41	7.38	5.51	3.42	6.80	33.51

* Refer Table 120’s closing unamortized amount.

Corporate Cost Allocation

MIAL’s submission for Corporate Cost Expense

9.2.84 The Authority notes that MIAL has projected corporate costs (Refer para’s 4.9.102 and 4.9.103 for detailed explanation of the corporate services availed) for the Fourth Control Period. MIAL has assumed Rs. 94 crores as the value for FY 25 against the Rs. 76 crores proposed in FY 24. Consequently, MIAL has estimated the Corporate Cost Allocation for the Fourth Control Period using the same (FY 25’s value) as the base for future years in the Fourth Control Period applying a 10% increase y-o-y (5% rounded-off Inflation and 5% Additional Increase).

Table 270: Corporate Cost as submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Corporate Cost	94.00	103.40	113.74	125.11	137.63	573.88

Authority’s examination regarding MIAL’s submission for Corporate Cost Expense:

9.2.85 The Authority has proposed taking FY 24 as the base value (Rs. 74 crores – Refer Table 124) for Corporate Cost and apply 6% Y-o-Y increase, in line with the Employee salary costs growth.

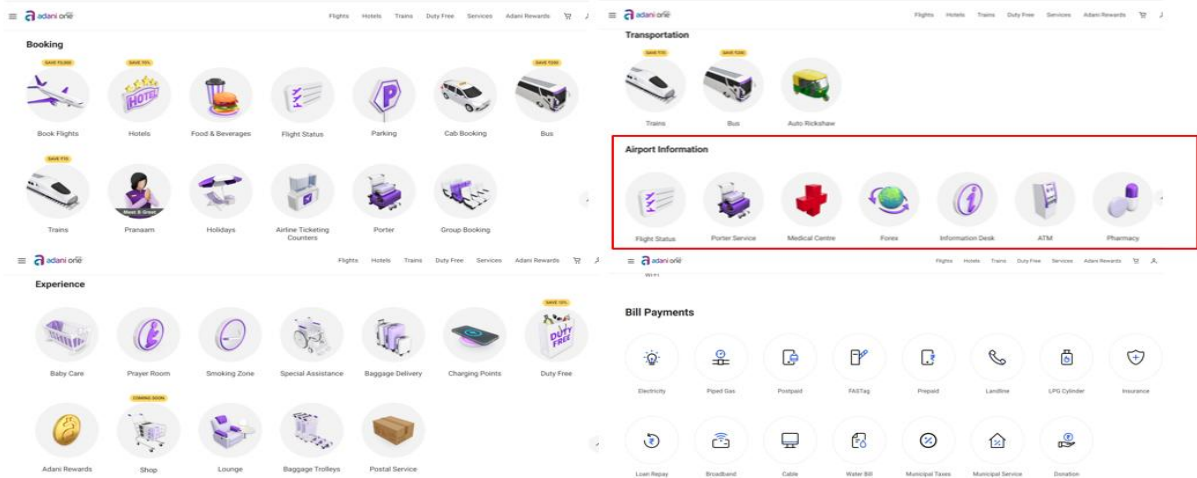
Table 271: Corporate Cost proposed by the Authority for the Fourth Control Period*(Rs. in crores)*

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Corporate Cost	78.44	83.15	88.14	93.42	99.03	442.17

Digitalization Cost**MIAL's submission for Digitalization Cost**

- 9.2.86 The Authority notes that MIAL believes that the next phase of growth will be dependent on digital transformation / technological intervention, where they can provide end-to-end services to customers on a single platform which will result in an enhanced consumer experience and more satisfaction.
- 9.2.87 Additionally, MIAL asserts that the customer expectations in terms of service quality have increased multi-fold, and MIAL believes that the Digitization of airport will be key enabler for achieving the same. The AO needs to focus on enhancing passenger handling capacity, augmenting airport infrastructure, and improving overall service quality.
- 9.2.88 While focusing on this, MIAL submits that it does not have the bandwidth nor expertise to undertake digitalization of airport experience. It will have to be done with the help of industry experts in the Digital Field. Building specific manpower for this field will have challenges and considering pace at which digitization is required to be adopted, timelines are also not conducive. Hence MIAL, by virtue of a competitive bidding process has awarded the contract to Adani Digital Labs Ltd, which can help MIAL to embark on this journey of Digital Transformation.
- 9.2.89 MIAL has entered into a Digital platform agreement on 1st April 2024 to use a Software platform that is developed and hosted in a private cloud by ADL. The agreement defines Digital platform as below:
- “The Company has proposed to design, develop and implement based on its existing intellectual property and back end infrastructure (collectively and hereinafter referred to as “Existing IP”) a customized platform which will be accessible through applications, sites and other modes (collectively and hereinafter referred to as the “Platform”), and to own, operate and otherwise deliver the Platform as a service, so as to provide inter alia, the following functionalities:*
- (i) to enhance Airport User experience at CSMIA;*
 - (ii) to update real time information about flights and various amenities and facilities at CSMIA;*
 - (iii) to facilitate a state-of-the-art digital point of sale and inventory management system (as may be applicable) for CSMIA;*
 - (iv) to develop solutions which enable Sellers (defined in Clause 2.3 hereinafter) to create and operate an online storefront enabling booking, purchase, and delivery of goods and services, which will be available to Airport Users;*
 - (v) to provide loyalty benefits and drive user engagement as set out in Clause 2.6;*
 - (vi) any other similar additional digital services as MIAL may decide to facilitate.”*
- 9.2.90 One of the key components of the Digital platform is the Adani One app (Related Party Transaction) which the users are expected to download onto their mobile phones to get a seamless digital experience while using the Airport. Several services are proposed to be added to the App in a phased manner as depicted in the picture. Adani One App's overview is provided in the below figure:

Figure 44: Digitalization App – Overview of the Services Offered



9.2.91 MIAL has entered into a Digital platform agreement on 1st April 2024 to use a Software platform that is developed and hosted in a private cloud by ADL. The agreement defines Digital platform as below:

“The Company has proposed to design, develop and implement based on its existing intellectual property and back end infrastructure (collectively and hereinafter referred to as “Existing IP”) a customized platform which will be accessible through applications, sites and other modes (collectively and hereinafter referred to as the “Platform”), and to own, operate and otherwise deliver the Platform as a service, so as to provide inter alia, the following functionalities:

- (i) to enhance Airport User experience at CSMIA;
- (ii) to update real time information about flights and various amenities and facilities at CSMIA;
- (iii) to facilitate a state-of-the-art digital point of sale and inventory management system (as may be applicable) for CSMIA;
- (iv) to develop solutions which enable Sellers (defined in Clause 2.3 hereinafter) to create and operate an online storefront enabling booking, purchase, and delivery of goods and services, which will be available to Airport Users;
- (v) to provide loyalty benefits and drive user engagement as set out in Clause 2.6;
- (vi) any other similar additional digital services as MIAL may decide to facilitate.”

9.2.92 The App functionality covers both aeronautical and non-aeronautical services. The app extensively provides services that fall under non aeronautical activities which generates revenue by charging the passenger directly. The Authority also finds the ADL could generate revenue from business partners who provide their services through the Adani One App. MIAL has estimated Digitization costs under three-line items as set out below:

Table 272: Digitalization Costs submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider as per the agreement	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Onboarding Costs	Rs. 60 / Pax	B	33.00	8.00	11.00	11.00	12.00	75.00
Loyalty Program Costs		C	15.00	16.00	18.00	20.00	18.00	87.00
Total Digitalization Cost submitted by MIAL		A+B+C	138.00	119.00	128.00	135.00	139.00	659.00

Authority's examination regarding MIAL's submission for Digitalization Expense:

9.2.93 The Authority reviewed the Board Minutes which approved the competitive bidding process and noted that:

- (i) The Independent Probity Auditors (IPA) were involved in every stage of the competitive bidding process.
- (ii) In addition, the technical commercial weightage and the Proof of Concept (POC) scoring has been reviewed and confirmed by two independent professional firms namely, BDO Digital Services and R. Subramanian and Company LLP, appointed to meet the additional requirement of the Audit Committee of MIAL.
- (iii) It was observed that Adani Digital Labs Pvt Ltd (ADL) remains the bidder with the highest score as per MIAL RFP criteria and as per evaluation by both BDO and R Subramanian & Co.

9.2.94 The Authority also noted that since ADL is a Group Entity, MIAL sought the approval of the Audit Committee and the Board as per the article 8.5.7 (i) (f) of the OMDA. Based on the Board approval, MIAL has entered into an agreement with Adani Digital Labs limited with the following terms:

- (i) Term: 10 years, extendable up to 2nd May 2036
- (ii) Rates: As per bids: Rs. 7.50 Crs / month escalated every year on 1st April at the rate of Consumer Price Index increase for industrial workers as published by GoI and the Loyalty Handling Charges of 5% on value of Loyalty points redeemed.
- (iii) Rates: As per bids: Rs. 7.5 Crore per year
- (iv) Other terms: IPR related to the platform shall be owned by ADL

9.2.95 In addition to above, the Authorities also observed that:

- (i) The bid for digitization was awarded to ADL which is a new entity. ADL's selection is ahead of Tech Mahindra Ltd which is an established Software services company with several years of experience.
- (ii) The Authority also notes that there is no restriction on usage of user data by ADL for any of its commercial benefit and ADL can use the platform data subject to data privacy requirements as per the law.

9.2.96 The Authority examination covered the break-up of digitalization cost submitted by MIAL is as follows:

A. Fixed Cost to Digital Service Provider: Rs. 497 Crores

The Authority finds that (a) digitization enables better passenger service and has become an essential ingredient for an acceptable level of customer service. Many airports across the world are investing in digitization of its services (b) ADL was selected following due process of price discovery through competitive bidding as required under the OMDA and therefore was considered being acceptable by the Audit Committee of MIAL. Based on these findings, the Authority is proposing to consider these costs as a part of the Operating Expenditure. The Authority has further analyzed this cost for allocation between aeronautical and non-aeronautical expenditure, in Para 9.3.14.

B. Onboarding Costs: Rs. 75 Crores

The Authority finds that (a) MIAL has estimated user onboarding costs required to get passengers onboarded into the Adani One App assuming 12% and 10% of unique passengers utilizing the Airport during FY25 and for the rest of the control period respectively, would get onboarded, incurring a one-time cost estimated at Rs. 60 per passenger. (b) The costs are for promotional activities and more likely to be incurred by ADL but could also be incurred by MIAL directly. If ADL incurs the cost MIAL may have to reimburse such expenditure. (c) this component, if payable to ADL was not covered in the bids evaluated in the competitive bidding for selecting the Digital services platform.

Based on findings as above, further considering that revenue generation through digitization is only from non-aeronautical activities and by ADL through monetizing the platform data, the Authority, proposes to classify this component as non-aeronautical in nature.

C. Loyalty Program Costs: Rs. 87 Crores

The Authority noted that (a) Loyalty Program costs are estimated at 1.5% of sales accrued through the Loyalty program estimating that 30% of non-aeronautical sale shall be through the loyalty program and 100% of the loyalty points earned shall be redeemed (b) Loyalty Program costs does not include separately Loyalty handling charges payable to ADL. Presumably this is included in the Loyalty Program costs (c) Loyalty program is for incentivizing the passengers on their non-aero purchase through the Adani One app. Based on these findings, the Authority does not find any reason for including any part of the costs as aeronautical in nature and therefore must be classified as fully non-aeronautical in nature.

9.2.97 The Authority has recomputed the Digitization costs after treating onboarding costs and Loyalty Program costs as non-aeronautical costs as below:

Table 273: Digitalization Costs as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Onboarding Costs		B	-	-	-	-	-	-
Loyalty Program Costs		C	-	-	-	-	-	-
Total Digitalization Cost		A+B+C	90.00	95.00	99.00	104.00	109.00	497.00

9.2.98 For the purposes of Aeronautical Allocation of the Digitalization Cost, the Authority proposes to implement a **Multi-Criteria Decision Analysis (MCDA)** approach to allocate the Costs between Aeronautical and Non-Aeronautical which has been explained in detail in the para’s from 9.3.13 to 9.3.21.

Other Miscellaneous Expenses

MIAL’s submission for Other Miscellaneous Expenses

9.2.99 The Authority notes that MIAL has only projected Collection Charges over DF for FY 25 but has treated it as a Non-Aero expense. MIAL, in its MYTP submission, has stated that other miscellaneous charges like Bad Debts written off, Exchange Gain/Loss, CWIP written off, Loss on Sale of Asset, etc., if any, shall be claimed on an actual incurrence basis during the Tariff determination for the next control period.

Authority’s examination regarding MIAL’s submission for Miscellaneous Expenses

9.2.100 The Authority has proposed not to consider Collection Charges over DF as a part of pass-through operations cost.

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

9.2.101 Additionally, CMC and Digi Yatra Contribution (Refer Table 190) which was submitted under Capex by MIAL, the Authority is proposing to include as a part of operating expenditure for the Fourth Control Period as per the table below:

Table 274: Other Expenses proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Full Body Scanner – CMC Cost	-	-	-	0.93	0.97	1.90
Digi Yatra Contribution	3.15	3.15	3.15	3.15	3.15	15.75
Total Other Expenses	3.15	3.15	3.15	4.08	4.12	17.65

9.2.102 Considering the changes above, the Authority has recalculated the Operating and Maintenance Expenditure as follows:

Table 275: Operating and Maintenance Expenditure computed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	182.69	193.65	205.27	217.59	269.25	1,068.45
R&M Expenses	198.93	206.49	227.84	251.39	277.38	1,162.04
Operating Contract's	200.51	192.55	183.43	191.83	236.60	1,004.93
Utilities Expenses	157.10	148.20	138.22	144.30	183.69	771.52
Administrative Expenses	27.36	28.57	29.83	31.14	32.51	149.40
Rents, Rates & Taxes	71.42	71.94	72.48	75.10	75.69	366.62
Insurance Expense	19.73	20.73	22.13	23.06	26.13	111.77
Advertisement Expense	3.74	3.91	4.08	4.26	4.44	20.43
Consumable Stores	18.26	17.35	16.33	17.04	21.39	90.37
Corporate Cost	78.44	83.15	88.14	93.42	99.03	442.17
Runway Recarpeting	23.89	23.77	27.38	27.38	25.58	127.99
Carrying Cost on Runway Recarpeting	10.41	7.38	5.51	3.42	6.80	33.51
Digitalization Cost	138.00	119.00	128.00	135.00	139.00	659.00
Other Expenses	3.15	3.15	3.15	4.08	4.12	17.65
Working Capital Interest	-	-	-	-	-	-
Financing Charges	44.29	37.42	43.33	39.69	28.84	193.57
Total Operating Expenditure	1,177.92	1,157.26	1,195.11	1,258.70	1,430.45	6,219.44

9.3 AUTHORITY'S EXAMINATION REGARDING THE AERONAUTICAL PORTION OF O&M EXPENSES FOR THE FOURTH CONTROL PERIOD

COSTS THAT ARE ALLOCATED BY A COMMON METHOD ARE LISTED BELOW WITH THEIR ALLOCATION METHODOLOGY EXPLAINED IN DETAIL:

9.3.1 For computation of the aero portion in the Fourth Control Period, the Authority has reviewed and adopted the allocation methodology followed as per the R. Subramaniam study report which is detailed as follows:

9.3.2 The majority of the cost heads are allocated at the ratio:

- (i) Total Aeronautical Expenses in the Third Control Period over the Total Expenses in the same period is computed and the same is used as the allocation percentage in the Fourth Control Period as shown below:

Example:

Aeronautical Allocation of Administrative Expenses for 4th CP (%)

$$= \frac{\text{Aeronautical Administrative Expenses of 3rd CP}}{\text{Total Administrative Expenses of 3rd CP}} * 100$$

9.3.3 The cost heads that are segregated using the method explained in the above para 9.3.2 are as listed below:

- (i) Repair and Maintenance Expenses,
- (ii) Operating Contracts
- (iii) Utilities Expenses,
- (iv) Administrative Expenses,
- (v) Rents, Rates and Taxes,
- (vi) Insurance Expenses
- (vii) Advertisement Expenses,
- (viii) Consumable Stores Expenses,

ITEMS THAT ARE NOT ALLOCATED BY THE ABOVE-MENTIONED METHOD ARE LISTED BELOW WITH THEIR RESPECTIVE ALLOCATION METHODOLOGIES:

9.3.4 **Employee Cost** – Allocated over the Total Employee Count. Aero and Non-Aero Employees are segregated respectively, while Common Employees are segregated over the Gross Fixed Assets Allocation Ratio of FY 23-24 as clearly shown below:

Table 276: Employee Cost - Aeronautical Allocation as proposed by the Authority

Particulars	Total Employees	Allocation % Adopted	Aero Employees	Final Allocation %
Aero	933	100%	933	
Non-Aero	50	0%	0	
Common	122	83.38%	102	
Total	1105		1035	93.64%

9.3.5 The Authority notes that MIAL has adopted this same methodology at the Common Ratio of 83.40% (Refer **Table 70**) for Common Employees. This small difference in Gross Fixed Assets ratio of FY 23-24 is not bringing in any change to the finally arrived Allocation (93.64%) up to 2 decimals. Thus, the Authority has also used the rounded-down allocation percentage of 93.00% as done by MIAL.

9.3.6 **Working Capital Interest** – MIAL has allocated it at the Gross Fixed Assets Ratio. Since the Authority has calculated the Working Capital Interest only on the Aeronautical Revenue part (Refer **9.2.67**), the Authority has proposed to apply 100% for the allocation.

9.3.7 **Financing Charges** – MIAL has allocated Financing Charges at the Gross Fixed Assets Ratio. The Authority also finds this approach right since Financing Charges are generally procured for long-term and therefore proposes to adopt the same ratio.

9.3.8 **Runway Recarpeting Expenses and its Carrying Cost** – MIAL has allocated these expenses as 100% Aero. The Authority notes that these that these expenses are directly related to the core operations of MIAL and are integral to the delivery of aeronautical services. Hence the Authority proposes to consider it as per MIAL’s submission.

- 9.3.9 **Corporate Cost** – The Authority notes that MIAL has allocated the Corporate Cost at the same rate of 93.00% as used for Employee Expenses since the nature of these expenses are similar to each other. The Authority finds this reasoning valid and accepts the same ratio.
- 9.3.10 **Digitalization Cost** – The Authority has proposed to allow the Digitalization Expense (Refer para’s from 9.2.86 to 9.2.98).

Table 277: Digitalization Costs submitted by MIAL

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Onboarding Costs	Rs. 60 / Pax	B	33.00	8.00	11.00	11.00	12.00	75.00
Loyalty Program Costs		C	15.00	16.00	18.00	20.00	18.00	87.00
Total Digitalization Cost submitted by MIAL		D = A+B+C	138.00	119.00	128.00	135.00	139.00	659.00

- 9.3.11 The Authority notes that a lot of the services being provided in the Digitalization App (Adani One) are related to Non-Aeronautical Services along with the two of three costs heads being entirely Non-Aeronautical, namely the onboarding costs and Loyalty Program Costs.
- 9.3.12 Therefore, the authority proposes to apply the allocation ratio % only on the Fixed Cost and completely not including the Onboarding & Loyalty Program Costs for Aeronautical Allocation for the purposes of TR computation.

Allocation of Digitalization Cost:

- 9.3.13 The Authority observes that it is a challenging task to clearly differentiate the costs between Aeronautical and Non-Aeronautical services. The Authority notes that MIAL, in its MYTP submission, had allocated the costs based on the average aeronautical percentage (at 90.00%) of all the major Opex costs in the Third Control Period. Later as a part of the clarification submitted to the Authority, it has revised the cost allocation based on the Manpower cost ratios to Aeronautical services (82.00%), provided through the Adani One App. However, MIAL could not provide adequate data point to support such allocation.
- 9.3.14 The Authority is reaching a conclusion that the allocation of the costs must be based on the utility of the service coverage through the App, the nature of revenues generated through the platform and the passenger feedback rather than employing cost drivers alone. After evaluating a couple of options, the Authority is tentatively considering a **Multi-Criteria Decision Analysis (MCDA)** approach to allocate the Costs between Aeronautical and Non-Aeronautical.
- 9.3.15 This MCDA approach employs a list of variables to segregate the costs. Each variable has been assigned a score between 1 to 5, where 1 being the lowest and 5 being the highest. The Aeronautical and Non-Aeronautical Services offered in the App have been grouped into different categories based on the nature / similarity of their functions. Following which, each of the categorizations is assigned a score under each variable based on their function. Each variable and its categorization is detailed below:
- (i) Different variables have been assigned and segregated into Aeronautical and Non-Aeronautical Services availed at the Airport using the Digitalization App:
 - a) Necessity (*Is it a Necessary Service for an Airport Passenger?*)

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

b) Channel Usefulness (*Is it an Exclusively Provided Service / Information for an Airport Passenger? And how useful is it for them ?*)

c) Revenue Generating Capacity (*Is it a Revenue Generating Service or Not?*)

9.3.16 Each variable has been given a judgmental score between ‘1’ to ‘5’ (‘1’ being the lowest and ‘5’ being the highest).

9.3.17 The Aeronautical services and the Non-Aeronautical services offered have been classified into different categories based on the kind/variety of services they offer and ranked for each of the variable mentioned above.

Table 278: Digitalization Cost Allocation – Multi Criteria Decision Analysis Approach – Score card based on functionalities available in Adani One App

Particulars	Necessity	Channel Usefulness	Revenue Generating Capability	Total Score
Aeronautical Services:				
Flight Tracking Information	5	2	-	7
Baggage Belt Information	5	2	-	7
Other Aeronautical Services	5	2	-	7
Total Aero Score				21
Non-Aeronautical Services:				
Concessionaires	5	5	5	15
Porter Services & Baggage Wrapping	5	5	5	15
Bills Payments & Banking Related Services	-	-	1	1
Other Bookings	4	3	5	12
Other Non-Aeronautical Services	1	1	4	6
Total Non-Aero Score				49

9.3.18 The Authority has used the rationale, as set out in the below table for the judgmental scoring done in the above table:

Table 279: Digitalization Cost Allocation – Reasoning for the Scores provided under the Multi Criteria Decision Analysis Approach

Services Offered	Necessity	Channel Usefulness	Revenue Generating Capability
Aeronautical Services			
Flight Tracking Information	Absolutely necessary information for all passengers, so given a score of ‘5’.	Since the information provided is not an exclusive information, score for channel usefulness is considered lower at ‘2’.	Does not generate any revenue, so given a score of ‘0’.
Baggage Belt Information	Absolutely necessary information for all passengers, so given a score of ‘5’.	Since the information provided is not an exclusive information, score for channel usefulness is considered lower at ‘2’.	Does not generate any revenue, so given a score of ‘0’.
Other Aeronautical Services (Baby Stroller, Baby Care Room, Cloak Room, Lost & Found, Prayer Room, Special Assistance, Airline)	Most of these services are used as per the passenger’s needs at a specific point of time and not regularly used, but all the services are necessities, so given a score of ‘5’.	Since not availed / used by everyone, channel usefulness is considered lower at ‘2’.	Does not generate any revenue, so given a score of ‘0’.

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Services Offered	Necessity	Channel Usefulness	Revenue Generating Capability
Ticketing Counter, etc)			
Non-Aeronautical Services			
Concessionaires	Concessionaire services are an integral part of the Airport and provide a range of services, so given a score of '5'.	Pre-booking and collecting the items / products on the go at the Airport makes it a highly user-friendly experience and it is an exclusive service provided on the App, so given a score of '5'.	Major Revenue Generating service on the App, so given a score of '5'.
Porter Services and Baggage Wrapping	Highly necessary service for the passengers within the Airport, so given a score of '5'.	Exclusive service - information provided only on this App, so given a score of '5'.	Generates Revenue through both Porter Services and Baggage Wrapping Facilities, so given a score of '5'.
Bill Payments and Banking Related Services	Not a necessary or critical service at all, so given a score of '0'.	Not a exclusively provided service for the passengers, so given a score of '0'.	Would be generating revenue on a commission basis, so given a score of '1'.
Other Bookings (Includes Bookings for Hotel, Cabs, Flights, Trains & Other Transportation Services)	An extremely necessary service for all the passengers, so given a score of '4'.	Not an exclusive service at all, but a very useful one for the passengers nevertheless, so given a score of '3'.	Services like transportations and other bookings would be generating revenue directly when booked through the App, so given a score of '5'.
Other Non-Aeronautical Services (Museum Tour, Play Zone Services, Postal Services, Car Parking, FASTag & DTH Recharge, Pranaam Services, Adani Rewards, Adani One ICICI Bank Credit Cards, etc)	Not a necessary or critical service at all but some of the services provided are related specifically to the Airport, so given a score of '1'.	Some of the services like Museum Tour & Play Zone Services are exclusive services, but most of them are not, so given a score of '1'.	Services like Museum Tour, Postal Services, Car Parking, etc would be having a direct revenue generating model. <i>Note: Car Parking is a Non-Aeronautical Revenue earned by MIAL.</i>

9.3.19 Using these scores of Aeronautical and Non-Aeronautical, the allocation percentage is identified as below:

Table 280: Digitalization Cost Aeronautical Allocation as proposed by the Authority

Total Score's	
Total Aeronautical Score (a)	21
Total Non-Aeronautical Score (b)	49
Total (c)	70
Aeronautical Allocation (%) (d = a/c)	30.00%

9.3.20 Therefore, as seen from the preceding table, the Digitalization Cost can be allocated at 30.00% and the Authority is seeking stakeholder response before concluding on this aspect.

9.3.21 Thus, applying this 30.00% only on the Platform usage fees payable to the Digital Service Provider (as detailed above in Table 280) the cost allocable to Aeronautical services is as below:

Table 281: Allocation of Digitalization Costs as computed by the Authority

(Rs. in crores)

Particulars	Basis	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Fixed Cost to Digital Service Provider	7.50 Crs / month	A	90.00	95.00	99.00	104.00	109.00	497.00
Aeronautical Allocation		B=(A*30.00%)	27.00	28.50	29.70	31.20	32.70	149.10

9.3.22 The Authority proposes to follow the below summarized approach for allocating the operating expenditure between aeronautical and non-aeronautical as below

Table 282: Rationale behind Aeronautical % of Operating Expenses

Cost Head	Aeronautical % as submitted by MIAL	Aeronautical % as per Authority Analysis	Rationale behind MIAL decision	Rationale behind Authority decision
Employee Costs	93.00%	93.00%	Based on the Employee Head Count, Aero and Non-Aero employees have been segregated respectively, while common employees have been segregated using gross fixed asset ratio. (Refer Table 276)	Same as MIAL
R&M Expenses	94.93%	95.48%	MIAL has taken average of aero % of every year of the Third Control Period to arrive at the aero % for the Fourth Control Period.	The ratio of the Total Aeronautical Cost for the five years of the Third Control Period is divided by the Total Cost of the Third Control Period.
Operating Contract's	89.43%	91.27%		
Utilities Expenses	98.70%	98.77%		
Administrative Expenses	80.61%	80.43%		
Rents, Rates & Taxes	88.33%	91.23%		
Insurance Expense	83.40%	83.00%		
Advertisement Expense	89.78%	87.97%		
Consumable Stores	91.38%	87.55%		
Corporate Cost	93.00%	93.00%	Same as Employee Cost	Same as MIAL
Runway Recarpeting	100.00%	100.00%	Fully considered as Aero	Same as MIAL
Carrying Cost on Runway Recarpeting	100.00%	100.00%	Fully considered as Aero	Same as MIAL
Digitalization Cost	82.00%	30.00%	Based on Manpower Assigned (Refer para 9.3.13)	Based on the Multi-Criteria Decision Analysis Approach (Refer para 9.3.15)
DF Collection Charges	0.00%	0.00%	Fully considered as non-Aero	Fully Disallowed
Other Expenses	0.00%	100.00%	NA	Authority has reallocated some costs from CAPEX to Operating Expenses which has been considered as 100% Aero.
Working Capital Interest	83.40%	100.00%	Considered fully as Corporate Overheads.	As the working capital interest has been calculated only on Aero revenue, it is

OPERATION & MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

Cost Head	Aeronautical % as submitted by MIAL	Aeronautical % as per Authority Analysis	Rationale behind MIAL decision	Rationale behind Authority decision
				considered as 100% Aero.
Financing Charges	83.40%	83.38% (Refer 9.2.2(v))		Considered fully as Corporate Overheads.

9.3.23 Based on the above, the Authority has proposed on the following Aeronautical Portion of Operating Expenses for each Cost head.

Table 283: Aeronautical Portion of Total Operating and Maintenance Expenditure proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Employee Costs	169.90	180.10	190.90	202.36	250.40	993.66
R&M Expenses	189.94	197.16	217.55	240.04	264.85	1,109.54
Operating Contract's	166.63	158.38	149.02	155.57	195.27	824.87
Utilities Expenses	155.17	146.38	136.51	142.52	181.42	762.00
Administrative Expenses	22.01	22.98	23.99	25.04	26.14	120.16
Rents, Rates & Taxes	59.53	60.00	60.49	62.04	62.57	304.63
Insurance Expense	16.38	17.20	18.37	19.14	21.69	92.77
Advertisement Expense	3.29	3.44	3.59	3.75	3.91	17.97
Consumable Stores	15.98	15.19	14.29	14.92	18.73	79.12
Corporate Cost	72.95	77.33	81.97	86.88	92.10	411.22
Runway Recarpeting	23.89	23.77	27.38	27.38	25.58	127.99
Carrying Cost on Runway Recarpeting	10.41	7.38	5.51	3.42	6.80	33.51
Digitalization Cost	27.00	28.50	29.70	31.20	32.70	149.10
Other Expenses	3.15	3.15	3.15	4.08	4.12	17.65
Working Capital Interest	-	-	-	-	-	-
Financing Charges	36.93	31.20	36.12	33.09	24.04	161.38
Total Aero Operating Expenditure	973.15	972.15	998.54	1,051.42	1,210.32	5,205.57

9.3.24 Based on the above, the Authority proposes Aeronautical Operating and Maintenance Expenditure of Rs. 5,205.57 Crores for the Fourth Control Period as against MIAL's submission of Rs. 7,190.41 Crores. The reasons for this variance are as under:

- (i) The expenses are estimated at the CPI inflation rate in line with the provisions of OMDA, while MIAL has estimated the same at a rounded-off inflationary increase plus an additional increase of 5% over that.
- (ii) Employee Costs and Corporate Cost Allocation have been estimated at 6% YoY against MIAL's submission of 10% YoY.
- (iii) Digitalization Cost expenses has been considered as aeronautical expenditure tentatively based on a method which considers aeronautical and non-aeronautical usage of the application and on which the Authority will take a final decision based on stakeholder feedback during public consultations.
- (iv) Legal Expenses have been excluded in line with the recent concession agreements entered by AAI, where legal costs are not to be included as a part of the pass-through costs of Airport operations.
- (v) The working capital interest has been reworked based on a comprehensive assessment of working capital and Financing Charges reworked based on debt draw down on revised capex.

9.4 AUTHORITY'S PROPOSALS REGARDING AERONAUTICAL 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:

- 9.4.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 283.
- 9.4.2 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. NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD**10.1 MIAL SUBMISSION REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD**

10.1.1 MIAL has project Non-Aeronautical Revenue for the Fourth Control Period based on the following assumptions in their MYTP.

- (i) **Renovation of Terminal 1:** MIAL is planning to demolish Terminal 1 in FY 2025-26 and re-construct it, which is expected to start functioning by FY 2028-29. This re-construction will increase the total Terminal area from 5,51,563 sqm to 6,49,506 sqm.

Table 284: Terminal Area Details

Terminal's	Existing (FY24)	FY26	FY29
T1	1,03,131	-	2,01,074
T2	4,48,432	4,48,432	4,48,432
Total	5,51,563	4,48,432	6,49,506

- (ii) **Base Year:** FY 2023-24 was considered as the base year for all the revenue and the relevant growth percentages were applied for the same.
- (iii) **Passenger Traffic:** MIAL has based the growth in revenue on the increase/decrease in passenger traffic.

10.1.2 Passenger Traffic projected by MIAL for the Fourth Control Period.

Table 285: Passenger Traffic Projected for the Fourth Control Period

Total Passengers (in Millions)	Forecasted (Considering T1 demolition)					Total
	FY 25	FY 26	FY 27	FY 28	FY 29	
Embarking	26.71	22.58	20.75	21.46	24.40	115.88
Disembarking	25.98	22.02	20.27	20.98	23.93	113.18
Transit	0.03	0.02	0.02	0.02	0.02	0.11
Total Passengers	52.72	44.62	41.04	42.46	48.34	229.17

Passengers Growth	Forecasted (Considering T1 demolition)				
	FY 25	FY 26	FY 27	FY 28	FY 29
Embarking Domestic Passenger	(0.60%)	(12.93%)	(6.30%)	4.23%	17.67%
Disembarking Domestic Passenger	1.14%	(12.93%)	(6.30%)	4.23%	17.67%
Total Domestic Passengers	0.26%	(12.93%)	(6.30%)	4.23%	17.67%
Embarking International Passenger	0.39%	(22.01%)	(13.31%)	0.92%	0.91%
Disembarking International Passenger	(3.80%)	(22.01%)	(13.31%)	0.92%	0.91%
Total International Passengers (excluding transit)	(1.43%)	(22.01%)	(13.31%)	0.92%	0.91%
Domestic ATM's	3.69%	(14.51%)	(6.68%)	3.79%	17.13%
International ATM's	(2.37%)	(22.37%)	(14.11%)	0.00%	0.00%
Total ATM's	2.14%	(16.43%)	(8.37%)	2.98%	13.58%

10.1.3 The basis of projection adopted by MIAL for each of the revenue streams under each broad head are as follows:

Table 286: Retail licenses revenue -Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Retail Licenses Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
F&B	Revenue from F&B Concessions have been considered basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG (Minimum Monthly Guarantee), whichever is higher and (2) common area maintenance charges as per company policy.
Flight Kitchen	Revenue from Flight Catering concessions is considered basis projected passenger traffic, and 5% growth based on actual revenue of FY24.
Retail concession	Revenue from Retail Concessions have been projected basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.
Foreign exchange, Banks & ATM	The revenue from Forex is based on fixed MMG contract. Revenue from ATM concessions is assumed to increase at 5% on likely actual revenue of FY24.
IT & Communication	The revenue from IT and communication is assumed to increase by 5% YoY.
Car Rental & Hotel Reservation	Revenue from Car rental and Hotel reservation concessions is projected basis projected passenger traffic, and 5% growth based on likely actual revenue of FY24.
Duty Free Shops	Revenue from Duty Free Concessions have been projected basis projected international passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.
Advertising Income	Revenue from Advertising concession is expected to grow at 5% in line with expected business growth.
Car Parking / Ground Transport	Revenue from Car Parking concessions is projected based on fixed MMG contract (10% annual increase)
Ground Handling	As per contract with various Ground Handling agencies, revenue from Ground Handling concessions is higher of MMG and revenue share. Total Ground Handling revenue is expected to grow in line with traffic growth
Others	Revenue from other retail licenses revenue is projected based on growth in passenger traffic.

Table 287: Rent & Services Revenue - Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Rent & Services Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
Land Rent & Lease	Land Lease Rent, Hanger Rent, Terminal Building rent, Cargo and Other building Rents are expected to increase at a rate of 7.5% p.a. considering FY24 likely numbers as base numbers.
Hanger Rent	
Terminal Building Rent	
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Cute Counter Charges are assumed to increase as per ATM growth based on likely actual revenue of FY24.
Lounges	Revenue from F&B Concessions have been projected basis projected departing passenger traffic, Average Transaction Value (ATV) per pax and penetration of FY24 and considering growth in ATV by 2% and penetration by 1% respectively for each year of the Fourth Control Period. Revenues to MIAL is (1) revenue

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Rent & Services Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
	share or MMG whichever is higher and (2) common area maintenance charges as per company policy.

Table 288: Retail licenses revenue - Cargo – Basis of projection for NAR as adopted by MIAL for the Fourth Control Period as part of MYTP

Cargo Revenue	Basis of projection as adopted by MIAL for the Fourth Control Period in MYTP
Domestic Cargo	Domestic Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on domestic ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.
International Cargo Revenue	International and Perishable Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.
Perishable Cargo	
Courier Revenue	Courier Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL are revenue share as per Concession Agreement.
Cargo Handling Revenue	Cargo handling revenues are projected to increase by 5%

10.1.4 Based on the above basis, MIAL has projected revenue from non-aeronautical services for Chhatrapati Shivaji Maharaj Airport as follows:

Table 289: Non-Aeronautical Revenue/ Revenue Share Assets projections submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Retail Licences Revenue							
F&B		151.45	155.04	163.80	176.99	201.97	849.25
Flight Kitchen		57.65	51.17	49.38	53.63	64.02	275.85
Retail concession		149.65	142.58	139.90	150.29	173.52	755.94
Foreign Exchange, Banks & ATM		94.16	78.46	71.68	76.08	81.30	401.68
IT & Communication		146.35	130.06	125.60	136.44	163.13	701.58
Car Rental & Hotel Reservation		26.73	23.76	22.94	24.92	29.80	128.15
Duty Free Shops		348.01	286.05	260.41	272.32	284.84	1,451.63
Advertising Income		230.23	204.75	197.84	214.93	256.88	1,104.63
Car Parking / Ground Transport		61.89	57.62	58.30	66.35	83.10	327.26
Ground Handling		144.84	121.04	110.91	114.22	129.74	620.75
Others		27.17	22.99	21.15	21.88	24.91	118.10
Total Retail Licences Revenue	A	1,438.13	1,273.54	1,221.92	1,308.06	1,493.23	6,734.88
Rent & Services Revenue							
Land Rent & Lease		199.24	214.18	230.25	247.52	266.08	1,157.27
Hanger Rent		35.49	19.07	-	-	-	54.56
Terminal Building Rent		116.93	113.95	109.86	118.10	155.42	614.26
Cute Counter Charges		14.28	11.93	10.93	11.26	12.79	61.19
Lounges		79.80	77.67	79.55	85.91	98.02	420.95
Cargo Building Rent & Other Building Rent		37.71	40.54	43.58	46.85	50.36	219.04
Total Rent & Services Revenue	B	483.44	477.34	474.17	509.64	582.67	2,527.26

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Cargo Revenue							
Domestic Cargo		33.26	32.78	33.80	36.55	41.79	178.18
Perishable Cargo		35.83	30.49	28.43	30.00	31.65	156.40
Courier Revenue		19.51	10.33	9.31	9.78	10.27	59.20
International Cargo Revenue		323.52	295.87	289.88	307.96	327.20	1,544.43
Cargo Handling Revenue		32.93	34.57	36.30	38.12	40.02	181.94
Total Cargo Revenue	C	445.05	404.04	397.73	422.40	450.93	2,120.14
Total Non-Aeronautical Revenue	D = A+B+C	2,366.61	2,154.93	2,093.83	2,240.10	2,526.82	11,382.29

Table 290: 'S'-Factor projections submitted by MIAL for the Fourth Control Period

(Rs. in crores)

S-Factor Calculation	FY25	FY26	FY27	FY28	FY29	Total
Retail License Revenue (A)	1,438.13	1,273.54	1,221.92	1,308.06	1,493.23	6,734.88
Rent & Service Revenue (B)	483.44	477.34	474.17	509.64	582.67	2,527.26
Cargo Revenue (C)	445.05	404.04	397.73	422.40	450.93	2,120.14
Total Revenue Share Assets (A+B+C)	2,366.61	2,154.93	2,093.83	2,240.10	2,526.82	11,382.29
Less: Revenue from Other than Revenue Share Assets (i.e. Non-Transfer Assets)	16.66	17.50	18.37	19.29	20.25	92.07
Less: Revenue from Existing Assets	592.61	442.07	291.53	291.53	291.53	1,909.27
Net Revenue Share Assets	1,757.35	1,695.35	1,783.91	1,929.29	2,215.05	9,380.95
Less: Annual Fees @38.7%	680.09	656.10	690.37	746.64	857.22	3,630.43
Revenue Share Assets to be used for Target Revenues	1,077.26	1,039.25	1,093.54	1,182.65	1,357.83	5,750.52
Cross subsidy (S factor @ 30%) from Revenue Share Assets	323.18	311.77	328.06	354.80	407.35	1,725.16

10.1.5 The growth rates assumed by MIAL have been presented in the table below:

Table 291: Growth rates assumed by MIAL for Non-Aeronautical Revenue

Revenue Head	Growth Rate
Retail Licenses Revenue	
F&B	Based on Projected Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration-1% Y-o-Y growth.
Flight Kitchen	Based on Projected Embarking Passenger Traffic and 5% Y-o-Y growth.
Retail Concession	Based on Projected Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration-1% Y-o-Y growth.
Foreign Exchange, Banks & ATM	Foreign Exchange- Projected Passenger Traffic and 5% Y-o-Y growth. Bank and ATM- Projected International Passenger Traffic and 5% Y-o-Y growth.
IT & Communication	5% Y-o-Y growth.
Car Rental & Hotel Reservation	
Duty Free Shops	Based on Projected International Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Advertising Income	5% Y-o-Y growth.
Car Parking / Ground Transport	10% Y-o-Y growth
Ground Handling	Based on ATM growth rate
Others	Based on projected passenger traffic
Rent & Services Revenue	
Land Rent & Lease	7.5% Y-o-Y growth
Hanger Rent	
Terminal Building Rent	

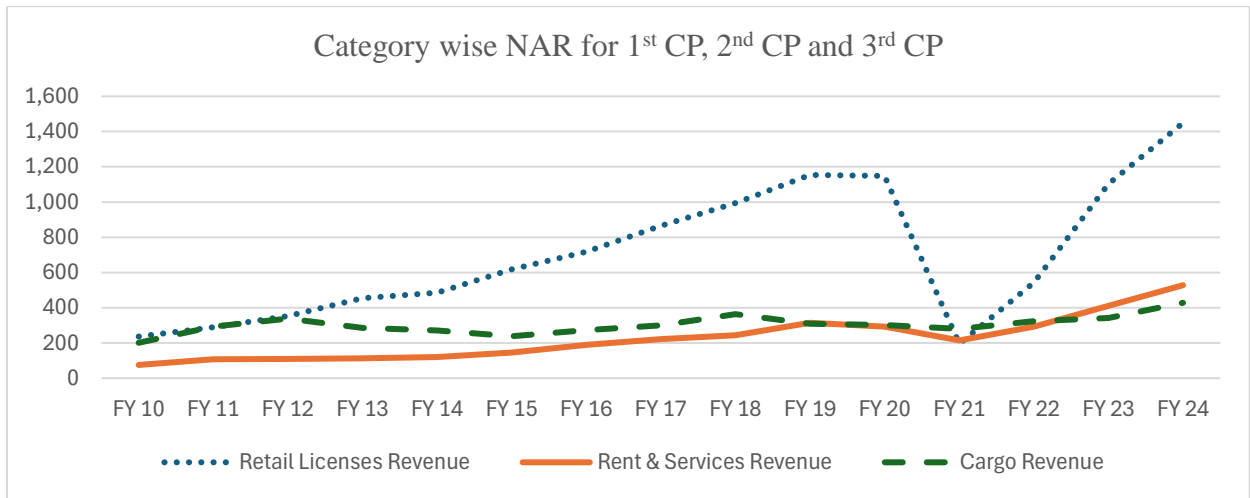
NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Revenue Head	Growth Rate
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Based on ATM growth rate
Lounges	Based on Projected Departing Passenger Traffic, ATV- 2% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Cargo Revenue	
Domestic Cargo	5% Y-o-Y growth, 7.5% for Blue Dart Cargo
International Cargo Revenue	5% Y-o-Y growth, 7.5% for license fees
Perishable Cargo	
Courier Revenue	
Cargo Handling Revenue	5% Y-o-Y growth

10.2 AUTHORITY’S EXAMINATION REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

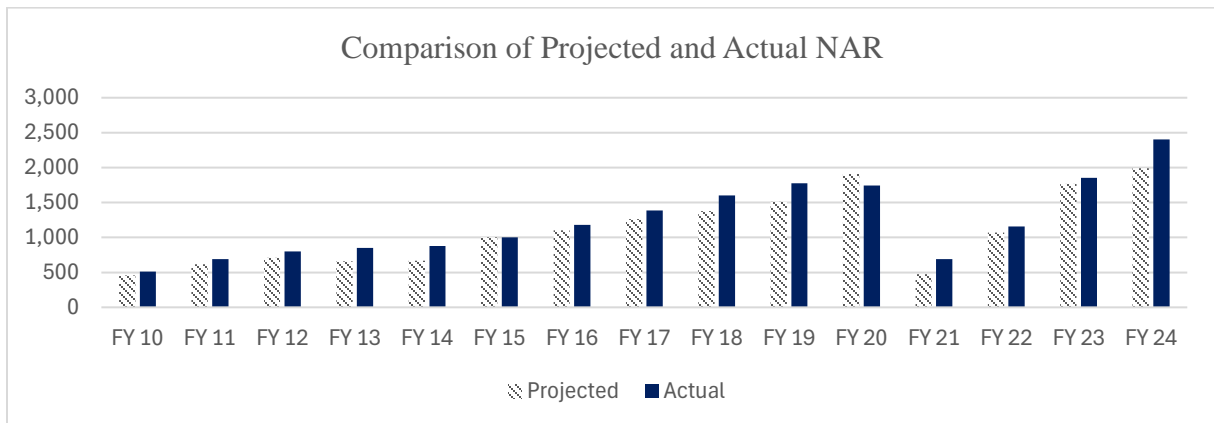
10.2.1 The Authority analyzed the trend of the non-aeronautical revenues over the past three Control Periods which is given below:

Figure 45: Category wise NAR for the 1st CP, 2nd CP and 3rd CP



10.2.2 The Authority also compared the actual revenues vis-a-vis revenues budgeted by MIAL at the time of tariff determination for the past three Control Periods which is given below:

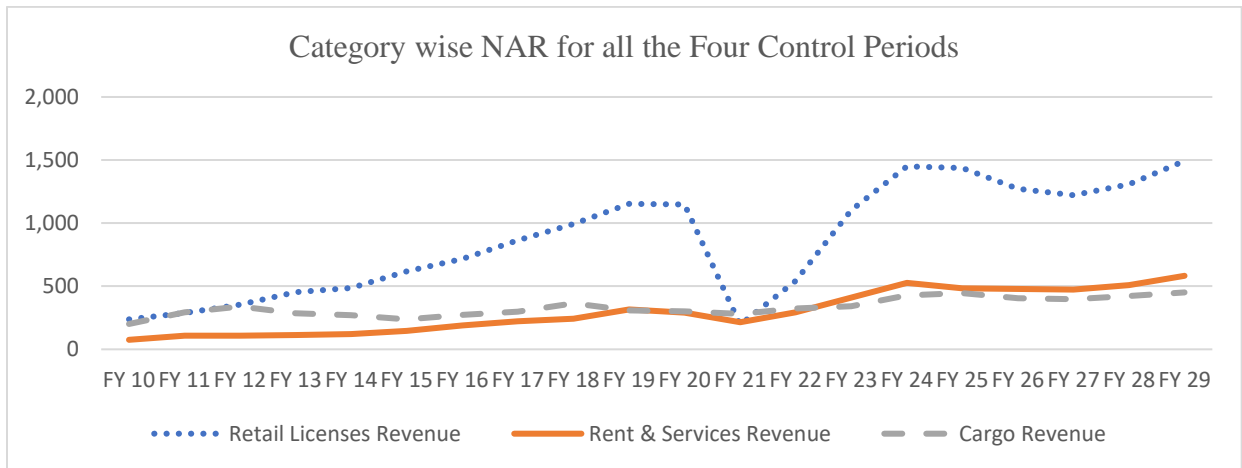
Figure 46: Comparison of Projected and Actual Non-Aeronautical Revenue



NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

10.2.3 The Authority observed a consistent upward trend in all categories of Non-Aeronautical Revenue. It also noted that the variances between actual and budgeted figures were comparable, except when influenced by external factors such as the impact of COVID-19. Additionally, during the Third Control Period (3rd CP), non-aeronautical revenues consistently surpassed the budgeted revenue outlined in the Multi-Year Tariff Proposal (MYTP) except in FY 20. If all other factors remained unchanged, the differences between budgeted and actual revenues were not significant. This was then compared to the revenue trends projected by MIAL for the Fourth Control Period, as detailed below:

Figure 47: Category wise Non-Aeronautical Revenue for the Fourth Control Period



10.2.4 While optically, the trend of the amounts projected for the Fourth Control Period were in line with the trend in 1st CP, 2nd CP and 3rd CP, the Authority further delved into detailed analysis using measures of CAGR for each of the three Control Periods. CAGR computed for the 1st CP, 2nd CP, 3rd CP and 4th CP (under consideration) is provided below:

Table 292: CAGR for all the Four Control Periods as submitted by MIAL in the MYTP of the Fourth Control Period

Particulars	CAGR for 1 st CP	CAGR for 2 nd CP	CAGR for 3 rd CP	CAGR for 4 th CP (under consideration)
Retail Licenses Revenue	15.75%	18.91%	4.68%	0.61%
Rent & Services Revenue	7.92%	21.35%	10.86%	2.00%
Cargo Revenue	8.38%	2.69%	6.67%	1.06%

10.2.5 Since the CAGR for the Fourth Control Period was much lower than the CAGR for 1st CP, 2nd CP and 3rd CP, the Authority further analyzed the head wise break up of these broad categories. A summary of the head wise proposals of the Authority in comparison with the basis of projection as adopted by MIAL was as provided below:

Table 293: Retail Licenses Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

Retail Licenses Revenue	Basis of projection as adopted by MIAL for 4 th CP in MYTP	Basis of projection as proposed by Authority for 4 th CP
F&B	Revenue from F&B Concessions have been considered basis projected passenger traffic. Further 2% growth in Average	The Authority proposes to consider MIAL's projection

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Retail Licenses Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
	Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	for F&B, Retail Concession and Duty-Free Shops with only change in ATV growth rate. Authority has considered 4.5% growth in ATV instead of 2% by MIAL. Penetration has been considered the same as MIAL i.e., 1%.
Retail Concession	Revenue from Retail Concessions have been projected basis projected passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	
Duty Free Shops	Revenue from Duty Free Concessions have been projected basis projected international passenger traffic. Further 2% growth in Average Transaction Value (ATV) per pax and 1% growth in penetration is considered each year of the Fourth Control Period. Revenues to MIAL is (1) revenue share or MMG, whichever is higher and (2) common area maintenance charges as per company policy.	
Flight Kitchen	Revenue from Flight Catering concessions is considered basis projected passenger traffic, and 5% growth based on actual revenue of FY24.	The Authority has considered 7% growth which is in line with CAGR instead of 5% considered by MIAL.
Foreign exchange, Banks & ATM	The revenue from Forex is based on fixed MMG contract. Revenue from ATM concessions is assumed to increase at 5% on likely actual revenue of FY24.	Considered to be rational by the Independent Consultant.
IT & Communication	The revenue from IT and communication is assumed to increase by 5% YoY.	
Car Rental & Hotel Reservation	Revenue from Car rental and Hotel reservation concessions is considered projected basis projected passenger traffic, and 5% growth based on likely actual revenue of FY24.	
Advertising Income	Revenue from Advertising concession is expected to grow at 5% in line with expected business growth.	
Car Parking / Ground Transport	Revenue from Car Parking concessions is projected based on fixed MMG contract (10% annual increase)	
Ground Handling	As per contract with various Ground Handling agencies, revenue from Ground Handling concessions is higher of MMG and revenue share. Total Ground Handling revenue is expected to grow in line with traffic growth	
Others	Revenue from other retail licenses revenue is projected based on growth in passenger traffic.	

Table 294: Rent & Services Revenue -Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

Rent & Services Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Land Rent & Lease	Land Lease Rent is expected to increase at a rate of 7.5% p.a. considering FY24 as base.	Considered to be rational by the Independent Consultant.
Hanger Rent	Hanger Rent is forecasted at a growth rate of 7.5% p.a. It is projected only till first half of FY 26, since	

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Rent & Services Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
	the Hangars are being moved to Navi Mumbai International Airport.	
Terminal Building Rent	Terminal Building rent is expected to increase at a rate of 7.5% p.a. considering FY24 numbers as base. Impact in terminal area due to T1 demolition is also accounted	
Cargo Building Rent & Other Building Rent	Cargo & Other Building Rent is expected to increase at a rate of 7.5% p.a. considering FY24 as base.	
Cute Counter Charges	Cute Counter Charges are assumed to increase as per ATM growth based on likely actual revenue of FY24.	
Lounges	<p>Revenue from Lounges have been projected basis projected departing passenger traffic, Average Transaction Value (ATV) per pax and penetration of FY24 and considering growth in ATV by 2% and penetration by 1% respectively for each year of the Fourth Control Period.</p> <p>Revenues to MIAL is (1) revenue share or MMG whichever is higher and (2) common area maintenance charges as per company policy.</p> <p>MIAL has assumed FY 25 value for future forecast which is considerably lower than FY 24 value stating that- "MIAL has appointed new concessionaire for lounge business in FY25. Since new concessionaire has to incur substantial capex to refurbish the entire lounge facility. Revenue share payable to MIAL has reduced."</p>	<p>The Authority noted that MIAL has reduced the base year revenue (FY24) by Rs. 71.84 Crs (a reduction of 47.38%).</p> <p>MIAL did not respond to Authority's request and subsequent reminders to substantiate the reduction by providing copy of agreement / computations and other documents in support of the lower base revenue.</p> <p>Further, Authority has learnt that Adani Group has acquired stake in the concessionaire after the concession was awarded in the year FY25.</p> <p>Therefore, the Authority could not consider the reduced base for estimation instead has used the higher base of Rs. 151.64 Crs for estimation noting, that the revenue was earned from a contract, that has undergone the probity audit review.</p> <p>Further the Authority has considered 4.5% ATV growth instead of 2% taken by MIAL, retaining the penetration growth at 1% as considered by MIAL.</p>

Table 295: Cargo Revenue - Basis of projection for the Non-Aeronautical Revenue as submitted by MIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

Cargo Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
Domestic Cargo	Domestic Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on domestic ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL is revenue share or MMG, whichever is higher.	Considered to be rational by the Independent Consultant.
International Cargo Revenue	International and Perishable Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to	The Authority followed MIAL's projection basis but identified a computation error by MIAL in FY21, where it incorrectly used the lower amount between Revenue Share and
Perishable Cargo		

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Cargo Revenue	Basis of projection as adopted by MIAL for 4th CP in MYTP	Basis of projection as proposed by Authority for 4th CP
	MIAL is revenue share or MMG, whichever is higher.	MMG for revenue calculation. The Authority corrected this and recalculated the revenue accordingly.
Courier Revenue	Courier Cargo revenue have been projected based on cargo volume of FY24 and change in cargo volume which in turn is dependent on international ATM traffic, and 5% growth in yield per ton. Revenues accruing to MIAL are revenue share as per Concession Agreement.	Considered to be rational by the Independent Consultant.
Cargo Handling Revenue	Cargo handling revenues are projected to increase by 5%	

10.2.6 The Authority notes that MIAL has deducted Revenue from Other Revenue Share Assets from the Net Non-Aeronautical Revenue (NAR) (Refer Table 290). The Authority notes that MIAL generates revenue from Non transfer assets. Since these assets are outside the Terminal, they do not form part of Non aeronautical assets as per OMDA, which has been adopted consistently in earlier control periods.

10.2.7 Upon reviewing the audited financial statements of MIAL, the Authority notes that this revenue is reported independently and is not included under other revenue categories. Therefore, a separate exclusion is unnecessary. Accordingly, the Authority proposes not to consider this revenue as a part of the Net NAR.

10.2.8 The Authority also notes that, as stated in Table 171, MIAL is incurring a total expenditure of Rs. 141.87 Crores, towards the expansion of the following facilities in Terminal 2:

- (i) New Terminal 2 NW Pier – Rs. 23.10 Crores
- (ii) New Terminal 2 NW Pier Bus Boarding Gate (V3) – Rs. 4.78 Crores
- (iii) Terminal 2 Extension – Rs. 113.99

10.2.9 The Authority observes that that the construction of New Terminal 2 NW Pier and the Bus Boarding Gate relate to the gates and Security Hold Area and therefore do not create additional non aeronautical areas for revenue generation.

10.2.10 The Authority notes that the Terminal 2 Extension at a cost of Rs. 113.99 Crores will increase the floor space of Terminal 2 by an additional 13,080 sqm which is an increase of 2.92% of the existing Terminal 2 area. The non aeronautical income considers the additional traffic throughput that gets serviced through this expansion for estimating retail revenue generation. As this location is in the fag end of the terminal, the additional revenue generation potential is expected to be minimal and will get adjusted on true-up in the next control period.

10.2.11 The growth rates considered by the Authority have been presented in the table below:

Table 296: Growth rates considered by the Authority for the Non-Aeronautical Revenue

Revenue Head	Growth Rate considered by the Authority
Retail Licenses Revenue	
F&B	Based on Projected Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Flight Kitchen	Based on Projected Embarking Passenger Traffic and 7% Y-o-Y growth.
Retail concession	Based on Projected Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Revenue Head	Growth Rate considered by the Authority
Foreign exchange, Banks & ATM	Foreign Exchange- Projected Passenger Traffic and 5% Y-o-Y growth. Bank and ATM- Projected International Passenger Traffic and 5% Y-o-Y growth.
IT & Communication	5% Y-o-Y growth.
Car Rental & Hotel Reservation	
Duty Free Shops	Based on Projected International Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Advertising Income	5% Y-o-Y growth.
Car Parking / Ground Transport	10% Y-o-Y growth
Ground Handling	Based on ATM growth rate
Others	Based on projected passenger traffic
Rent & Services Revenue	
Land Rent & Lease	7.5% Y-o-Y growth
Hanger Rent	
Terminal Building Rent	
Cargo Building Rent & Other Building Rent	
Cute Counter Charges	Based on ATM growth rate
Lounges	Based on Projected Departing Passenger Traffic, ATV- 4.5% Y-o-Y growth, Penetration- 1% Y-o-Y growth.
Cargo Revenue	
Domestic Cargo	5% Y-o-Y growth, 7.5% for Blue Dart Cargo
International Cargo Revenue	5% Y-o-Y growth, 7.5% for license fees
Perishable Cargo	
Courier Revenue	5% Y-o-Y growth
Cargo Handling Revenue	

10.2.12 The Authority noted that MIAL has submitted the projections for the Revenue Share Assets and ‘S’ Factor based on the Hon’ble TDSAT Order AERA Appeal No. 2 of 2021 dated 6th October 2023 for the Second Control Period. With regards to the Revenue Share Assets and subsequently the derived ‘S’ Factor, the Hon’ble TDSAT tribunal has given directions to exclude the revenue from existing assets and the annual fee paid to AAI from the ‘S Factor computation as explained in para 1.8.1. The Authority, consistent with the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon’ble Supreme Court from 1.9.2 to 1.9.5.

10.2.13 Hence, the Authority has not excluded the revenue from existing assets and the annual fee paid to AAI from the ‘S’ Factor Computation.

Treatment of Marketing Fund

10.2.14 The Authority noted that MIAL collects a marketing fund from concessionaires, calculated as a percentage of their revenues, to support marketing and promotional activities during festivals and similar events. The Airport Operator (AO) has full discretion over the quantum, timing, and type of expenditures from this fund. Since FY 2018-19, this fund has been recorded as a balance sheet item rather than as income, with yearly adjustments made for the money spent. Any unspent funds are carried forward to subsequent years, as there is no clause in the agreement for returning these funds to the concessionaires. Additionally, MIAL invoices and charges tax on the collection, acknowledging to the indirect tax authority that it provides a

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

service in exchange for this consideration. **The closing balance of unutilized marketing fund at FY 24 is Rs. 50.24 crores.**

10.2.15 The Authority recognized that the marketing fund balances were being carried over year-to-year without being fully utilized or squared off.

10.2.16 MIAL clarified that it is collecting "Marketing Fund" at a specified percentage from various concessionaires as per the agreement with respective concessionaires and to be utilized towards sales promotional activities as defined in such agreements in accordance with the Marketing Fund policy adopted by the Company. In accordance with the policy, the fund is collected to carry out marketing & promotional events at CSMIA to enhance retail, F&B and service experience of the Airport users. The fund is only spent on promotions & advertisements to increase footfall for the concessionaires. It is also utilized for sensitizing Airport users about the facilities and services available at the Airport for concessionaires. Some of the major heads under which these funds are utilized are as follows:

- (i) Marketing collaterals like flyers, brochures, banners, hoardings at the Airport.
- (ii) Ambience creation during marketing and promotional events.
- (iii) Marketing surveys / researches towards consumer preference of brands.
- (iv) Appointment of consultants to focus on enhancing passenger spend through analytics, training, visual merchandising and experience.

10.2.17 The Authority, considering:

- (i) the explanations by MIAL as above,
- (ii) the treatment of the collection as a separate fund in the balance sheet of MIAL without considering it as revenue being accepted by MIAL's Independent Auditors and their Audit Committee and Board, proposes to continue with the practice of treating the collections towards Marketing Fund as an earmarked fund and therefore not to consider it as a part of Non-Aeronautical revenue.

10.2.18 Based on the above, the revised non-aeronautical revenues as proposed by the Authority were as follows:

Table 297: Non-Aeronautical Revenues as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Retail Licences Revenue							
F&B		154.23	159.84	170.66	186.81	216.52	888.07
Flight Kitchen		58.75	53.14	52.26	57.83	70.35	292.33
Retail Concession		152.77	147.99	147.61	161.35	189.89	799.62
Foreign Exchange, Banks & ATM		94.16	78.46	71.68	76.08	81.30	401.68
IT & Communication		146.35	130.06	125.60	136.44	163.13	701.59
Car Rental & Hotel Reservation		26.73	23.76	22.94	24.92	29.80	128.15
Duty Free Shops		356.01	298.80	277.57	296.31	316.32	1,545.00
Advertising Income		230.23	204.75	197.84	214.93	256.88	1,104.64
Car Parking / Ground Transport		61.89	57.62	58.30	66.35	83.10	327.27
Ground Handling		151.36	132.06	126.33	135.82	161.06	706.63
Others		56.93	50.60	48.86	53.08	63.46	272.93
Total Retail Licences Revenue	A	1,489.41	1,337.07	1,299.66	1,409.93	1,631.83	7,167.90
Rent & Services Revenue							
Land Rent & Lease*		190.01	204.26	219.58	236.04	253.75	1,103.63

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Hanger Rent		35.49	19.07	-	-	-	54.56
Terminal Building Rent		116.93	113.95	109.86	118.10	153.76	612.60
Cute Counter Charges		14.28	11.93	10.93	11.26	12.79	61.20
Lounges		158.29	148.78	149.56	163.42	192.30	812.34
Cargo Building Rent & Other Building Rent		37.71	40.54	43.58	46.85	50.36	219.04
Total Rent & Services Revenue	B	552.70	538.53	533.51	575.67	662.96	2,863.36
Cargo Revenue							
Domestic Cargo		33.26	32.78	33.80	36.55	41.79	178.17
Perishable Cargo		35.83	33.11	28.43	30.00	31.65	159.01
Courier Revenue		19.51	10.33	9.31	9.78	10.27	59.20
International Cargo Revenue		323.52	312.83	289.88	307.96	327.20	1,561.39
Cargo Handling Revenue		32.93	34.57	36.30	38.12	40.02	181.95
Total Cargo Revenue	C	445.04	423.62	397.72	422.41	450.93	2,139.72
Total Non-Aeronautical Revenue	D = A+B+C	2,487.15	2,299.23	2,230.89	2,408.00	2,745.72	12,170.99

**Land Rent & Lease value is different from MIAL's submission despite the basis of projection being the same because the base value of FY 24 varies (Refer Table 137).*

Table 298: 'S'-Factor as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

S-Factor Calculation	FY25	FY26	FY27	FY28	FY29	Total
Total Revenue Share Assets (Refer Previous Table 297)	2,487.15	2,299.23	2,230.89	2,408.00	2,745.72	12,170.99
Cross subsidy ('S' factor @ 30%) from Revenue Share Assets	746.14	689.77	669.27	722.40	823.72	3,651.30

10.2.19 Thus, based on the above, the Authority proposes a Non-Aeronautical Revenue of Rs. 12,170.99 Crores for the Fourth Control Period as against MIAL's submission of Rs. 5,750.52 Crores. The reasons for the variance are as under:

- (i) Rental Revenue from Fuel Farm Facility has been reclassified as Aeronautical Revenue.
- (ii) Increased Average Transaction Value to 4.50% as against the 2% submitted by MIAL.
- (iii) Enhanced the base revenue from Lounges to FY 2024 levels and thereafter increased as per adjusted factors explained under the respective section as against the reduction in base revenue from lounges submitted by MIAL.
- (iv) As explained in para 10.2.12, the Authority, consistent with the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period and consequently has not excluded the revenue from existing assets, non-transfer assets and the annual fee paid to AAI.

10.3 AUTHORITY'S PROPOSALS REGARDING NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

Based on the material before it and based on its analysis, the Authority proposes the following for Non-Aeronautical Revenue for the Fourth Control Period:

10.3.1 To consider Non-Aeronautical Revenue and 'S' Factor for the Fourth Control Period for CSMIA as per Table 298.

10.3.2 To consider true up of Non-Aeronautical Revenues at the time of the determination of tariff for the Next Control Period if it is higher than that proposed by the Authority in Table 297.

11. TAXATION FOR THE FOURTH CONTROL PERIOD**11.1 MIAL'S SUBMISSION ON TAXATION FOR THE FOURTH CONTROL PERIOD**

11.1.1 MIAL, in their MYTP has calculated the Corporate Taxes on earnings pertaining to Aeronautical services in accordance with the Hon'ble Supreme Court and Hon'ble TDSAT judgements.

11.1.2 Accordingly, Aeronautical Tax proposed to be included as part of the Target Revenue for the Fourth Control Period, as submitted by MIAL is detailed below:

Table 299: Aeronautical Taxation as submitted by MIAL for the Fourth Control Period*(Rs. in crores)*

Particulars	FY25	FY26	FY27	FY28	FY29
Average RAB [Refer Table 217]	5,802.30	7,699.29	9,704.47	11,577.12	14,926.84
D/E ratio [Refer Table 226]	48.00%	48.00%	48.00%	48.00%	48.00%
Interest Rate [Refer Table 226]	11.93%	11.88%	11.91%	11.94%	11.96%
Interest Expense for Tax Purpose	332.23	439.09	554.98	663.44	856.67
Aeronautical Tax					
Aeronautical Revenue	6,014.20	9,027.78	8,510.66	9,116.26	10,483.97
30% of Non-Aeronautical Revenue and Other Income (Cross Subsidy) [Refer Table 290]	323.17	311.78	328.06	354.79	407.34
Total Income for Aero Tax Computation	6,337.38	9,339.56	8,838.72	9,471.05	10,891.32
Aeronautical Expenses [Refer Table 234]	1,190.11	1,288.22	1,395.32	1,518.10	1,798.70
Depreciation [Refer Table 209]	522.33	688.56	812.53	924.47	963.05
Interest Expenses	332.23	439.09	554.98	663.44	856.67
Profit before Tax	4,292.71	6,923.69	6,075.89	6,365.04	7,272.90
Tax Rate	25.17%	25.17%	25.17%	25.17%	25.17%
Aeronautical Tax	1,080.39	1,742.55	1,529.18	1,601.95	1,830.44

11.2 AUTHORITY'S EXAMINATION REGARDING TAXATION FOR THE FOURTH CONTROL PERIOD

11.2.1 The Authority examined the submissions made by MIAL regarding the Aeronautical Taxes for the Fourth Control Period on the basis of the following:

- (i) MIAL has considered 'S' Factor as part of the revenue base (Hon'ble TDSAT order dated 6th October 2023).
- (ii) MIAL has not considered Annual Fees as an expense for the purpose of determination of Aeronautical Taxes (based on the Hon'ble Supreme Court order dated 11th July 2022).
- (iii) MIAL has considered Depreciation as per the Companies Act and not under the Income Tax Act.
- (iv) MIAL has calculated the Interest expenses for the purposes of Income tax Computation using the formula $RAB \times 48\% \text{ (Gearing)} \times \text{Cost of Debt}$.

11.2.2 With regards to the submission made by MIAL, the Authority consistent with the decisions followed in the True up of the First, Second and Third Control Periods proposes to retain the same approach, as

mentioned in para 4.2.5 of this Consultation Paper with regards to the treatment of the 'S' Factor for computation of Aeronautical Taxes.

11.2.3 Further, the Authority proposes implementing the Hon'ble Supreme Court judgement dated 11th July 2022 as detailed in para 1.7.3 and recomputing the Aeronautical Taxes based on the regulatory accounts. This will involve not treating the Annual Fee paid to AAI during the control period as an expense while computing the Aeronautical Taxes for the tariff determination of the Fourth Control Period.

11.2.4 Consequently, the Authority has re-computed the taxes as follows:

Table 300: Interest Expenses as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Average RAB [Refer Table 218]	A	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97	
D/E Ratio [Refer Table 227]	B	48.00%	48.00%	48.00%	48.00%	48.00%	
Interest Rate [Refer Table 227]	C	10.15%	10.15%	10.15%	10.15%	10.15%	
Interest Expense	D = A*B*C	250.74	295.13	322.79	347.52	408.27	1,624.45

Table 301: Aeronautical Taxation as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY25	FY26	FY27	FY28	FY29	Total
Aeronautical Revenue	A	1,604.31	1,363.41	1,275.32	1,354.22	1,547.55	7,144.81
30% of Non-Aeronautical Revenue and Other Income (Cross Subsidy)	B	-	-	-	-	-	-
Total Income for Aero Tax Computation	C=A+B	1,604.31	1,363.41	1,275.32	1,354.22	1,547.55	7,144.81
Aeronautical Expenses [Refer Table 283]	D	973.15	972.15	998.54	1,051.42	1,210.32	5,205.57
Annual Fees to AAI	E	-	-	-	-	-	-
Depreciation [Refer Table 212]	F	419.98	505.25	540.26	565.13	577.70	2,608.31
Interest Expenses [Refer Table 300]	G	250.74	295.13	322.79	347.52	408.27	1,624.45
Profit Before Tax	H=C-D-E-F-G	(39.55)	(409.12)	(586.27)	(609.85)	(648.73)	(2,293.53)
Opening Accumulated (Losses)	I	(1,489.97)	(1,529.52)	(1,938.64)	(2,524.91)	(3,134.76)	
Current (Losses)	J	(39.55)	(409.12)	(586.27)	(609.85)	(648.73)	
Current year Set Off	K	-	-	-	-	-	
Closing Accumulated (Losses)	L	(1,529.52)	(1,938.64)	(2,524.91)	(3,134.76)	(3,783.49)	
Profit for Taxation	M	-	-	-	-	-	-
Tax Rate	N	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	O=M*N	-	-	-	-	-	-

11.3 AUTHORITY'S PROPOSAL REGARDING THE 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 the Aeronautical Taxes for the Fourth Control Period for CSMIA as per Table 301.

12. QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

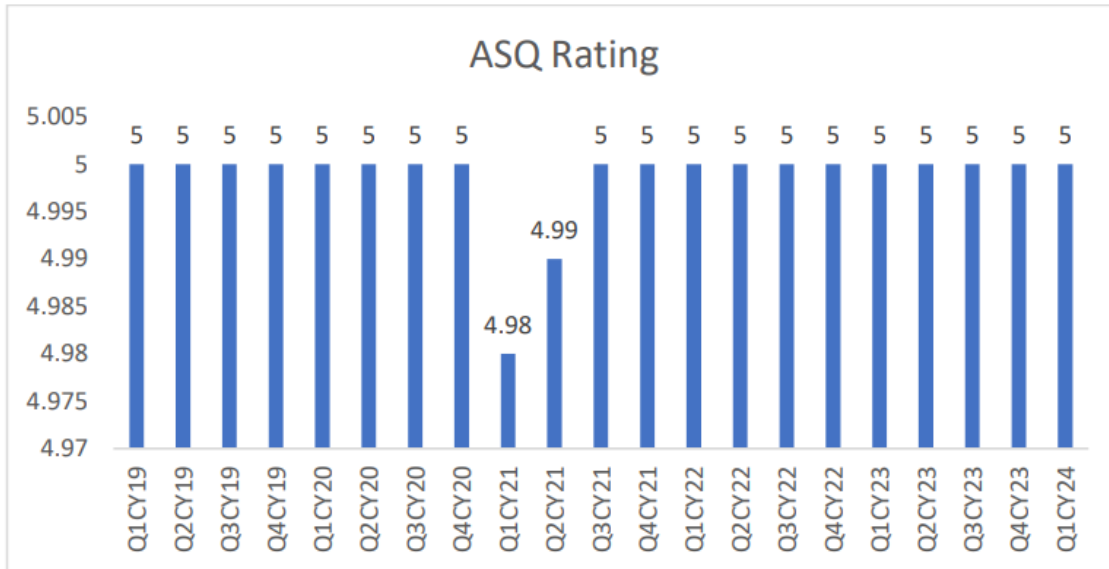
12.1 MIAL’S SUBMISSION REGARDING QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

12.1.1 MIAL in its MYTP has stated that,

“With respect to the Airport Service Quality obligations of MIAL, OMDA provide the list of Objective and Subjective Service Quality Requirements in Schedule 3 and Schedule 4.”

12.1.2 MIAL has submitted the ASQ rating achieved by the Airport in the last few years as below:

Figure 48: ASQ Rating achieved at CSMIA in the last few years as submitted by MIAL



12.2 AUTHORITY’S EXAMINATION REGARDING QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

12.2.1 The Authority notes that:

As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *“monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.”*

As per section 13(1)(a)(ii) of the AERA Act, 2008, the Authority is required to determine the tariff for Aeronautical services taking into consideration *“the service provided, its quality and other relevant factors.”*

12.2.2 The Authority noted the methodology carried out by ACI for arriving at the ASQ ratings for Airport as follows:

- (i) ACI ASQ is a quarterly benchmarking program measuring passenger’s satisfaction and experience about an Airport with participation from around 350-400 airports across the world.
- (ii) The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.

- (iii) The passenger satisfaction is measured based on various service quality parameters as mentioned below:
- a) Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities).
 - b) Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff).
 - c) Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff).
 - d) Border / Passport Control (Waiting time at Border/passport control and courtesy and helpfulness of staff).
 - e) Shopping / Dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff).
 - f) Gate Areas (Comfort of waiting and availability of seats at gate areas).
 - g) Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flights, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets).
 - h) Airport atmosphere (Health, safety, cleanliness and ambience).
- (iv) Additional service quality parameters considered by ACI ASQ are ground transportation to/from the airport, availability of baggage cart/trolleys, efficiency of check-in staff and business/executive lounges.
- (v) ACI ASQ also evaluates the service quality satisfaction level through three indexes namely Ease of traveling index, Waiting time index and staff index.

12.2.3 The Authority notes MIAL’s submission (Refer Figure 48) with regard to the ASQ rating achieved by MIAL in the last few years as tabulated below:

Table 302: ASQ Rating achieved by MIAL from CY 2019-2024

Calendar Year / Quarter	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Q1	5.00	5.00	4.98	5.00	5.00	5.00
Q2	5.00	5.00	4.99	5.00	5.00	
Q3	5.00	5.00	5.00	5.00	5.00	
Q4	5.00	5.00	5.00	5.00	5.00	
Grand Total	20.00	20.00	19.97	20.00	20.00	5.00

12.2.4 The Authority also notes from ACI’s website that MIAL has been awarded as the best airport handling over 40 million passengers (departure) for 2023 in Asia-Pacific region.

12.2.5 Further, based on the information available to it, the Authority finds that the ASQ rating awarded to MIAL for FY 2019-20 to FY 2023-24 is in the range of 4.98 – 5.00.

12.2.6 Based on the above, the Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by CSMIA, as MIAL has been able to consistently maintain ASQ rating close to 5.00 which is better than the minimum benchmark of 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 the Quality of Service for the Fourth Control Period:

- 12.3.1 To not consider any adjustment in the Target Revenue on account of Quality of Service for the Fourth Control Period (refer para 12.2.6).

13. TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

13.1 MIAL'S SUBMISSION ON TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

13.1.1 MIAL submitted their MYTP on the 6th of June 2024 that included TR & Yield Per Passenger (YPP) for the Fourth Control Period as per the regulatory building blocks detailed in the earlier chapters as follows:

Table 303: Target Revenue submitted by MIAL for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Average RAB [Refer Table 217]	A1	5,802.29	7,699.19	9,704.06	11,576.34	14,925.00	
Average HRAB [Refer Table 213]	A2	238.36	196.24	152.41	109.00	69.74	
Total	A=A1+A2	6,040.66	7,895.53	9,856.88	11,686.12	14,996.58	
FRoR [Refer Table 226]	B	15.24%	15.24%	15.24%	15.24%	15.24%	
Return on RAB	C=A*B	920.68	1,203.38	1,502.25	1,781.00	2,285.40	7,692.70
Aeronautical Depreciation [Refer Table 209]	D	561.77	733.36	855.40	968.40	997.64	4,116.57
Aeronautical O&M Expenses [Refer Table 234]	E	1,190.11	1,288.22	1,395.32	1,518.10	1,798.70	7,190.45
Aeronautical Taxes [Refer Table 299]	F	1,080.39	1,742.55	1,529.18	1,601.95	1,830.44	7,784.52
Gross Target Revenue	G=C+D+E+F	3,752.94	4,967.52	5,282.22	5,869.57	6,912.46	26,784.72
Less: S Factor (30% of Non-Aeronautical Revenue) [Refer Table 290]	H	323.18	311.77	328.06	354.80	407.35	1,725.16
Net Target Revenue	I=G-H	3,429.77	4,655.74	4,954.16	5,514.78	6,505.12	25,058.85
True up for the 3 rd CP [Refer Table 147]	J	13,665.34					
Adjusted Net Target Revenue	K=I+J	17,095.11	4,655.74	4,954.16	5,514.78	6,505.12	38,724.90
Discount Factor	L	1.00	0.87	0.75	0.65	0.57	
PV of Adjusted Target Revenue as on 1 st Oct 2024	M=K*L	17,095.11	4,039.99	3,730.38	3,603.32	3,688.27	32,156.61
X Factor Increase %		675.72%					

13.2 AUTHORITY'S EXAMINATION 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 notes that MIAL has proposed the demolition and reconstruction of T1 (Refer 6.3.105) as part of its Capex proposals, which would bring down the traffic from FY 24's numbers and would start growing gradually from Oct-28 when the new proposed Terminal 1 starts functioning.

13.2.3 As mentioned in para's from 1.9.2 to 1.9.5, with 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

TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

continue the tariff determination exercise in line with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

- 13.2.4 Further, the Authority proposes to implement the Hon'ble Supreme Court judgement dated 11th July 2022 and recompute the Aeronautical Taxes based on the regulatory accounts by not treating the Annual Fee pertaining to Aeronautical Revenues as an expense while computing the Aeronautical Taxes as per the directions contained in the said judgement of the Hon'ble Supreme Court.
- 13.2.5 Based on the detailed examination of each building block of the Third Control Period, there is an over recovery of Rs. 937.84 Crores (Refer Table 150), which is being adjusted in the Fourth Control Period.
- 13.2.6 As a result, in spite of the considerable investment in aeronautical assets and the associated expansion in capacity, the expected increase in Target Revenue has been offset to an extent by this over recovery carried forward from the Third Control Period. Consequently, while MIAL 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 MIAL and the efficient cost that could be considered for the tariff determination exercise.
- 13.2.7 The observations and proposals of the Authority across the regulatory building blocks impact the computation of the TR. With respect to each element of the regulatory building blocks considered by MIAL in computation of the TR in the table above, the Authority proposes as follows:
- (i) To consider the average RAB in accordance with Table 218.
 - (ii) To consider the average HRAB in accordance with Table 216.
 - (iii) To consider the FRoR in accordance with Table 227.
 - (iv) To consider the Depreciation as per Table 212.
 - (v) To consider the O&M expenses as per Table 283.
 - (vi) To consider the Aeronautical Tax as per Table 301.
 - (vii) To consider the Non-Aeronautical Revenue as per Table 297.
 - (viii) To consider the True up of the Third Control Period as per Table 150.
 - (ix) To consider the total traffic in accordance with Table 154.

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

- 13.2.8 Apart from the above-mentioned calculations, the Authority has also computed the return on RAB on the assets specified in the SCN as per para 3.1.6 as below and adjusted it from the Target Revenue calculations:

Table 304: Change in Return on RAB for the Fourth Control Period as proposed by the Authority based on the SCN

(Rs. in crores)

Particulars	Ref	Fourth Control Period - Return on RAB					Total
		FY 25	FY 26	FY 27	FY 28	FY 29	
Opening WDV	A	149.26	142.14	135.06	128.06	121.05	
Closing WDV	B	142.14	135.06	128.06	121.05	114.04	
Return on RAB Impact as per SCN	C = Average (A,B) * FRoR (12.74%)	18.56	17.66	16.76	15.87	14.97	83.82

- 13.2.9 The following table lists the summary of impact of the adjustments made in Return on RAB and Depreciation with respect to the directions given by the Authorized Investigation Agency on a case registered against MIAL as mentioned in para 3.1.6:

TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

Table 305: Summary of Impact on Depreciation and Return on RAB based on the request of Authorized Investigation Agency

(Rs. in crores)

Particulars	Ref	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
Impact on Depreciation							
2nd Control Period [Refer Table 35]	A	5.98	7.23	8.50	10.14	10.66	42.51
3rd Control Period [Refer Table 84]	B	10.63	10.42	8.61	8.06	7.54	45.26
4th Control Period [Refer Table 211]	C	7.12	7.07	7.01	7.01	7.01	35.22
Impact on Return on RAB							
2nd Control Period [Refer Table 50]	D	12.14	14.06	17.69	21.65	23.58	89.11
3rd Control Period [Refer Table 149]	E	24.24	22.89	21.67	20.60	19.60	109.00
4th Control Period [Refer Table 304]	F	18.56	17.66	16.76	15.87	14.97	83.82
Total Impact							
2nd Control Period	G=A+D	18.12	21.28	26.19	31.79	34.24	131.62
3rd Control Period	H=B+E	34.86	33.31	30.28	28.66	27.15	154.26
4th Control Period	I=C+F	25.68	24.73	23.77	22.88	21.98	119.04
Total Impact of all Control Periods							
	J=G+H+I	78.66	79.32	80.24	83.33	83.37	404.93*

Note: *The above impact does not include carrying cost. However, the impact of carrying cost is factored in final calculation of Target Revenue.

13.2.10 After considering the above, the Authority proposes the following Target Revenue as per the table below:

Table 306: Target Revenue as proposed by the Authority for the Fourth Control Period

(Rs. in crores)

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Average RAB [Refer Table 218]	A1	5,146.45	6,057.71	6,625.48	7,132.95	8,379.97	
Average HRAB [Refer Table 216]	A2	190.15	162.89	134.55	106.83	69.84	
Total	A=A1+A2	5,336.60	6,220.60	6,760.02	7,239.79	8,449.81	
FRoR [Refer Table 227]	B	12.74%	12.74%	12.74%	12.74%	12.74%	
Return on RAB	C=A*B	679.86	792.48	861.20	922.32	1,076.47	4,332.33
Impact on Return on RAB due to non-existent assets as per SCN	D (As per Table 304)	18.56	17.66	16.76	15.87	14.97	
Net Return on RAB	E=C-D	661.30	774.82	844.44	906.45	1,061.50	4,248.51
Aeronautical Depreciation [Refer Table 212]	F	445.73	534.01	568.19	592.62	597.44	2,737.99
Aeronautical O&M Expenses [Refer Table 283]	G	973.15	972.15	998.54	1,051.42	1,210.32	5,205.57

TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

Particulars	Ref	FY 25	FY 26	FY 27	FY 28	FY 29	Total
Aeronautical Taxes [Refer Table 301]	H	-	-	-	-	-	-
Gross Target Revenue	I=E+F+G+H	2,080.18	2,280.98	2,411.17	2,550.49	2,869.25	12,192.08
Non-Aeronautical Revenue [Refer Table 297]	J	2,487.15	2,299.23	2,230.89	2,408.00	2,745.72	12,170.99
S Factor (30% of Non-Aeronautical Revenue) [Refer Table 298]	K	746.14	689.77	669.27	722.40	823.72	3,651.30
Target Revenue	L=I-K	1,334.03	1,591.21	1,741.90	1,828.09	2,045.54	8,540.78
True up for 3rd CP – Under Recovery / (Over Recovery) (Refer Table 150)	M	(937.84)					
Net Target Revenue	N=L+M	396.20	1,591.21	1,741.90	1,828.09	2,045.54	7,602.94
Projected Aeronautical Revenue	O	1,604.31	1,363.41	1,275.32	1,354.22	1,547.55	7,144.81
Discount Factor	P (at FRoR of 12.74%)	0.89	0.79	0.70	0.62	0.55	
PV of Net Target Revenue	Q = N*P	351.43	1,251.92	1,215.61	1,131.60	1,123.12	5,073.67
PV of Aeronautical Revenue	R = O*P	1,423.02	1,072.69	890.00	838.27	849.69	5,073.67
Sum of PV of Target Revenue	S = Sum(R)						5,073.67
Total Passenger Traffic (MPPA)	T [Refer Table 154]	52.72	44.62	41.04	42.46	48.34	229.17
Yield per Passenger on Total Traffic (Rs.)	U = S/T						221.39
Total Departing Passenger Traffic (MPPA)	V [Refer Table 285]	26.71	22.58	20.75	21.46	24.40	115.88
Yield per Departing Passenger on (Rs.)	W = S/V						437.84
X-Factor Increase (Revised Tariff w.e.f 1 st April 2025)	X						18.18%

13.2.11 The Authority has determined the Target Revenue of Rs. 7,602.94 Crores (NPV of Rs. 5,073.67 Crores) and an X-Factor of 18.18% (w.e.f 1st April 2025) as against Target Revenue claimed by the MIAL amounting to Rs. 38,724.90 Crores (NPV of Rs. 32,156.61 Crores) and X-Factor of 675.72% (1st Oct 2024). Some major reasons for the variance between Target Revenue proposed by the Authority and claimed by the MIAL are as under:

TARGET REVENUE FOR THE FOURTH CONTROL PERIOD

- (i) Adjustments have been made to Depreciation (Refer Table 211) Return on RAB (Refer Table 304) with respect to the directions given by the Authorized Investigation Agency on a case registered against MIAL as summarized in para 13.2.9 and Table 305.
- (ii) Impact of Hon'ble TDSAT directions (Refer para's 1.9.2 to 1.9.5) for the True Up of the First Control Period, the Second Control Period and the Third Control Period as the matter is sub-judice.
- (iii) Rationalization in various CAPEX items claimed by MIAL such as Airside Tunnel (proposed to be considered on an incurrence basis), construction of Airport Management Corporate Office Building and construction of T1 (partly allowed in the Fourth Control Period and proposed in a phased manner) etc.
- (iv) Various adjustments to Operating expenditure based on the Authority's examination as explained under Chapter 9 including Legal Expenses for the Fourth Control Period.
- (v) Re-classification of Revenue earned from Fuel Farm Facility from Non- Aeronautical Revenue to Aeronautical Revenue in the Third and Fourth Control Period.

13.2.12 The Authority noted that it is necessary to have the individual year wise tariff card laying down the different aeronautical charges and the workings for the aeronautical revenues, in order to have a constructive stakeholder discussion and hence MIAL 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 based on its analysis, the Authority proposes the following with regard to the Target Revenue for the Fourth Control Period:

- 13.3.1 To consider the Target Revenue and YPP for the Fourth Control Period for Chhatrapati Shivaji Maharaj International Airport as per Table 306.
- 13.3.2 To direct MIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholders consultation.

14. SUMMARY OF AUTHORITY'S PROPOSALS

CHAPTER 2: TRUE-UP OF THE FIRST CONTROL PERIOD

- 2.7.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 2.7.2 To consider True up of Aeronautical Taxes as per Table 20.
- 2.7.3 To consider the True up for the First Control Period as per Table 23.
- 2.7.4 To consider the over-recovery of Rs. 291.78 crores during the True up for the First Control Period as part of the tariff determination exercise for the Fourth Control Period.

CHAPTER 3: TRUE-UP OF THE SECOND CONTROL PERIOD

- 3.10.1 To not consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 3.10.2 To consider the Aeronautical Taxes as per Table 44.
- 3.10.3 To consider the impact on depreciation as per Table 35 and Return on RAB as per Table 50 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).
- 3.10.4 To True up the Target Revenue for the Second Control Period as per the Table 51.
- 3.10.5 To consider the over-recovery of Rs. 1,278.32 crores during the True up for the Second Control Period as part of the tariff determination exercise for the Fourth Control Period

CHAPTER 4: TRUE-UP OF THE THIRD CONTROL PERIOD

- 4.14.1 To consider the Traffic for True up for the Third Control Period based on actuals as per
- 4.14.2 To consider RAB as per Table 75 and HRAB as per Table 81 for the True up of the Third Control Period.
- 4.14.3 To consider Aeronautical Depreciation for the True up of the Third Control Period as per Table 86 and Table 87.
- 4.14.4 To consider the FRoR for the True up for the Third Control Period, i.e., 12.81%.
- 4.14.5 To consider Aeronautical Operation and Maintenance Expenses for the True Up for the Third Control Period as per Table 129.
- 4.14.6 To consider Non-Aeronautical Revenue for the True up for the Third Control Period as per Table 138.
- 4.14.7 To consider Aeronautical Revenues for the True up of the Third Control Period as per Table 146.
- 4.14.8 To consider Annual Fee pertaining to Aeronautical Revenues as an expense while computing Aeronautical Taxes.
- 4.14.9 To consider Aeronautical Taxes for the True up of the Third Control Period as per Table 142.
- 4.14.10 To consider the impact on depreciation as per Table 84 and Return on RAB as per Table 149 as identified by the Self-Contained Note (SCN) issued by the Authorized Investigation Agency (AIA).
- 4.14.11 To consider over-recovery of Rs. 937.84 crores (as per Table 150) for the tariff determination exercise for the Fourth Control Period.

CHAPTER 5: TRAFFIC FOR THE FOURTH CONTROL PERIOD

5.3.1 To consider Traffic for the Fourth Control Period for CSMIA as per Table 154, which shall be true up based on actuals at the time of tariff determination the tariff for the Fifth Control Period.

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

6.8.1 To consider average RAB and average HRAB as per Table 219 for the Fourth Control Period.

6.8.2 To consider Depreciation as per Table 212 for the Fourth Control Period.

6.8.3 To reduce (adjust) 1% of the uncanceled project cost from the TR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule, as mentioned in Table 208. The same will be examined at the time of Tariff Determination for the Fifth Control Period.

6.8.4 To consider Input Tax Credit for the Fourth Control Period as per Table 203, and to examine the accounting of input tax credit in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of tariff determination for the Fifth Control Period.

6.8.5 To consider Average RAB while calculating RAB for tariff determination for the Fourth Control Period and to true-up the Aeronautical Capital expenditure, Depreciation and RAB based on actual additions to RAB on a pro-rata basis at the time of tariff determination for Fifth Control Period subject to the same being reasonable, efficient and justified

CHAPTER 7: FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

7.3.1 To consider Cost of Equity, efficient Cost of Debt, Notional Debt Equity Ratio and FRoR for the Fourth Control Period as per Table 227.

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

8.4.1 To consider the Mean CPI Inflation (as per the provisions of OMDA) for the Fourth Control Period for MIAL based on the 90th RBI Forecasters Survey as detailed in Table 229.

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

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

9.4.2 To true up Aeronautical O&M Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period subject to the reasonability and efficiency.

CHAPTER 10: NON-AERONAUTICAL REVENUES FOR THE FOURTH CONTROL PERIOD

10.3.1 To consider Non-Aeronautical Revenue and 'S' Factor for the Fourth Control Period for CSMIA as per Table 298.

10.3.2 To consider true up of Non-Aeronautical Revenues at the time of the determination of tariff for the Next Control Period if it is higher than that proposed by the Authority in Table 297

CHAPTER 11: TAXATION 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 the Aeronautical Taxes for the Fourth Control Period for CSMIA as per Table 301

CHAPTER 12: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

12.3.1 To not consider any adjustment in the Target Revenue on account of Quality of Service for the Fourth Control Period (refer para 12.2.6).

CHAPTER 13: TARGET REVENUE (TR) FOR THE FOURTH CONTROL PERIOD

13.3.1 To consider the Target Revenue and YPP for the Fourth Control Period for Chhatrapati Shivaji Maharaj International Airport as per Table 306.

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

15. STAKEHOLDERS' 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 the 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 welcomes written evidence-based feedback, comments and suggestions from the stakeholders on the proposals made in this Consultation Paper, latest by 9th April, 2025.

Secretary
Airports Economic Regulatory Authority of India
3rd Floor, Udaan Bhawan
Safdarjung Airport
New Delhi – 110003
Tel: 011-24695044-47; Fax: 011-24695048

(Chairperson)

16. ANNEXURES

16.1 ANNEXURE - 1 – ASSETS IDENTIFIED IN THE SELF-CONTAINED NOTE BY THE AUTHORIZED INVESTIGATION AGENCY

16.1.1 The following are the list of assets identified in the Self-Contained Note (SCN) by the Authorized Investigation Agency (AIA) in the Second Control Period:

Table 307: List of the Assets identified in the SCN in the Second Control Period

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
1	10138000680	Roads (West Side of Hotel Lalit) Civil	11,09,11,740	Non-Aero
2	10149904990	Roads (West Side of Hotel Lalit) Electrical	11,88,260	Non-Aero
3	10138000670	Road Network (Taxi and Bus staging)	16,92,69,230	Non-Aero
4	10149904950	Road Network (Taxi and Bus staging)	18,30,769	Non-Aero
5	10138000660	Road Network - T1B	14,90,87,832	Non-Aero
6	10133000550	Storm Water Drain	4,22,44,000	Non-Aero
7	10149904940	Road Network - T1B	1,32,80,167	Non-Aero
8	10131006830	Construction of Drain Realignment & Compound wall	3,88,09,853	Aero
9	10131006680	Site Development Cost	10,94,27,593	Non-Aero
10	10149905000	Internal Roads -MIAL Colony-Electrical	3,84,55,304	Non-Aero
11	10149905010	Roads-North Sahar Electrical	3,34,13,938	Non-Aero
12	10138000690	Internal Roads -MIAL Colony -Civil	23,47,14,692	Non-Aero
13	10138000700	Roads-North Sahar Civil	43,89,40,061	Non-Aero
14	10132001250	Cityside Road & Infra development works-RE/2K17-003	44,36,80,000	Non-Aero
15	10138000730	Roads- CSIA	39,76,59,999	Non-Aero
16	10131008980	Box Culvert	28,33,60,000	Non-Aero
17	10133000550	Storm Water Drain	23,31,62,437	Non-Aero
18	10131008410	Mithi river retaining & security compound wall-PH-2	19,27,37,588	Aero
19	10192001210	Upgradation & Strengthening of taxiways E5-P	25,02,91,863	Aero
20	10192001190	Upgradation & Strengthening of taxiways TWY S7&R	16,53,02,999	Aero
21	10192001200	Upgradation & Strengthening of taxiways K-1&Juncti	12,95,36,275	Aero
22	10131006980	Construction of Mithi River RCC Retaining Wall &	17,76,26,584	Aero
23	10131008730	Construction PH-III Mithi River RCC Retaining Wall	11,95,79,736	Aero
24	10133000530	Open Drain realignment (Sahar road culvert to T2)	48,08,49,997	Non-Aero
25	10133000540	Covered Drain realignment (Sahar road culverttoT2)	39,17,60,001	Non-Aero
26	1013100384	Gate 6 – Civil Works	1,00,864	Common
27	1013100564	Common User Terminal - PTB-Phase II - Core, Shell	75,13,62,098	Common
28	1013100750	Common User Terminal - PTB-Phase II - Wall Cladding	-2,88,87,574	Common

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
29	1013100751	Common User Terminal - PTB-Phase II- Dichroic Glass	-6,00,359	Common
30	1210000000	Common User Terminal - PTB-Phase II- CCTV Accesso	1,25,373	Aero
31	1017100630	Common User Terminal - PTB-Phase II-Electrical-HW	24,14,173	Common
32	1014990248	South West Pier- Level 1 (LM Office - Air India)-E	61,194	Aero
33	1014990249	South West Pier- Level 1 (ROFS)-Electrical Works	1,94,944	Aero
34	1014990250	South West Pier- Level 1 (LM Office - Indian Airlines	19,358	Aero
35	1014990348	Common User Terminal - PTB-Phase II-Glass Doors	1,63,918	Common
36	1016101132	Common User Terminal - PTB-Phase II-Signages	4,59,13,993	Aero
37	1015200073	Common User Terminal - PTB-Phase II- CCTV Accesso	13,39,609	Aero
38	1014100498	Common User Terminal - PTB-Phase II - Green Wall	1,38,972	Common
39	1014100499	Common User Terminal - PTB-Phase II - Water Features	8,09,107	Common
40	1014100500	Common User Terminal - PTB-Phase II-Building Main	27,30,176	Aero
41	1014100502	Common User Terminal - PTB-Phase II-Monorail	7,70,012	Common
42	1014100503	Common User Terminal - PTB-Phase II-PHE System	1,41,90,199	Aero
43	1014100504	Common User Terminal - PTB-Phase II-Piped Natural	11,34,790	Non-Aero
44	1014200074	Common User Terminal - PTB-Phase II-Fire Alarm Sy	13,04,315	Aero
45	1014200075	Common User Terminal - PTB-Phase II-Fire Protection	73,17,032	Aero
46	1014300010	Common User Terminal - PTB-Phase II-Inline BHS Sy	2,14,23,504	Aero
47	1014600090	Common User Terminal - PTB-Phase II-HVAC Works	4,21,83,688	Aero
48	1014600092	South West Pier - PTB - HVAC Works	51,06,401	Aero
49	1014800023	Common User Terminal - PTB-Phase II-VTHT System	1,48,63,924	Aero
50	1014950006	Common User Terminal - PTB-Phase II-Passenger Boa	4,36,608	Aero
51	1014950010	Common User Terminal - PTB-Phase II-Landscaping	-9,59,920	Common
52	1014950011	Common User Terminal - PTB-Phase II-Landscaping -	13,59,359	Common
53	1014950012	Common User Terminal - PTB-Phase II-Landscaping -	33,00,396	Common
54	1013800025	Common User Terminal - PTB-Phase II - HOS Road	46,13,476	Aero
55	1014990267	Common User Terminal - PTB-Phase II-Electrical W	4,82,05,635	Common
56	1013100720	Terminal 2 - PTB-Phase III-Core, Shell & Others	5,66,28,736	Common
57	1013100830	Terminal 2 - PTB-Phase III - Core, Shell & Others	79,04,751	Common

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
58	1013100832	Terminal 2 - PTB-Phase III-Building Maintenance U	7,01,849	Common
59	1013100857	Common User Terminal - PTB-Phase III-Core, Shell	18,576	Common
60	1014990342	Terminal 2 - PTB-Phase III-Electricals Works (Cab	71,28,460	Common
61	1016101376	Terminal 2 - PTB-Phase III-Airport Counters (Mill	8,93,791	Aero
62	1016101377	Terminal 2 (PTB-Phase III) - Furniture's	82,99,369	Common
63	1016101420	Common User Terminal - PTB-Phase III-Fittings	20,691	Aero
64	1014100700	Terminal 2 - PTB-Phase III - Green Wall (Mechanical)	10,728	Aero
65	1014100701	Terminal 2 - PTB-Phase III - VDGS	7,15,241	Aero
66	1014100702	Terminal 2 - PTB-Phase III - Water Features (Mech)	97,205	Common
67	1014100705	Terminal 2 - PTB-Phase III-PHE System	22,96,429	Aero
68	1014100706	Terminal 2 - PTB-Phase III-Piped Natural Gas System	10,14,146	Non-Aero
69	1014100736	Terminal 2 - PTB-Phase III-Manual Chain Pulleys	83,215	Aero
70	1014200095	Terminal 2 - PTB-Phase III-Fire Detection and Ala	27,31,107	Aero
71	1014600134	Terminal 2 - PTB-Phase III-HVAC Works	1,46,60,285	Aero
72	1014950008	Terminal 2 - PTB-Phase III-Passenger Boarding Bri	-17,44,152	Aero
73	1013800053	Terminal 2 - PTB-Phase III - HOS Road (Pit Cover)	7,33,039	Aero
74	1013100483	South West Pier- Level 1 (ALM Areas & Airside Safe	-77,84,822	Aero
75	1013100515	South West Pier- Level 1 (LM Office - Air India)-C	2,20,448	Common
76	1013100516	South West Pier- Level 1 (ROFS)-Civil Works	5,84,189	Aero
77	1013100734	South West Pier- Level 1 (ALM Areas & Airside Safe	2,33,05,553	Aero
78	1013100735	South West Pier- Level 1 (LM Office - Air India)-C	2,28,849	Aero
79	1013100746	South West Pier - PTB - External Façade	1,01,68,803	Common
80	1013100758	South West Pier- L1 (LM Office-Indian Airlines-Facade	30,537	Aero
81	1013100797	South West Pier- Level 1 (LM Office)-	1,24,367	Aero
82	1131100005	South West Pier - PTB - Core, Shell & Others	5,91,80,987	Common
83	1131200003	South West Pier- Level 1 - Toilet Accessories	8,16,859	Aero
84	1014990269	South West Pier - PTB - Electrical Works (Cables,	50,99,646	Common
85	1014990352	South West Pier- L1 Fire Detection & Alarm Sys	27,493	Aero
86	1016100924	South West Pier- Level 1 (ALM Areas & Airside Safe	2,78,936	Aero
87	1016101143	South West Pier - PTB - Hollow Metal Doors/Fire Ra	24,59,319	Aero
88	1016101325	South West Pier- Level 1 (ROFS)-Civil Works	99,356	Aero
89	1016101326	South West Pier- Level 1 (LM Office - Indian Airlines	4,160	Aero
90	1016101361	South West Pier- Level 1 (LM Office - Air India)-F	5,159	Aero
91	1015100734	South West Pier- Level 1 (ALM Areas & Airside Safe	34,366	Aero

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
92	1015100735	South West Pier- Level 1 (ROFS)-Furniture & Fixtures	3,681	Aero
93	1014100298	South West Pier- Level 1 (ALM Areas & Airside Safe)	5,56,685	Aero
94	1014100299	S W P-Level 1(ALM Areas & Airside Safe) Monorail System	33,121	Aero
95	1014100359	South West Pier- Level 1 (LM Office - Indian Airlines)	5,686	Aero
96	1014100362	South West Pier- Level 1 (LM Office - Air India)-P	16,281	Aero
97	1014100364	South West Pier- Level 1 (ROFS)-PHE Works	68,209	Aero
98	1014100506	South West Pier - PTB - PHE System (Mechanical)	12,14,477	Aero
99	1014100507	South West Pier - PTB - Piped Natural Gas System	13,21,335	Aero
100	1014200057	South West Pier- L1 ALM Fire Protection Sys	4,29,461	Aero
101	1014200061	South West Pier- Level 1 (LM Office - Air India)-F	-43,450	Aero
102	1014200062	South West Pier- Level 1 (LM Office - Air India)-F	2,175	Aero
103	1014200064	South West Pier- Level 1 (ROFS)-Fire Protection	1,13,896	Aero
104	1014200066	South West Pier- Level 1 (LM Office - Indian Airlines)	12,334	Aero
105	1014200077	South West Pier - PTB - Fire Protection System	10,11,279	Aero
106	1014200100	South West Pier- L1 Fire Detection & Alarm Sys	1,589	Aero
107	1014200101	South West Pier- Level 1 (ROFS)-Fire Detection & A	2,050	Aero
108	1014200103	South West Pier- Level 1 (ROFS)-Fire Detection & A	629	Aero
109	1014200105	South West Pier- Level 1 (ROFS)-Fire Detection & A	155	Aero
110	1014200106	South West Pier- Level 1 (LM Office - Indian Airlines)	214	Aero
111	1014200108	South West Pier- Level 1 (LM Office - Indian Airlines)	66	Aero
112	1014200110	Southwest Pier- Level 1 (LM Office - Indian Airlines)	16	Aero
113	1014200111	Southwest Pier - PTB - Fire Alarm System	2,26,476	Aero
114	1014600038	Southwest Pier- Level 1 (ROFS)-HVAC Works	2,96,386	Aero
115	1014800024	South West Pier - PTB - VTHT System	15,80,901	Aero
116	1014950007	South West Pier - PTB - Passenger Boarding Bridges	7,28,236	Aero
117	1013800026	South West Pier - PTB - HOS Road	19,74,606	Aero
118	1014990238	Southwest Pier- Level 1 (ALM Areas & Airside Safe)	22,40,734	Aero
119	1013100780	Common User Terminal - PTB-Phase IV-Core, Shell	60,69,743	Common
120	1013700025	CommUserTerm- PTB-Phase IV-ExtFacad-Wall Cladding	99,54,220	Common
121	1013700026	CommonUserTerm-PTB-Phase IV-Flooring - PaverBlock	27,170	Aero
122	1014100718	Common User Terminal - PTB-Phase IV-Building Mai	1,24,511	Aero

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
123	1014100719	Common User Terminal - PTB-Phase IV-Transformer	1,18,502	Common
124	1014200097	Common User Terminal - PTB-Phase IV-Fire Detection	2,28,964	Aero
125	1014600136	Common User Terminal - PTB-Phase IV-HVAC Works	19,54,775	Aero
126	1014800047	Common User Terminal - PTB-Phase IV-VTHT System	1,80,834	Aero
127	1014950009	Common User Terminal - PTB-Phase IV-Passenger Bo	-8,10,838	Aero
128	1014990376	Common User Terminal - PTB-Phase IV-Electrical	30,50,679	Common
129	1014990406	Common User Terminal - PTB-Phase IV-CCTV	2,31,843	Aero
130	1016101343	Common User Terminal - PTB-Phase IV-Airport	1,32,397	Aero
131	1016101345	Common User Terminal - PTB-Phase IV-Carpets	2,28,630	Aero
132	1016101348	Common User Terminal - PTB-Phase IV-Hollow Metal	21,44,477	Aero
133	1016101351	Common User Terminal - PTB-Phase IV-Signages	4,36,658	Aero
134	1016101380	CommUserTermnl-PTB-Phase IV-Core Toilet Accessories	48,191	Aero
135	1016101381	Common User Terminal - PTB-Phase IV-Rolling Shutt	18,309	Common
136	1210000005	Common User Terminal- PTB-Phase IV-AccessContSys	13,36,156	Aero
137	1013100388	Terminal 1C - Civil Work	43,91,510	Common
138	1013100480	Domestic Sewage Treatment Plant - Civil Works	3,63,098	Aero
139	1014100217	Duct Bank (from DSS1 to TIC & CCR2) - Electrical	71,010	Aero
140	1014100296	Domestic Sewage Treatment Plant - Mechanical Works	5,53,829	Aero
141	1014200035	Terminal 1C - Fire Protection System	1,74,293	Aero
142	1014600058	Terminal 1C - HVAC	3,59,065	Aero
143	1014700014	Terminal 1C - Inline BHS	11,197	Aero
144	1014910016	Terminal 1C - PHE System	1,61,362	Aero
145	1014950004	Terminal 1C - Passenger Boarding Bridges	-7,14,916	Aero
146	1014990159	Terminal 1C - LT Electrical System	7,41,259	Common
147	1015100705	Terminal 1C - Public Address System	14,123	Aero
148	1016100701	Terminal 1C – Signages	5,350	Aero
149	1017100485	Terminal 1C - IT Cabling	23,337	Aero
150	1013100513	Parking Stands Y1,Y2,Y3 &Y4 (Remote) - Civil Works	6,98,100	Aero
151	1013800013	Connecting Road to New International Cargo	16,38,284	Non-Aero
152	1013800037	T2 Apron- Stand R5 to R8 works- Pavement Works	73,99,064	Aero
153	1014100260	Oil Water Separator No.3 (Apron J)-Mechanical Work	44,598	Aero
154	1014100397	Oil Water Separator No. 1 - Mechanical Works	12,177	Aero
155	1014100679	T2 Apron Phase 3 - Oil Water Separator No. 5 - Me	544	Aero
156	1014990193	TWY 'N4' - AGL	10,25,395	Aero

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
157	1014990240	Apron-'R' & Adjacent Area (Remote Parking Stands R	37,83,257	Aero
158	1014990323	T2 Apron Phase 3 - Electrical Works	2,36,339	Aero
159	1014990324	T2 Apron Phase 3 - High Mast Lighting System	13,97,162	Aero
160	1019200037	Parking Stand's G5 & G6 [Terminal 2 Apron]-Civil	60,11,150	Aero
161	1019200049	Parking Stands (J4-J8 including Mike Taxiway)-Civil	2,75,51,774	Aero
162	1019200060	Parking Stands V13, V14, V15 & Y1-Civil Work	1,45,73,484	Aero
163	1019200088	T2 Apron Phase 3 - Civil Works	11,80,41,336	Aero
164	1019200101	Parking Stands Y1, Y2, Y3 & Y4 (Remote) – Taxiways	45,432	Aero
165	1013100595	T2 MLCP - Civil Works	8,42,78,859	Non-Aero
166	1014100513	T2 MLCP - Monorail	1,89,456	Non-Aero
167	1014100727	T2 MLCP - PHE System	-2,48,418	Non-Aero
168	1014200078	T2 MLCP - Fire Alarm System	13,91,516	Aero
169	1014200081	T2 MLCP - Fire Protection & Detection System	25,55,539	Aero
170	1014600093	T2 MLCP - HVAC Works	24,41,790	Non-Aero
171	1014990272	T2 MLCP - Electrical Works	18,66,943	Non-Aero
172	1015100740	T2 MLCP - Toilet Accessories (Electric Hand Drier)	26,516	Non-Aero
173	1016101151	T2 MLCP - Hollow Metal Doors	15,93,318	Non-Aero
174	1017100627	T2 MLCP - CCTV - Hardware	9,52,873	Aero
175	1131200004	T2 MLCP - PHE System: Sanitary Fittings	62,905	Non-Aero
176	1210100010	T2 MLCP - CCTV	82,603	Aero
177	1013100810	T2 Forecourt Road - Elevated Road - Civil Works	2,05,14,129	Aero
178	1013200053	T2 Forecourt Road - At grade Road - Civil Works	4,64,09,193	Aero
179	1013200122	T2 Forecourt Road - At grade Road - Civil Works	9,20,022	Aero
180	1014990029	T2 Forecourt Road - Traffic Signal (Electro-Mechan)	3,17,689	Aero
181	1014990271	T2 Forecourt Road - Elevated Road - Light Fixtures	47,15,093	Aero
182	1014990270	T2 Forecourt Road - At grade Road - Light Fixtures	15,87,227	Aero
183	1014990389	T2 Forecourt Road - Elevated Road - Light Poles	20,30,144	Aero
184	1016101145	T2 Forecourt Road - At grade Road - Light Poles	14,54,345	Aero
185	1016101146	T2 Forecourt Road - Elevated Road - Light Poles	7,08,010	Aero
186	1016101148	T2 Forecourt Road - Signages	13,62,253	Aero
187	10138000720	Roads-WEH	15,58,59,201	Non-Aero
188	10138000640	Road and Sewage network at International Terminal at CSIA	36,59,91,755	Non-Aero
189	10149904920	Road and Sewage Network - Electrical works	1,81,93,240	Non-Aero
190	10138000650	Infrastructure Development - Civil works to Support operation of Domestic Terminal	12,99,60,774	Non-Aero
191	10149904930	Infrastructure Development - Electrical works	3,91,33,225	Non-Aero
		Total	6,89,55,69,114*	

*Refer Table 27

16.1.2 The following are the list of assets identified in the Self-Contained Note (SCN) by the Authorized Investigation Agency (AIA) in the Third Control Period:

Table 308: List of the Assets identified in the SCN in the Third Control Period

S. No.	Asset Code	Asset description as per FAR	Capitalized amount as per FAR	Classification of the Asset
1	10138000770	Development of Roads - Cargo	23,63,19,999	Non-Aero
2	10138000790	Access Road - Andheri Kurla to International Terminal	21,95,20,001	Non-Aero
3	10138000780	Road Connecting Project Office and International	18,14,40,000	Non-Aero
4	11313000010	Covered Drain at Landside	40,26,43,999	Non-Aero
5	10133000570	Utility Corridor for Landside Development-Civil	43,88,04,551	Non-Aero
6	10149905320	Utility Corridor Landside Dev-Electrical Work	4,20,45,449	Non-Aero
7	10131009110	Infra and Utility Corridor Development-CSMIA	9,96,80,001	Non-Aero
8	10138000800	Approach Road - Sahar and WEH	12,29,34,910	Non-Aero
		Total	1,74,33,88,910*	

*Refer Table 68

17. APPENDIX

**17.1 APPENDIX 1 – MINUTES OF THE AIRPORTS’ USERS CONSULTATION COMMITTEE
(AUCC)**

Date: - 2 April 2024

Minutes of the Meeting - Airport Users Consultation Committee (AUCC) with Stakeholders held on 13th March 2024 to discuss the capital expenditure projects with cost above Rs. 50 Crores planned in the Fourth Control Period (FoCP) for Mumbai International Airport Limited (MIAL)

Pursuant to the provisions contained in the AERA Guidelines, Mumbai International Airport Limited (MIAL) invited stakeholders to attend a consultation meeting to discuss the capex proposal above Rs. 50 Crores planned in the FoCP (1st Apr 2024 till 31st March 2029). The meeting was held on 13th March 2024 at Hilton Hotel Near Terminal 2, Chatrapati Shivaji Maharaj International Airport (CSMIA). Meeting notice was shared with all the stakeholders on 23rd February 2024 and subsequently, Project Information File (PIF) with respect to planned capex projects was also shared with the stakeholders on 29th February 2024.

The meeting was attended by various airport stakeholders including but not limited to IATA, FIA, AOC, DGCA, APAO, BAOA, MMRCL, Airline Partners. Attendance sheet of the meeting has been provided as **Annexure 1** to this document.

1. Mr. Ashwin Noronha welcomed all the stakeholders to the AUCC meeting of MIAL for the capex projects proposed to be executed in FoCP.
2. Mr. Prakash Tulsiani gave a brief about Adani Airport Strategy, Aviation outlook and also gave a background of CSMIA along with the milestones achieved by the airport in last few years. He emphasized that the mission of MIAL is to ensure safe, secure, and sustainable operations. Strategic priorities of the airport and areas of capital deployment in the FoCP were also explained.
3. Mr. Ashwin Noronha gave an overview of the traffic forecast of the next 10 years. He also gave details of various domestic and international destinations being served from CSMIA. The drivers that will make India the next aviation hub was also briefed to the stakeholders.
4. Ms. Ashwini Thorat gave a detailed presentation on the existing infrastructure and the corresponding challenges and bottlenecks in the existing infrastructure.
5. She also briefed the Master Plan of the Airport along with capex projects proposed to be executed in the FoCP. The capex projects as per the master plan were divided into 5 broad categories.
 - a. Airside Improvement Works

- b. Passenger Terminal Improvement & Associated Works
- c. Kerbside Improvement Works
- d. External Connectivity Improvement Works and
- e. Ancillary Buildings Works

The need, description, and justification of various sub projects in each of the above categories were explained in detail.

6. Mr. Ashwin Noronha briefed about the sustaining/operational capex projects planned to be executed in FoCP. These projects are expected to improve the service quality and operational efficiency of the airport. He then gave a comprehensive view of the total capex proposed (major projects and sustaining/operational capex) along with completion milestones.
7. Lastly, Mr. Ashwin Noronha thanked the stakeholders and opened the floor for questions and comments. The participants were also informed that the queries could be submitted via email to ceo.mumbaiairport@adani.com by 20th March 2024.

Below is the summary of Questions from the forum and responses thereof by MIAL: -

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
1.	Mr. Jayagopal N (AIASL)	How will the passengers be connected from Terminal 2 (T2) to the metro station?	It was clarified that there will be walking connectors between the metro station and T2 forecourt for the movement of staff and the passengers. For the convenience of passengers, MIAL will make provision of check in at metro stations which will ensure baggage connectivity between the two.
2.	Captain R K Bali (BAOA)	He wanted to know about the simultaneous use of cross runways to address the requirements of the GA operators?	MIAL had explored the possibility of simultaneous utilization of cross runways few years back. But due to safety concerns, same was not found to be viable.
3.	Allan Young (IATA)	Details shared are conceptual in nature and insufficient to enable the airline community	The capex proposals for the 4 th Control Period stem from the requirement of ensuring compliance, enhancing

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		to provide informed feedback regarding various investment proposals	<p>operational efficiency and/or capacity, as identified in the Master Plan of Mumbai Airport prepared by a third-party Agency. The PIF document along with the presentation given by MIAL team in the AUCC meeting adequately cover (a) the need and justification of the proposed capex proposals, besides highlighting the benefits that would accrue out of the projects; (b) the capital cost estimates of projects more than Rs. 50 Cr. value; (c) project dependencies, wherever applicable (e.g. proposed Hangar, wherein the status of dependencies w.r.t. AIAHL and AIESL land have been highlighted for the information of the stakeholders; (d) repercussions of not implementing a particular capex proposal; (e) how MIAL proposes to alleviate any disruption to current operations during execution of the projects (e.g. Tunnel project), etc.</p> <p>To sum up, the PIF document presents all requisite information for holding a stakeholder consultation in a transparent and meaningful manner. Various projects proposed in the FoCP capex plan will not only help in enhancing terminal and airside capacity of the airport in the most judicious and cost-effective manner, but also will ensure safe and secure airport operations, as underscored in the PIF document and</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
			emphasized while deliberating in detail during the AUCC meeting.
		<p data-bbox="663 354 1302 488">MIAL has not followed AERA's Consultation Protocol to start the consultation 4 months in advance of the start of tariff determination.</p> <p data-bbox="663 1138 1302 1273">Please provide project-by-project details regarding each project's project timeframes, dependencies, and a link to when benefits are forecast to be delivered.</p>	<p data-bbox="1323 354 1934 1094">As per the consultation protocol defined in appendix 1 of the AERA guidelines, no timelines have been given with respect to start of consultation. Consultation protocol provides for giving all the relevant information to the stakeholders like justification of the project, traffic forecasts, project cost estimates and likely impact on tariff. This information was provided by MIAL as part of PIF and presentation in AUCC meeting. Further composition of AUCC should adequately represent the interest of all the airport users as per protocol. Meeting was attended by various airlines operating from CSMIA, industry bodies like FIA and IATA, regulators like DGCA and various other stakeholders like CISF, MMRC etc. Scope of AUCC is projects more than Rs 50 Crs as per the protocol. Same was duly followed by MIAL.</p> <p data-bbox="1323 1138 1934 1414">Time frames of execution for each of the project was shared by MIAL in PIF and considers various dependencies like availability of land, wherever required, interdependency on other projects etc. It is worth noting that capitalization /commissioning of many projects will happen in latter half of the control period</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>How CP4 capex proposals are compatible with the ultimate long-term master plan and its phasing strategy.</p>	<p>and considers timelines required for execution of the projects.</p> <p>All the capex proposals are outcome of the long-term Master Plan and consider expected traffic growth, traffic mix and increase in transfer traffic and is aligned with long term vision of MIAL to handle 50+ ATMs per hour and 65+ mn capacity.</p>
		<p>Traffic Forecasts indicate a reduction in demand during CP4, please provide details on rationale and methodology followed for forecasting traffic.</p>	<p>Methodology followed for traffic forecasting was explained in PIF document shared before the AUCC meeting. Same is reproduced hereunder. The traffic forecast methodology <i>inter alia</i> consisted of the following:</p> <ul style="list-style-type: none"> • Analysing existing baseline traffic for the Mumbai Metropolitan Region (MMR) served by CSMIA. • Top-down analysis consisting of macroeconomic and demographic analysis and ascertaining various growth scenarios such as "unconstrained", "constrained", etc. • Bottom-up analysis including Airlines Forecast, Market schedules and seat capacity offered by carrier, airport supply side constraints, etc. Forecasting takes into consideration physical infrastructure available at the airport which can cater to the demands of all airport users.

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p data-bbox="663 280 1302 451">Demand triggers for investment across the period taking into account IATA level of service, construction timeframes, capacity, and demand planning, for each capacity enhancing project.</p> <p data-bbox="663 1312 1302 1398">T1 closure and re-provision impacts on demand during CP4 including how any displaced demand will be re-provided at T2</p>	<p data-bbox="1323 280 1929 699">CSMIA currently operates with severe constraints and the works proposed are required even at the current traffic levels. For example, the Parallel Taxiways proposed on Eastern and Western sides of RWY 14-32 are required to ensure airside safety and enhance operational efficiency, besides increasing ATM handling capacity. When the primary runway, i.e. RWY 09-27 is closed for maintenance purposes, the capacity of CSMIA drops to 35 ATMs/hr. from declared capacity of 46 ATMs/hr.</p> <p data-bbox="1323 743 1929 1268">Projects such as reconstruction of airside Storm Water Drains, Perimeter Roads, etc. are required, irrespective of traffic numbers. Reconstruction of T1 and corresponding kerbside development is warranted to ensure passenger safety, since the building is not structurally safe. Construction of tunnel connecting T1, T2 and proposed new Southern aprons is required in light of inter-dependency of operation, leading to high airside vehicle movement. To sum up, the capex proposed for 4th Control Period is justified even with current traffic, i.e. the demand stands triggered.</p> <p data-bbox="1323 1312 1929 1398">New T1 will be under reconstruction from H2FY26 to H1FY29. MIAL has proposed to undertake various projects to enhance the</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Assumptions regarding airline relocations to Navi Mumbai and their impact on CP4 demand</p> <p>As we are planning a medium to long-term infrastructure, please share the traffic data presented at the AUCC in more detail beyond CP4</p> <p>When is the last point in time traffic forecasts were analysed in detail?</p>	<p>capacity of T2 like construction of Northwest Pier and addition of ~4000 sq.m. of floor area to handle spill over demand from closure of T1.</p> <p>Since there is lot of unmet demand in MMR, traffic projections (as provided in the PIF) have been done considering CSMIA specific factors only including but not limited to supply side constraint.</p> <p>As per traffic projections of the independent traffic study done by MIAL, traffic at MIAL is expected to be 60 mn in FY31, 65 mn in FY37 and 69 mn in FY48.</p> <p>MIAL conducted a detailed traffic Study for CSMIA in Dec 2023.</p>
		<p><u>Airside Improvement Works</u></p> <p>Please provide details of how the CP4 capital plan specifically accounts for capacity enhancement on account of likely completion of Navi Mumbai Airport in Summer 2025</p> <p>Capex proposal does not justify its business case, particularly in areas where there is a significant increase claimed in throughput and capacity.</p>	<p>Since there is lot of unmet demand in MMR, capacity enhancement on account of operationalization of Navi Mumbai airport is not likely to impact CSMIA traffic.</p> <p>Most of the projects related to airside improvement like runway recarpeting, reconstruction of perimeter road and airside water drains are proposed to ensure</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Claims of increasing aircraft movements from 46 to 50+ ACMs per hour, as stated in the overall CAPEX proposal, must be substantiated with thorough research.</p> <p>The proposal of constructing parallel taxiways for RWY 14/32 needs a careful assessment with respect to RWY 14/32's "Dependent" operations with Navi Mumbai's parallel runways.</p> <p>The ATC complex demolition is imperative due to its current structure and rooftop</p>	<p>regulatory compliance, operational efficiency, and protection of airside assets. Projects related to capacity enhancement like parallel taxiways for RWY 14-32 are proposed as when the primary runway, i.e. RWY 09-27 is closed for maintenance purposes, the capacity drops to 35 ATMs/hr. (from declared capacity of 46 ATMs/hr.), leading to cascading delays and completely disrupting operations. CSMIA experiences huge demand from airlines, which calls for increasing the airside capacity immediately.</p> <p>Noted. However, it is worth mentioning that there is significant demand of slots from the airlines in the peak hour, which clearly indicates further peaking. Detailed research and consultations have been held to confirm this. The Master Plan proposals, part of which have been put forward as Capex Proposals in the 4th Control Period, are an outcome of that demand.</p> <p>As per traffic forecast, there is an immediate need to enhance the airside capacity of CSMIA to 50+ ATMs/hr. This is possible only when parallel taxiways to RWY 14-32 are constructed.</p> <p>Various locations are being assessed to relocate the ATC technical block from the</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>antenna, which are not in compliance with ICAO Annex 14 standards for transitional obstacle limitation surfaces during flight operations on runway 14/32. CAPEX plan does not address the demolition of the ATC complex.</p> <p>Please provide details regarding the lifecycle of the runway recarpeting, options/costs have been considered regarding different surface types, phasing plan, dependencies if any with related AGL development proposals</p> <p>With respect to V1 parking stand project, efficient aircraft movements may pose challenge under this proposal. It might be prudent to reconsider and reassess the plan, particularly concerning efficient, obstruction-free aircraft movements, including assessing a Jet Blast Safety case.</p> <p>What is the overall airport stand demand versus available capacity? What proportion of aircraft are contact versus remote? How many aircraft are assumed to be parking overnight? How much towing is assumed?</p>	<p>current location. Same will be done post the finalization of new location.</p> <p>Given the adverse weather conditions and ATMs handled from primary runway 09-27 (94% of total), runway recarpeting is typically required after every seven years. Last recarpeting was last done in March 2020 and is again planned to be done in 2027. Recarpeting will be done after AGL projects like "Follow the Green" are completed before recarpeting is done.</p> <p>Entire apron parking stand layout has already been prepared considering safe and efficient aircraft movement and parking.</p> <p>Currently there are 131 parking stands at Mumbai Airport, out of which 71 are contact stands. Out of 131 stands, 17 stands are being used by obsolete aircraft. Hence effective stands available for operations is 114 only. Given the expected increase in traffic and increase in runway movement</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>It appears Southern apron is going to be utilized primarily for Business Jets, thus this cost to be recovered from the Corporate Jet operators, VVIP aircraft parking.</p>	<p>from 46 ATMs to 50+ ATMs, demand for stands will increase. Around 52 aircrafts park overnight at CSMIA and ~ 30 aircrafts are required to be towed on daily basis.</p> <p>South apron will be used to park aircrafts of all scheduled airlines.</p>
		<p><u>Reconstruction of perimeter road</u></p> <p>Not all of the road needs to be reinforced with concrete, given almost 50% is adjacent to the apron and is already a levelled surface, while the rest of the perimeter road has very limited vehicular activity and could be built with bituminous materials. Please provide an analysis of road utilization by vehicle type that should be an input into this project, and a cost-benefits analysis to so we are able to review the data, options and rationale being proposed.</p>	<p>With heavy rainfall, it is always advisable to construct concrete roads. The current deteriorated surface is a living testimony of the issues of bituminous perimeter roads – there are numerous incidents recorded by airlines, GSE operators where the dollies get disconnected and hit nearby properties, posing as great threat to safety to human lives and airside assets. In view of this, it is absolutely necessary that perimeter roads are reconstructed with Pavement Quality Concrete (PQC), with required crust to ensure longevity and safe airport operations. In light of above safety requirement, this project is of utmost importance and is required irrespective of type of vehicles utilizing the perimeter road.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Please provide details in terms of project phasing to minimize disruption and maintain free flowing traffic supporting operational requirements during construction delivery.</p> <p>Explain how the project is compatible with the long-term master plan.</p>	<p>MIAL will make sure that construction program will be undertaken with minimal disruption to traffic. Phasing of construction is provided in the PIF and was presented during the meeting.</p> <p>As already mentioned above, all projects stem from Master Plan for CSMIA. As an example, the Master Plan has identified additional aircraft parking stands, given the ever-increasing demand at CSMIA. Accordingly, the same has been proposed, in addition to connecting the stands spread in various aprons (T1 apron, T2 apron and proposed South apron) through a Tunnel.</p>
		<p><u>Airside Tunnel</u></p> <p>What is the total parking stand demand required during peak hours linked to the traffic forecast, by campus and aircraft type?</p>	<p>Overall demand is approx. 155 Code C equivalent aircraft parking stands till FY29. It may be noted that the aviation market is moving towards Hub & Spoke model, implying more and more peaking rather than de-peaking. This is evident from the increased request from the airlines received by CSMIA to accommodate their flights in the peak hours. Coupled with this, significant number of additional aircrafts will soon be added by airlines, leading to even greater demand for aircraft parking stands. Accordingly, it is envisaged that total demand of aircraft parking stands will be approx. 155, as per the current turns per</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Given a number of projects in CP4 are planned to increase stands provision, how does this relate to the need for a tunnel?</p>	<p>stand (active stands) and after taking into consideration other contingencies.</p> <p>As mentioned in detail in the PIF document, there is strong operational interdependence between T1 and T2. During night-time, some of the flights operating at T2 are required to be parked at the T1 apron due to shortage of stands at T2 apron. When the flights are parked at T1 apron, passengers and baggage are required to be transported between T1 apron and T2 apron via the perimeter road around RWY 14-32, which takes a long time. The situation becomes especially adverse during monsoon season as the adverse weather significantly delays transportation of baggage and passengers between these aprons. In the past, CSMIA has received numerous complaints/ grievances in this regard.</p> <p>In addition to the existing requirement, T1 is proposed to be reconstructed in the 4th Control Period and accordingly, all operations will be shifted to T2. To access the aircraft parking stands in T1, it is imperative that a direct connectivity is established through an underground tunnel, to ensure operational efficiency (movement of staffs, GSE vehicles, etc.) and passenger convenience.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>What is the mix of traffic assumed at the end of CP4, considering the redevelopment of T1 and related proposal to construct for a T2 pier extension.</p>	<p>Further, since additional aircraft parking stands are proposed on the Southern side of the RWY 09-27, it is imperative to connect this apron with T1/T2 apron. Considering the ground feasibility, it is proposed to connect T1 apron with this proposed Southern apron.</p> <p>In view of the above-mentioned strong inter-dependence among various aprons and to reduce transit time among them, it is proposed to construct a tunnel that will connect (i) T1 and T2 apron: alignment is underneath RWY 14-32; and (ii) T1 apron and the proposed new Southern apron: alignment is underneath RWY 09-27.</p> <p>The proposed project will be extremely helpful for the airlines and GSE operators to enhance their operational efficiency, besides achieving environmental sustainability, since movement of the ground vehicles and staff will be efficient. Leading to less fuel burn.</p> <p>The mix of passenger traffic in FY29 is as under:</p> <ul style="list-style-type: none"> • O-D (i.e. local): Total 37.20 Mn <ul style="list-style-type: none"> ○ Domestic: 30.30 Mn ○ International: 6.9 Mn • Transfer: Total 11.14 Mn

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Comments are made the tunnel is required to support interim operations, however we would in principle not support the development of a long-term infrastructure project to enable an interim solution unless there are exceptional circumstances.</p> <p>What is the % of inter-terminal transfer traffic between T1 and T2, and what is the Minimum Connection Time required for passenger and baggage (by transfer type).</p>	<ul style="list-style-type: none"> ○ D-D: 5.8 Mn ○ D-I / I-D: 5.2 Mn ○ I-I: 0.14 Mn <p>As explained in detail above as well as in the PIF document, the Tunnel is a project that will be required immediately and will ensure long term operational efficiency by seamless transfer of airside vehicles, staff, and passengers among various aprons.</p> <p>Proportion of traffic required to be shifted from T1 and T2 and vice versa has been highly variable in the past due to various events like closure of Jet operations, COVID etc. However, this is expected to increase substantially in future with increase in transfer traffic in all segments of I to I, I to D and D to D. With commissioning of tunnel, MCT between T1 and T2 will reduce significantly and will be stable throughout the day (no dependency on external landside traffic) which will enable airlines to offer more transfer flights from CSMIA. Currently, MIAL provides inter terminal coach facility and many passengers use other means of transport. Lot of GSE equipment travel around the perimeter road which is circuitous route around the runway. With introduction of tunnel and utilisation of EVs for passenger movement, we will be able to minimise carbon</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
			footprint and lead to operational cost savings for Ground Handlers and Airlines.
		With respect to reconstruction of airside storm water drains – please provide further details regarding costs, options, and construction delivery phasing	<p>The existing storm water drains (SWDs) are made of brick / stone masonry and are in a dilapidated condition. At many places, the SWDs have collapsed, leading to severe flooding issues. Frequent damages at multiple locations lead to various operational challenges. The SWDs are beyond repair and in a place like Mumbai which receives heavy rainfall, it is proposed to reconstruct the SWDs with Reinforced Cement Concrete (RCC).</p> <p>In addition to existing storm water drains, the proposed airside development (with paved surface areas e.g. addition of Aircraft Parking Stands, Taxiways, etc.) will result in an increase in storm water run-off in the existing drainage network, so enhancement of existing airside storm water drainage system will be required.</p> <p>Costing of the storm water drain has been done by third party based on premise that MIAL will need to construct approx. 44,821 meters of RCC storm water drains to effectively protect the airside. Prices of various goods and services are based on the Schedule of Rates published by various Departments of Govt. of Maharashtra / Delhi Schedule of Rates (DSR) published by</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
			<p>CPWD / MoRTH, Govt. of India / Plinth Area Rates (PAR) / Market rate analysis at price level valid including all necessary Taxes, duties, levies etc. as applicable.</p> <p>Construction of SWD will be done in phases in CP4.</p>
		<p>Airlines should not fund new hangar works through aeronautical charges.</p>	<p>The existing Hangars are non-compliant since they infringe the Obstacle Limitation Surfaces. To ensure compliance, MIAL proposes to construct one common Hangar (approx. 10,000 Sqm) in the Southern side of RWY 09-27. These hangars are being built for long term parking and maintenance of aircrafts belonging to various airlines operating from CSMIA.</p>
		<p>Height of new terminal T-1 needs to be very carefully analyzed with respect to ICAO Annex 14 standards for the transitional obstacle limitation surfaces.</p> <p>Detailed assumptions, analysis regarding how existing T1 demand will be re-provisioned in T2 / Navi Mumbai</p>	<p>The broad design of proposed new T1 building has been ascertained after careful consideration of OLS requirements. Different shape and height at various locations of the proposed T1 building is an outcome of this exercise.</p> <p>MIAL is undertaking various projects to enhance the capacity of T2 in order to mitigate the impact of closure of T1. It is proposed to construct the balance portion of the North-West Pier. Further, construction of approx. 4,360 Sqm of additional floor space is proposed in T2 for the facilitation of transfer passenger and proving amenities to passengers.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Terminal Occupancy Working Group, and Airline Relocations Working Group should be formed to review the various capacity and demand scenarios for different airlines and airlines grouping</p> <p>Please provide quantitative details regarding</p> <ul style="list-style-type: none"> ○ Passenger space per passenger metrics and maximum waiting times for each element of the passenger journey ○ Gate room sizing and assumptions including seated / non-seated passengers ○ Level of automation assumed both within the terminal and on the ramp e.g. concept of operations to promote automation, centralization, and efficiency ○ Maximum walking distances and time for DEP/ARR/Intra-terminal transfers ○ Available seating provision in the departure lounge ○ Pier service/level of contact versus Level changes and architectural impacts e.g. minimizing levels and turns of +90 degrees ○ Prioritizing passengers to ensure retail is "on the way not in the way" 	<p>MIAL will look into the request of IATA and take suitable action.</p> <p>Norms as stipulated in the OMDA and/or circulars of BCAS, have been followed in providing various processors /passenger touch points.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>Are dedicated transfer facilities being planned?</p> <p>Details regarding BHS conceptual design</p>	<p>Yes</p> <p>Please refer PIF document para "E: Transfer Hub Initiatives at Baggage Handling System at T2" (page 56 of 73) under Operational Capex for details.</p>
		<p>With respect to expansion of T2, please provide details on the peak hour design capacity of T2?</p> <p>Will there be sufficient capacity to accommodate T1 demand in a phased manner when T1 closes in CP4?</p>	<p>As per Winter 23 schedule, following are the declared peak hour passenger handling capacity of T2:</p> <ul style="list-style-type: none"> • Departure: <ul style="list-style-type: none"> ○ Integrated: 4,644 PAX, 24 ATMs ○ International: 3,346 PAX, 13 ATMs ○ Domestic: 3,076 PAX, 18 ATMs • Arrival: <ul style="list-style-type: none"> ○ Integrated: 4,979 PAX, 23 ATMs ○ International: 3,754 PAX, 15 ATMs ○ Domestic: 2,904 PAX, 16 ATMs <p>MIAL is undertaking various projects to enhance the capacity of T2 in order to mitigate the impact of closure of T1. It is proposed to construct the balance portion of the North-West Pier. Further, construction of approx. 4,360 Sqm of</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>What is the impact on the level of service parameters from space per passenger and waiting times at processing points to seating and boarding gates</p> <p>Is there an opportunity to support operational improvements in terms of automation as a result of the development?</p> <p>Explain in detail Integrated Passenger Facilities being mentioned with respect to expansion of T2</p>	<p>additional floor space is proposed in T2 for the facilitation of transfer passenger and providing amenities to passengers.</p> <p>Norms as stipulated in the OMDA will be met.</p> <p>Yes, to leverage ICT based smart solutions and latest technology including Artificial Intelligence, MIAL has proposed various state-of-the-art initiatives such as "Follow the Green" to enhance operational efficiency.</p> <p>Please refer para 1.10 (page 37 of 73) of the PIF document in this regard.</p>
		<p>Expansion of General Aviation Terminal should be funded by specific users, and not recovered through aeronautical charges via scheduled traffic.</p>	<p>Current GA terminal is suitable to handle only small business jets. With the planned expansion, GA terminal will not only cater to the requirements for smaller business jets but also bigger charter flights. Currently these bigger charter flights are being handled from terminal T-2. Normally these bigger charter flights are run by Schedule airlines. In order to decongest T-2, it is proposed to expand the existing GA terminal.</p>
		<p>Kerbside Infrastructure works for T1 and T2 supporting traffic circulation and</p>	<p>Kerbside roads are already operating with Level of Service 'F' and hence these</p>

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		congestion, please provide supporting capacity and demand analysis.	improvement works are warranted even with the current traffic.
		Large facility like MIAL Administration and Management Office needs to be adequately justified	<p>CSMIA does not have an office that is adequate to house all its employees and staffs of concerned stakeholders under one roof. Currently, employees are sitting in various scattered locations in the airport, and this leads to inconvenience in coordination and makes efficient operation extremely challenging.</p> <p>In addition, with the transformative vision of CSMIA being one of the major global transfer hub airports, it is imperative that associated aviation functions such as training centres on various aspects of aviation are also integrated, so that the workforce can be continually trained to be ever ready to tackle new challenges and embrace latest developments in the aviation sector.</p> <p>As already mentioned in the PIF document, approx. 1,500 staff of MIAL (and additionally staffs of other stakeholders) are proposed to be housed in the MIAL Administration and Management Office, with approx. 70,073 Sqm of office area. Apart from office spaces, the building will also house various other uses such as Aviation Safety Training Institute, DG</p>

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		<p>What benchmarks and metrics have been used to size the building e.g. space per employee, and how does this compare with similar office benchmarks?</p> <p>Given that the NAD Colony primarily houses the CISF/security personnel and passengers are paying the ASF directly to the Government, security-related costs that should be funded through the ASF rather than recovered through airport charges.</p> <p>Investments for the metro infrastructure should be fully funded by the metro operator on a cost recovery basis through fees imposed on metro users and not all airport users.</p>	<p>Training Institute, Airside Operation Simulator Room, Joint Control Centre (JCC), Auditoriums, Seminar Halls, Airport Experience Centre, etc. These facilities are part and parcel of airport operations.</p> <p>The office space standard will be approx. 15-20 sqm/staff, which is a standard industry practice.</p> <p>NAD colony is the residential colony of AAI employees. MIAL has proposed to build multi-storied apartment to accommodate the AAI employees currently staying in 2 level flats. The land area so obtained would be used to shift various aeronautical functions such as meteorological department, P&T, fire, STP and telephone exchange, etc.</p> <p>As per the Memorandum of Understanding signed between Mumbai Metro Rail Corporation (MMRC) and MIAL, MIAL is required to share cost of two metro stations (T1 and T2) in the airport area. AERA had approved the levy of Metro Development Fee (MDF) to recover cost of these two stations as these stations will be primarily serving the airport passengers. Further as per this MoU, construction of basements over the metro stations is also</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
			responsibility of MIAL. Basements will act as dead load, which, in turn, will ensure stability to the metro stations.
		<p>Please provide information regarding cost benchmarks that have been applied to estimate project costs</p> <p>What inflation allowances are being assumed given that the capital plan currently excludes these?</p> <p>Provide allowances relating to "Pre-operative Cost, Design Cost, Project Management Consultancy (PMC) cost, preliminary expenses, and Interest during Construction (IDC)"</p>	<p>Prices of various goods and services are based on the Schedule of Rates published by various Departments of Govt. of Maharashtra / Delhi Schedule of Rates (DSR) published by CPWD / MoRTH, Govt. of India / Plinth Area Rates (PAR) / Market rate analysis at price level valid including all necessary Taxes, duties, levies etc. as applicable.</p> <p>Inflation of 5% (average CPI inflation as per recent RBI forecasts) has been considered.</p> <p>Soft costs are estimated at 16% of hard costs. This is in line with actual cost incurred by some of the airports. IDC is over and above these soft costs.</p>
		<p><u>Operational Capex Proposals</u></p> <p>We support these initiatives on the basis that they result in operational efficiencies for users and customer service improvements. For each of these areas please provide further details in terms of how this is achieved e.g., how will automation increase passenger throughput? How will MIAL</p>	<p>Automation increases operational efficiency by streamlining processes and decreases manual intervention. Automation will speed up passenger flow and reduce lines using advanced facilities like CTiX machines and full body scanners which in turn will lead to quicker and more</p>

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		<p>ensure users' costs are reduced through the solutions being identified?</p> <p>For regulatory / security proposals, please demonstrate how the most efficient solution is being identified.</p>	<p>efficient procedures across the airport. Passengers can independently tag and drop off their bags using self-service baggage drop devices, which reduces the need for human intervention and speeds up the check-in procedure. Automated baggage screening systems increase security check accuracy and speed, improving operational effectiveness of supply chain management in aviation industry This enhances the overall passenger experience while also making the most use of staff and resources at the airport thereby optimizing the overall operating cost. Automated baggage handling systems require fewer personnel for baggage sorting and transportation, leading to cost savings. Self-service check-in and bag drop systems decrease the need for staff at traditional check-in counters, further reducing labour costs. Furthermore, automation minimizes the likelihood of errors and improves operational efficiency, reducing costs associated with delays, rework, and customer complaints.</p> <p>Various factors like increase in operational efficiency, enhanced passenger convenience, higher passenger throughput and overall operational resilience offered by the solution are considered.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		<p>W.r.t CT Handbag X-ray and Full Body Scanner investments, what is the impact on passenger throughput and customer experience?</p> <p>Regarding "Follow the Greens" initiatives, we support the principle of net zero and reducing emissions to the extent possible – however this is not at any cost. Investments are still subject to business case discipline, and we request further details regarding each initiative e.g. fuel burn savings.</p> <p>Regarding the refurbishment of washrooms, the photos in the PIF are unlikely to represent all the facilities across the campus. This is a very important area to get right for customer comfort, however in this context please provide a condition-based survey report for each terminal and public area so a data-driven response can be taken.</p>	<p>CTiX Machine and Full Body Scanners are being installed to meet requirements set by BCAS. CTX machines will do away with the requirement of taking out electronic devices and liquids from bags. Similarly frisking of passenger using Full Body Scanner will be done in quicker manner as compared to manual frisking.</p> <p>Follow the Greens project will reduce taxi & holding time of aircraft and directly contribute to better on time performance, lower carbon emissions and contributing towards net-zero vision of CSMIA. Follow the Green is expected to reduce taxi time by 17%, fuel burn by 18% and emissions by 20%. Further it will reduce ATC and Pilots workload and increase the overall throughput.</p> <p>There is dire need to upgrade, more than a decade old, washrooms at T2, ~1.5L+ passengers use them. Due to heavy usage and aging of facility, there has been a degradation of fittings & fixtures in most of the washrooms.</p>

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4.	Paresh Shirodkar (Saudia)	When was the last runway recarpeting of 09-27 completed? And what is the time span between two recarpeting works?	Runway recarpeting for runway 09-27 was last done in March 2020. It was told that runway recarpeting is normally required after a span of 7 years
		Whether Taxiway M will be completed in the FoCP in light of land constraints which have affected the execution of this project in the past?	Adani Group took over the airport in 2021. It was informed that all the legacy issues will be resolved in gradual manner. MIAL is working with AAI and local government authorities to sort all the issues related to Slum Rehabilitation to expedite the execution of project. Hence, we are hopeful that project will be done in FoCP.
		Supported the need for the parallel taxiways for runway 14-32.	Noted.
		He expressed his desired to have parallel taxiway on the south side of main runway 09-27 especially when new additional parking stands are planned in the area?	It was informed that MIAL has planned taxiway on the south side of runway 09-27
		How will closure of T1 impact airlines operating from Terminal 2 given the fact T2 is already congested at various touch points	Please refer response of MIAL to similar query raised by IATA .
		As per AERA guidelines AUCC should have been done at least 4 months in advance.	Please refer response of MIAL to similar query raised by IATA
		MIAL Administration and Management Office Costing 1,229.36 Cr – Amount should not be collected from CAPEX for an Administration and Management Office for the Airport Operator. We should not be expected to fund functions that do not relate directly to aeronautical activities. Kindly furnish details of other stakeholders	Please refer response of MIAL to similar query raised by IATA

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
		using this office and secondly if this is being fund through CAPEX all stakeholders including Airlines would have access to the same.	
		Mumbai Metro Line 3: Construction of 3 Metro Stations at CSIA Costing 249 Cr (MDF had already been collected and since this is used by a wider public why should it be a part of the CAPEX again)	Please refer response of MIAL to similar query raised by IATA
		Refurbishment of Washrooms at T2 Cost 182 Cr – The condition depicted are unlikely to represent all the facilities across the Airport so a proper inspection along with a Core team is need for use of use expense.	Please refer response of MIAL to similar query raised by IATA
		Number of projects included in 4th Control Period are being continued from Control Period 2 and then moved to Control Period 3.	All the legacy issues related to execution of various projects proposed in the previous control periods will be resolved in gradual manner.
5.	Ta Anh Quan (Vietnam Airlines)	<p>Due to ATC congestion at Mumbai airport, flights have to make go around resulting in financial loss to airlines and affects the departure time of the outbound flight.</p> <p>Security procedures at the airport are very time consuming</p>	<p>MIAL is undertaking various airside capacity enhancing projects in Fourth Control Period. Airports Authority of India is also upgrading the ATC infrastructure. These initiatives will mitigate the issue of traffic congestion.</p> <p>MIAL plans to procure CTiX machines and Full Body Scanners in the near future which will fasten the security clearance process.</p>

S. No.	Stakeholder Name	Questions by stakeholders during the AUCC meeting	Responses from MIAL
6.	Ujjwal Dey (Federation of Indian Airlines)	The traffic forecast estimated by MIAL appears in downward trend, however the methodology appears unclear and without rationale. It may be noted that certain member airlines of FIA have submitted their forecast data on progressive increased assessment for the upcoming 5 years with MIAL. In view of that, we request MIAL to provide the justification and/or the analysis conducted for the traffic forecast trend	Please refer response of MIAL to similar query raised by IATA
		Airside improvement works – page 21/23, construction of additional parking stands on V1 area and on southern side of RWY 09/27 @ proposed block cost of Rs. 78.34 cr and Rs. 53.12 cr respectively. MIAL is requested to clarify the number of additional parking stands proposed for code C in the said areas.	Around 20 new Code C equivalent stands will be added.
		Air side tunnel – page 28 proposed @ block cost of Rs. 894.14 cr, warrants debate and approval of stakeholders on the justified need of tunnel vs. developing alternate viable over ground cost effective transport system for airside transit connectivity between T1 & T2.	Please refer response of MIAL to similar query raised by IATA
		Reconstruction of T1 is proposed in Fourth Control Period and accordingly all operations will be shifted to T2 until recommissioning of new T1. Therefore, there is beforehand need of wider deliberation among stakeholders on mitigation measures taken for hassle free transition – without curtailment of no. of	Transition of traffic from T1 to T2 will be done in consultation with all relevant stakeholders.

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		operational flights at that time, accommodation of displaced / affected flight operations / traffic from T1 into T2, its preparedness for providing robust interim terminal capacity handling solutions at single terminal i.e, T2 without impact on quality service level.	
		Expansion of T2 – page 37, understandably can be initiated in unison with land reallocation and availability in near future. MIAL is requested to defer the expansion of T2 until actual land confirmation is acquired.	Land for proposed expansion of T2 is available.
		Expansion of general Aviation terminal – page 39, proposed block cost of 101.55 cr is mainly being the requirement of big corporates, may be funded appropriately through GA / charter user co.	Please refer response of MIAL to similar query raised by IATA
		Construction of MIAL administration and management office – On proposed GF plus 06 floors @ block cost of Rs. 1229.36 cr – office space of approx. 70,073 sqm and parking plus utilities space of approx. 50,130 sqm; there is a need to judiciously demarcate and indicate proportionate specific area from the total space to be made available to Airlines / other stakeholders in line of transformative vision of being one of the major global transfer hub service airport of India facilitating associated aviation stakeholders	New office will cater to the requirements of all airport stakeholders

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		<p>– Airlines, in view of space crunch faced by associated airlines as always at Mumbai.</p> <p>Quantum of escalation of cost payable by airlines- Query- It is observed that the proposed total outlay for Fourth Control Period appears escalated i.e., (Capex + Opex) of Rs. 11,635 cr. Accordingly, in view of para A.1.5.2.4 (d) of AERA Guidelines, MIAL in the AUCC meeting disclose the projected impact of projects on airport tariff and airport charges (such as landing, parking, space rental, RNFC/TNLC, UDF/ADF, etc., if any) on passengers as approx. INR 200 per passenger. Accordingly, we request MIAL to rationalize the expenditure to the bare minimum so that the passengers/airlines are not burdened with additional levies.</p>	<p>It is to be noted that substantial capex is getting capitalized in the second half of the control period, hence the impact of the new capex is limited in the control period. Estimated impact of the proposed capex on YPP basis. if all capex is considered to be approved, is approx. Rs 220. Actual impact will depend on actual capex approved by AERA.</p>
7.	Amey Pangam (Indigo)	<p>He wanted to know the business continuity plan in terms of traffic congestion at T2 in the event T1 is demolished and redeveloped?</p> <p>He also appreciated follow the green initiative and acknowledged that the same will reduce the Pilot's workload</p>	<p>MIAL will ensure minimal disruption to operations during the process of transition from T1 to T2.</p> <p>Noted.</p>
8.	Renuka Pereira (Air France)	<p>No major renovation of lounge has happened in last 10 years. Lounges is very important facility from customer experience perspective.</p> <p>MIAL should expedite the adoption of digital processes which will make airport operations more sustainable.</p>	<p>Noted. Suitable action will be taken in this regard.</p>

Please note that queries raised in AUCC meeting as well written comments from various stakeholders have been addressed in this MoM

Annexure I - List of Participants

Airport Stakeholders		Adani Airports and MIAL	
1.	Bhaskar (Sub Inspector, CISF)	1.	Prakash Tulsiani (CEO MIAL)
2.	Allan Young (Head-Airport Infrastructure, IATA)	2.	Ashwin Noronha (COO MIAL)
3.	Vikas Gudadhe (Senior DGM, MMRCL)	3.	Gargi Kaul (Advisor Regulatory)
4.	Ujjwal Dey (Associate Director, FIA)	4.	Manoj Chanduka (Sr. VP, Regulatory)
5.	Anurag Yadav (Deputy Commandant, CISF)	5.	Ashwini Thorat (Chief Design & Planning - Projects)
6.	Captain R K Bali (MD, BAOA)	6.	Rakesh Tiwary (CFO AAHL)
7.	Satyan Nayar (Secretary General, APAO)	7.	Rajesh Poddar (CFO MIAL)
8.	Chandra Mani Pandey (Director, DGCA)	8.	Rajeev Chawla (Head Terminal Operations)
9.	Ramesh Pampana (Deputy Director, DGCA)	9.	Suryanarayanan Pichumani (Head Airside Operations)
10.	Pratik Sonawane (Station Supervisor, Vietnam Airlines)	10.	Surya Prakash (Head Digital Transformation)
11.	Prashant Neve (DGM, AIASL)	11.	Pravind Kumar (Head Projects and E&M)
12.	Jayagopal N (GM, AIASL)	12.	Balvir Singh Bhatia (GM Terminal Operations)
13.	Rahul Wadhwa (Director-AOCS, Indigo)	13.	Ashu Madan (AVP Regulatory)
14.	Sampat Ullal (Associate Director-AOCS, Indigo)	14.	Sanjeev Kumar Gupta (GM HSE)
15.	Nimish Asher (Airport Manager, Turkish Airways)	15.	Madhur Arora (AGM Regulatory)
16.	Vishal Coutinho (Customer Service Duty Manager, British Airways)	16.	Yadu Arora (AGM Operations)
17.	Viha Upadhyay (Airport Manager, Kenya Airways)	17.	Chirag Parmar (Manager Regulatory)
18.	Renuka Pereira (Airport Manager, Air France)		

Airport Stakeholders		Adani Airports and MIAL	
19.	Manju Tullu (Airport Manager, Oman Air)		
20.	Sanil Nair (VP, BWFS)		
21.	Khaleel Yammahi (Airport Service Manager, Emirates)		
22.	Goh Chee Siong (Airport Service Manager, Singapore Airlines)		
23.	Ajeesh P.G (Airport Manager, Air India Express)		
24.	Lloyd Fernandes (Station Supervisor, Thai Airways)		
25.	Pradeep Mangtani (AVP-WR, Air India)		
26.	Rahul Shah (Airport Manager, Air Vistara)		
27.	Ta Anh Quan (Airport Manager, Vietnam Airlines)		
28.	Rajesh V Ahuj (Airport Manager, Air Arabia)		
29.	Saurabh Dalvi (Head-WR, Celebinas)		
30.	Daniel Melaku (Airport Manager, Ethiopian Airlines)		
31.	Captain Aditi Paranjpe (Fleet Supervisor-Line Operations, Indigo)		
32.	Suresh Anthony (Airport Manager, Virgin Atlantic)		
33.	Daisy Jesia (Airport Manager, Air Mauritius)		
34.	Ashley Pereira (Regional Manager WR, Akasa Air)		
35.	Sanjay Lobato (Airport Manager, Akasa Air)		
36.	Vikas Chaturvedi (VP, BWFS)		

Airport Stakeholders		Adani Airports and MIAL	
37.	Shamon P.S (Regional Manager-WR, Spicejet)		
38.	Captain Amey Pangam (Fleet Supervisor, Indigo)		
39.	Keith Vaz (Airport Manager, Gulf Air)		
40.	Victor Dsouza (Airport Manager, Cathay Pacific Airways)		
41.	Paresh Shirodkar (Manager-Flight Operations, Saudia)		
42.	Craig Fernandes (Airport Manager, Fly Dubai)		
43.	Gavin White (Airport Manager, Air Canada)		